

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Business has already entered the world culture long before the 21st century struck the world in terms of trading with each other around the globe. Every part of the globe does commerce according to its own culture, asset, demands or even just to maintain the heritage of society as something to be handed on from century to century over moment. Business is not only about trading and creating profit, but also about the will of entrepreneurship, which is the element to be creative and to keep values to be passed on through the generation.

As far as commerce is concerned, the author has expressed an initiative in researching Chinese way of doing business since Chinese has the most important business relationship in their regular lives. The export speed of the business in China itself ignited researcher will to research their way of doing business. China's percentage of worldwide exports grew from 12.3% in 2014 to 13.8% in just 2015 alone according to the information from the United Nations Conference on Trade and Employment which was the greatest percentage of any nation since 1968 (Reuters, 2016).

Chinese culture or the real reasons for Chinese in doing business is to help their relatives to prosper together as a family because in Chinese, they think that by doing business as a family is how they demonstrate their desire for collective good for the family. The family has forever been the family's fundamental foundation pillar and the real core of the focus of a Chinese individual. Major personal choices, such as an appropriate profession, often taken on a family grounds in the East, including the effort to handover the family business to the next generation, which is very contradictory to the Western culture, where the group tradition is not strengthened by knowledge and principles of communism and more towards individualism. This value passes from generation to generation by

persuading culture to engage in community debates, and any person who stands out or decides on anything relying on the method of self-decision could be prosecuted afterward.

Putting aside family intentions as the primary objective, in doing business, Chinese have their own features that were subsequently often marked as their stereotypes in doing business. Karim (2012) an American blogger has his own view on the statement itself. "Shanghaians worry only about cash." "Beijingers are really pretentious." "Shanxi individuals are really cheap." These are just a few of the many stereotypes that Karim found Chinese people tell about other Chinese people residing in China. He even often finds Chinese people explaining their own opinions using these stereotypes about their own characteristics of each people in the mainland China.

Since the author is born and raised in Medan, researching the subject depending on his birthplace is more important for the author. Medan Chinese is one of those disputed communities that are frequently spoken and regarded as an adverse society, according to a Chinese author Setiawan in his book entitled "*Tionghoa Medan*" (2018), which specifically focused on Chinese born and grown in Medan. Most individuals in Indonesia have acknowledged Medan Chinese as a very optimistic society and will make every effort to achieve their objective.

The stereotype phenomenon or situation where the author try to define and explore in this research are the effects of the old Chinese saying from both Chinese (Ex: Wealth will not distribute through three generations) and local (Ex: Chinese only concern about making money) may affect their way in doing business especially in succession planning where Chinese can have their own view against those old sayings (for example some Chinese do not entrust their heir with the business since he/she afraid that the business will not run well after the third generation). This can affect the whole community in Medan not only Chinese when the 90% of both the economy and business in the city are managed by Chinese. Some stigmas and labels has also stuck

towards Chinese community in Medan causing by mostly out of jealousy from other communities which mainly cause by the real estate they have (75% modern real estate in Medan owned by Chinese) (Alkatiri, *et al.*, 2019).

The author intend to find the truth in the rumor of how the stereotype may affect Chinese community in Medan and how they can withstand it as both a family man and businessman. Furthermore, the author put his interest in taking UPH Medan 2015 students who involved in the family business to provide the answer since the students already have both the knowledge (have finished the whole term when the researcher decided to distribute the survey in April,2019) and experience to give their opinion regarding the problem. Therefore, the topic of this research is **“The Impact of Stereotypes Effects Towards Succession Planning of Chinese Entrepreneurship Student in UPH Medan.”**

1.2. Problem Limitation

The research will be concentrated on the particular region that is Medan based on the context of the study described above. This study will be carried out using accidental sampling from Friday, March 1, 2019 to Friday, March 15, 2019 between the 2015 batch UPH Medan students. The research is conducted within fourteen days to investigate the correlation in Chinese Family Business between Stereotypes Effects and Succession Planning. This study will focus on the 2015 registration of students from UPH Medan and their families who have family business to sustain their lives.

The author builds the study centered on the concept of the Chinese Family Business Stereotypes created up by Lee (as quoted in UK Essays in 2013) which checked Human Centeredness, Family Centeredness, Power Centralization, and Small Business as an indication of Chinese Family Business. On the other side, Chinese Family Business Theory Succession Planning consisting of Freeman and Hausner (2016), which indices Pride of Business Owner Pride, Fear of Change, and Fear of Lack in Bloodline Successor.

1.3. Problem Formulation

Lee, co-director of the Center for Family Heritage at China Europe International Business School, or CEIBS, in Shanghai, said that many of China's oldest practitioners of reform find that their kids are not concerned in getting over the household business (Flannery, 2016). The issue is that more than half of China's traditional private-sector firms are acquainted with Medan's scenario. The author has developed three issues on the basis of the above declaration that will be resolved by the finish of the studies:

1. Does Chinese Stereotypes Effects impact UPH Medan Students' Chinese Family Business Succession Planning?
2. How can the UPH Medan Students' Chinese family business authority be transferred regardless of the stereotypes and their restriction?
3. Why are UPH Medan Students' Chinese family businesses restricted to thinking stereotypes by their perception?

1.4. Objectives of the Research

The aims of the author in carrying out this study are:

1. To discover the UPH Medan Students' Chinese Family Business Succession Planning effect of stereotypes.
2. To discover the problem-solving situation in the transmission of the UPH Medan Students' Chinese family business created by stereotypes.
3. To comprehend the cause of the stereotypes involved in preparing the succession of UPH Medan Students' Chinese family business.

1.5. Benefits of the Research

The purpose of this study is to add benefits for certain purposes.

1.5.1. Theoretical Benefit

This study involves many mentions consisting of Chinese Family Business and Succession Planning concepts and situations.

The author really wishes that this research will be able to find fresh information to contribute as one of the source components comparable to this type of topic of study in another research or study.

1.5.2. Practical Benefit

There are two benefits that the author hopes could lead to this studies:

1. The study will provide a recommendation and feedback on the significance of getting back from the stereotypes but still maintaining the ancient traditional values for most of the Chinese Family Business.
2. For next researcher, the study can be used as a comparative of the results to improve this research's testability and accuracy and as a guide for comparable study.

1.6. System of Writing

There will be five sections in this study. Each chapter's schemes will be the following:

Chapter I : Introduction

This section comprises of context analysis of Chinese family business stereotypes and this research's concentrate and range. The issues on this subject are recognized in accordance with the goals the author aims to be achieved. Moreover, this section also includes theoretical and practical advantages.

Chapter II : Literature Review and Hypothesis Development

This section comprises of the Chinese Family Business associated concepts and scholarly literatures and their problem of succession. To demonstrate the legitimacy of this subject, prior study linked to this subject was included in this chapter as well as developing hypotheses, research model the research's framework of thinking.

Chapter III : Research Methodology

This section comprises of Research Design, Population & Sample, Data Collection Method, Definition and Variable Measurement of Operational Variable and Data Analysis Method.

Chapter IV : Data Analysis and Discussion

This section includes "Research Object" General View, Data Analysis, Descriptive Statistics, Data Quality Testing Result, Hypothesis Testing Result, and Discussion.

Chapter V : Conclusion

The last section comprises of the research's summary and involvement. In addition, this section also offers suggestions on study issues.

