

Chinese Culture and Personal Financial Planning: Exploratory Research and Literature Review

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Chinese Culture and Personal Financial Planning: Exploratory Research and Literature Review

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Abstract

Chinese people in Indonesia are currently widely known as CHINESE INDONESIA (Chindo) carry Chinese culture through their ancestors. The culture they bring includes their perspective on money, how to plan and manage money. This paper aims to discuss Chinese culture embraced Chindo. The method used is exploratory research and literature review to analysis the principles and practices of the Chindo community in Indonesia in financial planning and management. The result of the discussion is the view of the Chindo taken from Confucianism, namely filial piety to parents, honesty, and trustworthiness. Besides that, there are also the principles of don't owe, live frugally, be disciplined in saving, don't be reluctant to bargain, have the right way of looking at money, invest, have a side job, work hard, do reduce reuse recycle, have no prestige, take advantage of promotions and discounts, educate children on financial management. The limitation of this paper is that the number of references and interviews is still minimal, so it needs to be redeveloped in future research. The uniqueness of this paper is trying to combine the two methodologies to get mutually reinforcing results.

Keywords: Financial Planning, Money, Chindo.

Introduction

Personal financial planning is an interesting topic to discuss. The reason personal financial planning is interesting, because relevant for everyone. When, person still has a need and want which uses money, then personal financial planning is important to do.

Personal financial planning definitions is the process of assessing the financial goals of an individual, it is taking money that he is owing, determining life goals, and then taking necessary steps to achieve goals in the determining period. A comprehensive planning will consider all aspects of the professional, personal and family situation of an individual, but it is also possible to focus only on some aspects.(Bani Hani, 2020)

The purpose of personal financial planning is to plan and to monitor and evaluate that money used on track and answers the need of person.

The types of financial planning are investment planning, risk and insurance planning, personal tax planning, retirement planning and estate planning. The research questions in this paper, is there any connection between how the person plans his financial with culture background he has.

Several research results mention and discuss Chindo managing money and financial planning topic and will explain more about it in this paper. The limitation of this research is only mentioning correlation between Chinese culture and Chindo plan and manage his money.

Literature review

There are several research regarding financial literacy in China or Financial management of Chinese immigrant.

This article analyzes how Confucian values influence the pattern of financial management of Chinese society. The author compares the differences in financial behavior between a group that still adheres to Confucian values and a group that is more open to modern values.(Sundiman & Idrus, 2015)

This research examines how the Chinese diaspora manages their finances overseas and how their transnational relations influence investment decisions and resource allocation.(Efferin & Hopper, 2007)

This study examines how the level of financial literacy among young Chinese relates to their investment behavior. The author investigates whether higher financial literacy leads to wiser financial decision making.(Brejcha et al., 2016)

This article traces changes in the financial management practices of Chinese entrepreneurs from traditional times to the present. The author highlights the influence of globalization and modernization in changing the way Chinese entrepreneurs manage their finances.(Liao & Sohmen, 2001)

The Chindo Views of Money

Emphasis on money, diligence and frugality are inseparable from Confucian values widely recognized by Chinese people. Among the Eight Virtues (Eight Virtues) adhered to by Chinese Confucianism, the value of "filial piety to parents, honesty and trustworthiness" is very close to the Chinese people's value of thrift in financial management.

"Filial piety" is defined as how one protects family property for future benefit. It is illegal for children to spend excessively on family property. If you have nothing to give to the family, it is best not to squander your parents' property.

The value of frugality is also very close to the value of "honesty" (Confucianism). Things that are not personal property should not be taken at all. In fact, even if something has become personal property, people need to use it carefully. So as not to have a bad influence on other people around.

Illegal debt, debt is unnatural for overseas Chinese. This reluctance to repay these debts is inseparable from the Chinese government's practice of setting very "easy" debt interest rates. This does not mean that China's debt levels are low, but it means that the government can raise or lower borrowing rates at will according to the economic situation.

The situation has left the Chinese side hesitant about the terms of the loan. If economic conditions worsen, lending rates will also rise. So try to pay in cash whenever possible. Even with overseas Chinese in Indonesia paying by credit card, you should carefully weigh the pros and cons. Don't let credit card debt stop you from being profitable.

Haggling is commonplace.

The search for the best prices continues. The habit of haggling is not new in China itself. In fact, if you read China Travel Tips and Advice, most tour guides are offering up to 50-70% of their shares in their IPO.

Overseas Chinese in Indonesia can easily understand the shopping habits of overseas Chinese in Indonesia. For example, in Glodok electronic market and other places in Chinatown in Jakarta. These

customs and cultures not only help you find the lowest price, but also ensure that you negotiate a fair price level for both parties involved in the sale.

Money is the best gift in every celebration.

The Chinese have a unique habit of giving money on important occasions. At relatives' weddings, they usually give red envelopes and money. Even on birthdays, many Chinese accept cash gifts rather than physical gifts. The advantage of this gift-giving habit is that the recipient can use it as needed. Unspent money can also be saved or used to buy profitable investment vehicles.

Salary is not a masking factor.

For some, discussing salary and income is a sensitive topic that should be avoided as much as possible. However, this does not apply to customs that occur in overseas Chinese settings. Salary and earnings are not confidential information that needs to be protected and handled. Don't be surprised if you come across Chinese casually answering questions about wages and other income.

In Chinese culture, asking about salary and income is a way of getting to know each other. Knowing this information will tell us about his lifestyle and the financial choices he will make. This is believed to be to avoid abusing others. The opening of income for overseas Chinese is also seen as a solution to help each other.

Citing The Dragon Network (2013) by A.B. Susanto in the Tiong Hoa wealth community is defined as the standard of success for a person or family. Being rich is the source of all privileges and status. No wonder the Chinese are willing to work overtime in pursuit of wealth. They believe that the process will not betray the results. Most Chinese people are influenced by Confucianism. In these teachings there are five ethics, including Ren (humanity), Yi (truth) and justice). Lie (politeness or manners). Zhi (knowledge) and Xin (integrity). If everything is carried out, then virtues such as courage, adaptability, self-confidence, discipline, strong motivation, honesty, creativity and visionary will be born.(Li et al., 2017)

Methodology

Methodology research used in this paper is exploratory research and literature review.(Lo & Russell, 2007) (Xiaolang et al., 2015)(Snyder, 2019) For introduction knowing people opinion about Chindo manage money, using simple questioner for twelve habit Chido manage money.

Data collection

Simple questioners share to know respondent opinion about Chindo habit to manage money. Using twelve questions to around 60 people I can meet and ask to fill. A purposive sampling method was employed to select participants at a Maranatha Christian University. Mostly respondent are lecturer and students from Business Program. This sampling purpose is to know their perspective about the habit of Chindo to manage money.

Result and Discussion

Twelve habit CHINDO to manage money, don't owe, live frugally, be disciplined in saving, don't be reluctant to bargain, have the right way of looking at money, investing, have a side job, work hard, do reduce reuse recycle, have no prestige, take advantage of promos and discounts, educate children on financial management.(theasianparent.com, n.d.)

1. Don't Owe.

One of the life principles of the Chindo people is not to be in debt. The Chindo people always buy what money can buy without going into debt. This is also proven by the style of the Chindo people who are not prestige. They prefer a simple life rather than debt here and there to fulfill prestige. Even before choosing a credit card, they will consider it carefully. Which bank will provide a better offer at the lowest cost. In accordance with its purpose, credit cards are used only when it is sudden. If the Chindo people must make repayments, generally it is to start a business, meaning that they take debt with a productive purpose.

2. Live Frugally.

Apart from not being in debt, the Chindo people always prioritize frugal living and are not afraid to buy cheap goods. They don't buy expensive things because they are worn out. They prefer to choose similar items with the same function at a lower price. In addition, the Chindo people also carefully consider everything they want to buy. They spend money on essential basic needs to avoid waste. It needs to be underlined, living frugally does not mean being stingy, it's just being selective in determining which expenses are more important and needed.

3. Be Disciplined in Saving.

One of Chindo's habits that needs to be followed is the discipline of saving. Savings is one of the things that makes the Chindo rich quickly. The habit of saving doesn't just grow. Therefore, at first it may be difficult to set aside money for savings, but saving is a discipline that must be practiced. In addition, keep in mind that the principle of saving is not saving what is left but putting it aside. Start saving with a small amount first, for example 10 percent of your income.

4. Don't Be Reluctant to Bargain.

One of the characteristics of the Chindo people is their ability to bargain, but this skill in bargaining does not mean that buyers press prices as low as possible. Bargaining is also an art. In bidding the Chinos made sure that both sides benefited. To be good at bidding, it would be nice to know the market price, so that when bidding, both the buyer and the seller both benefit from the agreement on the price of the goods.

5. Have The Right Way of Looking at Money.

Perhaps many see Chindo's typical thrift, saving and bargaining habits as stingy, but you need to know that the Chindo people value money very much. Because they understand how difficult it is to get money, they also see that money is not just a transaction tool but can give happiness if used wisely. For example, by having money, someone can give red packets to other people. People who are given angpau/hong bao will be happy and use the money for their needs. Likewise with people who give angpau/ hongbao.

Another example is the persistence of frugality and saving, one can save money for future needs, such as children's education, investment for old age, maximum and profitable use of money if the money is used wisely without reckless actions.

6. Investing.

From Chindo's saving habits, the money that has been saved is often used again to invest. The more money saved, the more it is allocated to profitable investments. Of course, the decision to invest has been carefully considered. The investments that the Chindo people are engaged in are not always stocks. Not infrequently the form of investment is in the form of property and opening a shop.

7. Have A Side Job.

Another tip for Chindo's savings habits is having a side job. It is not uncommon for us to see Chindo people who have permanent jobs, but also work part time. This they do of course with the aim of getting more profit, to save money and build the life they want. Nowadays having

a side job is not impossible, because there are lots of technologies that support having a side job. One of them is selling online.

8. Work Hard.

The main thing that made Chindo rich quickly was hard work. The Chindo people don't believe that success in life can come instantly. If you want to exceed someone's success, then you must be more diligent than that person.

9. Reduce, Reuse, Recycle.

One of the ways for Chindo to save money is to reduce, reuse and recycle existing goods. Chindo does not just throw things away. For example, clothes that are still good but too small are not immediately thrown away but are given to relatives who can wear them. Or when you just buy food, usually the containers are not thrown away, but are collected if the containers can be used in the future, this is the case with paper bags. This little thing seems trivial but useful for saving money. Minimizing unnecessary expenses.

10. Have No Prestige.

One lifestyle that makes you overdrawn is prestige. One of the secrets of Chindo's savings habit is not to live with prestige. By living simply without fulfilling prestige a person can save a lot of money for more important needs. No need to feel left out if you bring lunch to school or work. Bringing healthier and hygienic provisions. No need to be embarrassed because the cellphone is old, the important thing is that it still works. Don't be prestige to live frugally. Save money and invest it to earn more.

11. Take Advantage of Promos and Discounts.

One of the ways for Chindo to save money is to buy promo and discount items. Don't get tired of looking for promos and discounts to get good deals. Usually, promotional information through the official application in the online shop. You can also ask before paying.

12. Educate Children on Financial Management.

There is no word too fast to educate children in terms of wise use of money. Start small, for example don't waste food, turn off lights when not in use, and save water.

When the child is old enough, teach the child to save, train the way of saving and respect money.

I done simple survey of several people to check agree or not agree with twelve habits CHINDO to manage money, prelude survey to more than 60 persons randomly revealed that.

Table 1. Percentage Chindo Habit for managing money.

No	Habit	Agree
1.	Do not owe	90%
2.	Live Frugal	97%
3.	Discipline in saving	95%
4.	Do not hesitate to bid	85%
5.	The right way of looking at money	93%
6.	Investment, investment, investment,	93%
7.	Have a side Hustle	82%
8.	Hard work	97%
9.	Love Goods	90%
10.	Don't be prestigious	97%
11.	Take Advantage of Discounts	83%
12.	Educate children about Financial Management	93%

In table 1 revealed that do not owe, means the Chindo lifestyle is not prestigious, buy according to ability, from respondent answer 90 % agree. Live frugal, selective in choosing goods and services

needed, respondent answers 97% agree. Discipline in saving means setting aside not the rest of the money to be saved, more than respondents 95% agree. Do not hesitate to bid, means that bargaining is not the meaning of the lowest but know the market price, more than 85% agree with the habits. The right way of looking at money means that Chindo wisely use money to make people happy, setting aside to be able to make parents, children, relatives happy. 93% agree. Investment, investment, with careful consideration, 93% of respondents agree with Chindo Habit investing their money for their future. Have a side Hustle, having a side job, only 82% agree with the habits, because many Chindo habits focus with their Job. Hard work, Chinese people believe success is not achieved instantly, more than respondent 97% agree. Love Goods, Chinese people have a habit of Reduce, Reuse, Recycle, more than 90% agree. "Don't be prestigious, means that live life as it is without fulfilling prestige, respondent answer 97% agree. Take advantage of discounts, means Chindo don't get tired of using promos and discounts, only 83% agree. Educating children about financial management means Chindo habits train children from an early age in money management, more than 93% agree.

Conclusions

Chindo or China Indonesia carry Chinese culture and habit from their ancestor or their parent. The habit of managing money is a good habit, make them survive and excellence. Mostly respondents agree that the twelve habit of Chindo make them rich. However, the three highest habits that make Chindo rich, survival and excellence are live frugal, hard work, and don't be prestigious. Continue with discipline in saving, educate children to manage money, no wonder that culture, and lessons of the ancestors continue to their children and grandchildren.

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