

Small Scale Enterprises in Ujung Pandang, Indonesia: Flexible Specialisation at Work?

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ABSTRACT

Using field work material from small scale enterprises in Ujung Pandang, Indonesia, this paper examines the debate concerning whether the flexible specialisation paradigm is applicable to small enterprises in developing country contexts, or whether 'survivalism' is a more appropriate description of current production organisation. It is found that whilst there is some evidence for flexible specialisation, this is overshadowed by constraints to flexible specialisation from within and outside the enterprises, and 'survivalism' is closer to reality for the enterprises studied.

As we begin the new millennium, small scale enterprises are increasingly being endorsed as a means by which peripheral areas of developing countries may improve production output and general development (Hill, 1997; Schmitz and Nadvi, 1999). At the same time there has been growing interest in the use of the 'flexible specialisation' paradigm to explain small scale enterprise organisation in an increasingly interconnected and dynamic world (see Schmitz, 1989; Rasmussen, Schmitz and van Dijk, 1992; Kaplinsky, 1994; Pedersen, Sverrisson and van Dijk, 1994). This paper explores the application of the flexible specialisation paradigm, initially theorised in the *developed* world context, to the *developing* world context. This is done through an examination of the applicability of the paradigm to small scale enterprises in a peripheral area of a developing country, the city of Ujung Pandang, in South Sulawesi, Indonesia. After consideration is given to the key criteria of flexible specialisation, the field work methods employed are discussed, and the extent to which significant aspects of the paradigm were found among small scale enterprises in Ujung Pandang is detailed. The paper concludes with an assessment of whether or not the small scale enterprises studied were operating within the context of flexible specialisation or if survivalism is a closer assessment of their position.

Flexible specialisation

Flexible specialisation was initially suggested by Piore and Sabel (1984) to be the *developed* world's response to the crisis brought about by the global economic recession during the 1970s and 1980s. It represents an attempt to theorise the characteristic production systems of a post-Fordist era. Mass production firms have undergone significant changes in response to numerous challenges, such as increasingly competitive, differentiated and unstable world markets. According to Piore and Sabel (1984), those firms which have adopted innovative and flexible forms of production have become more successful in this new environment.

Subsequently, the debate has expanded to contemplate whether the flexible specialisation approach might also be applicable to small scale enterprises in *developing* countries (van Diermen, 1997). In such enterprises, the features mentioned above such as innovative and flexible forms of production have been found. Social and economic networks are also widespread features, as are clustering and subcontracting methods of organisation, together with flexible labour arrangements. It has been suggested therefore, that in

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developing country contexts "the flexible specialisation debates offer alternative terms and concepts useful to shed new light on well established processes and situations, already analysed using different theoretical perspectives" (Smyth, Saptari and Maspiyati, 1994: 6).

Generally, flexible specialisation depends on a number of *key defining variables*. These include a **broadly trained workforce**, able to undertake a number of production tasks; an emphasis on the virtues of **craftpersonship**; **flexible and informal management**, and the **close integration** of the processes of conception and execution; **general or multi-purpose machinery**; **just-in-time delivery systems** of inputs; designs and varied products which respond to an **increasingly specialised and fragmented market**; and the **pursuit of niche rather than mass markets** (see Piore and Sabel, 1984; Schmitz, 1989; Morris and Lowder, 1992; Storper and Scott, 1995). Nevertheless, further disaggregation is required as the flexible specialisation paradigm attempts to address a broad variety of industrial organisation (Schmitz, 1992). Correspondingly, the existence of two variants has been suggested – a large firm and a small firm – as well as combinations of the two (Rasmussen, Schmitz and van Dijk, 1992).

Of particular interest in the context of small scale enterprises in Ujung Pandang, and important to the success of the *small firm variant* of flexible specialisation, are a range of *small enterprise parameters*. These facilitate the integration of such enterprises through the establishment of **networks, clusters and linkages**, as well as other forms of interaction and interdependence. A **balance between competition and co-operation** also exists in the domains of design, innovation and the introduction of new technology. These forms of integration allow small scale enterprises to enjoy '**collective efficiency**' – economies of agglomeration – unobtainable by individual firms (Piore and Sabel, 1984; Schmitz, 1989).

Amongst small scale enterprises, survival responses to changes in the market, raw material supplies, labour supplies, and so on, do not set the stage for flexible specialisation. According to Schmitz (1989: 26), "in the informal sector literature one finds numerous passing references to the ability of small firms to survive crises, but many of these would add little to our case for flexible specialisation". Therefore, a differentiation between survival and growth must be made, and small enterprises that utilise defensive – that is survival – coping mechanisms cannot be considered to be following a flexible specialisation approach. Indeed, it is maintained by Das and Panayiotopoulos (1996) that for flexible specialisation to be recognised, the objectives of continual growth have to be met. Correspondingly, the 'success' of an enterprise following flexible specialisation is expressed in terms of its ability to obtain collective efficiency and continued growth (Sabel and Zeitlin, 1997).

Flexible specialisation in Ujung Pandang?

Ujung Pandang, where field work was undertaken during 1996 and 1997 and a return visit made in 1999, is the capital city of the South Sulawesi province and the main growth centre of Eastern Indonesia, with a population of just over one million (see Figure 1). The city's population is predominantly Bugis and Makassar in ethnic composition, the majority being Muslim. There is also a minority group of Chinese, as well as Tana Torajan people from the highland area of Sulawesi. Migrants from other regions and islands of Indonesia have also settled in the city.

To examine the diversity of linkages, networks and competition within the small scale enterprise sector, a 'multiple method' approach was used during field work. This also allowed for an exploration of the significance of the specific socio-cultural environment in which these enterprises

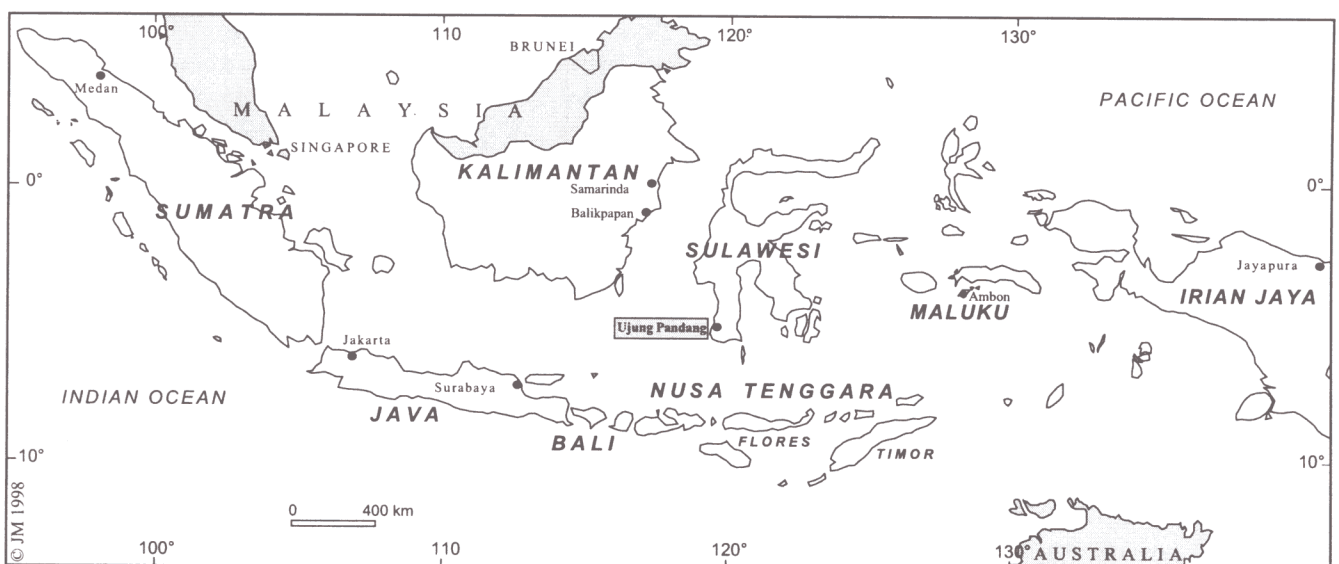


Figure 1. Ujung Pandang in the Indonesian context (Source: adapted from De Koninck, 1994, 3).

operated. Methods utilised included 100 in-depth questionnaire interviews (Group A) and 200 semi-structured interviews (Group B) with small scale entrepreneurs, and key informant discussions with members of a range of government and non-government agencies (see Turner, 1998).

The initial 100 interviews (Group A) consisted of 50 with 'informal' and 50 with 'formal' small scale enterprises. These were defined by the Department of Industry and Trade as such, the 'informal' businesses being members of *sentra* (official clusters) of small scale enterprises, often without licences, but being promoted by the Department. The 'formal' businesses held at least a *Surat Izin Tempat Usaha* (licence for a business place, commonly referred to as *SITU*) license. All the enterprises were further divided into five product categories defined by the Department for all enterprises, namely clothing and textiles, handicrafts, food, metals, and building materials and chemicals. Hence, using a stratified sampling procedure, ten 'informal', and ten 'formal' small scale enterprises from each of these product categories were interviewed. For the second set of interviews (Group B), the same five product categories were utilised, and 40 small scale enterprise entrepreneurs from each were interviewed, using a snowballing technique.

The clothes and textiles category included those making general clothes, a range of bed linen, tablecloths and shoes. The handicraft category had a significant number of gold and silver producers, but there were also coppersmiths, craftspeople producing wooden carved objects and traditional weaving as well. Within the food category, *tempe* (deep-fried fermented soybean 'patties') producers were interviewed in the largest numbers, whilst others made bread, syrup drinks, sauces, soya bean milk, traditional ice cream and *bakso* (meat ball soup). The metals category was broad and ranged from welding, lathe work, blacksmithing and foundry, to metal gate and fence production, and metal car-part production. The building materials and chemicals category was again broad and included small scale entrepreneurs who produced chairs, glass moulded for windows, candles, floor tiles, general furniture, building materials, harvest threshing machines, rattan products and building lime.

During 1996-1999 a large number of these small scale enterprises in Ujung Pandang appeared to be struggling to make a living. Many exhibited characteristics of flexible specialisation, such as networking along kinship and cultural lines, trust relationships, clustering and the employment of casual and flexible labour. Yet, as discussed in the following sections, they were being restrained from fully adopting flexible specialisation methods by rudimentary technology, basic production organisation and a limited capacity for innovation. Their attempts were also stifled by bureaucratic structures riddled with corruption and hindering access to credit and training.

Indications of flexible specialisation

Flexible labour. The notion of flexibility has two basic dimensions in the flexible specialisation literature: flexibility in work, and flexibility in employment (Curry, 1993).

Flexibility in production methods and technology leads to flexible work schedules, with the need for workers to be able to move rapidly among a variety of tasks. Such mobility in the workforce thus offers functional flexibility. Alternatively, workers are made 'flexible' in their employment, in that they are not protected by labour contracts nor labour legislation, offering numerical flexibility (Morris, 1988; Wilson, 1992).

Numerical flexibility in labour was apparent amongst all the 300 enterprise owners interviewed, with none providing work contracts, nor any form of employment security for workers. Workers who were family members often worked seven days a week, receiving food, accommodation, and their 'livelihood needs' in return. Workers from outside the family usually laboured eight hours or more a day, for six days a week, with many living in the house of the owner, which was usually also the site of production. There was also a tendency for outlier workers to work long hours, often up to nine hours a day, if they had a large order to complete.

Labour flexibility could also be recognised in the form of the payment systems used, for example, half of all the enterprise workers in Group A were paid on a piece rate system. Another 11 percent were paid daily, whilst a further 10 percent were on a 'contract' system, whereby the worker received a certain percentage of the final value of the finished product. Four percent, all family members, were not provided with payment, the entrepreneur covering their 'basic needs' instead. Still other entrepreneurs stated that the amount workers received depended on the profits made. There was a distinct lack of formal job security amongst workers, perhaps the most secure being the five percent who were paid on a monthly basis, dependant on the number of days they worked. The frequent use of piece rate systems, in which workers merely undertook the tasks assigned to them as quickly as possible, with payment dependent on completing the tasks confirmed that in such cases there was no evidence to support the flexible and informal management systems proposed by followers of flexible specialisation. The delegation of management tasks to workers occurred infrequently, as entrepreneurs remained in control of all aspects of production. Thus, few workers had any input into managerial decision making processes.

Whilst enterprise owners could lay off employees any time there was no work, since many were family or paid on piece rate, the tendency was for the workers to produce less and have a reduction in earnings when demand was low. Workers often appeared to be the 'flexible casualties' of such production systems, as they worked long hours with little employment security. However, migration amongst different small enterprises occurred if there was news that certain enterprises had a large order. This job mobility was a significant problem for many owners, as they kept losing workers to other enterprises.

Networks and subcontracting. Evidence of strong networking systems was found amongst a high percentage of the small scale enterprises investigated. These systems are comprised of arrangements of units which are interconnected through various types of relations and which can enlarge the spatial

potential of enterprises (Lipietz, 1993). However, only a few of the small scale enterprise networks operating in Ujung Pandang displayed signs of specialisation. Tailors were sometimes networked with such interdependence, having outliers at other locations undertaking certain parts of production, such as sewing collars or hemming garments, with payment on piece rate. This specialisation was also evident amongst chair makers, one group of small scale enterprises producing the rough wooden frames of the chairs, a second sewing the covers and upholstering/covering the chair frames. The sewing process was often given to outliers, so that production was undertaken in at least three spatially separate locations. Such systems of networks meant that a complex web of retailers, subcontracting enterprises and outliers had emerged. Nonetheless, as control often lay firmly in the hands of the retailers (who supplied most of the raw materials and designs initially), there was little chance that the enterprise subcontractors would operate with a flexible and informal management structure in which workers might contribute innovative ideas concerning technology and design, an important factor within the flexible specialisation paradigm.

Subcontracting arrangements were very important for the continuing existence of many small scale tailors, furniture makers and goldsmiths in the city. In response to rapid changes in demand by retailers, the machinery utilised was usually general or multi-purpose in nature, and workers were fairly broadly skilled. Yet, although the subcontracting enterprises did share tools, equipment and sometimes workers as well, it did not appear that collective efficiency was occurring amongst them. This was because linkages with retailers largely inhibited innovation and informal management structures from occurring within the enterprises themselves. Therefore, although it could be demonstrated that certain variables and parameters relating to flexible specialisation occurred in isolation, when examined in an aggregative fashion the picture became less clear, making it difficult to demonstrate that flexible specialisation did exist.

Networks with other regions were examined to determine the geographical dimensions of how far afield linkages concerning raw material supplies had reached and what factors these linkages and networks were dependent upon. The extent to which the entrepreneurs had responded to changes in demand and diversified their marketing spheres was also examined, in order to ascertain whether or not they were being innovative in their marketing strategies. Networks were found to extend to a number of other regions. Gold was usually obtained from Kalimantan or Irian Jaya. Similarly, silver came from Kendari in East Sulawesi, while Kalimantan was often the source of wood, and many food entrepreneurs gained their raw materials from farmers in districts south of the city. However, the majority of basic materials came from Java. Wood products, clothes and metal products were frequently sold through middle-people to shops in other towns and *kampung* (villages) near Ujung Pandang. While such links were sometimes just with traders in those areas,

they were more often through extended family connections or *kampung* relationships.

These networks were often based on historical and cultural connections. Cultural groups were of great significance for networking arrangements and the degree of trust incorporated within these, and markets and competition were not socially decontextualised activities. Many of these regional networks were established and developed by Bugis traders since "a high propensity to emigrate from the homeland to other regions is seen as one of the characteristic attributes of Bugis society" (Lineton, 1975: 11). Some metal products, clothing and Bugis wedding costumes produced by small scale enterprises in Ujung Pandang were exported as far as Irian Jaya and Kalimantan, often with the links being family who had migrated, or Bugis traders from other islands who travelled to and from Ujung Pandang to gain products.

Clusters. Clusters, comprising a grouping of small enterprises with a common product range, co-existing within a limited geographical area, with common input needs and skill requirements, were most apparent amongst those involved with furniture production, metal working, tailoring and goldsmithing. Furniture clusters involved a combination of independent entrepreneurs and enterprise subcontractors who together, through their various networking relationships, supplied mainly local retailers and some direct consumers with finished products. The frequent transactions that occurred amongst the independent entrepreneurs and enterprise subcontractors required a certain proximity as many of the individuals concerned did not have access to reliable communications nor transportation infrastructure. Cheap, small capacity types of transportation were often relied upon, such as *becak* (trishaws), hand carts and bicycles.

Small scale enterprises, subcontracting enterprises and retailers were frequently located within the same geographical area because of the limited capacity of the transportation methods used. For example, a number of wooden frame makers were concentrated along one road, less than half a kilometre from where subcontracting enterprises sewing and upholstering the furniture were clustered. Near to both groupings was a main road on which the connected retailers had their shops. Enterprise clustering in this case meant that the costs of transportation were kept low and deliveries could be completed quickly (Group B interviewee, 29/1/97i). A number of entrepreneurs, especially those involved with the production of chairs and sofas, clothes, cooking pots and machinery parts, reported that they clustered so customers would know where to come to. Many retailers therefore visited Ujung Pandang from other regions or islands with prior knowledge about where to find a wide range of products.

Clustering has also been described as a means of facilitating collaboration amongst small scale enterprises, that is as a means of increasing the possibility that they would share tools, workers, raw materials and general information. Members of the goldsmith clusters for instance, relied on

other members of their clusters to borrow tools and equipment such as rasps, files, and threading machines (used for making gold thread from thick gold strips). Tailors, metal workers, and wooden furniture makers also talked about the possibility of 'borrowing' workers from nearby enterprises if theirs had a large order, or if a specific skill was required.

At this point it is appropriate to return to the critical question concerning "is the cluster merely a multiplication of producers making similar products or has specialisation and inter-firm divisions of labour developed?" (Schmitz, 1989: 66). The field work analysis shows that a number of the small scale enterprises in Ujung Pandang were operating within clusters. For example, furniture enterprises utilised a significant inter-firm division of labour and specialisation of tasks. Whilst some of the tailors were also operating in this style, with different tailor enterprises undertaking particular parts of the production process, it was most common for the specialisation to occur between enterprises and their connected outliers. Numerous complex networks were found amongst the goldsmiths and their retailers, yet at the same time there did not appear to be notable levels of *inter-firm* divisions of labour nor specialisation occurring. In this sense, physical clustering had occurred, primarily to reduce transportation costs for the entrepreneurs, as well as for their customers and retailers they supplied. Interaction and interdependence was also evident amongst enterprises through the sharing of both tools and workers. Notwithstanding, the cumulation of the vital elements required for flexible specialisation to occur were only really becoming evident amongst the furniture enterprises.

Whether flexible specialisation had occurred amongst the furniture enterprises was also reliant on whether or not clustering amongst them had resulted in collective efficiency. Whilst there were independent small scale enterprises making the wooden frames for the chairs, those creating the final upholstered chairs worked predominantly to instructions/orders from retailers in the city. Such an arrangement gave little chance for workers to become involved in decision making processes within the enterprises, nor for an informal and flexible management structure to form, because the instructions for production, delivery times, materials to be used, and designs came from outside the enterprises themselves. Thus, flexible specialisation, as an accumulation of the key factors described earlier, was still not apparent because of the inability of the entrepreneurs to have more than partial control over their enterprise's design, production and marketing decisions.

A significant number of business transactions for the small scale enterprises took place, therefore, through networks and linkages of various kinds, and production often occurred in clusters. However, such networks and agglomerations were somewhat meaningless in the context of flexible specialisation if they were nothing more than numerous people doing nearly the same thing, as was occurring in the case of goldsmiths and metal workers, and if the nature of the

relationships amongst them was based on competitive individualism, so that collective efficiency could not occur.

Evidence against flexible specialisation internal to the enterprises

The small enterprises were awash with elementary technologies which were time consuming, labour intensive and sometimes downright dangerous. They also exhibited a limited capacity for innovation. Of the small enterprises studied, innovation in the production process seemed to have occurred very slowly, and could perhaps be seen as a generational change, especially as Bugis and Makassar people did not consider it was correct to suggest ideas to your 'boss', who was supposed to be the most intelligent person in the enterprise (key informant confidential pers. comm., 11/5/97; see also Millar, 1989). Innovation, if it was there at all, usually came from outside, such as new gold jewellery designs which were slowly being introduced by Chinese gold shop owners copying designs from Java.

Very few of the entrepreneurs kept accounting records, also impeding the growth of the small scale enterprises. This often made it difficult for the requirements of enterprises to be estimated on more than a day-to-day or week-to-week basis, and stocks of raw materials were commonly only kept for short time periods. The ability to save for more expensive items such as new technology or equipment was also hindered. Moreover, a lack of accounting records constrained the ability of an entrepreneur to secure a loan from a bank because their feasibility assessments were complex and rigid, requiring "a proper system of accounts, business permits and an easily examined cash flow" (Thamrin, 1993: 151; Group B interviewee, 29/1/97ii).

The strong status orientation of Bugis and Makassar people was yet another internal barrier to the development of some of the small enterprises. This meant that a notable portion of the profits from their enterprises went to conspicuous consumption, rather than being reinvested back into the enterprise as capital (see Pelras, 1996). Similarly, a Muslim key informant remarked that he believed many small enterprises owned by Muslim people did not improve because of the significant prestige that the owners believed was connected with going on the *Haj* (pilgrimage to Mecca) many times, rather than just the once expected of them. Thus, if they had gained extra capital, sometimes even through a loan acquired on the basis that it was for enterprise development, it would be used for the pilgrimage instead (key informant confidential pers. comm., 25/8/96).

Evidence against flexible specialisation external to the enterprises

It became apparent during field work data analysis that efficiency within a supportive environment. Constraints included factors related to the organisation of the enterprises

themselves, including the lack of innovation within many of them, inferior product quality and the poor accounting records mentioned earlier. External factors such as the level of competition many of the entrepreneurs faced, corruption within relevant Government agencies in the city, the structure and operations of the bureaucracy, difficulties in gaining access to credit, and the ethnic divisions and tensions within the city, also deterred their development.

The small scale enterprises studied operated in an intensely competitive environment. Their competition came from other small enterprises, from larger firms producing similar goods in the city, and from shops importing products from elsewhere in Indonesia or from overseas. What resulted was an apparent lack of the balance between competition and co-operation, a factor that distinguished the achievement of flexible specialisation. This can be attributed partly to the competitive nature of Bugis society, in which achievement leads to tension and competition as new hierarchies are formed. As such, this situation probably inhibited extensive co-operation amongst Bugis entrepreneurs, as each was competing to find their rightful place in society (see Millar, 1989).

The institutional environment for the small scale enterprises in Ujung Pandang provided a distinct challenge to their operations. It included a range of authorities regulating such areas as city by-laws, health and environmental regulations, as well as having control over the provision of infrastructure, education and training. This imposed a labyrinth of registration and taxation procedures, and meant that obtaining formal credit was beyond the capabilities of most small scale entrepreneurs in the city (Spath, 1992). Indeed, to become a recognised business activity in Ujung Pandang the procedures which had to be undertaken were complex, expensive and time-consuming. This situation reflects Spath's (1992: 10) argument that "what still prevails in many developing countries is a legal and regulatory environment which is badly distorted, and an administrative and institutional setting which is hardly supportive and often discriminatory".

Many of the small scale enterprises in Ujung Pandang operated without a *Surat Isin Tempat Usaha-SITU* (license for a business or work site) nor a *Surat Isin Untuk Perusahaan-SIUP* (license for a business or enterprise to operate; one must have a *SITU* before acquiring a *SIUP*). These were expensive documents for small scale entrepreneurs and had to be obtained every five years from different locations in the city. Entrepreneurs commented that there were no perceived immediate (nor delayed) benefits in having such documents, and many entrepreneurs who had attempted to obtain a license had given up trying because of the financial costs involved. Such entrepreneurs commented on the corruption involved, calling it "*penyakit*" (a disease), with one silversmith entrepreneur stating: "It's a disease, the whole country's got it" (Group B interviewee, 26/2/97).

Heightened insecurity came with not being an officially recognised enterprise. It was common for officials from the Department of Industry and Trade or the City Council to walk around districts known to house many small scale enterprises and ask to see licenses. These requests were met by a denial that a small scale enterprise existed on the site (many were hidden at the rear of the premises) or bribes of cigarettes or money were given to the officials. Only when the hassles became too frequent did many entrepreneurs decide they must try to obtain a *SITU* (key informant, confidential pers. comm., 26/11/96). There was also an additional pressure to register because enterprises without a license were denied access to technical assistance or training, formal credit institutions and positive government assistance.

Hidden "extra costs" (such as bribes, under the table payments, 'enforced' promises of services which must be upheld at a later date, and so on) were often expected at all levels within government and many non-government institutions. Such "extra costs" meant a loss of time and money for small scale entrepreneurs (as well as larger industry operators). If small scale entrepreneurs had managed to successfully deal with such costs when applying for licenses, they then faced more hidden 'extra costs' if they wanted to undertake training or when attempting to apply for credit from banks or non-banking institutions. Whether the small scale enterprises were prosperous or not was thus strongly influenced by the political and bureaucratic environment in which they were operating (see also Turner, in press).

Licenses were necessary before small scale enterprise owners could borrow money from the bank. Yet, this was just the first hurdle for those needing funds from sources outside the family. Banks, many stated, needed collateral and demanded that repayments were made on time. This was useless for small enterprises making goods with seasonal variations, such as many food sellers (profits are low during *Ramadan*, the Muslim fasting month) and for some during the rainy season (ice cream producers). Others, such as Muslim clothes tailors and *songkok* (national hat for men) makers, made their highest profits during *Ramadan*, in preparation of *Idul Fitri*, the celebration at the end of the month. Interest rates were also a barrier, with the average 20 percent per annum charged by banks being much too high for the average small scale enterprise. Not surprisingly, the majority of small scale entrepreneurs interviewed said they would go instead to family to borrow money.

Flexible specialisation at work?

The small scale enterprises of Ujung Pandang were operating in an environment with a plethora of internal and external barriers to their advancement and ability to adopt flexible specialisation. Within the enterprises, innovation was limited due to cultural constraints, conspicuous consumption and family needs, all of which hindered growth. In addition many entrepreneurs displayed a lack of basic

production organisation, some resorting to the production of poor quality goods to 'survive' in a highly competitive environment. Such competition, an external factor, came from other enterprises and larger businesses producing commodities within Ujung Pandang, as well as from those importing goods from outside the region.

Intensifying these difficulties were the bureaucratic practices of a range of city officials, demanding bribes and under-the-counter payments from many of the entrepreneurs. Government institutions supposedly helping small scale enterprises had little co-ordination and were riddled with corruption. This hindered access to credit and training for many of the entrepreneurs, making their position in the local economy even more difficult. The culmination of these factors generated a crisis-ridden environment that prevented many entrepreneurs from employing a range of flexible specialisation parameters.

In their efforts to cope, many small enterprises appeared initially to exhibit characteristics of flexible specialisation, such as networking along kinship and cultural lines, trust relationships, clustering and the employment of casual and flexible labour. However, they were still restrained from fully employing flexible specialisation methods by rudimentary technology, basic production organisation and a limited capacity for innovation. Their efforts were also impaired by

numerous corrupt bureaucratic structures which hindered access to credit and training. Therefore instead of the positive rewards of flexible specialisation, as highlighted in the Western world's application of the approach, many small scale enterprise owners in Ujung Pandang were instead merely trying to survive on what was, for some, a day to day basis.

Conclusion: Survivalism in Ujung Pandang

Generally speaking, survivalism was very much the common feature for a number of small scale entrepreneurs in the urban economy of Ujung Pandang in 1996-1999. The overriding impression was one of small entrepreneurs trying to 'get by' rather than managing progressive and growing enterprises. Those studied were concentrated in sections of the market where there was significant over-representation, due to a large extent to ease of entry and operation, and thus often severe competition. Such market segments included foodstuffs, clothing, furniture making and a variety of enterprises producing construction materials and durable goods, as well as gold and silver jewellery makers. Moreover, their survival was made even more problematic by a political and economic environment that added other dimensions, such as corruption and a tangled bureaucracy, to the already tenuous position of small scale enterprises in the local economy of Ujung Pandang.

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