

# NASCENT MARKET CAPITALISM UNDER QUESTION: INTERPRETATIONS OF SUCCESS AMONG MAKASSAR ENTREPRENEURS

SARAH TURNER

Department of Geography, McGill University, 805 Rue Sherbrooke West, Montreal, Quebec, Canada H3A 2K6.  
E-mail: turner@geog.mcgill.ca

Received: September 2004; revised January 2005

---

## ABSTRACT

A vast body of economic and development literature assumes that small enterprises in developing countries exist as a form of nascent market capitalism. Nevertheless, if one considers small scale entrepreneurs' endogenous definitions of success, the picture becomes less clear. This point is demonstrated through an examination of small-scale enterprises in Makassar, Eastern Indonesia, beginning with an assessment of the extent to which enterprise operations are based on ethnic specialisation. Specific decision-making processes among entrepreneurs regarding labour recruitment and workforce obligations are then discussed, which contradict choices that would reinforce the creation of profits, as is also found in regards to the drive for prestige consumption and social status. In turn, the notion of success is problematised, a concept that researchers and development practitioners must have a far more nuanced understanding of, if they wish to help small-scale entrepreneurs genuinely improve their livelihoods.

**Key words:** Small-scale enterprises, Indonesia, Makassar, livelihoods, success, consumption

---

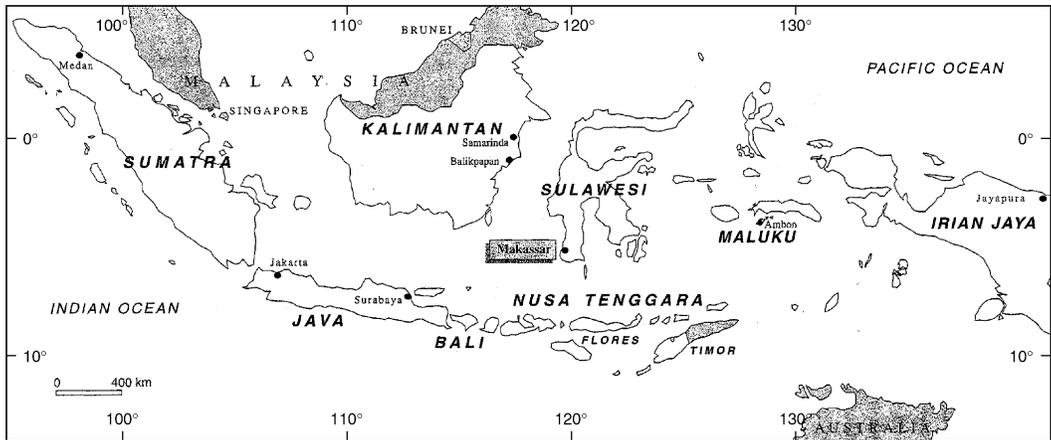
## INTRODUCTION

Small-scale enterprises are being considered more and more as a means by which developing countries may improve production output and economic development (Schmitz 1989; Hill 1997). A number of persuasive reasons are put forward to support this optimistic appraisal, including that such enterprises represent a seed-bed for indigenous entrepreneurship which mobilises capital that would otherwise not be generated. They are also labour intensive, employing more labour per unit of capital than large enterprises, and they enhance indigenous technological learning, while contributing to the decentralisation of industry. In addition, as users of predominantly local resources, small-scale enterprises have low foreign exchange requirements, and since they cater for the basic needs of the poor, providing employment

opportunities and often inexpensive products, they contribute to a more equitable distribution of income and wealth (Schmitz 1989).

In line with these considerations, there is an overwhelming body of economic and development literature that assumes that small enterprises exist as a form of *nascent market capitalism* (Davidsson & Honig 2003). Following such an assumption – that falls under the guise of modernisation theory – it is anticipated that as small enterprises become more 'successful', they will expand, employ more labour, and undertake improved production techniques, in turn stimulating invention, technological change, and high levels of productivity, resulting in their ability to undergo enterprise 'upgrading' (Taylor 2002, p. 302).

Let us approach the topic somewhat differently however. Following discussions with small-scale entrepreneurs themselves, it is proposed



Source: Turner (2003, p. 3).

Figure 1. Makassar in the Indonesian context.

here to consider *their* aims for their enterprises, and how they endogenously define *success*. The picture becomes less certain now, as we find that their goals are not purely economic development. If we begin to decipher the socially constructed networks that the entrepreneurs operate within, we begin to realise that these complicate the picture, not necessarily moving the enterprises towards an economically more advantageous position, but rather creating exceptions to the ‘normal’ operations of the profit motive. While literature such as that concentrating on enterprise clusters (Grabher 1993), commodity chains (Gereffi & Korzeniewicz 1994; Wrigley & Lowe 1996) and social capital debates (Putnam 1993; Portes 1998) is currently drawing our attention to the relationships among different groups in the economy, often considering how such networks and linkages are embedded within society, it does so with the expectation that those actors being examined wish to reach a *capitalist defined version of success*. There thus exists an overwhelming expectation that all small enterprises want to be successful following a western-centric or indeed capitalist-centric, individualistic approach. However, it is the contention here that researchers must have a far more nuanced understanding of the people they are working with, and development practitioners can only help people improve their livelihoods if they understand what it is exactly these people are striving for.

These points will be demonstrated through an examination of small-scale enterprises in Makassar, Eastern Indonesia, located in Figure 1.<sup>1</sup> As such, the paper begins with an assessment of the extent to which enterprise operations are based on ethnic specialisation. The paper then moves to examine specific decision-making processes among entrepreneurs regarding labour recruitment and workforce obligations, which often contradict choices that would reinforce the creation of profits. The drive for prestige consumption and social status is also considered, they too reducing profits being reinvested into the enterprises. In turn, the crucial notion of success is problematised. This paper thus answers the call for ‘more qualitative, interpretive, action-orientated studies which focus on the entrepreneur as an individual human agent’ (Pütz 2003, p. 557) by examining the embeddedness of entrepreneurial behaviour in specific cultural surroundings. Local cultural interpretations are crucial, as Upadhyya & Rutten (1997, p. 32) stress, since, like those of any social group, the actions of entrepreneurs ‘cannot be understood in terms of their economic “interests” alone. Like everyone else they are also driven by the desire for prestige, social status, or political influence . . . all non-tangible goals which are nonetheless salient for them’. For this reason, it is essential that entrepreneurs’ choices ‘are not assumed to be reducible to the neo-classical paradigm of rational decision-making

– i.e., abstracted from their social and cultural context’ (Booth 1993, p. 62). In other words, the goals of capitalism are rendered problematic in this context, where greater consideration of local ideologies and strategies is essential to an appreciation of the objectives of the small-scale entrepreneurs.

Makassar (known as Ujung Pandang from 1971 until October 1999) is the capital and administrative centre for the province of South Sulawesi, Indonesia. It is a busy port city, with over 1.3 million inhabitants, and home to four major ethnic groups, the Bugis, the Makassar, the Mandar and the Toraja (Pelras 1996). While few statistics regarding these groups in the South Sulawesi province are available, in 1997 a local government researcher estimated that 30 per cent of the city’s population were Bugis, and 40 per cent were Makassar, with the remainder consisting of Mandar (5%), Toraja (5%), Chinese (3%), and 17% being a composite of Javanese and others from the Outer Islands. Culture is thus a vital element in the formation and modification of social change in Makassar and impacts directly on the lives of small-scale entrepreneurs in the city. In turn, an integral feature of the local cultures is *adat* (customs or traditions), with each group having its own *adat* (Kahn 1980). *Adat* is instrumental in forming the everyday socio-economic life of entrepreneurs in the city, controlling relationships among people in networks of social relations, and providing a model of acceptable behaviour within local cultural boundaries (Kahn 1980).

### ETHNIC-BASED SPECIALISATION

Notable occupational demarcation along ethnic lines is evident in the production of small scale enterprise goods in Makassar city.<sup>2</sup> Bugis and Makassar entrepreneurs produce nearly all the wooden chair furniture and iron stoves, and the Bugis dominate in gold jewellery production, and sewing both general clothes and tailored garments. In addition, it is exclusively Javanese who make *tempe* (deep-fried fermented soya bean patties) and *bakso* (meatball soup), the Makassar who produce traditional ice cream, and the Toraja who craft shoes, as well as undertaking shoe repairs. In comparison, other goods reflect more heterogeneity, these being the least ‘traditional’ trades undertaken, suggesting

greater ease of entry into such enterprise types for those without historical, ethnic or family connections in the city. This is especially so in the case of metal window frames, metal car parts, and drinks, all of which are commonly produced by the most recently established in the city.

Two examples detailed here, those of Bugis goldsmiths and Javanese food producers, illustrate the extent to which trust relations built upon ethnicity, and social understandings of ‘who can make what’ in the city, influence entrepreneurs’ decision-making processes. For goldsmiths, ethnicity is highly significant for their networking arrangements and the degree of trust incorporated within these. Bugis people are traditionally known to be the goldsmiths in South Sulawesi, with there being a ‘long-standing tradition of gold working in the Bugis area’ (Pelras 1996, p. 252). Many goldsmiths originally migrated from the Sidenreng Rappang district north of the city, or were trained by other Bugis goldsmiths in Makassar city. Commonly, such Bugis goldsmiths are part of subcontracting networks incorporating Chinese retailers who own goldshops in the city centre. These retailers supply gold in small amounts to Bugis subcontractors who fashion it to the styles requested by the Chinese. As such, the Chinese retailers and Bugis goldsmiths have built trust relationships with each other regarding the handling of the raw materials, whereas Makassar goldsmiths do not have such ethnic and historically-based trust relationships. Many Bugis goldsmiths also rely on their Chinese retailers for support with loans for new equipment and working capital if necessary. When asked if there are other channels of support for goldsmiths, one replied, ‘no, they don’t exist for goldsmiths, we depend on our suppliers’, explaining that when Bugis goldsmiths require help with working capital, they often approach their Chinese gold shop supplier/retailer (interviewee 5, 1997b).

Detailing the picture further, two fifths of the Bugis goldsmiths interviewed operate as enterprise subcontractors, obtaining their gold through a longer established Bugis goldsmith acting as an intermediary. New migrants to the city from the Sidenreng Rappang region usually begin working in this manner, as outliers or subcontractors for other Bugis goldsmiths in their

neighbourhood, often through family networks, rather than directly for Chinese retailers. Indeed, if Bugis goldsmiths employ non-family workers at all, they only employ other Bugis workers, hence there is a high degree of ethnic homogeneity within the goldsmith community. As one goldsmith described, 'I have a trust system with my supplier, he's another goldsmith here, there are always goldsmiths that don't go direct to the Chinese' (interviewee 6, 1997b). Such linkages through another member of the same ethnic group are often positive in that they allow entrepreneurs access to raw materials that they would otherwise be denied due to cost, distance or barriers because of a lack of established trust and social capital. These linkages among the Bugis community in turn often involve expected reciprocity and future obligations such as gifts during cultural or religious festivals. The result is often a myriad of complex networks of patronage and support, implying that the production process is deeply embedded socially. As such, these individuals commonly operate within relationships that are obligatory and embedded within pre-existing social roles, rather than self-generated and contractual (see also Oxfeld 1992).

Examining food production in the city, one finds that many small-scale Javanese entrepreneurs making *bakso* (meat ball soup) and *jamu* (traditional Javanese herbal medicine) maintain that they would return to their own villages on Java to recruit new workers when required, a claim showing that linkages of some strength are maintained with the village even if it is a considerable distance away and expensive for the entrepreneurs to return to. Food-producing Javanese entrepreneurs believe that Javanese people from their village are the only workers who can produce certain food in the proper manner and to the correct standards (key informant 14, 1996). One entrepreneur interviewed producing *bakso*, and his wife *jamu*, claims that he still continues to recruit new workers in this manner, even after having lived in Makassar for 17 years (interviewee 53, 1997b). Likewise, a Javanese man making *kerupuk udang* and *kerupuk ikan* (prawn and fish crackers), and a resident of Makassar for nine years, also returns to his village to gain new workers (interviewee 111, 1997b). These trips back to the respective villages occur even when such travel

drains resources from the enterprises, and training local non-Javanese recruits could perhaps produce similar results. This suggestion was considered unheard of however, when proposed to the entrepreneurs in question.

Javanese migrants are also preferred to make *tempe*, *tahu* (tofu) and *martabak* (folded, fried crepe filled with spices and pieces of meat and/or vegetables) because it is believed that they produce the most appetising products.<sup>3</sup> Similarly, the often expressed view that only Makassar people can be employed to produce *es putah* (traditional Makassar ice cream), serves to confirm the strong influence of cultural factors on the small enterprises associated with food production.

The networks throughout the small-scale goldsmith neighbourhoods are vast and complex. Moreover, while such a pattern of supply is in a socio-cultural sense inclusionary for some, it is exclusionary for others. The fact that only the Bugis are considered capable of becoming goldsmiths in the city, and of having trust-based relationships with the Chinese for raw materials leads to the exclusion of other ethnic groups from this means of livelihood. Hence local decision-making, both for the Chinese goldshop operators as well as the Bugis subcontractors, does not necessarily take factors such as the possibility for non-Bugis innovation, knowledge exchange, and technological upgrading into consideration. Similar findings are found for food production, ethnic specialisation clearly resulting in certain individuals gaining entry into a specific range of enterprise types, with others being denied access to these, an observation also noted as one of the less positive sides of social capital (Portes 1998).

## RECRUITING LABOUR

The labour force characteristics of the small enterprises also portray decision-making processes among the entrepreneurs that do not necessarily result in a Western understanding of 'success'. Instead, social obligations, activities seen to help raise one's social prestige, and ritual expenditures emerge as important considerations.

In my analysis the number of employees within an enterprise varied from none to 15. In addition, over half of the total 300 small

enterprises studied utilised only family labour. When asked if they had enough workers, from 100 questionnaire respondents, five per cent of the entrepreneurs replied that they indeed, had 'more than enough'. In an approach to labour management from a Western perspective, one could suggest that such a response means that responsibilities to provide employment for family members was a cause of inefficiencies within these enterprises, a point that will be returned to shortly. Another 69 per cent of the entrepreneurs said they had 'enough' workers. These respondents often replied that labour shortages could be overcome by using family members and that there were nearly always extended family members or friends who could be called upon when necessary to increase the size of the workforce temporarily. A version of this employment arrangement is illustrated by an entrepreneur who recycled reinforcing iron from demolition sites. He employed a core group of five workers, but explained that when he found a large demolition job, he would hire friends on a daily basis to help. However, prior to *Idul Fitri* (feast/celebration at the end of the Muslim fasting month), family members sought work from him so that they could gain extra cash. Because they were family, he stated he had an obligation to provide work for them, hence even if there were no tasks for them to undertake at that time, he would employ them. This confirms the role of social obligations as a factor influencing the operation of the enterprises, as employing redundant workers is clearly a drain on the financial resources of an enterprise (interviewee 44, 1997b). Finally, labour supply was problematic for a considerable remaining proportion of the entrepreneurs, with 26 per cent replying they 'did not have enough' workers.

The use of unpaid family labour is considered to be the easiest way to maintain an enterprise in which the entrepreneur is unable to cover production costs (Sjaifudian 1992). Family workers commonly work seven days a week, receiving food and accommodation and their 'livelihood needs' in return. There are numerous examples of children, spouses, parents, older and younger siblings, cousins and extended family members working irregular hours for an entrepreneur and receiving no direct wages. For instance, one entrepreneur, a fruit juice maker, when talking about his workers maintained

that 'I don't have to pay them as they are my brothers, I buy all their basic needs instead' (interviewee 90, 1997b), while a second, a tailor, asserted that 'they don't get paid, they are my wife and children so I must supply their basic livelihood needs' (interviewee 92, 1997b). Likewise, an entrepreneur making metal cake trays and moulds, explained that 'the payment system for my workers isn't constant as they are my [adult] children, they live here so I provide food and things that they need. Maybe sometimes I give them money for small things' (interviewee 127, 1997b). Illustrating the concept of generalised reciprocity (see Sahlins, 1972),<sup>4</sup> there is clearly a strong bond of loyalty that exists between entrepreneurs and such workers because they are family members, and even when demand is low, the entrepreneurs still provide for them. While this leads to a decline in their profits at times, it also serves to guarantee worker loyalty at other times when their labour might also be in demand elsewhere, hence potentially helping to reduce labour mobility.

The strong labour network systems within kin groups also reflect a common resolution to the conflict between the provision of training for workers who might then set up their own business in competition, or alternatively having to rely on less skilled workers producing lower quality products, reflecting the micro-politics within the enterprises. One way that entrepreneurs avoid this conundrum is by using family labour because such workers tend to have greater loyalty and be less likely to enter into direct competition. Family training is especially strong among goldsmiths, silversmiths and tailors. As well as meaning that skills and techniques are kept secret within the enterprise, the family links are also important for gold and silversmiths because of the valuable raw materials and hence the trust required of workers.

Neighbours are also sometimes asked to work for a short period. As one woman tailor explained 'yes, I have people that help me finish my goods. Sometimes these are my family, sometimes I ask women in the same street. I pay them money for each piece' (interviewee 23, 1997b). Others use informal networking to gain new labour, asking current workers to contact friends and family to work as well. Such networking is important for new migrant workers who usually obtain employment through family and friends

who have already moved to Makassar from the same rural village and can thus 'guarantee' a new arrival to the entrepreneur (see also Guinness 1993). If a worker misbehaves, the other workers quickly rebuke the newcomer or force him/her to stop working for the enterprise, as this reflects badly on themselves due to their social connections. In this way an informal 'code of ethics/behaviour' exists among the workers, a self-regulating work force with clear advantages for the entrepreneurs.

Approaching a number of these issues from an industrial, neo-liberal perspective, one could consider a range of the labour practices detailed here as hindering the economic growth of the enterprises. These labour networks can only go so far in advancing an enterprise before other constraints become apparent, such as reduced skill levels, a shortage of labour, or indeed an over-abundance of labour. Hence such socially embedded labour recruiting practices at times limit training and potential innovation. Additionally, due to gender expectations among the different ethnic groups in the city, women entrepreneurs of all ethnicities tend to rely on family and village connections to a greater extent than men to find new workers, very few of them employing people who come directly to the enterprise looking for work, a factor which can further prevent these enterprises gaining workers with greater skills and experience elsewhere (see Turner 2003). These labour factors and familial relationships can thus be seen as entailing a suspension of the search for profits that characterises the capitalist marketplace (Oxfeld 1992).

### WORKFORCE OBLIGATIONS

Once they have established their workforce, small scale entrepreneurs in Makassar have adopted a variety of strategies in seeking to remain competitive for labour, especially for non-family workers. Eighty per cent of the entrepreneurs interviewed provide what can be seen as incentives for workers to stay with a particular enterprise. These include lending money to workers, matching the wages of competitors, maintaining good relations with workers, providing bonuses for work carried out on time or in advance of deadlines, guaranteeing employees their jobs if they became sick, and paying

them on time. By offering fairly inexpensive gestures such as these, indeed by undertaking a range of balanced reciprocity actions, entrepreneurs seek to gain advantage over their competitors in attempting to retain workers (Sahlins 1972; Plattner 1989a).

In a similar fashion, entrepreneurs also provide a range of welfare support for their workers, a large majority (71%) providing at least one meal daily for employees. In addition, the vast majority provide accommodation to at least some workers, with as many as 37 per cent having all their workers living on site, and only 19 per cent providing no accommodation at all. Such welfare support is seen as advantageous by employers and employees alike. Among employers it is recognised not only as a way of increasing loyalty among non-family workers, but also productivity, time efficiency, and motivation, hence it is a means by which workers can be 'held onto'. To employees, on the other hand, such welfare support is a strong incentive to work at a certain enterprise. Compared to those prepared to offer such benefits, entrepreneurs who do not are severely disadvantaged in gaining and maintaining workers and their loyalty.

Clearly this type of support does help in some way to improve the profits of the enterprise, although not always in a direct manner. What is interesting however is that as well as direct incentives and welfare support, entrepreneurs provide a range of other measures, not only for workers, but frequently for extended family and neighbours as well. In the extreme case, the number of people supported regularly reached fourteen for one entrepreneur. The kinds of support given range from gifts, loans and social contributions for festivals and religious ceremonies to neighbours and friends, to education and training costs for family members and workers. In general, the entrepreneurs have a positive perception of the provision of such support, 62 per cent of them believing that this does not have a negative effect on their enterprise. They talk about a 'responsibility towards Allah' to provide such support (interviewee 29, 1996a), that it is 'my duty' (interviewees 31 and 37, 1996a) or that it is 'for the prosperity of the family, workers and community' (interviewees 70 and 91, 1996a), hence responding to social pressures and expectations. Very few (only one Mandar, one Makassar and one Bugis

entrepreneur) are of the opinion that the provision of such support has a negative effect on the general operation of their enterprise, with the remainder being indifferent.

This support is considered by the many entrepreneurs who provide it as not only essential to the operations of their enterprises but also as an important element of social responsibility, and of maintaining their social position in the local community. In other words, 'success' for these entrepreneurs often includes the ability to provide support for workers, family and members of the community, as well as to undertake philanthropic actions. Using entrepreneurial resources for these purposes, in effect directly draining profits from the enterprise or limiting growth, is in no way looked upon as a negative factor. Here we see contradictory notions of success emerging. On the one hand we have business decisions made to maintain stable relationships and ensure worker stability, but on the other we have a range of altruistic actions reducing the profits of the enterprise, but seen as vital in terms of fulfilling social duties.

### PRESTIGE CONSUMPTION AND SOCIAL STATUS

The Bugis and Makassar people are highly status conscious, and hence the pressure to conform to social structures often ensures that a significant portion of enterprise profits are devoted to prestige consumption, rather than reinvested into the enterprise as capital. A variety of status symbols are valued by the entrepreneurs, with housing and ornamentation being two of key importance (c.f. Johnson 1989; Colloredo-Mansfeld 1992). Of the entrepreneurs interviewed, many have externally decorated their houses by adding accessories, while gold jewellery is also frequently used as a show of wealth linked closely to social status (key informant 12, 1997 and 26, 2003).

Intangible rather than physical symbols of status are also projected. A key informant remarked, for example, that he believed many small enterprises owned by Muslim people did not improve because of the significant prestige that their owners connected with going many times on the costly *Haj* pilgrimage to Mecca. Thus, if such entrepreneurs accumulated extra capital, sometimes even through a loan

specifically for enterprise development, they would use it for the pilgrimage instead (key informant 5, 1996). A local researcher working at a research centre for small enterprises in Makassar's state university confirmed these trends, stating that instead of being invested into enterprises, loan money is often used to buy stereos and cars, and at times goes towards the *Haj* (key informant 1, 1996; Turner 2000). A very similar situation was found by Brenner (1998) among the merchant community in Laweyan, Java. She explains how the Arab and Chinese merchants, critical of the Javanese and their tendency towards prestige consumption, claimed that the latter were 'spending too much on fancy cars, expensive rituals, and lavish homes . . . the Javanese were letting their capital be "eaten" . . . instead of investing it in business' (Brenner, 1998, p. 215).<sup>5</sup>

What is important to note here, is that while there are individuals – both in Makassar and elsewhere – who see such consumption as hindering the growth of small enterprises because of the limited reinvestment, such consumption is embedded within many of the entrepreneurs' own definitions of 'success'. This is not necessarily a revelation in itself, given that much has been written in the anthropological literature regarding prestige consumption and social status (see for example Boas 1897 on the Potlatch; Malinowski 1922 on the Kula Ring; Mauss on the gift 1924; Bourdieu 1984). However, what is frequently overlooked in terms of small-scale enterprises per se, is that those wishing to work to improve the situation for these enterprises – such as non-governmental organisations and multi-lateral organisations, or even local governmental agencies – must be aware that there are *multiple* meanings of success for those operating small-scale enterprises. As already hinted at above, these meanings will have profound impacts on how small-scale entrepreneurs decide to operationalise loans and grants. Action-orientated research and granting bodies' expectations must therefore be informed by local cultural specificities and norms, not merely by the viewpoints of outsiders.

### TOWARDS ENDOGENOUS DEFINITIONS OF SUCCESS

The data obtained from small enterprises in Makassar provide overwhelming evidence that

for small-scale entrepreneurs in this context success, as an endogenous construct, is a multi-faceted concept. An enriched definition of success, in addition to relating to the ability of an enterprise to achieve economic growth – which certainly remains an objective to some extent for all the entrepreneurs – also includes the ability to provide support for workers, family and members of the community, as well as to undertake philanthropic actions, and pay for ritual expenditures, with prestige consumption also highly desirable (Durkheim 1915; see also Strauss 1990).

Many small-scale entrepreneurs provide a range of assistance, not only for workers, but frequently for extended family and neighbours as well. Overwhelmingly, the entrepreneurs have a positive perception of the provision of such support. While some believe it makes workers more diligent and motivated, and thus assists the growth of the enterprise, others detail religious, social and community responsibilities, and hence the apparent inconsistency appears regarding the profit motive. Nevertheless, using entrepreneurial resources for these responsibilities – which would be looked upon from a Western economic rationale perspective as directly draining profits from the enterprise or limiting growth – is not looked upon as a negative factor by the entrepreneurs themselves. It is only to outsiders utilising a solely profit-centred mind frame that this inconsistency emerges.

These findings reflect the necessity to avoid the problems of previous theoretical binaries relating to entrepreneurship theory in which forms of entrepreneurship have been explained in terms of *either* cultural *or* political/economic imperatives. Such a binary division is unworkable in Makassar, where both sets of causative features are likely to be influential and powerful decision-making determinants, neither being mutually exclusive. At the same time, the role of human agency cannot be neglected. Indeed, an exploration into the interconnectedness between individual agency, broader social structures, and cultural traditions is essential to avoid a deterministic approach to small-scale entrepreneurship (Upadhyaya & Rutten 1997).

As such, the entrepreneurs were asked direct questions during field work regarding how they

define the concept of 'success'. Three interesting categories of responses can be observed. First, for those entrepreneurs – who tend to be Bugis and Makassar – using non-paid family labour, 'success' is overwhelmingly seen in terms of values such as providing employment for family members and supplying their livelihood needs, providing worker welfare, being self-reliant, maintaining an enterprise for the next generation to continue, and improving social status, prestige and influence in the community. Second, for those – often of Bugis, Makassar, Torajan and Javanese ethnicities – using a mixture of family labour and non-family labour, success commonly refers to these factors, as well as a more evident resolve to accumulate capital to reinvest into the enterprise. Finally, for those employing totally non-family labour, most frequently Javanese and Chinese entrepreneurs, the tendency is for success to be seen more in terms of capitalist profits, although social status and obligations are still influential factors, as well as ethnic links – such as returning to Java for labour – maintaining a role. As such, for these final two groups, social, ethnic and family orientations both coexist and contend with an individual quest for profits. Kinship ties have not yet been excluded from the core of the economy and social recognition takes endogenous forms that are deemed highly desirable and exclude the purely financial definitions of individualist success, considered greed in this context.

## CONCLUSION

While there may be exceptions to these conceptualisations of success among the small-scale entrepreneurs in Makassar, what is important is that we recognise that these entrepreneurs are operating in a contextual environment in which economic ideas of profit and loss are not the only markers of success (or indeed failure) and that cultural, social and familial markers are highly consequential to their own understanding of this term. Of the 300 enterprises studied, 85 per cent have at least one family member working in the enterprise. This is not only a strategy to gain a highly trustworthy labour force, it is reported by the entrepreneurs to be an expectation and a social obligation that they are required to meet by their kin and social

group. If they manage their enterprise otherwise, they know there is a high probability they will be ostracised.

Yet, by undertaking such actions that are not directly related to the profit motive – such as obligations towards family and a desire for prestige and social standing – the process of accumulating capital does not always transpire (Alatas 1963; Upadhy 1997). Consequently, outsiders continue to puzzle over the ‘irrationality’ and wasteful practices like hiring unskilled or under-skilled family labour, and at keeping more workers employed than necessary to meet production demand, in direct contrast to ‘a purely economic perspective, [in which] successful firms should realise an evident return on capital invested, as operating profit’ (Honig 1998, p. 373). Academics, the state and development practitioners, time and again repeat that what is needed to aid small enterprises in developing countries, as a form of nascent market capitalism, are the channels through which to give them access to capital, credit programmes, and training courses. These, it is predicted will allow the small-scale enterprises to become ‘successful’, that is, to join the modernisation trail, based on an explicit understanding that success for these enterprises relates to a eurocentric, individualistic vision.<sup>6</sup>

What appears rather surprising though, is that these viewpoints fly in the face of the formalist/substantivist debate in the social sciences that was the rage in the 1960s and 1970s (see Polanyi 1957; Bohannan & Sahlins 1965; Dalton 1971), with economic anthropologists who analysed choice as the product of rational decisions called formalists, and those critical of such an approach stating that it lumped together features of different cultures labelled substantivists. While it is now argued that ‘we take the substantivist truth for granted that all economics are “embedded” which means that the economy is an aspect of social life rather than a segment of society’ (Plattner 1989b, p. 14), over forty years since the debate began it seems that development decisions are still not taking this understanding into account. While such case studies as this one make it clear that ‘socio-cultural factors, such as the existence of ethnic, religious or kin groups, have a major influence on how business relations develop’ (Rasmussen *et al.* 1992, p. 4), we now need to

make this the mantra of those wishing to aid small-scale enterprises in developing countries.

#### Notes

1. The field work data that inform this paper were gathered during interviews with 300 small-scale entrepreneurs in Makassar between 1996 and 1997 before the economic crisis, with follow up interviews completed in 2003, following the economic crisis and during the presidency of Megawati Sukartoputri. Percentages refer to information collected from 100 indepth questionnaire interviews with owners of small enterprises, undertaken with the help of researchers from Universitas Hasanuddin, Makassar during 1996–1997. Quotes from these responses are sourced as (1996a). Semi-structured interviews undertaken independently with a further 200 small enterprise owners in 1996–1997 are sourced as (1997b), with key informants also cited from that period and 2003.
2. The definition of small-scale enterprises adopted here is based upon categories supplied by the Indonesian Central Bureau of Statistics for ‘cottage’ enterprises (employing one to four people), and ‘small’ enterprises (employing five to 19 people). It combines these two to construct a single category of enterprises with less than twenty workers. Investigations in Makassar showed that enterprises officially categorised as ‘cottage’ or ‘small’ did not vary significantly in their internal structure due to labour size differences (note that the official categories did not make a distinction between family or hired labour), nor in the entrepreneurs’ own understandings of their operational differences. The working definition used here is based upon six key characteristics: fewer than twenty workers; family workers, or a mixture of family and wage workers are involved; the owner of the enterprise works directly in the production process; there are flexible working conditions; low profits are made (certainly less than Rp1,000 million); and such enterprises are frequently unlicensed by the Government. It should be recognised, however, that small enterprises may meet some of these conditions to varying degrees rather than satisfy them all.
3. See Alexander (1987, p. 88) for a detailed description of the Javanese production method for *tempe*. The Javanese migrants producing *tempe* in Makassar use the same methods as Alexander describes for those in central Java.

4. Generalised reciprocity is defined as 'an exchange relationship balanced only in the long run, where the maintenance of the relationship is more important than any short-run gain and where the norm of the relationship is altruism (the parent-child relationship is exemplary)' (Plattner 1989a, p. 212). This differs from 'balanced reciprocity', referring to relationships in which a 'balance is calculated (but not too overtly) and where fair exchange is the norm' (Plattner 1989a, p. 212). The contrast to these two forms is 'negative reciprocity', where selfishness is the norm and no attention is paid to balancing the relationship (Sahlins 1972; Plattner 1989a).
5. See also Rutten (1997) for a discussion of similar prestige consumption among small-scale iron foundry entrepreneurs in Central Java.
6. Examples of such rhetoric can be found in Indonesia in the actions of the Ministry of Cooperatives and Small Enterprises, the Department of Manpower, the Office of the Minister for the Development of the Role of Women, and the Department of Industry and Trade (see Turner 2003). More broadly it is a common strategy implemented by a number of multilateral aid organisations.

REFERENCES

ALATAS, S.H. (1963), The Weber Thesis and South East Asia. *Archives de Sociologie des Religions* 8, pp. 21–34.

ALEXANDER, J. (1987), *Trade, Traders and Trading in Rural Java*. Oxford: ASAA Southeast Asia Publications Series, Oxford University Press.

BOAS, F. (1897), *The Social Organization and Secret Societies of the Kwakiutl Indians. Report of the US National Museum for 1895*. New York: Johnson Reprint Corporation.

BOHANNAN, P. & M.D. SAHLINS eds. (1965), *Essays in Economic Anthropology/Dedicated to the Memory of Karl Polanyi*. Seattle: American Ethnological Society, distributed by the University of Washington Press.

BOOTH, D. (1993), Development Research: From Impasse to a New Agenda. In: F.J. SCHURMAN, ed., *Beyond the Impasse. New Directions in Development Theory*, pp. 49–76. London: Zed Books.

BOURDIEU, P. (1984), *Distinction*. Cambridge, MA: Harvard University Press.

BRENNER, S.A. (1998), *The Domestication of Desire. Women, Wealth, and Modernity in Java*. New Jersey: Princeton University Press.

COLLOREDO-MANSFELD, R. (1994), Architectural Conspicuous Consumption and Economic Change in the Andes. *American Anthropologist* 96, pp. 845–865.

DALTON, G. (1971), *Economic Anthropology and Development; Essays on Tribal and Peasant Economies*. New York: Basic Books.

DAVIDSSON, P. & B. HONIG (2003), The Role of Social and Human Capital among Nascent Entrepreneurs. *Journal of Business Venturing* 18, pp. 301–331.

DURKHEIM, E. (1915), *The Elementary Forms of the Religious Life: A Study in Religious Sociology*. Translated by Joseph Ward Swain. New York: Macmillan.

GEREFFI, G. & M. KORZENIEWICZ eds. (1994), *Commodity Chains and Global Capitalism*. Westport, CT: Praeger.

GRABHER, G. ed. (1993), *The Embedded Firm. On the Socioeconomics of Industrial Networks*. London: Routledge.

GUINNESS, P. (1993), People in Cities. Anthropology in Urban Asia. In: G. EVANS, ed., *Asia's Cultural Mosaic. An Anthropological Introduction*, pp. 307–323. Singapore: Prentice Hall.

HILL, H. (1997), *Indonesia's Industrial Transformation*. Singapore: Institute of Southeast Asian Studies.

HONIG, B. (1998), What Determines Success? Examining the Human, Financial, and Social Capital of Jamaican Microentrepreneurs. *Journal of Business Venturing* 13, pp. 371–394.

JOHNSON, A. (1989), Horticulturalists. Economic Behavior in Tribes. In: S. PLATTNER, ed., *Economic Anthropology*, pp. 49–77. Stanford: Stanford University Press.

KAHN, J.S. (1980), *Minangkabau Social Formations. Indonesian Peasants and the World-economy*. Cambridge: Cambridge University Press.

MALINOWSKI, B. (1922), *Argonaut of the Western Pacific: An Account of Native Enterprise and Adventure in the Archipelagoes of Melanesian New Guinea*. London: Routledge and Kegan Paul.

MAUSS, M. (1980 [1924]), *The Gift: The Form and Reason for Exchange in Archaic Societies*. New York and London: W.W. Norton and Company.

OXFELD, E. (1992), Individualism, Holism, and the Market Mentality: Notes on the Recollections of a Chinese Entrepreneur. *Cultural Anthropology* 7, pp. 267–300.

PELRAS, C. (1996), *The Bugis*. Cambridge: Blackwell.

PLATTNER, S. (1989a), Economic Behavior in Markets. In: S. PLATTNER, ed., *Economic Anthropology*, pp. 209–221. Stanford: Stanford University Press.

PLATTNER, S. (1989b), Introduction. In: S. PLATTNER, ed., *Economic Anthropology*, pp. 1–20. Stanford: Stanford University Press.

- POLANYI, K. (1957), The Economy as Instituted Process. In: K. POLANYI, C.W. ARENSBERG & H.W. PEARSON, eds., *Trade and Market in the Early Empires*, pp. 243–269. New York: Free Press.
- PORTES, A. (1998), Social Capital: Its Origins and Applications in Modern Sociology. *Annual Review of Sociology* 24, pp. 1–24.
- PUTNAM, R. (1993), *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, N.J. Princeton University Press.
- PÜTZ, R. (2003), Culture and Entrepreneurship – Remarks on Transculturality as Practice. *Tijdschrift voor Economische en Sociale Geografie* 94, pp. 554–563.
- RASMUSSEN, J., H. SCHMITZ & M.P. VAN DIJK eds. (1992), *Flexible Specialisation: A New View on Small Industry?* *IDS Bulletin*, 23.
- RUTTEN, M. (1997), Cooperation and Differentiation: Social History of Iron Founders in Central Java. In: M. RUTTEN & C. UPADHYA, eds., *Small Business Entrepreneurs in Asia and Europe. Towards a Comparative Perspective*, pp. 173–207. New Delhi: Sage Publications.
- SAHLINS, M. (1972), *Stone Age Economics*. Chicago: Aldine.
- SCHMITZ, H. (1989), *Flexible Specialisation – A New Paradigm of Small-Scale Industrialisation?* Institute of Development Studies Discussion Paper 261, Brighton: University of Sussex.
- SJAIFUDIAN, H. (1992), Women as Family Workers. In: M. GRIJNS, S. MACHFUD, P. SAYOGYO, I. SMYTH & A. VAN VELZEN, eds., *Gender, Marginalisation and Rural Industries. Female Entrepreneurs, Wage Workers and Family Workers in West Java*, pp. 175–191. Bandung: Akatiga Foundation.
- STRAUSS, C. (1990), Who Gets Ahead? Cognitive Responses to Heteroglossia in American Political Culture. *American Ethnologist* 17, pp. 312–328.
- TAYLOR, M. (2002), Enterprise, Embeddedness and Exclusion: Business and Development in Fiji. *Tijdschrift voor Economische en Sociale Geografie* 93, pp. 302–315.
- TURNER, S. (2000), Globalisation, the Economic Crisis, and Small Enterprises in Makassar, Indonesia: Focusing on the Local Dimensions. *Singapore Journal of Tropical Geography* 21, pp. 336–354.
- TURNER, S. (2003), *Indonesia's Small Entrepreneurs*. London: RoutledgeCurzon.
- UPADHYA, C. (1997), Culture, Class and Entrepreneurship: A Case Study of Coastal Andhra Pradesh, India. In: M. RUTTEN & C. UPADHYA, eds., *Small Business Entrepreneurs in Asia and Europe. Towards a Comparative Perspective*, pp. 47–80. New Delhi: Sage Publications.
- UPADHYA, C. & M. RUTTEN (1997), In Search of a Comparative Framework: Small-scale Entrepreneurs in Asia and Europe. In: M. RUTTEN & C. UPADHYA, eds., *Small Business Entrepreneurs in Asia and Europe. Towards a Comparative Perspective*, pp. 13–43. New Delhi: Sage Publications.
- WRIGLEY, N. & M. LOWE eds. (1996), *Retailing, Consumption and Capital*. London and New York: Routledge.