CHAPTER TWELVE

EMBEDDED MICRO-BUSINESSES: TRUST, INCORPORATION AND SCALING IN JAVANESE ‘FAMILY FIRMS’

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This volume draws attention to two aspects of cultural embedding—how meanings are involved in approaches to and utilizations of market opportunities, and how they mediate the flow of values across social and economic domains. Javanese micro-scale businesses also are culturally embedded in this sense. As I will try to show in this chapter, forms of sociality, i.e. ways of interacting premised on cultural notions of personhood and the social, shape the operations of economic enterprises. And cultural meanings affect connections between market and non-market domains in both directions: economic value generated in market contexts may be put to ‘social uses’ and non-market forms of sociality may inform the organization of businesses. Social-cum-economic domains are thus intertwined in complex ways and my overall argument is that we need a broad view of their mutual constitution in order to arrive at more powerful models of how economic activity is culturally embedded.

More specifically, I draw on a comparative study of a dozen micro enterprises in Central Java, Indonesia¹ to address the comprehensive scholarly debate on questions of scaling and incorporation in Javanese business.² My point of departure is Clifford Geertz’ assertion (1963) that Javanese are characterized by a high degree of autonomy in business matters and that they lack organizational means to forge larger-scale, efficient forms of business. I will discuss whether this claim, based on fieldwork in the early 1950s, still has any validity more than half a century later. Along the way I will try to account for how cultural meaning, evident in forms of

¹ In the following I use the categorization of businesses commonly adopted in Indonesia (Grijns, Smyth, van Velzen 1994:4; Tambunan 2006:6, 13–4; Kragten 2000:36, note 1): ‘micro enterprises’ (or ‘cottage/household enterprises’) are ventures that employ less than 5 workers, including the entrepreneur(s); ‘small-scale enterprises’ employ from 5 to 19 workers.
² Research was carried out in cooperation with Lembaga Penelitian at Universitas Katolik Soegijapranata in Semarang. Special thanks to co-researcher Ir. Sumardi for invaluable assistance and many interesting discussions.
sociality in the domestic domain and beyond, impacts the formation and operation of micro-scale businesses.

The Problem of Scaling

One striking feature of the economic landscape in Southeast Asia is that ethnic minorities in the region (notably Chinese, but also some Arabs; see chapters by Manger and Jacobsen, this volume) have a considerably better economic performance than indigenous majorities like Malay and Javanese (Rudie, this volume; Mackie 1998, 2003; Hefner 1998:17–24; McVey 1992). In Indonesia, Chinese controlled virtually the whole national economy under the rule of Suharto; it is estimated that comprising 3.8 per cent of the population, they were in charge of 80 per cent of the largest conglomerates (Mackie 2003:107) and 73 per cent of listed firms by capitalization (Rigg 2003:158). To the extent pribumi (indigenous) actors were part of this picture, they largely acquired economic wealth through the control of political power, in the same way that political patronage was crucial to Chinese economic success (Mackie 2003:110–12). This alliance between overseas Chinese capital and the Indonesian political elite is famous for creating a ‘bureaucratic capitalism’ (Robison 1986:48) in which a small number of families (including the Suhartos) came to control most of the national economy. With the Asian financial crisis (from 1997), the fall of Suharto (1998) and subsequent political reform, Chinese capital was challenged, but the conglomerates seem now largely to have regained their ground (Chua 2009; Robison and Hadiz 2006:133).

At the level of micro-business that I discuss here, the picture is entirely different. In Java, and particularly in rural areas, micro-scale manufacturing and trade are predominantly in the hands of Javanese (Henley 1997:2–8; Alexander 1998:208).\(^3\) It is when business, whether trade or

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