Being Entrepreneurial in the Transitional Indonesian Economy

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Abstract

This thesis makes a contribution to a comprehensive theory on entrepreneuring. It develops and illustrates the concept of 'being entrepreneurial' with reference to innovative ventures in politics, business and the military in Indonesia from 1908 to 1998.

The study applies two Foucauldian-inspired methods. The method of analysis developed by Michel Foucault in *The birth of bio politics*, with additional influences of Gilles Deleuze and Pierre Bourdieu, is used to expand the theoretical scope of entrepreneurial activities. In analysing events from Indonesian history to illustrate the expanded theoretical scope, a Foucauldian-influenced discourse analysis is used, including a focus on aspects of power and *heterotopias*.

The concept of 'being entrepreneurial' focuses on viewing the processes in innovative ventures to determine *post factum* which of these processes could be determined to be more, or less, entrepreneurial, rather than, as is more traditionally the case, *a priori* attributes being assigned to 'an entrepreneur' whose traits and/or processes employed are then studied. In this thesis, a deliberate effort has been made to expand the scope of entrepreneurial activities beyond their conventional association with commercial new ventures, historical capitalism and an inherent goodness. This expanded scope enables a more inclusive view of entrepreneurial activity than has often been the case.

With this expanded scope, a range of innovative ventures within the chosen Indonesian historical context were examined to determine whether these innovative ventures could be considered more or less entrepreneurial, rather than decisions made on the basis of any *a priori* attribution to 'an entrepreneur'. These innovative ventures were located through careful reading of some 1200 articles, books, theses, reports and news articles on Indonesian history, including both general historical references and those with a more specific focus on political and business aspects as well as entrepreneurship articles in general.

These texts became the basis of the discourse analysed. From the analysis it became apparent that there were not only particular exclusions, such as silences relating to corruption, but also the views of certain authors had heavily influenced some parts of the discourse. To allay some of the effects of these exclusions and influences, local input within Indonesia was sought. Conversations were held with 20 individuals in Indonesia who were considered to have experience and expertise in history, politics, business, media and academia. These conversations were useful in providing confirmation or disconfirmation of the interpretations arising from the discourse analysis.

The main findings from the research were that while particular individuals, such as Soetadjo, Tjokroaminato, Nitisemito, Hatta, Soekarno, Suharto and Ibnu Sutowo 'stood-out' in their innovative ventures, an analysis of the manner in which they achieved such status indicated that their standout properties were not so much due to

individualism, but more to the manner in which they 'selected the relevancies' of who and what to work with, and in particular the way they exercised power by ways of alignments and local arrangements. This latter point is highlighted with the Cultivation System which encouraged 'entrepreneur-less' innovations. The manner, in which the changing of alignments enabled the innovative process to be sustained for extended periods, is illustrated with reference to Suharto's 32 year rule.

Further findings suggested a propensity to enclave as being beneficial to supporting innovative ventures. This propensity to enclave is illustrated by reference to the hamlet of Laweyan where a distinct commercially-orientated culture developed, at odds with the prevailing local Javanese culture. A similar illustration is given with the political enclave that developed around Tjokroaminato in Surabaya that produced many of the leading political figures of the late colonial period. This propensity to enclave is interpreted as an illustration of Foucault's *heterotopia* of deviation. Foucault's other heterotopia - that of crisis *heterotopia* (diaspora) - is illustrated by the Minangkabau people of Western Sumatra who manifested stand-out properties in business, politics and academia. The institutional setting of the Minangkabau people, including a culturally enforced diaspora, illustrates how these stand-out properties could have originated.

The main contribution of this thesis towards a comprehensive theory is the development of a template. This template is an ontological construction that stresses the need to focus on innovative ventures within the expanded scope mentioned above, and determine whether such ventures are more, or less, entrepreneurial. There is need to look at not only *what* was produced by the innovative venture, but also *how* it was produced, and the contextual aspect of institutional setting in which it developed. In this thesis the template is applied within a two part frame of reference. First it is argued that the quantum and acceleration of accumulation of capital could be used as a basis on which to determine whether *what* was produced by the innovative venture is more, or less, entrepreneurial. Second the uniqueness or stand-out qualities by which resistance was overcome through the selection of relevancies and the management of alignments could be used to determine whether the *how* by which the innovative venture accumulated 'capital' is more, or less, entrepreneurial.

This thesis thus offers a somewhat radical approach to the study of entrepreneurship. It builds on recent trends focusing on the processual aspects of entrepreneurial activities but suggests that the selection of such activities for future studies be based on innovative ventures that 'stand-out' because of *what* is produced by such activities, as well as particular aspects of *how* it was produced.

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Rob Lock

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Thank you one and all.

List of figures and tables

Note on nomination and referencing style used in this thesis

As pointed out by Rony [1970, p27]; "The problem in establishing a uniform citation of Indonesian names stems from their diversity and variety." The diverse mix of ethnic, religious and clan nominations presents a confusing pattern. Some Javanese only have a single name. Bataks will have personal name(s) followed by a clan name. Balinese first names tend to be a reflection on the birth position as first born or second born, etc. Islamic names are usually based on a patronymic system, but this is not a fixed rule in Indonesia. Some naming systems do lend themselves to following the APA referencing system, others do not. While Rony [1970] has proposed a nomination system for referencing Indonesian names, I am not convinced as to its suitability. Accordingly I have followed a simple system of referencing the full name as it is written and used.

Another point about Indonesian nomination is the use of 'oe'. Under an older Dutch based system, names such as Soekarno, Soeharto, and Moerdani are used. A later nomination system changed the 'oe' to a 'u', so these names changed to Sukarno, Suharto, Murdani, etc. To try and match each name to its relevant chronological period I have endeavoured to use the most appropriate spelling. So Soekarno is used as representative of that period, whereas I use Suharto in a later period, although his 'autobiography' uses the name Soeharto. Similar usage patterns are used for 'dj' which becomes 'j', 'tj' which became 'c' (pronounced as 'ch'), 'dh' which became 'd' and so forth. In quotations I retain the spelling used by the author.

For Chinese and Korean names I endeavour to use the abbreviation 'Family name' and 'two initials'. It is a small point but considered culturally more responsible.

As discussed in Lock [2009], citations are a system of showing good form. Using Aristotelian traditions involves a separation of form and substance. To delineate this separation of the necessity of good form from substance I have parenthesized any citations with square brackets, e.g. Foucault [2004]. I use the rounded brackets '( )' for any parenthesized comments that relate to substance rather than form. The square parenthesis follows good form, whereas the rounded parenthesis provides substance.

Another issue relates to my use of 'native' rather than' indigenous'. There is a tendency in the literature to avoid the term 'native' because of derogatory connotations. However the use of the term indigenous in relation to being entrepreneurial did raise some issues. In Peredo, Anderson, Galbraith, Honig and Dana [2004] *'Towards a theory of indigenous entrepreneurship'* one of the criteria used to define indigenous entrepreneurship is 'economic systems primarily oriented to subsistence production'. This criterion is less than compatible with this thesis where I discuss entrepreneurial action by natives and native commercial entrepreneuring at a level beyond subsistence production. I therefore use the term 'native' rather than 'indigenous' without any intention to be derogatory.

The term transition used in the title comes from Wertheim [1956] *Indonesian society in transition: A study of social change* rather than the transition from communism to capitalism with which the term is commonly associated.

Glossary

abangan	From Geertz [1976] a Javanese societal group with nominal adherence to Islam and greater identification with animist Javanese religious practices. Other groups identified by Geertz include *santri*, with a stronger Islamic adherence, and the *priyayi*, the bureaucrats.
adat	Indonesian - customary laws.
aliran	The term *aliran* from the Malaysian and Indonesian languages has multiple meanings including: 'flow, drift, current, trend, channel, conduit, school of learning as well as an ideology.' [Echols and Shadily, 1994]. The word is used as having both singular and plural applications.
batik	Traditional Indonesian textile printing involving waxing and dying of fabrics.
berbagai	Indonesian - to share.
Bhinneka Tunggal Ika	Indonesian national state motto. The literal translation being 'divided, yet one' or, the standard translation, 'unity in diversity'.
Binnenlands Bestuur - BB)	Dutch - colonial government.
BPUPK	*Badan Penyelidik Usaha Persiapan Kemerdekaan* - Committee to Investigate Preparations for Independence.
bricolage	An adverbial technique that focuses on using that which is readily available.
Budi Oetomo /Budi Utomo	Indonesia - Prime/noble endeavour. An early Indonesian political activist group mostly comprising the *priyayi*.
causation and effectuation	The theory of effectuation and causation was developed by Sarasvathy *et al*. The basic principle being that in the use of a cause and effect relationship, entrepreneurs focus on the effects, while managers focus on causes.
chronos	Greek – time.
CSIS	A political think tank, run mostly by ethnic Chinese Indonesians activists, under the patronage of Ali Moertopo, Soedjono Hoemardani, Ibnu Sutowo and Benny Moerdani. The same Chinese activists were involved in the rapid establishment of the anti PKI front *KAP Gestapu* in October, 1965. Close connections to the Jesuit priest Josephus Beek.
cukong	Indonesian - generic term for ethnic Chinese business groups.
Cultivation (Culture) System	One period of time during the Dutch colonial rule where an enforced labour policy was enacted. The Cultivation System (1830-1870), was followed by a Liberal era (1870-1901) which changed to a more Ethical Policy of (1901-1942).
dalang / dhalang	Indonesian - from the *wayang kulit* puppet plays, the puppeteer. Also used to refer to a mastermind behind an event.
Diponegoro	Central Java military command. Also *Brawijaya* – East Java military command and *Silawangi* - West Java military command.
discipline	A body of knowledge in which permissible knowledge is defined by epistemic justification using of one form of epistemology or another. Gatekeepers regulate such permissible knowledge using epistemic justification.
discourse	A body of knowledge that may not necessarily be defined by epistemology, but is defined by a grouping in that the knowledge within such grouping has some manifest relationship with other knowledge in the same grouping. A discourse is assumed to be larger than a discipline and many disciplines may contribute to a discourse.
dwifungsi	Indonesian - dual function. A term introduced by General Nasution as part of his Territorial Command, aimed to give the Army a greater say in civil governance.
effectuation and causation	The theory of effectuation and causation was developed by Sarasvathy *et al*. The basic principle being that in the use of a cause and effect relationship, entrepreneurs focus on the effects, while managers focus on causes.
elective affinities	From Goethe – generally those natures which on meeting speedily connect and inter-react.
Épistème	French. A term used by both Foucault and Heidegger, generally used as a body of knowledge. Its use by Foucault is as a 'strategic apparatus' to determine what is included or

	excluded from a body of knowledge. (When adapted into English and pluralised I use epistemes.)
epistemic justification	The term epistemic justification [Bonjour, 1998] describes the manner by which knowledge is determined to eligible for inclusion or exclusion within an *episteme* by application of epistemology.
epistemology	The method selected by academics to justify acceptability of knowledge as a basis for inclusion or exclusion of such knowledge. Commonly associated with terms such as rationalism, empiricism, etc...
feudalism	Treated as something that involves inheritability - whether of royal or noble title, status, office, position, property and the like.
G30S	See Gestapu
ganyang	Indonesian - crush/chew. Usually used in reference to Malaysia. It the 1960s it lead to *Konfrontasi* (Confrontation) aggression against Malaysia.
Gerwani	Women's wing of the Communist Party of Indonesia (PKI).
Gestapu	Acronym for the *Ge*rakan *Se*ptember *Ti*ga *Pu*luh (The 30th September Front) the title attributed to the 30th September 1965 *putsch*. For those that believe the PKI was behind the *putsch* it is often abbreviated to G30S/PKI. Others, whose opinions differ, remove or replace PKI, or refer to it as the event of 1 October (Gestok), since the actions mostly took place on that morning.
Golkar	Golongan Karya – the mainstay political party of the New Order. Initially started by Army interests in the early 1960s, but later *pribumi* interests had greater influence. Main source of political support for Suharto.
gotong royang	Indonesian - mutual support.
gravitas	Latin. The concept of *gravitas* implies seriousness or weight rather than power. However, *gravitas* is more than weight, it implies a force that can attract or repel.
grids of practice	The third stage of Foucault's method of analysis applied in Foucault [2008] *The Birth of Bio-Politics*.
grids of specification	The third stage of Foucault's discourse analysis process.
Guided Democracy	Political doctrine introduced by Soekarno in late 1950s, aimed to remove the power of the political parties and centralize control into a powerful presidential figure.
Haji	Honorific for males who have completed the *haj* pilgrimage to Mecca. Females – Hajjah.
hedonic	Relating to prioritizing the pursuit of pleasure.
heterotopia	Crisis *heterotopia* (diaspora) or *heterotopia* of deviation (enclaves).
Inlandsch Bestuur - IB	Dutch - native colonial government
jago	Indonesian - literally champion. Generic name given to the martial artists who joined the fight against the British in Surabaya in 1945.
Javanese	The island of Java comprises three main national groups, the Sundanese in the West, the Madurese from the island of Madura in the East and the Javanese who mostly inhabit the central and eastern parts of Java. In this thesis I use the term Javanese to relate to a specific identity, different to the later Indonesian identity which developed during the 20th century.
jong	Dutch - young.
juragen	Javanese - may be translated as entrepreneur, also refers to a business employer - distinguishable from a trader *wirausaha*.
kabir	Indonesian - Acronym for *Kapitalis Birokrat* (Capitalist bureaucrats). Pejorative term used by cadres of the Communist Party of Indonesia (PKI).
kairos	Greek. The right moment.
kampung	Indonesian - hamlet or village
KAP Gestapu	Anti PKI militia established under Army guidance on 4 October 1965.
klobot	Dried corn husks traditionally used to wrap tobacco.
KNIL	The Royal Netherlands East Indies Army (*Koninklijk Nederlands Indisch Leger*).
Kopkamtib	*Komando Operasi Pemulihan Keamanan dan Ketertiban* or Operational Command for the Restoration of Security and Order. The intelligence command introduced by Suharto soon after the events of 30 Sept 1965.

korupsi, kollusi dan nepotisme - KKN	Indonesian - corruption, collusion and nepotism.
kraton	Javanese - palace
kretek	Javanese - flavoured cigarettes, mixed with cloves. Literally - crackle, the distinctive sound the cigarettes make when lit.
kris	Indonesian - ceremonial dagger often imbued with mystic powers.
laskar	Indonesian - militia or informal fighting force.
Linggadjati agreement	Agreement signed in 1947 between the Republican Indonesian forces and the Dutch that gave rule over parts of Indonesia to the Republic. Agreement was breached by the Dutch using the euphemistic 'police actions' which lead to continued fighting.
Malari	The Malari Incident (*Malapetaka Limabelas Januari* / Fifteenth of January Disaster). Civil unrest action of the early 1970s where students demonstrated against the actions of Suharto and his aides in particular Soedjono Hoemardani for their overt support for Japanese business in Indonesia. Lead to the downfall of General Sumitro who was perceived to be pro activist. He was replaced by General Benny Moerdani.
Masyumi	A pre New Order political party with a more Islamic orientation. Banned by Soekarno.
Minang / Minangkabau	Nation of people from the central western province of the island of Sumatera
NASAKOM	Acronym of *Nasionalis* (nationalism), *Agama* (religion) and *Kommunis* (communist). A political agenda under Soekarno's Guided Democracy to forge greater allegiance and political adhesion.
Nederlandsche Handel-Maatschappij NHM	Dutch - Netherlands Trading Society
New Order - *Orde Baru*	Refers to the rule of Suharto from 1967 – 1998.
nusantara	Indonesian - archipelago
ontic knowledge	The knowledge contained in an ontic state is effectively greater than that knowledge contained in discourses and includes all knowledge, including that which is forgotten or not yet known.
ontology	The way that knowledge is structured into epistemes, domains or themes. Differs from epistemology in that the later defines what is acceptable into disciplines.
Pancasila	State sponsored system of five fundamental beliefs introduced by Soekarno and continued under the New Order, aimed to promote cohesion.
Pasopati Task Force	The main tactical force of the G30S *putsch*, under command of Lieutenant Dul Arief.
PDI	*Partai Demokrat Indonesia*. One of the three political parties permitted under the New Order. Catering to nationalist and Christian aspirations.
pemuda	Indonesian, literally – youth, but generally interpreted as a fighter for independence.
PETA	*Pembela Tanah Air* – Fatherland Defense Force. Established by the Japanese during the second World War to train Indonesians to fight against an Allied invasion.
phronēsis	Greek – a variety of definitions are listed on p.25.
phrónimos	Greek - practical wisdom
PKI	*Partai Komunis Indonesia* – Communist Party of Indonesia.
PNI	*Partai Nasional Indonesia* – a pre New Order nationalist political party.
pondok	Indonesian - homestay. If used as *pondok asrama* or *agama* it refers to huts used for Islamic teachings
PPKI	*Panitia Persiapan Kemerdekaan Indonesia* - Committee for the Preparation of Indonesian Independence. Sumatran version of the BPUPK.
PPP	*Partai Persatuan Pembangunan*. The Islamic political party under the New Order.
prejudice	A bias, often with negative connotations, however, Gadamer [2006] uses the term in a more positive sense that describes prejudice as enabling greater depths of understanding.
pribumi	Indonesian - indigenous person.
priyayi	Javanese - educated class of Javanese bureaucrats.

PRRI, Permesta	Two simultaneous revolts against the central Indonesian government in the late 1950s.
PSI	*Partai Socialis Indonesia*. A political party which despite its name tended towards the right.
Radan or *Radan Mas*	A Javanese *abangan* title of respect for aristocracy.
rantau (n), merantau (v),	A rite of passage for young males of the Minangkabau people of Western Sumatra, where they travel to gain experience.
reformasi	Indonesian - reform. Rallying phrase used in the civil unrest in 1998 that lead to the fall of Suharto and the New Order.
Resto Makan Padang	Restaurant serving the spicy cuisine from the Minangkabau region.
santri	Javanese people with a greater Islamic orientation, see *abangan*.
Sarekat Islam, Syarikat Islam, SI	Islamic Association – a political activist grouping initially established in Laweyan as *Rekso Romesko,* was taken over by one *Haji* Samanhudi and renamed *Sarekat Dagang Islam* - SDI (Islamic Traders Association). Later changed its name to *Sarekat Islam* under Tjokroaminato.
Seskoad	The army officer training school in Bandung. After being dismissed from command of Diponegoro, Suharto was sent here where he came under the mentorship of Colonel Suwarto, a PSI orientated intellectual, with close family ties to the PSI leaders.
sunun	Javanese royalty.
surau	Muslim prayer house.
tabula rasa	Latin - scraped tablet, i.e., clean slate.
Taman Siswa	Native school system introduced by Suwardi Surjaningrat (from 1923 known as Ki Hadjar Dewantara). Provided an educational alternative to the Dutch schools and the Islamic *pesantrean*.
TNI	*Tentara Nasional Indonesia* – Indonesia National Army. While the first armed force was TRI – *Tentara Republic Indonesia,* and later under the New Order the term ABRI was used, I use TNI as a generic term
wahyu cakraningrat	Javanese - the divine right to rule
yayasan	Indonesian - foundation.

Chapter 1   Introduction

Introduction

In order to make a contribution to a comprehensive theory on entrepreneuring, this thesis develops the concept of 'being entrepreneurial'. This concept expands the scope of entrepreneurial activities beyond their traditional association with commercial new ventures, historical capitalism and an inherent goodness. The concept advocates viewing innovative processes and determining whether they are more or less entrepreneurial rather than any *a priori* attribution to 'an entrepreneur'. The study takes a somewhat radical approach in introducing adverbial aspects to the theory on entrepreneurial processes.

The contribution to theory is developed and illustrated by reference to innovative actions in politics, business and the military in Indonesia from 1908 to 1998.

In this chapter I outline the philosophic lineage that underpins this thesis. I then critique the traditional Platonist approach to reviewing the literature and the development of methodology, and offer a Deleuzian / Foucauldian inspired alternative. I provide some background to the development of the research question. I then clarify some elements of the research question and briefly outline the structure of this thesis.

Philosophic lineage to the question - What is 'being entrepreneurial'?

In 1970 French social theorist, Michel Foucault commented that "Perhaps one day this century will be known as Deleuzian" [Foucault, 2014]. Foucault was pointing to the works of philosopher Gilles Deleuze with whom he shared a mutual anti-Platonism, where theory is "not a totalizing instrument, but one that multiplies potentialities" [Deleuze, 2012, xiii], where an ethic is developed that includes the following principle "Develop action, thought and desires by proliferation, juxtaposition, and disjunction, and not by sub-division and pyramidal hierarchization [Deleuze, 2012 xii].

Through the complementary nature of their work, Foucault and Deleuze, use each other as a counterfoil, to elevate their thoughts. Deleuze [2012, p116] addresses the question of 'What haunts Foucault?' He refers to the lineage of thought from Heidegger to Foucault where he comments that Heidegger [2004] fired the first arrow to the question of 'What is thinking?' Deleuze comments that the second arrow being fired at this question is sent by Foucault. In this manner Deleuze positions himself as the logical successor, the third arrow, to this lineage of thought based upon a similar analogy of the arrow, used by Foucault [2014/1970] when he suggests that the century will be Deleuzian.

Both Deleuze and Foucault look to a future of theory in the history of thought beyond Platonism, positivist approaches, and structuralism. Foucauldian thought is applied in many discourses, including those on entrepreneurship. Yet, as Hand [in Deleuze 2012, p xli] points out, "today there are no Deleuzians", suggesting, his works have failed to attract attention, with a minority that includes Vandenberghe [2008] and his Deleuzian approach to capitalism, being one of the few disciples. Or maybe Deleuze's 'century' has not yet arrived? As Foucault [2014/1970] suggests the words of Deleuze with their 'enigmatic resonance' will 'continue to revolve about us' until when, 'perhaps', the day, 'this century will be known as Deleuzian', arrives.

While we can aspire to be Deleuzian, the philosophy / social theory underlying this thesis is Foucauldian, with the influence of Bourdieu, and I follow the lineage of thought, outlined above, from Heidegger to Foucault and thence to Deleuze, where they discussed 'What is thinking?' and apply it to the question of 'What is 'being entrepreneurial'?'

Developing the research question

Having outlined the general frame of the research as 'What is 'being entrepreneurial'?' I now outline the methodological under-pinnings to ensure Foucauldian rigour and soundness rather than just applying Foucault's discourse analysis as part of the research methodology. This is done by critiquing the traditional approach to reviewing literature and conceptual development, offering a Foucauldian based alternative and then providing more detail to the research question. The elements of the research question are then clarified in the later sections of this chapter.

Critiquing the traditional approach

In a traditional, one could say Platonist influenced, piece of research a literature review is undertaken in which the history of thought on the subject is reviewed and goes through a process of 'sub-division and pyramidal hierarchization'. In Foucauldian terms this process essentially comprises a review of the discursive formations. Deleuze describes these discursive formations as 'strata';

> historical formations, positivities or empiricities. As sedimentary beds they are made from things and words, from seeing and speaking, from the visible and the sayable, from bands or visibility and fields of readability, from contents and expressions [Deleuze, 2012, p47].

From such 'strata' literature reviews discern a problem which is typically addressed with reference to the views, for or against, revealed by an archeological dig through the discursive formations. The ontological structures that are built up within the epistemic boundaries of an academic discipline are usually reviewed, categorized, problems discerned and views on these problems are outlined. As pointed out by Deleuze, 'truth is inseparable from the procedure establishing it' [Deleuze, 2012, p63].

However, the issue perceived with the Platonist approach lies not in the procedure but in the underlying 'strata'. How good are the discursive formations that have been built up over the years in the disciplines? Foucault [in Dreyfus and Rabbinow, 1983, p116] raises this issue in his discussions on 'dubious disciplines'. In my M. Phil thesis [Lock, 2009], I addressed the issue of dubious disciplines with regards to the discipline of entrepreneurship and developed some models that indicated the more objective sciences such as mathematics or engineering might be considered to be less dubious than the more subjective disciplines, including the emerging discipline of entrepreneurship.

It could be suggested that in the more subjective disciplines the discursive formations could be likened to having more sand as their content whereas the more objective may have more rocks or concrete in their strata. Any discernment as to whether the discursive formations are built on sand or on rocks seldom seem to be an issue in the research.

In the discipline of entrepreneurship Schumpeter holds an almost unassailable position of being the most cited source on the subject. Yet the works of Franz Redlich [1949, 1951, 1953, 1953b, 1953c, 1955, 1957, 1959, 1966 and 1967], who knew Schumpeter, worked with him in the Research Center in Entrepreneurial History established by Cole and Schumpeter, and who questioned his works, have generally been ignored. Redlich [1955, p60] comments on Schumpeter:

> An almost tragic fate seems to overtake some of our greatest and most creative scholars. In order to sell their discoveries to their less creative colleagues and students they are forced to overstress their cases, to over-simplify their ways of reasoning, and to choose formulations which approach those which have been used before but not for quite the same problems. In this way only can they drive home their points. But as soon as they have succeeded in getting their new way of thinking accepted, the exaggerations, dubious terminologies, and other shortcomings are accepted too, so that the very acceptance of what was primarily a great creative achievement becomes an impediment to further advance in the field. This seems to have been the fate of Joseph Schumpeter's contribution.

My contention, which underpins the concept of 'being entrepreneurial', is that Schumpeter's greatest lapse, in regards to dubious terminology, was failing to be explicit in his distinction between entrepreneurs and the entrepreneurial function (since he tended to use the two terms interchangeably) and their respective relationships to innovation. If he had made the link between the entrepreneurial function and innovation more explicit then one of the viewpoints that has tended to dominate the discipline for much of the last 40 years or more, as researchers assume that anyone who starts a new commercial venture is an entrepreneur and seek to define an entrepreneurial type based on such assumption, could possibly have been avoided.

In A *theory of economic development* Schumpeter describes five types of innovation;

- The introduction of a new good, that is one with which consumers are not yet familiar, or of a new quality of a good.

- The introduction of a new method of production, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.
- The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.
- The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.
- The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.

What is most significant about this list is that Schumpeter does not consider starting a new commercial venture a type of innovation. The logic to this exclusion could well be that starting a new commercial venture is not in itself an innovation, unless it facilitates one of the five listed types of innovation.

Drucker [1985, p30] was more explicit, stating very simply: 'Entrepreneurs innovate'. Yet sometimes the ontological development of the discipline of entrepreneurship has been such that starting a new commercial venture can often qualify people to be entrepreneurs. The people who open a corner store are designated as being 'entrepreneurs'; similar to those who actually stand out and innovate with their new ventures. Contrary to Schumpeter and Drucker, the discipline has constructed the innovation-less entrepreneur, even to the point of having to specify 'entrepreneurial innovations', which the literature tends to relate to commercial applications of inventions. Galindo and Mendez-Picazo [2013, p502] cite Fagerberg "Invention is the first occurrence of an idea for a new product or process, while innovation is the first attempt to carry it out into practice." The role of the entrepreneur in such innovation is not explicit, sometimes positioned as some 'economic agent'. This is an example of the sand to which I refer.

Offering an alternative

Foucault, as suggested by Deleuze [2012], offers an alternative means to the Platonist influenced approach I have critiqued in the previous section. This approach is based upon folding, or "bending the outside" [p100] as described by Deleuze:

> This is what the Greeks did: they folded force, even though it still remained a force. They made it relate back to itself. Far from ignoring interiority, individuality or subjectivity they invented the subject, but only as the derivative or the product of a 'subjectivation'. They discovered the 'aesthetic existence' – the doubling of relationship with oneself, the facultative rule of the 'free man'. …. Foucault's fundamental idea is that the dimensions of subjectivity derived from power and knowledge without being dependent on them [Deleuze, 2012, p101].

I apply this Deleuzian approach of folding to this research in two areas.

First, in the literature review I have avoided the traditional approach described above where there is an implied *tabula rasa*, a blank slate, that needs to be identified from the literature by the stated process of 'sub-division and

pyramidal hierarchization'. As suggested by Gartner [Gartner, 2010, p9] such an approach with a 'focus on a particular variable', may limit the perspective to the entrepreneurial phenomenon.

Instead I have taken an alternative, and for me what seems a more direct approach, and have folded the literature around the three dimensions of 'space', 'words' and 'deeds'. The idea of using dimensions sources from my business-world work with three dimensional engineering models, which utilise spatial concepts, in which semantics describe the elements, sub-processes and actions undertaken in the engineering process.

This concept of folding assists in analysing the ontological development of the discipline of entrepreneurship. With such analysis the issue and constraints of opening up of new spaces in the ontology is addressed, in particular with regards to processual aspect of entrepreneurship, since I frame 'being entrepreneurial' as an extension of such space.

The selection of 'spaces, words and deeds', as chosen dimensions, is reinforced by reviewing the discursive formations in this particular space of the discipline as they relate to the stated need in the literature [Gartner, 1990, 1993] to work better with semantics and actions.

Second, I utilise the concept of folding in the method of analysis. The methodological basis of this research is found in Foucault's [2008] 1978 - 1979 lecture series on *The birth of biopolitics.* The first part of this method is to 'Start from the premise that such universals do not exist.' I fold three criticisms of entrepreneurship in order to remove some of the universals that have developed as part of the ontological construction of the discipline. The selection of these criticisms on the basis of them 'standing-out' is compatible with the rest of the research as later explained in the data and discussion chapters.

The other two parts to the Foucauldian method of analysis are: 'Consider what forms of critical self-reflection and practical action begin to form such concepts and bring them into play' and 'Pass these universals through the grid of these practices'. These two parts enable first a conceptual development without the constraints of such 'universals', and second illustrations of such concepts in a particular arena, in this case Indonesia, where I resided for many years.

Research question

Having outlined the general frame of the research as 'What is 'being entrepreneurial'? I now place this general frame in more specific circumstances. The research question being addressed in this study is:

> How can an examination of a broad array of entrepreneurial activity in Indonesia from 1908-1998 contribute towards a more comprehensive theory on entrepreneurship?

Sub–questions include:

- What sorts of activities can be considered entrepreneurial in this context and on what basis?

- What activities are involved in the formation and development of commercial and other ventures within more socialist systems and how have these changed over time?
- What is the role of institutions (both formal and informal) in the formation and development of such ventures?
- What might be some of the effects of the above with regards to the means taken to achieve an end for these entrepreneurial activities?

Clarifying the elements of the research question

The three main elements to the research question require some expansion. The first is the semantic issue of why I choose 'being entrepreneurial' and do not use the existing term of 'entrepreneuring'. The second is 'what is necessary to achieve a comprehensive theory?' in which I look at the discipline's current ontological status, the requirements for such a comprehensive theory and outline a template. The third explanation is required to explain why I have selected Indonesia as the space to illustrate the 'grids of practice'.

Why 'being entrepreneurial' and not 'entrepreneuring'?

The term 'being entrepreneurial' [Lock, 2009] is a new term and builds upon existing conceptual developments by Johannisson [2011], Rindova, Barry and Ketchen [2009], Steyaert [2007], Steyaert and Katz [2004], and Steyaert and Landstrom [2011], who seek to emphasise the processual aspects of entrepreneurship as a verb (action) form rather than the noun form [Rindova, Barry and Ketchen, 2009] as in 'the entrepreneur'. The term used by these researchers is 'entrepreneuring'; however, this term does have some limitations.

MacMillan [1986] introduced the word entrepreneuring, and Steyaert [1997] expanded on the concept. It may seem redundant to also introduce 'being entrepreneurial', but, there a clear distinction between the two terms. I fully agree with the concept of following the processual aspects of entrepreneurship as a verb form. However, the distinction that has so far failed to come to the attention of that part of the discipline looking at such processual aspects is whether the process relates to the innovation or is, as they tend to indicate, part of the process carried out by 'an entrepreneur' selected by some *a priori* attribution. I suggest that, 'being entrepreneurial' is not necessarily a process that is separate to the innovation process, but does serve to distinguish some innovative processes from others. I have pointed out earlier that the discipline has constructed the innovation-less entrepreneur. In a contrarian view I suggest that the way in which the innovation process is undertaken does lead to determining whether such processes are more, or less, entrepreneurial.

As will be developed further in this study, there is a focus on when 'hoped-for-gains' in the innovative process which are 'good and advantageous for oneself' are realised. Not all such realisations achieved from an innovative

process are entrepreneurial and usually determining whether such realisations are more, or less, entrepreneurial is a *post factum* exercise. The realisation of hoped-for-gains should not necessarily be considered a singular event, but should be viewed over time as part of an on-going process.

Furthermore from a lexicographical perspective the use of the word 'entrepreneuring' is problematic when applied to practitioners. How can we say that 'Nitisemito was entrepreneuring when he achieved success in building his *kretek* cigarette business with innovative ideas'? Or that 'Tjokroaminoto was entrepreneuring when he developed an innovative oratorical style'? Replacing 'entrepreneuring' with 'being entrepreneurial' does provide, not only a smoother application, it also retains the verb form and, as will be discussed later, it does retain the needs of a process theory. Entrepreneuring does have application value, more in the space of disciplinary knowledge, when applied as a collective, such as political entrepreneuring or commercial entrepreneuring. The aspects of 'being entrepreneurial' do, however, need to be qualified as to when (timing) and how they actually happen, and under what circumstances. In other words the innovative process needs qualification as to whether, and when, it could be considered to be more, or less, entrepreneurial.

Entrepreneuring has never, to my knowledge, been applied in an empirical study. Conceptual discussions dominate. This study applies Rindova, Barry and Ketchen's [2009] aspects of entrepreneuring with regards to autonomy as emancipation, but I make a differentiation between autonomy and independence. However, their aspects of authoring and making declarations merit further elucidation as they may indicate an overt association with a degree of causality. Steyaert [2007] discusses Sarasvathy's concepts of causation and effectuation which this study applies in the context of an adverbial *how* by which hoped-for-gains are realised.

What is necessary to achieve a comprehensive theory?

In 1986, in the first issue of *The Journal of Business Venturing,* Editor Ian MacMillan commented on the need for "the development of a comprehensive theory of entrepreneuring" [MacMillan, 1986, p241]. At the time, to provide context, Maidique comments, the "development in the literature has identified a plethora of new and often confusing, internal entrepreneurial roles that make interpretation of the new literature difficult" [Maidique, 1986, p60]. Some twenty years later Steyaert [2007, p453] comments

> no such comprehensive theory has been developed, and it seems that the notion of entrepreneuring, instead of being appreciated as a fertile concept for understanding the processual aspect of entrepreneurship, continues to be used in a casual rather than a rigorous way.

In this section I address the current ontological status of the discipline of entrepreneurship and then go into the elements that could contribute to the development of such a comprehensive theory. I decline to claim that I am developing a comprehensive theory but instead, as stated in the research question, I merely offer a contribution, in particular a template that could contribute to such a theory.

My own personal background is a business person who has had established commercial new ventures over the last 35 years in New Zealand, Malaysia, Indonesia, the Philippines and Vietnam. Some parts of these ventures conform to one or more of Schumpeter's five cases of innovation. I would like to think that, at times, I have been entrepreneurial in some of these innovations. My dual role as an academic and as someone who has been entrepreneurial (even if only by my own interpretation) could give me a slightly different perspective on entrepreneurship compared to other academics, while at the same time working within an academic frame of reference.

Montayne has commented that "The theory of entrepreneurship is one of the weakest links in modern economics" [Montayne, 2006, p549], giving rise to concerns addressed by Calas, Smirich and Bourne [2009] as to entrepreneurship's ontological status.

> With few exceptions, the extensive literature on entrepreneurship positions it as a positive economic activity. Much research and theory development are oriented to identifying what makes these activities successful, with the mainstay definition coalescing around new venture creation, growth, and opportunities, usually assessed via financial measures (e.g., De Carolis & Saparito, 2006; Haugh, 2007; Lumpkin & Lichtenstein, 2005; Shrader & Siegel, 2007). There are concerns as well with articulating what makes "entrepreneurship" what it is—establishing its ontological status—by theoretically delimiting its reach and identifying its distinctiveness, thereby enhancing its legitimacy as a field for research and teaching (Brush et al., 2003; Busenitz et al., 2003; Edelman, Manolova, & Brush, 2008; Shane & Venkataraman, 2000) [Calas, Smirich and Bourne, 2009, p552].

The need to delimit the discipline's reach and to identify its distinctiveness as part of the process of re-establishing its ontological status is addressed in this thesis.

First the link between entrepreneurship and the process of innovation, introduced above, is an area that generally has been brushed over by the literature. Brem [2011, p6] comments that the relationship between the two is 'barely articulated':

> The terms innovation and entrepreneurship are commonly used – but not always with the same understanding. There is an obvious strong relationship of both areas, however, barely articulated. Moreover, so far there are few consensuses among researchers regarding innovative and entrepreneurial activities in general, especially when it comes to precise definitions [Brem, 2011, p6].

The relationship between innovation and entrepreneurship is an area that could well be in need of greater articulation. Karpacz [2011, p 86] has commented that "Innovation can be seen as a specific tool by which entrepreneurs can transform change into chance". However, my contention is that it is more a case that the way people undertake the innovative process is an indication of whether they are being entrepreneurial or not. Entrepreneurs, in my view,

should be judged on *what* they achieve and *how* they achieve it.

Second Calas, Smirich and Bourne's [2009, p592] comment above regarding entrepreneurship being 'a positive economic activity' underscores a concern I have with the way the ontological domains of entrepreneurship have been constructed. Framing entrepreneurship within such a narrow ontological domain may have paradoxically led to the plethora of theories and concepts on 'what is entrepreneurship?' I believe that widening the ontological domains, through the process of 'folding' could contribute positively towards the comprehensive theory sought by MacMillan.

In this study I develop this folding or 'bending the outside' within the framework of three criticisms made about the discipline of entrepreneurship. As pointed out by Phillips and Tracey [2007, p314] "entrepreneurship literature is dominated by one type of entrepreneurship, namely commercial new venture formation, leading to an unbalanced view of entrepreneurship even by the field's own definitions". Entrepreneurship, long associated with capitalism from the early days of Schumpeter [1950], has rarely addressed the role of both entrepreneurship and entrepreneuring in the relative context of a variety of models of capitalism [Carney, Gedajlovic, and Yang, 2009; Tipton, 2009], including more socialist orientated models of capitalism. An additional criticism of the discipline has been made by Ogbor [2000], Sorensen [2008], and Deutchsman [2001] who perceive the discipline of entrepreneurship as glorifying the entrepreneur, and emphasising the goodness of the entrepreneur's work.

Addressing these criticisms I seek to offer a new ontological perspective to the discipline of entrepreneurship and develop a template for future studies.

The elements of a comprehensive theory

The strictures on the development of a theory are outlined by Kerlinger.

> As Kerlinger (1973) more formally defines it: A theory is a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena [Gartner, 1989, p29].

While many theories in the discipline of entrepreneurship endeavour to explain entrepreneurial behaviour, their ability to predict such behaviour may be limited. This suggests that many theories developed within the discipline may not be classifiable as theories, or as Lindblom has commented, that such strictures may result in trivial theories.

> Theorists often write trivial theories because their process of theory construction is hemmed in by methodological strictures that favor validation rather than usefulness (Lindblom, 1987, p. 512) [Weick, 1989, p516].

The causality demanded by the need for 'validation by way of prediction' may be more appropriate in disciplines where there is a greater need for an objective epistemic justification, such as the discipline of mathematics. In the

more 'dubious disciplines' [Foucault, in Dreyfus and Rabbinow, 1983, p116] it may be possible that such strictures for 'validation by way of prediction' are less necessary, or need, as discussed earlier, to be qualified in relation to the discursive strata that are part of the ontological structure of the discipline.

Weick offers a suggestion to decouple theorisation from such validation.

> Theory cannot be improved until we improve the theorizing process, and we cannot improve the theorizing process until we describe it more explicitly, operate it more self-consciously, and decouple it from validation more deliberately [Weick, 1989, p516].

I have already cited Deleuze in the opening paragraph of this thesis where theory is "not a totalizing instrument, but one that multiplies potentialities" [Deleuze, 2012, xiii], where an ethic is developed that includes the following principle, "Develop action, thought and desires by proliferation, juxtaposition, and disjunction, and not by sub-division and pyramidal hierarchization [Deleuze, 2012 xiii].

To a degree Deleuze's argument has been incorporated by Gartner in his critical mess theory. "Once you get a big enough pile together – the critical mess – you're able to draw conclusions about it" [Gartner, 2010, p7].

> The method in the critical mess is that there is no one particular method. The sensibility of the critical mess is that there is no one particular entrepreneurial characteristic that can capture the nature of entrepreneurship; the phenomenon of entrepreneurship is often more complicated and complex than we tend to espouse [Gartner, 2010, p9].

Gartner's critical mess theory does have merit. However, as I have already commented in this study, I am not endeavouring to present a comprehensive theory of entrepreneurship. Leitch, Hill and Neergaard [2010, p249] suggest such an effort could be termed 'tilting at windmills' and Montayne [2006] points out the complexities involved in such an endeavour:

> An overarching economic theory of entrepreneurship clearly must do more than describe the behavior of economic actors within the business enterprise. It must encompass innovative behavior in all its significant forms, from technology development and public administration to clever lawyering and lobbying, begging, and grifting. It must encompass individual behavior across the full range of private-sector and public-sector institutions, and it must explain the movement of entrepreneurs between these venues. It must account for institutional change and economic evolution, as well as economic growth and development. And it must explain entrepreneurial reward in all of its many forms: pecuniary and nonpecuniary, tangible and intangible. Economic theory has resolved many of these separate issues, as the preceding summary illustrates. However, it has not yet joined the disparate segments into a single, comprehensive theory of entrepreneurship [Montayne, 2006, p560].

What I am attempting to provide is a template for future studies, a template that could be applied to other theories such as Gartner's critical mess, in order to better elucidate the nature of entrepreneurship.

Offering a template

I will leave it to other researchers to work towards developing a comprehensive theory of entrepreneurship. In this study I am simply endeavouring to develop a template. The concept of a template is discussed below.

The concept of a template

The concept of a template was introduced to me in 1994 by a senior engineer in a steel fabrication yard, in Labuan, East Malaysia, that specialised in the construction of offshore jackets (oil rigs). In a meeting he raised the general question as to what was the engineering purpose of a jacket. An array of answers came back including the apparently obvious that it was for the extraction of oil from the sea bed. All answers were rejected for one reason or another until the possibilities had seemingly been exhausted.

He then explained that a jacket was a template. All it did was position the equipment and tools needed for the extraction at a certain point dependent upon the conditions such as the depth of water, seabed composition, equipment required for the extraction of a particular type of oil and so forth. Each jacket is therefore unique to its position, yet conforms to a standard style and set of design requirements.

The transduction of the concept of a physical jacket, which weighs in the regions of hundreds or thousands of tonnes of steel, and requires complex design and analysis calculations and contains an array of equipment, to the simplistic concept of a template was something of a revelation.

In some ways I am endeavouring to create a template for the *meso* approach described by Steyaert.

> A full process theory would consist of one process, by transcending the distinction between micro (e.g. the entrepreneur) and macro (e.g. the environment) models of entrepreneurship and becoming a meso approach where interactions are described in their sociocultural context [Steyaert 1997, p18].

The template I am suggesting is very simple and primarily consists of two components.

First, there is the need to look beyond entrepreneurship as the positive economic activity suggested by Calas, Smirich and Bourne's [2009], its assumed connection to capitalism and any association with 'goodness'. By widening the ontological status it is easier to view the broad brush strokes of what is the nature of the subject. While the discipline has tended to focus on new commercial ventures, I suggest that the words new and commercial are redundant in this new template; the term venture is applied to any undertaking or incremental undertaking, intended to accumulate capital,. Innovative ventures are those that conform to any of Schumpeter's definitions of innovation above.

Second, rather than searching for an entrepreneur, selected by virtue of some *a priori* attributes, or even an entrepreneurial process, I advocate the need to instead look at the processes in innovative ventures, in the context of the widened ontological status, and determine *post factum* which of these innovative processes could be determined to be more, or less, entrepreneurial. Both De Clereq and Voronov [2009, p395-6] and Steyaert and Katz [2004, p180]

suggest that entrepreneurship relates to the 'unfolding of everyday practices'. I suggest that ventures are such 'everyday practice' whereas the aspects of innovation and entrepreneurship require a different form of epistemic determination as to whether such 'everyday practices' are entrepreneurial or even innovative. In this thesis I develop a frame of reference for such determination.

Like the oil rigs I have mentioned above, such a template allows circumstance specific application using a variety of processes and equipment. Christensen and Raynor [2013] present a similar concept with their discussion on circumstance specific innovations. In this thesis I illustrate the template, and the frame of references, in a particular space, Indonesia.

Why Indonesia?

The selection of Indonesia as the space for illustrating the template and the frame of reference is based upon pragmatism and suitability. I have resided in Indonesia for 15 years and have run businesses there for 20 years. I have undertaken ventures in Indonesia and could also claim that some of those ventures have been entrepreneurial. Pragmatically I am familiar with the country, have studied its history and am interested in understanding more of its development.

The suitability of Indonesia as a space for applying the grids of practice is justified epistemically by fitting the methodology with the intent of the study. The intent of the study is to contribute to the development of a comprehensive theory of entrepreneurship. Such development would need to address the elements described by Montayne [2006] on a previous page.

Clearly, a micro approach focusing on new commercial ventures, small businesses, and individual entrepreneurial cases, selecting 'entrepreneurs' based upon some *a priori* attributes or an arbitrary narrative, would not come close to fulfilling Montayne's expectations. Also, as is later discussed, removing any focus on new commercial ventures as a universal in the analysis did render that option null. Foucault's method of analysis which facilitated a *meso* orientated approach, appeared as a suitable means to achieve the intent of this study.

As the thesis evolved as an interactive process between the research and the development of the methodology, the choice of Indonesia as the arena for Foucault's 'grids of practice' became an increasingly 'natural' fit.

Historically Indonesia has, in the period 1908 to present, passed from a colonial period with a duality of power relationships to a period of political liberation with an emphasis on socialism to a military dictatorship, (which while it espoused free market policies could still be considered to be under a liberal rather than neo-liberal regime) to a later period of reformation where neo-liberalism became somewhat more prevalent.

These time periods could be summarised as follows:

- Colonial period: 1908 -1945
- Post-colonial period: 1945-1965
- Functional period: 1966 to 1998
- Social conflict period - 1998 to present

The year 1908 was selected because it was in this period that a number of nascent nationalist movements emerged in the historical discourses on Indonesia. Interestingly one of the major movements *Sarekat Islam*, created from an association of Islamic traders, was a union of *batik* traders concerned at the colonial position of allowing Chinese traders to encroach onto their traditional territory. This interface between commercial interests and national development, which tends not to be part of mainstream history, is perceived as an integral part of the manner in which the institutional changes result in further changes through the realisation of hoped-for-gains.

Initially I proposed that the chronological period under study end in 2010, this being close to the commencement date of this study. However, as the study progressed it became clear the most relevant developments had been covered in the earlier chronological periods and any further analysis was not contributing further to new theoretical insight. Accordingly 1998 was used as the ending point of study.

Within, and between each period there was institutional change and varying degrees of economic development with entrepreneurial gains being varied and accruing to different particular groups at different times. Indonesia has transitioned from what could be generally described as periods governed through disciplinary apparatus to regimes more akin to that of Foucault's [2008] security apparatus as discussed in *The birth of biopolitics*. Under two of these periods, namely the colonial period and the functional period, the aspects of the disciplinary apparatus are particularly noticeable. The development of the 'governable person' is most marked in these periods. However, it could be said that under the colonial period of Dutch, Japanese and briefly British colonialism the development of ungovernable persons is more apparent than under the functional period. This is not to say that there were no examples of ungovernable people in this later period, it is just that the disciplinary apparatus seemed able to restrain their entrepreneurial functions, channeling such functions through the functional system that developed, until the point that the apparatus failed in such channeling.

Several other points stand out regarding Indonesia's suitability as a space for illustrating the grids of practice.

First, Indonesia, constitutionally since 1945, has had a more socialist economic system, where socialism is interpreted as greater centralisation of control, including control of property, (as compared to a more free market system, where there is less centralisation). With such a system written into the constitution it cannot be doubted that Indonesia is fundamentally socialist.

Article 33 of the 1945 Constitution … written by Mohammad Hatta, a committed socialist and Sukarno's deputy until 1956 it required that: i) the Indonesian economy should be organised as a collective effort; ii) branches of production essential to the state and which affect the lives of most people should be controlled by the State and; iii) natural resources including land and water should be controlled by the State and used for the greatest benefit of all people [Tanri Abeng, 2001, p20].

Indonesia offers an alternative to the ontological construction of the discipline of entrepreneurship which has constructed a universal association with capitalism. The understandings of entrepreneurial activities in different socio economic systems outside a Western free market style of capitalism are quite limited. Schumpeter [1950] held the entrepreneur to be the engine of capitalism, whose activities, he predicted, would eventually be curtailed under socialism.

Questions that arise from Schumpeter's assertion include what happens to the role of those engaged in entrepreneurial activities under a more socialist system? Are such entrepreneurial activities curtailed or do they get a chance to evolve? Or do they morph into other forms, perhaps commensurate with the institutions that evolve under a more socialist system as different to economic systems with a greater free market orientation? Or, as suggested by McDaniel, [2003] are they just less visible? Or, as suggested by Pareto, is their importance is negated since "the resource allocation in both socialist and capitalist economies required the same solution of Walras' Law" [Zimmerman, 2008, p25]? This study into entrepreneurial activities in Indonesia, as a more socialist socio-economic system, hints at answers to some of these questions.

Second, while the study of commercial entrepreneurs and their actions have made a valuable contribution to the discipline of entrepreneurship, a neglected area has been the study of where complex or unusual institutional set-ups prevail. Given the increased influence of the formal institutions under a socialist system, together with the enhanced sense of communalism [Wertheim, 1956] in Indonesia, a contextual study of Indonesia could provide valuable insights into this neglected area of study.

Third, Indonesia is considered an arena where rent-seeking, which the literature has tended to label as unproductive, has prevailed. Baumol [1990], Coyne, Sobel and Dove [2010], Davidson and Ekelund [1994], and Sobel [2008] have examined the aspects of productive and unproductive entrepreneurship applying the practice of rent-seeking as one of the many roles of the entrepreneur. Douhan and Henrekson [2010] extend the study on rent-seeking to looking at what they term 'second best' institutions (where what appears to be an unproductive activity may in many circumstances be a second-best substitute for inefficient institutions), prevalent in developing nations. This thesis examines in more detail the application of these studies in Indonesia, and explores whether 'hoping-to-gain' (where rent-seeking as a hoped-for-gain is included along with the more commercial orientated profit-seeking) could be deemed to be an 'end' for 'being entrepreneurial'.

Structure of this thesis

This thesis is in two parts. Part One deals with conceptual developments in two parts through a literature review and the framing of the methodology. Part Two illustrates some of the elements developed in Part One, in the transitional Indonesian economy from 1908 to 1998. Structurally each part works around two Foucauldian methods. The first, used in Part One is the method of analysis developed by Foucault [2008] in *The birth of bio-politics*. The elements of this method of analysis are:

- start from the premise that such universals do not exist;
- consider what forms of critical self-reflection and practical action begin to form such concepts and bring them into play; and
- pass these universals through the grid of these practices.

The second Foucauldian method comprises the discourse analysis from *The archaeology of knowledge* [Foucault, 2004], used in Part Two which outlines three broad 'rules of formation' as conditions of existence for objects of discourse;

- mapping the first surface of their emergence;
- describing the authorities of delimitation; and
- analysing the grids of specification [Foucault, 2004].

It is considered that if the grids of specification illustrated from the discourse analysis in Part Two have some similarity or proximity to the grids of practices developed in Part One, then the concepts developed in the second part of the method of analysis in Part One, may have some plausibility.

At the beginning of Part One and Part Two, I provide more detail on the structure of each part.

PART ONE Conceptual Development

Part One consists of four chapters.

Chapter 2 is a review of the literature based on the Deleuzian / Foucauldian folding process along the three dimensions of 'space', 'words' and 'deeds'. The conceptual framing using these dimensions focuses on: the spatial perceptions of the ontology of the discipline of entrepreneurship to depict the development of new spaces, in particular the manner in which the space on the processual aspects of entrepreneurship has evolved; a semantic review of words used in the literature in particular that space which relates to entrepreneurship as a process; and a review of past focus on the actions or deeds of those involved in the entrepreneurial processes.

Chapters 3, 4 and 5 are the development of the methodology framework, and implementing this framework according to the three components of the Foucauldian method of analysis from *The birth of bio-politics*.

In Chapter 3, I use three criticisms of the discipline of entrepreneurship as lines to bend the outside of the discursive formations to remove three universals from such formations. These universals are: an assumed exclusive association of entrepreneurship with capitalism; the value judgments that have ontologically been constructed as parts of these discursive structures; and a commercial focus, which seemingly underpins many of the discursive structures in the discipline.

In Chapter 4, I develop a frame of reference based upon the interactivity between the method of analysis and on-going research used in the study, which is a Foucauldian inspired discourse analysis. This frame of reference is part of the development of a template suggesting how innovative processes could be deemed to be more, or less, entrepreneurial.

In Chapter 5, I look at the girds of practice as being distinct from the grids of specification of the discourse analysis. I suggest that some proximity between the two grids could provide some plausibility to the concepts developed in the preceding chapter. I outline some of the distinct historiography of the discursive structures particular to Indonesia, including critiques of the academic approach to Indonesian studies, and overview the research method.

Chapter 2   Literature Review

Introduction

As discussed in the introduction chapter I adopt a Deleuzian approach that folds knowledge around the dimensions of spaces, words, and deeds. In so doing, I want to avoid the traditional Platonist approach to reviews with their inherent hierarchization. I also want to obviate the need to tread the well-worn trail of a review of disciplinary literature from Say and Cantillon, via Schumpeter *et al* to current theorists.

This literature review is conceptually framed around three words; spaces, words, and deeds. First, I discuss spatial perceptions of the ontology of the discipline of entrepreneurship. I depict the development of new spaces, in particular the manner in which the space containing the processual aspects of entrepreneurship has evolved. Second, I undertake a semantic review of words used in the literature; in particular those which relate to entrepreneurship as a process. Third, I review past focus on the actions or deeds of those involved in the entrepreneurial processes.

Spaces

Foucauldian theory considers space in at least two aspects. The first of these are 'discursive spaces' [West-Pavlov, 2009, p413] in which the discursive formations, discussed in the previous chapter, exist. I point to several articles Hjorth [2004, 2005] and Steyaert and Katz [2004] where the authors have used the word 'space' with regards to studies on entrepreneurship. These articles represent a micro and a macro perspective on the use of the word 'space'. I then leverage these perspectives into a discussion on knowledge in spaces in particular reference to the ontological and epistemic development of the discipline of entrepreneurship, and opening up new spaces of knowledge, I do so as a means to introduce some of the key terms, definitions and terminology in this thesis and to point to the general working space being, in particular, processual approaches to entrepreneurship.

The second Foucauldian discussion on space relates to the *heterotopia* Foucault [1997, 2000] outlined in 1967 in the article *Des Espace Autres.* The research and conceptual development for this thesis was an interactive process and during the research it became apparent that innovative activities in Indonesia tended to happen in enclaves or as a result of diasporic behaviour. I relate these respectively to the *heterotopia* of deviation (enclaves) and crisis *heterotopia* (diaspora) as discussed by Foucault [1997]. This connection does not appear in entrepreneurship literature, except for Hjorth [2005] and Steyaert's [2010] article *Queering space: Heterotopic life in Derek Jarman's garden* although this later article is more focused towards a discussion on *heterotopias*, rather than entrepreneurship *per se*. The discussion on *heterotopia* in relationship to entrepreneurship is elucidated further in Chapter 3 and applied in Part Two of this thesis.

Micro and macro spaces

Hjorth [2004] *Creating space for play/invention - concepts of space and organizational entrepreneurship*, Hjorth [2005] *Organizational Entrepreneurship: With de Certeau on Creating Heterotopias (or Spaces for Play)* and Steyaert and Katz [2004] *Reclaiming the space of entrepreneurship in society: geographical, discursive and social dimensions*, present micro and macro approaches to space in relation to entrepreneurial studies.

Hjorth [2004, p414] focuses on "spatial concepts that help us to study, describe and analyse organizational entrepreneurship". He looks at enabling space within an organisation for the entrepreneurial process, in order to encourage creative play. Within the space of the organisation he acknowledges and delineates some of the varying spaces that entrepreneurship can occupy, from a managerial (enterprising) form to an entrepreneurial form - "We find it necessary to place this managerial form of entrepreneurship (enterprising) in the perspective of entrepreneurship in its entrepreneurial form" [Hjorth, 2004, p414]. In Hjorth [2005] he relates such 'spaces for play' more directly to Foucault's *heterotopia*.

Steyaert and Katz [2004, p179] discuss the more macro orientated question of "what spaces / discourses / stakeholders have we privileged in the study of entrepreneurship and what other spaces / discourses / stakeholders could we consider?" They conceptualise the spatial axes to respond to this question through three propositions:

- The first proposition when bringing entrepreneurship into its societal context says that entrepreneurship takes place in multiple sites and spaces (many more than the ones currently considered);
- The second proposition claims that these spaces are political spaces that can be constituted through a variety of discourses overcoming the sole economic definition of the societal contexts that impacts and is impacted by entrepreneurship; and
- The third proposition states that entrepreneurship is a matter of everyday activities rather than actions of elitist groups of entrepreneurs [Steyaert and Katz, 2004, p180].

These three propositions parallel the three criticisms of the discipline of entrepreneurship outlined in the introduction which suggest the discipline of entrepreneurship has: (1) been limited in its approach to its subject matter, and a wider space of study is appropriate; (2) has focused mostly on economic impacts, when a wider space could lead to greater understanding of the subject; and (3) has constructed an elite subject matter, again pointing to the need for a wider spatial perspective. Together these propositions and criticisms establish the axis by which the folding in undertaken in Chapter 3. The intention is to contribute to a more comprehensive theory as outlined in the research question.

How can an examination of a broad array of entrepreneurial activity in Indonesia from 1908-1998 contribute towards a more comprehensive theory on entrepreneurship?

In Chapter 3 I detail and apply the Foucauldian based analysis used in a more detailed version of the above three propositions. Before such application it is useful to look at the way the ontology of the discipline of entrepreneurship

has been constructed, the different spaces, what is permitted, what is not, how is the discipline changing with regards to such permissions and the role of academic prejudices. These aspects are outlined in the next sub-sections and in presenting them I introduce some key terms and definitions.

Nesting of spaces of knowledge

There is a perceived assumption in reviewing the literature on entrepreneurship that the 'entrepreneurship', that academics study, and the 'entrepreneurship', of people engaging in entrepreneurial activities, occupy one and the same space. The terms *savoir* and *connaissance* knowledge are frequently referred to by Foucault in a number of his works. The demarcation between each knowledge being determined by the level of scientificity. It is likely that in disciplines such as engineering, where standards and adherence to established codes govern the epistemic justification of what knowledge is permitted within the discipline, there is a greater level of scientificity. However, in the more 'dubious disciplines' [Foucault, in Dreyfus and Rabbinow, 1983, p116] the level of scientificity may be lower.

In *Being and Time* Heidegger attempted to distinguish between the ontical and the ontological in reference to 'being'. In the later book *What is called thinking*? he uses the terms "logical, ontological and ontical" [Heidegger, 2004, p162] in order to try to define the various entities of collective knowledges.

In suggesting that there is a nesting of spaces of knowledge I draw on the work of Atmanspacher [2000, 2002] and Atmanspacher and Primas [2003] who distinguish between the ontic state and epistemic state in quantum theory. I draw a conclusion that their epistemic states relates to ontology, as in the ordering of disciplinary knowledge. A similar model was developed by German Nicolai Hartmann (1882-1952) with his ordering of ontology, ontics and metaphysics, suggesting that the ontics was a state preceding the categorisation of ontology.

I have taken ontic knowledge as being the greatest space of knowledge that includes past present and future knowledge, what is known, lost, or that which is not yet known. Nested within the space of ontic knowledge are the discourses that comprise known knowledge on a subject, such as entrepreneurship. Jones and Spicer [in Roscoe, 2011] suggest that "in the strictest Lacanian formulation, entrepreneurship discourse does not exist". I maintain, however, there is discourse on the subject. Nested further within the varied discourses, which might pertain to the subject, is the discipline, the epistemic state, in this case, of entrepreneurship. While it may be possible to refer to the discipline as a single entity, the reality is that it is more akin to a collection of ontological spaces (epistemes) - each of these ontological spaces being broadly constrained by varying epistemic justifications.

Epistemic justification [Bonjour, 1998] is the dividing line between the knowledge of the discourse and that collective knowledge which is accepted into the discipline, usually by way of reviewed publication and supported by citation. Within the collective knowledges are the various *épistème*, referred to by Foucault as strategic apparatus

and described by Schmidt [2006] as the 'collective prejudices'. I use Gadamer's [1989] concept of prejudice which offers a positive spin to what is a commonly accepted negative term. In essence prejudices are the beliefs of the researchers that their particular method or research is relevant to the subject matter. An example of prejudices are the differing beliefs between researchers into the values of qualitative or quantitative methods, or in the relevance of the subject matter, such as a positivist approach focusing on the traits of entrepreneurs for example, compared to those who believe more in a process-orientated approach.

These beliefs, on what is entrepreneurship and how is it to be studied, tend to be the guidelines for the construction of the collection of ontological spaces (epistemes) that collectively comprise the discipline of entrepreneurship. Lindgreen and Packendorff [2009] attribute such beliefs as underpinning the social constructivism (defined by Jones and Spicer [2005, p225] as "a process that involves 'making up' enterprising subjects") in the discipline of entrepreneurship.

> Entrepreneurship as a scientific field is also seen as a social construction based upon a set of inter-subjectively shared beliefs amongst practitioners, policy-makers and scientists, rather than a set of laws and indisputable truths (Astley, 1985) [Lindgreen and Packendorff, 2009, p31].

Such social constructivism may be a compromise situation between the strictures of developing a comprehensive theory, with the need to make predictive assumptions, and the 'realities' of entrepreneurship studies, where the elusive nature of the subject is touched on by Jones and Spicer [2005] as being 'sublime'.

> What is denied is something central to the very object of the entrepreneur, something that, we have argued, is glimpsed by entrepreneurship research but is rationalized and hence pushed out of sight [Jones and Spicer, 2005, p236].

A comment with a similar theme was made by Gartner.

> I think one loses this sense of the breadth and depth of the variety of entrepreneurial phenomena as soon as there is a focus on a particular variable [Gartner, 2010, p9].

The difficulties in making disciplinary knowledge occupy the same space as practitioner knowledge in entrepreneurship may be due to the nature of the subject itself, and the *post factum* nature of its study. The *post factum* nature of entrepreneurship studies is further discussed by Gartner [2007, p616], citing Bourdieu on the difference between "*opus operatum* - sense making about the process after it is all over as a finished task, and *modus operandi* - sense making about the process while one is still in it". The study of entrepreneurship is mainly recognised as an *opus operatum*. My assertion is that no one should be accorded the status of an entrepreneur or have their actions recognised as being entrepreneurial until they have achieved some 'legitimacy' or have 'stood out' [de Clercq and Voronov, 2009].

This *post factum* nature of entrepreneurship studies denies the researcher the ability to readily view the actual *modus operandi* of 'being entrepreneurial', as it happens. There is an increasing reliance on 'narrative' [Gartner, 2007, 2010; Hjorth 2007; Steyaert, 1997], which may be subject to the benefits of hindsight by the 'entrepreneur', or *post hoc* rationalization of what occurred. Styhre [2008] comments on "leadership research and entrepreneurship research - two domains within organisation theory that are susceptible to hagiographic accounts of successful and widely recognised individuals *ex post facto*." Likewise Studwell [2007], also comments on the hagiographies and self-promoting 'rags to riches' tales in his book on *Asian Godfathers*.

It is the changing recognition of the nature of what is to be studied and how such studies are to be undertaken that is part of a process of change within the various epistemes of the discipline of entrepreneurship which had enabled the opening up of new spaces of knowledge as discussed next.

Opening up new spaces of knowledge

The problem with opening up new spaces, such as the need to break with "a strongly positivist tradition in entrepreneurship scholarship" [de Clercq and Voronov, 2009, p395], is the difficulty in that those committed to such ontologies may be those least willing to change such ontologies, or present different "images of being" [Styhre, 2008, p105]. The editors and reviewers of publications may be those least willing to allow changes in the levels or areas of epistemic justification. However, there is one somewhat landmark instance, where MacMillan [1986, p242] making use of the Executive Forum (an invited, and therefore unreviewed contribution) in the first issue of the *Journal of Business Venturing* called for "the development of a comprehensive theory of entrepreneuring". His use of the word 'entrepreneuring' rather than 'entrepreneurs' or 'entrepreneurship' had a significant impact, in that it gave permission to open up new spaces in the discipline.

The spaces within the discipline of entrepreneurship that were opened up related more towards:

- a phenomenological-hermeneutic approach, pioneered by Weick, who "broke through the massive positivism dominating almost totally at the time and made a strong contribution from a phenomenological-hermeneutic approach" [Hjorth and Johannisson, 2008 p344];
- a theoretical approach to entrepreneurship that is process orientated; and
- a narrative approach that recognises the element of social construction in the discipline of entrepreneurship.

The list of theorists that have worked within this new space include: Calas, Smirich and Bourne [2009], de Clercq and Voronov, [2009], Gartner [1988, 1989, 1990, 1993, 2007, 2010], Haase and Lautenschläger [2011], Hjorth [2002, 2004, 2007, 2011], Hjorth and Johannisson [2008], Johannisson [2011], Jones and Spicer [2005, 2006], Lindgreen

and Packendorff [2009], MacMillan [1986], Montayne, [2006], Pacheco, York, Dean and Sarasvathy [2010], Rindova, Barry and Ketchen [2009], Steyaert [1997, 2007], Steyaert and Katz [2004], Styhre [2008, 2010], Wall [2003], Weick [1989, 1995] and Weiskopf [2007]. While Gartner has at times, especially in his early works, tended towards the positivist tradition, his work is recognised in that it "combines an Anglo-American positivist tradition with a European hermeneutic one" [Hjorth and Johannisson, 2008, p342].

Along with 'entrepreneuring' new words appeared in this new space in the discipline such as 'entrepreneurial processes', 'becoming entrepreneurial', 'entrepreneurial becoming' and 'practice orientations'. The use of words is discussed next.

Words

In this section, I first point to Gartner's [1990] article '*What are we talking about when we talk about entrepreneurship*?' and his 1993 article '*Words lead to deeds.*' I then lead onto the debate between Gartner and Steyaert on the difference between 'becoming' and 'being'. I do so to provide some justification for my usage of the term 'being entrepreneurial', in which case I side with Gartner in the debate. However, I tend to agree more with Steyaert in the application of the verbal (as in action) aspects of entrepreneurial, something that Gartner seems to have missed, even though he has cited Weick, one of the earliest theorists to suggest a verbal (as in action) application in reference to entrepreneurship [Rindova, Barry and Ketchen, 2009].

Words of a feather

In a similar vein to what I discussed earlier about epistemes (as ontological spaces) and researcher's beliefs, Gartner [1990] comments that:

> Researchers who believe that entrepreneurship requires individuals with special personality characteristics are probably going to do research that explore these beliefs. Individuals who consider entrepreneurship to be the domain of owner managers are likely to do research that is very different from individuals who believe that innovation and growth are important. Yet none of these domains are exclusive of the others, and a concern about one theme probably will overlap another [Gartner, 1990, p28].

He concludes by stressing the importance of 'making explicit what we believe' and making 'explicit what we are talking about when we talk about entrepreneurship'. Only then 'can we begin to understand how all of these different parts make up a whole' [Gartner, 1990, p28].

Gartner [1993, p232] states "the choice of words we use to define entrepreneurship sets the boundaries for how we think about and study it". He concludes ''Words are windows for seeing what was earlier hidden or missing" which suggests the possibility of using words to open up new spaces. Hjorth and Johannisson [2008, p346] comment on the

social constructivism mentioned in Gartner's work and also his protest "against the habit of focusing on the doer rather than the deed".

Steyaert [1997] picks up on this theme of focusing on the deed with his 1997 article in which he promotes the concept of 'entrepreneuring', initially introduced by MacMillan [1986]. While Gartner had used Weick's [1979] work on organisational emergence, he seems to have missed the importance Weick attached to the 'verb'. This was pointed out by Rindova, Barry and Ketchen [2009, p478] who highlighted "Weick's idea that verbs draw attention to actions and processes geared toward change creation". However, between Gartner and Steyaert there is some area of disagreement between applications of the words 'becoming' and 'being', which is discussed next.

Becoming or being?

Gartner [1993] suggests, as part of a discussion on organisational emergence, a list of words that include: being, circumstance, emerge, emergence, emergency, emergent evolution, equivocal, found, founder, genesis, and variation.

Steyaert [1997] rejects Gartner's list, specifically the interaction of 'being and circumstance', claiming that simply changing a vocabulary was insufficient and what was needed was a new language theory and, he also claimed the interaction of 'being and circumstance' was not part of process theory. Steyaert was in favour of the term 'becoming' which he believes was more representational of a process theory and linked to "Whitehead's conception of reality as becoming" [Steyaert, 1997, p16]. A similar reasoning, to express 'a priority of becoming over being' was given by Hjorth and Johannisson [2008].

> The vision, as Deleuze (1988) has pointed out, relates to its future practices like the virtual relates to the actual: by imagination. This is not the possible, i.e., one of the different form-content arrangements that could be made. Nor is it the potential, i.e., the tension between what our experiences of the concrete suggest as possibilities and the advent of the new (Massumi 2002). The virtual is instead the swarming of incipiencies or tendencies, the power to become. This attention to the relationship between the virtual and actual, and to actualization as a process of creation, implies a priority of becoming over being. It is, in turn, characteristic of processual philosophy and thinking (Whitehead 1929; Bergson 1946; Deleuze 1988; and in organization studies, e.g., Tsoukas and Chia 2002), where movement/force and becoming are pivotal concepts [Hjorth and Johannisson, 2008, p343].

I have reservations about Steyaert, and Hjorth and Johannisson's, preference for 'becoming over being'. I suggest the application of Heidegger's [1993, 2002], 'ontological test' where he uses 'being' not 'becoming', to delineate between 'entrepreneuring' and 'being entrepreneurial' and the same logic applies here.

> All ontology, no matter how rich and tightly knit a system of categories it has at its disposal, remains fundamentally blind and perverts its most proper intent if it has not previously clarified the meaning of Being sufficiently and grasped this clarification as its fundamental task [Heidegger, 1993, p 53].

In the context of organisational emergence, as a specific *épistème,* as discussed above, 'becoming' may be a more

suitable word for the *épistème* of organisational emergence. However, in terms of the collective epistemes that forms the discipline of entrepreneurship 'becoming' may be less than suitable for three reasons.

(1) There is an underlying assumption that all organisational emergences are entrepreneurial, whereas this, as discussed later in this study, may not be the case. Some organisational emergences may be more entrepreneurial than are others. The state of 'becoming' an organisation should not be necessarily taken as evidence for an entrepreneurial action.

(2) 'Becoming' implies achieving a status, which does make it suitable for organisational emergence, but I query its suitability for other epistemes of entrepreneurship, except for those researchers in a more positivist *épistème*. To cite Barth [1963] "an entrepreneur should not be treated as a status or a role, but rather as 'an aspect of a role: it relates to actions and activities, and not rights and duties" [cited in Jannicke, 2007, p6]. 'Being' may better connote to actions and activities.

(3) The permanency implied in the state of 'becoming' may not reflect the fleeting nature which could be described in the phrase 'at this point in time they were being entrepreneurial'. The temporal nature of Jones and Spicer's [2005] 'sublime object' and Styhre's [2008, p108] "temporality expressed in terms of metastable configurations", relates to something that does not have the permanency of becoming. In the *post factum* analysis of any action which may be considered to be entrepreneurial, it may be easy to mistake the stages and steps of 'becoming something' for an entrepreneurial action.

To better elaborate on the nature of 'being entrepreneurial' I outline the words I use to describe the innovative process.

Words used to outline the innovation process

In developing this set of words to outline the innovation process I seek a balance between avoiding structuralism, where 'all instances are explained in terms of a social structure', and positivism, where distinctive traits explain the entrepreneurial phenomenon; while at the same time acknowledging that the institutional set-up has to have some influence on the innovative process and that people being entrepreneurial have certain capabilities and elective affinities that distinguishes not only *what* they realise but also *how* they realise hoped-for-gains as distinct from those only being innovative in their ventures.

Realisation of hoped-for-gains

I draw upon the entrepreneurship literature on *phronēsis* to assist to explain the realisation of hoped-for-gains. The following are some of the interpretations of *phronēsis.*

a) Entrepreneuring as a practice is ontologically/epistemologically qualified by presenting *phronēsis* as the relevant guiding intellectual virtue in the knowledge-creating process" [Johannisson, 2011, p1].

b) "*Phronēsis* is, Flyvbjerg [2002] argues, usually associated with 'practical wisdom', adding that 'the person possessing practical wisdom (*phrónimos*) has knowledge of how to behave in each particular circumstance that can never be equated to knowledge of general truths' [Johannisson, 2011, p4].

c) Rae [2004, p196] citing Baumard, describes *phronēsis* as being "intuitive social knowing and wisdom, which is practical, contextual, experiential, hard to analyse or test, being formed and shared through social interaction."

d) Durham [2010] applies *phronēsis* as practical wisdom.

e) Nonaka and Toyama [2007] propose a view of strategy as distributed *phronēsis*, translating it roughly as 'prudence', 'practical wisdom', and 'practical rationality'. They define it as "the high-quality tacit knowledge acquired from practical experience that enables one to make prudent decisions and take action appropriate to each situation" [p 378].

f) Wall's [2003, p319] describe *phronesis* as "the capacity of deliberating well about what is good and advantageous for oneself".

Several of the above authors have suggested that *phronēsis* is practical wisdom. However, as pointed out by Flyvbjerg [2002], the Greek term for such wisdom is *phronimos*. *Phronēsis* is a more elusive term as pointed out by Rae [2004, p196] as being 'hard to analyse or test'. Machan does touch on the elusive essence of entrepreneurial realisation citing Kirzner saying "a sharp distinction must be drawn between means of production ordinarily conceived, and entrepreneurship," to start with because "entrepreneurship cannot be purchased or hired by the entrepreneur" [Machan, 1999, p600]. Something that cannot be purchased or hired may also be hard to describe or identify.

A number of authors; Cornwall and Naughton [2003], Durham [2010], Machan [1999], Nonaka and Toyama [2007], address *phronēsis* as it pertains to ethical aspects of virtue; however, as discussed later there are some issues with value judgments and the overarching association of entrepreneurship with virtue. The position being taken in this thesis is that 'being entrepreneurial', as in the exercise of entrepreneurial power, is simply an exercise of power without any inherent prejudice of being good, positive, virtuous or ethical.

Nonaka and Toyama [2007] touch on what *phronēsis* might be with their comment 'appropriate to each situation'; likewise Flyvbjerg [2002] comments on 'knowledge of how to behave in each particular circumstance'. *Phronēsis* is the contextual application of *phrónimos* within Gartner's word 'circumstance', Johannisson's [2011] 'right moment' and the aspects of timeliness in which Bourdieu's genesis of practice is realised.

It is Wall's [2003, p319] description of *phronēsis* as "the capacity of deliberating well about what is good and advantageous for oneself", which resonates most within the context of this thesis. There is an inherent rationality in

this description along with a sense of direction if one assumes that such capacity is applied to a hoped-for-gain. This removes any randomness from the realisation of such hoped-for-gains.

For this thesis I take Wall's capacity (which implies some potential to action) and extrapolate that to an action as in the realisation of hoped-for-gains. Such realisations should not necessarily be considered singular events in regards to realising hoped-for-gains, but should be viewed over time as part of an on-going process. For example a person engaging in a new commercial venture could realise hoped-for-gains at several times - maybe with their first sale, maybe when the venture achieves breakeven, or maybe a first profit, or maybe even a long term option of cashing out, or maybe passing the business to a family member.

An entrepreneurial realisation is a more specific application. In the context developed so far in this thesis, an entrepreneurial realisation relates more to Schumpeter and Drucker's association of entrepreneurs and innovations, rather than only new commercial ventures. Sometimes realisations of hoped-for-gains are entrepreneurial, sometimes not, such determination depends on; *what* is realised, *how* it is realised, the circumstances under which it was realised, and the timing of such realisation, as to whether the realisation is more, or less, entrepreneurial.

Pacheco, York, Dean and Sarasvathy [2010, p978] describe the element of "acting in self-interest" with regards to *phronesis*. Foucault's approaches to 'self' and 'interest' will be discussed in Chapter 4, where on one hand he opens the scope of being entrepreneurial by having everyone being an 'entrepreneur of the self', yet by his definition of interest as being something that 'absolutely did not exist before', he offers a more relative position..

It could be assumed that, in order to distinguish the corner store ventures from those that create something that 'absolutely did not exist before' some realisations from the innovative processes are more entrepreneurial than others. As commented by Henrekson and Sanandjai [2011, p51] "Changing the color of a product is not enough; an activity must be sufficiently innovative for it to be defined as entrepreneurial and made distinct from non-entrepreneurial activity."

Time and taking advantage of the right moment

Johannisson [2011, p140] describes that "in entrepreneuring / entrepreneurship as a process, [there is] both the need to keep up with the continuous flow of time (*chronos*) and to take advantage of the 'right moment' (*kairos*) when it appears."

It is in this 'right moment' where Machan's [1999] 'elusive essence' and Jones and Spicer's [2005] 'sublime object' are realised. It is where the non-structuralist, but contributing, institutional set-up and the non-positivist capabilities and elective affinities meld to attain realisation of hoped-for-gains in some form or another.

Capabilities and elective affinities

In using the word 'capabilities', I draw on Teece and Pisano's [1994] use of 'dynamic capabilities'. I elect to discard the word dynamic as it connotes to the heroic entrepreneur and detracts from the reflexive actions of those engaged in the innovative process, possibly ignoring a more passive approach, which might also lead to entrepreneurial realisations of hoped-for-gains.

I suggest that capabilities fall into an ontical *épistème* of studies-to-come:-

- Where, rather than looking at traits in a positivist manner, there is greater contextuality and recognition of Gardner's word 'circumstance'. As pointed out by Jones and Spicer [2005, p 236] "the search for the character of the entrepreneur and for the structural factors that cause entrepreneurship continually fails."

- Which follow Weiskopf's [2007, p148] suggestion on reorientating studies of entrepreneurship to follow "Foucault, who writes that the 'target nowadays is not to *discover* what we are, but to *refuse* what we are", where entrepreneurial narratives are studied not to see what people claim to have done, but to see where, with their narratives and hagiographies, they endeavour to avoid positioning themselves.

- Where it is not a collection of traits or characteristics that makes an action more entrepreneurial, but the *how* by which the process is undertaken. It is the ontical *épistème* of studies-to-come that study how people apply the *how* within their particular institutional set-ups and, despite lacks of traits and resources are still able to achieve realisation of hoped-for-gains.

The aspects of Goethe's 'elective affinities' are discussed further in Chapter 6 as a means to avoid the positivism inherent in trait theories. I elaborate on different approaches in the manner *how* people are perceived to use the selection of relevancies in achieving hoped-for-gains. This is illustrated in Part Two Chapter 11, for now I continue discussing the institutional set-up.

The institutional set-up

. The 'institutional set-up' includes collective institutions inclusive of the formal, such as laws, constitutions and the informal, such as religion, familial, sporting associations, and cultural.

Deeds

In this section I address my observation, based on the literature that it has taken disciplinary knowledge a long time to recognise that 'what entrepreneurs do' is better expressed by the use of the 'verb', as in an action. I then use lexicological logic to extend the use of the 'verb' to the adverbial aspects of *how* the entrepreneurial process is carried out. I suggest that causation, effectuation and bricolage are all *'techniques'* [Stritar, 2012] by which the innovation process is implemented. I end with a discussion based on the literature, as part of the folding approach, as to how innovation processes could be determined to be more, or less, entrepreneurial.

Thirty six years and few like to use the 'verb'

Gartner [1993] has discussed that '*Words lead to Deeds'* and has commented on the need for 'making explicit what we believe' and making 'explicit what we are talking about when we talk about entrepreneurship'. In reviewing the literature, I wondered why it had taken the discipline so long to recognise that what entrepreneurs do, as in their deeds, is best expressed by the use of the word 'verb' as action. From 1979 when Weick proposed the "idea that verbs draw attention to actions and processes geared toward change creation" [Rindova, Barry and Ketchen, 2009, p478], in the subsequent thirty six years there have only been three instances, in the entrepreneurship literature I reviewed, where the word 'verb' was explicitly used. These are Steyaert [1997, 2007] and Rindova, Barry and Ketchen [2009].

Rindova, Barry and Ketchen [2009] drew greater attention to the use of the word 'verb', drawing contrast with the historical use of 'nouns' in entrepreneurship studies. They comment on an overview of entrepreneurship by Busenitz, West, Shepherd, Nelson, Chandler, and Zacharakis, [2003] saying that their "framework characterizes entrepreneurship in terms of three nouns - entrepreneurs, new ventures, and opportunities - reflecting the tendency of entrepreneurship research to focus on entities" [Rindova, Barry and Ketchen, 2009, p478]. They point out that Steyaert [2007] has commented that such focus has "limited the research attention given to the actions and processes that constitute the domain of entrepreneurship" [Rindova, Barry and Ketchen, 2009, p478].

This is not to say in that thirty six year span there has not been work that could be readily deemed as falling into the category of describing the work of those being entrepreneurial in a verbal (action) sense, even though the word 'verb' is not explicitly used. Examples range from MacMillan's [1986] first use of the word 'entrepreneuring' to Calas, Smirich and Bourne [2009], Johannisson [2011], Rindova, Barry and Ketchen, [2009], and Steyaert's [1997, 2007] elaboration on the term, to discussions on entrepreneurial processes, becoming entrepreneurial, entrepreneurial becoming, and practice orientations by de Clercq and Voronov, [2009], Hjorth, [2002, 2004], Hjorth and Johannisson [2008], Lindgreen and Packendorff [2009], Steyaert and Katz [2004], Styhre [2008, 2010] and Weiskopf [2007].

Adverbs - the *how* by which hoped-for-gains are realised

The verbal actions described in the literature as entrepreneuring, becoming entrepreneurial, or entrepreneurial becoming, focus on determining what 'entrepreneurs', who have been qualified in some *a priori* fashion, do in their entrepreneurial processes. The alternative I have proposed of 'being entrepreneurial', is also a verbal (as in action) process. The significant difference between 'being entrepreneurial' and entrepreneuring is that in the former observing the innovative process is key. The process is then analysed to determine whether such innovative processes are more, or less, entrepreneurial.

Lexicological theory associates verbs as the action and adverbs with how such action is carried out. It could be easy to assume that if innovative processes are the verb form, as in being innovative, then entrepreneurial could be the adverb. So there could well be innovative processes that are entrepreneurial and innovative processes that are not. The question that remains is how to qualify what innovative processes are entrepreneurial and those which are not entrepreneurial, or in more relative terms, how to determine what innovations are more, or less, entrepreneurial? In line with the developments in the literature, I tend to follow the nomenclature of using 'being entrepreneurial' as the verb, in order to illustrate the adverbial properties, even though as discussed in this paragraph entrepreneurial could also be used in an adverbial sense to the verb 'to innovate'.

I have earlier suggested that being entrepreneurial involves the exercise of entrepreneurial power. Deleuze [2012, p71] comments "Therefore we should not ask: What is power and where does it come from? but How is it practiced?" The *how* of being entrepreneurial is significant.

The discursive structures in the literature on entrepreneurship have over recent years, in the swing from positivism, given more attention to the processual aspects of entrepreneurship with several efforts to describe the *how* of the entrepreneurial process. However, it could be said that these discursive structures are still incomplete strata as discussed in the following sub-sections.

Stritar [2012] describes the theories of causation and effectuation developed initially by Sarasvathy [2001] and the concept of bricolage, initially developed by Levi-Strauss [1977], as '*techniques*' used by entrepreneurs. These theories and concepts could be considered as the *how* of being entrepreneurial, in other words the adverbial applications to the verb 'being entrepreneurial'.

Causation, effectuation and bricolage

The theory of causation and effectuation attributes a form of business practice, more focused on leveraging effects, to entrepreneurs, when compared to a more cause orientated focus used by managers. This theory was initially developed by Sarasvathy [2001] and expanded by Andersson, [2011]; Chandler, DeTienne, McKelvie, and Mumford,

[2011]; Dew [2009]; Dew, and Sarasvathy, [2007]; Dew, Read, Sarasvathy, and Wiltbank, [2008, 2009, 2009b]; Sarasvathy, and Dew, [2005, 2008, 2008b]; Wiltbank, Dew, Read, and Sarasvathy, [2006], and Wiltbank, Read, Dew, and Sarasvathy, [2009].

The following chart in Table 1 (p.30), taken from Dew, Read, Sarasvathy and Wiltbank [2009b], is used to better illustrate the difference between causation and effectuation.

Table 1 Differences between effectual and causal logics from Sarasvathy [2001].

Issue	Causal frame	Effectual frame
View of the future	Predictive. Causal logic frames the future as a continuation of the past. Hence accurate prediction is both necessary and useful.	Creative. Effectual logic frames the future as shaped (at least partially) by willful agents. Prediction is therefore neither easy nor useful.
Basis for taking action	Goal-oriented. In the causal frame, goals, even when constrained by limited means, determine sub-goals. Goals determine actions, including which individuals to bring on board.	Means-oriented. In the effectual frame, goals emerge by imagining courses of action based on given means. Similarly, who comes on board determines what can be and needs to be done. And not vice versa.
Predisposition toward risk and resources	Expected return. Causal logic frames the new venture creation problem as one of pursuing the (risk-adjusted) maximum opportunity and raising required resources to do so. The focus here is on the upside potential.	Affordable loss. Effectual logic frames the problem as one of pursuing adequately satisfactory opportunities without investing more resources than stakeholders can afford to lose. The focus here is on limiting downside potential.
Attitude toward outsiders	Competitive analysis. Causal frames promulgate a competitive attitude toward outsiders. Relationships are driven by competitive analyses and the desire to limit dilution of ownership as far as possible.	Partnerships. Effectual frames advocate stitching together partnerships to create new markets. Relationships, particularly equity partnerships drive the shape and trajectory of the new venture.
Attitudes toward unexpected contingencies	Avoiding. Accurate predictions, careful planning and unwavering focus on targets form hallmarks of causal frames. Contingencies, therefore, are seen as obstacles to be avoided.	Leveraging. Eschewing predictions, imaginative rethinking of possibilities and continual transformations of targets characterize effectual frames. Contingencies, therefore, are seen as opportunities for novelty creation - and hence to be leveraged.

Bricolage was initially utilised by Levi-Strauss [1977] and further developed or discussed by: Baker, Miner, and Eesley [2003], Baker and Nelson [2005] Philips and Tracey, [2007], Di Domenico, Haugh and Tracey [2010], Harper [2011], Stritar [2012], and Fisher [2012] in relationship to the entrepreneurial process.

Bricolage is basically a technique that focuses on using that which is readily available to realise hoped-for-gains.

In the literature summarised in the first paragraph of this section there is a noted tendency to assume that entrepreneurs follow a more effectual logic, even to imply some sort of affinity between effectuative behaviour and entrepreneurship. There is an equal assumption that causation is more associated with the managerial MBA type business planning. However, this is somewhat contrary to that discussed by Hjorth [2004, p414] where he mentioned it was necessary to "place managerial form of entrepreneurship (enterprising) in the perspective of entrepreneurship in its entrepreneurial form". Following Hjorth's logic, causal forms, as exercised by management, could also be entrepreneurial. I suggest that while the literature does tend to link effectuation with entrepreneurial behaviour, it may not be an exclusive association.

Similarly with regards to bricolage, realising hoped-for-gains by applying bricolage techniques (basically using that which is readily available) does not necessitate being entrepreneurial.

In order to develop a relevant frame of reference, I suggest that in determining whether the realisation of hoped-for-gains, in full, or in part, is more or less entrepreneurial it is not sufficient to merely observe the adverbial *how* of the way the innovative process was undertaken. There needs to be a greater evaluation of the verbal action, its adverbial properties in the context of Gartner's 'circumstance' - that being a combination of the institutional set-up, capabilities and elective affinities to determine its level of entrepreneurialism.

De Clereq and Voronov [2009, p395] discuss the 'gaining of legitimacy' which they conceive as the enactment of 'entrepreneurial habitus' where "an entrepreneur is expected to perform; the paradoxical demands of 'fitting in' and 'standing out' …. thus influence the dynamic by which the label entrepreneur becomes deserved" [p398]. It is this concept of 'standing-out' which offers the most interesting possibility to determine the legitimacy of whether a process is more or less entrepreneurial. Whether the process stands out due to something that was created that 'absolutely did not exist before'[1], or the sheer volume of the capital accumulated by the innovative process, or the sudden acceleration of such capital accumulation compared to a normal velocity, or the comparative difficulty faced in developing the innovative process, due to a less than favourable institutional set-up compared to similar processes, are all themes that are discussed in the Chapter 4 of this thesis. In the next Chapter 3 I discuss and apply the first element of Foucault's method of analysis.

Summary

In this chapter I have undertaken a structured review of the literature based on the three words of space, words and deeds, utilising the Deleuzian concepts of folding. This review has focused on the spaces that have developed in the discipline of entrepreneurship and how new spaces have opened up, in particular those that relate to the processual aspects of entrepreneurship. I have followed Gartner's [1993] admonition to be 'explicit' when talking about

entrepreneurship and have discussed my preference for using 'being' instead of 'becoming' in reference to entrepreneurial activities. I have also referred to several Greek terms that have been used in the literature.

I have reviewed the literature in regards to a perceived reluctance to use the word 'verb' as an action to describe the deeds undertaken by those engaged in entrepreneurial activities. Some of the terms used such as entrepreneuring, becoming entrepreneurial, being entrepreneurial, entrepreneurial becoming, etc., do suggest a verbal (as in action) usage without a strong commitment to using the word 'verb'. I have extended the use of the 'verb' to suggest that there are words, such as effectuation, causative, and bricolage, currently within the literature that could be considered adverbial applications of the verbs that describe entrepreneurial actions. However, I have suggested that it is not only the adverbial *how* by which hoped-for-gains are realised that should determine when an innovative process is more, or less, entrepreneurial, but that there should also be greater recognition of contextuality in such determination.

Chapter 3   **Starting from the premise that such universals do not exist**

Introduction

Most of Foucault's work focuses on madness, prisons, sexuality and the history of knowledge. Foucault never directly addressed the concept of the entrepreneur, except in *The birth of Biopolitics* [Foucault, 2008, p226] where he suggested that under neo-liberalism "*homo oeconomicus* is an entrepreneur, an entrepreneur of himself". It is Foucault's work on the history of knowledge, in particular his method of analysis from *The birth of Biopolitics*, that underpins the methodological framework to this study.

Foucault did address the concept of capitalism in some depth. However, he warned of the need to guard "against thinking that at a given moment there was the literal and simple economic reality of capitalism…" [Foucault, 2008, p164]. In part this view was, as suggested by Flew [2012], that capitalism was a 'universal', which as Foucault's method of analysis premised, either did not exist, or at least should not be used as a basis for an analysis.

> [Foucault] was not interested in starting from universal categories such as the state, society, sovereignty and subjects/the people. Rather, his method is to start from the premise that such universals do not exist - as he presumed with his earlier work on madness - and then to consider what forms of critical self-reflection and practical action begin to form such concepts and bring them into play. The aim, as Foucault puts it, is to 'start with these concrete practices and . . . pass these universals through the grid of these practices' (Foucault 2008: 3) [Flew, 2012, p48].

In a similar vein I start by discussing some of the 'universal concepts' common in the discursive formations of the discipline of entrepreneurship, premising either that such universals do not exist or that they may have been over-stated in the discourse or their application has been less than objective or explicit.

Foucault's warning of the need to 'guard against a simple reality of capitalism' could also be applied to the study of entrepreneurship. There is no simple reality. In order to get a better grasp of the complex realities of 'being entrepreneurial' it is considered useful to step away from some of the 'universals' of entrepreneurship, critically look at what practical actions may have under-pinned these concepts, develop an alternate frame of reference and then look at these universals, or their alternatives, by passing historical data on practices through the grid of such a frame of reference.

The selected methodological basis used in this research is the method of analysis applied by Foucault in his 1978 - 1979 lecture series on *The birth of Biopolitics* [Foucault, 2008, p3]. This method of analysis, is distinct from a Foucauldian discourse analysis and is more directed to what could be viewed as a macro approach to concepts, knowledge, and how such knowledge is derived. The three elements of this method of analysis are:

1. start from the premise that such universals do not exist,
2. consider what forms of critical self-reflection and practical action begin to form such concepts and bring them into play,
3. pass these universals through the grid of these practices.

Each of these elements is addressed in the course of the next three chapters.

In this chapter I apply this analysis in this thesis with regards to removing some of the 'universals' within the discipline to gain a greater semantic and conceptual explicit-ness for the concept of 'being entrepreneurial'. The Deleuzian elements of folding are applied, this time against the three criticisms of the discipline of entrepreneurship as outlined in the introduction. The folding is along the lines of Capitalism, Value Judgments and Commercial Focus.

Based upon early findings from the research I have also incorporated several other Foucauldian concepts. The first concept introduces a Foucauldian exercise of power as an integral part of 'being entrepreneurial'. This is incorporated into Deleuze's concepts on forces to provide better contextuality. The second concept is subjectification specifically addressing this in regards to 'ungovernable persons', as the logical corollary to Foucault's 'governable persons', which introduces the third concept of *heterotopia*. This research has indicated the possibility that 'ungovernable persons' are more likely to engage in 'being entrepreneurial', within crisis *heterotopia* (diaspora) or *heterotopia* of deviation (enclaves), which these 'ungovernable persons' use in their interactional relationship with the prevailing institutions. Heterotopias are discussed further in Chapter 4 and in Part Two.

Selecting the universals

Following on from Steyaert and Katz's [2004] three propositions outlined in Chapter 2, I have selected three concepts from the discipline of entrepreneurship that could be considered to be conform to Foucault's premise that they are 'universals'. The basis for such selection was that these concepts have under-pinned a significant part of the discipline and have already attracted a degree of criticism from within the discipline.

First, entrepreneurship, long (assumed to be) associated with capitalism from the early days of Schumpeter, has rarely addressed the role of both entrepreneurship and entrepreneuring in the relative context of a variety of models of historical capitalism [Carney, Gedajlovic, and Yang, 2009; Tipton, 2009], including more socialist orientated models of capitalism where institutional set-ups present a more interventionist scenario.

Second, an additional criticism of the discipline has been made by Ogbor [2000], Sorensen [2008], and Deutchsman [2001] who perceive the discipline of entrepreneurship as glorifying the entrepreneur, and emphasising the goodness of the entrepreneur's work.

Third, as pointed out by Phillips and Tracey [2007, p314] "entrepreneurship literature is dominated by one type of

entrepreneurship, namely commercial new venture formation, leading to an unbalanced view of entrepreneurship even by the field's own definitions".

These three 'universals' namely: Capitalism, Value Judgments and Commercial Focus, are discussed as universals in entrepreneurship in the following sections.

Capitalism

In this section I first outline Foucault's views on capitalism, highlighting the process of capital as being distinct from the historical system known as capitalism. A review of some articles from the discipline of entrepreneurship that relate entrepreneurship with capitalism will suggest a level of ideology in such relationship. I go on to propose a sliding scale for capitalism that, rather than having them as an opposed dialectic, positions socialism and capitalism on the same scale, determined by the degree of intervention, thereby delinking the concepts of entrepreneurship and historical capitalism. The role of institutions as part of development and the accumulation of capital are discussed and the section ends by introducing the 'governable person' out of which the 'ungovernable person' is constructed as a logical corollary.

Foucault's approach to capitalism

In examining the 'epistemological shift' [Lemke, 2010, p197] from the liberal to neo-liberal, Foucault seems to prefer the term enterprise (rather than entrepreneur) and discusses in relation to the works of Weber, Sombart and Schumpeter the concept of 'an enterprise society' where "the *homo oeconomicus* sought after is not the man of exchange as in "the market" under the former liberal regime; the focus was now, in a more neo-liberal regime, on "enterprise and production" [Foucault, 2008, p147].

Foucault eschewed the approach often attributed to Schumpeter [1950] of linking the entrepreneur and entrepreneurial functions with a particular economic system such as capitalism, and instead distinguished between capitalism as an historical system and the process of capital, which "falls in the domain of pure economic theory" [Foucault, 2008, p165]. This delineation is critical and could well suggest that the entrepreneurial function is linked to capital and its accumulation, rather than being mostly linked to the historical system known as capitalism, although it cannot be doubted that entrepreneurs and the entrepreneurial function have moved, changed, and influenced the historical system of capitalism. Foucault also noted that "the historical capitalism we know is not deducible as the only possible and logical figure of the logic of capital [Foucault, 2008, p165], offering the possibility that the process of capital could exist in socio economic systems other than historical capitalism.

In his analysis Foucault refers to the logic of capital as being distinct to Weber's concept of the irrational rationality of capitalism [Foucault, 2008, p105-6, p166, and p177-8]. However, despite suggesting that this was the

characterisation of Weber's problem, he does not explore this concept further, except to suggest that it is through the social and legal intervention of a new institutional framework that it is "possible to nullify and absorb the centralizing tendencies which are in fact immanent to capitalist society and not to the logic of capital" [Foucault, 2008, p177-8]. Thus, by providing a better delineation between capital and capitalism, he offers a solution to the assumption by Schumpeter [1950] on the eventual demise of the entrepreneurial function by an encroaching socialism, simply by removing the entrepreneurial function from its monopolistic association with capitalism as an historical system.

Reviewing the literature on entrepreneurship and capitalism through a Foucauldian prism

To my knowledge no studies appear to utilise Foucault's delineation between capitalism as a historical system and the process of capital which "falls in the domain of pure economic theory" [Foucault, 2008, p165].

On the other hand there are efforts to bring Foucault's theories under the purvey of a more positivist vision of a homogenous 'capitalism'. Dean [1986], Munro [2012] and von Schriltz [1999] all present arguments to this effect. Dean [1986] suggests that Foucault's concepts of disciplinary power could be interpreted as capitalist: governed bodies were developed under a subjectification program to achieve a *homo oeconomicus*.

> Further, the characteristics of disciplinary power are all too neatly congruent with the development of the general features of industrial capitalism. Discipline moves from the margin to the centre of society because by training bodies it makes useful and docile individuals who fit the requirement of the productive sectors [Dean, 1986, p58].

Von Schriltz [1999, p391] suggests that Foucault's work was "a masterful harnessing of leftist assumptions about capitalism to reconfigure history" and argues that,

> Foucault's genealogy of the prison, which embodies his subordination of history to his vague conception of power can be understood as a scathing criticism of capitalism, ….. 'Power' bears an uncanny resemblance to the capitalist efficiency imperative. Foucault's cryptic discussion of power neatly tracks the systematic forces underlying capitalism; industrialisation emerged alongside the prison [Von Schriltz, 1999, p392].

Schumpeter was one of the first to suggest a link between the entrepreneurial function and capitalism. Endres and Woods [2010] point to the 'vast literature' that refers to Schumpeter's [1950] role of the entrepreneur as the 'engine' of capitalism. For example Calas, Smirich and Bourne, [2009, p552] describe the entrepreneur as "a crucial engine driving the change process in capitalist societies".

In the literature reviewed that considers the role of the entrepreneur within capitalism there is a noted tendency not to define capitalism, but an underlying assumption that such capitalism is a variety of 'free market' capitalism, often fitting capitalism within Marxist theory or as a dialectic against the ideology of communism or socialism. For

example, Robison [1991, p vii] states that "the most important revolutionary force at work in the Third World today is not communism or socialism but capitalism".

Jones and Spicer [2005, p224] cite Althusser to "suggest that ideology 'acts' or 'functions' in such a way that it 'recruits' subjects". There may well have been an historic trend in studies of entrepreneurship to reinforce an ideology. There may have also been some selective interpretations of Schumpeter that tended to reinforce an ideological position, supporting a homogenous vision of capitalism. Such reinforcement may have included some constructivism. As pointed out by Endres and Woods [2010, p584] "even in those avowedly Schumpeterian contributions there are scarcely any linkages made to Schumpeter's original work on the subject".

This is not to say that Schumpeter was not a supporter of the historical system of capitalism. He was. Schumpeter [1950, p123] states "so in this sense, capitalism - and not merely economic activity in general - has after all been the propelling force of the rationalization of human behaviour". While many of the Schumpeterian citations have focused on the positivism of the entrepreneur in relation to capitalism, Schumpeter did tend to use the positivism of 'the entrepreneur' and the relativism of the entrepreneurial function somewhat interchangeably, including venturing into more relative spheres of thought. As suggested by Andrieu [2010], Schumpeter even went as far to advocate a study of the different systems, political as well as economic, in which the entrepreneur had to operate.

> Schumpeter also explained that research on entrepreneurship should include a study of the structure of, and changes in, the industries, markets, societies, economies and political systems in which entrepreneurs operate [Andrieu, 2010, p105].

Also, as pointed out by Weiskopf [2007], Schumpeter also had a role for the entrepreneur in more co-operative, socialist orientated economic models.

> He writes "the entrepreneurial function need not be embodied in a physical person, and in particular in a single physical person. Every social environment has its own ways of filling the entrepreneurial function....again the entrepreneurial function may be and often is filled co-operatively... Aptitudes that no single individual combines can thus be built into a corporate personality... In many cases, therefore, it is difficult or even impossible to name an individual that acts as 'the entrepreneur'" (Schumpeter 1991, 260-1, quoted in Hjorth/Johannisson/Steyaert 2003, 100) [Weiskopf, 2007, p151].

The ideology that supports the concept of homogenous capitalism may have lost some discursive substance upon the demise of communism.

> The recent demise of the communist states has focused increasing attention on the need to understand the enormous variance found among capitalist systems. Because the central international divide is no longer communism versus capitalism, but rather tensions among major capitalist powers, the diversity of capitalist systems has become more apparent than any time in the last half century [Hutchcroft, 2000, p55].

As pointed out by Hutchcroft there is a great diversity of capitalist systems. Yet the point is that entrepreneurship,

long associated with a more homogenous capitalism from the early 'Schumpeterian contributions', has rarely (except through the Austrian School) addressed the role of both entrepreneurship and entrepreneuring in the relative context of a variety of models of capitalism [Carney, Gedajlovic, and Yang, 2009; Tipton, 2009], including more interventionist models.

It could be suggested that in the more positivist forms the entrepreneur has generally been considered the 'fixed entity' [De Clercq and Voronov, 2009, p95; Rindova, Barry and Ketchen, 2009, p478], with little attention being given to variance in the economic system in which s/he operates, whereas it is a distinct possibility that the system could also be considered a variable. As the system changes and presents disequilibria, then the entrepreneurial function has the opportunity to take advantage of the opportunities presented. This way of thinking is found more often in what is known as the Austrian school of entrepreneurial thought which does, in general, tend to avoid positivist explanations of entrepreneurship. The Austrian school may also have a greater focus on the process of capital which "falls in the domain of pure economic theory" [Foucault, 2008, p165] in respect to entrepreneurship, rather than solely the historical system of capitalism described by Foucault. Boehm-Bawerk, for example, in *Positive Theory of Capital* demonstrated that capital, rather than being homogenous, has an intricate and diverse structure including a time dimension. Andrieu [2010] concludes that:

> The Austrian model is completed with the addition of the entrepreneurial function, which explains how change occurs within the market. ....[the Austrian view] creates a framework for a precise analysis of economic processes which can accommodate many different cultural or social settings and yet, as the case studies showed, maintain a large degree of realism [Andrieu, 2010, p115].

With the idea of removing some of the ideology relating to capitalism as an historical system, and reorientating the framing of entrepreneurship within the process of capital, as an 'economic process which can accommodate many different cultural or social settings', in the next section I discuss using a sliding scale for the relationship between socialism and capitalism.

Re-thinking the relationship between capitalism and socialism

According to Bell [1996 p xvi] "capitalism is a socio economic system geared towards the production of commodities by a rational calculus of cost and price, and to the consistent accumulation of capital for the purpose of reinvestment". This definition basically delineates the rationality of capitalism compared to a presumed lack of such rationality either in the 'primitive accumulation' of Marxist theory [Marx, 1976, p714], or the dual economic theories propagated by Boeke (see Moore [1954]) in Indonesia, based on the premise that the "non-European was not rational" [van der Eng, 1991, p42]. The interesting point about Bell's definition is that it is non-ideological and does not endeavour to enter into the capitalism/socialism dialectic. The inference that can be drawn from this definition is that if socialist enterprises also exhibit such 'rational calculus of cost and price' and are also geared towards the 'consistent accumulation of capital' then they too should be considered to be a form of capitalism.

To extrapolate further, if such socialist enterprises conform to Bell's definition of capitalism then, by following Schumpeter, there should be an 'entrepreneurial function' [Schumpeter, 1950, p132] at some point which brings these enterprises into existence. This viewpoint suggests that rather than an ideological difference between capitalism and socialism, there is instead, 'a process' [Foucault, 2008, p165] based on Bell's [1996] 'rational calculation' and 'accumulation of capital', which can differ based upon the degree of intervention, thereby covering both the historical systems of capitalism and socialism. To avoid the ideology inherent in a capitalist/socialist dialectic, for the purposes of this study I propose using a sliding scale for 'capitalism' ranging from the socialist/interventionist[2] to the free-market *laissez faire* style of capitalism. This is done to free entrepreneurship from its universal association with one historical system of capitalism, which may reflect an ideological position, and also offer an alternative association, that being with a process of capital.

Foucault points out that both the "history of capitalism can only be an economic-institutional history" [Foucault, 2008, p164] and also that the process of capital "may give rise to institutional and consequently economic transformations, to economic-institutional transformations, which open up a field of possibilities for it" [Foucault, 2008, p165]. The aspects of institutions, entrepreneurship and development are discussed next.

Development – the role of institutions

As commented by *The Economist* columnist 'Schumpeter' [2013] "Entrepreneurship is the modern-day philosopher's stone: a mysterious something that supposedly holds the secret to boosting growth and creating jobs." There is an assumption in the literature on the association of entrepreneurship with development and economic growth. See for example Ebner [2005], Leeson and Boettke [2009], Leff [1979], Naude [2010], and Wennekers and Thurik, [1999].

From Bell's [1996] definition of capitalism it could be assumed that such development and economic growth are a result of the accumulation of capital that is an integral part of this economic model. However, Reinert [1999] queries such link between capital accumulation and growth.

> In 1956 Stanford economist Moses Abramowitz showed that capital accumulation only accounted for 10-20 per cent of US economic growth ± which he then referred to as 'a measure of our ignorance about the causes of economic growth' [Reinert, 1999, p274].

A further review of literature on institutions reveals the possibility of institutions playing a significant role in development [Douhan and Henrekson, 2010; Coyne and Leeson, 2004; Henrekson, 2007; Coyne, Sobel, and Dove, 2010; Leeson and Boettke, [2009]. Tipton [2009] suggests that a heightened influence of institutional involvement may be a distinctive feature of business models in Southeast Asia.

That parallel to varieties of capitalism elsewhere, there are distinctive features to the Southeast Asian business system, but that institutions play a relatively large role compared to firm specific resources or industry structures [Tipton, 2009, p.401].

Whether such heightened institutional involvement is a particular feature of businesses in Southeast Asia is open for further discussion. However, in general, the role of institutions probably deserves more attention in studies of entrepreneurship with regards to its contribution to development and the manner in which entrepreneurial activities adapt to the prevailing institutions. As pointed out by Acs, Desai and Hessels [2008, p220] "the broad nexus between entrepreneurship, economic development and institutions is a critical area of inquiry".

As cited by Henrekson and Sanandjaj [2011, p48] "Boettke and Coyne (2003) probably contain the strongest assertion that institutions are the ultimate cause of growth, whereas entrepreneurship is merely a proximate cause, since according to them its supply and direction is fully determined by the institutional set-up." Henrekson and Sanandjaj [2011, p47] also suggest that "Baumol's seminal work (1990) contributed to the literature by showing that institutions determine not only the *level*, but also the *type* of entrepreneurship." This emphasises the possibility of the role played by the institutional set-up in influencing the characteristics of entrepreneurship.

One commentator has reviewed the role of institutions in economic performance:

> North criticized the received view that economic growth is caused by the accumulation of factors of production. He claimed that these are just proximate causes of growth. The ultimate causes for development resided instead in the incentive structure that encouraged individual effort and investment in physical and human capital and new technology. This incentive structure was in turn determined by "the rules of the game in society" or the institutional set-up broadly construed. The role of institutions has in recent years re-emerged as a dominant explanation of long term economic performance [Henrekson, 2007, p721].

Some caution does need to be considered in reviewing of the literature as to 'what are institutions'. Henrekson [2007, p730] reviews what he describes as 'four pertinent institutions'. A similar review is done by Acemoglu and Johnson [2005] detailing the aspects of protection of property rights, savings and wealth formation, taxation, and labour market regulations. However, according to Glaeser, La Porta, De-Silanes and Shleifer [2004. p273] these supposed institutions are actually 'measures of institutions', not descriptions of institutions.

According to North [1991, p98], institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights). Some of these institutions are formal structures of the nation state such as the constitution, the judiciary, business law, bureaucratic set-ups and the like. Informal rules include the ways in which people adjust their identification process and behaviour based upon shared or unshared attributes.

One institutional approach assumes that "individuals act in self-interest to transform their institutional environment by aligning it with their particular goals" [Pacheco, York, Dean and Sarasvathy, 2010, p978]. This line of thought derives from Dimaggio [1982], one of the writers with significant *gravitas* in the field of institutional entrepreneurship. However, another line of thought is provided by sociologists Denzau and North [1994] is that the dynamics of formal and informal institutions create mental models based upon commonalities in environmental and learned experiences, also deserves attention.

I would suggest that rather than the positivist vision of the bold visionary described by Mintzberg and Waters [1982], being entrepreneurial is more closely aligned to an interactional relationship within the arena of the institutions described by Foucault, (along with the Deleuzian forces) either by a process of 'aligning self-interest with institutions' or following the 'mental models' or templates created by 'the dynamics of formal and informal institutions'.

"The broad nexus between entrepreneurship, economic development and institutions" commented on by Acs, Desai and Hessels [2008] could suggest that it is this interactional relationship process, between those being entrepreneurial and the institutions, that is presumed to give "rise to institutional and consequently economic transformations, to economic-institutional transformations", as described by Foucault, [2008, p165].

In a marked similarity with Schumpeter's discussions on the clusterings of innovations and, to an extent, his concept of creative destruction, Foucault [1980, p112] raises the query: "How is it that at certain moments and in certain orders of knowledge, there are these sudden take-offs, these hastenings of evolution, these transformations which fail to respond to the calm continuist image that is normally accredited?" I suggest that such transformations arise as part of the interactive process between those being entrepreneurial and the institutional environment in which they are sited. This involves a mechanism for the exercise of an entrepreneurial power, probably by those best described as 'ungovernable persons'. This mechanism is discussed in a later section where I address the view that much of the literature of the realisation of hoped-for-gains through institutional means attracts value judgments.

Prior to looking at value judgments I round off this section on capitalism with a discussion on the Foucauldian concept of the 'governable person' [Weiskopf, 2007, p132] in the context of capitalism, and use this concept to construct the 'ungovernable persons'.

Constructing the 'ungovernable person' from the 'governable person'

Foucault's 'governable person', as introduced in *Discipline and punishment: The birth of the prison,* is an integral part to the disciplinary apparatus. It is literature more usually associated with the accounting discipline such as Bush and Maltby [2004], Eko Sukoharsono and Gaffikin [1993], and Parulian Silaen and Smark [2007] that tends to address the concept of the 'governable person', the latter two with particular reference to Indonesia.

In his critique of Foucault's concepts on disciplinary power, Dean [1986] provides a definition of what is a 'governable person' - a 'useful and docile individual' fitted to the requirements of the 'productive sectors';

> Further, the characteristics of disciplinary power are all too neatly congruent with the development of the general features of industrial capitalism. Discipline moves from the margin to the centre of society because by training bodies it makes useful and docile individuals who fit the requirement of the productive sectors [Dean, 1986, p58].

There is an interesting complementarity in comparing Dean's concept of the 'governable person' within the development of industrial capitalism and the concept of the entrepreneur within historical capitalism as discussed above. On one hand there is the 'governable person' and on the other hand there is what could be termed the willful 'ungovernable person' who engages in Schumpeter's [1950] notion of creative destruction, renewing the system from within.

The 'useful and docile individuals' under Foucault's disciplinary apparatus become less governable as the systems changes and under the security apparatus of the neo-liberal it is where '*homo oeconomicus*' becomes "an entrepreneur, an entrepreneur of himself" [Foucault, 2008, p226]. A point to note here is that such 'system changes' would or could not happen by themselves without some 'force' [Deleuze, 2012, p101] playing some role in such change. I suggest that those being entrepreneurial in their innovative processes are an integral part of the changes to the system, rather than, as Foucault's comment on '*homo oeconomicus*' becoming an 'entrepreneur of himself' suggests, they are merely a product of such changes.

Foucault, as pointed out by Munro [2012, p346], views these forces as centripetal and centrifugal.

> Foucault… associated the development of bio political techniques for the management of populations with the rise of a new concept of power which he called 'the apparatus of security'. He contrasted the disciplinary apparatus that encloses, fixes, confines, with the emerging security apparatus that organizes the circulation of commodities, consumers and producers. Whereas the disciplinary apparatus acts as a centripetal force, the security apparatus acts as a centrifugal force.

Foucault discusses the centripetal properties of the disciplinary apparatus.

> Discipline is essentially centripetal. I mean that discipline functions to the extent that it isolates a space, that it determines a segment. Discipline concentrates, focuses and encloses. The first action of discipline is in fact to circumscribe a space in which its power and the mechanism of its power will function fully and without limit [Foucault, 2007, p44].

It could be considered that the actions of the 'ungovernable person' resisting the constraints of the disciplinary apparatus are centrifugal compared to the centripetal restraints of the disciplinary apparatus. The interactional relationships between those exercising centrifugal actions and the space in which they operate can, if there is

sufficient accumulation, lead to institutional change. Eventually they lead to a more security orientated apparatus where "new elements are constantly being integrated: production, psychology, behavior, the ways of doing things of producers, buyers, consumers, importers, and exporters, and the world market" [Foucault 2007, p44-45]. However, such institutional change is unlikely to be a simple process as centripetal and centrifugal movements compete.

I draw an analogy with a see-saw that rotates to illustrate the dual movement between those endeavouring to be less governed and those who wish to make them more governable. The see-sawing action is indicative of the competing actions of the 'ungovernable persons' working within a system that endeavours to make them governable. The rotating actions, which encourage centrifugal movements, would be constrained by the disciplinary apparatus, whereas such rotating actions would be beneficial to those seeking to be less governed as the spin-offs could lead to a more security orientated apparatus.

Rindova, Barry and Ketchen [2009, p482] discuss the aspects of how constraints are overcome or removed and state their belief "that entrepreneurship researchers can make important contributions by systematically examining the relationship between change and constraints and investigating the processes through which constraints are not only overcome but also removed". They also introduce the concepts of 'seeking autonomy', 'authoring' and 'making declarations' which I use in the data chapters.

In the next section I discuss further the mechanism of an exercise of entrepreneurial power that is a centrifugal force against the mechanism of disciplinary power described by Foucault.

Value judgments

The second universal concept chosen for discussion is value judgments in two areas of the literature on entrepreneurship. (1) The perception of an inherent goodness in the work of the entrepreneur; and (2) the perception that rent seeking, which will be justified as being within the remit of entrepreneurial studies, somehow seem to acquire the aspect of being 'unproductive' or 'second best'. The bases for this discussion are Foucauldian concepts on the exercise of power.

Exercise of power

While there have been endeavours to interpret Foucault as offering a 'positive' power [Wickham, 2008], Foucault's conceptions of power tend not to express the exercises of power as being positive or negative. Power is simply a mechanism inherent in relationships or networks. Foucault [1980, p119] discusses the productive aspects of power and also the repressive aspects of power. He also discusses the repressive and jurisdictional aspects of power. But he does not seem to directly discuss the negative / positive / neutral aspects of power - for him *le pouvoir* did not exist.

> Power in the substantive sense, *le pouvoir*, doesn't exist. What I mean is this. The idea that there is either located at - or emanating from - a given point something which is a 'power' seems to me to be based upon a misguided analysis, one which at all events fails to account for a considerable number of phenomena. In reality power means relations, a more or less organised, hierarchical, co-ordinated cluster of relations [Foucault, 1980, p198].

In applying Foucault's original views on power mechanisms, I offer the view that as part of being entrepreneurial, what entrepreneurs 'do', or what is contained in the verb 'being entrepreneurial' is to engage in an exercise of power. In relationship to value judgments this exercise has no inherent tendencies to be positive or negative.

Such power mechanism is exercised in relationship to the interface between the institutional set-up, and the realm of capabilities and elective affinities. In this regards it is probably easier to view an entrepreneurial exercise of power more in the framework of Deleuze's 'forces'. This exercise follows the Deleuzian [2012, p124] interpretation that "Foucault's general principle is that every form is a compound of relations between forces". The traditional disciplinary approach to entrepreneurship suggests a 'Cartesian individualism' [Redpath, 1997] inherent in being 'an entrepreneur'. Foucauldian theories can be used to extend that approach to an exercise of entrepreneurial power. Yet it is within the way that Deleuze frames Foucauldian power as forces, that there is a greater perception of contextuality. Compared to a Cartesian approach, a Deleuzian approach suggests subjectification to, and an adaptation of forces, rather than any implied mastery of such forces.

Reification of the entrepreneur

A number of writers such as Deutchsman [2001], Ogbor [2000] and Sorensen [2008] have criticised the discipline of entrepreneurship for glorifying the entrepreneur, and for emphasising the goodness of the entrepreneur's work. Such emphasis on the goodness could be interpreted as being a positive power. Sorenson [2008] goes as far to describe the entrepreneur as being viewed as a saviour. A comparison could be drawn with the earlier discussion of entrepreneurship as being part of a monolithic capitalism by saying that such criticism refers to a monotheistic capitalism, with St Entrepreneur leading the way to the refrain of Onward Capitalist Soldiers.

It is possible to agree with Ogbor's [2000, p624] suggestion that "a large body of the literature and research on entrepreneurship (with few exceptions) has detached itself and its analysis from what Schumpeter calls 'intimate collaboration between facts and theory' [Swedberg, 1991; Ogbor, 2000, p624]. Without saying that the discipline is necessarily wrong to reify the entrepreneur or their works, the point is that the encouragement of a value free state could form the foundation for greater objectivity and explicit-ness.

Unproductive entrepreneurship

The term 'rent-seeking' was introduced by Krueger [1974, p291] whose opening paragraph is as follows:

> In many market-oriented economies, government restrictions upon economic activity are pervasive facts of life. These restrictions give rise to rents of a variety of forms, and people often compete for the rents. Sometimes, such competition is perfectly legal. In other instances, rent-seeking takes other forms, such as bribery, corruption, smuggling, and black markets.

Baumol [1990], Coyne, Sobel and Dove [2010], Davidson and Ekelund [1994], and Sobel [2008] discuss the aspects of productive and unproductive entrepreneurship with the practice of rent-seeking being one of the roles of the entrepreneur. While there is a tendency to apply value judgments and consider rent-seeking to be unproductive, these articles do provide justification whereupon such practices can be included in the remit of entrepreneurial studies. Douhan and Henrekson [2010] extend the study on rent-seeking to looking at what they term 'second best' institutions (where what appears to be an unproductive activity may in many circumstances be a second-best substitute for inefficient institutions), prevalent in developing nations. They also view aspects where entrepreneurial activities 'change the workings of the institutional set-up'.

With the power mechanisms discussed above I suggest that the label unproductive is a value judgment inconsistent with Foucauldian concepts of power. There appears to be some value judgement in that profit seeking is acceptable, whilst rent-seeking is less acceptable, in other words one is 'positive' and the other 'negative'. In a later section I suggest 'hoped-for-gains' as an end for being entrepreneurial rather than profits, such gains being inclusive of rent seeking, rather than any exclusivity to profits *per se*. The aspects of rent-seeking and corruption are part of the institutional set-up in certain economies at certain times, and value judgment detracts from the manner in which it is possible to view how people work within the institutional set-ups to achieve 'hoped-for-gains'.

As an example of rent-seeking in Europe in a different time, Davidson and Ekelund [1994] discuss the rent-seeking operations of the Cistercian monasteries, held up by Baumol [1990] as early examples of entrepreneurship, applying rent-seeking as a form of franchising, where monasteries paid 5% of revenue as a fee to the local bishop, who in turn had to pay a 'franchise fee' up to the archbishop who in turn duly paid fees at a papal level. A similar system is researched in Indonesia by Kristiansen and Ramli [2006] who describe the 'fees' paid by civil servants to superiors to firstly gain entry level positions and later gain advancement. Such fees could well be considered venture capital which needs to be not only replenished by means of rent seeking, but the practitioners also need to accumulate their capital base in order to advance, as more senior positions require the payment of larger franchise fees. The manner in which informal institutions interact with formal institutions is investigated as part of this study. Olken [2006; 2009], Olken and Barron [2009] and Kristiansen, and Ramli [2006] indicate that a greater heterogeneity of informal institutions is utilised in order to get better discounts on the rent-seeking activities of superiors and gain advantage

over competitors.

More finely grained analysis of this aspect is sought in this thesis. However, as will be discussed in Chapter 5 there have been silences in the discourses analysed with regards to rent-seeking and corruption in SE Asia. This has led to what could be considered to be incomplete discursive formations in this area.

I now discuss the third universal concept, an overt 'commercial focus'.

Commercial focus

Historically studies on entrepreneurship are generally positioned within the fields of business, management and/or economics. As pointed out by Phillips and Tracey [2007, p314] "entrepreneurship literature is dominated by one type of entrepreneurship, namely commercial new venture formation, leading to an unbalanced view of entrepreneurship even by the field's own definitions".

Possibilities in expanding to new spaces

Johannisson [2011, p139] describes the need to liberate "entrepreneuring from a narrow-minded association with economic activity alone". Foucault, on the other hand, suggests the alternative of using a much broader interpretation of 'the economic',

> from this angle, the economic is not a firmly outlined and delineated area of human existence, but essentially includes all forms of human action and behaviour (Lecture 14 March 1979; Gordon 1991: 43) [Lemke, 2010, p 197-8].

Being entrepreneurial is not necessarily constrained by the ontology and disciplinary focus on 'commercial new venture formation' and can well cover 'all forms of human action and behaviour'. There have been spaces in the ontological development of the discipline on non-commercial areas. For instance one of the first texts to ever mention 'the entrepreneur' in its title was Barth [1963] *The role of the entrepreneur in social change in Northern Norway*. This text focused not on the commercial aspects of entrepreneurship but the social aspects, and also took a more relative position belying what the title implied in that "an entrepreneur should not be treated as a status or a role, but rather as 'an aspect of a role: it relates to actions and activities, and not rights and duties" [cited in Jannicke, 2007, p6].

Since Barth's work, there has been a noted focus on, as Johannisson [2011] has described, economic activities. However, over the last decade in particular, there has been a noted change, with more recent studies expanding entrepreneurship into the areas of:

- social entrepreneurship – for example, Austin, Stevenson and Wei-Skillern [2006], Dacin, Dacin and Matear, [2010], Hanby, Pierce and Brinberg [2010], and Nicholls [2010];

- institutional entrepreneurship - for example, Baez and Abolafia [2002], Battilana, Leca and Boxembaum [2009], Baumol [1990], Bruton, Ahlstrom and Li [2010], Coyne and Leeson [2004], Coyne, Sobel, and Dove [2010], Dimaggio [1982], Douhan and Henrekson [2010], Henrekson [2007], Leeson and Boettke [2009];

- political entrepreneurship – for example, Bjorkman and Sundgren [2005], Crow [2007], Dahles [2005], Fujimura [2009], Holcombe [2002], Klein, Mahoney, McGahan, and Pitelis [2010], McCaffrey and Salerno [2011], Polsky [2000], Sheingate [2003], and Wohlegemuth [2000] and;

- developmental entrepreneurship - for example, Naude [2010].

This expansion does indicate that the discursive formations in the discipline are broadening the accepted boundaries of entrepreneurship.

Removing exclusivity of rationality with commercial ventures

From the previous discussion on capitalism, the aspects of 'rational calculation' and 'accumulation of capital' mentioned by Bell [1996] are not the sole preserves of business, management nor economics. Political capital, social capital, and moral capital are commonly accepted terms and one assumes that such capital can also be accumulated based upon rational calculations and there is little to justify their epistemic exclusion from entrepreneurial studies. I suggest that the use of 'rational' could well be attributed to an ideology. Schumpeter [1950, p123] states that "so in this sense, capitalism - and not merely economic activity in general - has after all been the propelling force of the rationalization of human behaviour".

It could be assumed that the difference between causation and effectuation as proposed by Andersson, [2011]; Chandler, DeTienne, McKelvie, and Mumford, [2011]; Dew, and Sarasvathy, [2007]; Dew, Read, Sarasvathy, and Wiltbank, [2008, 2009, 2009b]; Sarasvathy, [2001]; Sarasvathy, and Dew, [2005, 2008, 2008b]; Wiltbank, Dew, Read, and Sarasvathy, [2006, 2009], could imply that effectuation is less rational than causation. However, I suggest that causation and effectuation are different means to an end, without implying that one is more rational than the other. The different means are inherent in the way (and timing) that resources are applied to the innovative process. The end is still the same - the realisation of a 'hoped-for-gain'. Causation and effectuation are discussed in this study, as adverbial applications qualifying the verbal action of being entrepreneurial.

Cornwall and Naughton [2003, p66] point out, "the problem here is that the *end* of entrepreneurship is reduced wholly to a technical/financial order". The changing direction, as noted above, from generally positioning

entrepreneurship within the spaces of business, management and/or economics, also suggests a need to re-assess the end or 'hoped-for-gain' for entrepreneurial activities. In the next section I elaborate on the distinction between pecuniary gains and profits.

From profit to gains

McDaniel [2005] draws on Schumpeter's *The theory of business enterprise* to explain that pecuniary and entrepreneurial profits are not the same.

> Schumpeter stated that the entrepreneur is pecuniary, and therefore from a neoclassical perspective this description has most often been translated into the entrepreneur having the characteristic of being a capitalist and profit motivated. However, being pecuniary is not the same as being profit motivated [McDaniel, 2005, p 485].

Referring to a Schumpeter text from 1908 McDaniel [2005] further elaborates on the term *hedonic* to explain the difference between a rational calculation (as suggested in Bell's [1996] definition above) and maximising profits,

> a plausible explanation could be that the entrepreneur does not necessarily follow the strict self-interest pursuit of maximizing profits as depicted by the neoclassical model of market capitalism. Therefore, Schumpeter's use of the term "entrepreneurial profits" could easily be distinguished from the neoclassical position of "maximizing profits". This view could easily lead to the association of the term "pecuniary" with the concept of "entrepreneurial profits" [McDaniel, 2005, p486].

The term *hedonic* is used later in this study in discussions on dual economies proposed by Boeke (see Moore's [1954]) where 'traditional values' were deemed to be less than rational. The epistemic justification that focuses on a purely financial end where "capitalist practice turns the unit of money into a tool of rational cost-profit calculations" [McCaffrey, 2009, p12] may be an excessively stringent form of justification. In this study I use the term 'hoped-for-gains' as the *end* for being entrepreneurial, rather than entrepreneurial profits as this permits a greater range of epistemic justification. It is this use of 'hoped-for-gains' rather than entrepreneurial profits that will assist to better explain the concept of the realisation of hoped-for-gains discussed in this study.

'Rational calculation' does not always mean maximising hoped-for-gains. There are circumstances where a rational calculation can result in aiming to attain a less than maximal gain. This is illustrated later in this thesis; however, a brief example here assists to illustrate. The rent-seeking activities of a person in a position where they are capable of exercising power, say, a bureaucrat in an Indonesian government office may be reluctant to maximise their hoped-for-gains. Doing so will attract too much attention and they may be required to share their realised gains with their superiors or co-workers, or it may attract the attention of the anti-corruption forces who may take legal action. This is a rational calculation, designed not to maximise gains.

Summary

This chapter has focused on three universals of entrepreneurship, some exclusivity to historical capitalism, a set of value judgments, and an overtly commercial focus.

As an outcome of the discussions on these three universals it could be deduced that being entrepreneurial, as a part of the innovative process:

- is part of a rational process of accumulating capital, that is
- is embedded in an institutional framework, and
- exercises power, as a mechanism inherent in relationships or networks in order to achieve
- involves a hoped-for-gain, which is not necessarily profit.

Such deducibles are incomplete in that they do not attempt to determine which innovative processes are more, or less entrepreneurial. In the next chapter I continue with the next stage of the Foucauldian analysis to outline a frame of reference by which it could be possible to determine which innovative processes are more, or less entrepreneurial.

Chapter 4   Consider what forms of critical self-reflection and practical action begin to form such concepts and bring them into play

Introduction

In this chapter I develop a frame of reference based upon the concepts earlier discussed, along with 'reflection' and 'practical action'. The intention is to develop a frame of reference to enable the discussion in Chapter 5 on the 'grids of practices' and the comparison with the 'grids of specification' from the data/discussion chapters.

Developing the frame of reference

The four deducibles, outlined at the conclusion to the previous chapter, point to the possible ordinariness of the innovative process. De Clereq and Voronov [2009, p395-6] describe entrepreneurship as the 'unfolding of everyday practices' and suggest "that the presentation of the entrepreneur as a heroic agent of change might be a social construct". Steyaert and Katz [2004] have a similar view on the 'everyday' nature of entrepreneurship. In their study of entrepreneurial legitimacy as a practice perspective, De Clereq and Voronov [2009, p397] acknowledge the influence of Bourdieu, de Certeau, Foucault, and Giddens in pointing out that "entrepreneurship is not so much about the stereotypical, heroic posturing of an elite group of actors but the everyday activities that take place through sociocultural processes in local neighbourhoods and communities".

Yet the ordinariness of such everyday actions does not explain the reasons for academic attraction to 'the entrepreneur' and the 'entrepreneurial process' that has produced the huge volume of books and articles on the subject. Without suggesting that the social construct of the entrepreneur; either as the *deus ex machina* [Kirzner, 1999, p10; Battilana, Leca and Boxenbaum 2009, p67; Armstrong, 2001, p534] or the *diabolus ex machina* [Levine, 1969, p10], and their processes, has become a case of the emperor's clothes, such volume has to suggest there is something to this *deus* or *diabolus* outside of such ordinariness.

De Clereq and Voronov [2009] discuss the process of entrepreneurial legitimacy with regards to legitimising the entrepreneur:

> In short, drawing on the notion of habitus, entrepreneurial legitimacy encompasses expectations about both conformity and rule breaking as crucial for newcomers entering a field to be legitimized as 'entrepreneurs' [De Clereq and Voronov, 2009, p402].

With this study on 'what is being entrepreneurial' my focus is not on 'the entrepreneur'. Instead my focus is on the innovative process. I could use the term legitimising and suggest that the way some innovative practices stand-out, or the way some innovative processes break the rule, or the way some innovative processes are carried out, or the

results some innovative processes achieve, could legitimise them in some way as being more, rather than less, entrepreneurial. But I do have some reservations about the use of the word 'legitimise'. It is akin to the bestowing of the title of an entrepreneur which does tend to be against the grain of the temporal and processual aspects of entrepreneurship that I advocate.

In my development of a frame of reference of 'being entrepreneurial', I do not start from 'the entrepreneur' but instead firstly look at *what* the innovative process realises and then, retroactively, look at the *how* by which the hoped-for-gains are generated (this approach is a combination of the critical processes developed by Foucault, Deleuze and Bourdieu).

The start point to developing a frame of reference is the point where the hoped-for-gains are realised in full or in part (or there is realisation that they fail) as acknowledgement that there are 'concrete practices' where actions, that could be considered to be innovative, do exist, but only, at this point in this study, by their realisation. As discussed earlier, such hoped-for-gains can be realised at different times in the innovation process.

The 'hoped-for-gain' is expressed as the "accumulation of capital" [Foucault, 2008, p227]. I use Bourdieu's concept of capital, which refers to "all the goods, material and symbolic, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation" [De Clereq and Voronov, 2009, p399]. This definition, (which concurs with Foucault's desire to expand the meaning of 'economic' as cited by Lemke [2010], above) expands capital outside of its legacy of being solely commercial capital, and can include political capital, moral capital, human capital and the like. The grid of *homo oeconomicus* therefore expands to "domains that are not immediately and directly economic" [Foucault, 2008, p268].

The exercise to assess whether some realisations of hoped-for-gains are more, or less, entrepreneurial is not easy; there are few academic precedents to follow. The approach I am developing in this thesis follows that outlined by De Clereq and Voronov [2009] and their discussions on 'fitting in / standing out', 'conformity / rule breaking'. The elements of 'conformity / rule breaking' resonate with the governable/ungovernable persons conception discussed earlier. This reinforces my intention to use Foucault's 'governable persons' and its corollary of the 'ungovernable person' as a base. 'Fitting in / standing out' also has resonance with the alignments discussed by Pacheco, York, Dean and Sarasvathy [2010, p978] earlier. However, a point that I would like to stress is that while De Clereq and Voronov [2009] tend to base entrepreneurial legitimacy on the aspects of 'rule breaking' and 'standing out', I believe that there is a need for greater contextuality in determining whether an innovative process is more, or less, entrepreneurial, particularly in regards to the institutional and environmental context and the adverbial *how* the entrepreneurial actions are undertaken. This *how* is best illustrated in the underlying reason why Richard Branson is often referred to as an entrepreneur, whereas Warren Buffet seldom attracts such an accolade. Both 'stand-out' as having amassed fortunes, yet Branson has obviously done something differently.

In the next two sections I discuss 'The What' and 'The How' of innovative processes and follow these with discussions on how these integrate with the institutional set-up in particular the resistance and constraints introduced in Chapter 3, and capabilities, in which I take a more relative approach and suggest 'elective affinities' rather than entrepreneurial traits.

Looking at *what* the innovative process realises

Historically, as many of the discursive formations indicate, the establishment of a new venture was sufficient, in many cases, to legitimise an entrepreneur. Yet, Schumpeter [2013] (columnist for *The Economist* magazine, not 'the economist') has commented that "there is a world of difference between the typical small-business owner (who dreams of opening another shop) and the true entrepreneur (who dreams of changing an entire industry)". In a similar vein, more in line with the innovative processes being discussed, as cited earlier Henrekson and Sanandjai [2011, p51] comment that " an activity must be sufficiently innovative for it to be defined as entrepreneurial and made distinct from non-entrepreneurial activity."

The discursive structures that have been constructed along the lines that an 'entrepreneur' is someone who has started a new venture is a limited measure in determining whether such realisations are more or less entrepreneurial. However, it does provide an entry point for such a determination.

The start point to the process of innovation can be assumed to be the commencement of a new venture that corresponds to any of the five innovations as outlined by Schumpeter. Following the removal of a focus on commercial new ventures as a universal of entrepreneurship, an innovative venture could be political, social, scientific, technical as well as commercial. However, the concept of a new venture is problematic as to when does such commencement occur? Does it start with an idea? Does it start with an action? Does it start with the first gains? Pin-pointing the commencement is difficult.

The start point of a 'new venture' is also problematic from the stand-point of a Foucauldian exercise of power discussed previously. It suggests a given point from which the exercise of power commences.

> The idea that there is either located at - or emanating from - a given point something which is a 'power' seems to me to be based upon a misguided analysis, one which at all events fails to account for a considerable number of phenomena. In reality power means relations, a more or less organised, hierarchical, co-ordinated cluster of relations [Foucault, 1980, p198].

I suggest that, following the Bourdeauian discussion on capital in the previous section, an arbitrary start point for any new innovative venture (that conforms to Schumpeter's definitions) be seen as some accumulation of capital. For a commercial new venture it is a given that capital needs to be accumulated before the venture can commence. This, accumulation of initial capital, in itself may be one case of realisation of hoped-for-gains in the innovative

process.

Pacheco, York, Dean and Sarasvathy [2010, p978] use the term 'acting in self-interest' as a definition of *phronesis*. Inherent in the realisation of hoped-for-gains is the 'self-interest' in the accumulation of capital; everyone wants to accumulate capital, and there is possibly some voyeuristic fascination with not only its accumulation, but with any novelty and/or the 'acceleration of its accumulation' [Foucault, 2008, p232] that could explain why entrepreneurship, as a discipline, has attracted so much attention despite the perceived ordinariness of entrepreneurial actions as suggested by De Clereq and Voronov [2009] and Steyaert and Katz [2004]. As with the commonly accepted relationship between interest and capital, one builds the other.

Foucault discusses both aspects of the 'self' and 'interest'. As noted above, in a neo-liberal regime, and the associated discussion on labour capital, he has *homo oeconomicus,* or pretty much everybody, being an entrepreneur of him/herself [Foucault, 2008, p226], which suggests an ordinariness. However, it is with his definition of 'interest' as being "something which absolutely did not exist before" [Foucault, 2008, p273] that it is possible to perceive that '*homo oeconomicus* as an entrepreneur', goes beyond the ordinary. This uniqueness of 'something which absolutely did not exist before' provides one aspect of determining whether the hoped-for-gains realised by the innovative process are more, rather than less, entrepreneurial.

This uniqueness links with the stand-out properties suggested by De Clereq and Voronov [2009]. There is something in the uniqueness in the *what* of the Foucauldian 'interest', which makes the new innovative venture stand-out. I suggest that such uniqueness is only one of several stand-out properties. Other stand-out properties could relate to the rate and quantum of the accumulation of capital. I make a presumption that the difference in the rate of change in realising the interest, or the incremental accumulation of capital, is significant in determining whether *phronesis* is more or less entrepreneurial. It could be assumed that the faster the interest is achieved (i.e. a greater level of acceleration, compared to what could be considered to be a normal velocity), then this could determine the innovative process to be more, rather than less, entrepreneurial.

The quantum of the incremental accumulation of capital could also be considered to contribute to realisations being more entrepreneurial, simply because the higher the quantum of accumulation could mean that there are greater 'stand-out' properties.

What is fairly easy to assume is that if both the acceleration and the quantum of the incremental capital are faster and larger than what could be considered a normal quantum, or a normal velocity, then it is likely that, in the public arena, this could well have greater stand-out properties. If the quantum and acceleration of the incremental capital not only stand out, but are repeated as in MacMillan's [1986] habitual entrepreneur, then there is good justification for his plea for such people and their behaviour to attract greater attention in studies in entrepreneurship.

The *how* by which the hoped-for-gains are realised

In discussing the *how*, as in the adverbial aspects of the verb 'being entrepreneurial' I am entering what could be termed an ontical space of knowledge in that it has not really been directly addressed in the discursive formations. That is not to say that there is no shortage of literature that assumes that entrepreneurs somehow do something differently. The over-riding positivism of the discipline has generally constructed such formations along the lines that entrepreneurs have particular traits.

It could be considered that Branson stands-out, not for the uniqueness of *what* he created, in that Virgin Records and Virgin Air were not unique in that were not 'something which absolutely did not exist before' but for the *how* he did it, along with the accelerated accumulation, and the quantum, of capital.

In Chapter 3 I have interpreted the works on effectuation and bricolage as being adverbial aspects, although I doubt that these were the relevant authors' initial intentions. As previously noted, I take the stance that while effectuation and bricolage have been taken to have some form of exclusively as to the *how* by which entrepreneurs achieve realisation of hoped-for-gains it is not necessarily a given that they are the only ways. I leave it open that some entrepreneurial hoped-for-gains may also be realised by causal means.

De Clereq and Voronov [2009] and their discussions on 'fitting in / standing out', generally view standing-out as being a property that is more likely to legitimise the entrepreneur. However, I suggest that fitting-in may also be a way to realise hoped-for-gains. As suggested by Pacheco, York, Dean and Sarasvathy [2010, p978], the way people align their 'institutional environments with particular goals' may suggest fitting-in can achieve *such* realisation. If there is some uniqueness in the *how* such fitting-in was carried out, or it leads to an acceleration in the accumulation, or quantum, of capital, then such *how* could also be considered to be more entrepreneurial.

I relate De Clereq and Voronov [2009] and their discussions on 'fitting in / standing out', non-conformity and 'rule breaking' to the exercise of entrepreneurial power and aspects of resistance. These aspects will be discussed in more detail in the next section. One form of resistance follows the concepts of non-conformity and 'rule breaking' while other forms of resistance may be more akin to alignment and fitting-in; either can lead to the realisation of hoped-for-gains. Some realisations may be more entrepreneurial than others and this needs to addressed in the context of the institutional set-up and the interface with capabilities to determine whether such *how* is more, or less, entrepreneurial.

It has been noted by Schumpeter's clustering of innovations and Foucault's 'sudden take-offs' and, 'hastenings of evolution' that the rate of change in the realisation of interest and the accumulation of capital is not consistent. I suggest that the innovative function may at times be unable, due to the constraints being greater than the centrifugal forces generated against such constraints, to achieve the hoped-for-gains until there is some accumulation of some

kind sufficient to overcome the constraints. This accumulation tilts the see saw and enables a hastening of interest. This is discussed in the next two sections with regards to the interactional relationships with the institutional set-up and capabilities/elective affinities.

Institutional set-up

Above I introduced the concept of the interactional relationships between those being entrepreneurial and their institutional environment. As discussed in Chapter 2, the institutional set-up includes, both formal and informal institutions, in which those involved in the innovative process operate.

I offer a more relative perspective in that it is a matter of how *homo oeconomicus* leverage the resources they have to hand or accumulate within the framework of the institutional environment in which they operate, which is a factor in determining the degree of being entrepreneurial in achieving hoped-for-gains. There is an inverse relationship in that if resources are limited or the institutional framework is less than conducive to being entrepreneurial, yet realisation of hoped-for-gains are still achieved, then this should be regarded as being more entrepreneurial. For example in the disciplinary apparatus, or an historical socialist economic model or where there is greater centralisation or intervention.

Foucault discusses the move from a disciplinary apparatus "that encloses, fixes, confines" to the apparatus of security, which emerges within a more neo-liberal system, and which "organizes the circulation of commodities, consumers and producers" [Munro, 2012, p346]. Above I have discussed a sliding scale for capitalism from the interventionist / socialist to the more *laissez faire* mode of capitalism.

It would be fairly easy to assume that under both the disciplinary apparatus and the interventionist form of capitalism that the entrepreneurial function could be restrained. McCaffrey [2009, p14] suggests that under the interventionist/socialist system that it is inevitable that this "function become obsolete". However, as discussed further in the data chapters, Indonesia has transitioned from what could be generally described as periods under disciplinary apparatus to regimes more akin to that of Foucault's security apparatus. Also Indonesia has a socialist system, mandated under Article 33 of its constitution, with a legal system that could well be considered to be more interventionist than that of a more *laissez faire* system. The growth achieved by Indonesia over the last 40-50 years could suggest that this function is not obsolete. What it does suggest is two things: (1) That it is possible that under such an institutional set-up that any innovative action takes a different form to the form it might take under the more free market end of the capitalist sliding scale, and; (2) That under such a disciplinary/interventionist institutional set-up any realisation of hoped-for-gains achieved is remarkable, making such realisation more entrepreneurial, rather than less.

In research that tends to support my notion that some realisations of hoped-for-gains are more entrepreneurial than others and also that not all such realisations are necessarily entrepreneurial, Battilana [2006] and Battilana, Leca and

Boxenbaum [2009] have done work on institutional entrepreneurship including the aspects of agency. They suggest that

> All individuals who display some degree of agency do not qualify as institutional entrepreneurs. Only individuals who somehow break with the rules and practices associated with the dominant institutional logic(s) and thereby develop alternative rules and practices can be regarded as institutional entrepreneurs [Battilana, 2006 p657].

It is useful to view the "broad nexus between entrepreneurship, economic development and institutions" [Acs, Desai and Hessels 2008] in light of the mechanisms of power. For any change, let alone a major transition from a discipline to a security apparatus, the centripetal and centrifugal forces mentioned above play against each other. Under a security apparatus "new elements are constantly being integrated: production, psychology, behavior, the ways of doing things of producers, buyers, consumers, importers, and exporters, and the world market" [Foucault 2007, p44-45]. Yet there is resistance to such change or transition, often coming from legacy forces (colonial or feudal for example) or an entrenched bureaucracy, amongst the other institutional set-ups prevalent at different times.

The question of resistance, particularly in Foucauldian inspired organisational studies and his concept of subjectification, have been the subject to some academic debate, (see Du Gay [2000, 2004], Fournier and Grey [1999], Newton [1998, 1999], Jones and Spicer [2005]). The issue raised by Fournier and Grey [1999] was discussed in Jones and Spicer [2005] where it was suggested that "Foucauldian organisational studies … denies, or at least display a tendency to neglect, the possibility of resistance" [p225].

I would suggest that resistance is qualified by the institutional set-up and the subject's relationship to the institutional set-up. This relates to the type of subjectification. As pointed out by O'Leary [2002] and Weiskopf [2007] Foucault may have suggested several variations of subjectification.

> Subjectification, the process by which individuals are made subjects in the sense of being "subject to someone else by control and dependence" or of being "tied to his own identity by a conscience or self-knowledge" (Foucault 1983, 212) is the other [Weiskopf, 2007, p 137; also similar cite in O'Leary, 2002, p109].

While the first subjectification (being 'subject to someone else by control and dependence') can be taken as referring to an absolutist form of the 'governed persons' the second subjectification (being 'tied to his own identity by a conscience or self-knowledge') offers more relative version of a governed status, where there is an awareness of self, and a sense of choice, even the choice to remain a 'governable person'. It may be that the institutional set-up presents conditions in which, given time, hoped-for-gains can be realised, or there is an acceptance of relevancies or irrelevancies (this will be discussed more in Part Two Chapter 7 The Minang Diaspora).

Battilana [2006] does imply oppositional resistance with their 'breaking of rules and practices'. But as discussed earlier, the approaches of Pacheco, York, Dean and Sarasvathy [2010, p978], where they suggest the 'alignment of

institutional environments with particular goals' and Denzau and North's [1994], 'mental models based upon commonalities in environmental and learned experiences', do suggest a more adaptive 'merging or alignment' of commonalities, rather than oppositional resistance. As pointed out by Olken, [2006; 2009] a greater heterogeneity of informal institutions can modify behaviour in regards to both commercial entrepreneurship and corruption.

During the research it became apparent that entrepreneurial activities in Indonesia have a distinct feature of evolving within enclaves or through diasporic behaviour. It appeared that in order to resist the centripetal force of the disciplinary apparatus there were distinct movements towards exercising entrepreneurial power through the medium of enclaves and/or diaspora. These movements are congruent with the thoughts on *heterotopia* expressed by Foucault [1997, 2000] in *Of other Spaces: Utopias and heterotopias* and *Different spaces*. Foucault did not in any way link *heterotopia* with enterprise, nor with *homo oeconomicus,* nor even include them in his later discussion on security apparatus or disciplinary regimes. There is some utility in suggesting that 'crisis *heterotopia'* relates to the establishment of enclaves and '*heterotopia* of deviation' relates to diasporic behaviour, as something that does stand out from the research. It is possible that being part of a *heterotopia* assists in some way to garner resistance, or at the very least encourage an alignment of commonalities, especially in relation to informal institutions. Foucault [2000, p182-3] associates *heterotopias* with 'temporal discontinuities' and also discusses the permissions and exclusions from such *heterotopia*. This association is illustrated further in the data/discussion chapters.

Capabilities and elective affinities

With the aspects of capabilities I am referring to the formations in the discipline formerly occupied by studies of what has been termed entrepreneurial traits. As commented by Weiskopf, [2007, p130] a

> specific mode of thinking' has developed in the discipline of entrepreneurship in which it is "quite common to assume there are specific personality traits that characterize successful individuals in general, and successful "entrepreneurs" in particular" but which "on the whole, [a] review shows that the causality of the abilities in question could not be demonstrated".

In the previous section I discussed the *how* of being entrepreneurial, suggesting that it is the way people leverage their resources within the institutional set-up that should be a determining factor in whether they are being more, or less, entrepreneurial. But, such determination may face the same problem with past research into entrepreneurial traits and processes, As discussed earlier there is a dependency on the *post factum* 'narrative', usually of 'the entrepreneur' which with the benefit of 20:20 hindsight may possess a greater acumen and present a more heroic figure than is actually the case. Foucault [2012, 2012b] discusses 'the notion and practice' of *parrhesia* or truth telling. While there is an ethical notion that "one should always tell the truth about oneself" [p4], it does suggest that the analysis of such narratives may need to be viewed in light of its subjectivity in relationship to truth.

With capabilities I am not referring to 'personality traits' but a way of thinking/acting/behaving through applications of any variety of adverbial applications that enables the removal of resistance or constraints, or an adaptation in lieu

of resistance, through non-conformity and 'rule breaking' [De Clercq and Voronov, 2009, p402]. For example by using one adverbial application (effectuation) there is the ability to effect change by effectuatively stitching together a combination of interests to generate sufficient acceleration of centrifugal forces to overcome the resistance of the status quo and realise hoped-for-gains. An extending feature to such effectuative behaviour is discussed further in the data/discussion chapters as to relevancies in the selection of who to 'stitch together with'. It could be suggested that any acceleration in the rate and quantum of change is influenced by such relevancies and elective affinities.

To remove capabilities from any positivist intent, they are qualified by Goethe's concept of 'elective affinities' "those natures which on meeting speedily connect and inter-react" which "by virtue of their interaction, "modify one another and form…a new substance altogether" [McKinnon, 2010, pp10-11]. McKinnon [2010] discusses Weber's view that elective affinities "may articulate the relation between ideas and interests, [p3] and offers Stark's theory that has "the virtue of emphasising the mutual accommodation of ideas and carriers: groups are on the lookout for ideas, and ideas are on the lookout for groups" [p3]."Weber does comment that there is a relationship between two things connected by that term (elective affinities) but it is non-deterministic and ambiguous" [McKinnon, 2010, p5].

Rather than entrepreneurs having some particular traits, with capabilities and elective affinities I suggest instead that those being more entrepreneurial in their innovative processes have the affinity to seek out and work with those people or resources, which have the relevant affinities to assist them to realise hoped-for-gains, based on the prevailing institutional set-up.

Summary

In this chapter I have developed a frame of reference with which to address the 'grids of practices'. This frame of reference is based on when hoped-for-gains from an innovative process are realised in some form or another, or there is recognition that they will not be realised. Some of these realisations of hoped-for-gains are entrepreneurial and some are not, one suggested basis for determining whether such realisation is entrepreneurial is using Foucault's concept of interest as something that 'absolutely did not exist before'; another basis is the stand-out qualities of the realisation.

I also discussed several other elements which could determine whether realisations are more or less entrepreneurial. These are classified into the *what* was created and the *how* this was done. The *what* measures include the quantum and rate of change in the accumulation of capital, within the context of the perceived 'difficulty' of the institutional set-up, or environment in achieving the hoped-for-gain. The *how* measures relate to the stand-out qualities in the manner the hoped-for-gains were realised, either as resistance in the form of breaking of rules, or the ability of those in the innovative process to align self-interests with prevailing institutions. I suggest the term capabilities and elective affinities, rather than entrepreneurial traits, as to the manner in which people have the ability to manage such resistance or alignments. The term 'elective affinities' is a more relative term than the positivism of traits, and I have introduced the concept of 'selection of relevancies' as to how those in the innovative process select the

manner in which they resist or align themselves, and who to resist or align with and what institutions to apply such action to.

In the next chapter I explain more how I intend to apply this alternate frame of reference to the grids of practice.

Chapter 5   Pass these universals through the grid of these practices

Introduction

In this chapter I continue with the third part of Foucault's method of analysis from *The birth of Biopolitics*, noting some criticism on the way this is outlined. I reconcile the 'grids of practice' of the methodological framework and the 'grids of specification' from the discourse analysis, developing the focus towards Indonesia.

The Indonesian chronological periods introduced in Chapter 1 are explained in more detail. I then discuss three general prejudices of the discursive structures noted in the discourse analysis, and outline the basis of the conversations held to allay some of these prejudices.

The discourse analysis as my research method is then discussed along with some of the issues I had that necessitated a change from a historical to an ahistorical method of presentation.

Interpreting Foucault's view

The third stage to Foucault's method of analysis from *The birth of Biopolitics* is the passing of 'these universals through the grids of these practices'. Foucault's use of the words 'these universals' presents some ambiguities. I have generally interpreted his method of analysis as being part of a e process where the universal concepts are denied, an alternate frame of reference is developed (based upon 'critical self-reflection and practical action' [Flew, 2012]), and this frame of reference is 'tested' against some existing discursive strata. Under this interpretation it is more a case that the alternate frame of reference is 'passed through the grids of practices' rather than 'the universals' denied in the first part of the analysis. This is a means to test or illustrate the plausibility of, the alternate frame of reference developed against "concrete practices" [Flew, 2012, p48].

Schatzki [Styhre, 2010, p122] promotes a similar structure to Foucault's practices with his 'Orders, Arrangements and Practices', where practices are "defined rather loosely as 'a set of doings and sayings' that is the active engagement with practical matters". He provides a sense of dynamism with "practices/arrangements are never once and for all stabilised into a set of fixed and determinate positions but instead they maintain their status as meta-stable ensembles continuously adapting to new conditions". It is this 'active engagement with practical matters' along with the elements of transition that do tend to frame my interpretation of Foucault's 'grids of practices'.

Foucault not only conceptualised 'grids of practice', as part of the analytical process outlined above, he also used the term 'grids of specification' as a part of his process of discourse analysis. In this thesis, because I am using

Foucault's analytical process to create a methodological framework and his discourse analysis as a research method, I am using both 'grids of specification' and 'grids of practice'.

As discussed in Chapter 1 the methodological framework is developed in Part One including the 'grids of practice'. In Part Two I use Indonesia as a space to illustrate the concepts developed in this methodological framework, specifically the alternate frame of reference developed in Chapter 4 where I considered 'what forms of critical self-reflection and practical action begin to form such concepts and bring them into play.'

Foucault's discourse analysis is the research method (as distinct from the methodological framework) I use in my research, the data from which is outlined in Part Two, along with discussions on such data. 'Analysing the grids of specification' is the third part of the discourse analysis process, in which the strata of the discourse have been described, the authorities of delimitation have been outlined, and then the 'grids of specification' can be analysed. Should the concepts developed in Chapter 4 have some plausibility then it could be expected that there is some proximity between the 'grids of practice' of the methodological framework and the 'grids of specification' from the discourse analysis.

There is an overlap between my use of the 'grids of specification' and the 'grids of practice' which I reconcile in the next section.

Reconciling 'grids of specification' and 'grids of practice'

The 'grids of practice' discussed by Foucault [2008] as part of the Foucauldian method of analysis from *The birth of Biopolitics* represent a different approach from the discursive 'grids of specification' he discussed in the earlier work, *The archaeology of knowledge,* on discourse analysis.

In *The archaeology of knowledge* Foucault [2004] outlines three broad 'rules of formation' as conditions of existence for objects of discourse:

1   mapping the first surface of their emergence;
2   describing the authorities of delimitation; and
3   analysing the grids of specification [Foucault, 2004].

In Lock [2009] I applied these three 'rules of formation' as part of an analysis of the emerging discourse / discipline of entrepreneurship looking at the entrepreneurship literature more broadly. In reference to the discursive 'grids of specification' I addressed these in relationship to Gadamer's [1989] concepts of prejudice and Heidegger's concepts of the development of ontologies, within the discipline of entrepreneurship. In particular I referred to Gadamer's dual sense of prejudice in relationship to knowledge. While prejudice is usually negatively associated with bias,

Gadamer 'rehabilitated' the term to give it a more positive spin in that prejudices can provide an anticipatory structure that opens one up to understanding. While epistemic prejudice on one hand can be seen as delimiting forces, they can also be perceived, if viewed in relation to the grids of specification, as providing an anticipatory structure to further understanding.

To best illustrate such reconciliation I use the analogy of two hands. On one hand is the methodological framework developed in Part One. In this framework I have developed an alternate frame of reference with regards to the ontological and epistemic justifications of entrepreneurship. The other hand are the discursive 'grids of specification' that relate to discursive structure or strata in the discourse as they relate to being entrepreneurial in the space of Indonesia from 1908 to 1998 that is discussed in Part Two.

Three scenarios are possible when the two hands come together, as if they are clapping. Scenario one is where the two hands cannot clap, they miss. Given that my research was an interactive process where the methodological framework was developed concurrently with the research on 'being entrepreneurial' in Indonesia, such a scenario is unlikely.

The second scenario is where the two hands are an exact fit, they clap perfectly. Such a scenario is possible, but is best avoided. It could suggest that I had been selective in 'cherry picking' only those aspects from the 'grids of specification' that matched perfectly to the 'grids of practices'. Such would render this research invalid as a means to construct anticipatory structures to further understanding and to making a contribution to a 'comprehensive theory on entrepreneuring'.

The third scenario is where the hands meet imperfectly, they make a sound, but it is a rough sound, suggesting that there is something there, but it needs more work. This imperfect sound is what I am seeking. I view this research, not as something definitive, but it is more of a probing of the defense of the anticipatory structures of the discipline to, hopefully, enhance or change them.

Two points are relevant in avoiding the second scenario. The first is my selection of the elements that comprise the 'grids of specification' of being entrepreneurial in the space of Indonesia from 1908 to 1998 that is discussed in Part Two. These elements are not something that I 'cherry-picked'; they are elements that 'stood-out' in the discursive formations.

The second point is my approach to these elements that 'stood-out. This is where my methodological framework detours from being a purely Foucauldian methodological framework, to that which is influenced by Deleuze and Bourdieu. I have already commented on the Deleuzian stated need to focus on the *how*. Bourdieu advocated a similar approach. As commented by De Certeau, Jameson and Lovitt [1980, p20] "What interests Bourdieu is the genesis of practices, the modes by which they are generated. Not, as with Foucault, on account of what they produce,

but rather for the sake of what produces them."

While elements stand-out, it is the analysis inherent in viewing them, not from a Foucauldian perspective as to what is produced, but from a Bourdeauian perspective of the 'modes by which they are generated'.

The grids of specification I use therefore relate more to the 'modes by which they are generated'. In the development of the alternate frame of reference, for the 'grids of practice', there has also been a focus on the adverbial aspects of the *how* of being entrepreneurial. In Part Two I seek to first illustrate the plausibility of the alternate frame of reference by viewing the modes by which the stand-out elements are generated, and second I offer greater contextuality as to the *how* is subject to the institutional set-up In Schatzki's [Styhre, 2010, p122] vernacular I elucidate the how by which these 'meta-stable ensembles continuously adapt to new conditions'.

These new conditions are inherent in the changing institutional set-up in Indonesia over the period 1908 to 1998.

Indonesian Chronological Periods

The following cartoon in Figure 1 (p69) taken from the 1954 issue of *Pemuda* magazine [Nordholt, 2011, p396], gives a simple depiction of several of these institutional set-ups over time. The four panels read; Three and a half centuries as a Dutch colony, 3 and a half years as Japan's colony, 17 August 1945 (the proclamation of independence), and the Corruptor in the final panel of 17 August 1954. The imagery suggests that the hoped-for-gains after 17 August 1945 may not have been realised in a manner that the cartoonist had hoped for.

In Chapter 1 I discussed the preliminary aspects of 'why Indonesia' was selected as the 'grids of practice. I summarised the four main chronological periods from the beginning of the 20th century until the early 21st century:

- Late colonial period: 1908 -1945;
- Post-colonial period: 1945-1965;
- Functional period: 1966 to 1998; and
- Social conflict period - 1998 to present

Due to space constraints the last period was eventually omitted from the study. While there were grids that could indicate that the ungovernable persons had made a comeback after the constraints of the functional period, it was considered that these 'ensemblies' [Schatzki in Styhre, 2010, p122] had already been discussed in Chapter 10 of Part Two covering the period 1945 to 1965 where a similar emergence by ungovernable persons had occurred.

Figure 1 Changing Indonesian institutional set-up for governable persons [Nordholt, 2011, p396]

Figure 2. 3½ centuries of Dutch occupation; 3½ years of Japanese occupation; 17 August 1945; 17 August 1954 (*Pemuda*, No. 11, November 1954)
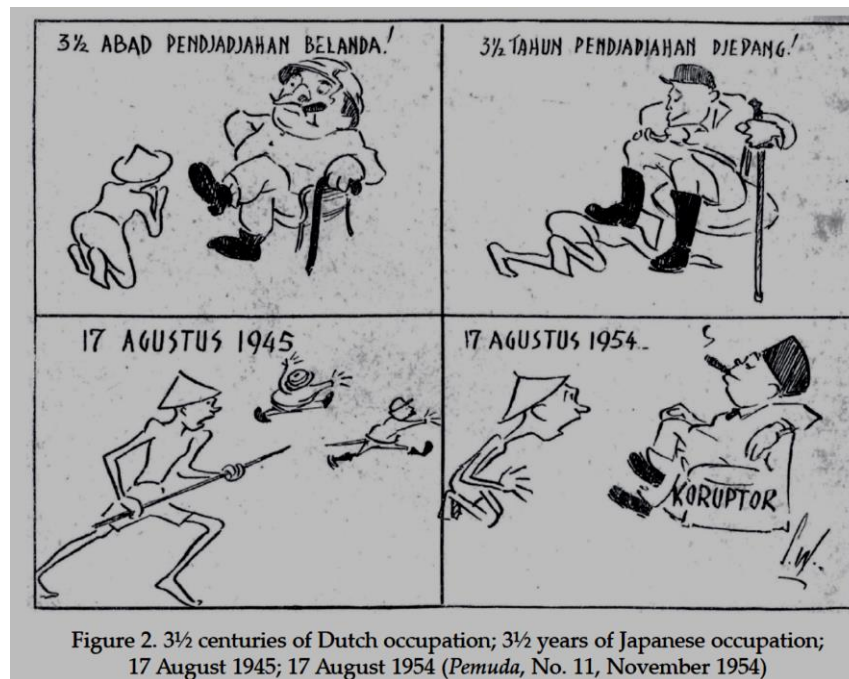
In order to address the discursive 'mapping the first surface of their emergence', particularly that of the governable persons, more time was given in Chapter 6 to the build-up to the late colonial period, primarily to facilitate the mapping of the first period of their emergence.

Late colonial period: 1908 -1945

From the works of Van Der Veur [1969], Syed Hussein Alatas [1999; 2006], Bosma and Raben [2008], Carey [1984], Tan [1991], and Brenner [1991], it can be seen that this period is exemplified by a horizontal stratification, primarily based upon race where the 'Dutch' were seen to be at the top, Chinese on the second rung followed by the Arabs, with the 'natives' (the term Indonesian was not permitted until the 1930s) comprising the majority at the bottom.

This description is simplistic and greater stratification is perceived upon closer examination. For example the term 'Dutch' refers to those born in Holland along with those born in the East Indies, mostly of mixed parentage and some foreigners, such as Japanese. This in itself provides further stratification. The natives had an elite that comprised of the feudal rulers and their senior retainers, along with an educated class of bureaucrats referred to as the *priyayi*. It was the former who had trade connections with the Dutch, Arabs and Chinese; while the *priyayi* held

positions in the colonial system (the concept of position is significant in particularly Javanese[1] thinking). The development of the institutions during this period preset the parameters of 'being entrepreneurial' that evolved further during the subsequent chronological periods.

Religion also played a significant role with 'native' Christians being able to gain greater access to the Dutch network and *santri* (more religious compared to the *priyayi*, a classification from Geertz [1976]) Muslims being able to gain access to the Arab networks and also developed an upper commercial elite within the 'native' strata (which can be compared with Weber's [1992] Calvinism being a basis for commercial success). Feudal structures also played a significant role in this stratification.

Post-colonial period: 1945-1965

While there was some nascent identification with being 'Indonesian' that evolved during the late colonial period it was during the post-colonial period that this process of cultural identification became the glue that held the new state together. To a degree this process was functionalism as well but the situation was much more complex.

The 1945 constitution (re-adopted in 1958 after a series of other constitutions were introduced and abandoned) provided a highly socialist bias to commercial entrepreneurial activities providing a clause that all national assets were to be under state control and management. This, together with nationalisation of foreign assets, usually under army control, and a predatory bureaucracy generally led to mismanagement and the increase in illegal entrepreneurial activities. Land reform issues (usually divided along religious lines) and activism against the *kabir* (capitalist bureaucrats) provided strong lower end support to Communism.

Functional period: 1966 to 1998

A significant change occurred here where a vertical stratification was imposed compared to the colonial horizontal stratification) primarily within the three political orientations that were permitted: namely: *Golkar* (primarily Army control), PDI - *Partai Demokrat Indonesia* (catering to nationalist and Christian aspirations) and PPP - *Partai Persatuan Pembangunan* (the Islamic channel). This orientation is pure functionalism but with a significant difference to that of Smelser and Parsons in that it was a top-down imposition. Entrepreneurial opportunities were linked to association with any one of the functional bodies (the higher contact level the better) with primacy going to army-controlled, Golkar.

While free market policies [Rice, 1983; Thee, 2007; Chiewiroth, 2010] were promoted, the reality is different in that feudalism made a comeback with client patron relationships, family links and patrimonialism appearing to become significant aspects of being entrepreneurial. As described by Gen. Soemitro [Ramadhan, 1996], centralisation of

control was moved to Jakarta, which engendered greater rent seeking, but, while endemic, it was channeled.

Social conflict period - 1998 to present

The 1998 KrisMon (Monetary Crisis) had a profound impact on Indonesian society at all levels. Many of those who had the ability to formerly exercise power lost that ability and a new frame of reference that influenced both formal and informal institutions slowly developed. There was a greater emphasis on reform (*reformasi*) of the institutional set-up at all levels, and with varying degrees of success. There was a marked increase in activism, including greater activism to counter corruption, collusion and nepotism (*korupsi, kollusi* and *nepotisme* - KKN), however, many of these activities simply morphed into the new institutional set-up.

Historiography - issues on the discursive formations

The historiography of Indonesia has come under discussion by authors such as Lev [2005], Utrecht [1973] and Witton [1973] along with commentaries by Soedjatmoko [2007], Bootsma [1995] and Cote [2009]. The point has been made that some parts of the historiography has been dominated by non-Indonesian educational institutions (such as Cornell and Monash) and as such may reflect some 'prejudices' [Gadamer, 1989].

I address three areas where such prejudices have been noted. These are: a semantic conflation of nation and state; a perceived silence in the academic discursive formations regarding corruption and rent-seeking; and some academic prejudice in the period 1945 to 1965 as to the sources of some of the problems being faced by the newly emerged state of Indonesia.

As a counter measure to such prejudice I outline the basis of conversations I have had with a number of people, mostly Indonesian, with some expatriates, residing in Indonesia. These conversations were intended to provide some local perspective on such prejudices.

Nations and state – a semantic clarification

In concurrence with Foucault's 'interest' as being something that 'absolutely did not exist before' the state of Indonesia did not exist prior to 1945. The colonial entity was known as the Dutch East Indies. According to Aves [1989] the word Indonesia was coined in 1850 in two separate academic publications by Earl and Logan. It was not until the 1920s that natives were permitted to refer to themselves as Indonesians. A variety of other words have been used at times with *Insulinde* being coined by Douwes Dekker (Multatuli) in 1859, the same word *Insulinde* was used in the title of periodicals out of Padang from 1901 to 1905 and in Semarang in 1910 [Aves, 1989, p228]. Another word, *Nusantara* (archipelago), having some historical use from the 14th century, was re-introduced in 1920 by Suwardi Surjaningrat (from 1923 known as Ki Hadjar Dewantara), the founder of the Taman Siswa schools [Aves,

1989, p231].

Apart from several historic instances when the *Nusantara* was united under some of the Javanese based empires, during the centuries under Dutch rule there was no concept of a united *Nusantara*. The Dutch were still subjugating the Balinese (whose royalty, rather than succumb, committed *puputan,* a ritual suicide, *en mass*) and parts of Sumatra right through to the beginning of the 20th century. Meuleman [2006, p51] has suggested that the Dutch "policy was a clear example of colonial *divide et impera*, going against the development of an Indonesian nation." However, since there was little concept of an Indonesian nation it could be considered that there was nothing to divide. If anything, the *adat* (customary) laws introduced by the Dutch did support a form of nationalism, but that was not an Indonesian nationalism, it was more akin to a customary identification with a particular national *adat*. The way I use the words 'nation' and 'nationality' and 'nationalism' requires some clarification.

One of the most evocative ways to describe a nation is to use the reference as applied by the North American Indians, in their description of themselves as a Cherokee nation, or an Apache nation, or a Cree nation. Nationality is not defined by belonging to a state, but by an identification with a grouping, what Ibn Khaldun [2005] describes at *asabiyah* or group feeling and which Spengler [1991] describes as a 'world feeling'. In what was to become the state of Indonesia there were the ethnic nations, the Javanese, the Madurese, the Balinese, the Sundanese, the Ambonese, the Minangkabau, and so forth, generally defined by location, but larger than that. The Javanese nation is not just those people of the central part of the island of Java, the Javanese nation extends to the Javanese taken to South Africa and which comprised much of the coloured nation there under the apartheid regime. In Chapter 9 of Part Two I describe the extent of the Minangkabau nation.

There has been a noted tendency in the discourse to conflate nation and state, where nationalism is applied to a form of statism. As commented by Foucault 'visibility becomes the trap' [cited in Weiskopf, 2007]. What we see being visible in any discourse is what we find easy to accept. The Cornell academic George Kahin was in Yogjakarta during the Indonesian Revolution in the late 1940s, what he saw and described in his 'Nationalism and Revolution', (*Nasionalisme dan revolusi di Indonesia* [1980]) published in 1952 became enshrined as the visible. His pro-independence, anti-communist stance became an academic standard and froze much academic thought on the process of transition in this part of Indonesian history.

> Gradually, colonial regimes, and later on nation-states, accompanied by academic institutions, handbooks and encyclopedias, produced temporary illusions of sedentary, closed cultures, turning dynamic processes into static things [Nordholt, 2011, p387].

Meuleman [2006, p48] has commented on the 'complex reality'. For example in Pemalang in North Central Java, as described by Lucas [1977] the nationalism of Jakarta was remote to the towns people who created their own form of revolution, focused on freedom but "yet didn't understand, and weren't much concerned with the meaning of independence" [p104]. Their focus was more on the distribution of rice, punishing corruptors, and looking after the

poor of the region, but as noted by Lucas this action varied from one part of town to the other. This social revolution ended upon the arrival of the troops of the newly established Indonesian army who subdued these social revolutionaries by force.

But in the discourse, contrary to this complex reality, the 'nationalism' Kahin described became a static singularity (considering there were probably a host of nationalities that needed accommodating), which the later regimes reinforced. There was an assumption that independence was an all-encompassing hoped-for-gain. The dynamism of nationalism that was constructed became that of the *pemuda* (literally youth, but generally interpreted as a fighter for independence) and of Soekarno, the singular nationalism of a nation-state. While such nationalism was likely a hoped-for-gain for many, it would have expressed itself in a great variety of ways, some of which are addressed in the discourses, some are lost. The elements of Javanese nationalism, Islamic nationalism and the like, tend to be viewed as antithetical to Indonesian nationalism, but probably are part of the complex process of alignment by which such Indonesian nationalism developed.

The Kahin legacy at Cornell continued through to Anderson's [2003] *Imagined Communities* first published in 1983. Anderson conflates the nation and state to get a nation-state in which there is a singular "national imagination" [Anderson 2003, p30]. As pointed out by Nordholt [2011], Anderson's work offers a "streamlined narrative, in which regional organisations (*Jong Java* [Dutch - Young Java], *Jong Sumatranen Bond* [Dutch –Young Sumatran Union], etc.) eventually gave way to a successful nationalism under the leadership of Soekarno" [p437].

This construction of a 'national imagination' may have been, in part, an effort by the state to achieve conformity, as commented by Nordholt.

> Observing Mojokuto in the early 1950s one may wonder about the extent to which Benedict Anderson's classic distinction (1983) between 'nation' and 'state' is artificial. For, in Mojokuto we see how the nation was to a large extent propagated by the state. And both nation and state were very much associated with modernity. Revolution and modernity, mediated through an urban elite and represented by the state – that was what national culture was about [Nordholt, 2011, p394].

In some ways the concept of nationalism became, as commented by Geertz, a secular religion.

> Supported by a new, if still weak sense of national identity, a new, but still uneasy sense of self-confidence, nationalism is thus becoming an important integrating factor in the society, most especially for the elite, for the educated youth and the urban masses. It is, in fact for some of the more engaged, a secular religion. (Geertz 1960:370.) [Nordholt, 2011, p392].

This secular religion of nationalism became an 'undeniable' and just like advocating communism post 1965 became a heresy, in the republic, denying such nationalism was a heresy. Even to this day the failure to fly the state flag on the 17th August provokes the question of heretical behaviour.

Meuleman's [2006, p48] describes how the 'complex realities' are best reflected in what later became the state ideology expressed in the motto *Bhinneka Tunggal Ika*, the literal translation being 'divided, yet one' or, in the standard translation, 'unity in diversity'. Yet for Anderson the complexities of the diversities of nations are ignored in favour of the singularity of a national imagination. This could well have sourced from the Congress of Indonesian Youth (COIY) and their expression 'one nation, one country and one language', in what later became termed as the *Sumpah Pemuda* (Indonesian - Youth Oath) of 28 October 1928. Yes, no doubt there was a sense of 'one nation', but this was exercised more in the context of primary identifications with smaller national entities, a merging of common interests, and a selection of the relevancies where such interests diverged.

Silences in the discourse

Ogbor comments that

> a post-modern deconstruction of entrepreneurial discourse enables us to become resisting, rather than assenting, spectators and readers of entrepreneurial texts…. by exposing the 'gaps' or 'silences' in the discourse/text I examine what is said and, more importantly, what is not said [Ogbor, 2000, p607].

One of the most apparent 'silences' relates to how entrepreneurial power is exercised in a supposed 'negative' manner'. Quah [1999] comments "Three decades ago, Gunnar Myrdal (1968) identified the taboo on research on South Asian corruption as one of the factors inhibiting the research of his book, *Asian Drama*." This does tend to be supported by a review on the articles published in the Cornell published journal *Indonesia* (a semi-annual journal devoted to the timely study of Indonesia's culture, history, government, economy, and society) from 1970 to 2000, in which only one article on corruption [Smith, 1971] appears. This is despite the huge civil unrests in 1974 (Malari incident) and 1998 (overthrow of Suharto) which related to official corruption, collusion and nepotism. There are no articles in the *Indonesia* journal on rent seeking.

Aidt [2009], Alvarez [2007] Alvarez and Barney [2004], Baland and Francois [2000], Krueger [1974], Tollison [1982], and Tonoyan, Strohmeyer, Habib and Perlitiz [2010] have generally described the aspects of rent seeking, development and entrepreneurship. Others such as Ari Kuncoro [2004, 2006], Kristiansen and Ramli [2006], Meon and Sekkat [2005], Meon and Weill [2010], Mietzner [2007; 2008], Olken [2006; 2009], and Olken and Barron [2009] have written academic articles on the subject of rent-seeking and corruption in relation to the Indonesian context. The paucity of numbers of such articles could indicate that this area is one of the gaps or silences described by Ogbor [2000]. It is significant that the articles relating to Indonesia appear after the fall of Suharto in 1998, since it is likely that given the pervasiveness of his family and his generals in all aspects of economic life, it would have been difficult not to mention them and rent-seeking in the same article.

Corruption indexes such as Transparency International (ti.or.id) consistently rank Indonesia as being one of the more corrupt nations in the world. In 2013 Indonesia had a Corruption Perception Index score of only 32, on a scale from

0 to 100, where a score of 100 is least corrupt. While such indices may be queried as to their methods of arriving at such conclusions, the consistency of the results over the years does suggest corruption is perceived to be prevalent in Indonesia. The issue of corruption vis-a-vis development is discussed by Meon and Weill [2010] and Meon and Sekkat [2005] as either being a case of 'greasing the wheels' or 'sanding the wheels' as to presumed positive or negative impacts on economic development. Despite academic judgments on the impact of corruption on development, Indonesia has, over the period since 1965 achieved good rates of growth for some extended periods. Dreher and Gassebner [2007] actually conclude that corruption is beneficial in highly regulated economies.

Given my research derives largely from written texts, which to the extent they deal with such issues as rent seeking, do so mainly tangentially, I direct my attention directly to the notion and practice of rent-seeking where it appears in the texts, where silences about it occurs and in the conversations I have had with those who can confirm/disconfirm my findings. Aspects are discussed further in later sections.

Discursive structures – sand or cement? Critique of the academic approach during the period 1945-1965

Levine [1969], in an analysis of the historiography of post-independence Indonesia, is critical of the position taken by academics in the period from the declaration of independence on 17 August 1945, through the revolutionary period up to the acquisition of sovereignty from the Dutch in 1949, through the period of constitutional democracy 1950-1958, and the guided democracy period that followed, through to the events of 30 September 1965.

Levine [1969] is critical of the overall approach that, citing Benda, was "essentially presenting us highly sophisticated and persuasive answers to an intrinsically mistaken, or irrelevant, question" [Levine, 1969, p5; also Sundhaussen, 1972, p355]. The irrelevant question was an attempt to address "What's wrong with Indonesia?" often with a tendency "to deny any structural disease in favor of a *diabolus ex machina*" [Levine, 1969, p10]. There is an overall focus on the elites as noted by Feith's discussion on the solidarity makers and the administrators. This focus, also in Lev's discussions in *Transitions to democracy*, has tended to not only ignore the "important changes have been going on in the economic and social structure of rural Indonesia" [Levine, 1969, p11], along with the rampant rent seeking, that lead to the rise of the Communist Party of Indonesia (PKI - *Partai Komunis Indonesia*) who received 39% of the electoral vote in the General Elections of 1955 [Goh, 1972], but also, as pointed out by Agus Salim, that the independence achieved was not in fact an economic independence, with the bulk of economic enterprises remaining in the hands of the Dutch and other non-indigenous nations.

It was only Schmitt [1963] who "operating on the premise that politics and economics must be united … has succeeded in explaining some important aspects of political instability in terms of the foreign penetration of the Indonesian economy" [Levine, 1969, p13]. Schmitt's views, in particular his debate with Glassburner, are discussed in Chapter 9.

Levine is further critical in that the elements of transition were not taken into consideration in the academic analyses.

> The point to be emphasized here is that the forces generating underdevelopment did not disappear with the Revolution in 1949. This is precisely the reason why <u>a correct understanding of the entire colonial period</u> is the essential prerequisite for an understanding of present problems [Levine, 1969, p12].

Feith [1969, p46] in his defence of Kahin's theories on Indonesia, uses Locke's term *tabula rasa,* suggesting that events prior to the declaration of independence and the acquisition of sovereignty were not considered part of the post-independence discursive formations. While Feith does acknowledge the lack of economic independence after 1949 where the Dutch investment continued to exert a dominant economic influence, the concept of *tabula rasa* tends to ignore the institutional set-up that was present during the formation of the new venture of Indonesia, where the possibility that the colonial characterisations by the Dutch of the natives being lazy and effeminate created an inferiority complex that drove a number of political measures, as pointed out by Bunnell.

> The dynamic of the policy was the psychological need for self- respect felt by a political elite long-humiliated by colonialism. That need could best be filled by the quest for Indonesian prestige as a leader in the destruction of the perpetrators of Indonesia's humbling colonial experience -- the imperialist states of the West [Bunnell, 1966, p38].

The institutional set-up prevalent in the colonial period also guided the structuring of economic policy in the new venture as pointed by Higgins and Higgins [1957].

> But while there was no agreement on concrete economic and social policies there was agreement that Indonesia was not to be developed on 'capitalist' lines. Such ideologies as rugged individualism, free competition and private enterprise had few enthusiastic backers, indeed were associated in the minds of most Indonesians with imperialism, materialism and a ruthless exploitative approach to social organisation. Indonesians did not want such 'capitalism' [Higgins and Higgins, 1957, p159].

With a rejection of a free market model of capitalism, corporatism [Turner, 2005], communism, along with the 'gotong royang' socialism discussed earlier became some of the alternate approaches undertaken towards achieving modernity [Nordholt, 2000, 2003, 2008, 2011, 2011b].

Discourse Analysis - research method

In this research I develop the construct of 'being entrepreneurial' and use the theoretical elements it contains as a basis to analyse texts covering a number of significant economic, business, social, political and developmental moments in the course of Indonesian history over the period 1908-1998. As mentioned above this time period covers what could be considered an array of movements between the disciplinary and security apparatus discussed by Foucault.

The aim was to firstly construct a historical) descriptive model of the time period. Four general chronological

periods were identified commencing with a nascent nationalist movement originating from 'native' entrepreneurial activists, through an anti-colonial revolution, that morphed into a state with socialist orientations, which dramatically swung to a military controlled bureaucratic capitalist state which finally ended in the late 1990s. The last decade has seen the emergence of a more democratic orientation with a greater decentralisation of control.

Seven significant institutional groupings were identified as part of the preliminary study. A seven by four matrix (as introduced and shown later as Table 2, p81) was developed based upon these seven institutional groupings over the four chronological periods. Thirdly topics were identified within this matrix. The intention being to further analyse these topics to identify discourses and these discourses were to be analysed across the time periods. In particular emphasis was placed upon identifying and analysing the 'silences' in the discourses mentioned by Ogbor [2000].

In this thesis I have commented on the inability of researchers in entrepreneurship to actually view an entrepreneurial event in progress, relying instead on *post factum* narratives. This problem is somewhat solved for me in my historical archeology by the simple fact that the stand-out properties are not chosen by me, but are instead a product of historical record. While there will, without doubt, be some cases where 'victors rewrite history' [see McGregor, 2007], and impose their own narratives, the nature of a discourse does tend to supply contrary views which can be taken into account in the analysis.

Through this research method it is intended to provide an answer to the research question and sub-questions and make a contribution towards a comprehensive theory of entrepreneurship demanded by MacMillan.

> How can an examination of a broad array of entrepreneurial activity in Indonesia from 1908-2010 contribute towards a more comprehensive theory on entrepreneurship?

Sub-questions, again as noted in Chapter 1 include:

a. What sorts of activities can be considered entrepreneurial in this context and on what basis?
b. What activities are involved in the formation and development of commercial and other ventures within more socialist systems and how have these changed over time?
c. What is the role of institutions, both formal and informal, in the formation and development of such ventures?
d. What might be some of the effects of the above with regards to the means taken to achieve an end for these entrepreneurial activities?

The archive used in the discourse analysis

The main sources of data are an archive of texts covering the period 1908-1998. It is this archive that is the base for my discourse analysis, together with some conversations, detailed in the following section. Also included within my

interpretive frame will be personal experiences derived from having lived (15 years) and conducted business (20 years) in Indonesia.

The archive comprises some 1,200 articles, books, theses, reports (e.g. World Bank, UN agencies, NGOs), and newspaper articles on Indonesian history, politics and business-related topics that I have collected over several years. The language in which these texts are written is primarily English (approximately 85% of the archive) with the remainder in Indonesian (estimated to be 15%). I have a working understanding of the Indonesian language.

Some of the texts, in particular the English language newspaper articles from the Indonesian press and the Indonesian language articles reflect a somewhat tangential approach to certain topics. This is due in part to cultural biases, along with the need for self-preservation in, what has been at times, a heavily censored and repressive regime. My awareness of such issues from the time I have spent in Indonesia does aid in interpretation of such articles. Efforts have been made to maintain the descriptive nature of the study without undue normative judgment. These tangential approaches do, in part, contribute to the 'silences' in the discourse, however, I do consider that there are other 'silences' that, if they can be identified, contribute to answering the research questions and sub-questions.

Each of these texts has been read at least once or twice, and some many times more. Margin notes, underlining, highlighting, back cover notes, cutting and pasting and to Word files were all used to identify salient points. A categorisation of texts using folders in Windows Explorer for filing assisted in preliminary identification of both periods and institutions. Looking at the texts again and further reading enabled the four chronological periods (discussed above) to be determined.

A key insight in delineating the four periods was finding out that Josephus Beek SJ (who was the behind-the-scenes architect of the early New Order period from 1966 to 1998) was a disciple of functionalism following Smelser and Talcott Parsons. This insight helped to explain the post 1966, top down, social structuring.

Conversations

Given that the discursive formations may be influenced by silences and prejudices discussed in the previous sections, it was deemed appropriate to get some more localised, non-academic input.

In order therefore to provide some degree of verification of my interpretations of a necessarily limited set of texts, conversations were undertaken with a number of selected participants (20). Ethical approval has been granted for these conversations. The purpose of these conversations was primarily for confirmation of the interpretations I made, as part of the discourse analysis, in that the participants are considered to have some experience and expertise in history, media, business, academia and political practices in Indonesia. The participants are mostly Indonesian, with some expatriates, residing in Indonesia.

The conversations were held in face to face meetings, on a one to one basis, in a casual environment, usually in coffee shops or restaurants, by pre-appointment. The format of the conversations was free flowing commencing with me introducing some topic from my research and asking their opinions on the interpretations I had made. From there the conversations tended to flow onto related topics with the participants being encouraged to contribute their own views.

A straightforward confirmatory/disconfirmatory analysis was, in the main, performed on whether the views expressed by the participants reflect the topic or finding presented. The approach taken was, in the main, a consensual approach. Confirmations were noted. Where opinions differed between the information received and the conversations or between conversations with different participants, such difference(s) are noted. While private inferences may be drawn on such differences based upon the institutions which the participants may subscribe to or be part of, any prejudices that they may express or their particular backgrounds, these will not form part of the written thesis or other materials. They are merely noted as disconfirmatory views and their substance (not any inference or possible rationale for the opinion) noted.

Initially the conversations tended to follow the format as intended. But with five of the participants it extended further and the single conversations, developed over the several years of research into some long running discussions.

Ensuring coverage, choosing examples

The preparation of some detailed timelines using Excel spreadsheets assisted in the collation of data from a wide variety of sources into a more coherent and time orientated manner. This formed the basis of the historical descriptive model. Stress was placed upon detailing time of events, something that has been noted as lacking in parts of the archive. From these spreadsheets some of the key institutions became apparent, along with the roles taken by key players.

For this study seven key institutions were identified, namely:

- Military - being entrepreneurial using legitimate or illegitimate violence;
- Etatism - state entrepreneurship;
- Political entrepreneurship;
- Bureaucratic /Corruption;
- Cultural entrepreneurship - religion and family;
- Private enterprise - development of indigenous and Chinese *cukong* capital power; and
- Foreign capital.

In order to better manage the large amount of information I developed a seven by four matrix based upon the seven institutions mentioned above as part of the study mapped across the four chronological periods. Within this matrix a number of topics were outlined for discussion in the thesis on the basis that they best highlight the nature of 'being entrepreneurial in the transitional Indonesian economy'. The discourses that are associated with each of the topics were identified and analysed with regards to 'what is said' and 'what is not said' in order to answer the research questions and sub-questions.

The original matrix outlined is shown in Table 2 (p75) and includes some of the initial topics that stood-out from the discursive formations.

Table 2 Matrix outlining some initial topics based upon institutions over the chronological period

	Military Entrepreneuring	Etatism (State Entrepreneuring)	Political Entrepreneuring	Cultural Entrepreneuring	Bureaucratic /Corruption	Private Enterprise	Foreign Capital
1908-1945 Colonial - Dutch - Japan		1. Dutch etatism	1. Budi Utomo And Sarekat Dagang Islam	1.Compare Java traditional style with Padang co-operative style	1. Priyayi	1. Chinese tax farming and official opium franchising	1.Non-Dutch concerns getting a foothold
1945-1950 Revolution		2. 1945 Constitution – Hatta's influence				2. Smuggling and stealing for the state	
1950-1965 Soekarno period: - Democracy -Guided democracy	1. PRRI Permesta. 2. OPSUS - military intelligence for profit.	3. National Entrepreneurs concept in Guided Democracy	2. Rise of the Communist party of Indonesia	2. Islamic militancy	2. Change in smuggling style from deserted beaches to administrative smuggling	3. Connections count.	2. The troubled years 1962-1965
1965-1998 New Order : -Military dominant -Golkar dominant -Cendana dominant	3. Mid 80s move from Military to Golkar domination	4. Milking the SOEs	3. Golkar-Applying Smelser and Parsons	3. Family entrepreneurship of the Cendana Clan 4. Political Islam - ICMI	3. Rampant KKN	4. Cukong economic power 5. Pribumi assistance.	3. Japanese, Aspri and Malari 4. Feeding off Freeport.
1998-2010 Reformasi	4.Curtailing Soldiers in Business	5. Reforming the SOEs	4. Gus Dur		4. changing of the guards		
Note: Those items shaded were not covered in the eventual presentation.							

The matrix proved to be a useful means to slot data into possible topics. However, where the matrix failed was that in order to cover each of the topics in an historical fashion this thesis would have run to nearly 240,000 words. Also

the matrix did not reflect the flows between topics and the discontinuities that commenced and ended each topic. An alternate method was considered based upon these flows or *aliran,* as illustrated in Figure 2 (p82).

While the use of *aliran* was a step in the right direction, it was, again, unwieldy as a presentation tool.

The decision was made to change to an ahistorical method of presentation, in other words, a more genealogical approach, in order to highlight pertinent features of being entrepreneurial in the specified time frame in order to still address the research questions and sub questions. While many of the topics from the matrix are incorporated into the ahistorical presentation, they are not specifically identified as such, their identity being subsumed into each of the data chapters. Eventually the array of topic coalesced into six chapters that form the data/discussion chapters in Part Two.

Figure 2 An alternate schematic for topics based upon the flow or *aliran*.
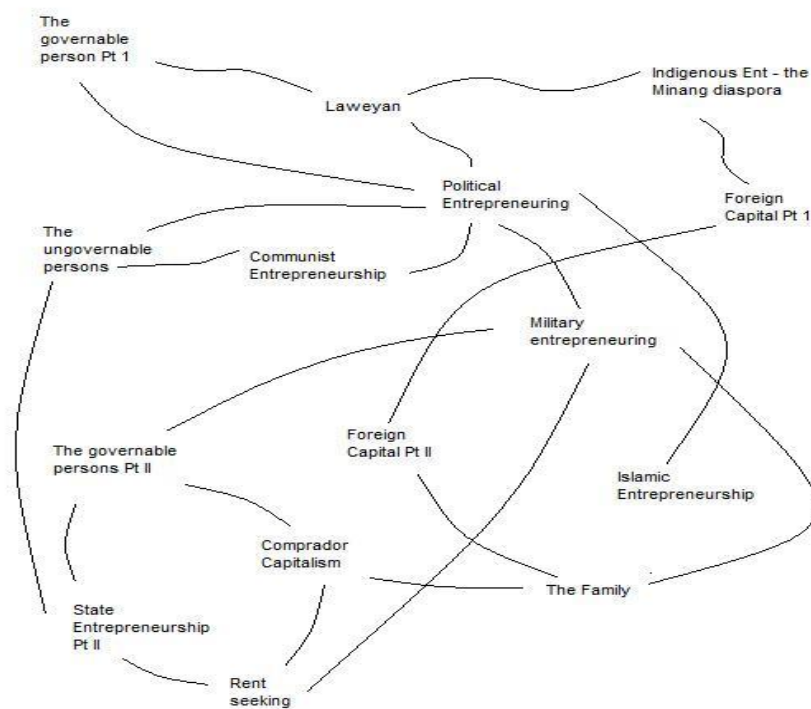
Basis of selection for illustration – choosing the most apparent words and deeds

As can be seen in Figure 2 (p76) there is no single discourse being analysed but an array of discourses. The discourses swirl across spaces and times and would have been a lengthy nightmare for any reader not heavily armed with intricate knowledge of Indonesian history and personages.

The parameters of the discursive space I am working in are wide. Having done away with the limitations of the universals of new commercial business ventures, in a capitalist ideological framework with an inherent goodness I have considerably widened the ontological scope. However, in doing this I have removed a lot of the 'clutter' of ideology, suppositions of ethical association, and any exclusivity with commercial new ventures. There is also a greater focus on identifying innovations and determining if the realisations of hoped-for-gains are more, or less entrepreneurial, rather than any *a priori* attribution to entrepreneurs.

While it could be assumed I would need a high level of subjective selection (aka cherry picking) in determining which innovations could illustrate the elements of being entrepreneurial, my approach follows a simple process based upon several criteria discussed in Chapter 4 with regards to identifying what is being entrepreneurial. Similar criteria were used to select innovations for discussion.

Following the framework in Chapter 4, the *what* the innovations realised was the initial basis. The stand-out properties in the quantum of capital accumulated, and the acceleration of this accumulation was the initial part of the selection process. In the discourse analysis the texts themselves provided the elements of 'standing-out'. Obviously the hoped-for-gains realised in the new venture creation of the independent Republic of Indonesia stand out as a major realisation. Yet there are many other instances of realisations that stand out at a variety of levels. Words and deeds are the key, what people said (with the corollary already noted by Ogbor [2000] as to what is not said), what they are remembered for doing, how they standout, and why.

What 'people said' links to the 'making statements' in Rindova, Barry and Ketchen's [2009] framework of emancipation, with its elements of autonomy, authoring and making statements. They also discuss the importance to entrepreneurial research of "systematically examining the relationship between change and constraints and investigating the processes through which constraints are not only overcome but also removed" [p482]. The elements of constraints, as described by North [1991], are part of the changing institutional set-up.

These elements of overcoming or removing restraints are integral in the second part of the selection process, which looked more closely at the *how* by which the capital accumulation was achieved. This part of the selection process analysed the adverbial aspect of *how* the innovative process was carried out, mostly in regards to causative or effectuative methods.

Some innovative processes are low key, some stand-out. Inherent in the *how*, is the contextual relationship with the institutional set-up and the processes by which 'constraints are not only overcome but also removed'. De Clercq and Voronov's [2009] discussions on 'fitting in / standing out', 'conformity / rule breaking', reinforces my intention to use Foucault's 'governable persons' and its constructed corollary of the 'ungovernable person' as the initial basis of analysis. As suggested in the cartoon Figure 1 (p69) the cartoonist recognises the 'governed persons' in panels, 1, 2 and 4. Briefly, in panel 3, is the imagery that of an 'ungovernable person'. The changing power structures in the transition from governed people to ungovernable people are addressed as part of the analysis.

This enables the description of the traditional Javanese power mechanisms that the Dutch utilised to effect their rule, and later by the New Order regime. The constraints faced by the indigenous / native persons in being entrepreneurial, could, according to the first panel of the cartoon in Figure 1 (p69)**,** be construed as being due to the Dutch rule. However, it is likely that more often than not the constraints were from their own people, as a form of subjectification. The authorities of delimitations of the discourse in particular with reference to the mechanisms of power are highlighted by a comparison in Chapter 9, of the Javanese mechanism with that of the Minang people of West Sumatra, who had developed a different power mechanism.

Yet a more subtle aspect to the *how* of realising hoped-for-gains was the manner in which the realisation was achieved, not by standing-out by breaking the rules but by the alignments, as discussed by Pacheco, York, Dean and Sarasvathy [2010, p978] and the selection of relevancies introduced in Chapter 4. These aspects were more subtle than the bolder aspects of standing-out and breaking the rules. Both are illustrated in Part Two.

There are three considerations that deserve further mention at this point.

The first is the aspect of resistance. Jones and Spicer [2005] have commented on Foucault's perceived failure to consider resistance. Deleuze [2012, p28] does comment that "Foucault does not in any way ignore repression and ideology; but as Nietzsche had already seen, they do not constitute the struggle between forces but are only the dust thrown up by such a contest.' Hadler [2008] comments of the 'artful resistance' by the Minang people in order to overcome constraints, and I continue to use the analogy of a see-saw which rotates in order to graphically imagine what is needed to accelerate the accumulation of capital to overcome, or merge with, such constraints.

Second is the aspect of beliefs that emerge in the discourse being analysed. As discussed earlier in this chapter it could be considered that certain parts of the ontology of the academic discourse have been constructed by the beliefs of the authors. When this is relevant it is commented upon as part of the analysis.

Third is the adverbial aspect of how hoped-for-gains are realised. I have attempted to develop a sense of non-positivism, with the standing-out being assessed against the underlying institutional set-up. In Chapter 9 I discuss the relation of elective affinities to institutional set-up. While such elective affinities could be considered traits, they are probably better viewed as being relative to the institutional set-up. Sarasvathy *et al's* theories which suggest that

the entrepreneurial process is aligned with an effective process are questioned in that it could be considered from the discourses that standing out or an accelerated accumulation of capital may not be limited to the effectuative entrepreneurial process, but from the analysis it is apparent that causal applications may also be considered to be part of the entrepreneurial process. Again it is a matter of the interaction of actors with the institutional set-up, what they stand-out for, the perceived acceleration of realizing hoped–for-gains and *how* they undertook such process.

Rindova, Barry and Ketchen's [2009] framework provides an underlying base for presentation. However, their approach is more geared towards a micro approach. Autonomy is a hoped-for-gain, significant in parts of this thesis, yet only one of many hoped-for-gains. The making of statements is part of the realisation of hoped-for-gains, from which it became possible to reverse engineer the emergence and authorities of delimitation. The aspect of authoring was unclear until a comment by Syed Farid Alatas [2001] on the relevance or rather irrelevance of elements used by those in the innovative process (in that instance by Tjokroaminoto, described in Chapter 8) made clearer the concept of authoring. This enabled a clearer association of authoring with the application of adverbial functions such as effectuation, causation and bricolage.

In practice the selection of the innovations and personalities that became the topics, was the results of an amalgam of these aspects discussed. In the texts it was not hard to identify those people that stood-out. This information was qualified with respect to the comments on the discursive strata of the discipline and the limitations discussed earlier in this chapter. Sometimes the capital accumulated and the *how* of such accumulation was not readily evident from the strata of the discipline and the analysis extended to the discourse. The level of truth telling (Foucault's *parrhesia*) of the subjects and the authors tended to be less easy to qualify in the discourse when compared to the discipline. However, the conversations did assist in getting more information in which to make some qualification. In the final assessment as to what was included it essentially came to my judgement call as to what was included and what was not included. This judgement call was influenced by my comfort level in being able to justify their inclusion.

The case of the Jesuit priest Father Josephus Beek is an example of an exclusion based upon this degree of comfort. The hoped-for-gains of the Roman Catholic Church during the 1950s and 1960s can be readily assumed to include anti-communist intents. Beek was known to be very anti-communist and was very influential in the Indonesian church during this period. There was little information on Beek in any academic papers, so much of this information sourced from discourses external to any academic discipline. The discourses and the conversations tended to indicate that Beek had some involvement with the events of 30 Sept 1965 and the subsequent purge of the Indonesian Communist Party (PKI). It is known that he was a speech writer for Suharto and was connected to figures prominent in the events of that time, especially the promotors of the anti PKI militia. However, Beek took efforts not to stand-out and as such, determining what capital he was able to accumulate and mostly importantly how he was able to realise his hoped-for-gains could not be comfortable qualified. The Jesuits tended to be a somewhat opaque organisation with regards to ways and means. It is clear that Beek was able to exercise power through his networks in the church in SE Asia, through his political connections, and what was achieved was consistent with what could

be assumed were his hoped-for-gains, even to the top-down functional structuring post 1965, but beyond that, there was insufficient information to comfortably justify his inclusion.

However, there was sufficient supporting information from academic papers as well as the discourses, supported by some of the conversations, to suggest an alternate scenario to the involvement of Suharto *et al* in the events of 30 September 1965, as discussed in Chapter 11.

Summary

In this chapter I have reconciled the 'grids of practice' of the methodological framework and the 'grids of specification' from the discourse analysis, developing the focus towards Indonesia. I have stated my intention to aim for a non-perfect proximity between the two sets of grids, akin to the sound of two hands clapping imperfectly.

The Indonesian chronological periods introduced in Chapter 1 have been explained in more details. I then discussed three general historiographical prejudices of the discursive structures noted in the discourse analysis of a set of texts. My research method has been discussed along with the basis of the conversations held to allay some of these prejudices.

I have outlined some of the issues I had that necessitated a change from a historical analysis to an ahistorical method of presentation. In order to comprehensively cover a wider range of topics an initial matrix based format was condensed into the six chapters that follow in Part Two.

The basis of selection of what was included in these chapters was based upon the *what* and *how* by which the innovative processes realised and the manner in which they were carried out. Particular note is made on aspects of resistance, beliefs and contextuality.

PART TWO Data and Discussion

Part Two consists of six chapters that illustrate and discuss concepts outlined in Part One.

The intent of these data/discussion chapters is to present illustrations of where it might be construed that 'being entrepreneurial', as in the entrepreneurial realisation of hoped-for-gains from an innovative process, has occurred in some form or another in Indonesia over the time period. The area of focus is on the activities of the indigenous / native Indonesians, excluding, in the main, the activities of the Dutch and Chinese.

Chapter 6 is a positioning chapter that uses the small hamlet of Laweyan, in the heart of Java, which stood-out in the discourse, as a start point for these illustrations. Given Laweyan's history and position I use it as a means to provide some historical framework and introduce some of the topics that are part of the discourse analysis and then point to where discussions on these discourses are continued in the subsequent chapters.

Chapter 7 commences the discussion of the governable/ungovernable persons specifically in reference to the colonial period under the Dutch rule. As Levine [1969, p12] has commented "a correct understanding of the entire colonial period is the essential prerequisite for an understanding of present problems." The discussion goes into some depth as to how the Dutch effected their rule and how they utilised Javanese power structures. The origins of rent-seeking are outlined as are the manner in which native commercial entrepreneurship showed a propensity to evolve in enclaves, or through diasporic behaviour. The chapter ends with a discussion that applies the concepts of being entrepreneurial to the Dutch Cultivation System.

Chapter 8 follows the development of *Sarekat Islam* and illustrates two approaches where respectively autonomy and independence were the hoped-for-gains in political entrepreneurship. The first approach follows the causative actions of the *priyayi*, the Javanese bureaucracy, and the second approach follows the more effectuative actions of Tjokroaminoto and Agus Salim as leaders of *Sarekat Islam* and their selection of relevancies.

Chapter 9 moves to the western island of Sumatra and illustrates the elective affinities of the Minang nation to being entrepreneurial in both commerce and politics and outlines aspects of the institutional set-up that might have contributed to the development of such elective affinities. The role of Mohamad Hatta in determining the socialist institutional set-up that has dominated much in Indonesian history is outlined along with his role in encouraging foreign capital, in particular that of the Japanese nation to enter Indonesia. The chapter ends with a discussion of the Glassburner/Schmitt debates.

Chapter 10 focuses on the actions of Soekarno, the first President of Indonesia and the *how* by which he exercised power, including the alignments he exercised that enabled the realisation of the new venture of Indonesia. The chapter also discusses the new venture creation of the Indonesian Armed Forces, the autonomous position they

developed, separate to the state, and the rent-seeking they engaged in to enable such position. The chapter ends with a discussion of the rise of the PKI – Communist Party of Indonesia, and the ways they accumulated moral capital.

Chapter 11 illustrates the functional period of Suharto over the 32 years of his rule commencing with the events of 30 September 1965 where I suggest that Suharto's actual role may have been significantly different to that expressed in the relevant discursive formations which are heavily dominated by constructions of the event propagated by the state. I discuss Suharto *et al's* role in being entrepreneurial in particular with regards to the Suharto Franchise introduced by McLeod [2008] and *how* this franchise was implemented and sustained through a series of alignments.

Chapter 12 concludes the thesis with a summary of what has been covered and the thesis contributions, along with a discussion on limitations on the study, areas of future study and some reflections.

Chapter 6   From the walls of Laweyan – the discourses radiate outwards….

Introduction

This chapter uses the hamlet of Laweyan as a start point and maps the directions taken in Part Two. I introduce the topics that are covered in Part Two, some of which source from Laweyan, and point to the chapters in Part Two in which I discuss these discourses further.

Establishing a start point for presenting the discourse analysis was at first problematic until the formations revealed the dusty, faded little *kampung* (hamlet) named Laweyan, now a suburb of the city of Solo, in central Java. Because of what it represented and the emergences it enabled, this *kampung* stood-out as a logical start point and from there we can follow the discourses across time and geographically from Laweyan, to Surabaya, to Padang, and thence to the capital of Jakarta.

The *kampung* of Laweyan, a suburb in the royal and ancient city of Solo (formerly Surakarta) in central Java, was, for the latter part of the 20th century, a place of decline. Brenner [1991] notes the faded facades, the dilapidated nature of many of the formerly imposing mansions, the now silted rivers that had once been the conduit for trade to the sea ports of Surabaya and Gresik in north eastern Java. Ganug Nugroho Adi [2012] comments that "*kampung* Laweyan only evoked pleasant memories of its old-time mercantile grandeur, with its narrow alleys and tall, dull buildings in Java's traditional style as well as European, Chinese and Islamic architecture".

Efforts have been made since 2004 to revive *kampung* Laweyan as a tourist and handicrafts destination, with a noted degree of success.

> The present atmosphere of *kampung* Laweyan is very different from that of eight years ago. With only eight *batik* entrepreneurs left in 2004, now 90 of the 110 families in the village are *batik* businessmen, with the 20 others working as hand-painted, stamped and *sablon* (silk screened) *batik* makers [Ganug Nugroho Adi, 2012].

However, it is not the restoration of *kampung* Laweyan that is the focus in this chapter. Instead it is the introduction of the discourses that swirled around Laweyan in the early decades of the 20th century, which are of more interest. These discourses move in different directions, across and over time. They provide a point of reference to interact with other discourses.

Laweyan stands-out

Laweyan has attained visibility for 'being different' [Brenner, 1991, p63, 1991b; Bertrand 2008]. Despite being a

suburb of Solo in the heartland of Java, within a few kilometres of the two royal *kraton* (palaces) of the Solonese royal families, it manifests a distinct disparity to the ideas of power in Javanese culture as elucidated by Anderson [2006] and outlined in Chapter 4. Beatty [2012] has discussed, in reference to Banyuwangi, sited on the strait between Java and Bali, the 'other Javas away from the *kraton*', where people speak, act, eat, create, even carry things, differently'. Yet Laweyan cannot be considered to be 'away from the *kraton*'. Its simple geographic proximity denies it that position. It lies in the space of the 'Javanese heartland' where, for

> four hundred years (from its founding circa 1585, through its successor principalities, down to the present) no basic changes seem to have taken place in the structural organization of the Mataram state, nor in the ideological bases of state-life [Beatty, 2012].

In a state where order depended on a conception of power as centralized, Laweyan stands out as an enclave representative of a differing conception of power. The discourses surrounding Laweyan are, uncommonly for most of the discourses associated with Javanese culture, liberally sprinkled with the English term 'entrepreneurs', or Indonesian term '*juragen*', (which is distinguishable from a trader *wirausaha*). These terms are used not only by the commentators in the discourse, but the subjects themselves [see Aragon, 2011; Ganug Nugroho Adi, 2012; Brenner 1991, 1991b; Sri Astuti, 2002].

The elements of a refusal to be 'governable persons' are highlighted by Brenner [1991] in her discussion on Laweyan *Domesticating the market: History, culture and economy in a Javanese merchant community*.

> The cornerstone of Laweyan's self-proclaimed differences rested on the notion of autonomy – an ideal that accorded well with an entrepreneurial ethos. A high value was placed upon autonomy in Laweyan [p64],
> To be a *juragen*, an employer entrepreneur, was greatly prized, because it meant that one was autonomous; a *juragen* was, above all, one who told others what to do instead of being told what to do [Brenner, 1991, p65].

> In Laweyan the stated goal was to serve no-one at all [Brenner, 1991, p88].

As pointed out by Bertrand [2008],

> Each historical formation sees and reveals all it can, according to its conditions of visibility, just as it says all it can in function of the conditions determining how it is stated [Bertrand 2008, p75, paraphrasing Deleuze, 2012, p59].

The statements and words that source from Laweyan, what the people do, how they behave compared to their neighbours in the *kraton*, what people say about them, and what they say about themselves, makes Laweyan stand-out.

The walls are symbolic of power

Following on from the earlier discussions on 'being entrepreneurial' as an exercise of entrepreneurial power, Laweyan fits rather snugly (and I might also add smugly) into the role as a start point for the analysis of the discourses in 'being entrepreneurial' that flow around and from Laweyan, across and through time.

> Foucault's greatest historical principle: behind the curtain, there is nothing to be seen, and this explains why it is all the more important every time to describe the curtain, or the foundation, since there is nothing behind it or below it [Deleuze, 2012, p54; also Bertrand 2008].

Beatty [2012] discusses the significance of the perimeter in the Javanese concepts of power. Foucault's 'curtain' can be considered to be perimeters. These curtains manifest themselves in the perimeter walls that have been noted by Brenner [1991] as a feature of Laweyan, and by Anderson [2006] as a feature of the *kraton*. Yet the walls differ, the walls of the *kraton* encompass the whole *kraton* area, while the walls of Laweyan surround the individual homes and business establishments, not the entire *kampung*. They are indicative of the differing concepts of power, between that of the *kraton* on one hand, and that which has evolved around Laweyan on the other hand. They represent differing aspects of exclusion and inclusion between the *sunun* (royalty) and *priyayi* (officials) of the *kraton* and commercial entities of Laweyan. These discourses on the differing concepts of power are discussed further in Chapter 7 where I discuss how the Dutch used the Javanese concepts of power to create governable people on the island of Java to support their Cultivation System.

Behind the walls, as Deleuze [2012] (also in Bertrand [2008]) has commented, 'there is nothing to be seen'. The walls are part of the exercise of power. For the people of Laweyan they primarily provide security against banditry. Yet there are secondary reasons for these walls, including avoiding the coercive power of the state. As commented by Tagliacozzo [2010] the coercive and surveillance powers of the colonial state increased considerably during the first decades of the 20th century. During the colonial period, the *priyayi* agents of the colonial state would calculate taxes based upon the size of the labour force in the establishment. The walls around the business establishments excluded visibility to the coercive activities of the colonial state, until such time as the tax collectors sought entry, whereupon the business owners would make use of underground bunkers and tunnels to hide their labour force, or move them to other establishments, until the tax collectors had left [Brenner 1991, 1991b]. These tunnels that join the houses speak of covert alliances against those that wished to govern the people of Laweyan. It was later during the coercive regime of the New Order (1965-1998) that these walls were an anathema to the surveillance powers of the state and became an item of conflict between the state and the business owners. The *batik* industry of central Java went into decline during the New Order period [Papanek, 2006]. The discourses on the varying roles of the state, including the Colonial era and under the New Order are discussed respectively in Chapters 7 and 11.

Innovations and the influence of the Dutch town of Twente

The walls of Laweyan did not exclude business activities. Inside the walls, specially prepared dyes were among the business secrets of the establishments, along with designs for the *batik*, changing with public demand. Other innovations such as the development of brass *tjaps* (printing templates) speeded up the printing process from the traditional *tjanting* (small spouted pots) used to apply the waxes to create the designs. Like the traditional methods the *tjaps* could be used to print on both sides of the fabric as the market demanded. Early British and Dutch efforts to mechanise the process of printing *batik* cloth failed as they could only print one side and, apart from a low end segment, failed to meet the overall approval of the market at that time.

The business activities external to the walls of Laweyan give the opportunity to lead into discussion on other discourses. The Glassburner / Schmitt [Glassburner, 1962, 1963; Schmitt, 1962, 1962b, 1963] debates in the early 1960s revolved around a fundamental issue of the relationship between political activities and economic interests. Historians were seen to focus on political events, without necessarily seeing these events in conjunction with economic activities. Schmitt's view was that political events could not be seen in isolation from surrounding economic influences. As discussed earlier, part of the development of this thesis involves placing 'being entrepreneurial' as a larger set of activities than a commercial orientation, but with a significant degree of interaction.

The markets external to the walls of Laweyan supplied cotton cambric material imported from Holland which was used as the base material for the *batik*, along with dye compounds and materials supplied by Chinese and Arab traders. At the turn of the 20th century the supply of the cambric fabric to Indonesia was of significance to the manufacturers of the cloth in places such as Twente, in the east Netherlands. In 1900 the value of cotton goods imported into Indonesia was 39.7 million guilders [Amiya Kumar Bagchi, 1993, p75]. By 1925 the supply of cotton goods to Indonesia had more than doubled to $40-50,000,000 per annum. A significant percentage of these cotton goods were used for *batik* manufacture [Brenner, 1991, p41]. As an example of economic interests under pinning historical events, as pointed out by Wertheim the industrialists of Twente were instrumental in advocating a 'policy of improving the purchasing power of the peasantry' [Wertheim, 1956, p56] on Java. The liberal policies espoused from 1870 had not achieved

> an increase of agrarian welfare to Java. On the contrary, the general complaint at the turn of the century was that conditions were deteriorating. Thus humanitarian considerations combined with industrial interests stimulated the introduction, with the assistance of the Dutch Parliament, of a new economic policy, the so-called 'ethical policy' aimed at positive measures for the enhancement of Welfare [Wertheim, 1956, p 56].

From the coercive times of the Cultivation System (1830-1870), through the liberal policies (1870-1901) to the Ethical Policy of (1901-1942) where, while a greater 'tutelary role' [Mohamad Nawawi, 1971] was advocated, in practice policies often were dictated by non-indigenous commercial interests [Lindblad, 1985, 1989]. The discourses on foreign interests in Indonesia are discussed further in several sections including, the Dutch in Chapter 7, the

Japanese in Chapter 9 and 11, and the international oil companies in Chapter 11.

Going beyond autonomy - The seeking of independence

The markets external to the walls of Laweyan were also the place where the business owners, as noted by Brenner [1991] as being predominantly female, had sales outlets for their produce. Brenner [1991] comments on the casual way in which money was tossed between participants in transactions, in itself a behaviour type that differs markedly to the Javanese custom of pro-offering money in a humble manner, using only the right hand to avoid giving offence. It is these market activities that give opportunities to expand into analyses of the further discourses using the Glassburner / Schmitt debates. The first set of discourses relates both directly and indirectly to the independence / nationalist movements that developed in the Dutch colonies, which would later take the name Indonesia.

In the first decade of the 20th century the leadership of a *gotong royang* (mutual aid) association in Laweyan named *Rekso Romesko*, was taken over by one *Haji* Samanhudi and renamed *Sarekat Dagang Islam* - SDI (Islamic Traders Association). Its initial objective was to apply leverage against the price gouging practices of the Chinese and Arab traders who predominated in supplying the dye compounds and materials needed by the Laweyan *batik* manufacturers in their businesses. In the growing sense of anti-colonialism prevalent in the Dutch colony at that time, the activities of SDI proved a very popular rallying point and the movement grew far beyond the walls of Laweyan and the *batik* trade.

Within some years of its establishment, the SDI had been renamed to *Sarekat Islam* - SI (Islamic Association), its headquarters moved from Laweyan to Surabaya, under the new leadership of *Haji* Tjokroaminoto and became one of the first political activist parties of its kind. By 1919 its membership had grown to 2.5 million persons [Syed Farid Alatas, 2001], although this may be an exaggeration. The discourses on the political development of SI, and the other political parties, including the innovative methods of the PKI – *Partai Kommunis Indonesia* (Communist Party Indonesia), that evolved from it under Musso and later Aidit, with membership reaching 20 million followers, are discussed further in Chapters 7 and 10.

In the discourses the establishment in 1908 of the *Budi Oetomo*, (Prime/noble endeavour) has generally been taken as the start point of the organisation of a growing nationalist movement. *Budi Oetomo* was established by the Javanese *priyayi* as a means to enhance the influence of the Javanese nation, in particular the role of the *priyayi*; as such it was exclusionist and never gained the popularity of the SDI. By 1909 it reached a membership peak of only 10,000 members. Contrary to popular history, based on the conversations, it is probable that the establishment of SDI pre-dated that of *Budi Oetomo*.

Formerly the officials of the Javanese court, the *priyayi* became an integral part of the way that the Dutch exercised power in Java. While generally regarded as traditionalists the *priyayi,* who formed of *Budi Oetomo,* reflect a

changing sense of identity. Later developments such as the Soetadjo petition (1936) and the Wiwoho petition (1940) were innovative contributions by the *priyayi* towards autonomy. The *priyayi* are described further in Chapter 7 and the more causative form of being entrepreneurial, that they advocated is described in Chapter 8.

Political entrepreneuring and mental models

From its creation as a new venture in Laweyan, *Sarekat Islam* grew to become one of the prominent activist organisations of its time. As mentioned above the initial efforts by Samanhudi in Laweyan were usurped by Tjokroaminoto. Tjokroaminoto was the mentor/teacher to a number of significant activists in the pre-independence era, including: Soekarno – later the first President of Indonesia; Musso – later the leader of the PKI (Communist Party of Indonesia), and Kartosuwirjo – later leader of the separatist Islamic state movements in West Java in the 1950s. Tjokroaminoto was noted for his innovative efforts in the area of politics, (along with interlinked commercial enterprises). Much of the innovative political methodology Tjokroaminoto developed was imparted to his students, the most successful being Soekarno – who was seen to have used the military to eliminate Musso and Kartosuwirjo. Further discussion on Tjokroaminoto in terms of how he used innovative ideas, and the relevancies he selected, as to whom to work with in these innovations, appears in Chapter 8.

Both Samanhudi and Tjokroaminoto were male and Muslims. The point on gender does run contrary to Brenner's contention that the business people in Laweyan were predominantly female. However, the discourses seem to indicate that in Laweyan the men were considered useless for business, so letting them take care of politics may have been a means of keeping them away from business activities. There is a parallel between this thinking in Laweyan and the thinking from the province of West Sumatra which has an in-built matrilineal system. In West Sumatra the Minangkabau matrilineal system implements a system where the young males have to leave the family home to perform the *rantau*, a custom which means they have to go elsewhere to get experience. Only when they are successful are they permitted to return, and be considered men. Interestingly enough the Minangkabau (despite having a much smaller population base than the Javanese) were more predominant in the early days of the Indonesian independence movement and the development of the nascent state of Indonesia. The Minangkabau people are also acknowledged to be one of the ethnic groups more successful in commerce. Discourses in this area are analysed further in Chapter 9, particularly in regards to the notion of mental models suggested by Denzau and North [1994] as being a means to cope with restraints. As suggested by the 18th century Italian philosopher Giambattista Vico, such mental models could be construed as some of the earliest institutions.

 As noted above Samanhudi was Muslim. This is another anomaly within the discourses. Following Geertz's [1976] identification of three main *aliran* in Javanese society, the *santri* (greater Islamic identification), *abangan* (nominal adherence to Islam – greater identification with animist Javanese religious practices) and the *priyayi* (court officials); the inhabitants of Laweyan were mostly *abangan*. The Sapardi mentioned by Brenner [1991, 1991b] was *abangan*,

nominally Islamic, but who prayed at the tombs of Javanese royalty. According to Geertz [1976], it was the *santri* who predominated in business, but in Laweyan the *santri* were a minority, albeit in the case of Samanhudi, possibly more prominent. (In other enclaves mentioned by Dobbin [1994], Islam may have been the more dominant faith.)

Tjokroaminoto was also a Muslim, although from a *priyayi* back ground, not a *santri* orientation. As indicated by Hasnul Arifin Melayu [2000] the connotations of Islam, at that time, presented themselves as an anti-Dutch identity, rather than any religious fundamentalism *per se*. However, as SI evolved over time, particularly with the split between SI-White (more Islamic) and SI-Red (more Communist) factions, there became an increasing demand to fine-tune identification with such identities. The aspects of religion in business are touched on in Chapters 9 and 11.

Socialism *a la* Indonesia

During the 18th century the textiles used by the merchants of Laweyan were produced in Java. As pointed out by Amiya Kumar Bagchi, [1993] there was a state of equilibrium between what was produced and what was consumed. During the Cultivation System "the VOC forced deliveries of cotton yarns from the Indonesians, often paying half the market rate" [Amiya Kumar Bagchi, 1993, p75]. These actions thwarted the development of the domestic industry and, the Dutch merchants in places like Twente, developed their own markets, using yarn from India. During the 1920s the price of European cambrics rose, so an innovation was made by switching to "partly unfinished cambrics which could be printed without any preparation" [Dobbins, 1994, p95]. Unbleached cottons were increasingly used for *batik* production in places like Laweyan, mostly *mori* fabrics from Japan, which became the leading supplier from 1931. Later the supply of the fabric for *batik* production went into short supply in the early years of the Indonesian state. Part of this was due to efforts to achieve economic independence to support the political independence achieved during 1945-1949. Control of its distribution was passed into the hands of co-operatives, as part of the socialist ethic developed during the Soekarno era [Papanek, 2006]. Also state regulations aimed at supporting the entrepreneurs inside '*Socialism a la Indonesia*' [Humphrey, 1962] came into play to support *pribumi* (native) entrepreneurs. This socialist ethic is touched upon in Chapter 10.

However, the rent-seeking associated with membership of the co-operatives, and with the 'brief-case entrepreneurship' that developed from trading in entitlements, rather than production, meant that many of central Java *batik* manufacturers of the 1950s were unable to survive the deregulation that came in the 1970s. Papanek's [2006] study into the successful *batik* entrepreneurs, who survived the deregulation by innovation, including relocation away from central Java, is part of the discourses discussed further in Chapter 10. Rent-seeking is covered in Chapter 7 and 10 with its evolution into rent-generation under the New Order being addressed in Chapter 11.

The New Order and the further decline of Laweyan

With the decline of Laweyan under the socialist policies of Soekarno and the relocation as noted by Papanek [2006] away from central Java, it could have been expected that the hamlet could have benefited from the non-socialist policies advocated by the post-1965 New Order technocrats, comprised mostly of the economics faculty of University of Indonesia. However, the alignments inherent in the institutional set-up, developed under this New Order, outlined in Chapter 11, meant that activities of autonomous enclaves such as Laweyan tended to be excluded from participation in the 'Suharto Franchise' [McLeod, 2008] and did not recover from the socialist period. It was only after the fall of Suharto in 1998 that the restoration of Laweyan commenced, as indicated at the beginning of this chapter.

Summary

In this chapter I have used the hamlet of Laweyan to lay ground work for some the discourses that are discussed in Part Two, including some that have a direct connection to the hamlet. I have indicated in which chapters these discourses are elaborated upon further.

Chapter 7   'Governable persons'

Introduction

In this chapter I outline the first part of the discourse analysis process outlined in Chapter 5, 'mapping the first surface of their emergence' to help better understand the 'authorities of delimitation' that became apparent during the Late Colonial period, where the racial stratification described earlier developed. As Levine [1969] has pointed out, it is necessary to have an 'understanding of the entire colonial period' to understand the later issues that emerged. In mapping the first surface of their emergence I not only provide a historical spine, to assist readers less familiar with Indonesian history, but also outline the delimitations of the 'governable persons' status and the institutional set-up in which it evolved.

This historical background then enables the illustration of elements from the discourse such as the constructions, the power mechanisms, the role of governed and ungovernable persons, and the development of *heterotopias* as spaces where innovative activities tended to occur.

The role of governed and ungovernable persons is considered significant. I draw on two quotations which illustrate the difference between the two. The first of these views is expressed by Pak Sapardi in Brenner [1991, 1991b].

> During the course of our conversation, Pak Sapardi stated proudly and in no uncertain terms, 'The people of Laweyan have always had the spirit of entrepreneurs. Since the time of our ancestors, we haven't liked people telling us what to do. We don't like serving people. Our souls are the souls of entrepreneurs – we work for ourselves. We've never wanted to be court servants.' He made no effort to hide his scorn for those whose livelihood depended on catering to the will of others [Brenner, 1991, p88; 1991b, p58].

The second view, markedly different from Mohamad Hatta, is discussed by Higgins [1958, p53]

> Co-operation, he argues, is the only way to eradicate the national 'inferiority complex'; it alone is 'capable of tearing the remnant of colonialism from the soul of our nation'.

On one hand are people, probably more aligned to the ungovernable person status, proudly asserting their autonomy, and on the other hands there is the statement about the 'national inferiority complex', due, apparently, to the colonial experience which inculcated the role of the 'governable persons'.

In this chapter I address how the Foucauldian concept of the 'governable persons' as employed by Bush and Maltby [2004], Eko Sukoharsono [1998], Eko Sukoharsono and Novrida Qudsi [2008] Eko Sukoharsono and Gaffikin, [1993] and Parulian Silaen and Smark [2006, 2006b, 2007], developed in Indonesia, as a construction of the flawed

character of the 'native'. The development of this character is described in three time periods. The first is during the Late Colonial period as a deliberate construction of an effeminate (and by implication, incapable) native character, as a means to forestall firstly political autonomy (then later political independence). Second, from an earlier part of the Colonial period the construction of a non-rational character occurred, which *post factum* academic literature justified. Third the possibility arises, as suggested by Philpott [2003] and Syed Hussein Alatas [2006], of a deliberate construction of the image of the lazy native to justify implementation of the Cultivation System by the colonial authorities, in a bid to prevent economic autonomy.

While the Cultivation System predates the time line initially proposed for this thesis, its inclusion assists in the mapping of the first surface of the emergence of this particular discourse. The manner in which the Dutch utilised Javanese power mechanisms is described, suggesting that differences between such traditional power mechanisms and Foucauldian concepts of power reflect different stages of development. However, the focus here is more to the thinking of Bourdieu and Deleuze as an adverbial concept of how the power mechanisms were applied. I include in this chapter a brief discussion on the origins of rent-seeking based on some conversations suggesting that this was a 'Dutch Disease'. I continue by describing some commercial entrepreneurial activities in the late Colonial Period and the enclave nature of innovative activities that occurred under the system described. I end with a discussion on the Cultivation System which, more as a by-product of the intended focus on native entrepreneurial activities, illustrated many of the elements discussed in Chapter 4.

Construction of the Indonesian other

In Rabinow's discussion on Foucault's thoughts, Guibert's description aptly describes the state established by the Dutch during the early colonial period of the 18th and 19th centuries.

> The state that I depict will have a simple, reliable, easily controlled administration. It will resemble those huge machines, which by quite uncomplicated means produce great effects; the strength of this state will spring from its own strength, its prosperity from its own prosperity [Guibert in Rabinow, 1991, p186].

The state system seemed to work for the Dutch. The question could be asked: What other imperial nation in 1900 could run a highly lucrative colony of 35 million people with only 250 European and 1,500 indigenous civil servants, and 15,866 Dutch officers and men and 26,276 hired native troops?

In the next 3 sub-sections I analyse from the discourses the manner (how) in which the Dutch constructed two different characters, the 'effeminate', and the 'lazy native', to aid in developing such inferiority complex mentioned by Mohamad Hatta, to assist in exercising control over a numerically larger body of people. This construction is addressed retrospectively in three phases: first the events around the independence movement around the period 1945-46; then the late colonial period around the turn of the century; and then tracing this further back in time to the

commencement of the Cultivation System.

The effeminate character

Gouda [1997, 2002] has typified the Dutch representation of the Indonesian 'other' as being infantile and effeminate. Gouda specifically relates that this representation occurred between the third and fifth decades of the 20th century when this representation was used to counter the nationalist independence movement, by portraying the people as unsuitable to govern themselves.

In September 1948 a report was passed by the Netherlands's embassy in Washington to the US State Department. The report, written by General Spoor, the Netherlands Army's Commander-in-Chief in the Dutch East Indies, provided an 'eccentric parable' [Gouda, 2002, p15] of the Dutch groom and his willful Indonesian bride-to-be, who was considered to be too incompetent to manage her own affairs, who was in danger of being 'ensnared' by a Russian (real bear) 'great-uncle' and for whom the United Nations (family council) had decided that 'the marriage' (read *Linggadjati* agreement) should take place.

> The bride not only refuses to appear in church; no, she has induced her friends and the Best Man to institute legal proceedings against the bridegroom. She allows her admirers to engage in unseemly acts in her bridegroom's house; she repudiates and deceives him, engages in flirtations with adventurers, and has even allowed herself to be ensnared by a great-uncle, a real bear of a man, who is after her innocence and wealth... Her incompetence in the field of business and economic management is also shocking. In short, the bride's mental equipment is out of order. Normally the marriage would not take place. Instead, she would be entrusted to the care of a few competent doctors, who would suggest treatment in a center for neurotic patients under the guidance of husky nurses. But the Family Council—a council with the widest ramifications throughout the whole world—has decided that the wedding has to take place, in order to keep the bride away from the sensuous great-uncle if at all possible [Gouda, 2002, p15].

The need for control and treatment to restore the 'neurotic' bride's defective 'mental equipment' is vintage Foucault of the period 1954 to 1963 when he wrote: *Mental illness and psychology*; *Madness and civilization: A history of insanity in the age of reason*; and *The birth of the clinic: An archaeology of medical perception*. Neuroses are conceived as being unreason [Foucault, 2009, p106], regarded as being deviant from society [Foucault, 2009, p541], and should be restrained in suitable institutions. Gouda's [1997, 2002] representation of the Indonesian 'other' as being infantile and effeminate is extended with the aspect of 'unreason' being added.

Two points are fascinating in General Spoor's 'eccentric parable'. The first is the non-admission of failure. The bride is deemed to have 'incompetence in the field of business and economic management'. But the unspoken question arises – Why after some 300 years of figurative 'colonial engagement' between the Dutch groom and his now willful bride, is the bride still incompetent? In Spoor's statement there is no admission of a failure to teach, a lack of tutelage. This incompetence is simply a part of the being of the Indonesian 'other'.

As pointed out by Mohamad Nawawi [1971] "the 'punitive' Dutch colonial regime in Indonesia should be distinguished from the 'tutelary' colonial rule which other more fortunate countries in Asia and Africa have experienced." Apart from a brief period (1901-1942) when a more 'tutelary' Ethical Movement was in place the Dutch policy of rule in Indonesia was typified by the comment, in 1936 [Benda, 1966, p590], by Bonifacius de Jonge, former Governor General of the Dutch East Indies "We have ruled here for 300 years with the whip and the club and we shall be doing it for another 300 years" [Keay, 1997, p16]. The implication is two-fold, being that this is the only way to treat the 'other' and that the 'other' is incapable of learning, so the conditions of the past are immutable.

The second point from General Spoor's 'eccentric parable' is the fundamental issue with which he contends, that being the forced 'marriage'. While there was a declaration of independence by Soekarno and Hatta on 17 August 1945, a date celebrated as the date of independence, it was not recognised by the Dutch. After some international pressure, the *Linggadjati* agreement of 1946/7 recognised the newly founded Republic of Indonesia's rule over Madura, parts of Java and parts of Sumatra. The intention of this agreement was to later create a United States of Indonesia which would ultimately form a federation comprising the Netherlands and its colonies. This would have raised Indonesia to the status of being an equal party in this federation. This is General Spoor's objection, the bride is not equal, the bride is incompetent, the bride engages in unreasonable behaviour. The bride should always remain the bride because the she is incapable of being an equal. Yet despite her transgressions, the groom still wants the bride, but not as an equal.

The non-rational character – the academic justification

The representations on the Indonesian 'other' by de Jonge and General Spoor, are also reflected in academic works on the early parts of the 20th century, in particular that of JH Boeke

> In elaborating the concept of the dual society, J. H. Boeke was following in the grand tradition of social theorists who, from the beginning of the industrial revolution, have sought to specify the critical distinctions between traditional social orders and modern, industrial societies. This classical school has included such great seminal thinkers as Sir Henry Maine, Ferdinand Toennies, Emile Durkheim, and, to bring the line down to contemporary times, Talcott Parsons and Edward Shils. Boeke thus sought to apply to the Asian scene elements of the dichotomous scheme which has been so long used to categorize the differences between what have been variously called traditional and modern, rural and urban, *societas* and *civitas, Gemeinschaft* and *Gesellschaft,* communal and associational [Pye, 1964, pp 429-430].

Post [1996, p89] suggests that "The political economy of the Dutch colonial state was designed by a group of economic theorists, of whom JH. Boeke was the most important". However, it is most likely that by the time Boeke published in 1910 the dual system he advocated was well in place and Boeke's work was more of a *post factum* academic justification for such policies.

Boeke's theories academically justified a practice that had been in place for at least 80 years prior to his theory. That

of the rational Western economy on the one hand and the 'other' being primitive and peasant societies to which the economic theories of the first did not apply, therefore requiring a dualistic approach to the economy. As indicated by Schiller "The Dutch have adopted a policy of non-assimilation and as a result dualism and even pluralism are evident throughout the whole social, economic and political structure [Schiller, 1942, p 31].

Boeke's notion that European economic and social theories were not applicable in Asia [Pye, 1964, p431] and the justification for a Dual Society not only extended the Marxian view of 'Asian modes of production', but applied the scenario to where a modern society was imposed upon a traditional society. Modern society was deemed to be more capitalistic and rational whereas as pointed out by De Vris there was a "persistent idea that social factors generally ruled the economic behaviour of Indonesians" [van der Eng, 1991, p40].

As commented by De Vries, in van der Eng [1991] a former colonial agricultural official in the 1920s,

> in spite of our efforts to provide useful descriptions of the obstacles to development, vague and denigrating ideas about the reasons for underdevelopment continued to exist. They all boiled down to the assumption that the non-European was not rational, or something of the kind. Although Boeke went to great lengths to elaborate his theory (Boeke 1910), he is still regarded as the main proponent of this view [van der Eng, 1991, p42].

De Vris was later a critic not only of Boeke's theories, which were prominent in Dutch academic circles at that time, and which he had found not to have been sustainable in the 'field', but also Boeke's idea that "the differences between the Western and indigenous sections of the economy to be fundamental and immutable" [van der Eng, 1991, p43]. De Vris was more of the opinion that such differences were "temporary differences in stage of development" [van der Eng, 1991, p43]. This principle of immutability presented the traditional society as being incapable of change "rather than relating it to the broader problem of the transition of traditional systems into modern, developed, industrial ones" [Pye, 1964, p430].

The system seemed to be working for the Dutch. As noted earlier; in 1900 they ran a highly lucrative colony of 35 million people with only limited resources. To see how this system developed it is necessary to look back further in time and view how the Dutch utilised the Javanese concepts of power along with the development of representation of the 'other' to implement their policies.

The lazy native

According to Syed Alatas [2006] the representations of 'the lazy, backward, treacherous, indolent native' began in 1830. This dominant image was "quite absent from the colonial archive up to this time" [Philpott, 2003, p251]. The emergence of this representation corresponds with the commencement of the Cultivation (Culture) System (1830-1870) where the Dutch implemented a forced labour scheme to produce cash crops for the colonial coffers. Philpott

[2003, p251] comments that Alatas "argues that the 'lazy native' is no more than ideological obfuscation on the part of the Dutch (and other colonial regimes) to justify the policy of forced labour on which the Culture System was premised."

> The Dutch produced a flawed Javanese character in need of the kind of improvement that European civilization could offer. Specifically, laziness, a supposedly insidious aspect of Javanese identity and thought to be an obstacle to economic development and cultural maturity provided an ethical basis for increasingly invasive and compelling colonial practices [Philpott, 2003, 250].

The underpinning for such construction was primarily economic. The Java Wars (1825-29) against the rebellious princes of Java, had been won by the Dutch, but the victory had been at a tremendous cost, not only in the 8,000 Dutch soldiers and 200,000 natives killed, but in financial terms. By 1829 the Dutch East Indies government was in dire financial straits [Maddison, 1989, p652]. The situation was compounded by the outstanding debts of the Dutch East India Company (*Vereenigde Oostindische Compagnie*, VOC) that had been liquidated in 1799 with 134 million guilders still remaining on the colonial books [Maddison, 1989, p653].

Newly installed colonial Governor van den Bosch arrived in Batavia in January 1830. A former colonial army colonel who had fallen out with his superiors and been repatriated, he lobbied the new Dutch King William I, and received royal assent for implementing the Cultivation System. As a personal sweetener, the associated Consignment System gave a monopoly on transport of exported government crops from the colony to the Netherlands Trading Society (*Nederlandsche Handel-Maatschappij* or NHM) owned by the Dutch king [Hoadley, 2004].

The Cultivation System, based upon the British system of Crown Lands, was premised on the notion that the sovereign is the possessor of all lands in the colony. It had little or no legal basis; "one looks in vain, for instance, for a statute creating and defining the famous Cultivation System" [Hoadley, 2004, p12]. Holland itself had only recently restored the monarchy after Napoleon's reign and only invested in a constitution in 1848, so laws, in 1830, were lacking.

> On the assumption that the sovereign owned all land, alienation to cultivators such as direct producers, speculators, plantations, etc. must be accompanied by some sort of reciprocity in the form of taxes in cash, kind, or labor. In essence what the Dutch did was to commute the cultivators' debt for use of the sovereign's land into a work obligation. This in turn was used to force direct producers to cultivate crops specified by the landlord on his own fields and subsequently to assist in their processing. All proceeds went to the landlord, i.e. the Dutch crown [Hoadley, 2004, p12].

The innovations of the Cultivation System were very successful. From 1831 to 1870 total export surpluses were 1,460 million guilders. Of this half went to the Dutch treasury as part of the agreement negotiated by van den Bosch. For the period 1831-1850 this represented 19.5% of Dutch state income, increasing to 31% in the period from 1851 to 1870 [Madison, 1989, p653]. The debts from the Java Wars and from the liquidation of the VOC were 'repaid' by

the creation of a fictitious loan of 236 million guilders which was amortised annually and finally cleared in 1865 from the colonial 50% of proceeds from the Cultivation System [Madison, 1989, pp652-653]. The Cultivation System conformed to Guibert's expectation of an efficient state.

According to Philpott [2003], the Cultivation System demonstrates the enduring Dutch belief that the Javanese were not entirely rational economic actor; a similar belief was expressed by Gouda [1997, 2002]. In part Philpott ascribes this to van den Bosch's own attributes,

> Moreover, direct parallels can be drawn between poverty alleviation schemes implemented by Johannes van den Bosch in the Netherlands and the Culture System (also known as the Cultivation System) which he put into place in the Indies. In both locations, van den Bosch regarded national or cultural traits (such as laziness) as obstacles to individual economic development and the perfection of self-regulating markets [Philpott, 2003, p25].

Such representations were unlikely to be generated by just one person. It is probable that such representations were well ingrained in the institutional set-up at that time.

The manner in which the Cultivation System was implemented was through a dual state system. On one hand was the colonial domestic government (*Binnenlands Bestuur* - BB) and on the other was the native government (*Inlandsch Bestuur* - IB). The apparent success of the dual system was praised by Money.

> A new system was then inaugurated, which, in twenty-five years, quadrupled the revenue, paid off the debt, changed the yearly deficit to a large yearly surplus, trebled the trade, improved the administration, diminished crime and litigation, gave peace, security, and affluence to the people, combined the interests of the European and the Native, and, more wonderful still, nearly doubled an Oriental population, and gave contentment with the rule of their foreign conquerors to ten millions of a conquered Mussulman race [Singh, 1976, p4].

While the Cultivation system had been initially devised to 'restore Java to solvency' Furnivall writes, "for the next ten years it was, in the often-quoted phrase of Baud, 'the life-belt on which the Netherlands kept afloat'; by 1840, when the Belgian question was solved, Java had come to be regarded as a milch-cow" [Singh, 1976, p4].

The Dutch were able to efficiently run the Cultivation System and the colony in which they were a numerical minority through co-opting the traditional Javanese power structures as discussed next.

Javanese concepts of power

Javanese concepts of power are significant in this study for several reasons: They show a technology of power that may relate to a more feudal society "In feudal societies power functioned essentially through signs and levies" [Foucault, 1980, p125]: They were the means by which the colonial power, with a very significant numerical

minority, created a mass of 'governable persons' through such 'signs' for economic gain: And, moreover Javanese concepts of power are perceived to be an integral part of the New Order's whereby a mass of 'governable persons' contributed towards achieving the state ideology of 'development'.

With regards to the first reason, it is probably necessary to offer some definition of feudalism. I offer a simpler version of feudalism based upon Whittaker's [1999] study of the contemporary small business in Japan who suggested that "The most important reason for their wishing to cling to their own little business is the feudal idea of handing it on the their family" [Whittaker, 1999, p3]. This idea of inheritability, whether of royal or noble title, status, office, position, property and the like, is seen as an easily identifiable feature of feudalism that is less apparent in post-feudal and more democratic transitions.

The Javanese power concepts are a form that has been recognised by Day and Reynolds [2000] and are relevant to this study as part of the transition process.

> The historical literature, where it deals with questions of power, has been overwhelmingly concerned with narratives of political conflict within or between states; or with indigenous concepts of power, such as those of the Javanese (Anderson 1990); or with the `theater state' (Geertz 1980 and 1993) [Day and Reynolds, 2000, p2].

The Javanese concepts of power are summarised by Anderson [2006, pp22-23] as follows:

a) Power is concrete – power exists independent of its possible users.
b) Power is homogenous – single source – it is there.
c) The quantum of power in the universe is constant – universe is not expanding nor contracting therefore an increase in power on one side will result in a diminution on another side.
d) Power does not raise the question of legitimacy – power is neither legitimate nor illegitimate. Power is.

It is possible that the Javanese concepts of power directly relate to Foucault's sovereign or juridico-institutional power. However, I avoid noting such a direct association. Agamben [see Bell, 2008, p145] has argued of a 'bind spot' in Foucault's work 'a hidden point of intersection between the juridico-institutional and the bio political models of power". I see that it is conceivable that the way the Dutch subverted the Javanese system (that fits Foucault's description of a feudal system) could be an illustration of an intersection from a feudal system to the bio-political models of power, in particular that of the disciplinary apparatus. I think that this element of transition is of particular importance towards addressing Agamben's 'blind spot'. I hesitate to claim that the Javanese concepts of power as interpreted by Anderson are truly representative of any sovereign or juridico-institutional power; I am more comfortable placing them in the realms of a technology of power that may relate more to a feudal society, in particular with regards to power functioning through signs and levies, as suggested by Foucault. This distinction is particularly in reference to the *corvee* labour/military levy of a feudal system compared to the standing army of the sovereign.

The perception that power is concrete is a mechanism to enable the feudal concept of inheritability. Power is perceived to be something concrete that can be passed from a parent to a member of the family. Therefore power is something that can be acquired, either through hereditary process, or through asceticism (see the section of *priyayi* below). Being concrete, power can be 'held' or possessed. Both Soekarno and Suharto are regarded as being holders of *wahyu cakraningrat* (the divine right to rule); Ambassador Howard Jones [1973] relates how he was told that it was possible to see the *wahyu cakraningrat* of Sukarno, as a light near his left shoulder. Leaders are expected to have *wahyu* and *cakraningrat*, and as part of a self-defeating policy, any failure is attributed to the fact that they may not have had *wahyu* in the first place.

The homogeneity of power, sourcing from the centre, (centripetality) makes the presence of Laweyan, with its proximity to the centre of power, all the more remarkable, by Javanese standards. Such centripetality is expected to increase the 'obedience' of the 'governable persons' in proximity to the source.

The constancy of power was cleverly used by the Dutch, who to all extents and purposes subordinated themselves to the Javanese power structure and enabled the 'signs', but in reality they ruled. As mentioned by Benda [1966, pp595-596] "the Regent reigned while his Dutch superior ruled". How they implemented this rule is described in the next section.

Development of dual institutions: Two laws for plural nations

To achieve the Guibert-like state, described in the opening paragraph to this chapter, Van Niel [1972] points out that van den Bosch avoided stimulation by European entrepreneurs and implemented a legal system to enable a governmental-administrative enterprise. This, while implementing European legal systems, allowed the customary (*adat*) systems to remain as a means for the state to harvest the gains that could be realised through their power structures.

> Unlike earlier schemes which viewed the economic productivity of Java in terms either of individual enterprise on the part of the Javanese or of stimulation by European entrepreneurs, van den Bosch's notion was essentially a governmental-administrative enterprise. Traditional patterns of authority, obligation, tribute, and service were to be harnessed into a productive pattern which would be guided by the traditional Javanese administrative elite with some advice and control by a small corps of European administrators [Van Niel, 1972, p89].

The legality of such was dubious. As pointed out by Hoadley, [2004], the Cultivation System was not based on any definitive law, except the royal approval of William 1. It was not until the V*ervreemdingsverbod* (alienation ban) of 1870, "which forbade alienation of Indonesian-held land" [Lev, 1985, p59] that any significant legal protection was available.

It was during the period of the Cultivation System that the ground work was laid for what would later become a dual

system incorporating laws for both Europeans and Foreign Orientals, and the natives. As the Cultivation System gave way to the more Liberal Period and later the Ethical Period and the commercial focus of the colonial administration and the European business community expanded further out of Java, the system became formally institutionalised.

The representations created by the Dutch, of the 'unreason' of the native 'other' were affirmed with the institutionalisation of the customary *adat* laws. The diversity of such 'unreason' was accommodated by dividing the native peoples into nineteen groups [Schiller 1942, p32] with each being provided with their own institutions to handle legal matters. In line with the 'governable person' concept "the superior Dutch administration was the more complex" [Lev, 1985, p59] and the inferior "Indonesian side must be readily subordinated to that of the Dutch" [Lev, 1985, p59]. "Colonial *adat* law policy had always helped to define Indonesian communities in ways that kept them manageable, even docile, and subject to authorities upon whom the administration could rely" [Lev, 1985, p65]. This subjection to authority meant that, in Java, the Javanese power mechanism became an integral part of the governing process.

Foreign Orientals –Chinese, Arabs, Indians, and Japanese – generally held an intermediary position below that of the Europeans, but superior to that of the natives, were governed "save in a few matters, …by the European law" [Schiller 1942, p32]. "The Japanese were an exception, only because of Japan's growing power. Under pressure from Tokyo, they were assimilated fully (in 1899) to European legal status" [Lev, 1985, p62].

There was, as pointed out by Brenner [1991], a distinct separation of politics from the economy.

> From the very start of colonial intervention in the Indies, the Dutch East India Company had determined that it was safest and most efficient to put economic power into the hands of those who (besides themselves) had no political power - most notably, Chinese and other trading minorities, whom they could manipulate to their own advantage [Brenner 1991, p102].

The discourses highlight this separation of political and economic power. It could be suggested that the initial efforts by the Indonesian people for autonomy and later independence focused in the political space rather than the economic space. However, as discussed in later chapters it could well be unreasonable to assume that such efforts towards political economy were not sustainable without some equivalency in striving for economic autonomy.

The previously stated need for the efficiency of the Cultivation System, by utilising as few expatriates as possible, meant that the Dutch needed to find accommodations for the exercise of economic power, which their own numerically inferior position could not accommodate. Additionally, as part of their representations, the Dutch "considered intermediate trade to be dirty work and it was not the Dutch character to forage around in every hole and corner like the Chinese and to see what profit can be done there (Meilink-Roelofsz, 1962:237)" [Chen, 2000, p159]. Interestingly enough the Chinese were not represented along the same lines as the natives, as in being effeminate, lacking reason and so forth. The Chinese were, in turn, discriminated against by the Dutch for the very

aspects that the natives did not have.

The Chinese were needed by the native courts "as money-lenders and commercial experts" [Carey, 1984, p3]. They were also needed by the numerically inferior Dutch to carry out the trading, opium farming [Cribb, 1988; Rush, 1983, 2007], and tax farming (out sourcing the collection of sales taxes) [Chen, 2000, p161], and other commercial activities not permitted to the natives - and that the Dutch were reluctant to handle. This "middleman position was exactly where the Dutch wanted to place them" [Chen, 2000, p158].

Yet, while they could exercise economic power, the Chinese and other Foreign Orientals were also 'governable persons'. Their economic interests were ultimately controlled by the Dutch through licensing of their activities. The Chinese were also susceptible to the exercise of illegitimate violence against them by the natives [Carey, 1984; Rush, 1983], so were dependent upon the Europeans for security.

While the natives were governable, they were also part of the system through which the Dutch governed. The manner of such governance will be described in the next section.

Priyayi

In the novel *Max Havelaar*, Multatuli [1987] discusses the status of the feudal aristocracy in his homeland of the Netherlands, mentioning that "this form of hereditary privilege started as a favour, soon became a custom, and finally a necessity; but it never became law" [Multatuli, 1987, p69]. He goes on to compare that status to the native Regents in Java, also drawing the same conclusion, "hereditary succession, without being established by law, has become the custom" [Multatuli, 1987, p69]. It was the law-less nature of this succession in the Cultivation System that was one of the control mechanisms that included the Javanese royal families from the *kraton* and aristocracy inside the mechanisms of governing.

Like the Foreign Orientals whose ability to trade rested arbitrarily on the whim of being granted licenses by a colonial official, the Regent, the highest native official in the native hierarchy also was, without the protection of any laws, subject to the arbitrary granting of his position. Benda has termed this arbitrary granting of office a paradox and comments "that hereditary succession, though formally introduced and recognized by the Dutch, had almost become the exception rather than the rule" [Benda, 1966, p595-596]. If Regents were non-compliant to the wishes of the colonial official, they were removed and replaced with another member of their family.

While the Dutch Assistant Resident was technically subordinate to the Regent it was the Resident who had the greater ability to exercise power. In fact as pointed out by Benda [1966] "it was the lowest Dutch official, the *Controleur*, who had over the decades become the true 'head' of the regency. By the turn of the century, little was left of the hallowed principle of having 'like rule over like'; at best, the 'Regent reigned while his Dutch superior

ruled' [Benda, 1966, pp595-596].

With the 76 regents being the figurehead rulers, and the Dutch being in short supply the *priyayi,* lower in the native ranks than the regent were the mechanism by which the Dutch exercised control. The *priyayi* could speak the Javanese language, were able to communicate with the 'hundreds of thousands of peasants' [Multatuli, 1987, p70] in each regency, and to co-ordinate the crops that were required, and arrange the collection of the crops and supply of these to the Dutch. Over time the *priyayi* had morphed from their initial role as the *para yayi* (lit: younger brother [Sutherland, 1975, p57]) to the *pangeran* (princes), to become the court functionaries at the height of the empire, to later become the real actors that ran the colonial bureaucracies.

Over the years, the *priyayi* have evolved a distinct identity emulating the Javanese aristocracy with "their distinctive qualities … as it conceives them are the virtues of moderation and tact, and evasiveness and moderation in everything, not anger" [Bertrand, 2008, p77].

> They needed to endow themselves with a singular way of subjectivation that would be distinct, on the one hand, from the courtier ethos (thus from martial values), and, on the other hand, from the manners of merchants and other commoners (as the courtly world represented them to itself) [Bertrand, 2008, p77].

Bertrand [2008, p77] presents a deified image of the *priyayi* who engages in mysticism and asceticism to attain the "*priyayi* ideal of the learned and inspired man capable of restraining his passions and sacrificing himself for his suzerain" as outlined in the priyayi motto *sepi ing pamrih, rame ing gawe* (quieten selfish interests, devotion to duty). However, as pointed out by Sutherland [1975] such a *kraton* centric approach may not have been representational of the mass of the *priyayi* in the other areas of Java, further from the 'radiating power' of the *kraton*.

Brenner [1991] discusses the dilemma of the *priyayi* who were constrained by their code from engaging in trade. As pointed out by Raillon [1991] *priyayi* who had been forbidden to do business by one of the Yogjakarta sultans Sri Paku Buwono IV (1788-1830) yet possibly further constrained by the limited salary to which their position entitles them, found solutions by having their wives engage in small time trading commensurate to their position. The life of the *priyayi* may have not just been involved in mysticism and asceticism but also there was the on-going struggle to 'keep up appearances', 'maintain face', 'make ends meet', and improve one's position while at all times being seen to be aloof from trade and other worldly activities. While part of the system it was through the *priyayi*, or more accurately their children, who having gained better education, became the proponents of change. It is in such institutional set-up; especially for those distant from the power of the *kraton*, that rent-seeking became one of the means to cope with such struggles. This will be discussed in the next section.

Rent-seeking

In some of the conversations I had as part of this research the issue of the origins of corruption was raised. There were several comments that this was a 'Dutch disease' that originated from colonial times. Several respondents mentioned that corruption became endemic during Suharto's times when Mrs Tien Suharto commencing her *Taman Mini Indonesia* project. One respondent said it became a major issue when Suharto began supporting his children's business activities. While the comments about corruption being a 'Dutch disease' do have some historical validity there also appears to be evidence in the discourse that the disease did not solely afflict the Dutch.

The apparent 'contentment' of the natives as described by Money [Singh, 1976, p4] was not as wide-spread as his writings suggest. The Cultivation System was abused by both those in the *Binnenlands Bestuur*, "although private production was restricted and regulated, cultivation permits were granted to cronies and favourites of the authorities with a good many given by officials to themselves" [Maddison, 1989, p652], as well as the *Inlandsch Bestuur*. "The native rulers in Jogjakarta and Soerakarta also granted leases to Europeans under government supervision, and government leases were given elsewhere for coffee cultivation on 'waste land' (an administratively elastic concept)" [Maddison, 1989, p652]. The coercive aspect of the co-option of the Regents as "governable persons" in the Cultivation System has been discussed above. Yet there was also a carrot to the figurative stick to ensure its success. "So it was only necessary to win over those chiefs by promising them part of the proceeds… and the scheme succeeded completely" [Multatuli, 1987, p73].

In some areas of Java where production was satisfactory the peasants managed to pay the land tax imposed upon them by the Cultivation System and had a cash surplus. However, in other regions there were times when the return from the crops they were instructed to grow was insufficient to meet even the land tax. This in turn enhanced the authoritarian nature of the *Inlandsch Bestuur* as its superstructure enforced the role of the Cultivation System [Singh, 1976, p5].

It cannot be expected that the *priyayi*, despite their mysticism and asceticism, were exempt from emulating their superior's 'sharing of the spoils'. Brenner [1991, p130] points out "*Priyayi* practice was not always in line with their ideology" And to quote Maddison, [1989], all of this provided "less licit opportunities for squeeze all the way down from the 76 Regents to the 34,000 village heads in Java" [Maddison, 1989, p652]. The concept of position became increasingly significant with people measuring "the importance of a post by the income attached to it" [Multatuli, 1987, p107]. Brenner [1991, p104] in a discussion on Anderson's interpretation of power, suggests that wealth and power are inter-related. "Wealth should not only flow to the holder of power, it should also flow from him, as a result of his beneficence." However, at all times the *priyayi* attempted to maintain their supposed disinterest in trading activities.

"The system was run by a rule of men not law" [Hoadley, 2004, p12] as such a law-less system it was open to abuse

and fundamentally as long as the colony produced, the means as to how they produced was ignored for as long as possible.

The abuses of the system were revealed in private correspondence of that time [Stoler, 1992] and by publications such as *Max Havelaar* written by a former colonial officer Eduard Douwes Dekker in 1860 under the pseudonym *Multatuli*. Such texts created a ground-swell in the Netherlands and hastened the end of the Cultivation System.

> The Agrarian Law of 1870 gradually put an end to the Culture System and led to the development of privately-owned plantations. The opening of the Suez Canal preceded the new law just by a year and proved an important event in the economic history of South-East Asia. The Javanese peasant was protected against dispossession by the big entrepreneurs, and the development of a large alien landlord group was discouraged [Singh, 1976, p5].

In the next section I provide some examples of native entrepreneurial activities in the Late Colonial Period.

Native commercial entrepreneuring

The formal scenario between, the *priyayi* who were discouraged by royal command or by adherence to their code from partaking in trade, the Dutch who ruled the system and the Chinese who were permitted to trade on their behalf, sets the authorities of delimitation for the political economic development up to the period of this study.

U Khin Maung Kyi, a former Burmese political activist and later professor, wrote:

> Since the long term economic progress of a country could only be furthered by the development of a native entrepreneurial activity and technical improvement, we would like to offer as an alternative criterion in evaluating the performance of Western enterprise the question of whether it has promoted technical progress and generated the emergence of a local entrepreneurial class [Syed Hussein Alatas, 2006, p10].

By Khin Maung Kyi's measure, the way that the economy of Java developed there could be perceived to have been considered a failure for Dutch policy in Java. At the turn of the 20th century, the Dutch ruled, and some no doubt 'made gains' not only from their salaries, but from side enterprises; the Javanese royalty reigned and 'made gains' from their position; while the Foreign Orientals 'made gains' on the interfaces between these two groups. The *priyayi* who disdained trade had little compunction about taking advantage of their positions for their own benefit.

> All this was, however, accompanied by the virtual extinction of the greater part of the Indonesian merchant class, a fact which greatly affected the development of Indonesian politics and political parties in the twentieth century [Singh, 1976, p5].

That is not to say there was no native commercial activity. Commercial entrepreneurial activity occurred but tended

to occur in enclaves. Laweyan has already been discussed. Likewise Kota Gede in Yogjakarta, the Baweanese [Dobbin, 1991] from Madura and so forth [Post, 1996, p89]. Castles has written extensively about another Javanese enclave – the *kretek* (lit: crackle, the distinctive sound the cigarettes make) cigarette producing area of Kudus. Like Laweyan's batik industry, the production of the clove enhanced and flavoured cigarettes was an industry dominated by the indigenous Indonesian business people. In 1933 of the 862 *kretek* manufacturers in Central Java 550 were owned by indigenous business people, including 55% of the large concerns [Robison, 1991, p35].

The tale of one of the *kretek* manufacturers, Nitisemito, is a typical commercial entrepreneurial success story. There are a number of sources for this story including Robison, [1991]; Post [1996]; Arnez, [2007] plus some newspaper articles. Some details differ but the general outline is as follows: At the height of his success in the mid-1930s Nitisemito had a large factory and employed some 10,000 workers producing 8-10 million cigarettes a day. The son of a *priyayi* village head (some say regent) Nitisemito, (born in 1863 or 1881 as Radiz, later changing his name) first ventured into trading on his own account at the age of 17 by traveling to Malang to engage in the textile business. This failed so he returned to Kudus and married one Nasilah. He noticed that she was trading in traditional *kretek* cigarettes wrapped in *klobot* (dried corn husks). Recognising the problem with such wrappings he introduced the idea of not only wrapping the cigarettes with paper, he also developed a hand rolling machine that enabled a cottage industry based upon the *abon* system of job lot manufacturing in private homes. His initial brand name was *Rokok Tjap Kodok Mangan Ulo* (literally: Frog swallowing a snake brand) which along with the graphic packaging proved unpopular in the market place, so the name was changed to *Tjap Bal Tiga H.M. Nitisemito* (the markets abbreviated this name to the easily pronounced *Bal Tiga* - three balls) with new packaging and by 1908 he had incorporated a limited liability company *NV Bal Tiga Nitisemito*.

> In addition to the quality of the product the company's formula for success was based on its innovative marketing and sales strategies. Nitisemito produced the packaging in Japan and placed great emphasis on a visually attractive design. Furthermore, since 1920, he started to disseminate expensive and exotic promotional gifts among the people, all printed with the characteristic three green balls. He toured through Indonesia with a large bus, in which the free gifts were stored. Nitisemito saw to it that on every larger festivity or night fair (*pasar malam*) there was a stand of Bal Tiga. On festive occasions, people could exchange Italian teapots, bikes or even a car in return for a specific number of empty *kretek* packs. He hired *stambul* groups, popular theatre troupes which traveled from town to town staging their performances on stages painted in the colours of the trademark (Budiman & Onghokham, 1987, pp. 128-129; Saptari, 1996, p. 182). Here, a specified number of empty *kretek* packs would be the entrance fee for the performances (Hanusz, 2000, p. 42) [Arnez, 2007, pp55-56].

Following a Japanese practice, Nitisemito selected one of his best managers as his heir designate and married him to one of his daughters. However, inter family squabbling between Nitisemito's son and grandson with his son-in-law meant that a tax evasion procedure the business had been utilising was revealed to the authorities, resulting in a large tax assessment of several hundreds of thousands of guilders. This crippled the company and loss of equipment during the Japanese occupation increased its problems. It went into decline and eventually went into bankruptcy in 1953, the same year that Nitisemito passed away.

Nitisemito's enterprise was not the sole *kretek* manufacturer in Kudus, but one of many run by natives. This is evidence that the Indonesians did not always re-affirm the representations of the Dutch. Another interesting point is the enclave nature of the way in which native industry developed.

Enclaves and diaspora

This thesis has noted the enclave nature of the development of innovative activities that could be considered to be entrepreneurial. In a commercial context the enclaves of Laweyan, Kudus, Kota Gede, Ponogoro and the like have been noted. Surabaya is discussed in the next chapter for the political context.

Why these enclaves were able to incubate innovative activities is uncertain from the texts. From the discussion in the previous chapter, it is apparent that the merchants of Laweyan managed to survive the predations of the *priyayi* and utilised innovations to meet the demands of the market. These merchants managed to remain inconspicuous to the Dutch, as Post [1996] indicates: "Despite the fact that these indigenous merchant groups in Java were doing well and ran enterprises of … significance was largely either ignored or underestimated by contemporary Dutch officials" [p89]. Maybe such inconspicuousness was because they, unlike the Chinese, did not pool their resources and refused to 'curry favour with the bureaucrats' [Brenner, 1991, p68] and 'failed to mature into major capitalist business groups' [Post, 1996, p89], that they were able to remain inconspicuous.

Kristiansen [2002, 2003] and Perry and Tulus Tambunan [2009] discuss the propensity towards clustering that is an apparent part of entrepreneurship in Indonesia. "A cluster is defined as a geographical area having sectorial agglomeration of enterprises" [Kristiansen 2003, p27], which description can apply to the political entrepreneuring in Surabaya as much as the commercial entrepreneuring in the commercial enclaves. Dana [2014] also mentions the *sentra* (centres) as being significant in entrepreneurial development in Indonesia.

North, in a discussion on the development of entrepreneurship in Third World countries states that

> Institutions and organisations that develop in this environment structure and engender a society not conducive to innovation and the optimal use of resources, while elite interests keep priorities of economic development on a non-optimal course. This is path dependence which sustains a dual economy and in the long run adds to social and political conflicts [in Kristiansen, 2002, p53].

Kristiansen, [2003], suggests that the clustering in the enclaves counters this lack of conductivity to innovation. The clusters generate a combination of factors including labour market pooling, intermediate input effects, technological spillovers, access to market, reduction of transaction costs, that somehow attain a 'critical minimum mass'.

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North tends to focus on the 'elite interest' which is in part explained by the development of the institutions under the Dutch discussed earlier in this chapter. However, there is also a bottom up aspect. Kristiansen [2002, 2003] and Dobbin [1991, 1994] raise the issue that the small entrepreneurs seem to fail to rise to a level of 'economic efficiency'. A possible reason for this as noted by Kristiansen [2003] is the fear of ideas being stolen by workers or family. However, an equally significant suggestion is made by Wertheim [1956], who discusses communalism in Indonesia. This affects hoped-for-gains in that anyone who is successful is expected to share (*berbagai*) their gains with others in the family or community. In light of this cultural institution it could be suggested that while, by Western economic standards, the small entrepreneurs are not achieving 'economic efficiency', they are in fact attaining such, in the full knowledge that any incremental efficiencies will be lost through the expectation of sharing. The assumption that an efficient economic unit is what is hoped to be gained may not actually be what is hoped for and a less-than-efficient unit is actually more gainful.

Part of the reason for the enclaves may source from a refusal to be a part of the mass of the 'governable persons'. The examples from Brenner's [1991] thesis, presented earlier, tend to support this idea. The desire for autonomy may have been reinforced by the like-minded-ness of the enclave, which in turn, due to their unwillingness to grow into larger entities, did not attract undue attention from the *priyayi* or the Dutch.

This noted propensity to enclave does tend to differ from an early Dutch study in 1904 which indicated that successful commercial entrepreneuring was mainly a result of a diasporic behaviour.

> The major one, part of the Declining Prosperity Inquiry (*Mindere Welvaarts-Onderzoek*) in the first decade of the twentieth century, came to the conclusion that the Javanese who were most successful in commerce were non-natives of the towns in which they carried out their businesses and that these businesses were conducted through widely scattered communities or commercial diasporas [Dobbin, 1994, p87-88].

It could be suggested that such diasporic behaviour separated those being entrepreneurial from those who wanted to *berbagai* any gains they achieved. Dobbin [1991] conducted a study into the Baweanese diaspora from the island of Madura which showed a similar outcome to the Declining Prosperity Inquiry. However, Dobbin does also describe the *pondoks* (homestays) used by the Baweanese in their diaspora that were effectively enclaves within the areas within which they traded. The communal nature of the Baweanese trading venture is also apparent from Dobbin's study. The discussion on diaspora, and the mental models attached to it, is covered further in the Chapter 9.

Discussion and summary

In this chapter I outlined the discourses on the 'governable persons' from 'mapping the first surface of their emergence' and offering a description on how the 'authorities of delimitation' developed.

Despite the representations of the Dutch that the Indonesians were non-rational, lazy and so-forth and probably, due to the perceptions that later emerged as the theories of Boeke and Geertz, incapable of engaging in any rational entrepreneurial activity, I posit that such entrepreneurial activity happened. In Java due to the constraints imposed upon the society by the Dutch and the Chinese entrepreneurial activities either channeled into enclaves, or into different spaces, specifically the space of political innovations.

Before going into the aspects of political innovation I review what has been covered in this chapter and relate it to the concepts discussed in Chapter 4 in determining whether the realisation of hoped-for-gains were entrepreneurial, and how entrepreneurial they could be considered to be. The realisations addressed are the innovations of the native commercial ventures and the Cultivation System of the Dutch.

Despite the institutional restrictions from both the Dutch legal constraints and the cultural constraints of the Javanese nation, there have been noted instances of native innovative activities that could well be considered to be entrepreneurial, in Laweyan as described by Brenner [1991, 1991b], the Bawaenese and other Islamic groups as described by Dobbin [1991, 1994], the example of Nitisemito and the other Kudus based *kretek* manufacturers [in Robison, 1991]. The stand-out properties of the gains realised (for example a factory producing 8-10 million cigarettes a day would stand-out even by today's standards) and the likely elements of non-conformity, given the constraints in the institutional set-up, that tended to be antithetical to native commercial ventures, do suggest that such realisations are more, rather than less, entrepreneurial.

What is of particular interest is the element of communalism in the way hoped-for-gains were realised through application of *heterotopias* in enclaves and diaspora. It would normally be considered unusual for competing interests to align their interests co-operatively in such a manner. But given the particular constraints of the institutional set-up these alignments apparently became a way to overcome some of the constraints and enable the realisation of hoped-for-gains.

A by-product of the main focus of this study on native innovative endeavours, mentioned in the introduction to Part Two, suggests that the achievements of the Dutch with the Cultivation System do also illustrate some of the elements discussed in the Chapter 4. As described above the financial windfall garnered by the Dutch kingdom from its colony made the Cultivation System a highly successful venture and could well be considered to have realised its hoped-for-gains. The quantum of gain stands-out in the discourses, and the accelerated rate of change certainly would suggest that the realisation of hoped-for-gains was more, rather than less, entrepreneurial. By creating something that 'absolutely did not exist before' the Cultivation System also conforms to Foucault's interest.

Value judgments on the coercive, graft ridden and sometimes brutal manner in which hoped-for-gains were realised, should be set aside, just as the universal of value judgment has been set aside for the purposes of this thesis. . Many of the elements outlined by Montayne [2006] for a comprehensive theory on entrepreneurship, including:

"innovative behaviour … in public administration; clever lobbying; grifting; entrepreneurial rewards in its many forms; individual behaviour across a range of institutions; institutional change and economic evolution, as well as economic growth and development", are present in the Cultivation System.

The *how* by which the hoped-for-gains were realised also may indicate a greater degree of entrepreneurialism in this innovation (even though Van den Bosch endeavoured to create an entrepreneur-less innovation). A description by Van Niel [1972] provides more detail and emphasises that the Cultivation System was not a monolithic system but more of "a series of local arrangements designed to get production moving" [p91]; "between Javanese administrators, European civil servants, and European and Chinese entrepreneurs and supervisors" [p93]; "not always successful with compromises being made" [p92]; "allowing local variations" [p92]; "with a great deal of innovation, experimentation, and variation allowed" [p92].

Day and Reynolds [2000] have commented on the way colonial studies have focused on a "unitary, monolithic and static form":

> In the case of studies which examine the colonial past, the central preoccupation is with the onset of colonialism as an `origin' for a particular discourse of power and with indigenous Southeast Asian responses to that discourse. … there is a tendency to depart from Foucault's interest in history and the `infinitesimal mechanisms' of power in pursuit of an exposé of a unitary, monolithic, and static form of colonial and postcolonial state domination which had its beginnings in the late eighteenth century [Day and Reynolds, 2000, p2].

As described by van Niel [1972] the Cultivation System was not such a monolithic form, but was "in actuality an inter-locking set of local accommodations" [p93]. These local accommodations, by means of percentage payments in return for access to the Javanese power mechanisms, find resonance with the statement "individuals act in self-interest to transform their institutional environment by aligning it with their particular goals" of Pacheco, York, Dean and Sarasvathy [2010, p978]. Given sufficient rewards, such alignments seemed to work towards achieving the hoped-for-gains. Van den Bosch was able to recognise that such a system was suitable to the particular institutional set-up of the colonies, whereas it may not have been permitted in the Netherlands. The construction of 'the lazy native' justified such permission.

The way the Indonesian 'other' was constructed and legal demarcation of the racially stratified laws can be seen as part of the authoring described by Rindova, Barry and Ketchen [2009], detailed further in the next chapter with regards the selection of relevancies in political entrepreneuring.

The next two chapters look first at the political innovations that developed in Java and Sumatra respectively and second at the more innovative activities of the Minang people from Sumatra and the way they were prominent in both commercial and political activities in the early part of the 20th century. The implications for extending Schmitt's argument are also addressed.

Chapter 8   Political entrepreneuring – from 28 October 1928

Introduction

In the previous chapter I noted that given the particular institutional set-up that evolved under the Dutch, the natives were generally constrained in their efforts to achieve hoped-for-gains in commercial ventures. The texts tend to focus on efforts to achieve some form of gain through political channels. While organisations such as *Sarekat Islam* did have a primary focus on improving commercial opportunities for the natives, the discourse has, in the main, focused on the political aspects of its realisations.

Schumpeter [2013], columnist for The Economist magazine, cited earlier, has commented on "the true entrepreneur - who dreams of changing an entire industry". In this chapter I illustrate how a group of people had a dream to create the independent nation state of Indonesia, and how they forged a new identity as part of the process of realising hoped-for-gains.

Two approaches towards achieving respective hoped-for-gains are apparent in this process and discussed in this chapter. The first, by the *priyayi,* had greater autonomy as a hoped-for-gain, and the second, by *Sarekat Islam*, under Tjokroaminoto and Agus Salim, sought independence. In addition to detailing efforts by the *priyayi* through the Soetadjo Petition of 1936, I also detail the efforts of Tjokroaminoto to realise independence and illustrate how, with Agus Salim, they were able to select relevancies in the differing ideologies of capitalism and socialism. A possible historical point where these two approaches started to diverge is the 1928 Congress of Indonesian Youth (COIY).

I outline that each approach applied a different *how* as to the manner they undertook to realise these hoped-for-gains. I apply Feith's concepts of 'solidarity makers' and 'administrators' and suggest that these could be conceived as illustrations of how Sarasvathy's effectuation and causation have been applied in two different approaches. This analysis suggests a Bourdeauian method of looking at *how* these are applied in these instances, where the elements of autonomy and independence were different hoped-for-gains.

Early identity – from the *Jong* to the *Pemuda*

As suggested in Chapter 6 the batik traders of Laweyan identified with the notion of not being 'governable persons'. This notion is extrapolated to a national level with the creation of a national identity, at odds with the representations of the inferior native 'other' perpetuated by the Dutch.

As discussed in the previous chapter the Dutch regime characterised the natives as lazy, non-rational and effeminate. As part of the identity generated to counter these representations the concept of the masculine, *pemuda* warriors was

created and parts of history re-written to extend their role back into the singular history of nationalism. The *pemuda* culture evolved during the mid-1940s as a response to the declining influence of the Japanese at the end of WWII. Gouda introduces the concept of hyper-masculinity as a response to the prevailing Dutch characteristion,

> Being a citizen of a free and autonomous Indonesia demanded emancipation not only from the Netherlands' political and economic mastery, but also from the Dutch proclivity to emasculate and infantilize their colonial subjects. Both in Java and Sumatra this new breed of crusaders on behalf of Indonesia's independence has been described as *pemuda*, which in a literal sense means youth. Despite their name, however, the *pemuda* drew their rank and file from all age groups, hailing from either urban areas or rural villages [Gouda, 2002, p9].

While, in many of the texts focusing on the 1940s the *pemuda* are referred to as *jago* (champions) or *laskar* (an informal fighting force / militia), in most of the later literature the terms *jago* or *laskar* seem to have lost favour and *pemuda* became the generic term.

The height of the *pemuda*'s hyper-masculinity came during the battle with the British forces who occupied Surabaya after the Japanese had surrendered. In this event the *pemuda* armed with limited weapons and sharpened sticks fought the battle-hardened British (Indian) troops, climaxing in the Battle of Surabaya on 10 November 1945. While there was no definitive victory, the *pemuda* forestalled British efforts to bring them back into the fold of governable people under the Dutch. The British needed to call in Soekarno and Hatta to negotiate with the *pemuda* and thus gave *de facto* recognition [Poulgrain, 2014] to the Republic that had been declared by Soekarno and Hatta on 17 August 1945. This event is remembered as 10th November Day and celebrated as a state holiday. It is probably this date which realisation of political independence was achieved, after the occasion of the statement made on 17th August.

In an interesting development towards the construction of a state identity, the *pemuda* were nation-less. There was no identification as Javanese *pemuda* or Sumatran *pemuda*; they were simply *pemuda*. The *laskar* tended to have greater identification with particular nationalities.

While the 'time of the pemuda' was in the 1940s there have been efforts to 'write-back' the hyper masculinity of the *pemuda* to assume earlier dominance probably starting about 1928 and the Congress of Indonesian Youth which sought to define an identity of 'one people, one country and one language'. As pointed out by Foulcher

> The Congress of Indonesian Youth in October 1928 was indeed a significant occasion, and the declaration that subsequently came to be known as the *Sumpah Pemuda* was most likely the first public appearance of the term *Bahasa Indonesia* to describe Malay as the language of Indonesian unity [Foulcher, 2000, p377].

There was a certain irony that the 1928 congress was mostly conducted in the Dutch language. Some delegates, being more comfortable with Dutch struggled to make speeches in the Indonesian language and were mocked by Dutch observers of the event [Foulcher, 2000]. From the liberal period through into the Ethical period, the Dutch

had adopted an assimilation policy which promoted the education of the children of the elite in Dutch medium schools. The main proponent was Christiaan Snouck Hurgronje (1857-1936) who, from the early days of the Ethical era, was a "staunch but almost lone advocate of an associationist colonial policy … (who) loudly advocated the rapid Westernisation of this elite through Dutch higher education" [Benda, 1966, p596]. A principle objective for Hurgronje was a counter to a perceived 'Islamic threat'.

> The ultimate defeat of Indonesian Islam, the freeing of its adherents from what Snouck Hurgronje called the 'narrow confines of the Islamic system' was to be achieved by the association of Indonesians with Dutch culture. It was only natural that Snouck Hurgronje should focus his attention upon the Javanese aristocracy as the first and most obvious social class to be drawn into the orbit of Westernization. The aristocracy's higher cultural level, its proximity to Western influences brought about by contacts with the European administration, and, finally, its traditional aloofness from Islam, made it the logical beneficiary of Snouck's assimilationist schemes [Benda, 1958, p344].

Hurgronje's efforts to focus on the offspring of the *priyayi* may have led to a variety of outcomes. There were some offspring that conformed to Hurgronje's aspirations, yet Muhammad Yamin, a Muslim of Minang nationality, the child of *priyayi* parents, was one of the prime movers of the Congress of Indonesian Youth that strove to create a different identity.

Two approaches

From viewing the texts two approaches can be traced in the political innovations that happened during the first two chronological periods. The first was a more secular approach taken more by the *priyayi*, striving towards greater autonomy, in which they were still the administrators as they had been under the Dutch. This approach follows the lineage of *Budi Utomo*, through the Congress of Indonesian Youth in October 1928, to the later Soetadjo petition of 1936, to the discussions between the Dutch and Indonesians towards a state of autonomy or independence in the late 1940s, in which the analogy of a forced marriage was applied. This approach may have been shown greater conformity to the prevailing institutional set-up. As suggested by Nordholt [2011] this approach may also have been focused towards modernisation as a hoped-for-gain, rather than any inherent anti-colonial sentiment.

The second approach, which follows the lineage of *Sarekat Islam*, starts in the enclave of Laweyan under *Haji* Samanhudi and then moved to Surabaya under Tjokroaminoto at the same time as the commencement of the associationist policy under the Ethical era. Initially this approach had the hoped-for-gains of a greater commercial emancipation from restrictive trade policies, but later became more political, generally expressing a more anticolonial stance than the first approach, with a greater Islamic orientation. (Initially as identification against the anti-Islamic nature of the associationist policy.) From Tjokroaminoto the lineage passed through to his students, including Soekarno. Realisation of independence from colonial rule was a hoped-for-gain in this second approach, (This does need to be qualified in that Hasnul Arifin Melayu [2000] has commented comment that Tjokroaminato

sought autonomy first.) rather than greater autonomy under colonial rule. Under Soekarno there may have been a greater propensity towards breaking the rules.

This is not to say that there were only two approaches in the political innovations of those chronological periods. As mentioned above there were a variety of approaches such as a more radical Islamic orientation, a more radical nationalism, more radical communism as alternate form of modernisation, as no doubt there were *priyayi* who were content with the *status quo* and wanted no change.

First, I describe Tjokroaminoto's innovations in the field of politics compared with Nitisemito's innovations in commerce to better draw together the concepts of gain which are discussed in the closing sections of this chapter. How Tjokroaminoto selected relevancies in his association with Agus Salim and Abdul Muis are illustrated.

Second, I discuss the two approaches and relate them to the concepts of causation and effectuation, and administrators and solidarity makers, respectively drawn from the academic literature on entrepreneurship and the discourses being analysed.

Tjokroaminoto

In an interesting process of identification, O. S. Tjokroaminoto (1882-1934), preferred to be known as by the Islamic honorific of *Haji,* rather than the *Radan Mas* title he was entitled to use, being from an aristocratic *priyayi* family. This identification with the Islamic nation rather than with the *priyayi* could well have been a means used by Tjokroaminoto to gain political capital by which he could achieve the gains he sought.

> The word 'Islam' itself had a special connotation among the Indonesian population in general. It was a point of identity that distinguished them from their Dutch overlords. It became a means of self-assertion before the colonial regime, by which Indonesians Muslims flouted their faith as a sign of identification with the national community. Being a Muslim became synonymous with belonging to the· native group. Islam thus became more than a religion and its adherents bearers of the national consciousness of the Brown man against the White [Hasnul Arifin Melayu, 2000, p28].

Tjokroaminoto was, very likely, an early product of Hurgronje's colonial associationist policy which meant that "Western education had to be made available to ever larger numbers of Indonesians" [Benda, 1958 p344], in particular the children of the *priyayi*. He was able to attend the Training School for Native Officials (*Opleidingsschool Voor Inlandsche Ambtenaren*) in 1902. Such privileged status is highlighted by Singh [1976, p12] who commented on the state of education in the colonial era: "1910-14, in the whole of the East Indies, only four Indonesians passed high school."

"How this (Hurgronje's) dream went astray is a major part of the story of Netherlands India during the early twentieth century" [van Niel, 1957, p594]. Probably it is the actions of Muhammad Yamin, and of Tjokroaminoto

and the Surabaya enclave with which he associated and developed, which were among those described by Benda as being 'inimical'.

> The alternative to timely Dutch action, steering this evolution along an associationist channel, would be that its direction might pass by default into the hands of others inimical not only to the modernization of Indonesia but, indeed, to the continuance of Dutch rule itself [Benda 1958 345].

Tjokroaminoto was born 16 August 1882 in Ponorogo (the batik centre of East Java – similar to Laweyan in Java, [Dobbin, 1994]). The legend that has built up around Tjokroaminoto portrays him in the stance of an 'ungovernable person'. As a child he was naughty and brave (*anak yang nakal dan pemberani*). Later in life as a junior civil servant, he refused to make the traditional obeisance's (*sembuh*) to his elders in the service [Singh, 1976, p4], and indeed had the temerity to sit on chairs on the same level as the Dutch masters of the office [Hasnul Arifin Melayu, 2000]. There are also the stories of how he took work as a coolie before training to be an engineer, much to the consternation of his aristocratic in-laws [Hasnul Arifin Melayu, 2000]. How much of this is true or is a retrospective construction may never be known. As pointed out by Hasnul Arifin Melayu [2000] there was a conflation between Tjokroaminoto's birth date and the Krakatau eruption. "In 1882, when the volcano of Krakatau erupted, there was a belief among Javanese people that anyone born at this time would have special powers" [Hasnul Arifin Melayu, 2000]. The historical point that Krakatau exploded one year later in 1883, after Tjokroaminoto was born, seems not to have dented the legend.

Tjokroaminoto has been credited with being the founder of *Sarekat Islam*. However, the reality is that he founded the Surabaya branch of this organisation in 1912 and later, in 1913 or 1914, ousted a reluctant-to-leave Samanhudi from the chair of this organisation. As detailed in Chapter 6 the prime objectives of *Sarekat Islam* were the 'promotion of commercial enterprise amongst Indonesians', 'the organisation of mutual support' and the 'material well-being of Indonesians'. The discourses on *Sarekat Islam,* however, tend to focus on the political actions of *Sarekat Islam*.

Hasnul Arifin Melayu [2000] discusses Tjokroaminoto's innovative oratorical method that drew on imagery from the past. For a native audience accustomed to the *wayang kulit* puppet shows and dance dramas depicting episodes from the *Ramayana*, the cadence Tjokroaminoto was able to generate was like that of the puppet master (*dalang/dhalang*). It found resonance with the audience. The method was later adopted by Soekarno.

> Mohammad Roem …remarked that prior to the rise of the nationalist leader H OS Tjokroaminato in the 1910s, political speech-makers borrowed their oratorical style from the *bangsawan* stage plays, which in turn derived largely from the European theatre. Gesture and imagery tended to be mechanical and formal. The great innovation of Tjokroaminato, which was picked up and developed by Sukarno, was to base his oratorical style on the *dhalang's* method of recitation. This allowed for the skillful use of traditional imagery and the traditional sonorities by these two master orators to build up unprecedented rapport with their audiences [Anderson, 2006, p27].

Like Nitisemito, Tjokroaminoto also used innovative methods to develop and promote a brand image. Whereas Nitisemito had his *Bal Tiga* brand which found regional acceptance throughout Java, Tjokroaminoto had the *Sarekat Islam* brand which he developed to greater national level with branches throughout Java and Sumatra. As pointed out by Chandra [1997], the character of *Sarekat Islam* differed in Lampung in Sumatra, from that which characterised its presence in Java. It is possible that this was due to differing approaches to gain market acceptance with different national groups.

> It has shed light on the character of SI itself, as a movement which was born on the socio-economically polarized island of Java, and which developed a different and less race-based character when it spread to the other islands of the Indies in the ensuring years [Chandra, 1997, p 144].

The concept of differing gains is also applied, Nitisemito obviously had a profit gain as a motive, yet also a feudal continuity was a hoped-for-(but unrealised) gain. Tjokroaminoto also had a profit gain since he set up a commercial publishing operation (*Oetoesan Hindia*) in conjunction with the *Sarekat Islam* activities. Yet Tjokroaminoto's hoped-for-gain is probably expressed in terms of development of nationalism, in both the sense of the singular national state of Anderson, and also a Javanese nationalism. Tjokroaminoto may have initially had a greater orientation to the Javanese nation. In addition to leading *Sarekat Islam*, Tjokroaminoto also led the *Djawa Dwipa* (Noble Java) movement, founded in March 1917 with two other Surabaya leaders, Tirtodanoedjo and Tjokrosoedarmo, "which took as its task removing serious obstacles from the path to the development of a new self-confidence among the Javanese people" [Hasnul Arifin Melayu, 2000].

A greater association with two Minang leaders Haji Agus Salim (1884-1954) and Abdul Muis (1883-1959) may have contributed to developing a wider national base. Agus Salim, of Minang nationality, also a product of the associationist policy, was personally appointed by Hurgronje to join the Dutch consulate in Jeddah. Like Tjokroaminoto, Agus is also deemed to be 'ungovernable' because he demanded equality with the Dutch workers, including having his own desk at which to work. After his return from Jeddah, Agus Salim was sent in 1915 by the police in Batavia, who were concerned at rumours of an armed insurrection from *Sarekat Islam*, to spy on Tjokroaminoto in Surabaya. Impressed by what he saw, Agus Salim sent the Batavian police chief a letter of resignation and joined the *Sarekat Islam* enclave in Surabaya. Agus Salim brought to *Sarekat Islam* a greater connection to the Islamic nation, rather than the anti-colonial connotation that the term 'Islam' had had to date. A person who had performed the *haj*, a member of the *Jong Islamietan Bond* (Dutch - Young Muslim Union), Agus Salim bought an orthodoxy and credibility from his years in Jeddah and his fluency in Arabic and Turkish (Mecca was then under the Ottoman Empire). The connection between Tjokroaminoto and Agus strengthened, and they became the *dwi tunggal* (duumvirate), that controlled Sarekat Islam [Hasnul Arifin Melayu, 2000]. Agus tempered Tjokroaminoto's measures to develop a messianic cult and brought a greater Islamic orthodoxy to the movement that broadened appeal to a wider set of nations.

With advice from other *Sarekat Islam* members the duumvirate needed to solve the dilemma that *Sarekat Islam*, whose initial premise was firstly based on "the promotion of commercial enterprise amongst Indonesians" [Hasnul Arifin Melayu, 2000] had to face, with a growing sentiment as being part of 'the struggle against the evil capitalistic colonialism'.

This required what Syed Farid Alatas [2001] has described as a process of irrelevance. The selection of what is relevant from external sources and adapting it to the local environment.

> This was to eventually influence the thinking of the Sarekat Islam leader H O S Tjokroaminoto in the 1920s, who sought to indigenize socialism in Indonesia by founding it upon Islamic principles. This required him to separate what was considered as inappropriate or irrelevant European views on religion and philosophy from socialism as an economic system (Tjokroaminoto, 1988:30) [Syed Farid Alatas, 2001, p4].

Eventually the solution was arrived at in which western capitalism was deemed 'sinful capitalism' [Shiraishi, 1981, p94] or imperialism, while local capitalism was acceptable, if it was based upon socialist Islamic principles. (There are a number of arguments based on the Lenin-Hobson thesis that explore this further. (See Lindblat [1989], van der Eng [1998], and Frieden [1994].) While a fine delineation, it did offer an approach by which national aspirations of Islam, commerce and socialism could co-exist.

In many ways it was a change of thinking, part of the development of a mindset that did not require them to be governable persons. As pointed out by Adolf Bars, the editor of the communist publication *Het Vrije Woord,* in 1916 it was such change in thinking that was significant about the actions of the *Sarekat Islam*.

> Adolf Bars, editor of *Het Vrije Woord,* the organ of the ISDV, recognised that despite what he regarded as the anti-socialist and bourgeois tendencies of Sarekat Islam, it signified progress in Indonesia because it brought people to self-assertion and independent thinking (Bars, 1916) [Syed Farid Alatas, 2001, p4].

Such self-assertion is a sign of a person no longer willing to be a governable person. The concept of governable persons striving towards a different status is illustrated in the next section by a comparison of the two approaches mentioned above. One approach may suggest an endeavour to be less governable through autonomy, while the other seeks a greater ungovernable status in striving for independence.

Discussion: Autonomy and independence – illustrations of causative and effectuative actions

Feith [2007] makes a distinction between 'solidarity makers' and 'administrators'.

> The administrators were the leaders with the administrative, technical, legal and foreign language skills required to run the modern apparatus of the modern state. The solidarity makers included leaders skilled as mediators between groups at different levels of modernity, as mass organisers, and as manipulators of integrative symbols [Thee, 2003, p10].

In this section I draw a parallel between Feith's 'solidarity makers' and 'administrators' with Sarasvathy's causation and effectuation and illustrate this with reference to the two approaches introduced earlier in this chapter. The chart taken from Dew, Read, Sarasvathy and Wiltbank [2009b] and included in Table 1 (p30) is used to better illustrate the causation and effectuation exercised between these two approaches.

Feith's [2007] work on 'solidarity makers' and 'administrators' focused on a later period in Indonesian history, namely the post-revolutionary period as it transformed into the guided democracy of the 1959-65 period. However, his theory is still appropriate to an earlier period of history. Feith in particular drew on the distinctive characteristics of 'solidarity makers' and 'administrators' as characterised by Soekarno and Mohamad Hatta. Soekarno was the visionary orator who could keep audiences enraptured for hours as he shared his dreams with them. His hoped-for-gain was an independent republic with himself as its 'rightful head'. Soekarno was never popularly elected to his position as the first president of the Indonesian Republic. His charisma had built up a popular following and this meant that his leadership was accepted by the Indonesians, the Japanese and eventually the British (along with Mohamad Hatta) after the Battle of Surabaya of 10 November, 1945.

The Minang, Mohamad Hatta was very much in the mould of the 'administrator' who had built his position on the basis of a causal logic that will be discussed further in the Minang Diaspora chapter. Mohamad Hatta's preference [see Mohamad Hatta, 1981, 1982] was more to the lines of a constitutional or parliamentary democracy with a figure head president. This hope was not gained in the 1945 constitution which provided the presidential position significant means of exercising power. However, under the Constitution of the Unitary State of Indonesia which was ratified on 14 August 1950 the result of negotiations between Hatta, representing the Republic of the United States of Indonesia (RUSI) and the governments of East Indonesia and East Sumatra, and the Republic of Indonesia's Prime Minister Abdul Halim the role of the President was significantly reduced to that of a figure head.

While much of the literature portrays *Budi Utomo* as the start point of the striving for a singular national independent identity, the reality is probably a little bit different. Following North's premise, cited above, the *Budi Utomo* are better represented as a Javanese *priyayi* elite that had become institutionalised by the process described in the previous chapter on the governable persons. The choice of the word *budi* offers a significant view into their way of thinking.

> In his study of the first Javanese nationalist organization, the Budi Utomo, Nagazumi quotes a 1904 newspaper article in which several Javanese judges discuss the meanings of three Javanese/Indonesian words for `knowledge': *pengetahuan*, *ilmu*, and *budi*. The following passage indicates the politics implicit in the choice of *budi* as the master term: `Budi can be likened to a king enforcing order in his country: He discusses and seeks to understand, contemplates and works toward creating a prosperous and refined life for his subjects; the soul in the human body is therefore like a lamp inside a house, serving to illuminate the structure' (Quoted in Nagazumi 1972: 36) [Day and Reynolds, 2000, p17].

The *priyayi* considered themselves the 'rightful administrators' not only by feudal inheritance, but also their superior

education as a result of the associationist policies. It was the *priyayi* and the children of the *priyayi* who had the education, the knowledge of world affairs and the wherewithal to become the *Jong* and partake in the COIY of 1928. (It is unlikely, given the class structure prevalent at that time [see Brenner 1991, 1991b] that the children of traders would have been accepted   into such organisations.)

Another factor that may indicate the Javanese national focus, rather than an Indonesian focus, of *Budi Utomo* is the promotion, by one of its founders Soetomo, of the general use of high Javanese language (*kromo*) [Anderson, 2004]. On the other hand *Djawa Dipa* worked towards abolishing usage of this high language, "as a remnant of "feudal" Javanese culture" [Shiraishi, 1981, p94].

In 1918 the colonial authorities established the People's Council (*Volksraad*). By 1931 the number of native representatives had increased to, "equal to the combined European and Foreign Asian contingents" [Abeyasekere, 1973, p82]. It was through the *Volksraad* in 1936 that Soetadjo presented his petition. In retrospect this was a remarkable move by a *priyayi*, which I have taken as an example of a causative approach. It could also be considered that this was a more entrepreneurial form of innovation.

The Soetadjo Petition of 1936 had as its 'hoped-for-gains' a moderate "political autonomy for the Netherlands Indies" [Abeyasekere, 1973, p81]. This does distinguish the role of the first approach from that of the second. The hoped-for-gains for the first approach were probably two fold; firstly they strove for autonomy not independence and secondly they sought a nationalism which is better expressed as primarily a *priyayi* nationalism (in which their role was secure) and secondly a Javanese nationalism. The manner in which Soetadjo prepared his petition indicates a causative approach.

> As presented to the Volksraad in 1936, the Soetardjo Petition requested the government in Holland and the States-General to call a conference of representatives of the Indies and the Netherlands. These representatives, acting on a footing of equality, would frame a plan for granting autonomy to the Indies within the limits of article 1 of the constitution, such autonomy to be implemented by means of gradual reforms within ten years. Article 1 of the constitution was an innocuous looking sentence which merely stated that the Dutch realm consisted of the Kingdom in Europe, Surinam, Curacao and the Netherlands Indies [Abeyasekere, 1973, p82-3].

The causal logic behind the petition was simple, because Article 1 of the Dutch Constitution stated that the components of the realm were equals, therefore the effect should be implemented. By comparing the petition to Sarasvathy *et al's* 'Causal Frame' in Table 1 (p30), the petition offers a very good match. The 'goal-orientation' of autonomy was clearly stated along with the 10 year time frame. Rather than being framed in a radical manner it was a plea to improve the governability of the colony by better utilisation of the *priyayi.* "In his view, the *priyayi* were rightful leaders of the people, since they had closest contact with the masses in day to day life and exercised constant leadership over them" [Abeyasekere, 1973, p86]. The petition fundamentally extended the *status quo* with an enhanced role of the *priyayi*; it offered an attractive option of gradual reforms to the competing, more radical moves

towards independence. It offered a minimal 'dilution of ownership' and minimised 'contingencies'. In short there is a match between the actions of the first approach and the causal frame outlined in Table 1 (p30).

Soetardjo's Petition passed the *Volksraad* primarily due to support from several of the major European factions; ironically it failed to get the support of the more radical Indonesian parties whose goal may have been more orientated towards independence rather than autonomy, and not for a continuance of *priyayi* rule. After some 2 years of debate in the Dutch Parliament the petition was eventually rejected, ironically on the premise that Article 1 did not provide for any state of autonomy in the Dutch colony.

While the discourses have tended to overlook the role of the Soetardjo Petition in favour of the role of the *pemuda*, it is remarkable that Soetardjo managed to engage the Dutch on their own terms, as an equal, by means of a constitutional challenge. As such the movement within the *priyayi* may have been innovative 'within the system' as the radicals were 'with-out the system'. The governable person was endeavouring through a causative process to exercise their right to '*budi*'. While the hoped-for-gain of autonomy was not directly achieved the process itself does stand-out as being somewhat remarkable.

However, it could be considered that there was partial realisation in that the Dutch adopted the first approach to counter the efforts of the more radical moves towards independence by the second approach after the signing of the *Linggadjati* agreement in 1947.

> The appointment of the well-educated Indonesian Abdulkadir Widjojoatmodjo as the formal chairman of a Dutch commission, authorized in 1947 to negotiate with the Indonesian Republic under the auspices of the Security Council of the United Nations, represented a clever Dutch move. His appointment as chair was designed to reinforce the notion that the dispute between the Netherlands and the Indonesian Republic was nothing but a family affair [Gouda 2002, p14].

It is Sarasvathy's concept of effectuation as being part of a process of 'stitching together' that tends to characterise the second approach. Kristiansen's [2003] attainment of a 'critical minimum mass' may have been achieved by the use of elements outlined in Table 1 (p30) as being characteristic of an effectuative approach – where messianic 'willful agents', stitched together partnerships such as between Tjokroaminoto and Agus Salim and utilising the leveraging of contingencies. Unlike Soetardjo's causative action towards autonomy the second approach, had as its general intent, the hoped-for-gain of independence. However, as noted by Hasnul Arifin Melayu [2000] Tjokroaminoto in the 1920s did tend to favour an intermediate step of autonomy, recognising that education levels needed to be improved across the board. But with the increased access for natives into the Dutch education system along with the development of an extensive network of *Taman Siswa* and other native education concerns from the 1920s it is possible that by the time the independence movement peaked in the 1940s, such needed education levels may have been, albeit partially, attained.

While the second approach no doubt had its 'administrators', such as Mohamad Hatta, it is more typified by the 'solidarity makers' who sought to draw together the diverse nations as part of the new venture creation of a nationalism where the aspirations of the smaller nations could be drawn together towards a common undertaking. In a manner of speaking this was a means to break away from the enclaves and encourage the nations to become 'ungovernable persons'.

Tjokroaminoto had many students, including Soekarno, a nationalist who later became president, Musso, who later rose to be one of the primary leaders of the PKI (Indonesian Communist Party) and Kartosuwirjyo (later leader of the *Darul Islam* movement that sought to establish an Islamic State). As discussed later, the alignment of three different teachings under Tjokroaminoto could well have been a foundation on which Soekarno, along with Aidit, formulated the NASAKOM agenda which strove to unite the common interests of nationalism (*nasionalis* -NAS), religion (*agama* – A) and communism (*komunis* - KOM).

Summary

Given that the texts being analysed in this study focused mainly on political events rather than native commercial activities, this chapter has focused on the political entrepreneuring in the late colonial period.

I have elaborated on how two main approaches evolved. Each of these approaches exhibited different hoped-for-gains they hoped to realise, one focusing more on obtaining greater autonomy and the second on independence from colonial rule. I have used these two approaches to illustrate respectively a more causative approach to innovation, while the second was more effectuative.

Chapter 9   Minang Diaspora

Introduction

In this chapter I focus first on the particular identity of the Minang nation that has led its people to stand out as appearing to have some elective affinities towards 'being entrepreneurial' in the realms of Indonesian business and politics. I illustrate both the 'alignments' described by Pacheco, York, Dean and Sarasvathy, [2010, p978] and the 'mental models' of Denzau and North [1994]. Of particular interest is the selection of relevancies that each Minang person must face in their institutional set-up between the antithetical constraints of Islam and their customary beliefs (*adat*).

In the second part I use the mutual support (*gotong royong*) system that has developed in the Minang nation to explain the Indonesian constitution's focus on co-operatives, and the role of Mohamad Hatta in this area. Mohamad Hatta's role is drawn on to expand on the Sumatran interaction with the Japanese nation's foreign capital.

The chapter finishes with a discussion on the Glassburner/Schmitt debates with particular regard to those who are noted to have been successful in business and their connections to political figures of that time. A distinction is made between Feith's 'administrator' and 'solidarity makers' in the application of formal and informal rewards in politico/business interactions.

An elective affinity to being entrepreneurial?

As pointed out by van Langenberg [1984], the people from the Minangkabau region of West Sumatra stand-out.

> The Minangkabau region of West Sumatra must by now be the most intensely studied and most frequently written about region of Indonesia outside of Java. Characterized since the late nineteenth century by a pervasive Islamization, a matrilineal inheritance tradition, an active tradition of entrepreneurially-motivated out-migration (the *merantau* 'system'), intense internal social conflict between Islam and pre-Islamic 'tradition', active opposition to Dutch colonial rule and support for the Indonesian nationalist movement after 1920, and the supply of scores of Indonesian intellectuals and political leaders this century, it is hardly surprising that the region has been the focus for a great deal of scholarly attention [van Langenberg, 1984, p393].

In Dobbin's [1991] description of the Bawaenese diaspora, they were a trading minority who did little to rise in any status much beyond that of itinerant traders. They had little impact beyond their own particular national identity. However, in the case of the Minangkabau, from the western part of the island of Sumatra, their diaspora has had a much more significant impact. As described by Hadler [2008], the Minang people are less than 4% of the population

of Indonesia (as compared to the 70% of the island of Java – including Javanese, Madurese and Sundanese), yet historically their significance in business, arts, literature, religion and in politics has far outweighed their numbers.

In politics names from the early days of Indonesian nationalism such as Mohamad Hatta Agus Salim, Sutan Syahrir, Mohamad Yamin, Tan Malaka, Muhammad Natsir, Abdul Halim, Asaat, Sjafruddin Prawiranegara (whose mother and wife were Minang) which number several prime ministers, a vice president and a president (of the short lived United States of Indonesia), are indicative of the significance of the Minang people in such nationalism.

In business, the Minang people have also achieved a high degree of recognition. The Minang were one of the few nationalities to resist the expansionist nature of the Chinese nationalities, even under the Dutch system. "The Chinese merchants gradually drove out their indigenous counterparts except in the Menangkabau area of Central Sumatra" [Singh, 1976, p12]. Kato [1980] describes the life of Muhammad Saleh, a Minang, and how, after gaining a late education, he was able to become a 'big merchant' in Rantau Pariaman during the early decades of the 20th century, working with and competing against the Chinese, as well as being able to forge relationships with the Dutch Assistant Resident Kramer.

In the list in Table 3 (p123) Robison [1991] lists the most prominent indigenous entrepreneurs during the 'Benteng Period', 1950-1959 when there was an effort towards Indonesianisation of economic activities, including state support for a functional group of entrepreneurs. Of the 25 listed, six were from the Minangkabau nation, while fifteen in all were from Sumatra.

Why the Minang nation has stood-out in such a manner has not been fully explained. As I outline in the next section I believe (based on the discourses) that it is due to a variety of factors, including communalism, mutual support, a history of using guile and alignments, an early exposure in selection of conflicting relevancies, and the development of mental models associated with the *merantau*.

Conflicts, constraints and relevancy

In the following sub sections I draw some elements from the discourses on the Minang people that may illustrate why they stand-out. To avoid any implication of structuralism it should be noted that such elective affinities are not traits. There is an element of contextuality in the interaction of these elective affinities with the prevailing institutional set-up that distinguishes them from entrepreneurial traits.

Guile and alignment

The Minang nation is primarily identified as being from the west central highlands of Sumatra. Based on a variety of

sources it is probable that at least 60-70% of the Minang nation live outside this geographic location, spread across Indonesia, Singapore and the Malaysian state of Negri Sembilan. It is very hard to find a town in Indonesia which does not have at least one *Resto Makan Padang* (restaurant serving the spicy Padang cuisine) associated with the Minang people.

Table 3 Prominent native entrepreneurs in the 1950s

According to Robison (1986:50-4) and P.T. Data Consult (1992), the following indigenous entrepreneurs were the most prominent during the 'Benteng Period', 1950-1959:

1. Abdul Ghany Aziz (1896, Palembang) *	
2. Agoes Moesin Dasaad (1905, Sulu / Lampung) *	
3. Djohor Soetan Perpatih (1902, Padang) **	Uncle to Mohammad Hatta
4. Djohan Soetan Soelaiman (1896, Padang) **	Uncle to Mohammad Hatta
5. Eddy Kowara (1919, Banten)	Later father in law to Suharto's daughter
6. Frits Eman (1917, North Celebes)	
7. Haji Shamsoedin (1902, Palembang) *	
8. Hasjim Ning (1916, Padang) **	Nephew to Mohammad Hatta
9. Herling Laoh (Tompaso, Sulawesi Utara).)	
10. Koesmoeljono (1905, Pemalang)	
11. R. Mardanus	
12. Moh. Tabrani (1902, Madura)	
13. Nitisemito (1881, Kudus)	
14. Omar Tusin (1928 Lahat Sumatera Selatan) *	
15. Pardede (1916, Tapanuli)*	
16. Rahman Tamin (1907, Padang) **	
17. Rudjito (1889, Ambarawa)	
18. Sidi Tando **	
19. Soedarpo Sastrosatomo (1920, Pangkalansusu)	
20. Soetan Sjahsam **	Brother to Sutan Syahrir
21. Sosrohadikoesoemo	Brother in law to Kartini
22. Usman Zahiruddin *	
23. Wahab Affan *	Related to Fatmawati, wife of Soekarno
24. Ahmad Bakrie (1916, Lampung)*	
25. Aslam Bakrie*	

* From Sumatra, including these from Minangkabau **

Source Post [1996].

1. Additional notes sourcing from this research.

   a. There is no Aslam Bakrie; this was confirmed by a conversation with a member of the extended Bakrie family.
   b. Nitisemito was probably not so prominent during the Benteng Period 1950-1959 because he went bankrupt in 1953.
   c. Usman Zahuruddin was brother to Akbar Tanjung, later leader of the Golkar political faction.
   d. Soedarpo Sastrosatomo (Javanese, but born in Sumatera) and his brother Soebadio were close to Sutan Syahrir, a former prime minister. Both were prominent as members of the PSI (*Partai Socialis Indonesia*), which despite its name tended towards the right.
   e. According to Scott [1985] Dasaad was close to Soekarno since the 1930s.
   f. Kartini was a leading figure for woman's rights in Indonesia. Her sister married Sosrohadikoesoemo from a *priyayi* family, one of the only three Javanese in the above list. The other two being Rudjito and Soedarpo Sastrosatomo, although the later was born and raised in Sumatra.
   g. Poulgrain [2014] notes that Sutan Syahrir had another brother Mahruzar in Medan, who was prominent in trading with Singapore on behalf of the TNI in the early days of the Republic.
   h. There have been suggestions [Vickers, 2013] that Moerachman, the progressive mayor of Surabaya in the early 1960s, was Ibnu Sutowo's brother. However, as he was a leading light in the PKI, and went missing after 1965, any references to the relationship tend to have been expunged from the discourses.

The origins of the Minang national identity are found in the annals of the Javanese Majapahit Empire that attempted to invade Minangkabau in the 17th century. When the Majapahit forces approached, the out-numbered Minang forces proposed that, rather than fighting a battle, the contest should be resolved by engaging in a bull (*kabau*) fight. The Javanese produced their strongest bull, yet the Minang produced a calf with sharp blades attached to its head, much to the mirth of the Javanese. But when the bull fight started, the calf, which had not been fed, ran to the much stronger bull and, seeking milk, repeatedly butted the bull`s under belly. The sharp blades eviscerated the bull and the fight was won by the Minang, who later used further guile to kill the leaders of the Javanese army.

The use of guile and intelligence to avoid brute strength seems to be part of the identity of the Minang nation (which has incorporated the *kabau* into their identity, along with *menang* – to win); as a minority they have always been the small bull but seem to have the ability to turn this to their advantage. The phrase by Suprizal Tanjung [2012] *orang Minang selalu membaur, tak pernah buat konflik* (the Minang people always blend in, avoiding conflict) does tend to typify the character of the Minang diaspora, in particular its co-operative nature. The 'alignment of interests' of Pacheco, York, Dean and Sarasvathy, [2010] has resonance here with the process of blending in.

Yet a historical bullfight suggesting a cultural inherency towards guile and the ability to blend in only goes a little way to explain why the Minang are noted for 'being entrepreneurial'. I suggest that it is an ability to draw on a variety of factors, distinctive to the institutional set-up which while not offering a definition of what 'being entrepreneurial' entails, at least offers an insight into how it is derived and contributes to understanding elective affinities.

Location

Geographical location may be one of these factors in that the port city of Padang was, from the early trading days with the Indian and Arab traders, often the first port of call for ships crossing the Bay of Bengal. This location may have exposed the Minang from early times to new influences. Hadler [2008, p5] in a comparison with the Javanese feudal kingdoms, which had been 'turning inwards', describes the 'outward looking dynamism' where the Minang people "took a lively part in intellectual developments in South Asia and the Middle East and Minangkabau activists transmitted new ideas to their compatriots in the East Indies and elsewhere in Southeast Asia."

Religion

Geertz's [1976] description of the '*The santri Moslem of Java'* with their supposedly Islamic characteristics contributing to a greater business orientation, similar to Weber's [1992] thesis on Calvinism, may only partially explain the strongly Islamic Minang people's propensity towards 'being entrepreneurial'. However, in this case, the

application of Geertz's theory is limited by the lack of a Minang version of the Javanese *abangan* class to make an effective comparison. It could be suggested that the more egalitarian nature of Islam as compared to the Javanese feudal system may have increased the sense of not being 'governable', and may have influenced a greater sense of self-governance. The type of Islam, the Minang adhere to, differs from that of Java, in particular the more syncretic Islam of East Java, where Geertz [1976] based his study. As described by Evers [1975] it was in Minangkabau that "Islamic modernism found its staunchest supporters". While there were Wahhabi inspired revolts under Imam Bondjol in the 19th century, the Islam of the Minang nation has tended towards modernism. Since the time Hamka, a Minang religious figure and political activist, who founded the first Muhammadiyah School in 1930 the Muhammadiyah movement, with a stronger orientation to the Muslim Brotherhood of Cairo, rather than the Wahhabism of Mecca or the syncretism of East Java, has proven popular in the Minang nation.

Matriarchal system

The feudal hereditary system of Java and Eastern Sumatra may not have been able to develop to any great extent under the Minang matriarchal system, where landed property inheritance follows a matrilineal line (described more in Chadwick [1991], Evers [1975] and Kato [1978]).

The transfer of certain properties such as office or position may have continued to follow a modified patriarchal position but it is likely that this would have been to sororal nephews (as in children of sisters) rather than any traditional father to son lineage. The separation of inheritance of properties does tend to eliminate the agglomeration of various properties into a singular feudal entity. Furthermore the shared use of communal land under *adat* would have promoted a greater sense of communalism.

Education

Between the seeming conflicts of adhering to both *adat* and Islam, education tended to emphasise and ground the selection of relevancies onto a more individual level, as Hadler [2008, p87] points out "Girls and boys heard of the matriarchate at home, learned about Islam in the *surau*, and received a European education in the 'native' schools established by the Dutch". Education was apparently a widely sought after commodity in Minangkabau and a growing array of Islamic schools, often promoting the modernist form of Islam, also provided education to the people. Newspapers thrived during the later colonial period until colonial restrictions on the press terminated many of their operations [Hadler, 2008].

Identity, relevancies and communalism

The Minang can be typified by an adherence to three primary national identities: a geographic Minangkabau nation, an Islamic nation and a customary matrilineal nation according to *adat*. In particular the last two tend to be antithetical to each other and were behind the Padri Wars of the 19th century in West Sumatra, where an Islamic fundamentalism sought to destroy the customary *adat*. While history has the Dutch 'winning' these wars against the Islamist forces, a revisionist view by Hadler [2008], suggests it was more a case of the leader Iman Bondjol surrendering, based upon his eventual realisation that it was wrong to try and destroy the *adat*.

The process of the 'selection of relevancies' [Syed Farid Alatas, 2001] that Tjokroaminoto and Agus Salim had to face to resolve the issues of capitalism, socialism and Islamic nationalism in the 1920s, had been faced a long time earlier by the Minang people in finding the relevancy of 'being Minang' along with the apparent conflicts of conforming to both *adat* and Islam. Hadler [2008, p14] describes this as an "artful resistance that preserves the matriarchate and local customs in the face of ideological invasion." This is a way in which the 'alignment' mentioned by Pacheco, York, Dean and Sarasvathy, [2010], has been met, not by resistance, but, by an acceptance that both identities, even in conflict, are relevant.

Strangely enough a Sumatran national identity was never a strong identity. There is apparently a distinct difference between East and West Sumatra, with the more Wahhabi influenced Aceh in northern Sumatra creating a different space. As detailed by van Langenberg [1982], Reid and Shirashi [1976], Reid [1971], and Mohammed Said [1973], the reaction of the East Sumatrans with their feudal system, supported by the Dutch as in Java, antithetical to the Indonesian nationalist movement, was very different to the support given to this nationalist movement by the Minang and their northern neighbours, the Mandailing. The Eastern Sumatran sultanates were very opposed to the influx of Javanese and other immigrants into their regions. Yet the Minang people tended, not only to embrace the concept of an Indonesian nationalism, but were among the most active proponents of such nationalism.

In several conversations I had with two Javanese informants, the Sumatrans were described as being 'not-so-smart' to include the natural resource wealth of their island into the Indonesian state, where it could be eventually controlled by the Javanese, rather than retaining it for their own exploitation. However, the comments above of Suprizal Tanjung [2012] on the way the Minang blend in and avoid conflict has resonance. Even during the PRRI (Pemerintah Revolusioner Republik Indonesia or Revolutionary Government of the Republic of Indonesia) revolutions in 1957, based in Sumatra, which were primarily anti-Soekarno, anti-communist and anti-Javanese colonialism, there was little talk of a Sumatran secession, with negotiations focusing more on gaining a greater autonomy, and greater rewards, for the Sumatran regions.

Mental models

As suggested by Andaya [2000] it is the *rantau* system where young males are encouraged to leave home and venture into the outside world to gain experience. (*Merantau* is the action of undertaking the *rantau*. *Perantau* refers to the person undertaking the *rantau*. See Mrâzek [1994]) that may offer the best suggestion as to why the Minang people are considered to be more prominent in innovations during the development of the Indonesian state. "The *merantau,* too, has often been cited for the dynamism in Minangkabau society which has led to its considerable contributions to the Indonesian state in a number of fields" [Andaya, 2000, p20].

How the *rantau* system evolved is unknown, it is possible that the limited opportunities in the mountain enclaves meant that young men were forced to leave the village to find work. Over time this has become institutionalized as an expected custom. It is possible that some Darwinian type selection process has evolved as part of the 'exchange of men' [Krier, 2008] for marriage in the matriarchal system. Those that perform best in their *merantau* may have the best value in the exchange process.

But it is not the actual *rantau* but the system that has evolved around it to provide mutual support that best suggests why the Minang people are noted for being more innovative. Hadler [2008] describes the scenario where young men returning from their *rantau* are met with eagerness by people waiting to hear their experiences, travails and successes. These tales build a collective template of experiences (which I relate to Denzau and North's mental models), a resource base of knowledge and contacts in a form of vicarious learning. When the young Minang males left their mountain villages they had the collective knowledge garnered from such tales and the knowledge of support systems available to them in their destinations. Effectively they had a preset collective template of problems and solutions that they might face along with a set of contacts of those who could be trusted or not to help them on their *merantau*.

Dobbins [1991] has described the *gotong royong* (mutual support) systems of the *pondoks* (huts or staying places) that supported the Bawaenese in their diaspora. A similar system supports the Minang in their *merantau*. Each *Resto Makan Padang* provides a mini enclave where mutual support is available. It is this mutual support system, originating from various nations in the Nusantara, that was elevated to the level of state policy during the time of Mohamad Hatta, of Minang origins, as a means to overcome the national 'inferiority complex' acquired from the years of being 'governable persons' under colonial rule. The co-operative policy aimed to encourage individuality not individualism. It is discussed further in the next section.

Mohamad Hatta (1902-1980), a Minangkabau, Indonesia's first vice-president and also a prime minister, was born in Bukkitinggi. Hatta's *rantau* was not in the realm of commerce, but in study, eventually studying economics at the Rotterdam School of Commerce in the Netherlands, earning a doctorandus (doctoral degree *sans* thesis) in 1932. Sutan Syahrir, another Minang, and later the first prime minister of the Republic followed a similar *rantau* at the same time. Both were active in Indonesian nationalist politics in the Netherlands and in Jakarta on their return.

While studying Hatta was politically active in the leadership of the *Indische Vereniging* (Netherlands Indies Union - Dutch) which changed its name to *Indonesische Vereniging* (Indonesian Union - Dutch), and later to the *Perhimpunan Indonesia* (Indonesian Union - Indonesian). Hatta's political stance advocated non-cooperation with the Dutch colonial government in order to gain independence. He was jailed for six months for his advocacy. His courtroom defence speech *Indonesia Vrij* (Free Indonesia) accepted cooperation between the Netherlands and Indonesia but such cooperation being conditional (like Soetardjo's petition) upon Indonesia being treated as an equal with the Netherlands.

When Hatta returned to Indonesia in 1932, Sukarno was in jail and the Indonesian Nationalist Party (PNI) he had formed was in disarray. Together with Syahrir he reformed the PNI along modernist lines and became its chairman. When Soekarno was released his move to join the more radical Partindo party was criticised by Hatta. From 1935 to 1942 Hatta, along with other noted nationalists, was jailed on Boven Digoel Island and later Bandaneira, until released by the Japanese.

Mohamad Hatta and the co-operatives

Mohamad Hatta, a Minang and noted Indonesia nationalist, Indonesia's first vice-president and also a prime minister, was noted for his support for and propagation of co-operatives, including writing a book *The Co-operative Movement in Indonesia* in 1957 on the subject. How much of his support for the co-operative system was drawn from the *gotong royong* (mutual support) systems of the *rantau* is not known, but one could assume there was some influence. According to Tanri Abeng [2001] it was Mohamad Hatta who was responsible for inclusion of Article 33 (1) of the 1945 Constitution (article 38 of the 1950 constitution) which states "The economy shall be organized as a common endeavour based upon the principles of the family system."

It is feasible that inclusion of Article 33 (1) was primarily the work of Mohamad Hatta, but it should also be viewed as a reflection of the thinking of those times, with Soetomo, one of the original members of *Budi Utomo*, using his *Indonesische Studieclub* during the 1920s to agitate for co-operatives. This activism resulted in a "1927 government ordinance on indigenous cooperatives" which meant that "the position of Indonesians in commerce showed some improvement, but in general the colonial 'welfare' policy set legal limitations on the acquisition of capital and greatly hindered the aspirations of middle-class would-be businessmen" [Post, 1996, p618]. The influence of Tjokroaminoto and Agus Salim and their merging of socialism and Islam to counter foreign 'bad' capitalism may also have had an influence. As pointed out by Higgins [1958], Mohamad Hatta's book

shows clearly that Hatta's attitude to communism versus capitalism, is a plague on both your houses, and that he thinks of co-operatives as a middle way between capitalism and communism, as many Europeans did during the 1920's and early 1930's [p52].

Atheistic communism may well have been inimical to Mohamad Hatta's staunch Islamic upbringing.

In his book Mohamad Hatta alludes to the 'governable person' status of the Indonesian people that colonialism had imposed upon them. "Co-operation", he argues, "is the only way to eradicate the national 'inferiority complex'; it alone is 'capable of tearing the remnant of colonialism from the soul of our nation' [Higgins 1958, p53]. And, in an apparent process of recommending relevancies delineates the difference between individuality and individualism, promoting the former.

> Hatta does say that economic co-operation requires individuality; as well as the traditional solidarity (pp. 3-4), but he warns that individuality should not be confused with individualism. Individualism is an understanding or philosophy of living which places the individual before society as we find in the economic teachings of Adam Smith. Individuality is the nature of an individual who is conscious of self-respect and has faith in himself [Higgins 1958, p53].

Co-operatives, and acting co-operatively, were seen as the *gotong royong* means to create a sense of 'solidarity' [Higgins, 1958, p53] for the native people who, outside of the enclaves, may have had few opportunities for venture development, or may not have had any collective templates of experience to draw upon to support such ventures. This co-operative generation of interest, is not so much the self-interest of Pacheco, York, Dean and Sarasvathy, [2010], but a collective interest more like Schumpeter's co-operative function as cited by Weiskopf [2007].

Anti-colonialism found expression as anti-capitalism. In particular the perceived individualism of western capitalism; co-operatives offered an alternative approach for native accumulation of capital in the space between the capitalism of the Dutch and the Chinese. The endeavour was to encourage capital accumulation without capitalism, or at least a form of capitalism heavily modified by the relevancies of socialism and Islam.

It was Sutan Syahrir who commented that Feith's administrator type 'was symbolised most accurately' by Mohamad Hatta, and the solidarity maker type 'clearly symbolised' by Soekarno. While Mohamad Hatta strove for solidarity it was more through causative means he sought to achieve such solidarity. As will be discussed in the next section, the way Mohamad Hatta worked to forge alignments between Japanese capital and Minang and Sumatran interests, illustrates such causation.

Mohamad Hatta and Foreign Capital - the Japanese

In this section I illustrate the co-operative approach as applied by Mohamad Hatta in forging alignments with foreign capital, in this case the Japanese. The establishment of Indonesian co-operatives was one of the means promoted by Mohamad Hatta and Soetomo alike to achieve a sense of solidarity. Another means of further capital accumulation beyond the capitalism of the Dutch and the Chinese was foreign capital.

The Dutch colonial economy that developed in Java dominated by the Europeans and Chinese, as described in the previous chapters, meant that "indigenous capitalist groups in Java therefore had a hard time maturing" [Post, 1996, p90]. Japan was seen as a viable alternative from which to accumulate capital. "After the foundation of the *Sarekat Islam* (SI) in 1912, these (Japanese) agents and small shopkeepers were approached by local SI leaders anxious to bypass Chinese networks" [Post, 1996, p91], apparently with minimal success. Post [1996] has described how in "the regions outside of Java it was a different story" where "in Sumatra the indigenous entrepreneur seemingly had far more 'economic autonomy' than his counterpart in Java" [Post 1996 p90], "using, among other things, their extensive kinship ties for their trading networks" [Post 1996, p96].

Post [1996] has described how some of the major business people listed in Table 3 (p123) combined their resources to develop business opportunities with Japan.

> Dasaad ….combined forces with Djohan Soetan Soelaiman, Djohor Soetan Perpatih, Ajoeb Rais, and Abdul Ghany Aziz to break the Chinese monopoly on the import of textiles from Japan. This move coincided with the Manchurian Crisis, when anti-Japanese boycotts by Chinese merchants forced Japanese exporters to seek new partners. The devaluation of the yen in December 1931 facilitated the direct purchase of Japanese goods by indigenous entrepreneurs. The Sumatran traders called in the help of Djohan and Djohor's nephew, Mohammed Hatta. In April 1933 Hatta went on a tour of Japan, where he stayed until August. Hatta's trip to Japan had been viewed mostly from a political point of view, and this idea was fed by an article in a Japanese daily, the *Osaka Mainichi,* calling Hatta the 'Gandhi of Java', and by articles in Dutch newspapers and weeklies in colonial Indonesia. In Chinese business circles, Hatta's political motives received scant attention. To them he was 'The Merchant of Padang', a tool in the hands of the business cliques of Minangkabau and Palembang. One of the purposes of his trip was to establish contacts with Japanese textile manufacturers who were willing to export direct to the Sumatran traders [Post 1996, p97].

By the early 1930s Japan replaced the Netherlands as the major source of imported goods [Shimizu, 1991, p39] of which cottons, such as those supplied to Laweyan, accounted for more than 40% of total imports [Shimizu, 1991, p39]. As pointed out by Shimizu [1991] it was improvements in production quality as well as depreciation of the yen that meant that the Japanese dramatically increased their share of the *mori* (cotton textiles) market from 13% in 1929 to 82% in 1933.

> According to the 1930 Census, the Japanese (and Taiwanese, being under Japanese occupation) population of 7,195 constituted the largest 'European' group apart from the Dutch themselves: Japanese were by several hundred more numerous than Germans and three times more numerous than British. Japanese

foreign investment, however, was still relatively insignificant" [Dick, 1989, p250],

being only the 5th largest investor in the colony [Dick, 1989, p258].

Numerically the Japanese were still very much a minority compared to the Chinese nation in Indonesian who numbered in the hundreds of thousands.

While the Japanese were classified as 'European' the concerns about 'Japanese penetration' [Dick, 1989, p244] meant that the Japanese nation had barriers raised against them. The Crisis Import Ordinance of 1933 discriminated against foreign traders, supporting instead the 'local' importer, namely the Dutch and Chinese. "One of the major objects of the implementation of this was to cut the links between indigenous business houses and large Japanese capitalist enterprises" [Post 1996, p99]. Chinese boycotts due to Japanese intervention in Manchuria and later China also meant a slowdown in Japanese business towards the end of the decade. However, in the window of opportunity that existed in the early to late 1930s, it was Sumatran and Minang businessmen that were among the indigenous nations to take advantage of this opportunity in their co-operative style of mutual support.

As indicated by Post [1996] Mohamad Hatta played a significant role in combining these resources. "In the interviews conducted in Jakarta I was increasingly impressed by the central role Hatta played in bringing all these different Sumatran entrepreneurs together in the late thirties and mid-forties" [Post, 1996, p101n]. Mohamad Hatta's role may have been somewhat less significant in the late 1930s than suggested by Post, due to the fact that because of his political activism Hatta was imprisoned on the remote prison islands in Eastern Indonesia from 1935 to 1942. However, it could well be considered that he had helped in the process to achieve some gains, as commented by Post.

> On the eve of the Japanese invasion of British Malaya the foremost indigenous entrepreneurs of the Netherlands East Indies had successfully combined forces and were holding their own in the intra-Asian commercial arena. Their international businesses, preponderantly in textiles, centred on Japanese capital and industry. They were emerging as major entrepreneurial groups which were able to compete, albeit on a minor scale, with Dutch and Chinese business interests [Post, 1996, p103].

After the Japanese occupation commenced the Japanese released leading Indonesian nationalists such as Soekarno and Mohamad Hatta (who had obviously accumulated enough political capital to stand out for the Japanese, and later the British) from prison and installed them into significant administrative positions in Jakarta that enabled them to develop their nationalist movement, working towards the eventual declaration of independence on 17 August 1945. While placement could well have been referred to as collaboration, it was probably more of the 'artful resistance' described by Hadler [2008, p14]. By agreement with Soekarno and Hatta, Sutan Syahrir, along with Amir Syariffudin and other Indonesian nationalists, went 'underground' to support efforts of Indonesian nationalism from an anti-Japanese perspective [Hering, 1992, p501], while Soekarno and Mohamad Hatta had more overt positions.

Discussion; the Glassburner/Schmitt debates

Analysing the academic discourse on Indonesian history, I saw several prejudicial trends emerging. The first of these trends is a focus on elite figures, particularly political figures. The second is a trend towards adopting a political viewpoint, at the expense of one that focuses on business, and skimming over the interactions between the two. As noted by Post [1996, p97] above "Hatta's trip to Japan had been viewed mostly from a political point of view", whereas the trading point of view tended to be ignored, even though it was mostly likely that the trip was funded by the trading side, the political side being ancillary. The third trend, as noted earlier, is a tendency to ignore aspects of rent-seeking and corruption. Discussions on political figures and political parties tend to dominate the discourse for much of Indonesia's history. There appears to be an overriding assumption that power is held by these people who have the ability to use such power, ignoring the interactions, the alignments, the need for funding, the concessions needed for the 'maintaining of support' Feith [2007, p117], and how these concessions were implemented.

In this section I discuss the debates between two academics Glassburner and Schmitt. This leads into Feith's positioning of the solidarity makers and the administrators and the different means taken to the 'maintaining of support'. These discussions lead into the next chapter on 'ungovernable persons', establishing the point that the hoped-for-gains realised with the declaration of independence on 17 August 1945 was, at best, only a partial realisation, because it was solely a political independence, with business interests still being mostly held by the Dutch and Chinese.

What is of interest in Table 3 (p123), including Post's display of the major entrepreneurs of the 1950s is the connection of many of those listed to political figures, an example being Mohamad Hatta's family, of which three members are listed. As discussed above by Post [1996], Hatta's trip to Japan benefited business people, including his family members, as well as the independence movement. Did his family support Hatta's rise in politics, or did they benefit from his position to acquire rewards themselves? The same has to be asked with regards the other entrepreneurs with political connections. As much as the Dutch determination towards retaining their colonial possessions was to protect their business interests, the question has to be asked is that how much of Indonesia's determination towards independence was geared towards business interests?

One of the silences in the discourses surrounding Indonesian nationalism is the question of 'Who funded Indonesian nationalists?' Much of the academic research suggests obliquely some form of altruism where support was provided for the Indonesian nationalist movement without any *quid pro quo*. Cribb [1988] has pointed out that 'the Indonesian revolution was a costly affair' and goes on to detail how the republic's first government used stocks from the Dutch opium trade to fund much of the operations of the early republic, during its strife with the Dutch who opposed Indonesian nationalism. However, little is known about the support by business people for the movement. Post [1996] makes reference to some support provided by "Dasaad, Rahman Tamin and Rais" who were able to "raise

25,000 guilders to bring Soekarno from Padang to Java" [Post, 1996, p105], and that

> by the end of the Japanese occupation, Agoes Moesin Dasaad had amassed a substantial fortune. In September 1945 he donated 100,000 guilders to Soekarno, and with this gesture turned his attention to the creation of the Indonesian Republic, which, he anticipated, would increase his fortune [Post, 1996, p107].

Also as pointed out by Jhaveri [1969], in central Java, the Sultan of Jogjakarta, one of the more wealthy Indonesian businessmen at that time, provided 6 million guilders to the revolutionary government during the period 1945-49, after political independence was declared, and before it was realised. (The gains realised from this action were that Yogjakarta sultanate survived the independence revolution that saw the end of most of the feudal sultanates, acquiring the title of being a 'special district' with a somewhat autonomous position in the Republic. Even to current times the Sultan is still the Governor of the province. Presently with a female heir apparent there is controversy as to having a female ruler and governor.) In the next chapter I outline some of the fund raising done by army units in South Sumatra under Ibnu Sutowo.

This interaction between business interests and political interests is the essence of the Glassburner /Schmitt debates of the 1960s, with Schmitt critical of the way the academic research looked at historical developments to the exclusion of business interests' interaction in such developments.

The extent of the debates is contained in Glassburner [1962, 1963] and Schmitt [1962, 1963], pertaining to the period 1950-1957. In an unrelated article but apparently influenced by these debate articles, Schmitt [1962b, 2008] presents a perspicuous overview of the institutional set-up in place during the period 1950 to 1957. While political independence had been achieved, as pointed out by Agus Salim, economic independence was still yet to be realised, with the bulk of economic enterprises remaining in the hands of the Dutch and other non-indigenous nations.

> An oft-quoted statement by the Indonesian nationalist leader Haji Agus Salim runs as follows: 'The economic side of the Indonesian Revolution has yet to begin.' (Higgins, 1957: 102, cited in Lindblad, 2008: 2). The statement was made shortly before or shortly after the transition of sovereignty from Dutch colonial rule on 27 December 1949 [Lindblad, 2011, p1].

Capital accumulation by indigenous business people was difficult. Business interests tended to be divided between the exporters in the outlying islands (70% from Sumatra) and the importers (70% based in Java) [Schmitt 1962b]. Schmitt's contention, with which Glassburner took umbrage, was that inflation was allowed to go unchecked by a 'bureaucratic elite' because this benefited the importers (mostly supporting the Soekarno led PNI *Partai Nasional Indonesia* [Post, 1996, p94]), at the expense of the exporters, mostly supporting the Masyumi party, under Hatta. The inflation hurt exporters because receipts were constrained by exchange regulations, while importers were able to benefit.

Post [1996, p94] has commented, with reference to Table 3 (p123), "With the exception of *Haji* Shamsoedin, who was a member of the Islamic Masyumi, most of them belonged to the *Partai Nasional Indonesia* (PNI) and its successors." How much of such support was a result of a particular desire of "many aspiring Indonesian businessmen" for Indonesian nationalism, or a desire to be close to those exercising power, and to be "able to move into positions which had formerly been closed to them" [Post, 1996, p103]? Given the constraints in the institutional set-up as described by Schmitt [1962b, 2008], any accumulation of capital would have been difficult in the manufacturing sector as it was controlled by the Dutch and Chinese. Therefore it was through using contacts and alignments with political parties in order to secure import permits that most of those entrepreneurs in Table 3 (p123) (especially those aligned to the PNI, which formed most of the cabinets in the later part of the period 1950-57) were able to accumulate capital. Lindblad [2008] and Robison [1991] go into more detail on the various import monopolies held by those entrepreneurs in Table 3 (p123), particularly in the import of motor vehicles and textiles. The ability of such businessmen to influence policy as *quid pro quo* for their support is generally not covered in the published literature; however it was confirmed in a number of conversations.

Sutan Syahrir depicts Mohamad Hatta as the typical 'administrator', putting laws into effect, and Soekarno being the typical 'solidarity maker', who directed policy and sought to garner support for such policies. Feith [2007, p117] points out that it was through the 'maintaining of support' in which the 'administrators' and solidarity makers "came into conflict most clearly." The administrators distributed rewards "with care least this should violate administrative norms"[1] while for the 'solidarity makers' there was less regard for such norms, with 'hoped-for-gains' being more inclined towards support for their own parties, and by implication their own political and economic interests, and those of their respective nations. I suggest that such actions tend towards the effectuative.

An example of the capricious nature with regards to 'following the norms' comes from the corruption trial in 1966 of Yusuf Muda Dalam, the former Minister of Bank Indonesia, where evidence of the mismanagement of the Revolution Fund for DPC licenses (offshore funding) was detailed;

1. The determination of the amount funds for collection as a favour for granting the DPC license was vague and depended entirely on the whims of President Soekarno or former Minister of the Central Bank, Yusuf Muda Dalam.
2. Some individuals were subject to mandatory deposits for such a fund, while others were exempt from paying mandatory deposits in the absence of any objective basis for granting of such dispensation.
3. The payment of such funds were sometimes made to banks or received directly by President Soekarno himself.
4. The expenses paid out of the funds were disbursed in a disorderly manner subject to the caprices of the President [Nasir Tamara, 2002].

The areas where there were any lack of consideration for such norms which lead to more strife between the administrators and the solidarity makers, are generally disregarded by the discourse.

Schmitt's explanation assists in explaining the rebellions by the Outer Islands of the PRRI in Sumatra and Permesta in North Sulawesi during the late 1950s, where local business interests and local army units rebelled in order to:

a) seek a greater level of economic autonomy from Jakarta (70% of export earnings were apportioned to Jakarta [Goh 1972, p239]);

b) have restraints put on communism; and

c) have Mohamad Hatta restored as Prime Minister [Feith and Lev, 1963], so that there could be better accountability in the government.

While much of the discourses points towards factionalism in the army as being the cause of these rebellions, they should also be viewed in light of 'sharing the spoils'. As noted earlier, these rebellions did not seek independence; a greater autonomy was one of their aims, along with a more equitable apportionment of the economic returns.

Only after such rebellions had been quelled were further efforts made to achieve the realisation of an economic independence by the nationalisation of Dutch and other foreign owned business interests in Indonesia. That is covered in the next chapter with particular reference to the assumption of control of many of these nationalised interests by the army. While logic might have assumed that such nationalisation would have been most effective if business people with managerial expertise had taken control of such enterprises, there was a dearth of such business people due to the colonial legacy. Additionally, the changing institutional set-up in the period 1957 – 1962 with Soekarno's declaration of Guided Democracy (with army support) meant that the political parties, on which many of those endeavouring to accumulate capital had aligned their interests, and could have gained entry into control of these concerns, were dissolved. Therefore the army, by default, became the entity that took control of these businesses. However, as discussed in the next chapter, recognition of the changes in the institutional set-up, that enabled the army's commercial identity, is generally missing from the discourses.

How does all this relate to 'being entrepreneurial'?

In Part One I raised the contention that 'being entrepreneurial' went beyond commercial activities. The Minang people have stood-out in Indonesian history as being prominent in politics and business. Schmitt's argument in his debate with Glassburner supports a notion that historical events cannot be viewed in isolation from the business interests that surround them and vice versa. As is illustrated there appears to be a co-relation between the prominent business interests of those times and the ties that they have with prominent political figures. The institutional set-up in which the Minang people develop not only appears to encourage mental models which support innovative behaviour, but also encourage co-operation and the forging of alignments.

The manner in which these alignments are used does vary. Feith has introduced the idea that there were different approaches taken in the way the early Indonesian government ran its affairs. I extrapolate Feith's concepts of 'solidarity makers' and 'administrators' and suggest that these two approaches are respectively compatible with

Sarasvathy's effectuative and causative approaches as introduced in the previous chapter.

Summary

In this chapter I have first illustrated the elective affinities of the Minang nation that have created a propensity for them to be more active in innovative activities in both politics and business. These aspects of capabilities and elective affinities are not deemed traits as the focus is more on the way these capabilities evolved and are applied within the institutional set-up. . The co-operative nature of such elective affinities has been illustrated with regards to the alignment of certain business interests with those of the Japanese, aided in no small part by Mohamad Hatta.

Second I have illustrated how the discourse has come under criticism for failing to take into consideration not only the interaction between the business interests and political interests, but also the institutional set-up that was largely configured during the colonial period. This institutional set-up sets the frame of reference for the new venture creation of the Indonesian state in terms of a form of capitalism that accords with Schumpeter's concept that "the entrepreneurial function may be and often is filled co-operatively" [Weiskopf, 2007, p151], and also with the aspects of an 'ungoverned person' where the subjectification accords with Foucault's second process of being "tied to his own identity by a conscience or self-knowledge" [Weiskopf, 2007, p 137; see also similar cite in O'Leary, 2002, p109]. The sense of identity that needed to be created was integral to much of the formation of the new venture that became the Indonesian state.

This creation of a sense of identity is explored further in the next chapter with regards to Soekarno, the Army and the PKI, each with their alternate forms of modernity, and in terms of the hoped-for-gains. While there is a trend among academics during this period to identify these events in Cold War terms or framed within a Kahinian reference, I endeavour to offer an alternate localised view-point.

Chapter 10   Ungovernable persons 1945-1965

Introduction

The creative destruction aspect of Schumpeter's entrepreneur has received a fair amount of attention in the discourses on entrepreneurship. In this chapter I overview the endeavours of the leaders of the new venture creation of Indonesia and the manner in which they endeavoured to change existing orders and create a new identity among the various nations.

Firstly I provide a précis of the historical turmoil and then point out that the gains realised were in fact only partial, and mostly in the political space. The economic space was still dominated by Dutch and Chinese interests. Then I portray Soekarno as a 'poster boy' for 'ungovernable persons' and look at the various personas by which he was perceived. The methods he used to develop the identification with the interest being Indonesia are overviewed.

I then overview the new venture development of the Indonesian army and how it became a commercial entity, a fact which tends to be largely ignored in the literature. Such commercial emergence did tend to be to the detriment of the Army's accumulated moral capital. This detriment was used by the PKI (Communist Party of Indonesia) to accumulate their own moral capital.

Précis of the historical turmoil

The period 1945-1965 was probably the period of greatest transition in Indonesian history where, not only was the rate of change significant, but also the quantum of such change. The surrender of the Japanese left what has been described as a 'power vacuum' which Indonesian nationalists saw as an opportunity to attempt to claim independence, recognising a constitution, establishing a cabinet under Soekarno, and creating a provisional parliament and the beginnings of an army [Oey, 1976]. While political independence was declared on 17 August 1945 (two days after the Japanese surrender) by Soekarno and Hatta, constraints were in place by the Allied Forces and the Dutch, and it was not until 1949 that political independence was realised. As noted in the previous chapter economic independence was not achieved at that time, with many of the business enterprises still under Dutch and foreign control. It was only in the late 1950s and early 1960s that there were efforts made to achieve a greater degree of economic independence, either through greater localisation (Indonesianisation) or through seizure and nationalisation. As discussed in the previous chapters there was an effort to avoid western individualistic modes of capitalism and establish a mode that tended towards the socialist end of the capitalist sliding scale discussed earlier. Humphrey [1962] has described this as 'socialism *a la* Indonesia'.

Internally there was political instability with some 13 cabinets in the period from 1950 to 1965, the ones pre-1957 under a parliamentary system. After 1957, under Guided Democracy, the cabinet was advised by a National Council comprising representatives of functional groups, including: trade unions, youth movements, intelligentsia, religious leaders (Moslem, Protestant, Catholic and Hindu), farmers and peasants, journalists, women's organisations, artists, veterans of the Revolution, foreign born citizens, and Indonesian business circles [Roeslan Abdulgani, 1958].

Van der Kroef [1957] describes the Indonesian business circles, referred to above, as 'entrepreneurs'. However, as discussed in previous chapters, these entrepreneurs mostly achieved gains by their ability to leverage their personal contacts or kinships to trade in imports licenses or quotas. As Robinson [1992, p69] comments, "Tabanan's entrepreneur-aristocrats had managed successfully to maintain their ties to the local state, and to turn them to good advantage after independence."

It was a time of turmoil, with different nations attempting for a variety of reasons to resist the singular nationalism. These included an Islamic separatist movement in West Java under Kartosuwiryo commencing in 1948, spreading to other islands until being bought under control in 1962. There was an attempted coup by radicals in the Army on 17 October 1952 in which tanks had their weapons trained on the presidential palace. There was another minor coup d'etat attempt by the army in November 1956. There were the PRRI and Permesta rebellions in Sumatera and Sulawesi from 1958 to 1961. In 1962, Indonesia wrested the territory of Papua from the Dutch, this territory being the remnant of the Dutch East Indies territories. In 1963, Soekarno announced the *Ganyang* (crush/chew) Malaysia campaign which led to the *Konfrontasi* (Confrontation) between the newly established Malaysia and Indonesia. On 30 September 1965 there was what has been described as a coup, officially attributed to the PKI, by army units in which 6 senior generals and one officer were killed. This bought Suharto into prominence and, in the following months, led to purges on the PKI.

Partial realisation of hoped-for-gains

As mentioned earlier the gains realised on 17 August 1945 were at best partial. Yet the construction of that realisation was in turn used as propaganda by the state. Nordholt comments [2011, p394] "in Mojokuto (district) we see how the nation was to a large extent propagated by the state".

The new venture establishment of the collective Indonesian state on 17 August 1945 is constructed as an heroic event – an interplay of the hyper masculine *pemuda*, the heroic leaders Sukarno, Hatta and Syahrir declaring independence, a compliant, defeated Japanese, and support from the people by means of a mass gathering in Merdeka Square on 19th August (an impression created by Kahin [Han, 2000, p245]). This image has created an enduring symbolism.

A deconstruction of the historiography of the events surrounding 17 August 1945 by Han [1996, 1998, 2000, 2001, 2003], including discussions on the myths and realities of the Japanese occupation and post occupation periods, does suggest that such construction is less than valid, or at best a range of events in the last half of 1945 have been merged together to create this heroic impression. The third panel, 17 August 1945, in the cartoon of Figure 1 (p69) [Nordholt, 2011, p396], shows an Indonesian coolie (one can assume this to be the newly minted *pemuda*), armed with a stick, with a European figure in a pith helmet along with a Japanese officer running in fear. The image portrays a figure, now significantly larger than the governed person in the first and second panels, bravely purging their new state of colonial forces. This image is probably inaccurate on three points.

First the events of 17 August 1945 were not a popular rising, but more of a bureaucratic process channeled through the *Badan Penyelidik Usaha Persiapan Kemerdekaan* (BPUPK, Committee to Investigate Preparations for Independence) delegated by the Japanese in Java to foster independence. This committee met between 29 May and 17 July 1945. In Sumatra such representation was through the *Panitia Persiapan Kemerdekaan Indonesia* (PPKI, Committee for the Preparation of Indonesian Independence). Rather than a person in a coolie dress, the dress code would more likely have been suits and ties (see Saafroedin Bahar [1993]). The resistance was not the oppositional type portrayed, that came later with the battles of Semarang and Surabaya. The resistance in Jakarta was more cautious similar to the causative adverbial application of the Soetadjo petition. There was a grouping of more radical nationalists such as Adam Malik, Chaerul Saleh, and others, who favoured a more revolutionary approach and tried to exert pressure on Soekarno and Hatta to the extent of kidnapping them on the 14th August 1945, to little avail.

Second the compliant Japanese were something of a myth. The Japanese, under instructions from Mountbatten and MacArthur [Han, 1996, p382] remained in control, with orders to suppress the independence movement. The Japanese 16th Army controlled Java and the 25th Japanese Army controlled Sumatra. The Imperial Navy, which did not have significant control, except in Eastern Indonesia, did lend some support. But as pointed out by Han [2000. p235], Japan's Rear Admiral Maeda was accused of being a traitor by the Army for his support provided to the independence movement when the Allied Forces had declared otherwise. The declaration of independence was not a public declaration, as planned (and portrayed in the discourse), but was undertaken at Sukarno's house, in fear of the Japanese Army. The impression of a mass gathering on the 19 August provided by Kahin, only took place one month later on 19 September [Han, 2000, p245], with Sukarno under strict instructions by the Japanese, not to provoke a riot.

Thirdly, the *pemuda* as a militant force did not really exist at that time. The terms used for the militia that emerged in the months up to the Battle of Semarang against the Japanese on 15 October 1945 and the more crucial Battle of Surabaya against the British on 10 November 1945, were more likely to have been *jago* or *laskars*. As described by Lucas [1977], these *laskar* tended to identify with particular nationalities. I would suggest that the term *pemuda* was adopted at a later stage as a propaganda move to remove the original *laskar* identification with a particular nationality. The *pemuda* became the nation-less identity of those *laskar*, probably as pointed out by Nordholt [2011,

p394] part of the propaganda to promulgate identification with the new Indonesian state.

While the imagery of the pemuda chasing away the Dutch is less than historically inaccurate, it had value in that the construction of a singular national imagination was useful to Soekarno in his hoped-for-gains to realise full independence.

Soekarno – an ungovernable person and more

In this section I outline how, on one hand (probably more from a Western perspective) we have Soekarno as the arch 'ungoverned person' using the process of non-subjectification to create an identity for the Indonesian nations. He could break the 'rules' at a whim, re-instate them when it suited him, and made up new 'rules' by which he could play. On the other hand we have his role as a 'balancer' [Hauswedell, 1973, p110], effectuatively stitching together the various nations (particularly the elites of such nations) through a process of consensus, rather than violence. I illustrate that Soekarno was being entrepreneurial in the innovations surrounding the new venture creation of Indonesia. I also suggest the way in which he was entrepreneurial tended towards Sarasvathy's effectuative action.

Poster boy for the role of the 'ungovernable person'

If there ever was a poster boy for the role of the 'ungovernable person' Soekarno would probably be a prime candidate. As commented by Hering [1992] from his earlier days as an anti-Dutch activist, rather than follow the more moderate Soetomo, Soekarno advocated civil disobedience.

> Soekarno, more flamboyant than the older moderate prone Soetomo, was, like his mentor, equally aware of the historic necessity to emancipate articulate Indonesians in a cultural-social sense, but he wanted it whipped up by concerted mass action and civil disobedience campaigns so as to raise indigenous political consciousness" [p498].

Even after Soekarno became President, the 'non-conformity' and the 'breaking of the rules', as discussed by De Clercq and Voronov [2009], continued. To the West, Soekarno was at best a 'challenge' as commented by Easter:

> Prior to October 1965 Indonesia was a radical Third World state. Its charismatic president, Sukarno, was a vocal anti-imperialist, dedicated to resisting what he called the Nekolim (neo-colonialists-imperialists) of the West. Sukarno openly aligned himself with the communist bloc in this struggle, proclaiming support for the North Vietnamese in the Vietnam War, establishing close ties with the People's Republic of China and angrily pulling Indonesia out of the United Nations in January 1965. Sukarno also tried to destabilize his pro-Western neighbour Malaysia through a campaign called 'Confrontation'. He denounced Malaysia as a British neo-colonialist creation and sponsored a guerrilla insurgency in the country. To leaders in Washington, London and Canberra, Sukarno appeared to be mounting a comprehensive challenge to Western interests in South-East Asia [Easter, 2005, p55].

Easter's list of grievances against Soekarno is probably not complete. There was also a war against the Netherlands to acquire the territory of Western New Guinea that had not been part of the 1949 transfer of sovereignty. Soekarno instigated the formation of the Non-Aligned Movement NAM, holding the first meeting in Bandung in 1955, he also riled the IOC (international Olympic Committee) and established an alternate international games meeting (GANEFOS - Games of the New Emerging Forces) in 1963. He pulled Indonesia out of the UN. He encouraged the armed forces to trade for arms with the USSR when overtures to the USA failed.

To some in the West Soekarno was conceived of as not only a radical but also mad. In a CIA report entitled *"The Lessons of the September 30 Affair"* former American ambassador to Indonesia Howland [1996] is of that opinion.

> He is dead now, but his mad rhetoric still echoes in the mind for those who were there. Speech after speech, Sukarno's cadence set the rhythm for our work and our lives in that long summer of 1965. We battened down the Embassy hatches and waited, straining to fathom his purpose and predict his next move.

However, such a view may not have been shared by many in Indonesia. Lessmeister [2012] has commented on Soekarno's immense popularity with the Indonesian people. His inspirational speeches during the colonial period had done much to not only identify him as a leader of the people, but he offered a hoped-for-gain that could be realised. Anderson [1965, p75] comments "Indonesia's past divides easily into the bitter period of Dutch rule and the legends of pre-Dutch glory". In many ways Soekarno offered a relief from the former and a return to the latter. As pointed out by Lucas [1977], in Pemulang, far removed from the elites of Jakarta, it was hatred of the Dutch that was the uniting factor. This anti-Dutch sentiment is what Soekarno built on in trying to unite the various nations. Later he used similar anti-colonial sentiment in the successful ventures to secure the territory of Papua from the Dutch, and in *Konfrontasi* with Malaysia.

The accumulated capital of Soekarno's popularity was such that in 1945 the BPUPK appointed him as President, with the more administratively orientated Hatta as the vice president. This *duumvirate* survived until 1956 when Hatta resigned. Soekarno's status was such that during his 22 years of presidency he was never formally challenged, nor elected, in the role. Even Suharto's machinations post 30 September 1965, endeavoured not to be seen openly attempting to remove Soekarno, until he had undermined Soekarno's popularity to such an extent he could be unseated. It was only after that had been achieved did a process of de-Soekarnoisation commence.

Both radical and conservative, or just Javanese

While the West regarded Soekarno as a radical, for Legge [2003, in Hauswedell p 10] Soekarno was internally regarded as conservative, Hauswedell [1973] has qualified this by saying that during the early years as President, Soekarno could be considered conservative, but should "be seen as a radical during the later period of Guided Democracy, since the political changes set in motion during those final years threatened to undermine the

conservative status quo" [Hauswedell, 1973, p110].

Feith [2007] describes him as a solidarity maker. Yet even in his role as solidarity maker, Soekarno may not have fitted the mould. Levine [1969] analyses Feith's views of administrator and solidarity maker.

> In the first view, solutions are arrived at through consultations with experts on the technical problems of building bridges and of input-output analysis. In the second view solutions are arrived at (<u>sometimes violently</u>) through the triumph of one of the antagonistic groups [Levine 1969 p14].

Interestingly enough while Soekarno 'triumphed' over the Dutch (the construction of the events of 17 August 1945 discussed above attests to the importance of such triumphs), he seldom 'triumphed' over internal opponents in the same way. There was almost always a collaborative solution to internal problems. Also Soekarno seldom had to resort to the violence mentioned by Levine. He used violence or the threat of violence against the Dutch, firstly in the revolutionary period 1945-1949, and again in the struggle to bring West Papua into the Indonesian state, and against Malaysia during the period of *Konfrontasi* from 1963-1966; yet internally he never really had a 'power base' orientated towards violence. The Army, as discussed later in this chapter, strove for an autonomous identity, and Soekarno could never use it as a tool for violence. It was only later with the rise of the PKI that such a tool became available, but even then it was qualified with the ability to exercise such power requiring the support of others.

Hering [1992, p500] points out that Soekarno could be described in cultural/ethnic terms as being 'most Javanese'. In a conversation, one commentator drew an analogy with the way the Javanese wear the *kris* (ceremonial daggers). He pointed out that unlike the Malays, or Madurese who wear the *kris* on their side hips, the Javanese always wear it tucked into their *sarong* at the small of their back. This way people do not know whether the *kris* is drawn or not. He noted that this typifies the Javanese.

Hauswedell, [1973, p110], describes Soekarno as a 'balancer'. It is the method, the way in which he balanced, that offers the best description of Soekarno. The elements of effectuative adverbial action from Sarasvathy [2001] outlined in Table 1 (p30) such as the; 'willful agents', difficulty to predict actions, adjusting actions to suit resources, stitching together partnerships, and continual transformations of targets, tend to resonate with Soekarno's way of balancing. There is little evidence of causal planning.

In the next section I discuss the means by which he effectuatively stitching together the various nations (particularly the elites of such nations) through a process of consensus, rather than violence.

Construction of an identity – *Pancasila* and NASAKOM

Legge [cited in Hauswedell, 1973, p111] suggested that "Sukarno may not have been aware of his motives". Using

an effectuative process the hoped-for-gains Soekarno sought to realise may not have been as evident as under a more logical, causative process. This view may be supported by a bird's eye view of the events from 1945 to the early 60s. The 1945 constitution provided for an active presidential role, this constitution was replaced in 1950 by Hatta. This later constitution allowed for a liberal democratic system with a figure head president. This period has been analysed by Feith, [2007, 2009] and Feith and Castles [2007] amongst others. The in-fighting over 'division of the spoils' and repeated changes of cabinets clearly made this a non-workable solution. Anderson [1965, p78] comments "the central government presided over a formidable array of conflicting interests, vested and other wise, that an almost permanent political deadlock continued. Compounding the effects was high inflation and shortages of primary necessities [Robinson, 1992]. Soekarno, supported by Nasution the Army Chief of Staff, dissatisfied with civilian politicians interfering in what the army considered internal affairs, called for a reinstatement of the 1945 constitution, which came into effect in July 1959, putting Soekarno back into an active presidency under the term Guided Democracy.

I suggest that Soekarno's hoped-for-gains could be described as uniting the various nations in the new venture of Indonesia and raising their status from governed persons under the Dutch to a more independent status, of course with himself in the leading role. Two principles he introduced stand out from the discourse that support this contention, the first is that of Pancasila (five principles) introduced in 1945 and the second NASAKOM, introduced in 1963.

Pancasila

As described by Song [2008] 'national unity was the grand objective of Pancasila'. Forging an Indonesian identity was probably Soekarno's 'interest' – creating something that did absolutely did not exist before. Recognising the great variety of nations and their often divergent interests Soekarno "emphasized the importance of having a 'truly' unified Indonesia. In articulating Pancasila, the founding fathers elucidated their schemes of what type of nationalism they would bring to society and how they would sustain that unity" [Song, 2008, p44].

> Pancasila is composed of five principles, which are included in the Preamble to the 1945 Constitution: belief in one supreme God; humanitarianism; national unity; Indonesian-style democracy based on *musyawarah* (deliberation) and *mufakat* (consensus); and social justice. Since its inception in 1945, throughout the Old Order (Sukarno period, 1945-1966) and New Order (Suharto period, 1967-1998), Pancasila had been fully promoted as the state ideology [Song, 2008, p10].

The belief in 'one supreme God' was intended to break down the national barriers between Islam, Catholicism, Protestantism and Hinduism, so that none could claim any monopoly on access to God. The Indonesian style of democracy that the individualistic components of western democracy were to be avoided, and in many ways returned Indonesia to its 'roots', that were constructed from its pre-Dutch past. Promoting *Pancasila* aimed at enabling all nations to be part of such Indonesian national unity, exclusionary tactics were avoided by way of

consensual decision making, where every nation had a voice and was accommodated. After 30 September 1965 Pancasila continued to be used by the New Order under Suharto, to limit levels of nationalism below that of the state.

NASAKOM

In the early 1960s, under Guided Democracy, Soekarno instigated his NASAKOM (*Nasionalis, Agama dan Komunis* – Nationalism, Religion and Communism) policy. Elections in 1955 had shown that the PKI had significant ground level support, which was not reflected in the cabinets of that time. NASAKOM gave the PKI a voice, along with the religious nations and the other nations within the Indonesian state. Like Pancasila, as commented by Anderson [1965, p78], NASAKOM represented "the same endeavour – to force conflicting groups into greater solidarity and cooperation".

It could be suggested that NASAKOM was an implementation of Tjokroaminoto's teachings that produced leaders in the fields of nationalism, communism and religion. But where the concept originated is a by-product to this discussion. The point is that it was a non-fractious, consensual means to stitch together the various nations of that time. It probably represented Soekarno's 'hoped-for-gains' for a united Indonesian state under his leadership. It could be said that Soekarno was successful in realising his hoped-for-gains. However, it was a different new venture, the interest created by the Army, which superseded his efforts.

The Indonesia National Army – A new venture

In this section I use the formation of the *Tentara Nasional Indonesia* (TNI - Indonesia National Army) to illustrate Foucault's concept of interest as being something that 'absolutely did not exist before'. This new venture was somewhat unique in the manner in which it evolved and the unusual degree of autonomy it acquired. Van der Kroef [1957, p45] describes this autonomy as the "unusual position in public life'. I outline the role of the TNI (While the first force was TRI – *Tentara Republik Indonesia*, and later under the New Order the term ABRI was used, I use TNI as a generic term) from 1945 to the late 1950s, and the manner in which it was able to exercise power. The rise of the 'financial generals' [Robison, 1991] had its genesis in this period, at first the Army units were responsible for a large percentage of their funding, which initiated a commercial orientation, and second as the Army took control of enterprises owned by foreign nations, in particular the Dutch, as a means to extend the political independence achieved in 1949 with an equivalent economic independence.

I then illustrate the way in which the TNI was able to acquire, through General Nasution's concept of Territorial Command, a dual role of not only a defence force but also as an arbitrator of the civilian administration. I suggest that the concept of the Territorial Command, along with limited state budgets, created a space in which army units created commercial entities.

Frustrated with TNI's dependence on the monies granted by civilian leaders, Nasution in 1957 and 1958 ordered the institutionalization of the military's territorial command structure. This network of military units reached from the centre down to the village level, and ran parallel to the civilian bureaucracy. Most importantly, each unit was tasked with setting up independent businesses and cooperatives that could help with the financing of military operations [Mietzner, 2008, p230].

These commercial positions tended to be accepted on the proviso that the enterprises did not exceed an acceptable level, where it could be detrimental to the moral capital held by the TNI. I use two examples, of Suharto and Ibnu Sutowo, where it was considered that they had breached such informal constraints.

In a similar vein to Levine's [1969] criticism of the elitist focus by much of the academic community in research on Indonesia, the discourses tend to have a limited focus on the development of the TNI and its commercial operations. Sundhaussen [1972, p361] comments on a Kahinian "indifference …. displayed vis-à-vis anything military". This has resulted in something of an academic silence on the matter, with much academic material on the military focusing on the period post 1965. However, for the purpose of this study, the Indonesian army provides an interesting insight into the new venture creation of a somewhat autonomous military body with a military, political and commercial role. It also enables the introduction and illustration of the concept of the accumulation of moral capital, which follows the expansion of the concept of capital discussed in Part One.

> **Moral Capital**: The concept of moral capital held by the armed forces is something that took me a while to understand. During the 1998 riots in Jakarta I saw two pictures in the *Jakarta Post*. The first was a photograph of heavily armed anti-riot policemen, posing like stunt men, on motorcycles – the caption was clearly negative towards the contents of this picture. In the same edition, a few pages later, there was a picture of an army private being hoisted onto the shoulders of civilians. The caption for this photograph was positive, declaring the army as 'being for the people'. This was a bit of an enigma since both the police and army were members of the armed forces. The enigma was partially explained a few days later when a marine captain was seen on television ordering his troops to stand between demonstrators and the anti-riot police, mostly to restrain the police. It became increasingly clear that these was a distinct difference in moral capital between not only the police, seen to be corrupt, and the army, who since the revolution, had as McVey [1971] comments 'embodied the spirit ….. of the revolution', but also between the marines (Navy) and the army. The army was seen to be tainted with corruption under Suharto, while the navy had better retained its moral capital.

Creating an interest

Foucault [in Rabinow, 1991] discusses the role of the soldier and the 'military dream of society' where

> its fundamental reference was not to the state of nature but to the meticulously subordinated cogs of a machine, not to primal social contracts but to permanent coercions, not to fundamental rights but to

indefinitely progressive forms of training, not to the general will but to automatic docility [Rabinow, 1991, p186].

The 'automatic docility', the 'subordination', the 'permanent coercions' discussed by Foucault may not have been evident in the newly established Indonesian armed forces. They exercised a distinct disdain towards the civilian government, with a refusal to subordinate the military to the commands of civilians, seeking an autonomous position instead.

Within the armed forces ranks there was also a distinct demand for a degree of autonomy, or at least a share in the decision-making. While the armed forces of a state are generally expected to conform to the governed persons status of being "subject to someone else by control and dependence" [Weiskopf, 2007, p 137; O'Leary, 2002, p109], the Indonesian army at two levels, state and regional, resisted such status. Instead there was an effort to create a distinct identity where the armed forces, rather than been subject to the government, were in an autonomous role as an 'arbitrator'.

The beginnings of the Indonesian Army are described by Rogers [1988].

> The Indonesian armed forces, established shortly after the declaration of independence on 17 August 1945 included a handful of officers who had served in the Dutch colonial army, other officers and men trained by the Japanese during the war, and members of politically affiliated guerrilla units that rose spontaneously during the revolution. Poorly trained and inadequately armed, the nationalist forces fought intermittently for four years against superior Dutch arms. Dependent upon the local population for support, many commanders were political as well as military leaders. Political mobilization was as important as armed conflict in the struggle for freedom. When the last of the civilian leadership was captured in December 1948, the military persevered and administered the nationalist held areas until a cease fire was reached in mid-1949 [Rogers, 1988, pp248-9].

As commented by McVey [1971] the army held a position of power.

> At the end of the revolution of 1945-1949, the Indonesian army held a place of great power. Its leaders had refused from the outset to accept the principle of civilian control over military affairs, and the course of the revolution did nothing to convince them that they had been wrong in maintaining their independence. In their eyes, the army had borne the brunt of the struggle against the Dutch, while the politicians had quarreled among themselves, negotiated concessions to the Netherlands forces, and even rebelled against the Republic itself. For the military leaders, the army embodied the spirit as well as the fighting strength of the revolution, and, if they had no specific political program for the post-independence period, their ideas of what Indonesia should be were at least as coherent and strongly held as those of the politicians in charge of the government [McVey, 1971, p131].

The army was factional on several levels. On one hand were the conservatives such as Nasution and Simatupang. On the other hand were the radicals, Zulkifli Lubis, Simbolan, Moestopa, etc. There were differences between those leaders who came from the former Dutch colonial army, the KNIL, and those who had been trained by the Japanese in the PETA (Defence of the Fatherland) forces, and those who had risen through command of the *laskar*. There

were divisions between those with leftist inclinations and those who identified with Islam. There were also regional divisions. The army commanders who had been 'dependent on local support' [Rogers, 1988, p248-9] during the revolution had built up networks of political and financial support in their local regions. The army which relied on the state for only 40% of its budget was under-funded, thus making not only such local financial support increasingly significant, but the role of the local army commanders in being able to garner the best financial means for their troops was also a serious consideration. It became the practice when appointing new regional commanders to give them a period to prove to their new command their ability to provide for their men, before making the command permanent. An example in this case is the appointment of a new commander to the Diponegoro (Central Java) command in 1956, to replace Suharto, which was rejected by his troops who successfully petitioned the central command for Suharto to remain in command.

I suggest that rather than the Indonesia army holding 'great power', it had an inability to exercise power in a singular form because of the fragmented nature of such power. Any power that could be exercised could be only done so by alignments of various parties and their respective interests. However, what the Army had instead accumulated was significant moral capital from its devotion to the revolutionary cause.

Alignment of the Army

While the army commanders endeavoured to create solidarity within their own ranks, and with the people, it could not be expected that any effectuative means, such as those used by Soekarno would have suited their needs. Instead a more causative, administrative approach was called for. This, in part was developed by Nasution, a Mandailing Batak, who replaced the highly respected, but terminally ill, *Panglima Besar* (Grand Commander) Sudirman in 1950.

> Nasution's "people's resistance" strategies emerged during the armed struggle for national independence (from the Dutch) in the second half of the 1940s. The thesis argues that unlike the "people's war" strategies that emanated from the political left at roughly the same time, Nasution's concepts were designed to uphold organic "traditional" authority structures and depoliticise the national struggle. Associated with these strategies was a system of territorial commands that shadowed and supervised the aristocratically led civilian administration [Turner 2005, px].

Like the Dutch colonial regime, Nasution's strategy was to retain the *priyayi* bureaucracy yet at the same time position the army as the arbitrator overseeing their actions. The army retained its role in defense of the state. The term developed for this dual role as defender of the state and arbitrator of the nations was *dwifungsi* (dual function). The wily Nasution was able to patiently work towards this hoped-for-gain over many years, even after being demoted in 1952, for an ill-timed insurrection by some of the Army radicals, later to be reinstated in 1955 as Minister of the Armed Forces. By 1957, Nasution had successfully positioned the army in its *dwifungsi* role.

Part of the success in realising hoped-for-gains was an alignment with Soekarno which enabled the neutralisation of

the political parties in favour of Guided Democracy, under which, while Soekarno was still seen to lead, the Army through its territorial command held significant positions in almost all regions. While Lev [1963] does describe this positioning as being due to Soekarno's actions, it was more likely a merging of alignments and selecting relevancies.

> As several writers have pointed out, the dominant political configuration since 1957 has been tripartite, with Soekarno deftly balancing the army against the PKI. Two alliances have been in operation. The first, that between Soekarno and the army, has been the more important. Directed against political parties ("liberal democracy"), it accomplished a major re- form of the political system, replacing the parliamentary government in operation from 1950-1957 by the far more authoritarian presidential system of Guided Democracy. To this alliance the army brought physical power, whereas Soekarno brought legitimacy and an ability to articulate ideas and mobilize popular support. Neither Soekarno nor the army has completely dominated this alliance; the rule has been negotiation. It was to avoid being engulfed by the army's power that Soekarno developed the second alliance with the PKI, the best organized and strongest of the political parties. The PKI was and remains the natural enemy of the army, not only because officers regard it as being internationalist, atheist, and under foreign control, but also because the PKI as a well-disciplined organization with deep roots in Indonesian labor and peasantry, and dedicated to radical change-poses a threat to all the political, social, and economic interests of the army elite [Lev, 1963, p353].

A common agenda between Soekarno and Nasution, which underpinned Guided Democracy, was the corporatist ideas of Professor Dojokosutono [Turner, 2005, p15] where functional groups provided representation rather than an individualistic approach of western style democracy.

Not two functions but three

While Nasution realised gains with *dwifungsi,* which created a dual political and military role for the armed forces, it did by default enhance a third role, a commercial role. The possibility of there being such a third function under *dwifungsi* is generally ignored in the academic literature, as it is ignored in the name itself. The need for the various army divisions to find funds 'off-budget' to supplement their income is acknowledged by Jenkins [2010]. Only Mietzner [2008] directly links this third role to sourcing from Nasution's territorial command.

The army's overseeing role of the bureaucracy, combined with the increased role it was given by the imposition of martial law following the PRRI and Permesta rebellions, and its functional role under Guided Democracy, changed the arbiter role of the army to that of an active participant. Conflated with this was the nationalisation of many of the enterprises held by the Dutch which, after being seized by the PKI, found their way to come under army control. This nationalisation, as discussed by Robinson [1992], exacerbated relationships between the army and the workers, in particular the more militant agricultural workers.

There appears to be some unstated assumption that the TNI involvement in such commercial roles was acceptable up to a certain point. As pointed out by Jenkins [2010, p20], "In Indonesia in the 1950s, the high command still took the view that a certain amount of fundraising was acceptable and indeed commendable". But with the so-called arbitrator becoming a participant, the possibility for abuse of the system arose.

The way the system was abused in the Diponegoro command under Suharto has been detailed by Jenkins [2010].

> Under Soeharto, the Diponegoro Division's financial officers left no stone unturned when it came to raising money. They squeezed and cajoled ethnic Chinese businessmen. They imposed illegal levies on the copra trade. They seized assets of foreign-owned businesses. They set up a lucrative smuggling operation, bartering sugar for rice. They sought 'assistance' from the manufacturers of kretek cigarettes. They controlled 'unofficially' the distribution of kerosene in Central Java. There was, it is true, a tradition of fundraising in the Central Java command, as in every other military region. But as Michael Malley has noted ……. the declaration of martial law and the subsequent nationalisation of all Dutch businesses 'greatly broadened the scope for military fundraising activities' [p20].

Suharto channeled most of the proceeds through two *yayasans* (foundations) ostensibly established for the welfare of his troops. Jenkins [2010] suggests that Suharto found the means to pocket some of the proceeds; however, this does not fit with the modest life style that he tended to lead. Tarling [2002, p188] comments "A number of officers had shares and took positions which gave them a percentage of profits, but Elson [2001] finds no evidence that Suharto did himself." However, the means by which he raised such funds "created deep disquiet within the Central Java Military Territory, where a somewhat conservative ethos prevailed" [Elson, 2001, p22]. After an investigation by the Inspector General of the Army which pointed to a 'widespread and systematic abuse of power", Suharto was relieved of his post, and sent to Seskoad, the Army School for further training.

Another example of such military commercial activities comes with Dr. Ibnu Sutowo, later head of the Pertamina, the Indonesian national oil company.

> In 1945, Ibnu was appointed a combined staff and medical officer of the republican army fighting the Dutch for the Palembang region's oil fields and plantations, and once Indonesia's independence was secured in 1949, he worked in the region's civilian health service whilst remaining in active army duty. He was appointed head of the South Sumatra's Sriwijaya Division in 1955, a division which earned much revenue for the army during the independence struggle by smuggling vast quantities of rubber, tea, pepper and coffee to Singapore. Although the independence struggle was over by late 1949, the lucrative trade continued, and Ibnu benefited through his wife, Zaleha, the daughter of a wealthy family who later succeeded in business in her own right [McDonald, 1980, p144-145].

As noted by Jenkins [2010], such activities by Suharto and Ibnu Sutowo went beyond the acceptable norms, with other army divisions such as those in East (*Brawijaya*) and West (*Silawangi*) Java, not resorting to such activities in their fund raising, yet still managing to retain the loyalty and support of their troops. The army's moral capital began to be eroded and with the decline of army's moral capital, the PKI became the new moral force in its fight against the *kabir* (capitalist bureaucrats) which now included the army along with the *priyayi*.

PKI – being entrepreneurial with moral capital

The fourth panel in the cartoon Figure 1 (p69) shows the *pemuda* figure being shocked by the 'corruptor', who is obviously a fellow Indonesian. The 'ungovernable person' of the third frame is back on his knees, this time in front

of his own people.

The reasons for the dramatic rise of the PKI in Indonesia from 1948 to 1965 are poorly addressed in the literature of the time. The Kahinian view portrayed a simplistic mantra of 'Indonesian nationalism good, Indonesian communism bad'. The *diabolus ex machina* of the PKI is seen to have risen without a causal logic to become the third largest communist party of its time, without any slur being cast on the ruling political elite of the times. Even Pauker [1969] in an article entitled 'The rise and fall of the Communist Party of Indonesia' fails to address any structural issues to attribute the 'rise', passing this off as being the result of a political alliance with Soekarno, while dedicating most of the article to relish at the fall of the PKI.

Mackie [1970, p87] comments on the 'endemic nature of corruption under Soekarno'. Yet the academic silence on the matter is part of a taboo, described by Quah [1999, p483]. "Three decades ago, Gunnar Myrdal (1968, 938-939) identified the taboo on research on South Asian corruption as one of the factors inhibiting the research of his book, Asian Drama".

It was not that there were no articles on corruption; it is just that they failed to attract much attention. Takdir Alisjahbana [1957] in an article, '*The grievances of the regions'* [reprinted in Feith and Castles, 2007, p323] outlines the problems of that time.

> We see that the struggle between parties is not merely for ministerial positions – especially Finance Minister and Minister of Economic Affairs – but equally directed towards gaining strategic administrative positions such as secretary-general-ships, bank director-ships, governorships, and so on. The holders of such strategic posts are able to channel the wealth of the State into public foundations, corporations, and other business organisations where their party colleagues are able to use them as if they were their own.

The trial of Yusuf Muda Dalam, discussed in the previous chapter outlines some examples of how wealth was channeled by those in positions where they could exercise power. Yet the discourse's silence on the structural issues remains exemplified by Pauker's [1969] line that the PKI's success was the result of 'a close identification with Soekarno'.

It was only with Mortimer [1969b, p199] that there became the beginnings of recognition in the discourses of the structural issues of what had been, until then, another *diabolus ex machina*.

> The first big harvest of PKI policies was reaped at the first national elections in late 1955. The elections were approached enthusiastically by the populace, being regarded as a ritual cleansing of the body politic of all the ills that had accumulated since independence, burying the great expectations of the revolutionary years under a morass of party strife and self-seeking, corruption and stalemate.

Indonesia journal finally addresses the issue of corruption with Smith [1971] and his Cornell published article '*Corruption, tradition and change'*. This is the only article on the subject in the long history of the journal.

Hindley [1962] follows Pauker's line that the PKI's success was a result of 'a close identification with Soekarno', it is not until McVey [1990] '*Teaching modernity: The PKI as an educational institution*' that there is a better analysis into the grass-roots development of the PKI since 1951, when Aidit, Lukman, Nyono and Sakirman took control of a party that had been much maligned since the leftist revolt of September 1948 in Madiun.

Madiun. While the literature tends to denote the Madiun Affair as a PKI led Communist revolt against the newly founded Republic, it is highly probable that it was more a case of disaffected irregular forces staging this affair as a rebellion against moves to rationalise the over staffed armed forces at that time. This view is supported by Anderson [1975]. The PKI became involved more by attribution rather than any action. One informant, who was able to interview Sumarsono, the sole remaining leader of the disaffected forces, tends to support this view. There are suggestions of a Red Drive [Mohamad Abriyanto, 2009] instigated by Hatta and Nasution in order to be seen to be anti-communist in order to gain the support of the USA in its struggle against the Dutch to gain independence. This drive was apparently instigated at a meeting on 21 July 1948 in Sarangan, involving Merle Cochrane (one member of the commission to oversee Indonesian-Dutch events in Indonesia) and one Hopkins (purportedly an aide to President Truman) with major Indonesian leaders including Soekarno and Hatta. One small problem with this suggested meeting is that Cochrane did not officially arrive in Batavia until 9 August 1947 (although his whereabouts between 1 July and 27 July, between visits to Paris and New York, cannot be ascertained) and Hopkins cannot be identified as an aide to President Truman. Poulgrain [2014, p62] also details efforts by Hatta and Soekarno to isolate leftist elements in the army, and links this to a refusal by the US to support any army (and by default the independence movement) that included such leftist elements.

While Pauker and Hindley may be partially right in that Soekarno did assist and support the PKI that support was only provided after the PKI had itself developed its base to be able to attract Soekarno's attention. And as pointed out by Hindley [1962] Soekarno did force the PKI to follow a process of Indonesianisation, limiting its international connections.

While some authors [Hindley, 1962; Pauker, 1969] suggest there was an stitching together of the PKI with the other political parties, it is McVey [1990] that shows the development of educational policies within the cadres of the PKI and the discipline such cadres displayed, which suggests a more causative approach was being utilised. It is with McVey's article that it is possible to see how the PKI managed to accumulate its moral capital.

The party, following, as suggested by Efimova [2003, 2005, 2009, 2011], some early advice from Stalin opted for a different strategy to that taken by the Chinese Communist Party. Instead of guerilla warfare, the strategy called for the development of a united grass roots support. The leaders of the PKI were noted for their probity and were able to instigate action firstly against the *kabir* (capitalist bureaucrats) linked to the political parties, bureaucracy, and later against the army as it became increasingly involved in commercial ventures. Then when land reforms were

legislated in the early 1960s the PKI took up support for the disenfranchised peasantry, often at the expense of *santri* land owners.

> The result was the *aksi sefihak* (unilateral action) campaign of 1964-65. This was a sustained PKI attempt to mobilize the poor peasants and share-croppers to assert their rights under the land reform laws of 1960, the implementation of which had bogged down under the weight of bureaucratic inertia and the resistance of interested persons and groups. The "actions" ranged from holding a deputation, presenting a petition, or staging a demonstration, to the unilateral seizure of land by force and the refusal to pay the landowner more than a certain percentage of the crop [Mortimer, 1969, p18].

The accumulation of moral capital by the PKI increased at the expense of that of the army, which suffered as its role as the upholder of the revolution became increasingly tarnished.

The gains the PKI hoped to achieve was spelt out in PKI General Program of April, 1951, based upon the Murino document of October 1950, which had been commented on by Stalin prior to his death in 1953 [Effinova, 2011]. The game plan was initially to follow the parliamentary system, yet that plan was forestalled by the implementation of Guided Democracy. The PKI was accommodated in the NASAKOM principle as the 'KOM' component. The PKI was well on-track to realise its hoped-for-gains, before the violent events of 30 September 1965 unleashed a maelstrom that decimated the PKI. The conflict between the opposing approaches towards modernity was won by the Army, led by Suharto, with its bias towards a western orientated model of capitalism. The interlude where the 'ungovernable persons' sought realisation of their own gains had passed, the next phase being a regime initially dominated by military entrepreneurs.

How does all this relate to 'being entrepreneurial'?

In the context of the prevailing institutional set-up of the period discussed in this chapter I have illustrated the establishment of three innovative ventures; the Indonesian state, the Indonesian National Army and the re-emergence of the PKI. Each had their distinctive manners in which they realised hoped-for-gains. Soekarno stands-out the most for his efforts to achieve gains simply because of the innovative manner in which he was able to lead, and by example, create a mass of ungovernable people, even though the reality of the *pemuda* might be more myth than reality. His innovations have to be considered entrepreneurial simply because he overcame significant resistance in order to create, not only a new state, but more significantly he was able to forge an identity for the people of that state to unite them in realising hoped-for gains. The manner in which he realised his hoped-for-gains is considered to be effectuative, based on comparisons with the features of effectuative behaviour as outlined in Table 1 (p30).

The other two new innovations; the establishment of the Indonesian National Army and the re-emergence of the PKI, took more causative approaches. However, I believe that these innovations are also entrepreneurial. The TNI was

able to realise a position that was somewhat unique for an armed force, initially as an autonomous arbitrator, resistant to civilian command, and later as an active participant in governing at all levels of state. While such endeavour does not stand-out as much as the creation of a new state, it is still somewhat remarkable.

The PKI can be considered to have been entrepreneurial, simply because of the speed in which Aidit, Lukman and Nyono reformed the PKI, and the quantum of support they acquired in a short time. The acceleration in, and the quantum of, the accumulation of moral capital should also lead their actions to be considered to be more, rather than less, entrepreneurial.

Summary

The period 1945 – 1965 was a period of change and turmoil as existing orders were creatively destroyed and new orders constructed to replace the old ones. Such capability to create new orders, was however, constrained by the prevailing institutional set-up. While gains were realised in the achievement of political independence these should be considered as being limited since there was no commensurate economic independence.

The *how* by which Soekarno strove to effectuatively create the interest of the new venture of Indonesia is compared to the more causative means by which the Army was created as a separate interest. The commercial focus of the army and the self-interest of the political elite are generally ignored in the literature. However, these are considered to have contributed to the rise of the PKI as it quickly accumulated moral capital. In the next chapter I illustrate the entrepreneurial manner by which Suharto came to rule.

Chapter 11   Suharto - From Military to Family

Introduction

The interaction between entrepreneurs and institutions has been discussed by Douhan and Henrekson [2010], Montayne, [2006] and Henrekson and Sanandaji [2011]. The later authors discuss the role where entrepreneurship is not only 'influenced by institutions' but also has the ability to 'contribute to institutional change and evolution' [Henrekson and Sanandaji, 2011, p52]. They discuss three areas where entrepreneurship can affect institutions.

1. Entrepreneurship *abiding* by existing institutions is occasionally disruptive enough to challenge the foundations of prevailing institutions.
2. Entrepreneurs sometimes have the opportunity to *evade* institutions, which tends to undermine the effectiveness of the institutions, or cause institutions to change for the better.
3. Lastly, entrepreneurs can directly *alter* institutions through innovative political entrepreneurship [Henrekson and Sanandaji, 2011, p47].

It is the third of these areas where "entrepreneurship can directly alter institutions" which could be considered to be the reverse side of the alignments discussed in Chapter 3, where those being entrepreneurial align themselves with the prevailing institutions. This third area suggests a more proactive process of alignment and is, along with the element of timeliness, of particular focus in this chapter.

Studwell [2013] in his discussion on development in East Asia, uses the terms 'entrepreneur' and 'entrepreneurial' in a distinct, but understated, manner. The term 'entrepreneur' is used contextually to describe people who have been successful at commercial business activities. On the other hand Studwell uses the term 'entrepreneurial' to describe two historical political figures; Mahathir, Prime Minister of Malaysia from 1981 to 2003, and Suharto, President of Indonesia from 1967 to 1998.

The particular illustration on how "entrepreneurship can directly alter institutions" revolves around the activities of Suharto, from 1952 to 1998. The term Suharto *et al* is used as a general phrase since the development of what McLeod [2008] has described as the 'Suharto Franchise' is not considered the work of one person, but a 'phasing of alignments' [Pacheco, York, Dean and Sarasvathy, 2010, p978] with different groups and institutions at different times as illustrated in the closing sections of this chapter.

First, I discuss the events of 30 September 1965, starting with the official record and overview areas where the record has been questioned. I then discuss the way *how* Suharto *et al* used this official record to support certain innovations, in both business and in politics that served the interests of those included in the collective Suharto et al. I suggest an alternate interpretation to the events of 30 September 1965, orientated more to Schmitt's contention as to how business activities underlie political events. This alternate interpretation suggests that there was a deliberate

attempt not to stand-out as it would be detrimental to his accumulation of moral capital. Such an attempt could be considered to resonate with the aspects of capabilities discussed where 'entrepreneurial narratives are studied not to see what people claim to have done, but to see where, with their narratives and hagiographies, they endeavour to avoid positioning themselves'.

Second I discuss the adverbial aspects of Suharto's *et al* entrepreneurial activities, including of Denzau and North's [1994] 'mental models', along with what McLeod [2008] has described as the Suharto franchise. It is suggested that the Suharto franchise is the monopoly position that Suharto *et al* intended to realise with their innovations involving the re-orientation of economic and political institutions.

Third I look at the *how* by which Suharto ensured the longevity of his regime through a changing pattern of alignments[1]. The manner in which the sustainability [Christensen and Raynor, 2013] of innovative processes is undertaken could also contribute to determining whether such innovations are more, or less, entrepreneurial.

30 September 1965

After the Independence of Indonesia in 1945 the single most defining event in the country's history was the *putsch* that happened on the night of 30 September 1965. What followed was the gradual assumption of a ruling role by Suharto, at the expense of Sukarno, and the change in national economic orientation from a non-aligned state where Soekarno had told the USA to 'go to hell with your aid', to a state receptive to FDI and attuned towards modernisation and development.

 A précis of the events of 30 September 1965 is outlined by Crouch [1973, p1].

> In the early hours of October 1st, 1965, six senior generals, including the commander of the Army, Lt. Gen. Yani, were abducted and murdered at the Halim Air Force Base on the outskirts of Djakarta. Meanwhile rebel troops occupied Djakarta's Freedom Square enabling them to control the Presidents palace, the telecommunications center and the radio station. An announcement was broadcast which said that the "September 30th Movement headed by Lt. Col. Untung, had arrested members of the CIA-sponsored "Council of Generals" which had been planning a coup against President Sukarno. In Central Java a similar "coup" was carried out against the commander of the Army's Diponegoro Division, Brig. Gen. Surjosumpeno.

Rey [1966, p27] provides an alternate review of the events of 30 September 1965 and provides some of the rationale, as an attempt to restore the declining moral capital of the army, behind the *putsch*.

> A group of junior officers from this Central Java Division had apparently become disenchanted with the conduct of the top army command. They accused them of corruption, falling into decadent and luxurious habits and, most seriously, dragging their heels over Confrontation with Malaysia. They also suspected undue American influence. Accordingly they determined to rid the nation and the Revolution of these parasites. The junior officers concerned were not necessarily left-wing; some of them appear to have

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definite anticommunist records. They were however, highly conscious of what they considered the proper duty of the army and its role in the Indonesian Revolution.

The official account of the events of the night of 30 September 1965 has it as a coup attempt by the PKI using special forces units (*Kostrad*) of the Army, along with members of the Presidential Guard, with active backing of the Air Force which resulted in the kidnapping of six leading Army generals and the aide to Nasution, the Minister of the Army. These generals and officer were killed either during the kidnapping or later in what is described as an orgiastic frenzy, including genital mutilation, by *Gerwani* (Women's wing of the PKI) members.

> The coverage was broadcast by TVRI for three days straight, accompanied by narration which told of the cruel methods employed by the Indonesian Communist Party (PKI) in their murder: in the middle of a party being held by the Gerwani (a PKI women's organization), the privates and other body parts of the victims were sliced to pieces. The news coverage ignited public rage, which became the main reason for the slaughter and decades of prosecution for PKI members and accused communists [Hendro Subroto, 2001, p1].

The official account goes on to report that the public, outraged by the purported actions on the PKI, engaged in a *pogrom* against PKI members over the subsequent months. There are a variety of reports on the number of deaths that range from 87,000 to 3 million dead [Anderson, 2008] and hundreds of thousands imprisoned. Some, and their families, still carry the stigma of being an ex-political prisoner, to this day [Weiringa, 2000, 2003].

Suharto's [1991] autobiography, and biographies including Retnowati Abdulgani-Knapp [2008], Roeder [1970] and Loveard [2005] have Suharto as being unaware of the actions that were taking place on that night and taking a 'heroic' stand [Budiawan, 2000, p37] against the horrible acts perpetuated by the PKI against the generals, that saves the day. As described by Holtzappel [1979, p219] "in the course of the afternoon, major General Suharto, as the First Deputy Commander of the Army, succeeded in restoring military control in the capital", including taking full control of the media.

As one of the remaining senior generals Suharto rejected efforts by Soekarno to place General Pranoto Reksosamodra as leader of the army, and on 2 October 1965, Suharto 'accepted' Soekarno's offer for him to personally have authority to restore order and security. The Army controlled media published accounts of PKI involvement and gave the *putsch* the title *Gestapu*.

On 11 March 1966 Soekarno, under pressure from the turmoil that increasingly prevailed after 30 September 1965, signed a document named *Supersemar* (the name based on an acronym of the date of the document. Semar was also a mythical figure with which Suharto identified) which gave Suharto charge of the army and full powers to restore order. Within hours of this document being signed Suharto banned the PKI, which had, to that point in time, received protection from Soekarno. Not long after that the pogroms began in earnest. The *Supersemar* document has been a matter of some contention with at least two of the 'original' documents being in the records. However, it gave

Suharto *et al* free rein to further reorientate the economic and political institutional set-up and enabled them to undermine Soekarno's position through until 1967 when Soekarno was forced to relinquish the presidency.

Over time, the official position of the PKI being the mastermind of the event, and Suharto's apparent unawareness of its planning, has been queried. In particular; Anderson and McVey [2009] in what became known as the Cornell Papers, released in 1966, queried the official claim of PKI planning the event, suggesting instead it was an 'internal army matter'. Wertheim [1970, 1979] also points out that Suharto had actually met with one of the coup plotters on the eve of 30 September 1965 (also in Unindexed Back Matter, Journal of Contemporary Asia, 9:2, 1979, p0), and suggests that he was the *dalang* (puppeteer) behind the event.

Other facts about the events of 30 September 1965 have emerged which have served to dispel some of the official narrative, such as Anderson [1987] who pointed out that the lurid tales of the generals being tortured and sexually mutilated prior to their deaths did not, in fact, happen, a fact supported by the official cameraman at the general's exhumation Hendro Subroto [2001], and by Lim Joe Thay who conducted the autopsies on the bodies of the generals [Tempo, 2002]. This is despite Suharto's claim that he had 'personally supervised' the exhumation of the generals and claims that 'all the bodies were badly maimed as a result of torture' [Soeharto, 1991, p112].

As pointed out by Yosef Djakababa [2009 and 2010], most research on the events of 30 September 1965 was carried out external to Indonesia, due to a 'taboo' on any research into the event that strayed from the official script.

> In 1992 when this work was first presented at a postgraduate seminar at the University of Sydney a very different political climate pertained in Indonesia. Then the airing of topics such as this in the public domain was totally taboo inside Indonesia, unless the writer adhered strictly to the "script" sanctioned by the Soeharto regime. Even outside Indonesia, scholars thought twice before venturing into this highly sensitive terrain [Drakeley, 2007, p11].

Inside Indonesia any deviations from the script left one open to accusations of being a communist, or a sympathizer which could result in being ostracised, imprisoned or subject to other punishment.

The official narrative that has been constructed on the event had certain objectives as pointed out by Yosef Djakababa [2009, and 2010].

> Nonetheless, a dominant narrative emerged from this complex situation and was intentionally constructed and maintained; first to serve General Soeharto in claiming his legitimacy for power, and later to facilitate his regime's sense of triumph and, finally, to insert the narrative into the history of the nation's journey [2010, p148].

In the next section I outline the innovations, both economic and political that Suharto *et al* initiated after 30 September 1965. Of particular note are the rapid economic reforms, in particular to foster foreign business interests that occurred soon after that event. Two events, namely the approaches to Freeport and Suharto's direct intervention

to prevent the nationalisation of foreign oil interests, have generally not been prominent in the discourses, only coming to prominence after the fall of Suharto in 1998. The reason for including them is to underscore Schmitt's [1963] contention that business interests tend to underlay political events.

Innovation – the early days

In this section I suggest that Suharto *et al* were innovative according to Schumpeter's fifth aspect of innovation discussed in Chapter 1. That aspect was: "the carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position."

The 'new organisation' is the re-organisation of the Indonesian state to enable Suharto *et al* to establish a monopoly position - the 'Suharto franchise' suggested by McLeod [2008].

The innovations discussed here are, in the main, those economic and political reorientations introduced soon after the events of 30 September 1965. Further innovations were introduced later as alignments changed, and are also mentioned below.

Economic re-orientation

This new organisation is typified by the rapid change in the national economic orientation, soon after the events of 30 September 1965, and before March 1967, when Suharto assumed the presidency. The institutional set-up of that time was probably, as described by Chwieroth [2010, pp502-3], less than conducive to such changes.

> In the 1960s most Indonesians subscribed to nationalist, statist, and collectivist beliefs, creating a significant obstacle to market reforms. Capitalism and openness to foreign capital in particular, were equated with colonialism and exploitation, while support for collectivist forms of social organisation reinforced this deep suspicion of free markets.

Despite the prevailing institutional set-up as described by Redfern [2010], in which the foreign oil companies faced nationalisation, the owners of Asamera Oil, in a joint venture with Permina (controlled by Ibnu Sutowo), purchased an additional $50,000 of their company stock through the New York Stock Exchange on 9 and 22 September 1965. The transaction was reported in the Wall Street Journal on the same day as the *putsch* took place in Jakarta [Scott, 1985].

Yet, despite this suspicion of free markets and foreign capital, not long after the events of 30 September 1965 there were proactive efforts to engage with foreign companies. For example Freeport who was endeavouring to gain approval to open the extensive Ertsberg gold and copper mine in the province of West Papua, recently acquired from the Dutch, soon received notification via Augustine Long and Julius Tahiya of Texaco that the 'time was right' to

talk to General Ibnu Sutowo.

> In early November 1965, just a couple of weeks after a military coup sidelined Indonesian president Sukarno, two Texaco executives from Indonesia with close associations to the new military regime approached Freeport. They informed the company that the time was right to open negotiations with the generals in Jakarta over Ertsberg (Wilson, 1981, 155) [Leith, 2002, p70].

Furthermore in December 1965, as described by Redfern [2010, p543], Suharto took direct action to prevent the nationalisation of foreign oil companies in Indonesia that had been under on-going negotiations during 1964 and 1965.

> The apparent steadfastness Minister Chaerul Saleh exhibited, as well as the uncertainty over the position of the foreign oil companies in Indonesia, changed abruptly on that same day of 15 December in an episode that one historian has described as a crucial moment in the transition of power from President Sukarno to General Suharto. The US embassy reported that at a high level meeting in Tjipanas (south of Jakarta), Minister Saleh "tabled a proposal to proceed with takeover of all foreign oil companies' management. KOTI economic section Chief Gen. Achmad immediately called up Gen. Suharto who arrived at meeting by helicopter and there Gen. Suharto made it crystal clear to all assembled that military would not stand for precipitous moves against oil companies. He stressed that this would result in loss of production which would jeopardize interests of armed forces (not clear what other arguments, if any, he used).

The 'crucial moment' mentioned by Redfern is significant in that the mandate Suharto had received from Soekarno, two months earlier, in October 1965, related specifically to the 'restoration of peace and order'. It could be considered less than likely that intervening in an economic issue related to such restoration. Protecting the Army's business interests clearly had some preeminence. By February 1966 Suharto and Sutowo had instructed Julius Tahiya of Texaco/Caltex to send 60% of oil royalties to an unnamed bank account in Holland rather than the Indonesian central bank [Simpson, 2008, p204].

With Suharto's support, further economic innovations were introduced from 1966 onwards, proposed by a panel of US trained economists from the University of Indonesia (UI). Since most of them had trained at Berkeley they became known as the 'Berkeley Mafia'. While it could be assumed that with the 'power' of the military behind him Suharto could dictate terms and conditions and control such innovations, such was apparently not the case. There was still resistance to such policies after 1967 as described by Chwieroth [2010, p506] when discussing these economic reforms.

> Capital account liberalization stands out among the reforms in the UI economists' plan. It did not resonate with the beliefs and interests of the *pribumi* elite and mass public who saw inward FDI as harming domestic firms and distorting development and the removal of restrictions on outflows as undermining capital accumulation.

The elements of this resistance to innovations are recognised by Suharto as described by Smith [2003] in an article whose title reflects Suharto's statement that "*If I do these things, they will throw me out*". Even though Suharto *et al*

may have been perceived to hold power, he was still aware of the subtlety of the exercise of such power in order to constrain resistance. The way in which Suharto *et al* 'altered the institutions through innovative political entrepreneurship' [Henrekson and Sanandaji, 2011, p52] can be seen in two examples. Initially he undertook a re-orientation of the political space, following the functionalism developed under Guided Democracy and later developed a monopoly position with the development of the Suharto Franchise [McLeod, 2008] which became part of the 'maintenance of support' [Feith, 2007] for those included in the franchise.

Political re-orientation

Lev [1963, p353], as discussed in the previous chapter describes 'the dominant political configuration since 1957 has been tripartite, with Soekarno deftly balancing the army against the PKI'. This configuration changed dramatically within days of the events of 30 September 1965 with the PKI being blamed in all official accounts as the instigators of what happened on that night. Lurid tales of the generals being sexually tormented and tortured before being killed quickly found traction. The moral capital accumulated by the PKI of the years from 1949 through to 1965 and the political gains they achieved were wiped out in a matter of months after 30 September 1965.

Initially there were protests against the PKI, with its head-quarters being destroyed, but after some time these protests escalated into full scale violence, especially after 11 March 1966. Over the next 9-12 months a nationwide pogrom was instigated against the PKI and their supporters with numerous deaths and imprisonments. Such killings tended not to be done by the army, but were carried out by Islamic groups and militia, with the army providing some logistical support. Resistance became minimal, when it was realised that any efforts to support the PKI, especially after it was officially banned in March 1966, meant one also became a target.

The remaining bipartite political orientation, that of Soekarno and the army, was soon undermined, but more cautiously than the action taken against the PKI, as Soekarno still held significant moral capital and the respect of the people. The events of 30 September 1965 had resulted in the deaths of most of the generals senior to Suharto. Nasution, senior to Suharto, had survived the direct attempt to kidnap him, although his daughter and aide were both killed on that night. It was not long before Nasution was sidelined by Suharto *et al*.

The functionalism introduced by Soekarno and Nasution under Guided Democracy continued under Suharto but in a more constrained form. The first two elements of NASAKOM were continued, the later element of communism became an object of repression, with anyone being deemed communist or having communist leanings, liable to imprisonment. Golkar was constructed as the main political party, initially dominated by the army; the elements of religion were channeled into the PPP party, with an Islamic national orientation. Secular nationalism and other religions were catered for in the PDI party [Ufen, 2012]. Elections were organised so that Golkar retained primacy for the following 32 years, thus ensuring the continued mandate for Suharto as President.

An alternate scenario

In the main the discourses on the events of 30 September 1965 have focused on the political events and the subsequent pogroms. The silences in the discourses on the army's business activities as part of the third function of Nasution's territorial command meant that the discursive formations on any business or economic underpinnings to the events of 30 September 1965 are lacking. In line with Schmitt's contentions in the Glassburner Schmitt debates I have outlined the economic underpinnings, as evidenced by the actions with Freeport and the foreign oil companies, before the political underpinnings to offer a better understanding as to why these events happened.

The texts I have available on the events of 30 September 1965 run to some 188 articles and about 20 books. These contain an array of views from those that support the official version, to those opposed to it, including some such as Scott [1985], and Billington [2001] who suggest CIA and MI6 involvement in the event. In general the texts depict a wide variety of opinions, mostly based on information produced by the official narrative. Some, such as Fic [2004] and Dake [2006], have been excoriated by other academics for their research, Roosa [2006] describing them as 'fairytales with footnotes' and 'truly misleading'. Utrecht [1975, p101] describes Dake's work as a disgrace.

My own analysis of the discourse on the events of 30 September 1965, does tend to the view that the PKI was not involved as the mastermind as stated in the official script. The PKI was consulted and asked to support the *putsch*, but, according to one conversation with an informant who interviewed Rejang, one of the members of the PKI committee appointed to assess the matter, there was no consensus or further action on providing such support. As at Madiun in 1948 [Anderson, 1975; Poulgrain, 2014] the PKI became a useful scapegoat. The speed in which the anti-communist propaganda was disseminated from 6 October 1965 [Anderson, 2000] under Army information directorate instruction [see Tempo, 2009; Drakeley, 2007], which had a monopoly on the media after the *putsch*, and the rapid establishment of the KAP Gestapu militia on 4 October 1965 to fight the PKI, does suggest some preparation by people armed with some foreknowledge of the event.

Budiawan, [2000, p38] has suggested that instead of the PKI being the mastermind behind the event it was Suharto. "Few commentators have explicitly talked about the logical implications of such a suspicion: suppose Suharto himself were the "puppeteer" behind the 1965 affair". One of those 'few commentators' is Wertheim [1970, 1979] who suggested with most of the generals senior to Suharto killed or incapacitated by the *putsch*, which was carried out by officers either from Suharto's former Diponegoro command, or by troops under his command as Kostrad forces, does suggest a significant link to Suharto *et al*. Furthermore the fact that the rebellious troops did not make any effort to contain Suharto's *Kostrad* HQ which was adjacent to the facilities seized by the rebellious troops, but instead used their bathroom facilities [Wirantaprawira, 2005] does tend to strengthen that link.

Zurbuchen [2002, p566] has commented that "General Suharto was the coup's actual instigator, or he at least influenced, manipulated and distorted the killing of the generals for his own ends". I believe that the comment that

Suharto "manipulated and distorted the killing of the generals for his own ends" is a more accurate depiction of what happened.

According to the Cornell papers the events of 30 Sept 1965 were an 'internal army matter'. However, it was not a singular 'matter' but two 'matters' that converged on the night of 30 Sept 1965. The first scenario is that out-lined by Rey [1966], quoted above, where a collection of mid-ranked officers were concerned at the declining moral capital of the Army. Their intention was to kidnap the offending generals and bring them before Soekarno for judgment.

The second matter, relates more to the army's business interests. The timeline for this second matter commences around the beginning of 1965 with a meeting in Bandung on 15 January, between two factions of the top generals in order to iron out problems [Scott, 1985]. On one side, representing the 'Yani faction' were Generals Suprapto, Parman, Sutojo Siswomihardjo, Harjono, Muskita, and Achmad Sukendro. On the other side, representing the 'Nasution faction', were Generals Suharto, Sudirman, Sarbini Martodihardjo, Basuki Rachmat and Sumantri. Nasution was only present at the beginning of the meeting. What was discussed at the meeting is not known, I assume that with business interests being a major issue for the Army, business subjects were on the agenda. What is known is that four of the generals from the first faction, as well as Yani, were killed on the night of 30 September.

Achmad Sukendro, an intelligence czar was in Beijing on that date, and on his return made his expertise available to Nasution. Shortly after this meeting Suharto recalls Yoga Sugama, his intelligence chief from the Diponegoro days, from a posting in Belgrade.

The alternate scenario I develop is along the lines that Suharto *et al* came to know of the *putsch* attempt by the mid-ranked officers (the majority of which were his former Diponegoro command and/or under his Kostrad command) and subverted this plot. It is known from Wertheim's [1970, 1979] contributions to the discourses that Suharto met with Latief, one of the leading members of the *putsch* on the night of 30 Sept 1865. Latief's own testimony [Anderson, 2000, p9] is that he felt 'betrayed' by Suharto. The assumption is that the *putsch* planners had earlier apprised Suharto *et al* of their planning and felt they had his support.

The grievances of the *putsch* officers against the Army High Command may have been valid, and their stated intention to kidnap the general officers and bring them before Soekarno for judgment may have been a genuine reason for the attempted *putsch*. However, this all went astray when the generals were killed. Instead of being an action to rectify grievances, which would have held a certain moral capital, it turned into a murder. As commented by Boden [2007, p512] "According to a rumour, a group of army generals, the so-called Council of Generals, had planned a *coup d'état* for 5 October 1965. This rumour is said to have provoked an attack on the generals, which might have been intended as a kidnapping but actually culminated in murder".

The propaganda to include the PKI and the purported actions of the *Gerwani*, removed any moral capital associated

with the original intentions of the *putsch*. My alternate scenario is that the killing of the generals, rather than the original plan of kidnapping them, is the crux of the events of 30 Sept 1965; but is generally not recognised in the discourse. The killings became a means to undermine the attempt to accumulate capital by the *putsch*, as Zurbuchen [2002, p566] suggests that "General Suharto ….. manipulated and distorted the killing of the generals for his own ends".

Holtzappel [1979] has suggested that the *dalang* behind the 30 Sept 1965 was a military intelligence outfit, and he points to the Air Force intelligence unit. This may be correct as some sources [Crouch, 1973, p17] suggest that it was Sujono, a member of the *putsch* command from Air Force intelligence, who gave the order to kill the generals. However, this order pertained to the surviving generals later executed at Lubang Buaya. Other sources [Crouch, 1973, p16; Eros Djarot, 2006, p84; Holtzappel, 1979, p222] suggest that it was First Lieutenant Dul Arief who gave an earlier order to bring the generals in 'dead or alive'. Dul Arief, along with Djuharap, has known connections to Ali Moetopo [Eros Djarot, 2006, p84; Tempo, 2009], Suharto's political officer from Diponegoro, and part of Suharto *et al*. Both Dul Arief and Djuharap disappeared after 30 September 1965, so their involvement in the event cannot be clarified and this scenario remains purely speculation. Eros Djarot [2006] suggests that Dul Arief was a 'cut-out' between the *putsch* plotters and Syam, the purported PKI representative, yet the 'cut-out' may have equally been to sever any link to Ali Moetopo and/or Suharto. Dul Arief took the role as commander of the Pasopati Task Force charged with kidnapping the generals, only after Captain Sujud Rochadi, the original commander was sent to Beijing on 26 September to accompany Adam Malik to attend the commemoration of National Day of PRC. This gave Dul Arief the necessary position to be able to order the killings of the generals.

Yani's death (he was one of the first to die under the Pasopati Task Force, others were killed later in Lubang Buaya) does help to explain the enigma as to why Commando Forces under Sarwo Edhie were called in from outside of Jakarta to quell the *putsch* forces, when there were *Silawangi* forces under Suharto's *Kostrad* command already in Jakarta. Sarwo Edhie was a protégé of Yani and this would probably have made him easy to manipulate with the news of Yani's death, rather than the *Silawangi* Forces, whose commander was known to be pro-Soekarno.

Another enigma not yet explained, and not part of the discourses to date, was Suharto's covert visit to Semarang on 3 October 1965. This is detailed in the memoirs of the pilot of the Army Air Force (*Penerad*) flight Colonel Sudjai [2012]. Semarang had been a side show to the *putsch* in Jakarta and is generally ignored in the discourses.

The conversations I held with several people on this topic do indicate that there is some belief that Suharto was more involved in the events of 30 September 1965 than stated in the official record. Some suggest that he was aware of the efforts by his troops in undertaking the *putsch* and that was the extent of the involvement, others suggest that there was a greater involvement but do not know, or are unwilling to state, to what extent. The participants with whom I shared the above alternate scenario did not discount that it was possible. One stated his opinion that Suharto had 'sacrificed his own man, Untung' in the events of 30 September 1965.

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Discussion: How entrepreneurial was Suharto?

In Chapter 3 I have discussed the application of entrepreneurial as an adverb to the verb to innovate. In this section I now discuss some aspects of how entrepreneurial Suharto's innovations were. This is particularly in the context as discussed in the introduction to this chapter as to how people can influence and modify the institutions in order to achieve some hoped-for-gain.

The discussions in the previous chapter on the efforts by Suharto and his officers to raise funds for their *yayasan* in the Diponegoro Command suggest that Suharto and his group had some entrepreneurial talent as defined by Henrekson and Sanandaji [2011, p49] as "a combination of perceptiveness, the ability to detect opportunities, and the capability of undertaking new ventures in response". However, in the context of the relationship between innovation and being entrepreneurial, discussed in Part One, I am more comfortable describing such talent as innovative rather than entrepreneurial.

It is apparent from the discourses that Suharto *et al* in Diponegoro had a degree of success in creating new ventures; they achieved the realisation of hoped-for-gains, and 'stood-out', although such standing-out was a weakness in that it led to the demise of such ventures when it came to the attention of the higher command. In the context of whether the gains achieved were more or less entrepreneurial as discussed in the Chapter 4 I tend to suggest that given the coercive power of the legitimate violence (and illegitimate violence – in that it exceeded what was considered the norms) exercised by Suharto *et al* that such realisation was less rather than more entrepreneurial. Brigandry and abuse of military power may not necessarily be something that 'absolutely did not exist before'.

I suggest that the actions of Suharto *et al* post 30 September 1965 as discussed above in the rapid reorientation of the economic and political scene do qualify Suharto *et al* to be considered as having achieved a more entrepreneurial realisation simply because of the rate and quantum of such reorientation, in what was, in Indonesia in the 1960s, an institutional set-up, that was less than receptive to such innovations. Within weeks of being given the authority to restore peace and order, Suharto had begun to translate that into a re-orientation of business and political institutions.

While military based regimes are not unique in the world, this was a first for Indonesia, by Indonesians. The difference between the brigandry of Diponegoro and the more entrepreneurial nature of the *gains* post 1965 lies in the context of the Foucauldian interest as something that 'absolutely did not exist before'. This is discussed further with regards to McLeod's [2008] Suharto Franchise. Another point is the longevity of the regime. As pointed out by Rogers [1988, p247] "Whereas military regimes 'have an average life span of approximately five years' the military government of Indonesia has ruled since 1966, an undeniable success story in terms of political longevity". This longevity could certainly be considered a 'stand-out' feature. How the Foucauldian 'interest' is sustained is probably another feature that could be included as a determining factor of whether innovations are more, or less,

entrepreneurial. This is discussed in a later section of this chapter.

However, it is the events of 30 September 1965 in which it could be considered that Suharto *et al* may have had a more entrepreneurial realisation than the official record gives them credit. If my analysis is correct, the involvement of Suharto *et al* in the events of 30 Sept 1965, not only as heroic saviours (the official view) but at least involved in a subversion of those of the events, could suggest that the gains they achieved were very entrepreneurial. As discussed by Eckhardt and Shane [2003, p333] there is a nexus of enterprising individuals and valuable opportunities. If Suharto *et al* were, as stated in the official record, not involved in planning or subverting the events of 30 September 1965, and simply took advantage of the opportunities presented to re-orientate political and economic institutions from an opportunistic perspective; it could be considered that they are more entrepreneurial to a degree. However, if they actually planned a subversion of an existing plot in order 'in one fell swoop' to remove much potential resistance (including removing any officers senior to Suharto) in their efforts to achieve their hoped-for-gains, then I would suggest that the degree of being entrepreneurial is enhanced, simply because they were able to manipulate the timing associated with the events of 30 September 1965, and were able to not only take advantage of an opportunity presented to them, but they were able create the opportunity at a time that suited them.

One of the interesting points of the events of 30 September 1965 is Suharto's unwillingness to stand-out and take credit for his actions. One possible explanation is that he learned from his experiences at Diponegoro, where standing-out for his innovations in business had been to his detriment. As discussed in Chapter 2 on capabilities, 'entrepreneurial narratives are studied not to see what people claim to have done, but to see where, with their narratives and hagiographies, they endeavour to avoid positioning themselves.' As evidenced from his biography [Soeharto, 1991] he strove to present a narrative where he was a soldier, just doing his duty. As pointed out by Yosef Djakababa [2009, and 2010] the narrative was constructed to claim 'his legitimacy for power, and later to facilitate his regime's sense of triumph and, finally, to insert the narrative into the history of the nation's journey'. Any deviation from the narrative, no matter how truthful, would have been detrimental to Suharto's accumulated moral capital.

The *how* - causative in planning – reactive rather than proactive

It could be suggested that Suharto *et al* tended towards causative adverbial approaches to being entrepreneurial, in particular the aspects of "Accurate predictions, careful planning and unwavering focus on targets form hallmarks of causal frames". Such predictions were probably based on several 'mental models' including Javanese mystical models that are discussed in the next section.

With regards to Levine's [1969] interpretation of Feith's [2007] concepts of administrator and solidarity maker the use of violence as being characteristic is probably more applicable to Suharto, rather than being a characteristic applicable to Soekarno, as discussed earlier. The intelligence apparatus *Kopkamtib* created in October 1965 became

the means to quell resistance as the proverbial stick. The carrot in regards to Feith's [2007] 'maintaining of support' was the 'Suharto franchise' that saw the distribution of rewards, usually not within the realms of conforming to administrative norms. As discussed later, this did attract dissent at various times, such as during the Malari incident in 1971.

In line with Henrekson and Sanandaji's [2011, p47] third proposition that "entrepreneurs can directly alter institutions" [p47] Thee's [2007] comment on Suharto's development of 'a strong presidency as an institution' is of particular interest in reference to the Foucauldian concepts of power discussed in the Methodology chapters. It could be assumed that with Suharto's *et al* 'policy of repression and imprisonment' [Taylor, 1975, p369] could have meant a reversion to the Javanese power concepts outlined by Anderson [2006]. Loveard's [2005] title to his book *Suharto: Indonesia's last sultan* could reinforce that image. It could also be assumed that the economic and politics reorientations described above were due to a powerful force altering the institutional set-up.

However, and this point was reinforced by one of the informants during a conversation, Suharto did not really have to make significant changes to the institutional set-up after 1965. First of all, due to the work of Nasution and Soekarno in reinstating the 1945 Constitution, a strong presidency was already in place. Second, under Guided Democracy, the political turmoil of competing parties in a democracy had been removed and replaced by a system of functional appointees. The later manipulation of GOLKAR, PPP, and PDI as the permitted parties contained political aspirations within the constraints of these parties. Third the element of communism as a competing sphere of influence had been removed, the stigma that became attached to communism by the 'military propaganda machine' [Taylor, 1975, p369] served a useful tool to overcome resistance. Fourth Nasution's *dwifungsi* had provided the Army, of which Suharto was now supreme commander, with a parallel chain of command to the civilian system, at all levels of state influence.

Suharto *et al* placed the bureau of statistics (BPS) under direct control of the president's office, thus effectively controlling any economic reporting. He also instituted the Command for Restoration of Peace and Order (*Kopkamtib*) to oversee all intelligence functions[1]. He instigated a duplication of roles and functions for many senior commands, to provide a system of checks and balances; and he instituted what McLeod describes as the 'Suharto Franchise' to provide rewards for support for Suharto *et al* at all levels.

Rice [1983], Thee [2007] and Chiewiroth [2010] have commented that free market policies were promoted however, Rice [1983] adding the comment that the status moved from heavily controlled to slightly less control than the Soekarno era, suggesting that such free market policies were still under a more centralized socialist form of capitalism. A similar centralisation was evident in army command [McDougall, 1982, p99].

Mental Models

In this section I discuss several mental models that could have influenced Suharto suggesting that they represent a more causative approach as accurate predictions, careful planning and unwavering focus on targets'.

> **Javanese models**

In the discourse, Geertz's [1976] division of the Javanese into the *aliran* of *abangan*, *santri* and *priyayi* is usually commented on at face value. Few delve into any academic application of the significant role of mysticism in the Javanese *abangan* way of life. I suggest that as much as the Minangkabau have their sets of mental models based upon the collective knowledge of the *rantau*, the Javanese have their own collective sets of myths and beliefs. As pointed out by Resink [1975, p214].

> Some people not only live, but also die and kill by myths. So the well-known Darul Islam leader S. M. Kartosoewirjo wrote in a secret note to President Soekarno in 1951, prophesying entirely from the myth of a Javanese version of the *Mahabharata* epic, that a "*Perang Brata Juda Djaja Binangun*" was imminent. This conflict would lead to a confrontation with Communism — to which the expression "*Lautan Merah*" (red sea) alluded —- and world revolution. The Javanese *santri* who was to advocate and lead the *jihad* or holy war in defence of an Islamic Indonesian state was writing to the Javanese *abangan* here in terms which both understood perfectly well.

Tarling's [2002] review of Elson's [2001] biography of Suharto makes two points, (1) is the cautious nature of Suharto, which is ascribed to his Javanese values and, (2) the 'perfectly formed biographical material' on Suharto.

The autobiographical and biographical material on Suharto describes a lowly peasant origin, "being the simple son of a Javanese villager" [Tarling 2002, p185], where he had to struggle in his early years. However, Suharto received a good education, probably at a level far above that most children from a peasant origin would usually receive.

Furthermore in one of the conversations one informant commented that he had seen Suharto's library, which contained books, all stamped '*ex libris* Suharto' in several languages, many of them with under linings in blue or red pencil. Such incongruency may suggest a hagiographical 'rags-to success' context to the official biographical material.

What the biographies do reveal is Suharto's early training in Javanese mysticism. Another member of Suharto *et al,* Soedjono Hoemardani received similar training. Under such training, as pointed out by Anderson [2008, p41] Suharto was "Javanese to the bone, secretly consulting shamans and astrologers, and visiting magically powerful caves, tombs and so on." It is certain that from an early age Suharto's life was foretold, predicting what he would become and advised on how to achieve such goals. This is one mental model that Suharto had at his disposal,

enabling him to draw on centuries of collective wisdom, depicting scenarios and responses to scenarios.

Another mental model is suggested by renown poet and author Pramoedya Ananta Toer who when commenting on the fate of the perpetrators of the 1965 *putsch* relates it to a historical mental model from Javanese history.

> Within a few hours the perpetrators of the G30S had been captured eventually sentenced to death. It is clear that they repeated the experience of Kebo Ijo in the 13th century, who was sentenced to death by court judgment while a conspiracy appointed Ken Arok king of Tumapel/Singasari to replace the king he had murdered [Poulgrain, 2014, p xv].

While it may be possible to denigrate the influence of such mysticism, the ingrained value of such in Javanese lifestyles cannot be under-estimated. In one of the conversations, one Javanese informant, a CEO of public companies, had little hesitation in described to me the advice he had received from a Javanese 'wise man'. Somehow the seemingly inconsistent relevancies of mysticism and rationality are reconciled.

UI economic model

Other mental models may have influenced Suharto. These may have included an economic model introduced by the University Indonesia (UI) economists, led by Widjojo Nitisastro [2011] during Suharto's tenure at the Seskoad Army training school (after being dismissed from command of Diponegoro) under the mentorship of Colonel Suwarto. Such mental models may have influenced the economic reorientation post 1965, along with the role of Suharto *et al* post 1965.

The UI economic models tended to focus on self-sufficiency in food production and poverty reduction. The means to do this was through "orthodox stabilization, openness to foreign capital, and financial assistance from official creditors as the only way out of the crisis. Liberalizing capital controls, they argued, would stir growth and competition" [Chwieroth, 2010, p505]. Widjojo Nitisastro [2011, p89] while acknowledging Article 33 of the constitution also stressed Article 46 which stated the role of 'domestic private circles' was to be supported by the state.

There were areas of conflict between the technocrats and those who were part of the Suharto franchise.

> The economic advisers in Jakarta in the 1970s and 1980s often found themselves engaged in policy battles with such well-known figures such as Ibnu Sutowo and B.J. Habibie, the respective leaders of Pertamina and of a group of high-tech aeronautical companies in Bandung. [McCawley, 2011, p96]

While such economic models highlighted the flows of capital that FDI could bring into Indonesia the other side to the coin were the rents that could be generated by those with the ability to influence the flow of such capital. The

maintenance of such flows of FDI was significant to the franchise developed by Suharto *et al*.

Suharto franchise

McLeod [2008, p6] lists three features of the Suharto franchise.

a) the symbiotic relationship between a number of private sector business groups and the regime,
b) the creation what amounted to a political monopoly on the presidency. The effect of this was that he was able to control the behaviour of all the major public sector institutions, because individuals within those institutions were dependent on his favour for advancement of their own careers and for gaining access to lucrative positions where they could obtain very high incomes in addition to their modest formal salaries,
c) the bureaucracy, the judiciary and the military were not only permitted, but also expected, to engage in extortion of firms and individuals that were not part of the ruling elite.

As pointed out by McLeod [2008, p7] the Suharto franchise went beyond rent-seeking to rent-generation. "Whereas a large part of the earlier literature focuses on "rent-seeking', a key emphasis here is on 'rent-generation and harvesting", and the underlying methodological premise behind the franchise was 'self-interest'.

> The approach elaborated here should be distinguished from earlier treatments of government in the public choice literature, a key advance in which was to drop the implicit assumption that government bureaucrats strove selflessly to promote the public good—assuming instead that they, like everyone else, were motivated by self-interest.

Kristiansen and Ramli [2006] in their article entitled *Buying an Income: The Market for Civil Service Positions in Indonesia* discuss how the third feature of system described by McLeod is applied in the civil service, with junior officers having to "pay a quota" to their seniors to obtain and maintain a position, in return for which the seniors allow "the officials under them to exploit their offices to secure their loyalty and support" [p217]. Olken [2006, 2009] and Olken and Baron [2009] detail the corruption in particular the later article which details the extortion by police on trucks passing through Sumatera, detailing that more than 6,000 payments were extorted on 304 trips [p 418].

Alvarez and Barney [2004] comment that rent-generation is 'complicated'. That Suharto *et al* were able to oversee such a complicated mechanism of rent-generation over a wide geographical space, and across more than 30 years, must surely be one of the stand-out features of this franchise.

The success of the franchise is commented on by McLeod [2008].

> The system functioned very effectively for some three decades, generating rapid economic growth in which the elite and high-ranking officials in the public sector shared disproportionately [p6].

> One of the keys to success was the fact that the regime was able to maintain a very high average annual rate of economic growth (well over 7% in real terms) over some three decades; very few countries in the world are able to boast a similar achievement [p14].

Smelser [2005, p246] in a discussion on the works of Talcott Parsons discusses the aspect of the 'monster' that 'capitalism' creates, that "at the end of capitalist development [is] the creation of a "monster", the capitalist enterprise, possessed of a purpose, an understanding, and a set of virtues all its own, going on its own way independently of human will". Smelser mentions that such a monster is a 'system with a driving, autonomous internal logic' [p246]. Such autonomy could relate to the autonomy described by Rindova, Barry and Ketchen [2009]. I suggest that the Suharto franchise achieved gains through the realisation of such autonomy. How Suharto *et al* sustained this autonomy through the various phases of the franchise is outlined in the next section.

Alignments - The phases

As noted above I have used the term Suharto *et al* as a collective rather than Suharto as an individual entity. The reason for this is that I believe that Suharto exercised power through a variety of alignments that changed over time. These phases, some concurrent, some divided over time, are described in the following sub-sections.

Ex Diponegoro

From Diponegoro, Suharto had Yoga Soegama, his intelligence officer, Soedjono Hoemardani, his former chief finance officer, and Ali Moertopo. He came into contact with Alamsyah ("described as the "epitome of the military entrepreneur" [Malley, 1989, p49]) during his stay at Jakarta, after his spell at Seskoad. Benny Moerdani came later as one of the paratroop commanders in the West Irian (Papua) conflict, where he was one of two paratroop commanders under the Mandala command of Suharto, the other commander being Untung, later leader of the 30 September *putsch* movement.

In mid-1966 "Suharto formed a "personal staff" (*Staf Pribadi, Spri*) of some eighteen advisers, consisting of six army officers and two teams of civilians" [Malley 1989, p47], Yoga, Soedjono, Ali and Alamsyah were four of the six army officers. After two years this staff underwent a superficial revision, due to public complaints.

> In response to criticism of the business activities in which some of his close assistants were alleged to be engaged, President Suharto "disbanded" his personal staff in mid-June 1968; however, three members of that staff—all army officers—were reappointed immediately as personal assistants (*Asisten Pribadi, Aspri*), and the institution remained essentially unchanged. What did begin to change, however, was the power balance among the *Aspri*. Notably, Alamsjah had not been reappointed as an *Aspri*, as had Soedjono That Alamsjah's position in the inner circle of presidential advisers began to decline in early to mid-1968 is well known [Malley 1989, p50].

Some four years later however, the Malari incident occurred where students rioted against the actions of the *Aspri*, in particular their involvement with aiding Japanese businesses in Indonesia.

In 1972, students and newspapers again began making accusations of corruption within the regime, this

time with increasing vehemence and with the support of certain powerful military figures. Soedjono Hoemardani was once more among their most prominent targets. His principal offense in the eyes of his critics, this time, was not so much alleged impropriety in domestic financial affairs as his admittedly large role in facilitating—and exploiting—the inflow of Japanese investment, which grew rapidly in the early 1970s [Malley, 1989, p54].

The 'powerful military figures' included General Sumitro, an outspoken military figure who, as Commander of the Army, expressed disquiet at the role of the *Aspri* [Ramadhan, 1996].

By the late 1970s and early 1980s Ali Moertopo and Soedjono Hoemardani were becoming less influential. They were however, still involved, along with Benny Moerdani, in CSIS, a political think-tank they established along with Ibnu Sutowo, [Retnowati Abdulgani-Knapp, 2008] and some of the same people, who had quickly established the *KAP Gestapu* militia in October, 1965.

The army /oil

Given the autonomous nature of the Indonesian armed forces that had developed and been nurtured by the high command, it could not be expected that the Army would be likely to surrender such autonomy. It is probably in this area that the analogy of the seesaw is most clearly illustrated. As described by Crouch [1988 p 162], "By keeping rival groups and factions within the armed forces in balance, Suharto made sure that he was not too beholden to anyone and thereby enhanced his own freedom of manoeuvre while protecting himself against a possible challenge."

Suharto's monopoly on military appointments enabled Suharto *et al* to apportion rewards for support such that supporters could be assigned to 'wet' areas, where opportunities to reap a harvest were better, compared to the 'dry' assignments. The appointment of army personnel to influential positions is detailed by McDougall [1982]. Where such rewards were less effective or there were transgressions beyond the 'norm', recalcitrant generals were usually appointed as ambassadors to other nations. Such happened to the radical west Java commander Dharsono, when he attempted to re-align the political scenario into a two party system, (probably against the intent of Ali Moertopo who sought to establish Golkar as the primary party, along with PPP and PDI as minor players), and was appointed as ambassador to Thailand [Crouch, 1971, p184]. Alamsyah, who apparently went beyond the norm expected by Suharto *et al,* was sent to be as ambassador to the Netherlands [Malley 1989, p57]. After the *Malari* incident General Sumitro refused such appointment, being replaced by Benny Moerdani. Such appointment of dissidents as ambassadors tended to have the secondary benefit in that, by removing them from their support networks, it nullified support that these generals had established.

For those that 'toed the line' the rewards they could receive are described by Benny Moerdani.

> As General Murdani told a journalist in 1981, 'Normally when people retire [from the army] they come to us and see what they can get in the way of business. And normally people like this get first priority on

government contracts and tenders. They can make US$l-2 million on commissions and that sort of thing and put it in the bank and sit back for life.' While ordinary officers are content with a million or two, the top generals of course do much better. Occasionally the lid comes off and details become known as when a disputed inheritance was taken to court in Singapore after General Ibnu Sutowo's right-hand man died in 1975 and was found to have had some US$35 million in a Singapore bank account and apparently much more in other accounts [Crouch, 1988, p166].

When, in the 1980s, the army began to assert itself more against Suharto and attempted to influence the selection of a vice president that was contrary to Suharto's wishes, the army increasingly became sidelined and *pribumi* (indigenous) business interests became increasingly dominant in Golkar, as discussed later.

One of the more interesting cases on how Suharto *et al* balanced their own interests against rival groups (even those within the franchise) was the case of General Dr. Ibnu Sutowo. Through his control of Indonesian oil interests, Ibnu Sutowo had accumulated very significant capital, both for Pertamina (the national oil company) and personally. Ibnu Sutowo never had any qualms about brokering deals and taking a percentage of these deals for himself.

> Australian journalist Hamish McDonald in his book Suharto's Indonesia writes about Ibnu as follows: "To the foreigners, he was a 'Black Diamond'. He was a man whose word was his bond, who could cut through Jakarta's bureaucratic maze; get their money in and their profits out. But to his critics, he was the epitome of all that was wrong in Suharto's Indonesia. Ibnu was beyond reach of constitutional authority, answerable only to Soeharto and, even then, through private channels. He ran a massive, expanding section of the economy with little reference to agreed goals and priorities. He set an example of personal extravagance and financial irregularity which was repeated in small fiefdoms down a massive pyramid of corruption. He was a sultan in collar and tie presiding over a new bureaucratic feudalism" [Jakarta Post, 1999].

One of the many deals Sutowo brokered in his early times was a company FEOT (Far East Oil Trading) 'dedicated solely to the export of Indonesia's oil to Japan' [Malley, 1989, p56].

Later in 1972 Suharto personally signed an agreement described as ""most important agreement anywhere between an oil consuming and an oil producing nation [Malley, 1989, p57] permitting another company JIO (Japan Indonesia Oil) the rights to this monopoly.

> According to Wayne Robinson, two features of the negotiations were "striking." First, they were "conducted almost entirely outside formal diplomatic channels," and second, "the attitude on both sides was generally cooperative rather than in the nature of formal state-to-state dealings. . . . The talks were . . . organized informally and on a personal basis." Jean Aden emphasizes the dominant role of Suharto himself in these negotiations', as opposed to Ibnu Sutowo's previously unfettered activity in oil-related fundraising [Malley, 1989, p57].

Within a few years of this transaction, the level of corruption in Pertamina was revealed, with losses amounting to some USD10 billion. In 1976 Ibnu Sutowo was dismissed from his posts. Sutowo describes his dismissal by Suharto (for opposing the JIO transaction) in the following manner.

He fired me because I turned down his proposal for a business which I thought was wrong. (Ibnu then revealed the business proposed by Soeharto. His secretary ordered that the account be made off the record.) Q: Why did you remain silent about it for so long? A: Had I openly revealed it to the public, I would have gone missing. At the very least, my children might have been in danger [Jakarta Post, 1999].

A similar story is related by Tengku Nathan Machmud [2000], in which Ibnu Sutowo describes Suharto's actions in setting up JIO as fraudulent, and claims a plot by Suharto to block Pertamina's credit lines with the Central Bank as the cause of Pertamina's losses.

The technocrats / Islam / political functionalism

Ibnu Sutowo's sacking may have been considered a victory for the technocrats, who as mentioned earlier came into conflict with Suharto *et al*. While the technocrats strove towards general interest, too often their hoped-for-gains were limited by the self-interest of those involved in the Suharto Franchise. Ironically later in the 1980s some of the technocrats became part of the franchise, the most notable being BJ Habibie, a German trained aeronautical engineer, who later became the Minister of Technology, Vice President and succeeded Suharto in 1998 as President. Habibie's share of the franchise, along with developing an Indonesian aerospace industry, included developing the island of Batam, adjacent to Singapore as a massive industrial and technology park, where foreign businesses, mostly Singaporean and Asian, could access cheap labour and land.

In the 1990s Habibie was instrumental in establishing the ICMI, the Indonesian Congress of Muslim Intellectuals, which became an influential think tank and provided access for the more staunch Muslims to become part of the franchise. This nation had formerly being limited in their political aspirations by the functionalism which had during most of the New Order assigned them a junior role in the PPP party. This concession came at a time when Suharto himself developed a stronger Islamic orientation and performed the *haj* in Mecca.

The Javanese dominated Army had generally had little regard for the Islamic nation. This disdain may have stemmed from their own *abangan* beliefs or in part from experiencing various efforts to establish Islamic states at various times, which the army had quelled. The Army's share of the franchise came through its initial domination of Golkar, the predominant political party. Over time, particularly after the Army went against Suharto's wishes in appointing a vice president and attempted to force their own candidate, the Army role in Golkar became reduced and *pribumi* business interests became increasingly dominant. For these indigenous business interests inclusion into Golkar enabled them to become part of the franchise and gain a share of the rewards that had formerly gone to mostly ethnic Chinese business groups.

Cukong / the *pribumi*

The first feature of the Suharto franchise discussed by McLeod [2008] is "the symbiotic relationship between a number of private sector business groups and the regime'. A similar point is made by McDougall, [1982, footnote p100].

> This aim involves the cooperation of technocrats (mainly economists), who, with the military and central bureaucracy, form the current ruling "triarchy," with local Chinese financiers *(cukong)* and foreign investors and experts in supporting roles" with one of the main aims being to "advance regional development projects on which the regime's legitimacy came increasingly to rest'.

The blueprint for the *cukong* connections can be traced to the early days of Suharto *et al* in Diponegoro, where Liem Sioe Liong (aka Salim) was the *cukong* for the early franchise. Later Salim became the richest man in Indonesia due to such connection to the franchise. Salim was not the only *cukong*, with others permeating the franchise at all levels.

Later Golkar increasingly became the means by which the *pribumi* (indigenous) business interests became part of the franchise, to counter resistance from these interests at preferential treatment of the Chinese.

The family

Throughout the whole time the Suharto franchise was established the Suharto family was an integral part of the set-up. The extent of such involvement has been commented on by Leith [2002] "George Aditjondro documented ninety-five *yayasan* held by Suharto, his children, their relatives, in-laws, grandchildren, close associates, and the military". These included his half-brother Probosutedjo, in-laws Kowara, along with his wife Tien. According to Nordholt and van Klinken [2007] his wife Tien Suharto was dubbed '*Ibu Tien persen*' (Mother Ten Percent) because of her proclivities to broker deals and get a percentage, usually in excess of 10% [Retnowati Abdulgani-Knapp, 2008].

In regards to this discussion on changing alignments it was the role of his children that became one of the final alignments to Suharto *et al*, as commented by Australian diplomat Woolcott [2008] "In particular, he permitted his children to enrich themselves grossly by intruding into virtually all lucrative contracts and monopolies. This situation worsened after the death of his wife, Ibu Tien, in April 1996". It was only two years after his wife died that Suharto was forced by economic circumstances, riots and other public pressure to relinquish the presidency. An interesting comment by one informant in one of the conversations was that Suharto was successful in that he was 'un-established' throughout most of his life and that he only became 'established' when his children went into business. It was this 'establishment' that became his downfall.

Summary

In this chapter I have outlined the events of 30 September 1965 that bought Suharto *et al* into power. I look at the early innovations introduced in economics and politics and suggested an alternate scenario to the official narrative on the events of 30 September. I have looked at the causative nature of his innovations and have outlined some of the mental models that may have influenced him.

Finally I looked at the changed pattern of alignments that kept the Suharto Franchise in business for more than 32 years and suggested that the *how*, by which such sustainability is maintained, could also be a means for determining whether innovative processes are more, or less, entrepreneurial.

Chapter 12   Conclusion

Introduction

In this concluding chapter I first summarise the thesis as to what was intended and how it was undertaken. I then address the research questions. The contributions made by this work are outlined along with limitations and areas for possible future research. I then end with some reflections.

Summary

In order to make a contribution to a comprehensive theory of entrepreneuring, I have developed the concept of 'being entrepreneurial'. The template developed for this concept comprises of two parts:

1. The need for entrepreneurial studies to look beyond new commercial ventures, an assumed connection to capitalism and any association with 'goodness'. There is the need to apply a value free state in such studies avoiding any *a priori* attribution to entrepreneurs and their ventures. I apply the term venture to any undertaking or incremental undertaking involving the accumulation of capital; innovative ventures are those that conform to any of Schumpeter's definitions of innovation.
2. I advocate the need to look at the innovative process, in the context of the widened ontological status, and determine *post factum,* using some frame of reference, which of these innovative processes could be determined to be more, or less, entrepreneurial.

I employed two Foucauldian inspired methods. First I used the method of analysis from *The birth of bio politics* to fold the ontology of the discipline. This folding is done in the literature review where I have folded the existing ontological knowledge along the dimensions of space, words and deeds; and also in the conceptual development where I have folded the epistemic framework of the discipline against three criticisms of the discipline, namely, an overt focus on capitalism, value judgments and a focus on commercial new ventures. This method of analysis was used to suggest a frame of reference for determining which innovative processes could be determined as being more, or less, entrepreneurial.

This frame of reference is based around the *what* and *how* of the innovative process. The frame of reference is contextual, but in general the *what* are the stand-out properties relating to the quantum of the accumulation of capital and the acceleration of such accumulation. I use Bourdieu's concept of capital, which refers to "all the goods, material and symbolic, without distinction, that present themselves as rare and worthy of being sought after in a particular social formation" [De Clereq and Voronov, 2009, p399]. The *how* relates more to the manner in which the hoped-for-gains from the innovative process are realised. I take the somewhat radical move to suggest that being entrepreneurial, as an exercise of power, is best utilised as a verb, which has adverbial qualities. I suggest that the

concepts of effectuation and causation, developed by Sarasvathy *et al*, are some of such adverbial applications, and I make efforts not to presume any exclusivity of effectuation to being entrepreneurial.

The second Foucauldian method is a discourse analysis which I use as my research method. The objective with the research method was to analyse a collection of texts on Indonesia that included subject matter from 1908 to 1998 to illustrate the frames of reference developed from the first Foucauldian method of analysis. I stress that the relationship between the respective grids of specification and the grids of practice that emerged from the two Foucauldian methods of analysis is not exact. I use the analogy of two hands clapping imperfectly to outline that I am seeking some proximity between the two sets of grids to give some plausibility to the template and the frame of reference that were developed. The objective is to probe the anticipatory structures of the discipline of entrepreneurship, in order to enhance or change them.

The intended time frame for the subject matter of the discourses was from 1908 to 1998. However, in order to better map the first surface of emergence of the institutions, the research delved into some earlier time periods. During the time frame the political economy of Indonesia changed from a colony under Dutch and later Japanese rule, through a revolution into a period of political independence. Economic independence took longer to realise. As part of viewing entrepreneurial actions as an exercise of power I illustrated how resistance was either overcome, or mitigated through alignments and the selection of relevancies. The concept of ungovernable persons was developed in the conceptual frame of reference as a corollary to Foucault's concept of the governed persons. The role of the ungovernable person was most apparent in this period of political independence and events preceding that, whereas under the colonial rule and the later rule of Suharto arguably it was suppressed.

The institutional frames of each period were outlined along with the actions of those who stood out as being entrepreneurial in each of the time periods. Special attention was given to not only the *what* was realised as the hoped-for-gains but also the *how* these were achieved in reference to the theories of effectuative and causative action developed by Sarasvathy *et al*. These actions were used to illustrate it is possible, through the adverbial *how*, to achieve hoped-for-gains causatively and still be considered to be entrepreneurial.

I illustrated the aspects of capabilities as an alternative to entrepreneurial traits using the Goethe's application of elective affinities, particularly with regards to the Minang nation which seemingly, based upon the discourses, had some affinity towards being entrepreneurial in both commercial and non-commercial innovative processes. I rounded off Part Two with an illustration of how it could be considered that Suharto was entrepreneurial in coming to rule in 1965 and the manner and alignments by which he sustained his Suharto Franchise through to 1998.

Answering the research questions

The overarching research question being addressed in this study is:

How can an examination of a broad array of entrepreneurial activity in Indonesia from 1908-1998 contribute towards a more comprehensive theory on entrepreneurship?

Following Steyaert's [1997] suggestion for a *meso* approach that transcends micro and macro models of entrepreneurship I conceptualised a broad epistemic approach that is applicable to evaluating innovative processes on both micro and macro levels and outside of the epistemic constraints of a focus on new commercial ventures, with an inherent goodness and which is framed within the ideology of historical capitalism. Rather than the image of the bold visionary individual I have tended to frame 'being entrepreneurial' as being part of the innovative process where alignments, selections of relevancies, guile, deceit and venality are all part of an exercise of power to realise a hoped-for-gain.

It is the *what* and *how* stand-out elements of some of innovative activities, from Indonesia in the time period, such as the quantum of the gains realised, the acceleration of such realisation or the manner in which the realisation was undertaken which was the basis of selection for illustration.

In Chapter 1, I proposed that if the respective grids of practice and the grids of specification from the two Foucauldian inspired methods have some similarity or proximity, then the concepts developed have some plausibility. Given that I am only seeking the rough sound of two hands clapping imperfectly, then I believe that I have addressed the research question as intended. I believe that there is sufficient illustration and explanation given to accept such plausibility.

Additional detail is covered in the sub–questions.

What sorts of activities can be considered entrepreneurial in this context and on what basis?

In Part One I proposed a template that expanded the context of 'being entrepreneurial' from the tendencies inherent in the ontological development of the discipline to frame such references within a capitalist system, with a focus on commercial new ventures and with an inherent goodness. As part of the template I advocated (based on Drucker's [1985] comment that 'entrepreneurs innovate') focusing on the innovative ventures and determining which could be considered to be more, or less, entrepreneurial.

In order to better structure 'being entrepreneurial' I suggested that ventures were 'everyday activities'; an innovative venture is one that conforms to one of Schumpeter's definitions of innovation. I introduced Foucault's concept of interest as something that 'absolutely did not exist before' to better understand the relationship between interest and capital in the innovative process. Under the alternate conceptual framework developed the *what* and the *how* of the innovative process underpinned the determination of what innovations could be considered to be entrepreneurial, namely something that stood-out; or something that differed from the usual velocity or quantum of accumulation of

capital; or something that was realised in a less-than-usual manner.

In the context of Indonesia, in Part Two I illustrated this conceptual framework across arrange of institutional settings from the colonial period, to the emergence of the new venture known as Indonesia, the times when ungovernable persons held sway and the later time period when governed persons re-emerged as under the colonial regime.

In each chronological time period there were events that stood-out as to *what* was achieved by the innovative process, and *how* they were realised. Contrary to a trend in the discourse to associate effectuative actions with being entrepreneurial it could well be considered that the stand-out properties of causal actions could also contribute to an innovative process being entrepreneurial. Examples of these were the Soetadjo Petition, which was an effort by the *priyayi* to realise the hoped-for-gain of greater autonomy, and the use by Suharto of 'accurate predictions, careful planning and unwavering focus on targets' (being hallmarks of causal frames, see Table 1 p30) to realise the monopoly inherent in the Suharto Franchise.

What activities are involved in the formation and development of commercial and other ventures within more socialist systems and how have these changed over time?

As part of the conceptual framework developed, a sliding scale was used to differentiate those institutional set-ups that could be considered to be more centralized i.e. socialist, as to those institutional set-ups that decentralised activities i.e. capitalist.

Contrary to an over-riding perception that the functional period under Suharto represented a swing towards capitalism, the discourse revealed that apart from some minor adjustments the institutional set-up was fundamentally centralised. Similarly during the colonial period, the institutional set-up also tended towards centralisation.

Not having significantly different institutional set-ups does tend to preclude any comparison between a more socialist state and a more capitalist state. However, a number of points did become apparent from the study with regards to Indonesia.

The first of these was a propensity to enclave. A noted trend that emerged in the illustrations on Indonesia was a propensity to enclave or act as part of a diaspora. Whether this is a feature of more socialist states is not clear from the research as no comparison was undertaken with any more decentralised states. Wertheim [1956] introduced the aspects of greater communalism in Indonesia which could point to context specific cultural frames of reference. However, it is plausible that such cultural frames of reference could relate to socialism as a cultural reference rather than a political reference with which it is commonly connoted.

Another aspect that should bear further consideration in relation to the propensity to enclave is the relationship of

such to rent-seeking and rent-generation. On one hand as pointed out by Kristiansen [2002, 2003] and Perry and Tulus Tambunan [2009] there are assumed logistical benefits for the innovators to enclave; there is also another side to the equation in that in order to centralise the rent-seeking and generation process then enclaving is encouraged by the formal institutions in order to corral the source of rents. In the context of the exercise of power using the analogy of a see saw that rotates, the perimeters of the enclave could represent the balancing point between the positive benefits enclaving could bring, while minimising the negative aspects.

The second point was the noted need for people to make alignments, particularly crossing economic, commercial and political divides, in order to achieve realisation of hoped-for-gains. The discourses did reveal a propensity to align economic and commercial hoped-for-gains with those who had the ability to exercise political power. Javanese power concepts under which power could be 'held' or inherited were used in realising hoped-for-gains; however, the selection of relevancies as to who could 'hold' their power, or best exercise it, seemed to be significant in realising hoped-for-gains.

The third point relates to the importance of institutions, both formal and informal, including mental models. This is discussed further in the next sub section.

With regards to the aspect of 'changes over time', time did not really appear to be significant, particularly as the functional period could be considered to be a facsimile of the colonial period, with a general reversion to a governed person's status. The main difference was that the functional period showed greater autonomy by Indonesians instead of rule by a colonial entity. Much of the focus of the discourses was not on modernisation, but instead (as discussed in Chapter 5) there was a propensity to focus on some *deus ex machina*. In retrospect my reference to time in this sub question could have been better worded as changes in institutional settings rather than time.

What is the role of institutions (both formal and informal) in the formation and development of such ventures?

Tipton [2009] has suggested that in South East Asia institutions play a more significant role than elsewhere. Tipton's work tends to relate institutions to the formal institutions of state. I would suggest that in Indonesia the self-interest of the functionaries of the state in rent-seeking and rent-generation has tended to blunt the power of formal institutions. As pointed out by Olken [2006; 2009], Olken and Barron [2009] and Kristiansen, and Ramli [2006] a greater heterogeneity of informal institutions is utilised in order to get better discounts on the rent-seeking activities of superiors and gain advantage over competitors. This could indicate that the more informal institutions may play a more significant role in the alignments and selection of relevancies.

It could be considered possible that ungovernable persons may have more choices that governed persons who subject themselves to proscribed channels. However, to avoid any structuralist intent with that statement the crux of

being entrepreneurial is not just the institutional set-up, but also the application of capabilities and elective affinities. How well people leverage their elective affinities within the contextual institutional frame of reference should also be part of the equation.

Henrekson and Sanandjaj [2011, p47] have suggested that Baumol's seminal work (1990) contributed to the literature by showing that institutions determine not only the *level*, but also the *type* of entrepreneurship. I would add to their statement by saying that it also could determine *how* the innovative process is undertaken.

It should be noted that some institutions are not only Indonesia specific, but also nation specific, in particular mental models. The models used by Soekarno and Suharto showed differences to those developed by the Minang nation.

What might be some of the effects of the above with regards to the means taken to achieve an end for these entrepreneurial activities?

While the conceptual development has tended to be Foucauldian inspired, as has been noted being entrepreneurial relates to not only the *what* was produced, but also the *how*. I have introduced an adverbial component framed in particular reference to the works on effectuation and causation developed by Sarasvathy *et al*. As mentioned above, any form of exclusivity of effectuative action with being entrepreneurial should be queried. When hoped-for-gains are realised it could be through causal as much as through effectual means. However, it is possible that effectuative means could stand-out more.

The other aspect that emerged from the research was the aspect of sustainability. Whereas the discipline has tended to frame entrepreneurial activity in relationship to some new-ness, the viewing of realisation of hoped-for-gains, not as one-off events, but as a process in itself, does suggest that the means taken to sustain the hoped-for-gains could also be considered to be part of 'being entrepreneurial'.

Contributions

In line with more recent ontological developments in the discipline of entrepreneurship I have developed a template which includes an expanded ontological context and the conceptual underpinnings of a means to view the entrepreneurial process, stressing the need to focus on the innovative process and determine whether such process is more or less entrepreneurial, rather than an arbitrary, illusive, entrepreneurial process by some pre-defined 'entrepreneur'. I have outlined the need to look at not only *what* was produced by the innovative process, but also *how* it was produced, and the contextual aspect of institutional set-up in which it developed.

Furthermore, I have outlined a frame of reference to determine what innovative processes could be considered to be more, or less, entrepreneurial.

The stated objective in the research question was to 'contribute towards a more comprehensive theory on entrepreneurship'. I believe that both the template and the frame of reference that were developed in this thesis do make a valuable contribution towards such a comprehensive theory.

Limitations

One of the possible limitations that I perceive with this study is its non-structuralist application. It is a study of events and happenings in Indonesia over a period of time and under changing institutional set-ups specific to that state, and the nations that are part of that state. It could be questioned whether the concepts that I have developed and the way in which I have illustrated them are relevant to institutional set-ups external to Indonesia, or are context specific to only Indonesia.

However, it could be considered that while this may be perceived as a limitation, it could also highlight the need for greater contextuality in determining whether innovative processes could be determined to be more, or less, entrepreneurial, particularly with regards to both institutional set-ups and capabilities.

Other possible limitations to this study are its idiosyncratic nature and my admitted use of subjective choices (judgement calls) in my selection of some of the historical examples I use to illustrate the concepts developed. I have discussed Gadamer's [1989] take on prejudice, and have stated that one of the objectives of this study is to 'probe the anticipatory structures of the discipline of entrepreneurship, in order to enhance or change them'. I have outlined some commentator's views on the level of constructivism in the emerging discipline of entrepreneurship. I have also suggested the probability that the discipline could be considered to be dubious. Also I have drawn upon academic comments on the various constructions by the Indonesian state and by academic researchers in Indonesian history and political economy. This is not to mean that I am seeking justification for any of my own prejudices or constructions. Wherever possible I have noted by own beliefs and constructions and to a degree these have been ameliorated by the conversations I have had with a range of informants.

Areas for future research

This study opens up a wide horizon for areas of future research. Some of the areas that are most exciting for me would be further research and study into the aspects of capabilities described in Chapter 2. In particular the aspect of studying entrepreneurial narratives appears interesting, not to see what people claim to have done, but to see where, in their narratives and hagiographies, they endeavour to avoid positioning themselves. So rather than taking narratives at their face value, there is possible greater discernment and investigation into where people try to avoid positioning themselves. Through analysing such 'refusals' it may be possible to learn as much about entrepreneurship, entrepreneurial processes and being entrepreneurial as attempts to 'discover' more about these activities through admitted efforts.

Reflection

Machiavelli [1928], the Italian political philosopher and author of *The Prince*, was noted for his portrayal of people, not as they should be, but whom, unfortunately or otherwise, they actually are. The social constructivism noted to be part of the discipline of entrepreneurship may have contributed to entrepreneurs being constructed as they 'should be' rather than as 'they are'. This is not to say that such constructivism is necessarily a bad thing. As suggested by another Italian philosopher Giambattista Vico, with his *verum factum* principle that 'truth is that which can be wholly constructed'.

In this thesis I am not seeking any form of truth about entrepreneurship, the best I can hope for is a better understanding. Vico's comment was part of a movement against Cartesian rationality which proposed that truth is that which can be observed. As I have suggested in this thesis, being entrepreneurial is not something that can be observed as a *modus operandi*. Hence the seeking of truth through observation is simply not possible. It may be possible that the innovative process can be observed, yet to draw any conclusions as to whether such process have been more, or less, entrepreneurial, is *post factum*, an *opus operatum*, often subject to a vagaries and self-interest of a narrative.

At the end of this thesis I still doubt that entrepreneurship, like so many social sciences, will ever be an exact science, with the ability to provide predictive theories. I suggest it will forever be in the realms of the dubious disciplines yet to attain a level of scientificity.

This is not to say that being a dubious discipline, as the name implies, is altogether negative. Doubt provides wonderfully wide horizons for further studies into ontical realms. But I do believe that to achieve a better understanding it is necessary for the level of the dubious nature to be refined. The point is not necessarily to reduce the constructivism but to refine the type of constructivism. Rather it is to work with discursive formations that are based on studies where the entrepreneurs are not just arbitrarily selected because they have started a venture, or even because they have been innovative, but because, in the innovation process, they have actually done something that could be considered, based upon some frame of reference, to have been more, rather than less, entrepreneurial.

More work is needed in the ontical realms of studies-not-yet done on the capabilities and how people refine their elective affinities, selection of relevancies and alignments. The aim would be to move away from the Cartesian individualism [Redpath, 1997] that has characterised much of the discipline's attention, to better understand the innovative process in all of its complex realities, contextuality and interactions. In so doing it seems important to view the realisation of hoped-for-gains, not as a one-off event, but a series of events, with greater efforts to understand what is needed to sustain, and not just to establish, them.

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