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**On Being “Chinese Overseas”:  
The Case of Chinese Indonesian Entrepreneurs**

**Juliette Koning**

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**Editor of the Copenhagen Discussion Papers:**

Associate Professor Michael Jacobsen

Email: [mj.int@cbs.dk](mailto:mj.int@cbs.dk)

**Asia Research Centre**

Copenhagen Business School

Porcelaenshaven 24

DK-2000 Frederiksberg

Denmark

Tel.: (+45) 3815 3396

Fax: (+45) 3815 2500

Email: [cdp.int@cbs.dk](mailto:cdp.int@cbs.dk)

[www.cbs.dk/arc](http://www.cbs.dk/arc)

# On Being “Chinese Overseas”: the Case of Chinese Indonesian Entrepreneurs<sup>1</sup>

**Dr. Juliette Koning**  
**Culture, Organization and Management**  
**Vrije Universiteit Amsterdam**

**Jbm.koning@fsw.vu.nl**

## ABSTRACT

*Two things characterize the ethnic Chinese overseas: their subjection to discrimination and their over-representation (relative to the local people in the place of destination) in self-employment and entrepreneurship (Chan Kwok-bun 2004:xiii).*

Much has been written on ethnic Chinese firms in Southeast Asia. A major part of the scholarly attention has gone into trying to understand and explain business success. As such the debate has for a long time, in a rather dichotomizing way, been divided into capitalist (profit maximisation) and cultural (personal relationship) explanations as the main drivers for this so-called success. Since the late 1990s the debate has entered a new phase, sometimes referred to as the “revisionist mood” enhancing the deconstruction and de-mystification of ethnic Chinese businesses. Interestingly enough the debate has been rather quiet on issues of identity and ethnic self-representation. This is where this paper tries to fill a gap. By focusing on the role and meaning of ethnicity and religion (as identity markers) in enterprise development, leadership and management styles, and decision-making and networking I hope to contribute to a better understanding of the significance of “being Chinese overseas” and “New-Born Christian” in entrepreneurial identity. Empirical case material on several new-born Christian ethnic Chinese entrepreneurs of small and medium sized companies in Indonesia shall be used to explore this delicate relationship. The overtly non-Christian socio-political domination and the contested citizenship position of ethnic Chinese in parts of the region shall be features of the necessary contextual discussion.

**Keywords:** *Ethnic Chinese, Indonesia, Entrepreneurship, New Order, Chineseness.*

*I think what is important for the Chinese, is tribe (kesukuan). Trust is very important, but how do we build trust? It starts with tribe, this leads to a familiarity that shapes a bond and sympathy and this opens the road to do business together. [Ber 2004]<sup>2</sup>*

## Introduction

The aim of this paper is to explore the question of what “being Chinese Overseas” means for different generations of Chinese Indonesian entrepreneurs in their business lives. It shall do so by exploring the discourse on being “Chinese” as explicated by Chinese Indonesian businessmen and women. As such this paper addresses the question of ethnic identity for one particular group of “the Chinese Diaspora” in Southeast Asia and within one particular field: their economic, entrepreneurial activities. The particulars of the Indonesian context make the case of the Chinese Indonesians rather specific and unique with an historical and political background of more than 30 years of suppressed ethnic identity and contested citizenship.

Theoretically this paper links up with debates on essentializing Chineseness and Chinese capitalism. After years of using Chinese capitalism as a main explanatory tool for business success of the ethnic Chinese in Southeast Asia, the phase of deessentializing this Chinese capitalism has arrived. This paper has not the intention of solving the issue as such but intends to add an important voice to it: that of the people concerned. What do the Chinese Indonesian businessmen and businesswomen themselves say about their business conduct and the role of “being Chinese” therein?

For answering this question I shall use data gathered during fieldwork in Yogyakarta, Indonesia in 2004.<sup>3</sup> It has to be remarked that the main purpose of the study was to investigate the impact of religious changes among Chinese Indonesian entrepreneurs, more in particular the conversion to Charismatic Christianity, on their business networks. This has resulted in a group of interviewees that was selected

based on their religious preferences. However, the research included questions on the role of “being Chinese” in business practices.

The qualitative research included participant observations and semi-structured interviews. The semi-structured interviews were conducted as life histories of owner-managers of small and medium sized enterprises. I discussed three major themes. First of all, personal issues (mainly concerning their Chinese and religious background). Secondly, their business conducts mainly in the form of enterprise histories. And thirdly, I focused on religious affairs (conversion narratives). In total I have had meetings with 12 ethnic Chinese businesspeople. From this sample some patterns emerge which are worthwhile to summarize.

The research group are all but two of the same generation in age (between 50 and 60 years old, the two exceptions being in their early forties), they have a common descent from southern China (Fujian province) and are mostly second or third generation Chinese born in Indonesia. As to their businesses they all have a business that can be labelled small (less than 10 employees) and medium (between 10 - 100 employees) sized enterprises and the start-up capital was derived from family resources (most often provided by the parents). In five cases the business is a continuation of a family business, in the other cases the parents were also entrepreneurs but either sold the business and provided capital or they continued their business with the child setting up a related or different business. The owner-managers of the medium sized firms are almost all involved in other businesses as well (in several cases export related businesses) which is not the case among the small entrepreneurs. Next to being an entrepreneur and owner-manager, almost all of them take leadership positions in religious and charity organizations.

In the next paragraph I shall discuss what “Chineseness” means in present-day Indonesia and in particular the manner in which the interviewees experience this after the fall of Suharto in 1998. During former president Suharto’s New Order regime that lasted some 30 years all expressions of “being Chinese” were banished or restricted to the private homes of the Chinese Indonesians. Before going to the narratives of the

interviewees I shall briefly look at the debate on identity and ‘contested citizenship’ concerning the ethnic Chinese in Indonesian history. The second debate I shall refer to is outlined in the next paragraph and discusses some of the major issues of the ‘Chinese capitalism’ claim. After having outlined the major arguments I shall focus on what the interviewees consider “Chinese values” in doing business, such as the role of personal networks and trust, this being the themes they brought up themselves. This is followed by a discussion of the way this older generation looks at the younger generation and some remarks by this younger generation on “being Chinese”. For the latter I shall use some of the results from a study conducted by a student of mine (also in 2004) among a group of younger Chinese Indonesian entrepreneurs and their manner of discussing the role of being Chinese in identity and business issues.<sup>4</sup> It has mainly the purpose of reflecting on the remarks made by the older generation on the young. The paper ends with some concluding remarks.

### **Chineseness before, during and after Suharto**

Today is the time that the Chinese have to start to carry out their identity; that they start to get involved in practical politics. It is the time. But we have to be careful, we should not make it into a one-man show, we should not be too excessive. With identity I mean intelligence, cultural values, that we are people who count, who matter. Yes it is time for the Chinese to show their identity, their intelligence, their social and cultural values.  
[Go 2004]

The issue of ethnic Chinese citizenship in Indonesia is a recurring theme in academic writing on the ethnic Chinese.<sup>5</sup> This issue is relevant for a better understanding of the role of the state in “the selective creation and manipulation of ethnic identities” (Tan 2001: 952) in the process of nation building which in Indonesia can be characterized as an ongoing attempt to forge a national identity out of a multi-ethnic populace. However, it is equally relevant for trying to understand the economic dominant but politically weak position of the ethnic Chinese and thus directly relates to the discussion concerning their business performance. But more importantly it is relevant for the identity question. In the frame of citizenship, the issue of identity relates to the question how people see themselves as citizens (and hence their

perceptions of their rights and obligations), how they accordingly act upon it, and their relation to the state. The other way around, the idea of citizenship hides the fact that state and state policies often exclude particular groups. Writers in the feminist and race movements have especially addressed the latter. From such discussions have arisen ideas of multiple citizenship and citizenship as a differentiated form (gendered citizenship, ethnic citizenship) and leaves open the possibility that people might feel included in one realm but excluded as citizens in another (Jones and Gaventa 2002: 2-22).

The matter of citizenship and identity comes to its full meaning if related to the case of the ethnic Chinese in Indonesia, in the contention by Aguilar (2001:505) that the “alienness of Chinese can be understood as the ideological product of sociohistorical processes specific to Indonesia, particularly in its construction of nationhood”. Much of this sociohistorical literature is important for a full understanding but beyond the scope here.<sup>6</sup> One of the more important factors from that history is the fact that the Dutch colonisers positioned the Chinese as intermediaries for European enterprises. Next to being the largest group of immigrant Asians and being the most economically powerful, the colonizers assigned them shares in the quite lucrative opium trade at the expense of native entrepreneurs as a result of which the gap between the natives and the Chinese only grew (Hefner 2001: 17-19). It turned out to be crucial in the formative years of independence and thereafter.

(I)n assigning different ethnic groups to specialized positions in everything from agriculture to the opium trade, the Europeans crystallized the most essential of supra-ethnic categories: the distinction between indigenous Malayo-Indonesian “children of the soil” (Malay, *bumiputera*, Indonesian, *pribumi*) and “non-indigenous” or immigrant Asians (Indians and, especially, Chinese). This latter distinction was to be one of the most enduring categorical legacies of the colonial era (Hefner 2001:19).

The division into Europeans, Foreign Orientals (such as the Chinese) and *pribumi*, each with different rights, by the colonial government continued during and after the formation of the nation state.<sup>7</sup> Kleden (in Dahana 2004:55) connects this ethnic stratification as practiced by the Dutch and taken over by the post-colonial

government with governmental interference. Inter-ethnic relationship he argues only change into enmity and violence not as the natural consequence of the domination of one ethnic group over the other, but mainly because of government policy as such.

A brief overview of some of the laws and regulations (social, cultural and religious) give an impression of the formal stand of the Indonesian post-colonial governments towards ethnic Chinese citizens and their citizenship status. Winarta (2004:72) shows that Presidential Instructions and Decrees in 1967 limited the scope of traditional Chinese expressions to the family worship house and required Indonesian ethnic Chinese to change their Chinese names to Indonesian names in order that “such citizens shall be assimilated as to avoid any racial exclusiveness and discrimination”. In 1966 the use of Chinese language and characters in newspapers and stores or companies was prohibited and a quite contested law was installed in 1958 (and still causing quite some commotion in 2004 – newspaper articles during research) regarding Citizenship stating that Indonesian ethnic Chinese need to have a SBKRI (Surat Bukti Kewarganegaraan Republik Indonesia), evidence of the change of his Chinese name into an Indonesian name and K-1 Letter to prove his or her Indonesian citizenship.

After the fall of Suharto a few amendments have been made, especially by Habibie (an interim president after Suharto’s fall in 1998 who approved the formation of Chinese political parties and installed a Decree to stop the governments use of the words *pribumi* and *nonpribumi*) and Abdurrahman Wahid (who was elected president in 1999 and abolished the law on the manifestation of Chinese cultural and religious expression in 2000). After her installation as president, Megawati Sukarnoputri issued a Decree that made *Im Lek* (Chinese New Year) a national holiday.

Amongst these political “changes” May 1998 happened. Many refer to May 1998 as a watershed in the history of the ethnic Chinese in Indonesia; it refers to the severe violent outbursts against ethnic Chinese property (houses and shops) and people (especially against women who were raped). New citizenship initiatives were taken by the ethnic Chinese after May 1998 by trying to form political parties, but

more so by what Tan (2004:36) calls activists or pressure groups. However Tan (ibid.:35) points out that in fact the majority of ethnic Chinese does not participate in any organized activity and want to be left alone “doing what they have always done quietly” and “continue to go about their business, and hope and pray that their family will survive this multiple crisis”. According to Freedman (2000:117) two perceptions of the ethnic Chinese seem to be still active in present day Indonesia, on the one hand the idea that the ethnic Chinese are not true citizens and might turn their back to Indonesia whenever they feel like it, and on the other hand the thought that the ethnic Chinese have always benefited disproportionately from economic opportunities granted by Suharto. The ethnic Chinese themselves feel “they are discriminated against even though they have Indonesian citizenship and have chosen the country as their homeland” (ibid.).

From the above it can be concluded that ever since colonial times the ethnic Chinese in Indonesia have been contested in their citizenship. Their position within the newly build nation state (a process that took place in the late 1940 and early 1950s) after independence until the late 1990s has been one of exclusion (and discrimination), which is underlined by the various restrictive laws that were installed. After the May tragedy of 1998, some groups of ethnic Chinese felt it time to renew some of their citizens’ rights but sources indicate that this is only a small proportion of the heterogeneous group referred to as ethnic Chinese. Based on the above it is fair to state that the Indonesian nation state indeed has used ethnic identity as a principle for segregation, however equally interesting is the fact that some of the ethnic Chinese, the so-called “*cukong*” (a Hokkien term to refer to ethnic Chinese businessmen who cooperate with the power elite (Suryadinata 1997:8) were chosen as partner ‘in crime’ and received favours not accessible to others, either *pribumi* or *nonpribumi*. This very small group of *cukong* became synonymous of “the ethnic Chinese” in general and especially the display of their exorbitant wealth caused much of the ‘hatred’ directed against the ethnic Chinese as an ethnic group. Hence, many, and especially the population at large in Indonesia, placed the ethnic Chinese in the middle and upper class, while in fact only a few business tycoons had been able to assemble large fortunes as cronies of the Suharto regime (1965-1998). The large

majority of the ethnic Chinese are small shopkeepers and traders and during this period they “were prohibited from participating fully in political, civic and military affairs” (Freedman 2000:3). This long experience with state domination and discrimination is considered to be an important reason for the large majority of the ethnic Chinese to not feel attracted to engage in citizenship rights movements and to prefer to be ‘invisible’ and go their own way. The question is, is that indeed the case? Has the long experience of discrimination and suppressed ethnic identity and citizenship led to the demise of “being Chinese”? Or is the newly created space for expressing ethnic identity experienced as an opportunity for “revival”? What do the Chinese Indonesian entrepreneurs of my research have to say about this issue, and do the young and old take the same position in this?

### ***From the interviews***

The fall of Suharto and the banning of several of the restrictive laws on being Chinese that followed is experienced by the older generation interviewees as an opportunity to revive Chineseness. Most mentioned in the interviews were the revival of Chinese culture, Chinese values and morals and Chinese organizations. Returning themes were taking pride in being Chinese and the need to reestablish Chinese morals such as solidarity, respect, trust, the family, and relationships. The interviewees feel that the last 30 years or so have led to the breakdown of these values; the time has come to stop this process and become more active and outspoken.

It might be that the focus on Chinese culture is coming back. We have not been able to discuss or focus on this for 32 years. Now we are all pleased, in fact we have to thank Gus Dur who opened the road for us, so new interests arise around cultural issues of the Chinese. Now there is a sense of euphoria, that they can speak Mandarin; that Chinese traditions are allowed again. This is stronger among the *totok*. [Ber 2004]

The last 30 years in Indonesia have resulted in a lack of knowledge on Chinese values and culture among our younger generation. There was in those years a rule that the Chinese were not allowed to use their Chinese language in public places. Only at their homes. As a result our culture was crushed (*hancur*). We want to focus on Chinese culture, not exclusive, but

we want revive the idea among the Chinese that Chinese culture is a very beautiful culture. We want to hand this over to the next generation: morality, trust. The Chinese who have migrated all over the globe have been able to survive and do well because of their culture, because of the morals and trust. Solidarity is very important because we are a migrating people. This has been important from the start. We need the solidarity among ourselves in order to be able to build a new life. Without solidarity we get crushed. Having respect for other people, focus on the family, the idea of mercy/affection. This is what we need to plant in the next generation. It is a kind of focus on life. [Bi 2004]

Central in this revival is a focus on Chinese material culture and language. However, reinstalling Chinese organizations and even Chinese schools are considered equally important.

Since the fall of Suharto two of the major Chinese tribe groups have set up an organization for their tribe members. The Hakka organization, *Paguyuban Hakka*, of which the head is a well know supermarket owner. And the Fuching organization, *Perlimbuan Fuching*, of which the head is the owner of a well known textile business. They now exist for two years. From the Cantonese there is not yet one. Another organization is *Paguyuban Bakti Putra*, erected in the reformation time (*reformasi*). The initiative comes from the Chinese of my generation, who are all alumni of Chinese schools. We have the aim to get together the Chinese who went to Chinese schools but it is not exclusively for them. It is a vehicle to organize the Chinese in Yogya. Many are still somewhat afraid because in former times when we wanted to get together we were often disturbed by the police and others. We were asked why we were getting together and people were interrogated. This usually could be solved by paying some money. As a result of that there is still fear among the Chinese to get involved in organizations. That is why we now use the title Alumni. Our vision is not really clear yet but we started out with some *gotong royong* to get the Chinese together again. Help each other. But we are also heading in the direction of a Chinese organization in order to correct the wrongs being done to the Chinese, to get rid of the discrimination against the Chinese. We want the same rights as other Indonesians. We also want to readdress our culture. Furthermore we also intend to build a Chinese school because we are not at all satisfied with the school system in Indonesia. You can say that there are no morals taught in the Indonesian schools. [Bi 2004]

As to what kind of morals and values are considered important, this group all stress trust and good relationships.

The Chinese morals that are important are: *sinyong*, trust and *guanxi*, good relationships (*hubungan baik*). In our life we have to build good relationships. This is still strong among my generation Chinese, among the generation after me this is already breaking down. We try to revive this via these Chinese organizations. In former times we used to get together, help each other, exchange ideas, and build friendships. But since Suharto we had a very difficult time to organize. We tried to do so via sport organizations and via religious activities. The legal way. Although in these gatherings we still could talk about Chinese issues it was quite limited. It was very difficult. But as a result we could restart quite quickly after Suharto fell down. [Bi 2004]

Two things stand out. First of all, notwithstanding the ban on getting together as ethnic Chinese, some did continue under the banner of more general organizations. As a result some organizational structures were still in place and after the political changes these structures could be used to restart Chinese organizations. Secondly, there is among this older generation an urge to reinstall Chinese culture, both in its material sense, such as language and art but equally in its immaterial sense, in values and morals. It is felt that the restrictions on their “Chineseness” almost resulted in a breakdown of their “culture” and that it has been mainly the young who have been the victims thereof as they were born under a system where any display of their ethnic identity could cause imprisonment. This small group of Chinese Indonesian entrepreneurs certainly does not display the often heard claim that they prefer to stay invisible and want to be left alone. After 30 years of what they call a breakdown and destruction of Chinese culture and vehicles to organize, this generation aims (maybe even stronger because of the suppression that they have experienced) to revive the idea that Chinese Indonesians have a culture of their own (as different from what they call Indonesian culture) of which to be proud as ethnic Chinese and there is an interesting strive to bring it alive now that there is room especially for the benefit of the generation of their children and grandchildren.

However, as one interviewee expressed it, it is not the case that this generation is a homogeneous group. In a time where there is room to organize as “the ethnic Chinese” they seem to find each other in their focus on what they express as shared cultural values and morals, but the fact that the different tribe/dialect groups have their own organization is striking as well.

The Chinese are never uniform. We are not a homogeneous group. There are families that speak Mandarin among each other. If I am invited I always go but I cannot speak Mandarin, I feel embarrassed. [Ber 2004]

### **Chineseness and doing business**

I mostly work with Chinese. Trust is very important among the Chinese. They work via recommendation and finding information on others. Before dealing with Chinese, first information is gathered via other Chinese on the reputation and most importantly on the credibility of the other. [Yu 2004]

Before going to the discourse displayed on “doing business the Chinese way”, it is important to first look at the ongoing debate concerning the economic position of ethnic Chinese in Southeast Asia and Indonesian in particular as it gives the necessary context for the topic here under discussion.

There seem to be no agreed upon ‘data’ on the number of ethnic Chinese outside China. Their total number varies from 32 million – excluding Hong Kong (Ma 2003: 19) to 55 million – including Hong Kong (Yeung and Olds 2000: 5). What most sources do have in common is that the largest percentage of ethnic Chinese outside China can be found in Asia/Southeast Asia (between 78 – 90 per cent for Asia). Apart from a predominance of ethnic Chinese in Southeast Asia in percentages, for long it has equally been argued that they also exhibit dominance in economic terms. Most explicit on this issue is the information provided by Yeung and Olds (2000: 7-9) who point out that ethnic Chinese in Malaysia, Indonesia, Thailand and the Philippines take care of 40 to 60% of total GDP; whereas the ethnic Chinese control some 80% of Indonesia’s and 40-50% of Malaysia’s corporate assets.<sup>8</sup> More often, their economic domination is taken for granted, most probably related to the fact that large numbers of ethnic Chinese outside China indeed were/are to be found in the private sector of the economy (especially manufacturing).<sup>9</sup>

More recently it is argued that there are quite some misconceptions to the idea of the dominant influence of Chinese capital in Southeast Asia especially because of

lack of empirical evidence and a predominant preoccupation with the larger businesses and hence a lack of research into the small and medium sized enterprises in which large numbers of ethnic Chinese in fact are active (Gomez and Hsiao 2004:3-4). It is also argued that the literature that claims that Chinese culture can explain business success is very quiet on the reverse, that is business failure, as this would be the flip side of the same coin (Wee 2004:6). Notwithstanding such criticism, I have not yet come across studies that deny the economic importance of ethnic Chinese in Southeast Asia. Therefore, in the following I shall try to give a brief overview of the debate on the various explanations of this economic importance and the factors that are considered to make ethnic Chinese economic activities in Southeast Asia stand out, followed by new developments in this debate.

There seem to be three groups of returning factors or arguments that one may find in the majority of the studies used to explain either business success or the specifics of this ‘Chinese capitalism’.<sup>10</sup> First of all the values argument: the ethnic Chinese exhibit a very specific network capitalism based on particularistic relationships of trust (mostly discussed are *guanxi* and *xinyong*); the family plays a crucial role (key element being patriarchal authority and filial norms); and specific Confucian values underline this (filial piety, moral obligations, loyalty, and importance of relationships). Secondly, the organizational argument: the importance of bottom-up organizations and associations (kinship networks, trade guilds, dialect groups, mutual aid organizations). And thirdly, the head start argument: the ethnic Chinese had an advantage to indigenous entrepreneurs because of an early start (Chinese immigrants were already familiar with credit institutions and the use of money); their middlemen status (during the colonial era the Chinese were used as comprador middlemen for collecting taxes and in the colonial opium trade); and the rent-seeking arrangements of political elites (especially during early independence but also later and often with specific segments of the Chinese community). In short, the success of the ethnic Chinese in Southeast Asia is to be found in their “legendary qualities of enterprise, hard work, frugality, family solidarity, education and other “neo-Confucian” or “entrepreneurial” virtues” (Mackie 1998:133).

The first two lines of reasoning place the central tenet of their arguments in what is often labelled ‘Chinese culture’ or ‘Chinese values’, researchers in this ‘culture camp’ place prominence on the family firm, guanxi, trust, networking and as a result focus their analysis on the “role of family, kinship, and lineage in Chinese companies, as well as the use of cultural institutions such as trade guilds, chambers of commerce and rotating credit associations as a means for capital formation and accumulation” (Gomez and Hsiao 2004:19), whereby Gomez and Hsiao show that the same cultural factors can be used to come to very different and even opposing results. The third line of reasoning takes a more historical approach and emphasizes the institutional and political context in which the ethnic Chinese in Southeast Asia were (are) positioned. This approach does not do away with values as such, but take a more critical stance and argue that the analysis should focus on “values in context” (Mackie 1998: 131). One correction following from this, concerns the role of the so-called Confucian values as historians pointed out that most Chinese immigrants had no affinity at all with the literati values of Confucian doctrine (Wang 1992). Another line, not mentioned yet is the capitalist argument, arguing that “‘Chinese’ economic behaviour in contemporary capitalism is motivated by profit maximisation, for which ‘Chinese-ness’ may or may not be one of the means deployed” (Wee 2004:5).

After this long commitment with “culture” as the main *explanans* and attempts to place such values in their proper context or to see Chinese business endeavours mainly as a capitalist phenomenon, more recently the debate has gone into the deconstruction phase, sometimes also referred to as demystification and de-essentializing. What is deconstructed is ideas of Chinese-ness (Dirlik 1997), the homogeneity of ‘the ethnic Chinese’, and the mainly intra-ethnic ties and networks, i.e. ‘Chinese network capitalism’ as such (Gomez and Hsiao 2004). It is more and more acknowledged that various issues have never been studied or at least lack empirical bearings. Among these are, lack of studies on ethnic Chinese SME’s in their own right and the issue whether they, because of their size, subscribe to what has been labelled cultural styles of business or in fact are more productive because of their size and lack of comprador relationships (Gomez and Hsiao 2004) and of SME’s in relation to the local conditions in the host communities and national policies

(Jacobson 2004). Furthermore, also missing in detail is the issues of family firms as such (succession, dismantling, take over, family feuds, hiring of professionals, gender changes and generational issues) especially since many ethnic Chinese firms are family firms that seldom seem to survive three generations (Gomez and Hsiao 2004).

Various authors also call for more in-depth research on ethnicity, ethnic identity and intra and inter-ethnic relationships. Contrary to the more cultural and essentialist literature on ethnic Chinese relationship, some case studies now point out that it might not have been exclusively such intra-ethnic relationship that condition ethnic Chinese entrepreneurship but much more so the inter-ethnic relationships.<sup>11</sup> Furthermore, the ways in which “‘ethnic identity’ has been manipulated by individuals, groups and the state to promote their own interests requires further analysis” (Gomez and Hsiao 2004:36-37). The latter issue of ethnicity is closely related to the theme of the role of the state on the one hand and the process of globalization on the other. Gomez and Hsiao (2004:34-35) point towards various state policies that need further attention such as ethnic redistribution policies and state-business linkages, as these provide insight into ownership and control patterns, access to financial capital, forms of business practise and decision-making in businesses. Wee (2004:6), makes a plea for studying the interaction between capital and ethnicity, by linking micro, meso and macro levels of analysis i.e. by taking into the analysis “the fragmentation of power at the global level”, the “increasing incapacity of nation states to steer their own destinies” and “the increasing propensity for the reorganisation of power at the regional level”, especially important in the context of ASEAN and their stance towards China.

Of those involved in this deconstruction or de-essentialising process, Gomez (2004:8-10) and Gomez and Hsiao (2004:37) are most outspoken in steering the analytical attention much more to the ethnic Chinese business and enterprises as such (without negating the importance of ethnicity and culture). They argue in favour of a historical and micro-oriented analysis that pays particular attention to business records, forms of entrepreneurship, technological innovation, corporate behaviour, patterns of capital formation and accumulation, business linkages and the forms these

take, marketing strategies, labour relations, and so on, in all a plea for going into the ethnic Chinese enterprises in order to understand how they function the way they do and the reasons why.

A final word concerns the study of ethnic Chinese entrepreneurship in Indonesia. In the Indonesian context at least two themes have dominated in the study of the ethnic Chinese. As far as their businesses is concerned almost all attention has gone to the large conglomerates and especially towards the topic of the intricate relationships of several of these tycoons with the political elite. As far as the ethnic Chinese as such are concerned a major field of investigation has been their precarious (minority) position in the Indonesian nation-state and the various outbursts of violence against them throughout Indonesia's history.<sup>12</sup>

Lien and Tan (2004: 141-145) point out that almost no research has been carried out on the operation of Chinese small and medium scale companies in Indonesia and that little is known on the factors that have helped them to sustain their business. There is neither any comparative research (between different ethnic business communities as well as between sub-ethnic groups). So far there are only assumptions about changes in business style among the younger generation and there is not much evidence of the often heard explanation that "the Chinese have a good measure of business acumen and deal-making skills, are known for their frugality and strong work ethos, values trust and have a flexible financial structure" (ibid.:143). There is no empirical backing as of yet concerning the reasons why foreign investors seem to prefer to work with the Chinese (and not with the ethnic Indonesians) and finally Lien and Tan (ibid.:144) raise the issues of identity (an even more salient feature after the dismissal of the Suharto regime in the late 1990s): "will they be more Indonesian-oriented, Chinese-oriented or adopt a view of themselves as borderless world citizens, with their only consideration being the desire to do well in business". The manner in which the Chinese Indonesian entrepreneurs in my research narrate the broader issue of ethnic identity in business practices – the role and function of "Chineseness" in "good business acumen" - shall be discussed next.

### *From the interviews*

For all the Chinese business people in the research, doing business with other Chinese is the common (and in most cases preferred) practice. Although it has to be remembered that many of the businesses are in the hands of the Chinese, as they themselves explain, this group expresses the sharing of a common view and common cultural practices in what they refer to as “Chinese” in doing business. This is often narrated in stark contrast to indigenous ways of doing business, where the “Chinese” way is seen as more businesslike (and often qualified as better). The common business acumen is considered of major importance and has been and is for many the key to setting up a business but also for running it. However, the discourse shows small signs of relativism: certainly not all Chinese can be trusted and Chinese are often just focused on profits. Furthermore, it is interesting to note the fair amount of remarks made that the younger generations no longer adhere to or practice such common Chinese business customs.

The business practices that are considered central to “the Chinese way of doing business” are the use of personal networks (often based on having been to the same Chinese schools before these were closed down in the mid 1960s), and trust and trustworthiness.

Personal networks are very important. It works like this. For instance I contact someone by telephone outside Yogya, also a Chinese. I get this name from a friend. I only get his Chinese name. First we talk informal, using informal Chinese language, not Mandarin but daily language. If I contact this person he does not immediately trust me. He first will check me out; he will try to find references. For instance where do I order also? He will not check this order but he will try to find other people who might know me. So we have to invest time to reach the right feeling (*cocok*). You can call it trust building. That is business here; we do not work with contracts. If there are contracts we are also not sure these are followed to the letter. If we want to bring the case to court it might never be resolved and it costs a lot of money. That is Indonesia. [Ha 2004]

I mostly work with Chinese; trust is very important among the Chinese. They work via recommendation and finding information on others. Before dealing with Chinese first information is sought via other Chinese on the reputation and most importantly on the credibility of the other. [Yu 2004]

For business the personal networks are most important, and these are most often also the Chinese personal networks. I have to admit (*jujur akui*) that personal networks are very important, very, very important but it can not be restricted to certain social strata, potions, culture, or ethnicity. But I started my business also from personal networks. I would say that also the *pribumi* use personal networks for doing business but the family network (*ikatan keluargaan*) is far stronger among the Chinese than among the *pribumi*. [Go 2004]

These personal networks are not only a basis for access to capital and goods; often the use of these networks is seen as synonymous with trust and trustworthiness and inherently different from Indonesian/*pribumi* ways of doing business.<sup>13</sup>

In general Chinese seek other Chinese for businesses. The chance that I shall start a business with a local (*pribumi*) is very very small. This is because their sense of business is very different. If Chinese people make a profit they save it, in order to open a new store or to invest again, buy new equipment but also for educational purposes. When needed, there is money. However, Indonesians if they make a profit often they want to spend it on other things than the business. That has a huge impact on doing business. If we have a profit of one million rupiah, we save it first. In case there is a new business opportunity we can even make more profit because we do not need to borrow it from others. But the Indonesians, if they make a profit they want to use it immediately. They reason, we have worked hard, now we want to enjoy our profit. They think differently. This makes it very difficult to work with them. [Ha 2004]

Most of my business relations are with other Chinese because the *pribumi* have different feelings of responsibility. For a Chinese it is important that if he does not live up to his financial promises he will loose his name (*kalah uang, kalah nama*). The responsibility, or taking responsibility, is very important. If this is broken than the relationship has ended. [He 2004]

The trust and trustworthiness (mostly in combination with credit-worthiness and being someone that can be trusted to keep his or her word as well as trust in agreements made by word) comes back in all the interviews. *Sinyong* is the term that is used for this broader understanding of trust by many of the interviewees.<sup>14</sup>

For Chinese people trust is most important. If we ever damage the trust it is very difficult to get together again. Trust networks are very important. This is the basis. If the trust network is strong everything is possible. [Ber 2004]

When I was still working for my father I got to know many owners of the steal product that me and my father bought from them in order to sell again. Quite a few of these owners said if you open your own business I shall give you some materials to sell, you can pay back later. These owners already trusted me, *sinyong*. This trust has been very important in setting up my own business. [SL 2004]

In former times while doing business nothing was written down or made into contracts. Everything went by word of mouth, this is *Sin Yong*; *sin* means *percaya*; *yong* means *memakai*; in other words: using trust. [Ak 2004]

The trust relationship is based on the fact that we know each other. I only have to write a note that I owe this person so much money. But we have to have a good relationship. If for instance I want to approach someone I do not know yet and who does not know me, this has to go via a close friend of this person. Otherwise it is not possible. This will bring the two together. And of course we have our name. So someone can hear about oh Pak B, from toko B, that is a good person etcetc. It goes from mouth to mouth. The community knows who can be trusted and who not. [Bi 2004]

Although this generation still mentions the importance of such trust and credit networks, they also frequently make a distinction with the younger generations where this is no longer a business practice and value.

The Chinese of below 50 years old are not really trustworthy. Those who have not been to Chinese schools are very difficult to trust. Those who have been to Chinese school received a fine foundation, a foundation about morals. The later generations who went to Indonesian schools did not get any lessons in moral issues. One of the most important moral lessons according to me is: don't ever forget the people that have once helped you. This is very strong among the Chinese with that background. We also believe in a good name. This makes these Chinese generations trustworthy. In the businesses of the Chinese *sinyong* is very important, but it is no longer practiced. *Sinyong* means trustworthy, a deal could be made on the basis of talk only, which was enough. A word was enough. Such morals have completely disappeared, also among the Chinese. [Ak 2004]

Next to *guanxi* and *sinyong* there is helping each other (*gotong royong*) that is important among the Chinese of my generation. Take me as an example. Because the Chinese schools closed around 1965 I needed to find work. The business of my parents was not very large, just enough to keep the family going. So I had no start-up capital. Based on *guanxi* and *sinyong*, and with the culture that the Chinese would always help each

other (gotong royong) I was able to organize a savings group. This is trust and tribe based. [Bi 2004]

Hence, *guanxi*, *sinyong* and helping each other is mainly expressed as a business value of the older generation Chinese Indonesians. But some nuances are made. First of all, it is acknowledged that helping the other is much easier if you are not in the same line of business and secondly, the importance of making profit at times jeopardizes the expressed values and morals seen as characteristic of this generation Chinese business people.

The Chinese can be very slick (*licin*) and they are pragmatic. The most important thing is profit (*untung*) in business. For that they do not really care too much about someone's religious or ethnic background. If there is a change for profit they go ahead. The Chinese do conduct business with the *pribumi* if they have a good reason (*kepentingan sendiri*), seeking profit. But it does not really happen a lot. What the Chinese try to do is to become good friends with officials, to get things done. So in business it rarely happens, but they try to establish contacts with *pribumi* who can help them with permits. I also had a *pribumi* as partner. Maybe being a minority has taught the Chinese to walk the slippery road (*jalan licin*); opportunistic and pragmatic at the same time. [Ber 2004]

The Chinese business networks still exist but much depends on competition as well. For instance, I am in the medicine business, pak A. is in the tile business. I am having some money problems; I can call A. and ask him for some money. That is no problem; we have a strong trust relationship and are also in different businesses. My generation is still doing this. A lot is based on *guanxi*. For capital this is still important because it is not spoken for that the bank will give it. Via my trust relationships I can more easily get the money. [Bi 2004]

The discourse is filled with qualifications that make “the Chinese way of doing business” a better way. This is often linked to the history of migration.

Our forefathers migrated from China with nothing; only their shirts. They were courageous (*berani*) and had a big spirit. They went everywhere. Only with what they had with them and in them; from there they started to create. They started to change what was around them; with hands and head. Also with trade one can create richness. But thinking ahead is very important, I have the feeling the *pribumi* do not think about tomorrow, I don't know why. [Bi 2004]

The Chinese are very dynamic people, they are never satisfied with the way things are. They always want more, more. You can either judge this from a positive or a negative side. It is the same to me. This is the way it is. We are not satisfied with a status-quo. Already my parents told me this. This is because the Chinese people here are migrants, people who wanted to change things, people who were brave enough to take many risks, to leave behind everything there without knowing if they would be successful here. That is the background. [Ha 2004]

The *pribumi* always say that the Chinese do dirty business (or are dirty because they handle money all the time). They always make us the scapegoat. In general the Chinese are good people. But things are always made difficult for us. If I borrow money to a *pribumi* it is very difficult to get it back. [Bi 2004]

The picture that emerges from the above is one in which the older generation juxtaposes itself against the younger generation Chinese Indonesians and the local population (*pribumi*). This discourse on the hand stresses certain Chinese business values (*guanxi*, *sinyong*, *gotong royong*) that they strongly relate to their migration history but which they feel to be on the verge of disappearing among the younger generation because the latter have grown up in an Indonesia where these values are not deep-seated; and on the other hand the discourse displays a strong stereotyping of a Chinese way of doing business versus a local ways of doing business where the former is seen as the more successful way. This is linked back to the already mentioned migration history and the shared cultural (business) values. Even though several nuances are made, such as the pragmatism and the profit focus which might jeopardize certain acclaimed values, the discourse expresses a strong belief in the business practices of the older generation Chinese Indonesian entrepreneurs. In the next section I shall explore further this older versus younger generation discourse.

### **Generational differences**

The generational differences as expressed by the older generation Chinese Indonesian entrepreneurs is an interesting phenomenon worthwhile to explore further. By understanding a generation as individuals who share a 'common location in the social

and historical process', in which the latter potentially provides them with overlapping experiences, beliefs, and views, it follows that with each new age group there is the potential for new attitudes and new modes of thought (Mannheim 1952:291). This argument is helpful in a context in which the generations are confronted by quite different experiences (in this case for instance the manner in which the nation state took stance to ethnic diversity, and the room for maneuvering as ethnic minority which has been different for the different generations of ethnic Chinese in Indonesia). By extending the biological meaning of the concept generation (people born in the same time interval) to a more socio-historical meaning (people who share the experience of several social and historical processes), we can explain certain phenomena in society, especially which come to the fore in a rapidly transforming society such as Indonesia. Mannheim observes that especially in rapid changing societies new attitudes and new generation styles develop. 'The quicker the tempo of social and cultural change is, then, the greater are the chances that particular generation location groups will react to changed situations by producing their own entelechy' (*ibid.*:310).

In the above various remarks were made by the older generation concerning the change of business conduct among the younger generation Chinese Indonesians. Two issues came up that the older generation considers as indicative of generational changes in the Chinese way of doing business. First of all the accumulation of start-up capital, and secondly the aspirations of taking over family businesses because of educational changes.

### ***From the interviews***

One of the interviewees explained at length that the way in which capital was assembled for starting up a business has gone through various changes that for him represent the changed climate and the changing role of Chinese values and morals in the business practices of the younger Chinese Indonesians today.

Among my parents and my generation an *arisan* (form of rotating saving and credit association) was used for start-up capital. But the arisan of

yesterday is not the same as now. There are three phases the arisan has gone through. In former times I would collect money from my trust group in order to be able to start a business. I would pay back the moment my business was doing well. However, if my business did not go well I did not need to pay back the money, at least not if I worked hard and did not use the money for smoking, gambling and drinking. In those times people could ask such help three times, and three times if they failed in their business they did not have to pay anything back. The arisan that followed is a bit different. If I need money for a business I go to all my friends and ask them for a certain amount of money. I construct an arisan in which each month for instance 500.000 rupiah is given to one person. I collect from 25 people in total 10 million and the month after I have collected this money I start by paying back each month 500.000 to the person whose name is drawn. There is no interest. So if I join I do not really gain anything from it but I will get my money back. This arisan is still active among my generation. The members in fact do not need to know each other. The one who starts the arisan is in the centre, the others only have to trust him, he is the one responsible. There is no profit at all for those who join in. If I am somehow not able to repay because my business goes bankrupt those who joined are not going to protest, this is a special character of this arisan. But I as the one who started it, I will work very hard to return all the money. This is related to my good name. If I do not return the money but keep it for other purposes my name falls down. I will never be trusted again. End of it all. But this is changing very quickly. The present businessmen are not very keen on this system because there is no profit. Before, people wanted to join; family, friends, without profit. The more recent arisan is more business focused. It is by auction. Who needs the money most, he will bid and he pays an amount of interest to the other people. So there is an element of profit involved now. The introduction of interest is related to the fact that the idea of helping people is changing, I might experience a loss, why help out for nothing? This is the thinking now. Back then the idea of helping each other was still there. Now the businessmen are only focused on profit.

This is related to outside cultural influences, but also because there is more business competition. There is more ego-centered thinking. The former generation still taught their children: you always have to help your relatives. Those who have enough have to help those who do not have enough. Help the weak, respect the older people. This was taught in Chinese schools. [Bi 2004]

The other issue, one that is rather common in discussions on generational change in family businesses, is the influence of the changing educational background and the related ideas on how to run a business.

Many present-day Chinese parents are a bit troubled. They have worked hard to have their children educated, often abroad. But with this education these children do no longer wish to take over the family business. With their degree they can make a lot more money working for a foreign company. This is also a kind of erosion. The family business will be destroyed. However, the Chinese businesses try to move ahead with the changing times as well. We used to be for instance mainly in retail but we are moving up ahead as well. We started with small shops for daily necessities, but now we open supermarkets. So even though we still have family businesses we follow the changes and we also start to recruit other people. [Bi 2004]

The way to do business is not something you can inherit easily. Business is not something you can write down and teach or learn. In case the children take the effort to understand and follow the business-way of their parents than maybe 75% will succeed. However, often the children have different ideas (different generation) and that might result in a break down of a successful business. They do not want to follow the business way of the parents/father. The general developments are also part of this. The parents wrote everything down in handwriting, the new generation uses computers, the parents/father did everything alone and kept everything in his own hands, now there are managers. The children don't understand why the father was successful. By the time they take over, it becomes problematic. Some however do a better job. One of the problems is that the children get their diplomas abroad, MBA's from other countries. There they learn how to become professional. If we learn management and professionalism, that is only a tool, that is not yet a successful business. How to run a successful business cannot be studied abroad. So according to me the first reason is that the children do not focus on the business practices as conducted by the father, they don't understand the success of the father. In fact they might be cleverer but business is not just a science. It cannot only be successful because of spiritual leadership or things like that. [Ha 2004]

### *And the young?*

In the above it has been mainly the voice of older Chinese Indonesian entrepreneurs that was offered. It is interesting that their narratives often reflect on the differences between their business conduct and morals compared to that of the younger generation. There is disappointment and feelings of loss in their voices, especially the loss of Chinese business practices, values and customs. Is this merely an older generation complaining and expressing that things were much better in the past (as is seen as a common generational phenomenon)? How about this younger

generation? Do they fit the discourse of the older entrepreneurs? This questions needs more research as of yet but for starters I shall use some of the results of the study by Oostra (2005) and than mainly from the four youngest interviewees who are all in their twenties. It seems the picture is less straightforward as might have been expected.

The four youngest entrepreneurs all explain that “Chinese traditions” are no longer important for them. In most cases expressions of what they refer to as Chinese traditions are restricted to Chinese New Year and eating Chinese food. In their daily life they express to feel Indonesian. “if I had lived in China I would have loved China. But I was born in Indonesia, so I am Indonesian. If people ask me where I am from I always reply that I am Indonesian, not that I am Chinese” [Ok 2004]. “ I do not belong to a Chinese group, I live in Indonesia, the difference between Indonesians and Chinese is not important for me” [Ret 2004]. Interestingly enough in matters of business and marriage, being Chinese does become important.

All four express that when it comes to doing business Chinese roots do make a difference. In this regard their discourse resembles very much the discourse of the older generation. “Chinese people have a better eye for business, Chinese are more focused on how to make the business into a success whereas the Javanese are more focused on getting rich as quickly as possible” [Ok 2004]. “In fact for me, being Chinese equals hard work and being in business” [Ag 2004]. “I just trust the Chinese more in doing business, many Chinese are entrepreneurs, they are keen businessmen and better in doing business” [Ret 2004]. In business working with Chinese is just the better option because they have more business talent” [Wi 2004].

An issue not yet discussed but quite interesting in the light of this discussion is that across the generations there is a preference for Chinese Indonesian marriage partners. “The Chinese have the same traditions. Such a connection is very important in family matters, with a stranger things get complicated” [Ag 2004]. “The difference between the *pribumi* and Chinese is too big to work out in a marriage” [SL 2004]. “We (the parents) try to move them in that direction most of the time, to choose a

Chinese partner. Because of the differences, those differences can cause many difficulties. There is too big a gap, they way of thinking is different (between Chinese and *pribumi*). For instance how to manage the family, how to manage money. This can cause problems” [Be 2004].

### **Concluding remarks**

The main question addressed in this paper is what being “Chinese Overseas” means for different generations of Chinese Indonesian entrepreneurs active in small and medium sized enterprises in their business lives. This question was raised in order to give voice to one particular group of ethnic Chinese in Southeast Asia in the ongoing debate concerning “Chinese network capitalism”. The last two decades or so, the academic literature has been engaged in debates relating to the particulars of “the” business acumen of “the” ethnic Chinese in Southeast Asia. Much of this debate was inspired by trying to explain the reasons for an acclaimed business success - often in comparison with indigenous entrepreneurs; and mostly in the context of the economic boom years in Southeast Asia and in tally with globalization processes, and especially the growing economic position of China. Apart from this success story and the question to what extent Chinese cultural values and/or historical and institutional attributes and/or economic positions were the main drivers thereof, the topic raised interest among scholars because of apparent controversial issues. In most Southeast Asian nations the ethnic Chinese are an ethnic minority, predominant in entrepreneurial activities, but far less visible in the political arena and in some nations (especially Indonesia) even confronted with heavily contested citizenship positions. Furthermore, the question was raised whether this kind of studies had not created a non-existing ethnic Chinese businessperson, as not much attention was paid to intra-ethnic differences and inter-business comparisons.

The case under study here must be considered in its particular context: the Indonesian nation state. The position of ethnic Chinese born and raised in Indonesia with forefathers who were born in (south) China has always been quite insecure.

Already during the Dutch colonial period, ethnic Chinese were singled out as immigrant Asians or Foreign Orientals who were bestowed with different rights compared to the indigenous population and in the formative years of the Indonesian republic the issue of Indonesian citizenship for the ethnic Chinese was heavily debated. Under the reign of former president Suharto's New Order (1966-1998) Chinese Indonesians (Indonesian citizens) were confronted with discriminative laws that restricted their expressions of "being Chinese" to their private homes and they turned out to be the scapegoats at times when political but especially economic problems were experienced nationally, turning them into victims of violent attacks on their property and families.

With my research findings I have tried to pinpoint what Chinese Indonesian entrepreneurs (of the older and younger generation) themselves have to say on issues that are debated in the literature. I have focused mainly on issues of ethnic identity especially as experienced after the fall of Suharto that created room to act out or act upon their Chineseness. As mentioned in the former paragraphs, some studies claim that after so many years of having kept their heads low, the majority would not be interested in acting out at all. Is that really the case? What might be an answer to the question raised by Lien and Tan (2004:144) "will they be more Indonesian-oriented, Chinese-oriented or adopt a view of themselves as borderless world citizens, with their only consideration being the desire to do well in business". The other issue that I have addressed is the manner in which the group under study narrate about their business conduct. Does their discourse reveal anything of shared cultural, Chinese business practices? This issue was addressed in relation to the literature where the characteristics of a kind of (essential) Chinese network capitalism (*guanxi, xinyong*) are now under attack and where it is argued that there is not much evidence of the often heard explanation that "the Chinese have a good measure of business acumen and deal-making skills, are known for their frugality and strong work ethos, value trust and have a flexible financial structure" (Lien & Tan 2004:143). In addition my research findings might be a start to fill some of the void that the literature mentions regarding small and medium sized enterprises of ethnic Chinese entrepreneurs more in general, as well as on generational issues although here more research is needed.

What can be concluded? On ethnic identity and acting upon the newly created room to manoeuvre in expressing being ethnic Chinese the findings indicate that especially among the older generations (and more in particular those that have been to Chinese schools during their youth in Indonesia) this is taken up with both hands. Apart from the wish and activities of bringing back attention for Chinese traditions, language and material culture as a culture to be proud of, there are signs of setting up “new” organizations based on dialect/tribe groups with the aim to revive Chinese business morals such as helping each other and trust-building. Among the younger ethnic Chinese these are not issues that seem to matter to them. They express to be and feel Indonesian and to not be interested that much anymore in Chinese traditions (as going to the temple or to graves of forefathers) more in general.

On the discourse relating to Chinese business practices it is quite revealing that the empirical data of both the younger and the older generation entrepreneurs stress the importance of “being Chinese” in business mentality and practice. What the discourses have in common is that the Chinese are expressed/judged as better in entrepreneurship than the non-Chinese. There is a tendency to see the Chinese as more business oriented, more focused on working hard and having the success of the business in mind whereas the non-Chinese are seen as consumption driven and mainly interested in getting rich as quickly as possible without considering the future of the enterprise. Notwithstanding this overlap in thinking that the Chinese Indonesians are the better business people, the older generation expresses a disappointment that the younger generation no longer makes use of the business practices they consider important and “Chinese” such as *sinyong*, and helping without direct benefits. The older generation mainly points to what they call “outside cultural influences” (Javanese/Indonesian society – and politics - at large) and the lack of moral teachings in the school system of the Indonesian nation state. However, they also feel that their own aspirations to have their children educated abroad are a factor in play as it informs their children of more “professional” ways on how to run a business. However, an indication of the manner in which the younger group of entrepreneurs has set up their businesses (not elaborated upon in this paper yet) reveals that *guanxi* (relationships and networking) and *sinyong* (trust) still matter. Most partnerships are

with other Chinese Indonesians, often referred to as friends they know from school or their church. So although the wish to express their ethnic identity as ethnic Chinese is said not to matter, it does seem to matter in their business practices.

Based on the above I am inclined to argue that “Chinese network capitalism” exists, does matter but has different faces. In all this it is important to take into consideration the context of the ethnic policies of the Indonesian nation state on the one hand and the local cultural Javanese context of the case under study here in particular as these might prove to be the differentiating (and clarifying) factors in comparisons with other cases.

## NOTES

<sup>1</sup> First revised version of the paper presented at the workshop: ‘China in the World, the World in China’ Asia Research Centre Copenhagen Business School 9-11 March 2006

<sup>2</sup> The names of the interviewees have been changed. If quotations end with [...] these are direct quotes from the interviews.

<sup>3</sup> See the appendix, table 1 and 2 for detailed information on the interviewees.

<sup>4</sup> See Oostra (2005) and table 3 in the appendix for some details on the interviewees.

<sup>5</sup> Whereas relating to my research data I shall use the term Chinese Indonesians, the academic literature more often uses the term ethnic Chinese, especially in the Southeast Asian context. Discussions on the ethnic Chinese in Indonesia often start with explaining the difference between *totok* (China born Chinese, Chinese speaking and China-oriented) and *peranakan* (descendants of mixed marriages between *totok* men and indigenous-Indonesian women). Often this distinction is used to claim that the *totok* are more Chinese than the *peranakan* who are supposedly more assimilated (and have a longer history in Indonesia) and to have lost their cultural roots, as it is also argued that the *totok* mostly live outside Java whereas the majority of the *peranakan* can be found on the island of Java. Some point out that this distinction is no longer relevant and that many *peranakan* regard Chinese culture and traditions as important as is supposed for the *totok* (Wijaya 2002: 10-13). At one time in history though it was an important distinction as Regulation 1946 allowed Chinese born in Indonesia to become Indonesian citizens. As local officials were rather inconsistent in carrying out this act, the act was clarified, allowing “*peranakan* Chinese to take Indonesian citizenship, but not the foreign-born, or *totok*, Chinese” (Freedman 2000:101).

<sup>6</sup> See among others Reid (1996) and Hefner (2001).

<sup>7</sup> For an extensive overview see Aguilar (2001), Hefner (2001) and Tan (2001).

<sup>8</sup> For a critique on corporate ownership figures, see Gomez and Hsiao (2004:9-10).

<sup>9</sup> In Indonesia the ethnic Chinese population numbers approximately 3 to 4 % (although no reliable statistics are available) and this 3 to 4% controls some “70-75 percent of medium- and large-scale private (non-state) enterprise” (Hefner 1998:17).

<sup>10</sup> For instance Hefner (1998), Mackie (1998), Gomez & Hsiao (2004) and Menkhoff & Gerke (2004).

<sup>11</sup> Such as Jacobson (2004) on Manado, Indonesia, and Gomez (2004) on Malaysia.

<sup>12</sup> Most well-known for their extensive work on the ethnic Chinese minority in Indonesia are Coppel (2002) and Suryadinata (1997).

<sup>13</sup> It is important to remark that when using *pribumi* or Indonesians the interviewees often make a direct reference to the Javanese. The fact that my case is located on Java, the political centre of Indonesia, and in Yogyakarta, seen as the centre of high Javanese culture, might contribute to the rather strong stereotypical expressions.

<sup>14</sup> In most of the literature the word used is *xinyong*, translated by Mackie (1998:130) as trust, credit worthiness. *Sinyong* might just be the Indonesian version of the word.

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## Appendix I

**Table 1: Personal data owner-managers SME's Yogyakarta**

Name	Born	Generation Chinese in Indonesia*	Chinese roots**
Ha (male)	1948	2 <sup>nd</sup>	Hokkian
Be (male)	1948	2 <sup>nd</sup>	Hokkian
Ok (male)	1949	2 <sup>nd</sup>	Hokkian
Ak (male)	1950	2 <sup>nd</sup>	Hakka
He (male)	1949	3 <sup>rd</sup>	<i>not asked</i>
Yu (male)	1953	2 <sup>nd</sup>	Hokkian
Go (male)	1949	3 <sup>rd</sup>	<i>not asked</i>
Ber (female)	1945	6 <sup>th</sup>	Hokkian
S (female)	1961	1 <sup>st</sup>	Hokkian
SL	1935	2 <sup>nd</sup>	Cantonese
Da (male)	1960	3 <sup>rd</sup>	Cantonese
Bi (male)	1944	2 <sup>nd</sup>	Hakka

Source: fieldwork Koning 2004

\* First generation here means the father of the interviewee was born in China and migrated to Indonesia, the interviewee is born in Indonesia (and hence first generation born in Indonesia); second generation here means that the grandfather on the fathers side of the interviewee was born in China, hence the interviewee is second generation born in Indonesia, and so on. In two cases the interviewee only did know it on the mothers' side (Ha, Bi). Tan (2000:17) refers to first generation as immigrants born in the home country, their children born in the destination country are the second generation.

\*\* Hokkian was the reply to the question where they are from in China, Hokkien is a Chinese dialect of Fujian province in Southern China; An ethnic-cultural group, much

of which is now in diaspora, originating in Fujian: there are large numbers of Hokkien descendants in Southeast Asia (Malaysia, Singapore, Indonesia Taiwan and Thailand), Hakka (meaning guest families) migrated from northern China to the south (this often being Fujian province, therefore Hakka and Hokkian were often referred to as the same origin).

**Table 2: Business profiles SME's Yogyakarta**

<b>Name</b>	<b>Business*</b>	<b>Family busn**</b>	<b>Start-up capital</b>	<b>Number of employees</b>	<b>Size of firm***</b>
Ha (m)	Computer & Export furniture (as partner)	No	Parents	22	Medium
Be (m)	Water installation & Christian bookstore (wife)	No	Parents	20/2	Medium
Ok (m)	Juices & Kecap (partly export) Wife is co-partner	Yes	Parents	50/60	Medium
Ak (m)	Interior design, wife is co-partner	No	Parents	7/8	Small
He (m)	Printing, wife is active in business	No	Parents	6/8	Small
Yu (m)	Care tires and spare parts & motorcycle parts (wife owner)	Yes	Parents	11/5	Small
Go (m)	Printing &	No	Savings	300	Large

	publishing; Christian bookstore (daughter)				
Ber (f)	Tiles (now shared ownership)	Yes	Family	25/30	Medium
S (f)	Silver & design; Export furniture; Garments	No	Family	60 -80 in the Silver branch	Medium
SL	Sanitary	Yes	Family	6	Small
Da (m)	Consultancy & Sanitary	Yes	Family	2 + 6	Small
Bi (m)	Cement & drugstore (wife)	No	Parents	??	Medium/small

Source: fieldwork Koning 2004

\* Most of the entrepreneurs have other businesses (varying in size, as owner or as partner, in the latter case sometimes export oriented) but I focused my research on their core business in Yogyakarta.

\*\* The question on family business asked whether they took over an existing business of one of their parents. This is only the case in 5 instances, however, in all cases the parents were in business as well but either sold it or changed trades.

\*\*\* For size of firm I follow ASEAN definitions where a small enterprise has less than 10 employees, the medium enterprise has between 10-100 employees and firms with more than 100 employees are considered to be large.

**Table 3: Businesses of younger entrepreneurs Yogyakarta**

<b>Name</b>	<b>Born</b>	<b>Entrepreneur since</b>	<b>Enterprise</b>
Wi (m)	± 1981	2001	Mobile phone and repair shop Co-ownership with 5 friends
Ok (m)	± 1979	2004	Garage Co-owner with 6 friends
Ret (f)	± 1974	1999	Distributor small personal items
Ag (m)	± 1971	1992	Multilevel marketing
Ab (m)	± 1964	?	Contractor
Ba (m)	± 1959	1993	Car repair shop Co-owner
Bu (m)	± 1959	1994	Self-employed
Her (m)	± 1954	1979	Shop
De (m)	± 1950	1974	Egg business

Source: fieldwork Oostr 2004