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THE SPIRIT OF ISLAMIC ENTREPRENEURSHIP: The Dynamics of Small and Medium Entrepreneurs in Indonesia and Malaysia

By: Husain Muhammad*

Abstrak

Tulisan ini berdasarkan penelitian penulis dengan beragam pendekatan yang bersifat multidimensional. Sebagai kajian yang berkait dengan Islam, aspek normatif yang ada 'diolah' dengan berbagai data empiris di samping melakukan semacam kajian komparasi UKM (Usaha Kecil dan Menengah) di Indonesia dan Malaysia. Beruntunglah penulis memperoleh 'sponsor' sehingga dapat berangkat ke Malaysia. Lebih beruntung lagi penulis banyak dibantu rekan-rekan di berbagai universitas, dan salah satunya tempat penulis pernah selama dua tahun memberi kuliah, serta para aktivis GAPENA (Gabungan Penulis Nasional) di Malaysia, lewat karya ini diucapkan terima kasih. Untuk memantapkan kajian ini penulis juga melakukan in depth interview dengan mereka yang tahu dan para pelaku yang terlibat dalam UKM baik langsung maupun tidak langsung.

الخلاصة

حاول الكاتب استعراض هذا البحث باستخدام المناهج المتعددة لتحليل المعلومات من الدراسة المكتبية والظواهر في المجتمع. وحاول الكاتب أيضا طريقة المقارنة بين التحار المتوسطين في الرأسمالي في اندونيسيا وماليزيا. واستغرق الكاتب في إعداد هذا البحث فترة طويلة وحصل الدعم المعنوي والمالي من الأصدقاء وبعض المهتمين في الجامعة الحكومية ماليزيا.

Key words: dynamics, small and medium entrepreneurs, Indonesia, Malaysia

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A. Introduction

Islam, unlike other religions, becomes the core of every aspect of daily life of its followers. In other words Islam is the core of their cultures. Where as the followers of other religions consider their religions as a part of their cultures or civilizations. Religion is identical with art, economics, and so on. Even they consider their religion only dealing with their spiritual aspect, providing with rulers on worshipping their gods.

In contrast with other religions, Islamic *din* deals with material and spiritual needs as presented in its culture. Due to this, before taking uncommonly worldly life, such as in innovating a muslim scholar always tries to do it in accordance with Islamic principles. Just taking "a usual" thing, for example by buying a TV, a devoted muslim always considers that it is against *ayat-ayat qauliyah*, that is al Qur'an and Hadits, or it is in accordance to the *Kutubullah* and the *Sunnat al-Rasulullah* Peace be upon Him (Puh). If it is in accordance to them, he or she directly will buy it. However, if he considers by buying a tv set will create a problem he won't buy it at all. Concerning the *din* a well known Germanic Muslim Leopold Weiss, or Muhammad Asad, has presented:

The term din denotes both the contents of and the compliance with a morally binding law; consequently, it signifies "religion" in the widest sense of this term, extending over all that pertains to its doctrinal contents and their practical implication, as well as to man's attitude towards the object of his worship, thus comprising also the concept of "faith". The rendering of din as "religion", "faith", "religious law" or "moral law" depends on the context in which this term is used.¹

Islamic *din* provides rules and regulations dealing with *ibadah* and *mu'amalah*. In connection with these realities the well known orientalist, H.A.R. Gibb has written that: "Islam is indeed much more than a system of theology, it is a complete civilization".² Unfortunately, not all Muslims know this peculiarity of Islam. Most of them consider Islam as other religions, it is similar with another one. Islam is just a private matter. Islam just deals with worshipping the God only. Islam only deals with such ritual matters.

However, we have to keep in mind that Islam is not just a civilization as the highest criteria in Islam is revelation (*wahy*) not thought or human culture. Islamic civilization is based upon *fikr* (serious and planned thinking) and *dzikr* (always remembering Allah, in whatever situation and condition). However, science has a very peculiar position in Islam. Even *Rasulullah Puh* has said that *al-din is aql*, no *din* for one who has no *aql*. However, most of us identify *aql* as ratio, which is completely

¹Muhammad Asad, 1980, *The Message of the Qur'an*, Gibraltar: Dar al-Andalus, pp. 57-58.

²H.A.R. Gibb (Ed.), 1931, "Introduction", in *Whoever Islam*, p. 11

unsuitable. *Aql* which is translated into Indonesia as *akal* is also incomplete, because *aql* not only consist of *ray* or ratio in head but also *dzauk* or 'feeling' of the heart. That is why it is improper by using Western paradigm to present or understand Islam as a whole. In relation to this, the former Tunisian Minister of Culture and Information presents that:

...one can state that Islam is found in the four corners of the globe. So it is not just the religion of a single people: whites, blacks and Asiatic adhere to a faith whose universal character is self-evident to them. Neither is Islam a religion of a single culture. Various linguistic communities have absorbed Islam into their cultural environment, which it has in turn profoundly influenced.³

B. Indonesia and Malaysia, The Twin Brothers

Indonesia and Malaysia are considered as twin brothers as both countries have many similarities. Usually, Indonesia is known as the big and old brother and Malaysia as the small and young brother. Both are twin because their majority inhabitants have many similarities, especially in the matter of religion and culture, as most are Muslims and their cultures are identical too. In addition to these, to some extent, they have similar historical background as both countries suffered a lot under western colonization. However, the Indonesia suffered more as it was colonized by the Dutch; in comparison to Malaysia under British colonization. It seems both countries had suffered a lot due to the indirect influence of the crusade, though there were a lot benefits due to this war which lasted for centuries. Some of those benefits are shown here:

Secara bertahap para saudagar dan bangsawan Kristen menjadi makmur dan toleran. Bahkan beberapa di antara mereka sejak semula sudah mulai mengadopsi adat dan tata cara Timur yang lebih baik. Kebiasaan dan selera akan hal-hal yang mewah dan menyenangkan berkembang. Kebiasaan mandi dan mencukur jenggot menjadi hal yang lazim. Orang-orang Eropa mulai mengenali jenis buah-buahan dan sayuran baru...Dalam hal ini, Perang Salib merupakan sarana bagi persebaran kebudayaan Arab ke Eropa Barat.⁴

³Habib Boulares "L'Islam: La Peur et l'esperance," translated by Lewis B. Ware, 1990, *Islam: the Fear and the Hope*. London: Zed Books, p. 8

⁴Henry S. Lucas, 1993, "A Short History of Civilization", translated into Indonesia by Sugihardjo Samobroto and Budiawan, *Sejarah Peradaban Barat Abad Pertengahan*, Yogyakarta: Tiara Wacana, p. 120. The weakness of the Christian society is presented in the following sentence: "The nearer Rome the worse the Christians". T.M. Lindsay (1934), "Luther", *The Cambridge Modern History*. (London: The Cambridge Un. Press), Vol. II, p. 118.

Though Islam has been playing important role in both countries, however, to some extent both suffered because of the role of the Chinese. But there were two different Chinese. This first category, who immigrated spontaneously to Nusantara, behaved properly, by using local and Indonesia and Malay languages for their daily activities. Some of them prefer using local customs. Even they use and try to mix and intermarried with local inhabitants or to convert to Islam voluntary without any compulsion as related to the Islamic injunction as stated in the Qur'an S. al Baqarah (2): 256: "There shall be no coercion in matters of *din* or faith".³ Some of their peculiarities are:

Ciri masyarakat Cina Peranakan di Melaka atau Cina Kampung di Kelantan sepatutnya menjadi model: dengan berbahasa Melayu, mereka dapat mengadakan perhubungan yang licin dengan budaya tempatan; dengan berpakaian yang hampir serupa dengan pakaian Melayu, mereka menunjukkan persamaan yang zahir (visible) atau nampak (visual); dan meminjam setengah-setengah adat resam (atau budaya) Melayu, mereka benar-benar dapat bercampur dengan penduduk tempatan dan mengurangkan jurang perbezaan yang ada. Dan yang penting mereka telah mencipta identiti sendiri sebagai Cina Tanah Melayu yang berbeza daripada Cina Tiongkok, Taiwan, atau Hong Kong...⁴

And the other one who immigrated to Nusantara due to the facts that the Western colonisers helped them, even encouraged them to immigrated to Nusantara. This second category of the Chinese got a lot of benefits under Western colonization though with some restriction as in the Indonesian case, as shown here.

Ada pembatasan-pembatasan tertentu, misalnya tidak boleh menggunakan bahasa Cina dalam komunikasi bisnis, tidak boleh pindah agama, dan memakai sepatu seperti orang Eropa harus pakai izin. Namun, di samping itu mereka lebih dipercaya daripada pribumi, mendapat bermacam-macam privilese. Di antara privilese itu ialah menjadi leveransir pemasok bahan makanan untuk penjara, pemegang patcher candu, penembas tol jembatan,

³In relation to this important matter M. Asad has stressed that:

On the strength of the above categorical prohibition of coercion (*ikrah*) in anything that pertain to faith or religion, all Islamic jurists (*fuqahā*), without any exception, hold that forcible conversion is under all circumstances null and void, and that any attempt at coercing a non-believer to accept the faith of Islam is a grievous sin; a verdict which disposes of the widespread fallacy that Islam places before the unbelievers the alternative of "conversion or the sword". (M. Asad (1980), *op. cit.*, p. 58.)

⁴Mohd. Taib Osman, 1988, *Kebudayaan Melayu dalam Beberapa Persoalan*, Kuala Lumpur (KL): Dewan Bahasa dan Pustaka (DBP), p. 133

dan pengapalan serdadu-serdadu Belanda. Bisnis mereka, misalnya perusahaan bus di Madura bahkan mengalahkan usaha kereta api Belanda.⁷

Though the Indonesians suffered a lot under the Dutch colonization, however under the leadership of Bung Karno, Bung Hatta, H. A. Salim, Ahmad Dahlan, Mas Mansur, Hasjim Asy'ari, Ki Hadjar Dewantara, Sjahrir, AR Baswedan, and others, the Indonesians were able to proclaim their independence earlier more than twelve years than the Malaysians. Moreover, the Islamic flavor in this very important matter is clearly enough. In this case it is interesting to stressed what Helius has written:

Proklamasi 17 Agustus 1945 terjadi bertepatan dengan 9 Ramadhan 1364, Jum'at Legi, jam 10.00 dibacakan oleh Bung Karno dan didampingi oleh Bung Hatta, dengan mengibarkan bendera merah putih. Sepintas peristiwa akbar yang bersejarah ini dinilai sebagai peristiwa politik semata, tanpa dijiwai oleh ajaran Islam. Padahal Bung Karno sendiri sebagai pelaku sejarahnya menyatakan bahwa pemilihan tanggal 17 Agustus, dipengaruhi kewajiban shalat yang dijalankannya setiap hari sebanyak 17 rakaat. Dan lagi proklamasi terjadi pada bulan Ramadhan, karena al-Qur'an pun diturunkan kepada Rasulullah pada 17 Ramadhan. Termasuk Jum'at Legi dinilai oleh Bung Karno sebagai Jumat yang bahagia.⁸

It is also interesting to note that Asian muslims become the greater part in percentages in comparison with the Arab countries, the cradle of Islam. However, their contribution in many Islamic fields is unknown. Even there are Arabs who are belong to another belief, they are not muslims at all. One of Arab countries, such as Lebanon, the percentage of muslims is in balance with the non-muslims. To know more about their role and western misunderstood, probably it is worth enough to better understand the comment of an Arab muslim scholar as shown below:

In the Muslim world, the Asiatic element (Indonesia, India and Pakistan, for example) dominates whereas the Arabs only fifteen percent of the total! One must be precise here because it often happens that, in the West, Arabs and Muslims are confused. Certainly, Arabness and Islam are historically and culturally

⁷Kuntowijoyo, 1999, *Islamitas Politik Umat Islam*, Bandung: Mizan, p. 178.

⁸Ahmad Mansur Suryanegara, 1996, *Menemukan Sejarah: Wacana Pergerakan Islam di Indonesia*, Bandung: Mizan, p. 288. In this vital matter the well known historian from Bandung has written in this book the following sentence dealing with the Indonesian Independence. "Atas berkat Rahmat Allah Yang Mahabesut dengan didorong oleh keinginan luhur, supaya berkehidupan kebangsaan yang bebas, maka rakyat Indonesia menyatakan kemerdekaannya tepat pada 9 Ramadhan 1364 atau 17 Agustus 1945, Jum'at Legi, jam 10.00 di Jakarta." p. 268.

synonymous, but all Arabs are not Muslims and all Muslims do not speak Arabic. The Arab area stops where Iran, Turkey, and Saharan Africa begin.⁹

C. *The Small and Medium Industries in Indonesia and Malaysia*

Moreover, both countries to some extent have some differences. One of its differences is their governmental policies dealing with small and medium industries (SMIs). While the Malaysian government works hard to provide many supports in encouraging the development of these industries, the Indonesian government almost provides no facilities at all, except rhetorical promises towards the general election. In contrary, to some extent, even Indonesian policy is discouraging the SMIs by providing many difficulties especially in the matter of getting licences for their foundations or requiring many regulations for getting financial support. The worst is that among the Indonesian governmental officials has the special jargon "*mengapa dipermudah kalau dapat dipersulit*", unless there is some special tips, or *rasmah*, bribe. In relation to this unfortunate realities, Ahmad Syafii Maarif during his speech upon receiving the Hamengku Buwono IX award has presented the following sentences:

... ada pola sosok lain yang nenek moyangnya belum tentu turut berjuang mengawal revolusi, sementara keadaan lahirnya telah cukup gemuk dan tambun oleh berbagai fasilitas yang didapatnya, berkat kemahirannya dalam memainkan seni kolusi dengan para pejabat dan aparat. Mereka ini termasuk jenis "Londo beng" dengan mental kumuh pemuk daki. Oleh karena itu dalam menghadapi berbagai kasus kriminal, orang sering sukar membedakan antara oknum pejabat dan penjahat.¹⁰

It seems the Malaysian government which openly consider Islam as formally the religion of the government, it uses Islamic values in dealing with the unfortunate people, especially in erecting the SMIs. Instead of using political approach, the Malaysian government uses cultural approach in such matters. What about the Indonesian government? To some extent, the sentences below provide clear policies of the Indonesian government in dealing with the marginal people.

Ketika kekuasaan politik ada di tangan orang Indonesia, bisnis mereka tidak berpindah tangan. Bahkan, bisnis nonpri semakin subur di bawah kekuasaan orang Indonesia. Dengan tidak usah malu, harus kita akui bahwa bisnis nonpri selama Orde Baru semakin berkembang dengan

⁹Habib Boulares, 1990, *op. cit.*, p. 8.

¹⁰Ahmad Syafii Maarif, 2004, "Indonesia Baru di tengah Pertarungan antara Mosaik Budaya Yang Elok dan Kaya dengan Ancaman Kesenakahan", Speech upon Receiving the HB IX Award on Dec. 20, p. 2.

berbagai fasilitas, seperti kredit, tender, dan lisensi. Di antara mereka banyak yang menjadi konglomerat, banyak yang usahanya sampai ke luar negeri, dan berada di luar kontrol politik. Ternyata kekuasaan negara, kekuatan politik tidak jadi determinan untuk bisnis. Bahkan, kata orang bisnis dapat "membeli" kekuasaan politik.¹¹

This attitude, of course, is contrary to the Independent values. During the colonial era, the *wreemde oosterlingen* or oriental foreigners especially the Chinese got a lot of benefits out of the Dutch policies. The Dutch considered the Chinese, and provided a lot of obstacles for the native entrepreneurs. In addition to this fact it is important to agree with this quotation below. This Islamic values are presented by the well known Islamic scholar who known Indonesian culture quite well. Moreover, he is known in whole Nusantara, especially in Malaysia, Indonesia, and Brunei. He has written the following sentences:

Kemerdekaan sejati ialah bahwa engkau sanggup menguasai dirimu, menguasai hawa nafsumu, menguasai segala gejala kehendak baik dan kehendak buruk dalam dirimu. Kemerdekaan sejati ialah bahwa engkau tidak diperintah oleh tradisi yang tidak sesuai dengan timbangan akalmu yang murni, dan hidupmu tidak habis musnah hanya karena dorongan syahwat dan hawa nafsu belaka.¹²

The worst reality dealing with the SMIs have been created many problems in Indonesia. Poverty and unjust treatment are common among the marginal people. While the small portion of people who are in power almost can do every thing they want though it is against the law. The unjust law is for the poor, but the rich and the greedy people who have strong backing are above the law. The situation is getting worse because the Indonesian government pay little attention in the matter of education. Moreover, most muslims in the power prefer the outer meaning of Islam instead of the essence of Islam. They are already busy with the ritual aspects of Islam, and they pay almost nothing to the inner meaning of Islam, that is the essence of Islam which pay more attention to the needy and the poor people. The worst is going on as the true Islamic spirit is separated from education which pays most to the cognitive aspect of life. The essential aspects of Islam have provided many encouragements for stimulating of the development of science:

But science can only be created by those who are thoroughly imbued with the aspiration towards truth and understanding. This source of feeling, however,

¹¹Kuntowijoyo, 1999, loc.cit.

¹²Hamka, 1977, *Doktrin Islam yang Menwujudkan Kemerdekaan dan Keberhasilan*, Jakarta: Idayu Press, p. 12.

springs from the sphere of religion. To this there also belongs the faith in the possibility that the regulations valid for the world of existence are rational, that is, comprehensible to reason. I cannot conceive of genuine scientist without that profound faith. The situation may be expressed by an image: Science without religion is lame, religion without science is blind.¹³

The SMIs in Malaysia have been developed and grew rapidly due to basic policies imbued by the government. The core of the Malaysian government policies is the Islamic values who becomes formal religion for the Malaysian federation although it stressed in respecting to other religions and their practices. The most essential of the Islamic values is its pays more attention to the need of the unfortunate and unlucky ones which stresses in one of the verses of the al Qur'an as follows: "But it was Our will favor upon these [very people] who were deemed [so] utterly low in the land, and to make them forerunners [leaders] in faith, and to make them heirs." (al Qashash (28): 5). To make this Islamic injunction becomes the daily realities, especially in matter of the SMIs the government provides the frameworks of what it means of the SMIs as at the beginning there are many varieties.

Lembaga Pembangunan Perindustrian Persekutuan (FIDA) pula menganggap firma yang mempunyai kurang dari pada 50 orang pekerja sebagai industri kampung. Sementara ISK ditakrifkan [didefinisikan] sebagai firma yang mempunyai bilangan [jumlah] pekerja antara 50 hingga 99 orang. Firma yang mempunyai bilangan pekerja antara 100 hingga 199 orang ditakrifkan sebagai Industri Skala Sederhana (ISS). ISB [industri skala besar] merangkumi firma yang mempunyai bilangan pekerja 200 orang atau lebih.¹⁴

To support and develop their existences the federal government founded the SMIDEC, or The Small and Medium Industries Development Corporation, on May 2

¹³Hatta, 1983, *Kampala Pidato*, Jakarta: Idrys, p. 53.

¹⁴Hasnah Ali dan Faridah Shahadan, 1995, "Pendahuluan", dalam Bahmah Ismail (ed.) (1995), *Industri Kecil Malaysia Iu Pembiayaan, Teknologi dan Pemasaran*, Bangi: UKM Pub., p. 17. The criteria of the fund is presented as follow:

...ISK sebagai perusahaan yang mempunyai modal berbayar tidak melebihi RM 0.5 juta. Takrifan [definisi] ini meliputi sektor perkilangan, perdagangan dan perkhidmatan [pelayanan]. Sementara itu, perusahaan yang mempunyai modal berbayar diantara RM 0.5 juta dan kurang daripada RM 2.5 juta ditakrifkan [dikategorikan] sebagai perusahaan sederhana dan ISB meliputi firma yang memiliki modal berbayar sebanyak RM 2.5 juta ke atas. (Ibid.)

1996. This institution under the auspices of MITI, Minister of International Trade and Industry (Kementerian Perdagangan dan Industri Internasional) has its purposes:

- Coordinate the overall development of SMEs in the country
- Promote the development of a modern and sophisticated SMEs in tandem with the strategic direction of the industrial development.
- Develop SMEs into an efficient and competitive sector, capable of producing high value added and quality products, components and related services for the global market.

On the whole the SMEs in Indonesia and Malaysia have similar characters. Among other is their limited capitals, and most of the owners have very poor formal education in addition to that they have not got proper trainings in their field. Though they are in badly in need in such training. Moreover, the marketing of their products is very natural and stastic, their managements are very closed and dependent.

These weaknesses make extremely very difficult for them to adopt and adapt new or modern technology, especially as their efforts were carried out without any support and good planning at all. With the very low profits it makes them very difficult to pay the full and adequate salary to their employees. They also regularly encounter many obstacles and constraints to additional capital from the bank and the governmental agencies. But they are able to get the additional fund from their closed friends or family.

To encounter such problems and constrains and to increase their abilities in their products and marketing aspects, the mutual effort of the Malaysian government through SMIDEC is important and meaningful. These could be seen on the various programs are offered such as *Business Clinic* who provide an elementary trainings for the beginners of entrepreneurs or the candidate of entrepreneurs and craftsman or artisans.. 'This Business Clinic has the regular activities every Wednesday, and is ready to provide any emergency support for the established entrepreneurs to face many handicaps.

Further many aid programs are offered such as *Partner Your Business Success with SMI Plus 2000*, *Skim Pengauditan Kilang (Factory Audating Scheme)*. To encourage the emerging female entrepreneur it is offered the special program known as *Skim Bantuan Khas untuk Usahawan Wanita*. Although they called as the IKS, or *Industri Kecil dan Sederhana* (Small and Simple Industries), some of them are able to provide suppliers various componens for car industries. In order to maintain and the develop such ability the SMIDEC introduces the technical assistants as shown below::

The Industrial Technical Assistance Fund (ITAF) Scheme had been in operation for 10 years, since 1990 its inception in 1990. Over the period, the scheme had been received and fine-tuned to meet the different needs of SMEs at different stages of their development. The scheme has four components:

ITAF I: Business planning and development;

- ITAF 2: Process and product development;
- ITAF 3: Productivity and quality improvement;
- ITAF 4: Market development.

In addition to the ITAF, the SMIDEC have been offered what is known as The E-Commerce Grant for SMIs. For each program the SMIDEC has been socialized to the whole and wide society and shown that the program are opened for publics who are badly in need for such plan. This is could be seen in the many free leaflets distributed in many national events. For this program could be seen in the following sentences:

The E-Commerce Grant for SMIs is intended to assist SMIs to quickly integrate themselves into the mainstream of the Information and Communication Technology (ICT) in order to ensure their survival in a changing market place.

Qualifying Criteria

- Incorporated under the Companies Act 1965.
- A manufacturing company with an annual sales turnover exceeding RM 25 million and full-time employees not exceeding 150.
- At least 70% of their equity are held by Malaysians, of which not more than 25% held by large companies.

Objectives of the E-Commerce Grant are:

- To encourage more participation from SMI companies in E-Commerce activities, the new way of doing business.
- To assist SMI companies in dealing with financial and skilled constraints in carrying out E-commerce activities.

Dynamical progress of the SMIs in Malaysia is getting better as the Malaysian government has been extended its aids for five years more. To clarify this matter the Minister Datuk Chan Onn stressed the need of the SMIs to increase their knowledge, and skill of their employee continuously and it has special end, that: "This will lead to a rise in productivity, product quality and technological upgrading which will ensure competitiveness, hence, contribute to the growth of the country's economy." This is presented into practice by "a subsidy of RM 2 for every RM 1 in respect of the Human Resources Development (HRD) levy contributed to the HRD Fund. It was implemented on August 2, 1996, for a five-year period for the benefit of SMIs in the manufacturing sector."¹⁵

It seems the SMIDEC as 'part' of the MITI, Minister of International Trade and Industry which for decades has been led by the smart, energetic, and active female,

¹⁵Manissah Ismail, 2001, "Subsidy for SMIs in Manufacturing Extended for Another Five Years", *New Straits Times*, Kuala Lumpur, Thursday 2 Nov., p. 1.

Datin Seri Rafidah Aziz, has provided a lot for the benefits for the SMIs. This is one of the reasons that the important roles of the female in participating, growing, even developing the SMIs are being carefully noticed. Moreover, personally she paid a lot of attention and funds so that the SMIs are able to show its roles better than before.

By using the district system for the general election, the elected person has to work harder for the benefits for the people who have chosen him or her. If he or she carries out his or her duty reluctantly there will be a strong possibility for the next election he or she will lose his or her position. The representatives have paid special attention for the dynamical aspects of the SMIs by providing funds and others, so that they are able to increase their roles. Some of the representatives occasionally put a lot of funds for the increasing abilities of the SMIs though most of the fund is out of their own personal pockets. Most of them gradually become shares that make them to be elected for the second time. Or those representatives provide the SMIs in their district to get some debt that can be paid gradually with very small interest or with no interest at all.

To some extent various banks in Malaysia play vital roles for incubating, growing and developing the SMIs by providing some soft credits. The amount credits has been poured to the SMIs is quite enough to be used for developing their purposes and the law provide strong protection vis a vis to the big and foreign industries. The Malaysian government stimulates and develops the SMIs because most of their employee are unskilled, poor educated, and mostly originated from the unfortunate people. Some of those banks are the Bank Bumiputera, and the Maybank. Finally, the local governments compete each other to provide identical programs for the sake of the SMIs and the unfortunate subjects in their own regions.

How about the Indonesian birocracy? It becomes a part of problems instead of the solutions, it provides many obstacles¹⁶ and not giving many stimulants for incubating, and growing the SMIs in Indonesia. It hold the special jargon especially for the needy, the unfortunate, and the SMIs, *'mengapa dipermudah kalau dapat dipertukar'* (why to make everything is easy if it can be made difficult).¹⁷ For someone who persistently not to give money out of the regulations, it is almost impossible or at least extremely difficult to get financial support which it becomes his or her right, unfortunately the official government in charge pays almost nothing for such accidents. Many victims have been

¹⁶Birocratical obstacles are also carried out in many Indonesian representative abroad, either in Indonesian embassies or consulates. Birocratical obstacles are common features not only in Java but also in whole remote part in Indonesia. There are almost no essential changes except in outer part during the reformation era. (Indepth interview with the female medical doctor from Sampit on Sunday January 6, 2002, in Ganjaran, Yogyakarta).

¹⁷Indepth interview with Abdallah AN, a native entrepreneurs in Tegal, and the chairperson of Yayasan Ihsaniyah. The interview held on Saturday Nov. 26, 2001, in 43 Kartini Street, Tegal.

presented such worst problems, one of them is an open letter is written by Ibrahim in *Republika*, Saturday, November 24, 2001.

Bulan Agustus, mungkin gara-gara alergi swap, saya dibohongi dan diperdaya oleh BUMN sekaliber Perum Peruri yang mestinya membina pengusaha kecil hingga saya rugi puluhan juta juga, dan uang tersebut sangat besar jumlahnya bagi pengusaha mikro seperti saya.

Pada tanggal 2 Oktober 2001 (stempel pos) hal tersebut saya adukan kepada Meneg BUMN, Menkop PKM dan Menko Ekuin bahkan kepada Ibu Presiden. Yang menyedihkan meskipun yang sangat terhormat mereka berempat memiliki ratusan staf, tak seorangpun di antara mereka yang menanggapi pengaduan saya.

Mungkinkah mereka yang terhormat sedang repot membina pengusaha besar yang basah dan banyak uangnya sehingga kepentingan pengusaha kecil terabaikan? Lantas bagaimana dengan kampanye untuk membela wong cilik? Apa hanya untuk pemants bibir saja?

Apapun alasannya ternyata hanya Pak Habibie, Pak Adi Sasono dan Pak Kwik Kian Gie yang pantas diberi acungan jempol, ...¹⁸

D. Closing Remarks

The declining contributions and roles of the SMEs in Indonesia is extremely very contrast compare to the SMEs in Malaysia. The prominent cause of this contradiction of the SMEs is the important role of the government. Compare to the Indonesia, the Malaysian government pays a lot of attentions, funds, and favourable laws for the sake of the stimulating, the growing and the developing the SMEs. While the Indonesian government officials in charge have been paid nothing on behalf of the SMEs except the promises especially toward the general elections. There is a strong indication that the key officials in charge not only do nothing for the benefits for the SMEs, but some of them become the tools of the big companies which provide a lot of bonus for their special services in providing favourable laws for the sake of the big business.

Compare to the native Malays, the native Indonesians have a lot of experiences as the businessmen even during the colonial era. Even some bright foreign officials noticed this encouraging realities as shown by Raffles. The Indonesian natives, such as the Buginese and the Malays, are known by Raffles in *History of Java*, I, p. 57 as: "... maritime and commercial, devoted to speculations of gain, animated by spirit of adventure, and

¹⁸Ibrahim, 2001, "UKM Presiden Enggan Menjawab" in *Suarapublik, Republika*, 24 Nov., p. 4.

accustomed to distant and hazardous enterprises".¹⁹ Some Javanese also have special traits, especially the devoted Muslims or *santris* as shown in Clifford Geertz, *The Religion of Java*. His excellent innovation was also supported by the Japanese scholar who was born in Manchuria, China, if we agree with his following sentences:

...the existence of a number of rich Javanese traders and craftsmen in Kotagede well prior to 1900 whose wealth, entrepreneurial skills and business networks in the general area of south Central Java were comparable to those of the Chinese in the rest of Java: those Kotagedeans had even acquired a derogatory name, *Pecinan Jawa* ('Javanese Chinese').²⁰

Who get a lot of benefits of this unfortunate situation of the SMEs in Indonesia? The big companies which were indirectly protected by the authoritative officials through the issuing laws, regulations, and others in their favour. The victims for these policies which have been carried out for decades are the native Indonesians. For its support please read the following quotation below:

Foreign capitalists armed with modern technology swarmed over Indonesia and destroyed Indonesian industries, particularly the textile industry in West Java. The exploitation of East Kalimantan forests by foreign nationals evidences a trend of gradual depletion of our forests. The people who profit most from the foreign loans made by the state are the new citizens of Chinese origin. Look at how loans are being administered by government banks. The regulations governing loans are made in such a way that indigenous Indonesian entrepreneurs... seldom get the chance to borrow.²¹

In short, it can be said that the essential spirit has been played an important role on behalf of the Malaysian governmental policies toward the SMEs, while the Indonesian officials pay nothing to such spirit, except the lip service. The immediate result most Malays are getting prosperous, while the Indonesians are getting poorer except for ones in power who do a lot of things just for their own benefits.

¹⁹Huib de Jonge: "Handelaten en Handlangers Ondernemerschap, Economische Ontwikkeling en Islam op Madura", a.b. pengarang[?] (1989), *Madura dalam Empat Zaman: Pedagog, Perkembangan Ekonomi, dan Islam*, Jakarta: KITLV, LIPI, dan Gramedia, p. 27.

²⁰Mitsuo Nakamura, 1993, *The Crescent Arises over the Banyan Tree*, Yogyakarta: Gadjah Mada Un. Press, pp. 9-10.

²¹M. Kamal Hassan, 1982, *Muslim Intellectual Responses to "New Order" Modernization in Indonesia*, KL: DBP, p. 163.

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