

Title: Banking with the patron: a case study of patron-client relations in Makassar, Indonesia

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Introduction

The purpose of this research was to investigate factors influencing the survival of the patron-client relationship in the era of rural financial institutions, especially in the context of cashlessness. We surveyed 3 areas of Bugis and Makassar villages with high frequencies of patron-client relations in South Sulawesi, which are surrounded by rural financial institutions (rural banks, cooperatives, rotated savings associations, and money lenders). Specifically we looked at factors that support the continued existence of patron-client relationships such as social and demographic elements and social capital —and why they still exist when the financial needs of rural Indonesian populations can be more easily met by modern financial institutions. We conducted our case study using a combination of two methods: unstructured interviewing and direct observation.

Research on the patron-client relationship has been conducted from many perspectives, including its political and economic consequences (see for example Prothro 1970, Flynn 1974, Scott 1972, 1983, and Popkin 1979, among others). The patron-client relationship can benefit both parties economically; the client's dependency on the patron can become intensified, and the patron can benefit politically by gaining potential voters from among the clients. In an economic context the patron-client relationship is analogous to the relationship between a bank (lender) and its customers (borrowers). This relationship might be initiated by the client borrowing some money from the patron. Regarding the specifics of the patron-client relationship in the South East Asia, Scott (1972) listed five social conditions that support the development of the patron-client system, namely social stratification,

power stratification, wealth stratification, social insecurity, and kinship and kinship units.

Bugis and Makassar societies have enjoyed a long history of practicing patron-client relationships. The practice dates back to before the written report by Kooreman (1883), which describes the patron-client system as an “*Anakaraeng*” relationship, where the “*ana*” (client) obtains a personal guarantee from a noblewoman of protection from haughtiness and cruelty committed by anyone. As a consequence it is compulsory for *ana* to follow any order from the noblewoman. Such a relationship is similar to “surrender” as described by Mattulada (no reference year) and Mallinckrodt (ARB 1933). This kind of patronage is still observed in the present day (Pelras 1981 and Ahimsa-Putra 2007).

Regarding specifically patron-client relationships in Sulawesi, Ahimsa-Putra (2007) underlined the role that the social systems of the Bugis and Makassar play in supporting the maintenance of patronage. In these societies, the principle of mutual help is maintained by two factors: people’s belief that blood relations cannot be overlooked and that people are obligated to help their kin; and that asking for help from non-kin decreases one’s social status. However, for the current patron-client relationship to develop, there must also be an additional “transaction” between the patron and the client, namely the patron must ask the client for help (e.g. taking care of the house while the patron is away, cleaning the fields, harvesting coconuts, etc.). Without such further dependency from the patron on the client for these activities, there cannot be a continuing relationship. When such a relationship develops, the client also depends on the patron for help that is related to financial needs, like, for instance, paying fees for a new school year or other expenses if one of the client’s family members falls ill, In this sense, the clients treat the patron as their bank and/or insurance provider.

The development of microfinance in South Sulawesi province has inherited previous Indonesian government policies on rural banks and microfinance (Morduch, 1999). The development of the microfinance sector has been led by the Bank Rakyat Indonesia (BRI) and the village bank Bank Kredit Desa (BKD), both of which have been supported by subsidies and fixed interest rates imposed by the government, which have reduced competition among financial institutions. The deregulation of Indonesian banks in 1983 and again in 1986 opened up competition in the Indonesian financial sector, including the rural banking and microfinance sectors. Due to lack of

collateral, small and micro-enterprises were left outside of the financial sector. Instead, their financial needs have been met by organizations in the microfinancial sector, such as rotated savings associations, rural cooperatives, credit unions, and other money lenders.

Indonesia is the most populous Muslim country in the world, with high growth in the area of Islamic finance (Shariah). Under the shariah system returns on savings and deposits are not fixed in advance but rather calculated at the end of each year in proportion to the bank's profits and losses. Given the variability of returns, over the last 5 years average savings and other types of deposits have grown by 42% while allocation, or credit, has grown by 40%. South Sulawesi is one of the provinces in Indonesia where the Muslim population is dominant. The recent development of BMT, an Islamic cooperative bank, may help increase people's access to financial markets and decrease their dependency on patrons. Identifying the factors that help maintain the existence of the patron-client system will increase our understanding of how the rural poor in South Sulawesi use the patron-client relationship to manage their finances and other economic needs.

Theoretical Background

James Scott describes the relationship between patron and client as “a special case of dyadic (two-person) ties involving a largely instrumental friendship in which an individual of higher social economic status (patron) uses his own influence and resources to provide protection or benefits, or both for a person of lower status (client), who for his part, reciprocates by offering general support and assistance, including personal services, to the patron” (1972:92, emphasis removed). Moreover, he lists three factors that distinguish the patron-client relationship from other forms of social arrangement, namely, “their basis in inequality, their face-to-face character, and their diffuse flexibility” (1972:93).

In addition to obligations to help kinfolk and the belief that asking for help from non-kin decreases one's social status, Ahimsa-Putra (2007) cites other forms of social capital that help preserve the existence of patronage among the Bugis and Makassar. These forms of social capital include obligations, expectations, trust, information channels, norms, sanctions, networks, and organizations that are linked to social structure, social interaction, and institutions (Coleman, 1988, Putnam, 1993) and values that are linked to religion and philosophy (Fukuyama, 1999).

With respect to the existence of patronage in lieu of economic need, patronage helps provide a cushion against risk. Smoothing methods learned from consumption and income-generating behaviors suggest that impoverished families will respond to any disadvantageous shock according to whether it is an ex ante or ex post strategy.

Table 1. Consumption Smoothing Strategies

Strategies	Consumption smoothing mechanism
<i>Ex ante</i>	
- Accumulation of financial capital	Financial savings finance future consumption
- Accumulation of physical capital	Physical assets can be sold to finance consumption but they also contribute current consumption and/or can be used as physical collateral for a loan or credit
- Seek insurance	Insurance mitigates the impact of shocks by providing resources to finance consumption when a particular contingency occurs
<i>Ex post</i>	
Adjust income generating activities	Generate additional income to finance consumption
Seek loans or credit	Loans or credits finance consumption
Seek transfers	Transfers finance consumption

Source: (Aryeetey 2004)

Availability of the above strategies may be limited for very poor families. As such, financial inclusion efforts via rural financial institutions and inexpensive methods of saving and borrowing through local financial institutions (e.g. rural cooperatives, government supported saving and credits, rotated savings associations, etc.) can be alternatives.

Methodology This study focused on Makassar populations who practice patronage. To guide our analysis we proposed a case study using a combination of two methods: unstructured interviewing and participant observation. First we made a list

of possible villages where patronage was common and still being practiced. From that list, we selected three villages to study that had seen growth in the number of rural financial institutions. Interview questions focused generally on understanding the local experiences of people as they engaged in their everyday worlds (saving-borrowing, social life, etc). Our theoretical orientation guided the design and implementation of the research, including the tools used to collect (e.g. interviewing, and collecting artifacts) and analyze the data. Theory also guided other decisions, including how to access the field (e.g., through social groups, or community centers), what types and how much data to collect, who to interview (formally and/or informally), how long to remain in the field, and which literature was relevant.

We focused our research in the villages of Pacinongan, Panakkukang, and Panampu in the greater Makassar area. According to local leaders, these were villages where both the patron-client system was still commonly observed and the number of rural financial institutions was growing. We stayed at the three locations for 45 days.

Results and Discussion

This research describes patron-client relationships at six businesses: sea cucumber diving, games center, calfskin cracking, land plot selling, garage, and fried shallot. They differ by type of business, length of operations, ages of the owners and workers, level of education, ethnicity, location, gender of the owners, proximity of the owners residence to the work place, payment methods, hours of operation, and marital status of both the owner and the workers, among others. Their similarities lie in the fact that all of them have inherited the cultural practice of patronage. Their parents, grandparents, or great grandparents practiced patronage in the past, which makes it easy for them to accept and reproduce the structure of the patron-client relationship.

Table 2. Patron-Client Relationship

Business Types	Reason to Recruit	Salaries	Borrowing	Tasks-Jobs
Sea Cucumber Diving	Brother, family members, workers recruited from owner's place of origin	Fixed plus bonuses, daily needs	Borrow from the business owner	Main business jobs and side jobs (housing activities)

Game Center	Campus friends	Only bonuses and daily needs	Borrow from the business owner	Main business jobs and side jobs (housing activities)
Land plot Selling	Relatives (kinship), friends' recommendations	Fixed salary, bonuses, and daily needs	Borrow from the business owner	Main business jobs and side jobs (housing activities)
Garage	Relatives (kinship), and friends	Fixed salary and some additional pay	Borrow from the business owner	Main business jobs and side jobs (housing activities)
Calfskin Cracking	Relatives (kinship),	Fixed salary and some additional pay	Borrow from the business owner	Main business jobs and side jobs (housing activities)
Fried Shallot	Neighbors	Salary based on production	Borrow from the business owner	Main business jobs and limited side jobs

We analyzed several typical business relationships as summarized in Table 2: recruitment, salary, contract, and types of jobs performed. Informality is the key to the preservation of the patron-client relationship. Family ties and place of origin still contribute greatly to the formation of patron-client relations. A long history and good relationships are necessary for preserving patronage. Interestingly, classmates also provide a bridge to developing patronage.

Patronage starts with the recruitment of workers. The recommendations of existing workers, family ties, and friendship enable the business owner to meet potential new workers. There is no fixed timeframe for deciding recruitment; workers could be directly recruited because of family ties and the recommendations of existing workers, or recruitment could take some time because the business owner needs to

ensure that the new worker will not disrupt the existing working environment. Workers are also evidently invested in a stable work environment, as many state that the joyfulness of working is the most important reason why they stay.

The relationship extends from the main business activities to a variety of additional tasks, and in kind, rewards or bonuses. Since the workers also live with the business owner and the main activities on the job do not absorb all of the workers' time, the principle of willingness to help others extends the workers' duties. However, the owner does not just add to the worker's duty, but also offers kind rewards such as shelter, food, holidays, and paying for other unexpected expenses. This helps to develop a mutual dependency between the worker and the business owner.

Un-regimented working hours, the informality of contracts, and the closeness of their living situations build up trust between business owners and workers. Their relationships are characteristic not so much of employee-employer but rather of family. Even if there is an exact job description, because of different skills required of different jobs, informality is still preserved in the rewards/payment aspect of the relationship. Such informal relationships between the workers and the business owner are also observed in the case of relatively young businesses. Even though they do not live together, the kinds of duties that they perform are not always related to the main business.

The informal relationships between the business owner and the workers are growing in the businesses that we studied. This quality of informality may be evident in the recruitment process, the schedule of working hours, the type of duties that workers are expected to perform, the kinds of rewards that owners give to workers, and in the practice of borrowing resources from the owner. Based on the importance that informality has for the people in these relationships we conclude that formal banking cannot totally replace the practice of borrowing from the patron.

Report from the Field

Case 1: Sea Cucumber Business

Before starting his fishing business, H. Baharuddin, Rahman's father, along with his brother H. Saharuddin, initially worked for their cousin H. Amir, as sea cucumber divers. After a long time, they started their own business, and now each of them has two ships for collecting sea cucumbers. Each of H. Baharuddin's ships has a *Ponggawa*, or captain, that oversees the crew and cucumber divers. Nowadays, Rahman—H. Baharuddin's son—manages the business. The *Ponggawa* is

Najamuddin and Rahman's brother Bahtiar. H. Saharuddin employs his grandnephew, and one other person whom he trusts as his *Ponggawa*. Generally each ship has 10 divers and 4 crewmembers on board. The divers are responsible for catching sea cucumbers and diving to a depth of 20 meters underwater, while the crew cooks for them and prepares salt for the sea cucumbers. The sea cucumbers are then generally processed by H. Baharuddin, who sells them to H. Mustari. The latter then sells the sea cucumbers to buyers from Surabaya to be exported to Japan and China.

The divers get higher salaries because the risks that they face are greater than for the crew. Their salaries depend on how many sea cucumbers they catch. They may get salaries of between Rp. 1 million - Rp. 7 million (US\$83 - \$581) per person and per trip, which usually lasts an average of 10 days. Besides their salaries, the divers also get other bonuses, such as money for Islamic religious festivals, school fees for their children, insurance (e.g. paying for health fees), food, and shelter. The workers may borrow up to Rp. 3 million per month. The worker's salary is sent home via a local bank (Bank Rakyat Indonesia, BRI). When the sea cucumber catch exceeds Rp. 100 million, then the divers receive a bonus of up to Rp. 5 million.

These divers generally come from Banggai Island, Central Sulawesi, where H. Baharuddin and H. Saharuddin also come from. H. Baharuddin bears all their expenses for traveling to Kodingareng Island in South Sulawesi. He also fully finances their daily needs during their stay on the island. They return home once a month to Banggai. When they come back to Kodingareng they usually bring with them their families as new recruits to work as divers, with permission from the boss. It usually costs Rp. 20 million (about US\$831) to bring a new recruit, which covers their transport and the living costs of family of the new diver left behind. Even though the initial money is considered as a loan, the worker never actually pays off this debt. Instead, it is considered a means of preventing the worker from leaving to work for another boss. In this area, most of the bosses only have 2 ships.

If H. Baharuddin needs help repairing his house, for example, then the divers and the crews help him selflessly in return for H. Baharuddin's kindness in having given them jobs. This relationship between the patron and the client is observed and preserved by Rahman, the third generation owner of this business. He continues to employ the clients he inherited from his father. We observed that workers are always recruited from the neighborhood and from among the relatives of existing workers. Moreover, Rahman and his workers develop a complex relationship, not only between

the ship/business owner and the divers and the crew but also in the fact that the expenses of the divers and crew are paid for, and in a way are “owned,” by Rahman. It is not clear how the business determines the amount of wages, and it becomes more complex when considering what the workers do for their patron.

The financial relationship between Rahman and his worker is also complex and informal. Workers often borrow money from Rahman for many purposes, including taking care of their families' health, paying for their children's school fees, or buying clothes, cigarettes, and drinks, among other reasons. Usually, the borrower never returns the debt in cash unless it is too large a sum to forget.

Case 2: Games Centre Business

The games centre was founded by Nahar. He was a student with his own capital. He then invited his friends Azis, Albar, Andre, and Assiri to join the business. They were recruited primarily on the basis of friendship. Initially, Nahar worked in a company that sells plots of land. While still working there Nahar started developing his games centre business. He bought most of the games center equipment--such as TVs, PS3s, etc.--either new or second-hand. The business does not have a fixed work schedule; rather, it depends on who has spare time in between their free time, as all of the workers are university students. There is no fixed salary because their income depends solely on daily revenue from games rentals. In spite of the uncertainty of their daily income, they do enjoy working in the game centre because of their friendship, and they are willing to offer Nahar help whenever he needs them, inside or outside of the games centre.

This kind of patronage that has developed amongst these young people was interesting to observe. It developed based on their mutual friendship and trust. Nahar recruited his friends because of their discipline, willingness to work hard, commitment, diligence, and trustworthiness. Based on interviews and collecting information from his friends, Nahar makes decisions about recruiting new workers. He opened the business in order to help offset the risk of low income from his position at land plot selling business. He defined this motivation as looking for experience, learning how to be more a responsible person, and creating more challenges for himself.

Nahar and his friends are all from different tribes: Makassar, Bugis, Jeneponto, Mandar (South Sulawesi), and West Sulawesi. Azis has been friends with Nahar since their first semester together at university, but he is not a close friend. He

works as Nahar's assistant in the land plot selling business and at the games centre. As with the other three friends, Azis also lives in the same rented house with Nahar. Working in the games centre is only a temporary job for them. Their main activity is going to university. Since they are in their final years they do not take any classes that have regular meetings. However, they still work only in between the time that they spend writing their undergraduate theses. Nahar mentioned that he offered Azis the job because he is not a difficult person. He is always willing to help friends and other people. As the business is developing, this group is considering hiring other friends: Syahrul, Hilman, and Fahmi. These three friends are being considered as candidates because they come to the games centre very often. They chat and exchange ideas.

Because of the “informal” office hours and multi-task jobs at the games centre, there is no fixed salary. Rather, Nahar determines the workers' salaries. What they receive depends upon the revenue from the game centre and the land plot selling business. All of the workers know how much the others receive in a given month, and there is no jealousy among them because they know that the difference in salaries is usually due to the money earned from selling the land plots.

The informality of the games centre environment was also confirmed by Assiri. He had been friends with Nahar and the others for the past six semesters, but had only joined the games centre three months earlier. Assiri visited them at the game centre very often, which made Nahar and the other three familiar with him. He said that he liked working with the group because he could be among friends in a joyful environment, and use the Internet, games, and Facebook for free. Moreover, Assiri likes to spend all day Thursday, Friday, and Saturday at the games centre from 9 AM to 11 PM. He is not involved in the land plot selling business, but he helps them with other activities besides those at the game centre. Solidarity among friends is the key for Assiri.

Their informal relationship also related to matters of borrowing money, said Andre. Even though he just started at the game centre business one week earlier, he had already known the others from their university and the land plot selling business, which helped them to develop a better and closer relationship. Nahar never records the borrowing activities because he trusts his partners. Dealing with banks is not new to them, as their parents send their monthly living expenses through the bank. But when it comes to their business and borrowing from each other they prefer informality. All of them agree that if the game centre business continues to grow, then

they should have formal contracts for workers with a regular fixed wages in the future.

Case 3: Land plot selling business CV. Berkat Doa Ibu

This venture was founded by Daeng Ngintang. The main business is selling plots of land that are ready for development and construction. Employees have specialized jobs: marketing and housework. The marketing division is responsible for looking for potential buyers. When they agree upon a price, the buyer can either pay the entire sum in cash up front or pay over time in a series of periodic installments. The marketer obtains a fee of around Rp. 2.500.000 if the buyers pays in cash, and around Rp. 1.000.000 if the buyers pays in installments--about US\$209 and US\$83, respectively. The basic salary for the workers is a weekly payment of between Rp. 200.000 to 250.000, plus daily pocket money in the sum of either Rp. 20.000, 30.000 or 35.000.

Generally, employees are related by kinship such as Ardi, the first employee recruited by Ridwan, and his cousins Basir and Akbar. Ridwan and Akbar serve as marketers. They have fixed salaries, and also receive extra bonuses when they sell plots. Generally, their salaries are paid in cash. Besides working as a marketer, Ridwan has additional duties such as taking care of fish ponds owned by Daeng Ngintang. This work is only a sideline job without any additional salary. Basir is in charge of cleaning the house. Basir does not have a fixed salary, but his school fees are sometimes paid by Daeng Ngintang. Furthermore, Basir is also responsible for driving Daeng Ngintang's daughter to school and picking her up after school.

Besides them, other marketers include Nahar—the owner of the games centre—and his college friends Azis, Assiri, Albar, and Andre, who all only work freelance at the land plot-selling business. Daeng Ngintang provides decent housing for her employees and takes care of all of her employees needs, employing people to cook their daily meals. Because Daeng Ngintang is very concerned about the needs of her employees, they enjoy working for her and are willing to do extra work without any additional salary, such as cleaning her home, taking care of her home when she is traveling, taking care of the fish ponds, among other tasks. It is no exaggeration to say that Daeng Ngintang treats her workers like family members.

There is no a formal contract between Daeng Ngintang and her workers. Her primary employees are her cousins, while Nahar and his colleagues work freelance. Also, she did not mind when Nahar and his friends opened the games centre. The

informality of their business relationships are also evident when the workers need to borrow extra money. They always borrow from Daeng Ngintang, never from a bank or other financial institution. It is not clear how they pay back the loans, but we learned that Daeng Ngintang becomes almost like a mother to them. However informal much of the relationship is, the fixed salaries given to the workers indicates a more formal contract. Moreover, Daeng Ngintang does not forget who helped her start the business: H. Ilyas, who provided the initial capital for her business, and H. Kahar, from whom she learned the business. Even after H. Kahar passed away, Daeng Ngintang has kept a good relationship with his family and with H. Ilyas. This type of close relationship among neighbors is strongly observed in the Makassar area, and helps to preserve patron-client relationships.

Case 4: The Calfskin Cracker Producer

Daeng Munding started the calfskin cracking business three years ago along with his cousin Kahar. Kahar originally started his business with funds from H. Ilyas, a public figure and neighborhood philanthropist who has a reputation for helping his community selflessly. When there was a flood, Daeng Munding and his family moved into one of H. Ilyas' houses. H. Ilyas let them stay there for free as long as was needed. Whenever there are social events, H. Ilyas makes the biggest contribution. In turn, the community members volunteer to help H. Ilyas whenever he needs it. For example, when H. Ilyas' relatives held a wedding party, people from his neighborhood, including Daeng Munding's family, voluntarily lent a hand.

Having mastered the skills of making calfskin crackers, Daeng Munding and Kahar developed their own business. Daeng Munding has 5 workers: his own children (Ismail, Ikhsan, Sultan, and Irwan) and Kahar's son, Amrin, because Mr. Kahar passed away. Another of Kahar's sons is developing his own cracking business.

Daeng Munding also took responsibility for his nephew Muhajirin, whose father passed away and mother migrated to Malaysia. Daeng Munding takes care of all of his personal needs. Muhajirin also helps to tan cowhides, but still gets paid appropriately. Even though the workers are his own sons, he pays them fixed salaries of around Rp. 200.000 to Rp. 300.000 per week, plus pocket money between Rp. 20.000 and Rp. 30.000 per day and also provides meals for them 3 times a day. He pays them in cash. Buyers come every week to purchase the raw crackers and pay two days later. Daeng Munding does not like to use banks to manage his financial activities. He keeps all of his savings under a pillow and never borrows money. He

lets his workers save via a rotated savings association. They use their savings to buy motorcycles, pay their children's school fees, and for other daily expenses.

Case 5: UD Rezky Garage Business .

The garage business was developed by Muh Rezky, who inherited it from his parents in 1996. His father had employed his uncle, Adam, who still assists with the business along with Rezky's nephew Juni and three additional workers: Firman, Irwan, and his relative Erwin. Adam has his own house and lives nearby the garage while the rest of the workers live with Rezky. The three workers are related to Rezky, although he has a difficult time explaining their blood relationships. Juni has a high school certificate, majoring in office administration and Firman majored in machinery.

Working conditions are informal. Recruitment is based entirely on kinship relations. The employees feel at home working in the garage because their hours are flexible. They work in shifts, but they can switch shifts with other employees. Orders, critiques, and exchanges of words are kept to a minimum as they already know what to do. There is no formal division of labor. New orders always go to those who greet the customer first, unless they are occupied, in which case Rezky determines who takes the next order.

Talking about money is not taboo in the garage. Although the workers are his relatives, Rezky pays them all fixed salaries and gives them extra bonuses if there are more orders or an increase in profits, and on annual Islamic celebrations. Their salaries are generally paid each week in cash. Food and shelter are also provided by Rezky.

Besides the garage business, Rezky's parents also have rice paddy fields and chicken farms. The garage employees sometimes also help in the paddies and farms with no fixed salary since these are additional tasks. However, his parents also sometimes pay them a sum of money in return for their help.

Rezky sometimes also provides loans to his employees, even if they are not able to pay it back later. Firman said that he will continue to work in the garage because he enjoys working there and Rezky takes good care of him. Firman is the oldest child in his family. He works to assist his parents and to pay his little brother's school fees. When he is asked to help out in the rice paddies or on the chicken farms, he does so without any complaints or expectations about receiving additional money because he feels that he is part of the family. Whenever he needs extra money, Firman

asks Rezky for a loan. Rezky never refuses his requests. The repayment is deducted from Firman's weekly salary, but without any fixed amount. If Rezky thinks that it is sufficient repayment then he will stop making the deductions, even if the total wages deducted are still less than the money that Firman borrowed. Sometimes he even says that there is no need to repay the debt. Firman has a bank account but he never saves there. He always keeps his money under his pillow.

Juni is the youngest worker. He has been working since September 2012, following his graduation. His dream is to become a soldier. Working in the garage is a kind of temporary job for him after graduation. Like Firman, he also helps Rezky's parents with work on the farms and with other house duties. He receives a weekly payment and bonus just like the other workers. His only complaint is that he thinks sometimes he has to do more work than the other workers. Usually Mr. Rezky will calm him down, telling Juni that it is lucky for younger people to have more duties in order to develop experience.

Case 6: The Fried Shallot Business

Daeng So'na started her family business of buying and selling spices about 10 years ago. Dried spices, nuts, raw garlic, and shallots were sold to the territory of Papua (Sorong, Manokwari, and Nabire) where her brothers manage the business of buying and selling spices. Daeng So'na sends about 4 tons of dried herbs, 7 tons of garlic, and 4 tons of shallots per shipment per month. Payments are made through inter-bank account transfers.

Goods, especially shallots are purchased in cash and credit in Surabaya and Makassar. Daeng So'na has 10 assistants in Surabaya, 15 assistants in Makassar, as well as helpers at the port and local markets. Initially, she was helped by pak Sajung, Haji Sadini, and pak Sugiono in purchasing raw shallots from farmers. After a couple of years, she developed trust in them and let them do the procurement in Surabaya. She goes to Surabaya every week to spend one day inspecting the procurement process. Payments to these three assistants are always in made cash, as are payments to the shallot suppliers in Surabaya and Makassar. The shallot markets in Surabaya and Makassar are cash and carry markets.

Initially, raw shallots and garlic were sent to Sorong, in Papua. It takes about a week for a shipment to travel from Makassar to Papua, which was a problem because the shallots decayed quickly. For this reason, Daeng So'na processes some of the shallots into fried shallots. Surprisingly, there has been high demand for fried

shallots. The markets expanded to Manokwari and Nabire (both in West Papua), and therefore Daeng So'na asked her brother and sisters to become her agents in these cities. Now she has two agents in Sorong and one agent in Manokwari and Nabire. In a single day, Daeng So'na can produce as many as 100 kg of fried shallots. Shipments are made every week.

Daeng So'na is assisted by her children and many neighbors, about 10 people in all (Syamsinar and her daughter, Eka, Risma, Daeng Pone', Imas, Kasma, Baya, Puang Hayati, Marlina, Sulastri, Jusna, and Baharia). Syamsinar and Baharia have been working with her the longest. Their job is to peel, clean, and slice the shallots. Daeng So'na's husband is in charge of frying the shallot and Daeng. So'na does the wrapping herself.

Each employee is generally paid in cash based on the quantity of shallots that they peeled. Working hours are not fixed because they depend upon the arrival of the shallots. However, they have to do the job at Daeng So'na's house. As usual, the place of work, tools, and food are provided for by Daeng So'na. As the shallots do not arrive every day, neither does their income. The workers sometimes borrow money for their daily expenses from Daeng So'na. In general, repayment of these loans is deducted from their wages, but if the workers have more urgent needs then they can postpone repayment. There is no collateral or documentation for these lending activities.

Daeng So'na is well known in the neighborhood because her business provides job opportunities, especially for housewives. Coming and going from the job is very informal, such that the workers are still able to do their housework. In return they help Daeng So'na selflessly when she needs it. For example, when Daeng So'na held a wedding for her eldest daughter all of the activities of the wedding procession were handled by her neighbors.

Conclusion

Patron-client relationships still exist even in areas with intensive rural financial institutions in Makassar, Indonesia. From the sub-regencies of Pacinongan, Panakkukang, and Panampu, we selected 6 patron-client relationships, namely the sea cucumber divers, games centre, calfskin crackers, land plot selling business, garage workers, and the shallot business. The sea cucumber diving business has existed for two generations, while the others are more recent developments. The games centre is the newest and is run by students. All have similarities in terms of the informality of

the working situation regarding methods of recruitment, types of duties, working hours, and wages. In general, for each of these enterprises workers are paid a fixed wage directly related to the primary job or revenue-generating activities, with some additional wages related to extra jobs such as housework. Recruitments are based upon kinship relations, the origin of the business owner, and recommendations from existing workers, people in the neighborhood, and friends.

Patronage starts with recruitment of workers. Recommendations from existing workers, family ties (kinship), and friendship enable the business owner to meet potential new workers. There is no time frame to decide on recruitment. Workers could be directly recruited because of family ties and recommendations from existing workers, or recruitment could take some time because the business owner needs to ensure that the new worker will not disrupt the existing working environment. The importance of the work environment to workers is illustrated in their statements about the joyfulness of working as the most important reason why they stay at their jobs.

The relationship between patrons and clients extends from the main business activities to a variety of additional tasks, and in kind, rewards or bonuses. Since the workers also live with the business owner and the main activities on the job do not absorb all of the workers' time, the principle of willingness to help patrons expands the workers' duties. However, the owner does not just add to the workers' duties, but also offers rewards such as shelter, food, holidays, and payment for other unexpected expenses. This helps to develop a feeling of mutual dependence between the workers and the business owner.

Unregimented working hours, the informality of contracts, and the closeness of their living situations build trust between business owners and workers. Their relationships are characteristic not so much of employee-employer but rather of family. Even if there is an exact job description, because of the different skill sets of different workers, informality still maintained in the rewards/payment aspect of the relationship. Such informal relationships between the workers and the business owner are also observed in the case of relatively young business. Even though they do not live together, the kinds of duties that they perform are not always related to the main business.

The business owner becomes responsible for the financial needs of the worker in all of the selected cases. Together with the informality of the working relationship, lending and borrowing are also carried out informally. Even though the rotating

savings associations, local cooperatives, and banks are familiar to them, the business owner is still the workers' first preference when seeking a loan. It seems that flexibility and mutual help in arranging the loan and repayment are the keys to these preferences.

In the onion business and the games centre, banks (e.g. BRI, BNI) are used for savings and transferring payments. When the games centre business grows, the owner plans to employ workers with a more formal contract. Thus, when the informality and mutual help motives fade, the use of formal banks by both business owners and workers is likely to increase.

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