

## **Patron-Client Relationship in Microenterprise Development as a Cultural Heritage in Modern Era**

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### **ABSTRACT**

The development of small and medium enterprises has become the Indonesian government's priority to strengthen the national economy. Traditional society is a group which needs special attention since not all government's development programmes can be implemented and are suitable. Traditional society has its own experience in developing business such as the patron-client relationship. The patron-client relationship is one of the existing cultural heritages. Amidst views which considers the relationship exploitative, the pattern is still spreading in traditional society. This study shows that patron-client relationship is the best choice for traditional society since it does not erase their culture. In fact, it helps to develop and protect culture amid today's modernity.

*Keywords:* Culture, development programmes, microenterprise, patron client, traditional society

### **INTRODUCTION**

There are many studies on the rural economy. Generally, the research focuses on the agriculture sector because of its role in the rural economy (Eicher & Witt, 1964; Johnston & Mellor, 1961; Lewis, 1954).

The social-economic relationship formed in society is affected by their high work risk and unstable income. This is where the traditional form of organization or what is referred as patron-client relationship came into place.

Researchers have two different views on the client patron relationship, either as exploitive of clients (Bremen & Wiradi, 2004; Rustinsyah, 2011; Suryanegara & Hikmah, 2012) or as a form of social insurance or subsistence ethic. Suriadi (2005) stated this type of relationship is more beneficial compared to the microfinance organization

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or any government related programme or intervention. The patron-client relationship is considered as the most effective solution to guarantee the fulfilment of economic and social needs. The mountainous area in Suruhwadang Village was not a promising area for farming due to its infertile nature and lack of irrigation system. Many locals have moved to do poultry farming. Based on Blitar government's data, almost 200 tons of eggs are produced from that area alone every day. The people's economic condition has completely changed; most of them are no longer in poverty. The successful pioneers, as informal leaders with transformational leadership (Caesar, 2016) support them to start and grow their own business. The informal leader is chosen from that who has already made it, or successful in the business (Lukiyanto, Margono, Troena, & Noermijati, 2015). Those leaders became the patron or role model in the development of the poultry farming for others around them. There are factors contributing to the patron-client relationship as a social-economy organization in the community of poultry farmers in South Blitar. Their reason to become a client instead of being an independent farmer, as well as the interactions in the relationship are discussed in this study.

## LITERATURE REVIEW

The civil society's strength has a role in the development of national capacity (Sumarti & Saharudin, 2003). Those strengths include natural resources, economic resources, and

human resources. The governments and private institutions contribute especially for increasing the human resources' quality to overcome challenge in the development of the natural and economic resources (Nurliah & Grydehøj, 2014). In order to achieve the national development, a nation needs to be supported by its local capacity, which cannot be separated from the local cultures. The culture here includes the locals' behaviours as well as the organization or institution's system.

In traditional society, business development cannot be separated from local culture. For farmers in South East Asia, including Indonesia, prosperous farmers are the benefactors of the poor. Lipton, as cited in Scott (1994) stated that some routines in the village may seem unusual or strange but it serves as a form of covert insurance.

The traditional pattern of interaction is natural, informal, and personal, effective for the society to support their economic continuation and revenue in fulfilling their basic needs. The presence of security in physical means (safety), economic, and self-actualization socially in a community is affected by the interactions between social strata involving resources exchange (De Wit & Berner, 2009). The pattern present in the patron-client relationship, an alliance of two groups of community or individual that comes from different social status, power, or income, that places client in a lower position (inferior) and patron in a higher position (superior). Scott (1994), and Jarry and Julia (1991) stated that a patron is someone who is in a position to help his clients.

The type of relationship between patron and client is showed by attachment, moral and emotional responsibility, trust, and empathy. According to Auyero, Lapegna and Poma (2009); Dwianto (1999); Eisenstadt and Roniger (1984), the characteristics of the relationship are: (1) special – the individuals are involved in their own private matter and not in general matter; (2) private – the relationship is based on the interpersonal responsibility, represented by loyalty and reciprocity; (3) voluntary – someone can participate or leave the relationship voluntarily; (4) organized – informal characteristic means there is no legality or contract, but organized in symbolic tradition.

New studies revealed the existence and continuity of the patron-client relationship in various countries (Auyero et al., 2009; Kitscheld & Wilkinson, 2007). This relationship exists too among poultry farmers in Blitar. The presence of social insurance is very important due to the uncertainty in getting the desired result and capital needed for production. The patron-client relationship in the traditional poultry farmer community is a social innovation that exists and survives despite the appearance of more modern organizations.

For the traditional society, the patron-client relationship is an alternative that is viewed to be more effective and efficient (Masyhuri, 2000). The relationship is reciprocal in which both parties mutually benefit from each other, which strengthen their ties (Boissevain, 1966).

The patron-client relationship has a few characteristics, as cited in Scott (1994), as followed:

- Inequality of exchange - shows the difference in power, wealth, and status.
- Face-to-face interaction between the patron and client
- Diffuse flexibility - not limited to work relationship but also to the neighbourhood, hereditary, or past relationship; also shown by the exchange type that not only involves money or goods, but also resources and power.

Scott (1994) also explained that in patron-client relationship there is an exchange between both parties, lower rank farmers, and higher rank farmers, in whereby an individual with higher social economic status (patron) uses the influence and resources owned to provide protection and/or benefits by someone with lower status (client). In turn, the client pays back by offering general support and help including service to the patron.

A patron will bear all the operational needs before production time, which could reach tens of million rupiahs every month. It also means that the patron shoulder all the risks. However, there is no responsibility to support the daily economic needs of their farmers. The resources provided by a patron will be returned after the products come out. The farmer will give the patron some portions of their products, after using

a specific calculation to repay the production cost. If the farmer still has spare or excess products after the return, it will be counted as debt subtraction. This is where the negative perception towards the relationship pattern is noted. The price given to farmers is normally higher than the market price, while the production buying price by the *juragan* (patron) is lower compared to the market price.

Farmers do not mind sharing part of their profits with their patron because the norms in traditional society require them to do so. This reciprocal norm is the centre of the norms of behavior between individuals, as well as the key of subsistence ethics. The moral principle is rooted in the idea that people have to help others who have given them help before, or at least not to cause them loss or damage (Damsar, 1997). Scott (1994) stated that the principle means to tell people that any given gifts or services endows the receiver with a responsibility to reciprocate, to give back to the giver, at least with the same worth or value in the future. The responsibility of paying back is a moral principle for any type of relationship, between the individuals.

## MATERIALS AND METHOD

This research investigates patron-client relationship pattern among poultry farmers in South Blitar. The study uses qualitative method and data was collected from the selected key informants. There are two patrons and eight clients included in the data collection. To be selected in this study, each

of the informants had to have the following criteria:

**Patrons** – the locals who are considered as an informal leader; who have successfully run the business for over ten years.

**Clients** – the locals who run a business and following the patron-client pattern; who are dependent to their patron in all things related to business; and who have been running the system for over three years.

The descriptive study was used to gather information. According to Kothari (2004), descriptive research can be adapted to gain information on the behaviours or characteristics of a situation and relationship between people and things. It is used to identify the patron-client relationship pattern and the farmers' activities in poultry farming by implementing the relationship. Primary data was collected through observation and interviews. Observation was done for a period of three months. The researcher was present and followed the daily activities of the farmers in the community in South Blitar.

Secondary research on the patron-client relationship was done through literature study.

## RESULTS AND DISCUSSIONS

Local economic development is more effective if community development focuses on creating job fields and income for local citizens (Yusman & Sutara, 2003). The daily

job activity in South Blitar was dry land farming and later poultry farming. Of 2,459 local citizens of Suruhwadang Village, the total number of farmers is over 1,400, of which four are big farmers, normally called *juragan*, based on patron-client relationship. Two of which were willing to be involved and serve as informants in this study. It was noted that from them both, there are total of 725 farmers as their clients.

There is no work or written contract on the cooperation between the *juragan* and the client farmers. The awareness to grow together is encouraged by the spirit of helping and collaborating with each other, based on local culture. Trust is the key word of this collaboration.

The beginning of the collaboration actually started through knowledge sharing, when a farmer came to the *juragan* and expressed his interest in chicken poultry farming, and the *juragan* explained and shared the farming technique as well as all of the benefits and risks. That process is made possible because of the farmers' relationship. When the farmer first came in, they did not come as a business partner, instead, they were considered a friend or neighbour who just wants to exchange ideas or looking for information related to farming. Additionally, the *juragan* is not trying to make the farmer their client. However, if the farmer is interested to become a client, he will guide and teach

them. Thus, the patron-client relationship is formed voluntarily.

One of the client farmers shared his first experience:

*" I was actually able to work by myself, but because of no experience, I have fear. Eventually, I decided to go with a juragan. The seeds, the feed, medicines... he bought for us. ... Selling the eggs is also entrusted to them, so it will be easier and not complicated from having to look for a seller. If juragan takes some benefit then it is alright, they also have to work. In fact, it is better for me, if I do not have enough money to buy feeds or other stuff, I can borrow money first and pay back later once the eggs are sold."*

All farmers had similar experiences.

This pattern is the same as the patron-client pattern in general. The business relationship is not planned from the beginning, it just happens naturally and supports the patron-client relationship pattern theory by Scott (1994). At first, the existence of face-to-face interactions, even though this relationship is instrumental, in which two parties consider loss and gain, the closeness factor in the relationship exists. Secondly, the bond is flexible in nature (diffuse flexibility).

***Juragan* (patron) – farmer (client)  
relationship pattern was not built in  
pure business behavior**

The relationship is not built solely for business purpose. Profit and loss are only a part of the work relationship and not the end purpose, as stated by a *juragan*:

*“I did take some profits from the farmers, but the profit actually would be bigger if I do my own farming. Just imagine, first, I already have to put out some big capital, and that will only be able to be paid back by the farmers starting on the sixth month only. How much do you think it is if you count it with the interest charge like in a bank? However, since most of them are relatives and friends, what to do. The most important is that I do not suffer loss and still get a bit of profit. Nonetheless, we have to be sociable, help each other, it's not always about profit-loss.”*

Field data shows *Juragan* gets the profit from the price gap between the feed's price and egg's price. *Juragan* can buy the feed with a lower price and sell the eggs with higher price due to the high volume of transactions. The farmers enjoy the price decided by *juragan* with some profits for *juragan*. From the data obtained, it can be presumed that the *juragan*-farmer relationship is a form of partnership initiated by Javanese culture to help each other and

develop society rather than putting emphasis on profits.

***Juragan* (patron) – client (farmer)  
relationship pattern is very risky to  
fraud**

Masyhuri (2000) and Suriadi (2005), clients were assumed to be victims of exploitation arising from the inequality in resources ownership. All farmer informants agree that the relationship gives them more benefits than costs. One informant who has tried to leave the *juragan*-farmer pattern shared his experience:

*“Once, I got out of the partnership with juragan and became an independent farmer. I thought we were gaining loss from it. Juragan earned profit from the feed's sales, also from the egg's sales, and I thought we're suffering a loss. Turned out I was wrong. ... After a year, I tried to calculate the result and I found out I did not profit from it. Therefore, I had no choice but to go back to juragan, even though I was kind of ashamed.”*

This indicates clients do not feel exploited. The absence of binding contracts, collateral, and direct supervision, means farmers can indulge in fraudulent activities. One of them revealed about it with irritation in his tone:

*” Their lifestyle is often crossing the line. They only want to live well.*



*All the things they want they can buy, does not matter that they still have debts. Sometimes they would buy unnecessary things just to look cool.”*

The farmer's position which is more controlling compared to the *Juragan* is acknowledged by all informants. The *juragans* agreed that the clients are the ones who obtain more benefits from the relationship. The accessibility of information provided by the *juragan* helped the clients know the recent market price. Therefore, the *juragan* can no longer set a price (e.g. eggs' price) that is too high. In contrast, the clients can easily manipulate the price through negotiation with the seller to sell their products without the *juragan's* knowledge. When confirmed with the clients, the low level of supervision enabled them to maximize their profits. On the other hand, they also admitted that the financial increase they have gained from their poultry farming business cannot be separated from the kindness and guidance of the *juragan*.

Based on the collected data, it can be concluded that the relationship between the farmer and *juragan* is very vulnerable to cheating or fraud on the part of farmers. Nevertheless, the awareness of the culture becomes the moral principle that has managed to control or limit the existence of fraud. Obedience to God also works as an important reminder to not cheat.

## CONCLUSION

Based on the data analysis, two interesting conclusions were obtained. The *Juragan* (patron) – farmer (client) relationship pattern is a business pattern formed based on the Javanese culture of helping each other in the society proved to be effectively used in the development of rural community enterprise.

The *Juragan* (patron) – farmer (client) relationship pattern is vulnerable towards fraud from the farmer side. The result shows the client as being exploited, in fact, *juragan* is actually in a weaker position.

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