

ON SUSTAINABILITY AND VULNERABILITY OF SMALL ENTERPRISES: BETWEEN NATURAL DISASTERS, ECONOMIC POLICY, AND SOCIAL ENVIRONMENT

The concept of vulnerability of enterprises refers to two conditions, the availability of adequate resources and mechanism in minimizing risks or shocks that may be faced by an enterprise and the level of resource quality owned by enterprises to effectively cope with the risks and shocks. An enterprise is vulnerable if it does not have any adequate resources and mechanisms, both internal and external, to encounter risks and shocks. Every economic activity contains risks and potential shocks, and the level of risks and shocks are determined by various factors. The difference between a risk and a shock is that a risk assumes that the actor has any understanding about the arena they are entering and awareness about the options available, while shock is a more unpredictable event. In understanding the vulnerability of small enterprises, sources of risks and shocks could be divided

into two categories, the social-economy source and the environmental source. The social-economy source comes in the form of economic crisis, policy changes, and resources scarcity. An example of environmental source is natural disasters. Any shocks experienced by small enterprises could destroy or reduce their ability to sustain. This can be seen, for example, in the article written by **Dani Hamdan**, "The Condition of Small Micro Enterprises in a Region Struck by Natural Disaster", which looks at the small pottery industry in the sub-district of Pundong, Bantul, DI Yogyakarta. From his field exploration, Dani Hamdan found out that the earthquake did not only destroy businesses physically, it also disturbed the distribution of input and output materials. The dependency of small industries on local raw materials and human resources complicates their effort to re-

build their businesses without help from outside. The earthquake has made it difficult for small businesses to collect their raw materials and their workers, because all of them are affected by the disaster. Besides, the fact that some business used their own home as a place for business made thing worse because the earthquake did not only destroy their homes but also their base of business. It can be said that those small businesses, victims of the natural disaster, are in the condition like the saying 'setelah jatuh, tertimpa tangga pula' or 'after falling, struck down by a ladder too'.

Still related to natural disaster, an article by **Yuni Pristiwati** entitled "The Recovery of Small Micro Enterprises and the Strengthening of Women in Disaster Struck Region" focuses on the impact natural disasters on the condition of women in small and micro enterprises. Double burden experienced by women because of her gender roles in society become more obvious when disaster hit their business. Natural disasters did not only cause difficulties for women as victims but also added more burden on them. Disaster is an important factor in affecting the degree of vulnerability of small enterprises run by women. However, Yuni Pristiwati assures that women, either

as small entrepreneurs or as a member of a household, are the strongest figures in managing and rebuilding their business. Therefore, there should be some special programs targeted to the recovery of small enterprises run by women.

Dede Mulyanto's article entitled "A Sociological Frame in Understanding the Impact of Natural Disaster on Small Enterprises" focuses on several important variables in social analysis of the impacts of disasters. First, disaster is related to the level of vulnerability or sustainability of enterprises. In the vulnerability framework, natural disaster is categorized as a shock that directly affect the ability of enterprises and the entrepreneurs to cope with the shock. The ability to cope is determined by the availability of any extra capital, both in terms of financial capital or social network capital. The actors in small enterprises are also a member of a collection. Natural disasters, different from other sources of instability for enterprises, affect these actors not only as their role as entrepreneurs but also as a members of a household, as a member of a kin, and also as a member of a neighborhood. On this ground, research on disaster impacts should also focus on the social-culture arena where these actors are located.

As Dani Hamdan and Yuni Pristiwati discuss the impact of natural disasters on small enterprises in the area of disaster, **Deni Mukbar's** article, "The Pulse of Small Enterprises in the Traditional Market in the Pressure of Hypermarkets" focuses on an 'economic disaster' experienced by small enterprises, which comes in the form of the growing number of the modern retail market such as supermarkets and hypermarkets among the traditional markets. The traditional market is a place where retail traders run their business. It is said that the growth of modern retail markets that reached residential areas has made them a competitor to small retailer owned by individuals and that this modern retail can end the business of small retailers. Therefore, the arrangement mechanism is seen as an important tool to maintain a balance and healthy competition among retail enterprises, especially between hypermarkets and small traders in traditional markets.

It will be easier to understand Deni Mukbar's argument if we also read the book review section, where **Muhammad Kholikul Alim** reviews a book by El Fisgon entitled "Menghadapi Globalisasi: Kiat Gombal buat Pengusaha Kecil" published by Marjin Kiri in 2006. The review describes that in the social formation of global capitalism,

small enterprises are vulnerable to be destroyed by the power of large capitalists who enter their market. The sustainability of small enterprises is only possible when their products serve the basic need of working class. In other words, small enterprises survive not because of their good level of sustainability, but because they are needed by capitalist system to take care and to reuse the surplus of labors which in turns will be absorbed by the large capitalist.

The vulnerability level of small enterprises, according **Thee Kian Wie** in his article entitled "Economic Policy and the Sustainability of Small Medium Enterprises in Indonesia", should also be viewed from the aspects of governments' policy. Thee argues that policies oriented towards 'prosperity' will only weaken small enterprises so that they would not have the capability to compete when, for example, the door to competition are opened or when their business have to enter the export market with higher level of risks and shocks. Thee argues that there is a need to change the orientation of our policy in small enterprises, from being only a part of a 'poverty alleviation' effort to policies that encourages the strengthening of small enterprises' sustainability in coping with the risks in various arenas or

in new conditions. It is time that policies for small enterprises are aimed to not protect small enterprises from competition but to institutionalize competition itself. Aside from minimizing monopoly in the hands of a few actors and preventing discrimination towards actors who do not have any special connection with policy makers, institutionalizing competition would also increase the capacity of business in participating in competition.

A history of the development of small business in Vietnam is described by **Nurul Widyaningrum**. In her article entitled "A Glance to Our Neighbor: Small Enterprises in Vietnam", Widyaningrum describes the rise and fall of small business in Vietnam's economic history before and after the communist revolution took over. Her article also discusses the recent conditions of Vietnam's small businesses. In a nutshell, her article wants to encourage us to learn from case of Vietnam, by pointing out that small micro enterprise has an important role in the time of transition from a centralized economy system to the market economy system. Although there is debate on the role of *Doi Moi* in the growth of this private sector (whether *Doi Moi* foster the growth of small business in Vietnam or vice versa), *Doi Moi* serves as an acknowledgment from the Vietnam

government about the existence of informal private enterprises. The informal sector in Vietnam has become the source of small and medium enterprises' development in Vietnam and has an important role in fostering the economy of Vietnam. However, a deeper observation on the conditions of the small enterprises shows that small enterprises in Vietnam still face obstacles and constraints. Aside from "classic" constraints such as access to capital, constraints also come from the approach of the Vietnam government towards small enterprises. In a centralized economic system, the nation's enterprises monopolize all economic activities, thus hampering the growth of the small enterprise sector. In a market economy system implemented today, the government of Vietnam is considered as providing more facilities to foreign entrepreneurs than to local entrepreneurs.

Far from the discussion at the macro level, in a "report from the field" entitled "The Network of Women' Small Enterprises and the Sustainability of the Household Economy", **Dian Widyaningsih** shows that the social network owned by the owner of small business serves as an important element in sustaining their business. By joining in an organized network, several "classic" and general problems,

such as problem in accessing capital, which results in the dependence on creditors or loan sharks, can be solved. This organization of entrepreneurs can also serve as the place to develop their skills and to obtain business information. At its best, this group can help small business in influencing policy-making process at the local level in creating supportive

policies for small business development. In essence, an organization as a knot for social network of entrepreneurs is an important factor in developing the sustainability of small business to cope with potential shocks.

[Editor]



