

TELKOM AND RADICAL BEHAVIOR: FILLING TIMESPACE OF CORPORATE

GLOBALIZATION (GIDEON M. LAPIAN & IDHAM B. SETIADI)

*There are two related crises in today's world. The first and most visible is the population/environment crisis. The second, more subtle but equally lethal, is humankind's relationships to its extensions, institutions, ideas, as well as the relationships among the many individuals and groups that inhabit the globe (Edgar Twitchell Hall, 1976 in **Beyond Culture**).*

I

At the time we set out to write this paper, one of the radical behavior we had in mind was the "silent" June 1998 Demonstration of employees at the headquarters of PT Telekomunikasi Indonesia Tbk, or TELKOM, Indonesia's public telephone operator, in Bandung, who were next to the implementation of the joint-operation scheme between TELKOM and Aria West International. When we actually went to write down our ideas, an even bigger demonstration occurred: about 2,000 employees marched to Indonesia's House of Representatives, against the plan to exchange the ownership of the Region IV Division with the ownership of a substantial portion of PT Indonesia Satelit Tbk's stake in several other companies. The world is changing, as so many scholars have informed us, and Indonesia, especially its corporate sector, is a splendid example of the speed and relentlessness of that change. Whether during this period of change people actually detect, analyze and overcome Hall's abovementioned second type of crises, however, is questionable.

The June 1998 Demonstration is already interesting since the protests occurred shortly after the breakdown of Suharto's New Order regime. Yet, what is even more fascinating is the fact that at the same days, the price of TELKOM's stock, both at the New York Stock Exchange and the Jakarta Stock Exchange, actually increased.

Can one argue that the two events were related? Corporate leaders of TELKOM might have wished that that was the case, since raising the price of TELKOM stocks has been a part, if not the core, of the company's corporate

strategy to overcome the Asian Crisis.¹ Even the employees, who own a small portion of TELKOM's shares, could have worked out a scenario to challenge the possible downturn of stock prices in the light of a possible loss – due to loss of operational control in the Regional Divisions which were subject of a joint-operation scheme.

Then again, one could also argue that corporate culture was at work in June 1998. Sovereignty is one of the basic assumptions held by employees of TELKOM and widely publicized through its company profiles and annual reports.² Protests against amputation of parts of TELKOM's operation could thus mean resistance toward means of changing this assumption. It follows, if the stockbrokers who bought into the company were aware of the cultural paradigm and TELKOM's corporate culture then they must have been counting on TELKOM to finally become stronger. This explanation, we admit, is taking quite a long shot, yet worth mentioning since it brings up the notion of cultural leadership.

During June 1998, TELKOM's CEO was, again, under severe pressure by the Minister for State-Owned Companies to leave his position.³ Employees could have sensed a lack of leadership – and not just any kind of leadership but one that would, somehow, guide the company out of troubles into a brighter future – and took matters into their own hands. It must be said that this kind of cultural leadership is not unfamiliar to employees of TELKOM who have been involved in identity politics from time to time.⁴ Therefore, it would also be possible for a stockbroker who is familiar to TELKOM's history to interpret June 1998 as one positive sign of leadership in the midst of an economic downturn.

Speculating is not in style among anthropologists. It is, though, a popular sport of stockbrokers, and that is one reason we brought up the

¹ This strategy was formulated in late 1997 and implemented since 1998. However, it was announced much later, in the 2000 Company Profile of TELKOM.

² See especially the 1995 Annual Report and the 2000 Company Profile.

³ Author's interview with Major General (retired) Asman Akhir Nasution, former Chief Executive Officer of TELKOM.

⁴ Setiadi, Idham B., *How TELKOM Muddled Through Modernity* (unpublished paper, National University of Singapore, 2000).

abovementioned explanations of the June 1998 Demonstration in our discussion. Another reason is that we wanted to introduce the importance of correlations that go beyond traditional boundaries of anthropology. What we want to achieve in this paper is notifying Timespace as a crucial concept in the understanding and explanation of corporate behavior, and the detection of the Corporation's predicament as the central institution of the modern world-system.

II

We believe that what links the actions of TELKOM's employees and stockbrokers in Bandung, New York and Jakarta is best seen as corporate globalization.⁵ A certain focus on the corporation – how TELKOM develops, how it performs, how it is positioned in society, etc. – is the common denominator. Globalization – the process of crossing geographical as well as territorial boundaries – is the impulse that brought both the employees and the stockbrokers to compel TELKOM.

The question here is how do we perceive corporate globalization in such a way that, simultaneously, gives meaning to the actions and provides a basis for explaining the relation between them. What we need is framework that takes into account both culture and political economy.

The world-system analysis is such a framework, as it represents both culture and world's dominant political-economic system. Immanuel K. Wallerstein, who started the analysis of the modern world-system, believes that world-systems are culture and that the culture of Capitalism is the superstructure of the modern world-system. Inter-state and inter-economy relations, crossing zones of importance to the survival of the system, are reproductions of this culture;⁶ the corporation – evolving from its archetype, the American corporation – is the most important institution of this culture.⁷

⁵ Among the various definitions of globalization, we find corporate globalization extremely appealing because of its

⁶ Wallerstein, Immanuel, *The Age of Transitions*.

⁷ McDermott, J. *The Corporate Society*.

What interests us most in the world-system analysis, however, is another of its central concepts, which is timespace. This concept is an attempt to capture the dynamics of societal life, taking into account radical behavior in the manner of Quantum Physics' Chaos Theory.⁸ It is the context of cultural understanding, dissecting life into long-term, medium-term, and short-term cycles, providing basis for explaining action in terms of relationships.

How then would a modern world-system analysis understand and explain the actions of the employees and the stockbrokers? We argue that one way is by starting – not ending – with timespace, since then we can safely say that both the employees and the stockbrokers were timing their actions within the temporality of TELKOM. They all were seizing the day, *carpe diem*, to create value, but focusing on the corporation. They were filling the timespace of the modern world-system; they were involving in corporate globalization, making it real, and reproducing Capitalism.

In the sense that they created value, manifesting ideas into actions that formulate values, one can compare the employees with Semaoen and the stockbrokers with Sneevliet, who created movements in the early 20th century Java.⁹ Radical behavior was necessary, so to speak, to underline the existence of the corporation – or nation, in the context of Semaoen and Sneevliet. It was important, because the corporation, and not only TELKOM but indeed the Corporation as Capitalism's central institution, was and is in a crisis.¹⁰

III

Mega mergers and acquisitions around the globe put forward the names, not the corporations, of AT&T, ING, etc., undermining the sovereignty of the Corporation itself. In a return to the trust building of America's Robber Barons, corresponding with a revisit of depression economics, but on a

⁸ Wallerstein, Immanuel, *SpaceTime as the Basis of Knowledge*.

⁹ Shiraishi, Takashi, *Zaman Bergerak*.

¹⁰ McDermott, J. *Corporate Society*.

global scale,¹¹ a long-term cycle closed.¹² TELKOM's ten years of existence was certainly no match for this duration of 500 years of Capitalism.

Incorporated in 1991, TELKOM is the descendant of PERUMTEL that, in turn, was the inheritor of PTT. From the start it was muddling through modernity, grappling with images and attributes to form a modern identity while struggling financially to make ends meet as a modern organization. Its people, the employees, to be sure, had an identity of the "telecommunications people" beforehand, but that identity was one they had to do away with because it was politically incorrect in the time of Suharto.

The identity of "telecommunications people" was created in the early years of the PTT and hardened during the Old Order era. It emphasized control over technology, thus progress, awarding an area of timespace to Indonesian telecommunication workers to elaborate their feelings of sovereignty.¹³ Radical behavior was not the exception: the Communist Musso founded its labor union and organized several strikes in 1917;¹⁴ Soetoko led workers into a frontal confrontation with the Japanese and "liberated" PTT in 1945;¹⁵ Sabarsoediman went ahead of 5,000 workers to help "free" Irian Barat;¹⁶ and Nasution directed TELKOM to become a public company in the name of privatization, against the World Bank scenario that envisioned three regional companies operating like the "Baby-Bells" in the USA.¹⁷

Unity was a keyword at PTT and PERUMTEL, reflecting the urge to unify the Indonesian archipelago and to fuse all functions within the organization. With the incorporation of TELKOM, the meaning of unity shifted towards

¹¹ Krugman, Paul, *The Return to Depressions Economics*.

¹² Wallerstein, Immanuel, *The Age of Transitions*.

¹³ Setiadi, Idham B., *How TELKOM Muddled Through Modernity*.

¹⁴ Directorate General of Posts and Telecommunications, *History of Posts and Telecommunications: Vol. 1 Pre-Republic Era*, p. 113.

¹⁵ Directorate General of Posts and Telecommunications, *History of Posts and Telecommunications: Vol. II Independence War Era*. p.

¹⁶ Directorate General of Posts and Telecommunications, *History of Posts and Telecommunications: Vol. IV Guided Democracy Era*. p. 33

¹⁷ See Scherer, Peter, *Telecommunications*

balancing the needs of gaining profits and of acting as an agent of development. This shift caused uneasiness among the people with “telecommunication people” identity that felt their sovereignty was at stake.¹⁸ It was a feeling that had rock-solid ground.

In 1986, prior to TELKOM, a World-Bank report recommended liberalization of the telecommunications sector to the Government of Indonesia. This report was followed with substantial loans to improve the infrastructure. Based on the idea that 1 percentage-point improvement in a nation’s telephone density equals a 3 percentage-point growth of the nation’s economy, hundreds of thousands – nearing a million – telephone lines were laid yearly, by an organization that formerly worked with an average yearly production of 47,000 lines.¹⁹ Slowly, but firmly, the Bank pushed the government to privatize the sector.

On 21 September 1991, PERUMTEL was finally privatized and became PT Telekomunikasi Indonesia (in short, TELKOM). However, there was a difference between the Bank and GOI/TELKOM about the future of liberalization. The Bank wanted to see competition and therefore a split-up of the single PTO TELKOM. GOI/TELKOM wanted TELKOM to sell its shares to the public. After several rounds of negotiations and a change of telecommunication ministers and TELKOM directors, a deal was cut: privatize TELKOM, yet prepare competition through the introduction of joint-operations partners.²⁰ During this process and beyond, the Telecom people’s sovereignty suffered: the future was no longer in “their hands”.

IV

On 18 June 1998, feelings of anger, frustration and disbelief in the system surmounted. Employees of Regional Division III that were forced to cooperate with Aria West International under the joint-operation scheme sneaked to TELKOM’s headquarters in Bandung, West Java, very early in the morning. They were protesting – silently – against the 17-point memorandum of understanding to be signed by TELKOM and Aria West,

¹⁸ Author’s interview with A.A. Nasution.

¹⁹ Parapak, J. *Telecommunications*.

placing posters and banners at the building's main gate. They thought it would harm the future of telecommunications in Indonesia – and, of course, their own future.

Then CEO of TELKOM, Major General Asman Akhir Nasution had a meeting with his head of security – a retired Army officer. The two old soldiers discussed the situation with one problem in mind: how to crack the demonstration? A simple answer was found: find their leaders, give them a choice to either stop the protests or leave the company, but provide the message in a way that raises nationalistic emotions.²¹

Classic, some observers would say, but given the timing – just after Suharto's fall – the nationalistic jargon worked wonders: not only did the employees take a quick bow and called off their demonstrations, but also did they sign a letter in which they agreed to uphold TELKOM against any kind of disturbances that would jeopardize the sovereign operations of telecommunications in Indonesia. So much for their fifteen minutes of fame; the demonstration eventually was cracked.

Seen from afar, the whole event was more like an initiation rite, where the demonstrators were brought into the "inner circle" of nationalists at TELKOM. However, we did not see the demonstration leaders to become managers or were awarded other important positions within the strategy making at TELKOM.

What we did see was a revitalizing of ideas that marked the history of telecommunications in Indonesia – or the archipelago for that matter. Among the many, one is extremely illuminating: "one Indonesia, one telecommunications" that surely underscores the notion of sovereignty. Under other names, this idea was manifested several times through the abovementioned events in the Dutch, the Japanese and the Old Order

²⁰ Author's interview with A.A. Nasution

²¹ Author's interview with A.A. Nasution

times.²² What made it unique at the end of the New Order was the fact that "one Indonesia" was changed into "one TELKOM".

This does not mean that here we can talk about a corporate culture in action. On the contrary, if anything, we could talk about a corporate culture in the making, with the employees using a jargon much older than TELKOM itself. However, the fact that top-management cracked, rather than supported, the demonstration advises us against taking that stand.

It would also be difficult to talk about "cultural" separatism, since the goal of the demonstration was to show that the employees wanted to become reunited again with TELKOM. As TELKOM's Vice-President for Public Relations put it: "*Itu sih bukannya unjuk rasa melainkan unjuk cinta terhadap TELKOM*" (This was not a demonstration of uneasiness against but a display of love for TELKOM).

Here we need is a common platform of action that goes beyond the corporation, crossing boundaries of "eras", but at the same time provides focus to illuminate the actions of the employees. The first question to ask ourselves, thus, is not how to understand this behavior but where to place it: within the corporation, the local environment or the nation. Another, correlated kind of radicalism will make this point clearer.

v

During the June 1998 Demonstration, which was covered by national and international media, the prices of TELKOM's shares were in an upward trend. The prices went up from a lowest level of Rp 2,500 per share to Rp 4,000 per share, starting in early May, a few days before the May 1998 Riots and the fall of Suharto. While it is common practice to talk about a negative impact of social upheaval on stock markets, we can also question whether the capital market participants overlooked the unrests of the May-June 1998.

²² See the several volumes of the abovementioned *History of Posts & Telecommunications*.

What we can safely say is that participants use every kind of new information to anticipate and make decisions about share prices. Ideally, the market will react through several, but certain ways: by processing the information through mathematical calculations based on economic fundamentals, by interpreting the information in the light of perceived socio-political situations, or by looking for contrary opinion usually through interviewing insiders of the corporation which stocks are at stake. As a whole, the decisions of the brokers will define the trend of a certain corporation's share prices.

What is interesting here is that in May 1998, TELKOM had just reported decreased profits for the fiscal year of 1997, which is actually not a good sign for its share prices. In early June, TELKOM reported losses for the first quarter of fiscal year 1998, due to foreign exchange loss based on the heavily depreciated Rupiah. In such a case, it is common to say that the corporation's fundamental valuation is weakening. Why then did the stockbrokers buy TELKOM's shares? Was there something more important than the fundamental valuation?

It is tempting to look for a cultural explanation when actions contradict common sense. One of such an explanation is the notion of "market sentiment", an uneconomical expectation of people involved with the capital market, in which a certain share is perceived "sexy" or, on the contrary, a "flop". Usually this sentiment starts with a "market star", a "big player", or a "super broker" (*Bandar*) trading a large amount of shares rather hastily and then continues with a group of followers.

However, in the case of TELKOM's shares, one can also use a more earthly appropriate. Political and social instability affected the valuation of the Rupiah negatively and this, in turn, opened the opportunity of arbitrage trading, buying shares in Jakarta and selling them with a profit in New York. With a constant level of prices both in Jakarta and in New York, this trading would provide substantial profit.

Here the action of the brokers can be defined as radical, since the valuation of TELKOM's shares had nothing more to do with company itself; it

was merely based on behavioral finance. If the Rupiah falls quicker than the price of TELKOM shares at the New York Stock Exchange, if GOI could not support TELKOM any longer so that a divestation would be inevitable, than the shares – and not the company – are worth “holding” albeit for only a short time, just long enough to sell them again when the price is right.

Viewed like this, the actions of the brokers must be seen as parts of a collective, rather than individuals, since they were acting in concert, as one large unity – a herd if you like – to buy TELKOM’s shares before, during and after the June 1998 Demonstration. Furthermore, in relation to the price level of TELKOM’s shares, their actions were based on radicalism.

VI

What we want to say with these two related illustrations is that we have to recognize that the actions of the employees and the brokers were related, not in a causal way but as parts of a larger system. In the case of TELKOM in June 1998, the employees and the brokers, both as a collective, took advantage of mediation, filling timespace with actions that transcends borders, within the organization, between the organization and its environment, as well as across markets and national economies.

This timespace is not just any other timespace. It is the timespace of a dying historical system; a time of bifurcation, when small inputs have large outputs as opposed to times of the normal development of a system when large inputs have small outputs. Wallerstein repeatedly calls it a transformational timespace,

When an historical system has exhausted its mechanisms of equilibrating itself, has used up the efficacy of the cyclical rhythms, has gone sufficiently far from equilibrium that the oscillations have become relatively wild and unpredictable.²³

²³ Wallerstein, Immanuel, “Uncertainty and Creativity”

Timespace has multiple social constructs, and the social constructing of reality is a social, not an individual, process, constructed over structural Timespace and varying over cyclico-ideological Timespace.²⁴

The New Order was a cyclico-ideological Timespace, so was the Old Order, the Japanese occupation and the Dutch colony. However, the structural Timespace important in this discussion is not the structural Timespace of regimes and governments, but that of Capitalism. The corporation as a reality in Indonesia was constructed from the emergence of the Dutch East Indies Company, the VOC, to the times of TELKOM's incorporation.

When the financial crisis of 1997 finally showed that GOI could not lead the way to overcome the economical hardships and that Capitalism could not equilibrate itself, further bifurcations emerged. One was the June 1998 Demonstration which opened a "window of opportunities" to the stockbrokers. This does not mean that because of the protests stockbrokers bought into TELKOM. What it means is that the activities brought the awareness that something can be done with TELKOM and will benefit the those who take the first step.

Seen in the light of transformational Timespace, the employees' protests in 1998 were different to those of 1917 and 1945. The earlier demonstrations had little effect on the trajectory of the industry; the impact, so to say, was localized within the company. However, the June 1998 Demonstrations found repercussions throughout the industry, which has been dominated by capitalists, and not the company, which, by the way, makes it inappropriate to speak about a corporate culture in action.

Also within the light of transformational Timespace, the brokers' buying action indirectly formed a manifestation of what has been called global capitalism. Through their actions, they signified and crossed boundaries of a community, which is the community of global telecommunications. This community is not alike an industry where standards can be set through

²⁴ Wallerstein, Immanuel, "SpaceTime as the Basis of Knowledge"

representatives and representation itself is a keyword; it is an aggregate of common interests and a sphere of continuous transactions.

Pushing this argument further, we can say that the brokers were acting like telecommunications specialists when forecasting the future of TELKOM's shares; on the other end, the employees were acting like capitalists when they silently protested against – in their eyes – the rip-off of TELKOM. What we see in the light of transformational timespace is a community in the making – a community where imagination and reality coincide.

VII

This notion of community brings us to another notion about today's corporate behavior and that is the importance of mediation. Within transformational timespace, the corporation of TELKOM has failed to provide certainty to both the employees and the brokers. This failure, in turn, provided an impulse to take matter into their hands. In the case of the employees it was the demonstrations; with the brokers it was the prompt buying – and eventually selling – of the company's shares. In June 1998, we saw the reduction of TELKOM to become merely a piece of cloth – the protest banners – and pieces of paper – the shares.

This crisis of the corporation has been recognized in the USA and other countries, yet always in correlation to particular geopolitics. What we tried to show through this paper is that cultural emphasis – at least in the corporate world – has shifted: the focus is now on economical "fields", such as telecommunications. Communities have emerged within these fields and telecommunications, worldwide, has become such a community.

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