

Index

“Bapak Angkat” scheme, 204
“bribe rates”, 315
“domain of trade”, 15
“Foster Father” scheme, 162, 170
2004 Decree on Temporary Working
Agreement or *Pekerjaan kerja
Waktu Tertentu* (PKWT), 70

A

absorptive capacity, 148, 151
access to credit, 86–87, 90, 99
access to electricity, 122–23, 125, 129
access to finance, 165
access to information, 148
access to infrastructure, 111, 113–14,
117, 128, 130, 135
access to irrigation, 127
access to technology, 167–68
access to telecommunications, 126
administration time, 255
administrative ineffectiveness and
inefficiency, 235, 239–40
age, 10, 54, 56–57, 60–64, 66
Agency for Assessment and
Application of Technology
(BPPT), 161–62
Agency for Industrial Research and
Development (BPPI), 161
agricultural growth multiplier, 26
agricultural linkages, 34

agricultural sector, 44–45, 51
agricultural sector growth, 42–43
arisan, 61, 65
assistance programmes, 174

B

backward and forward linkages, 26,
28, 35
backward linkages, 167
Bank Rakyat Indonesia (BRI), 165
banks provide credit to SMEs, 175
Bapak Angkat scheme, 202
BKPM, 213
BPD, 105–06
BPN, 102
BPRs, 105
BPS, 53, 97, 145, 147, 162–63, 166,
171–72, 202, 313
BRI, 101–02, 105–07
bribery, 240–41
building licence (IMB), 10
bupati, 67, 249, 280–81, 284, 306
business development services (BDS), 167
business perceptions, 307–12
Business Registration Certificate
(TDP), 10

C

capital assistance, 169, 173
capital goods, 20, 140, 149, 154–55

capital market, 148, 218
 capture practices, 253, 257, 262
 certificates for the land, 101
 clustering, 20, 160
 clusters, 160–61, 175, 217
 collateral, 19, 94, 97–98, 101–04
 community facility, 60, 62–65
 competition, 20, 192–223
 compliance costs, 21, 234, 237, 240
 computable general equilibrium
 (CGE), 32, 37
 constrains to credit access, 86–109
 constraints faced by households and
 firms, 93
 consumption linkages, 26–27, 32, 34, 43
 contract workers, 70–71
 corporate conglomeration, 210–11
 corruption, 21, 235, 240–42, 247,
 265, 278, 280, 308–12, 314–20
 credit constraints, 19, 87, 90–97
 credit problems, 103
 credit, 16–18, 86–87, 95, 97–101,
 103–04
 cumbersome and onerous business
 regulations and restrictions, 164–
 65

D

Debtor Information System (DIS), 101
 decentralization reforms, 246–47
 decentralization, 246–47, 249, 252–
 53, 255, 258–59, 262, 264, 270–
 71, 274, 284, 288
 deficient institutions, 264–72
 deletion programmes, 157–58, 204–05
 demand, 15–17
 demand-pull motivation, 55
 demand linkages, 17, 24–49
 diffusion, 17, 19–20, 61, 140–91
 distortionary taxes, 258
 distress-push motivation, 55
 distribution linkages, 26
 DPRD, 265–66

E

education, 41, 55–57, 60–64, 66, 77,
 80
 electricity, 10, 15, 112–13, 122, 124–
 25, 129–33, 135, 239, 308–09,
 318
 electrification, 130
 empirical estimation, 40–44
 employment, 6, 27, 29–30, 36, 50–
 51, 54–56, 58–61, 70–73, 75–
 78, 81–82
 employment by sector, 3, 52
 extortion, 314–17

F

facilitation, 169
 farm employment, 60–65
 farm sector, 53, 57, 61, 65, *see also*
 non-farm sector
 female employment, 54
 female literacy rate, 36
 financing, 90
 foreign direct investment (FDI), 19,
 141, 149–54
 Foreign Investment Advisory Service
 (FIAS), 167–68
 formal employment, 54, *see also*
 informal employment
 formal financial institutions, 94, 96,
 99–100, 104
 formal institutions, 264
 formal sector, 52–54, 58–59, 65, 67,
 71–72, 117, *see also* informal
 sector
 formal sector employment, 53, 71–73

G

gender, 57, 60, 77
 government promotion programmes,
 170–75
 growth linkages, 25
 growth multipliers, 24–49

H

health, 57
 household characteristics, 62–65
 household enterprises, 2, 4, 10, 73, 205
 household expenditures, 40, 319
 household income, 19, 30, 34, 121, 133
 household participation, 129
 household size, 58, 60, 64, 66
 households, 7, 9, 18, 26, 32, 34, 53, 55–56, 58–61, 64–66, 78, 87, 98, 106
 human capital, 55–59, 155
 High Valued Commodities (HVC), 198, 200
 hypermarkets, 218

I

income source, 29
 incomes, 5, 15, 26, 45, 62–63, 65–66, 115
 Indonesia Family Life Survey (IFLS), 18–19, 51, 60, 111, 118–30, 133, 135
 Indonesian Central Statistical Agency (*Badan Pusat Statistik* or BPS), 2, 27, 53, 97, 145, 147, 162–63, 166, 171–72, 202, 313
 Indonesian Institute of Sciences (LIPI), 161–62
 Indonesian Rural Economy, 27–32, 44
 industrial technological capabilities (ITCs), 153
 inefficiency, 21, 139, 235
 infant mortality rate, 36
 informal employment, 54, *see also* formal employment
 informal institutions, 264
 informal labour practices, 75–76
 informal non-farm enterprises, 95
 informal sector, 52, 54, 58–59, 72–73, 77–78, *see also* formal sector
 information transfer, 155–56

infrastructure, 8, 13–17, 19–20, 24, 36–37, 44, 66, 81, 110–39, 148, 152, 175, 193–94, 200, 204, 206, 214, 216–18, 234–35, 247, 276, 278
 innovative capacity, 148
 input-output table (IOT), 32, 37
 insecurity, 21, 300–30
 institutional deficiencies, 272, 287
 institutional problems, 103
 Instrumental Variable (IV) procedure, 39, 41, 43–44
 inter-regional trade, 195
 intersectoral linkages, 35
 investment climate reforms, 21
 investment linkages, 27
 irrigation, 8, 36, 125–27

J

judicial system, 103

K

kabupaten, 1–2, 4–5, 8–11, 13, 16, 73, 90, 94, 100, 110–39, 152, 173, 195, 199–200, 206–09, 215, 218, 224–25, 227, 229, 231–32, 236, 239, 241, 307, 312–14, 319–20
 KADINDA, 276, 279
kabupaten leaders (*bupati*), 3
kecamatan, 10–11, 206
 KHM (*Kebutuhan Hidup Minimum* — Minimum Basic Subsistence Needs), 67
 knowledge diffusion, 161–63, 178
 knowledge transfer, 140–91
 koperasi, 65
 KOPINKRA (*Koperasi Industri Kerajinan Rakyat* — Small-Scale Handicraft Industry Cooperatives), 172
kota, 2, 90, 173, 195, 218, 224–25, 227, 229, 231–32, 239, 313–14

KPPOD (*Komite Pemantauan Pelaksanaan Otonomi Daerah* — Committee Monitoring the Implementation of Regional Autonomy), 313–15

KPPU (*Komisi Pengawas Persaingan Usaha* — the Supervisory Commission on Business Competition), 20, 199, 213–15, 217–18

L

labour, 58, 77

labour-intensive industries, 67

labour market, 18, 50, 66, 71–72, 78

labour migration, 79

labour policies, 67, 81

labour practices, 73–76

labour productivity, 11, 141–47, 149

labour protection, 73

labour regulations, 50, 58–60, 66–76

lack of finance, 165–66

lack of knowledge, 99–100

lack of quick and accurate information, 101

land certification, 102

landholding, 31, 60, 65

large enterprises (LEs), 145, 157–60, 162–63, 165, 178

leadership, 21

lending, 94

letters of credit (LCs), 168

licences, 10, 199, 215, 225–26, 228

licensee, 141, 149, 153

licensing, 17, 19, 21, 73, 200, 217

licensors, 141, 149, 154

linkages, 7–8, 19–20, 25, 32–37, 45

local governance, 246–99

local revenue, 226

local tax effects, 224–45

local taxation, 235–42

local taxes, 226, 262

location, 65–66

low technological capabilities, 166–67

M

macro-economic approach, 32, 35–38

Malang case study, 198, 200

marketing, 20, 90, 192–223

medium enterprises (MEs), 159

micro or cottage enterprises (MIEs), 145–48, 156

micro-credit, 93

micro-economic approach, 32–35

microfinance, 88, 92–93, 105–07, 165–66, 177

migration, 6, 14, 18, 50, 56, 58, 60, 76–79

minimum wages, 66–67, 71–73

modern sector, 81

Multi National Enterprise (MNE), 194, 203, 205, 210

multinational companies (MNCs), 140–42, 145, 148, 151–53, 156, 168

multinomial logit estimation, 62–63, 65

multinomial logit regression model, 60–61

N

National Council of Applied Economic Research (NCAER), 33

Newly Industrialized Economies (NIE)s, 155

non-agricultural employment, 51–55, 72

non-agricultural sector, 44, 56

non-agricultural sector growth, 41

non-farm activity, 120–21, 126–27, 130, 133

non-farm business, 124

non-farm employment, 1, 5–6, 50–80, 112

non-farm enterprises (NFEs), 2, 4, 9, 13–14, 17–21, 50–191, 194, 205–06, 209–11, 213

non-farm family worker, 60

non-farm firms, 140–48, 152, 161–66, 168, 170, 175, 177

- non-farm formal activities, 64–65
 non-farm formal sector employment, 64
 non-farm formal worker, 60
 non-farm growth, 34
 non-farm income, 55
 non-farm linkages, 34
 non-farm rural economy, 119
 non-farm rural employment, 116–18
 non-farm rural enterprises, 111, 116
 non-farm sector, 33–34, 51, 53–54, 56–58, 65–66, *see also* farm sector
 non-farm self-employment, 60–62, 66
 Non-Government Organizations (NGOs), 168–69, 171, 177, 270, 278
 non-household rural enterprises, 119
 NPWP (*Nomor Pokok Wajib Pajak* — Taxpayer Registration Number), 98–99
- O**
- Organization for Economic Cooperation and Development (OECD) economies, 214
 official taxes, 237
 omitted heterogeneity, 128
 One-Stop Service (OSS), 21, 255–57, 262, 281, 284, 287–88
 Ordinary Least Squares (OLS) procedure, 39, 41, 43
 outsourcing, 18, 60, 70
 Overseas Contract Workers (OCW), 79
 own-source revenue, 21, 226, 228, 231, 239
 own-source taxes, 231, 236
- P**
- PAD (*Pendapatan Asli Daerah* — Locally Raised Revenue), 73, 266
pam swarkarsa, 305–06
 perceived challenges, 319
 perception of change, 303
 PKK (*Pendidikan Kesejahteraan Keluarga* — Women Welfare Activities), 61
 PLN (*Perusahaan Listrik Negara* — State-owned Electricity Company), 123, 135
 PNS (*Pegawai Negeri Sipil* — Civil Servant), 266, 269–72
 PODES (*Potensi Desa* — Village Potential Statistics), 302
 population growth, 41
 population mobility, 76–77
 postal services, 135, 308
 poverty, 5, 7–8, 25, 30, 34–37, 41, 115, 118
 predatory business licensing, 253–58
preman or *jawara*, 76, 314, 316, 320
premanism (boss boys), 75, 306, 314–15
pribumi enterprises, 214
 procurement, 20, 206
 production and consumption linkages, 27–28
 production and distribution linkages, 25, 28
 production linkages, 25–26, 32, 34, 43, 157
 productivity, 33–34, 37, 45, 56–57, 86, 166
 productivity growth, 16, 33, 36
 programmes to support SMEs, 181
 promotion programmes, 20, 168–77
 property tax, 21, 228–30, 233, 239, 264
 property tax revenue, 240
 purchasing power parities (PPPs), 145
puskesmas, 226, 228
- Q**
- quality control (QC), 153, 203
- R**
- reason why firms do not borrow, 94
 reasons for not applying, 95
 regional charges, 195

- Regional Gross Domestic Product (RGDP), 40
- registration, 19, 98–99
- research and development (R & D), 36–37, 161–63, 179
- revenue burden, 21, 233–34, 236, 240
- reverse causation, 114–15, 119
- road access, 16, 115, 120–22, 125, 130
- road infrastructure, 120–21, 132
- road levies, 258, 262
- road quality, 125, 130, 133
- road transport, 16, 135
- roads, 15–16, 19, 36, 131–32, 200, 239
- rural agricultural sector, 38–40
- rural agricultural sector growth, 41, 45
- rural areas, 44–45, 50–55, 58, 72, 78, 100–01, 112–13, 140, 148, 152, 156, 175, 178–79, 192, 312, 315, *see also* urban areas
- rural electrification, 122–25
- rural household income, 123, 134
- rural households, 119, 128, 130, 133, 135
- rural investment climate, 1–6, 13, 17
- Rural Investment Climate Survey (RICS), 1, 4, 8–10, 15, 18–20, 22, 73, 90, 96, 100, 111, 130–36, 193, 205–08, 211–12, 236–38, 240–42, 307, 312, 314, 316, 319–20
- rural non-agricultural sector, 38–40, 45
- rural non-agricultural sector growth, 43
- Rural Non-Farm Enterprises (RNFEs), 1–3, 5, 7–8, 10–20, 87–89, 91, 113, 165–66
- rural roads, 112, 115–17, 125, 216
- rural sector, 44, 231
- sectoral growth multiplier, 26
- sectoral linkages, 25–27, 32
- security, 309, 312–18
- service delivery, 234, 238
- severance pay, 67–72
- SIUP (*Surat Ijin Usaha Perdagangan* — Trade Business Permit), 98–99
- small and medium enterprises (SMEs), 3, 93, 101, 105–06, 145, 148, 152–53, 155–68, 170–79, 202–05, 210, 214, 217
- small enterprise development, 170
- small enterprises (SEs), 146–47, 156, 166–74
- SMERU, 67, 71, 168–70, 173–74, 176–77, 258
- social accounting matrix (SAM), 32, 37
- social capital, 57–58
- social network, 58, 60–66, 77
- sources of capital, 87
- sources of credit, 88–89
- standard four-firm ratio, 210–11
- state-owned enterprises (SOEs), 161–64, 203, 213–14
- strategic alliances, 158–60
- structural transformation, 30
- structure-conduct-performance (SCP) framework, 210
- subcontracting, 20, 157–59, 198, 201–02, 204–05
- supermarkets, 196, 199–201
- SUSENAS (*Survei Sosial Ekonomi Nasional* — National Socio-Economic Survey), 303–05
- Susenas Consumption Module, 40
- SUSI (*Survei Usaha Terintegrasi* — Integrated Business Survey), 94
- T**
- tax, 21, 68, 71, 73, 82
- tax administration, 235, 239, 241–42, 262, 287
- tax burden, 236, 241, 259–60
- tax effort, 261
- S**
- Sakernas, 53, 55
- sales, 20, 209
- science and technology (S & T), 161, 178–79

- tax liabilities, 237, 241
 - tax payments, 234, 240, 242
 - tax regulations, 234, 258–59, 264–65
 - tax revenue, 239
 - taxation, 16–17, 21, 224–25, 308
 - technical licensing agreements (TLAs), 153–54
 - technical service units (UPT), 173
 - technological capabilities (TCs), 19, 141, 147–48, 152, 154, 166–68, 173
 - technology exclusively from licensing, 148
 - technology growth, 36
 - technology transfer, 140–91, 203, 205
 - technology upgrading, 166–67
 - telecommunications, 19, 113, 125, 130–32, 135, 194, 198, 200, 215–16, 308, 318
 - TFPs (Total Factor Productivities), 150
 - time requirements, 287
 - TNI (Tentara Nasional Indonesia), 305
 - Tobit model, 133–34
 - total factor productivity (TFP), 141
 - total quality control (TQC), 153
 - trade, 155–56
 - trading licence (SIUP), 10
 - traditional and modern market systems, 197
 - traditional marketing, 194
 - training and skills, 56–57
 - transfer, 5, 158, 140
 - transfer linkages, 27
 - transnational corporations (TNCs), 150–51
 - transparency international (TI), 247–48, 281, 284
 - transport, 115–16, 132
 - transportation, 16, 22, 90, 100, 130, 164, 166, 194, 198, 240, 307–09, 312, 314, 319
- U**
- unavailability of the information, 103
 - Unilever, 203
 - unofficial taxes, 241
 - UNSFIR (United Nations Support Facility for Indonesian Recovery), 301–02
 - urban areas, 44, 50–54, 72, 100, 148, 177, 240, 312, 315, *see also* rural areas
 - urban development, 43
 - urban employment growth, 51
 - urban sector, 38–39, 231
 - urban sector growth, 41–43, 45
 - urbanization, 29, 194, 224–25
 - user charges, 225–26, 228, 231, 234, 258, 262, 264, 266
- V**
- violence, 21, 301, 314
 - violent incidents, 302
 - voice, 21, 83
- W**
- wage employment, 65
 - wage inequality, 34
 - wage regulations, 66
 - water, 135, 239, 308