stages. The results also suggest that contingencies such as mutual trust, long-term relationships and the degree of information sharing will determine how successfully sustainable practices can be adopted and, hence, their effect on supply chain performance.

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The Dynamics of Entrepreneurial Human Capital
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There is broad international recognition of the importance of entrepreneurship for economic growth and development, yet we know relatively little about the process by which entrepreneurs come into being and achieve success. Existing economic theories of entrepreneurial dynamics are often based on constraints (in particular, financial constraints) that are external to entrepreneurs and their enterprises. This thesis proposes that entrepreneurial human capital (EHC) constitutes a crucial and largely overlooked factor in entrepreneurial dynamics, at least in the economics literature. It builds models that capture the relevant mechanisms, and then tests them by using the rich data on occupational histories and enterprise characteristics collected during the four waves of the Indonesia Family Life Survey.

The thesis begins by revisiting the evidence for financial constraints to household-level enterprise activity in Indonesia. It introduces a new test to the literature, using semi-parametric econometric methods to observe the relationship between household wealth and enterprise activity while controlling for additional covariates. It also constructs tests based on positive wealth shocks as a form of positive financing shock. It uncovers important heterogeneity in financial constraints and refutes that financing is the binding constraint to enterprise activity in most percentiles of the wealth distribution, particularly for the poor.

In the remaining two chapters, the thesis tests variants of a model of dynamic EHC accumulation. First, it exploits a unique natural experiment that causes relatively high-ability individuals to accumulate enterprise experience when they otherwise would not have done so, through labour-market churning during the financial crisis of the late 1990s. It finds that individuals who were self-employed or were running a business early in their careers and during the crisis had a much higher propensity to be running a business nine years later than did other cohorts. In looking at earnings dynamics, the thesis finds that this cohort initially had lower business earnings than their counterfactual expected wage but then had higher earnings over time. It argues that these facts are consistent with a model of EHC accumulation, which predicts that changes in EHC through learning-by-doing should lead to greater persistence, and that this effect should be particularly strong for individuals with no prior experience. The thesis also exploits the occupational shock, to provide causal evidence for an economically significant value of entrepreneurial experience.
Second, the thesis develops a full dynamic theory of EHC accumulation through learning-by-doing. The theory explains the bifurcation between subsistence entrepreneurs, who get caught in an EHC poverty trap, and opportunity-oriented entrepreneurs, based on the idea that the rate of accumulation of EHC is a function of the complexity of the enterprise that one is running. It tests the model with panel-data techniques, relating various measures of enterprise experience (differentiating the experience of enterprises with no employees, only unpaid employees or paid employees, and the experience of one’s current enterprise from all prior experience) to outcomes. It finds that more complex enterprises are more EHC intensive, and that enterprise-specific human capital seems to matter.

Together, the results provide support for the concept of EHC and its importance to entrepreneurial dynamics in Indonesia. The results suggest that policy makers who intend to stimulate entrepreneurial activity should focus less on financing for low-skill individuals and more on financing for early-career individuals with high entrepreneurial potential.

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Information Access for SMEs in Indonesia:
A Study of the Business Performance of Garment Manufacturers
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This thesis investigates the consequences of the free-trade agreement among the 10 Southeast Asian countries that form the ASEAN Free Trade Area, with a focus on Indonesia. Since 1 January 2010, when Indonesia implemented its zero-tariff import duties, it has been flooded by cheap goods from China, Singapore, Vietnam and Cambodia. The prevailing question is how Indonesia’s small and medium enterprises (SMEs) should deal with the new situation.

This thesis discusses the case of Indonesian SME garment manufacturers (ISGMs). Each day, ISGMs record an abundant amount of data that represent their daily transactions. However, these data cannot be used directly in making managerial decisions; ISGM managers need support in accessing qualified information for their decision making. ISGMs usually do not have their own financial experts (who can provide adequate context for the qualified information), and most ISGM managers lack the financial expertise to fulfil this role.

If an ISGM manager has access to qualified information and has adequate knowledge of information technology and business systems, then they can make the right decision at the right time. To support managers in accessing the qualified information, the author has developed the computer program LIA (Leading to Information Access). LIA is able to achieve two business targets: better productivity and better quality. It aims to provide ISGM managers with expert interpretations of the results of financial statement analyses and key performance indicators.

The research investigated what kind of computer-based systems would be most suitable for ISGMs. This thesis proposes a computer-based accounting information system for providing the qualified information, and a knowledge-intensive