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"Industrial Competitiveness in Indonesia: A Shift-share Analysis"

This study examines the role of industry clusters to drive economic competitiveness in Indonesia. Despite the slowdown of global economy, the Indonesian economy has grown substantially in the past five years. The Indonesian economy has been enjoying a comfortable 5.8 to 6.3 percent growth rate; the middle class is growing; the youths are dominating overall population; and investors are considering Indonesia as a lucrative market for investment from both domestic and foreign sources. However, some obstacles may also thwart the economic development in Indonesia. Lacking of infrastructures and human capital are some examples of factors that may impede the successful of Indonesia's economy. In order to seize this promising opportunity, in 2011 the Indonesian government launched the Masterplan for Acceleration and Expansion of Indonesia Economic Development 2011-2025. This masterplan aims to exploit the benefit of agglomeration economy, to support regional strength, and to reduce the imbalances in Indonesia's economic development. The masterplan targets to develop six economic corridors, where each corridor will be supported by several industry clusters. Based on this masterplan, this study focuses on the development of industry clusters in Java economic corridor, due to the importance of Java as the backbone of Indonesia's overall economy. This study employs both qualitative and quantitative approaches. In the qualitative approach, interviews with industry clusters' stakeholders in Indonesia will be performed. The stakeholders consist of top government officials, business practitioners in industry clusters, and academician as the expert in industry cluster theory. The quantitative approach in this study will be performed in two stages. The first stage will be performed by calculating Location Quotient (LQ) as a measure of industry concentration, and shift-share analysis as a measure of clusters competitiveness. The second stage in quantitative analysis will be performed by building an econometric model that explains competitiveness of clusters. This study is concluded by giving policy recommendations to Indonesian government on how to develop integrative industry clusters that may support economic competitiveness in Indonesia.

Biography

Yudo Anggoro is a Fulbright-PhD candidate in Public Policy at the University of North Carolina, Charlotte, US. He completed his bachelor degree in Industrial Engineering in 2004 and a Master in Management Science in 2009, both from Bandung Institute of Technology, Indonesia. In 2010, he received Fulbright Scholarship to continue his PhD degree in the United States. Yudo is a teaching staff at School of Business and Management, Bandung Institute of Technology, Indonesia. His research interests are economic competitiveness, industrial policy, transportation and infrastructure policy, and regional economic development.