Article Type: Research Paper

Increasing informal sector business, does the impact of regulatory barriers? evidence from the enterprises survey

Willy Nofranita*, Resti Fitratul Husna and Andres Sismen

AFFILIATION:
Department of Accounting, Faculty of Economics, Universitas Muhammadiyah Sumatera Barat, West Sumatra, Indonesia

***CORRESPONDENCE**:
willynofranita@umsb.ac.id

THIS ARTICLE IS AVALILABLE IN:
http://journal.umy.ac.id/index.php/esp

DOI: 10.18196/jesp.v25i1.22217

CITATION:
Nofranita, W., Husna, R. F., & Sismen, A. (2024). Increasing informal sector business, does the impact of regulatory barriers? evidence from the enterprises survey. *Jurnal Ekonomi & Studi Pembangunan, 15*(1), 217-230.

ARTICLE HISTORY
Received:
17 Dec 2023
Revised:
16 Mar 2024
23 Apr 2024
Accepted:
30 Apr 2024

Abstract: This study uses survey data from the 2015 World Bank Enterprises Survey of firms operating in 9 provinces in Indonesia. Barriers to doing business in Indonesia for companies are calculated and ranked, and then qualitative methods are used to complete the discussion. This study aims to provide an overview and basis for these constraints so that the central and regional governments can collaborate in making policies that can support the progress of the business world through identification and mapping out barriers to doing business in Indonesia. The aid results show that the main obstacles to doing business in Indonesia in 2015 were the practices of competitors from the informal sector, political instability, and tax rates. The results of this study indicate that since starting a business in Indonesia, firms have been faced with difficulties in obtaining permits that are not in accordance with applicable regulations. For instance, data processing results show that of the firms that apply for business licenses in Indonesia, only 51.41% obtain operating license issuance services following regulations.

Keywords: Informal Sector Business; Regulatory Barriers in Doing Business
JEL Classification: H4

Introduction

The Indonesian government has a significant role in various fields. The government acts as a producer, consumer, and economic policymaker. The government has a big responsibility to realize the welfare of its citizens. The government as a regulator, makes strategic policies in the economic field through state institutions. Government policies include fiscal and monetary policies, production and employment policies, and foreign economic policies. This policy will affect related community and business activities. Malfunctioning government institutions can hinder investment, entrepreneurship, and innovation (Mauro, 1995).

According to the Global Competitiveness Index (World Economic Forum, 2018) Indonesia is in the 36th position. Moving investment objectives from Indonesia to other countries can reduce employment opportunities and cause long-term economic growth to be unachieved. Indonesia is a country rich in natural resources and requires companies that can increase the added value of these natural resources. The manufacturing industry contributes 20 (twenty) percent to Indonesia's Gross Domestic Product and other sectors such as agriculture, trade, construction, and mining. Most of these achievements were contributed by five manufacturing sectors: the food and beverage industry, the textile and apparel industry, the automotive industry, the chemical industry, and the electronics industry (Ministry of Industry, 2019).

Each country has different constraints when conducting business activities. Gaviria (2002) finds that corruption is the main obstacle to doing business in Latin America. Taxes and activities of informal sector competitors are the main barriers to doing business in Albania (Muent et al., 2001), and practices of informal sector competitors are the main obstacles to doing business in western Balkan countries (Sanfey & Zeh, 2012). Research conducted by Agboli & Ukaegbu (2006) found that infrastructure is the biggest obstacle to doing business in Nigeria, and macroeconomic instability is the biggest obstacle to doing business in Georgia (Charaia et al., 2020).

Previous research has investigated obstacles to doing business in countries in the same region, such as Beck et al, (2005) using data covering 54 countries, countries in Africa (Kounouwewa & Chao, 2011, Fowowe, 2017, Brixiová et al., 2020, Amos & Zanhouo, 2019), developing countries (Wang, 2016, Mertzanis, 2019), Eastern European and Central Asian countries (Ullah, 2020). This study can provide an overview of the increase in informal sector business, which is the biggest obstacle to doing business in Indonesia. The results can map the barriers to doing business for companies in Indonesia. The mapping of these barriers is a contribution to this research. Indonesia is a decentralized country that requires common perceptions and policies from each region to overcome any obstacles in doing business by making policies that can support the progress of the business world.

This paper calculates the quantitative survey data to identify the main barriers to doing business in Indonesia. The first step provides a brief overview of the most relevant theories and then starts with calculating and ranking respondents' answers to the results of a survey conducted by the World Bank. The data used comes from the World Bank Enterprises Survey of 1,320 companies in Indonesia in 2015. The companies surveyed operate in 9 provinces in Indonesia, namely Banten Province, DKI Jakarta, West Java, Central Java, East Java, Bali, Lampung, South Sulawesi, and North Sumatra. The results show that firms identify the biggest obstacle to doing business in Indonesia as the practice of competitors in the informal sector.

The Indonesian government is a regulator party authorized to provide goods and services needed by the community. One of them is the authority to issue permits and licenses. The government establishes rules or regulations for companies to conduct business in Indonesia. These companies face regulations, but on the other hand, the companies are demanding to generate profits for companies. Ease of doing business is looking forward to developing the industry needed in the country. Based on the growth theory by Domar (1946), national income is related to investment, and when investment comes in, growth will occur. In the economic context, investment refers to allocating significant financial resources and a substantial workforce. By efficiently utilizing both, there are advantages in generating income growth.

The manufacturing industry is needed to process this natural resource wealth in Indonesia. Data from the Central Statistics Agency of Indonesia shows that the highest absorption of Indonesian workers occurs in the manufacturing industry, absorbing 18.25 million workers or 14.72% of the national workforce. This labor absorption increased by 17.4% from 2015. The food industry is the industrial sector that absorbs the most labor at 26.67%, followed by the apparel industry at 13.69%, the wood and cork industries at 9.93%, the textile industry at 7.46%, the non-metal mineral product industry at 5.72%, and the furniture industry with 4.51% (BPS, 2021). Over the past decade, there has been a growing recognition that entrepreneurs sometimes operate partly or wholly in the informal sector, especially when they start a business (Antonopoulos & Mitra, 2009). Entrepreneurship in the informal sector plays a significant role in most developing countries' economic activities, which can employ an average of more than 50% of the workforce in these countries (La Porta & Shleifer, 2008).

Previous research and arguments stated various causes for the emergence of informal sector businesses. According to Buehn & Schneider (2012), public sector corruption is considered a main factor that causes entrepreneurs to leave the formal economy and operate informally, while Gulzar et al. (2010) argue that public sector corruption reduces employers' trust in the government and encourages them to work in the informal sector. Burger et al. (2015) found that information about registration and required certification procedures is not easily obtained by companies, and corrupt officials can take advantage of this uncertainty by unfairly treating companies that wish to participate in the formal sector. There is a need to identify the causes of the increase in informal sector businesses in Indonesia to improve various government policies and maintain the existence of companies currently operating in Indonesia that fulfill the required provisions.

Research by Williams et al. (2016) using WBES data in 127 countries found that the growth rate, employment, and productivity of firms that started without being registered and operated longer without being registered were higher than the companies listed earlier. The activities of firms that perform in the informal sector cannot be traced easily because the unlisted companies operate outside the regulatory system, where the form and dynamics of their competition differ from those of formal companies (Thai & Turkina, 2014).

One of the things needed in managing permits and business licenses is related to the certainty of quality, fast, easy, affordable, and measurable services. Currently, in Indonesia, there is still low compliance of public service providers in implementing public service standards in accordance with Law Number 25 of 2009 concerning Public Services, which has not provided certainty in the service of issuing permits and business licenses (Rothenberg, 2016). Uncertainty in obtaining permits and business licenses is related to the time required and costs incurred to obtain business permits and licenses.

Overall, this study aims to map obstacles to doing business in Indonesia using firm-level data. It is necessary to discuss the barriers in doing business in one country because the variable country level cannot be explained adequately, so there is a need for micro-level analysis with company analysis units. This research makes a new contribution to the previous literature by finding the biggest obstacles to doing business in Indonesia and analyzing the causes of those barriers in terms of business licensing because Indonesia still loses in terms of ease of doing business compared to Southeast Asian countries (World Bank, 2019). This article is put in order as follows. Section 2 provides an overview of the data set used in this study. Section 3 describes the statistical results of the data set and discussion. The last part is the conclusion.

Research Method

To investigate the obstacles to doing business in Indonesia, we used survey data provided by the *World Bank Enterprises Survey (WBES)*. This data is the result of answers to questionnaires given to survey respondents. The World Bank selected senior entrepreneurs and corporate executives as respondents to its survey. This data provides a rich sample in size, ownership, industry, location, and market orientation. This data has been used by researchers from various fields of science. This survey conducted by the World Bank is designed to study the impact of government policies on business activities (Fries et al., 2003).

The survey data used is data from 2015 which amounted to 1,230 companies in Indonesia. The World Bank has conducted two surveys of firms in Indonesia, namely in 2009 and 2015 and the survey data used is the latest survey data. The World Bank groups company sizes based on the number of employees. Companies with 5-19 employees are classified as small firms, 20-99 employees are classified as medium firms and large firms are companies with more than 100 employees. We did not include 21 micro-enterprises companies, so the sample consisted of 1,299 firms.

Table 1 Firm Distribution Based on Firm Size 2015

Province	Small	Medium	Large
Bali	33	44	20
Banten	32	44	73
CSR Jakarta	52	53	67
West Java	70	53	78
Central Java	65	64	54
East Java	88	93	33
Lampung	41	35	20
South Sulawesi	43	33	17
North Sumatera	37	33	24
Amount	461	452	386

WBES groups the firm into 21 business sector groups namely food, tobacco, textiles, garments, leather, wood, paper, printing, petroleum, chemicals, rubber and plastic products, and non-metallic mineral products, basic metals, and fabricated metal products, machinery & equipment, electronics, transport machinery, furniture, recycling, retail, and other services.

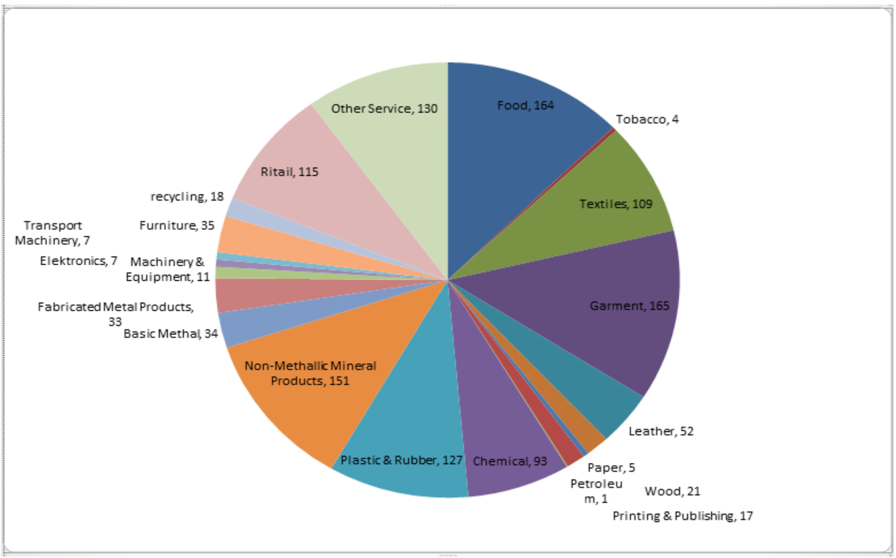

Figure 1 Firm by Business Sector 2015

Statistical tools are used to process the available survey data. The grouping is carried out by analyzing and describing the obstacles identified by firms in doing business in Indonesia, both in general and based on where each company operates. This study uses qualitative methods to describe the research findings about the biggest obstacles to doing business in Indonesia and explain the cause of those obstacles.

Result and Discussion

This section presents our findings on the main barriers to doing business in Indonesia. The World Bank references the obstacle to doing business in a country in the 15 problem topics made by the survey team. The list of barriers is unequal labor education barriers, labor regulations, justice, corruption, political instability, business permits and licenses, tax administration, tax rates, access to finance, crime, theft and irregularities, land access, practices of competitors in informal sector, customs and trade regulations, transportation, and electricity barriers. Respondents answered the types of obstacles to the question "by looking at the list of elements of business environment which one if any, currently represents the biggest obstacle affecting the operation of this establishment" given by the survey team.

Figure 2 shows the biggest obstacles to doing business identified by companies in 2015 were the practices of competitors in the informal sector at as much as 30.25%, the second was political instability at 15.55%, and the third tax rate was 10.39%. Small and medium enterprises identify competitors' practices in the informal sector and political instability as the first and second biggest obstacles. For large companies, political instability and competitors' practices in the informal sector.

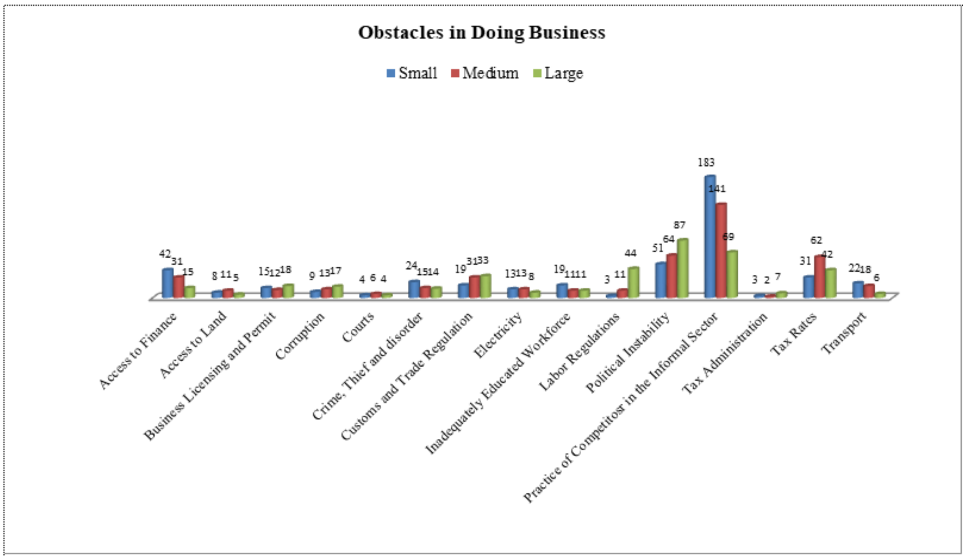

Figure 2 Obstacles in Doing Business Based on Firm Size 2015

Firms that mostly identify the practice of competitors in the informal sector as the most significant obstacle are firms engaged in the garment or apparel business sector, namely 30.25%, the textile sector 10.94%, and the food sector 9.92%, as shown in Figure 3.

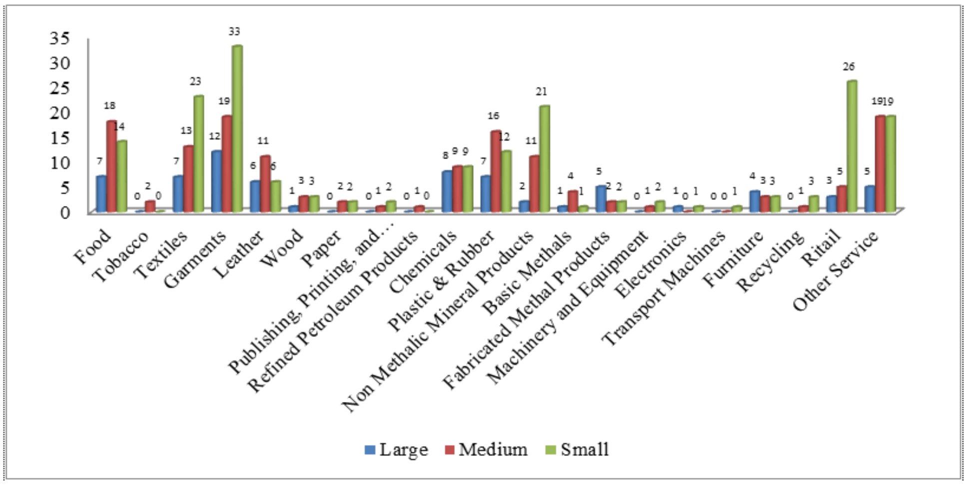

Figure 3 Barriers to Practice of Competitors in the Informal Sector by Business Sector 2015

Table 2 shows the obstacles to doing business in Indonesia based on the company's operational areas. These results show that most provinces show that the practice of competitors in the informal sector is the main obstacle to doing business.

Table 2 Obstacles to Doing Business Based on Firms Operational Areas 2015

Province	Obstacles in Doing Business		
	1st	2nd	3rd
Bali	Practice of Competitors in The Informal Sector	Tax Rates	Custom and Trade Regulations
Banten	Practice of Competitors in The Informal Sector	Political Instability	Custom and Trade Regulations
CSR Jakarta	Political Instability	Practice of Competitors in The Informal Sector	Labor Regulations
West Java	Practice of Competitors in The Informal Sector	Political Instability	Labor Regulations
Central Java	Practice of Competitors in The Informal Sector	Political Instability	Custom and Trade Regulations
East Java	Practice of Competitors in The Informal Sector	Tax Rates	Access to Finance
Lampung	Practice of Competitors in The Informal Sector	Political Instability	Tax Rates
South Sulawesi	Crime, Theft and Disorder	Transport	Electricity, Practice of Competitors in The Informal Sector, Tax Rates
North Sumatera	Political Instability	Practice of Competitors in The Informal Sector	Access to Finance

Indonesia's competitiveness ranking is currently at level 36, as stated in the World Economic Forum (WEF) report in the 2017-2018 Global Competitiveness (World Economic Forum, 2018). Indonesia's ranking still lags behind that of neighboring countries such as Singapore and Malaysia. Meanwhile, in terms of the ease of doing business in Indonesia, released by the World Bank in Ease of Doing Business (EODB), it is also lagging behind these countries, even other Southeast Asian countries such as Thailand and Vietnam. Data Easy of Doing Business – EODB (World Bank, 2019). Some criteria used to assess the ease of doing business by the World Bank are starting a business, dealing with construction permits, obtaining electricity, registering property, obtaining credit, paying taxes, and trading across borders. Indonesia is experiencing deindustrialization nowadays, characterized by a lower manufacturing sector growth rate than the overall economic growth rate. Therefore, it is necessary to encourage the development of the industrial sector to achieve sustainable development (Permana et al., 2023).

Concerning operating licenses, over the last decade or so, there has been growing recognition that entrepreneurs sometimes operate partly or completely in the informal sector, especially when they start a business venture (Antonopoulos & Mitra, 2009). Entrepreneurship in the informal sector plays a vital role in the economic activities of most developing countries, which employ an average of more than 50% of the workforce in these countries (La Porta & Shleifer, 2008). In the past five years, there have been different obstacles to doing business in Indonesia based on the WBES survey data. The biggest obstacle to doing business in Indonesia in 2009 was access to finance (Nofranita et al., 2021) with the research sample areas for the same nine provinces as the 2015 survey. Interestingly, the practice of competitors in the informal sector was an obstacle to second business in 2009, becoming the main obstacle to doing business in 2015.

The question asked by WBES regarding the processing of permits and business licenses to the firms was, "Approximately how many days did it take to obtain this permit or license from the day of the application to the day it was granted?" Table 3 shows the firm's answers to services in issuing permits and licenses that are taken care of 280 companies were applying for permits and business licenses in the last two years at the time the survey was conducted.

Table 3 Number of Firms Obtaining Licensing Issuance Services 2015

Amount of Days	Type of Permit/Licence				Amount
	Operating Licence	Construction Permit	Import Licence	Clear Custom to Export	
1-7 days	51	38	63	81	233
8-14 days	8	7	11	14	40
15-21 days	6	6	9	36	57
>21 days	3	7	4	2	16
Amount	68	58	87	133	346

Based on Table 3, the majority of companies (67.34%) completed the processing of operating licenses in less than seven days. However, if adjusted to the regulation of the Minister of Trade No. 37 of 2007 concerning the Organization of Company Registration, the Company Registration Office is required to issue a Company Registration Certificate no later than 3 (three) days after the complete document is received (Ministry of Trade, 2007), only 51.47% meet these conditions.

The results of this study indicate that since starting a business in Indonesia, firms have been faced with difficulties in obtaining permits that are not in accordance with applicable regulations. The average issuance of operating licenses obtained in this study was 7.2 days, the average issuance of construction permits was 11.45 days, the issuance of import licenses was 7.6 days, and the issuance of permits to export at Customs was 9.5 days. These results indicate that the average service for issuing permits and business licenses experienced by companies in Indonesia exceeds the established standard of 7 working days. Compared to neighboring countries in ASEAN, Indonesia takes longer to process permits and business licenses. It takes seven days for Myanmar to obtain an operating license, six days for Thailand, five days for Brunei, and 1.5 days for Singapore. Likewise, an export permit at Vietnam Customs takes 6.9 days, Thailand 1.9 days and Malaysia 4.6 days (EODB World Bank, 2020).

Even though there is Government Regulation No. 107 of 2015 concerning Industrial Business Permits, which states that it takes five days to obtain an Industrial Business Permit from the time the complete document is received, in practice, based on World Bank data (EODB World Bank, 2020) to start a business in Indonesia will go through 11 procedures with ten days. When compared to other neighboring countries, there are still quite a lot of procedures to go through. Vietnam and Malaysia required eight procedures, Myanmar and Thailand 6 procedures, Brunei 3 procedures, while Singapore only required one procedure with a permit processing time of 1.5 days.

Table 4 shows the time and procedures companies must go through to start a business in Indonesia, especially Jakarta.

Table 4 Starting a Business in Jakarta 2015

Stage	Information	Time for Completeness	Total Cost
1	Obtain the standard form of the company deed; arrange for a notary electronically; obtain clearance for the Indonesian company's name at the Ministry of Law and Human Rights	4 days	IDR 200,000 (name clearance) and reservation)
2	Notarize company documents before a notary public	4 days	IDR 2,526,816 (notary Fee)
3	Pay the State Treasury for the Non-Tax State Revenue (PNBP) fees for legal services at a bank	1 day	No Cost
4	Apply to the Ministry of Law and Human Rights for approval of the deed of establishment	7 days	IDR 1,580,000 (IDR 1,000,000 for validation of the company as a legal entity + IDR 30,000 for publication in the State Gazette, BNRI + IDR 550,000 for publication in the Supplement to the State Gazette, TBNRI)
5	Apply at the One Stop Service for the permanent business trading license (Surat Izin Usaha Perdagangan, SIUP) and the company registration certificate (Tanda Daftar Perusahaan/TDP)	15 days	IDR 500,000
6	Register with the Ministry of Manpower	14 days	No Cost
7	Apply for the Workers Social Security Program (Jamsostek Program)	7 days	No Cost
8	Obtain a taxpayer registration number (NPWP) and a VAT collector number (NPPKP)	1 day	No Cost

Source: World Bank & IFC (2012)

To obtain a construction permit in Indonesia, there are 18 procedures, Myanmar and Timor Leste 16 procedures, Thailand 14 procedures, Vietnam 10 procedures, and Singapore 9 procedures. Brunei has 22 procedures but only takes 83 days compared to Indonesia which takes 200 days. Likewise, with clear customs at Customs, besides the many procedures, it also involves many institutions. Indonesia involved eight institutions, Kuala Lumpur 5 institutions, Bangkok and Ho Chi Min only involved three other state institutions. Based on Table 4, starting a business in Jakarta takes 53 days to obtain a business license. Various impacts can result from long service permits and licenses and no uncertainty in service. According to Soto (2000), entrepreneurs prefer to run their business in the informal sector because of several obstacles, including bureaucratic obstacles to legal property ownership, regulations that make it is unclear how to create a formal business, and there is a lack of legal structures that recognize and encourage asset ownership.

The results of a study by Burger et al. (2015) which was conducted on small and medium-sized companies, found that information regarding the required registration and certification procedures was difficult for companies to obtain, thus creating an environment of uncertainty. Corrupt officials will exploit this uncertainty by unfairly punishing companies that seek to participate or are in the formal sector. This is in line with Rothenberg's research (2016) which states that companies persist by not registering as long as informal payments to government officials to avoid regulations are relatively smaller. Not only regulation and corruption, according to Elbahnasawy et al. (2016) political instability, social polarization along ethnic and religious lines, and patterns of autocratic authority are also related to the larger informal economic sector.

The results of the research that has been carried out also confirm Rothenberg's research (2016) which interviewed 192 companies in Jabodetabek (Jakarta, Bogor, Bekasi, Depok, Tangerang, and South Tangerang) obtained the result that many companies cannot access clear information about licensing registration requirements and confusion about required permits and the level of government or agency responsible for managing the required permit registration process. Some companies in the IT (information technology) sector do not register their companies due to complicated procedures and prefer to operate under another company's license. Furthermore, some companies say there is no benefit from the hassle of registering permits, so they persist by not registering their business.

Concerning the informal sector, on the other hand, there have also been researchers who have observed the benefits of informality, such as Alatas, (2011) who says that the informal sector can provide flexible work for women who want to work at home, or during their lifetime. Crisis workers want to find jobs because of low wages (Loayza & Rigolini, 2011). Using a labor force survey in Indonesia, researchers found that the informal sector employs 61%-70% of the total workforce (Alatas, 2011).

The barriers to doing business in Indonesia are different from the two surveys conducted by the World Bank. In 2009, the business sector that most identified financial access as a barrier to doing business companies engaged in the non-metallic mineral product sector at 18.53%, followed by the textile sector at 15.09%, and the food sector at 13.15% (Nofranita et al., 2021). While in 2015, firms that identified the most practices from competitors in the informal sector were firms engaged in the garment or apparel business sector, namely at 30.25%, the textile sector at 10.94%, and the food sector at 9.92%. Figure 2 shows that the practices of competitors in the informal sector are identified by large, medium, and small firms operating in the garment or apparel sector.

These sectors are industrial sectors that absorb a lot of labor, namely the food industry at 26.67%, the apparel industry at 13.69%, the textile industry at 7.46%, the non-metal mineral industry at 5.72%, and the furniture industry at 4.51% (BPS, 2021). Attention must be paid to these sectors so as not to hinder job creation (Brixiová et al., 2020), and harm sales growth and workforce growth as the result of Ullah's research (2020). The government needs to analyze indicators to find solutions to improve national competitiveness. In particular, attention to the business environment, implementing technology in handling administrative procedures, and having policies to support domestic companies' creation of business capital (Thi et al., 2023). The government must be able to ensure that these companies continue to operate domestically to maintain the sustainability of the employment sector and maintain investment in the country.

Conclusion

This research aims to map the obstacles to doing business in Indonesia. To achieve this goal, we investigate the various obstacles that occur, the factors that influence them, and the impacts they cause. We found that the most significant barriers to doing business in Indonesia in 2015 were the practices of competitors in the informal sector, political instability, and tax rates.

This paper shows that small, medium, and large companies experience the same business constraints but at different levels. Barriers to doing business in Indonesia for the most significant small and medium enterprises are the practices of competitors in the informal sector and secondly, political instability. In contrast, the biggest obstacles to doing business for large firms are political instability and the practices of competitors in the informal sector. The increase in the informal sector which can harm companies that already have permits and business licenses can be said to be the impact of uncertainty in permit and license issuance services, ambiguity regarding the required permits, and the level of government or institution responsible for managing the required permit registration process, and complicated procedures that are of no use. The results of this study indicate that since the beginning of starting a business in Indonesia, firms have been faced with difficulties in obtaining permits that are not in accordance with applicable regulations.

This study shows the business sectors that experience the most practical obstacles from competitors in the informal sector. The sectors most affected are the apparel, textile, and food sectors. These three sectors are the sectors that absorb the most labor in their operations. Our findings are very important because they can inform policy improvements that will be prioritized. Identification of problems and obstacles in doing business in Indonesia is carried out to reflect the actual situation for additional investment, availability of employment, and the rate of return on company investment.

Author Contributions

Conceptualisation, Methodology, and Writing W.N., R.F.H.,and A.S.; Data and Literature, W.N., and A.S.; Review, W.N., and R.F.H; Editing, R.F.H; and Visualization, A.S

Conflicts of Interest

The corresponding authors declare no conflicts of interest. The funder had no role in the design, in the data collection, analysis, or interpretation; in the writing of the manuscript in writing the manuscript, or in the decision to publish the results.

References

Agboli, M., & Ukaegbu, C. C. (2006). Business environment and entrepreneurial activity in Nigeria: Implications for industrial development. *Journal of Modern African Studies*, *44*(1), 1–30. https://doi.org/10.1017/S0022278X05001394

Alatas, Vivi. Newhouse, D. (2011). *Laporan Ketenagakerjaan di Indonesia Menuju terciptanya pekerjaan yang lebih baik dan jaminan perlindungan bagi para pekerja*.

Amos, S., & Zanhouo, D. A. K. (2019). Financial constraints, firm productivity and cross-country income differences: Evidence from sub-Sahara Africa. *Borsa Istanbul Review*, *19*(4), 357–371. https://doi.org/10.1016/j.bir.2019.07.004

Antonopoulos, G. A., & Mitra, J. (2009). The Hidden Enterprise of Bootlegging Cigarettes Out of Greece: Two Schemes of Illegal Entrepreneurship. *Journal of Small Business and Entrepreneurship*, *22*(1), 1–8. https://doi.org/10.1080/08276331.2009.10593438

Beck, T., Demirgüç-Kunt, A., & Maksimovic, V. (2005). Financial and legal constraints to growth: Does firm size matter? *Journal of Finance*, *60*(1), 137–177. https://doi.org/10.1111/j.1540-6261.2005.00727.x

BPS. (2021). Proporsi Tenaga Kerja Pada Sektor Industri Manufaktur. In *Central Bureau of Statistics*. https://bps.go.id

Brixiová, Z., Kangoye, T., & Yogo, T. U. (2020). Access to finance among small and medium-sized enterprises and job creation in Africa. *Structural Change and Economic Dynamics*, *55*, 177–189. https://doi.org/10.1016/j.strueco.2020.08.008

Buehn, A., & Schneider, F. (2012). Shadow economies around the world: Novel insights, accepted knowledge, and new estimates. *International Tax and Public Finance*, *19*(1), 139–171. https://doi.org/10.1007/s10797-011-9187-7

Burger, N., Chazali, C., Gaduh, A., Rothenberg, A. D., Tjandraningsih, I., & Weilant, S. (2015). *Reforming Policies for Small and Medium-Sized Enterprises in Indonesia*.

Charaia, V., Chochia, A., & Lashkhi, M. (2020). The impact of FDI on Economic development: The case of Georgia. *TalTech Journal of European Studies*, *10*(2), 96–116. https://doi.org/10.1515/bjes-2020-0017

Elbahnasawy, N. G., Ellis, M. A., & Adom, A. D. (2016). Political Instability and the Informal Economy. *World Development*, *85*, 31–42. https://doi.org/10.1016/j.worlddev.2016.04.009

EODB World Bank. (2020). Ease Of Doing Business 2020. In *World Bank*. World Bank Publications. https://doi.org/10.1596/978-1-4648-1440-2

Evsey D. Domar. (1946). Rate of Growth and Employment. *Journal of the Econometric Society*, *14*(2), 137–147.

Fowowe, B. (2017). Access to finance and firm performance: Evidence from African countries. *Review of Development Finance*, *7*(1), 6–17. https://doi.org/10.1016/j.rdf.2017.01.006

Fries, S., Lysenko, T., & Polanec, S. (2003). The 2002 Business Environment and Enterprise Performance Survey: Results from a survey of 6,100 firms. *European Bank Working Paper*, *Working Pa*(January), 1–47.

Gaviria, A. (2002). Assessing the effects of corruption and crime on firm performance: Evidence from Latin America. *Emerging Markets Review*, *3*(3), 245–268. https://doi.org/10.1016/S1566-0141(02)00024-9

Gulzar, A., Junaid, N., & Haider, A. (2010). What is hidden, in the hidden economy of Pakistan? Size, causes, issues, and implications. *Pakistan Development Review*, *49*(4), 665–704. https://doi.org/10.30541/v49i4iipp.665-704

Industry, M. of. (2019). *Industry Development Analysis 1st Edition*. Ministry of Industry of the Republic of Indonesia.

Kounouwewa, J., & Chao, D. (2011). Financing Constraints Determinants in African Countries. *The International Journal of Applied Economics and Finance*, *5*(1), 30–45. https://doi.org/10.3923/ijaef.2011.30.45

La Porta & Shleifer, A. (2008). The Unofficial Economy and Economic Development. *National Bureau of Economic Research Working Paper 14520*, *December*.

Loayza, N. V., & Rigolini, J. (2011). Informal Employment: Safety Net or Growth Engine? *World Development*, *39*(9), 1503–1515. https://doi.org/10.1016/j.worlddev.2011.02.003

Mauro, P. (1995). *Corruption and Growth* (Vol. 110, Issue 3). The MIT Press. http://www.jstor.org/stable/2946696

Mertzanis, C. (2019). Financialization, institutions and financing constraints in developing countries. *Cambridge Journal of Economics*, *43*(4), 825–866. https://doi.org/10.1093/cje/bez015

Regulation of the Minister of Trade of the Republic of Indonesia number 37 of 2007, (2007).

Muent, H., Pissarides, F., & Sanfey, P. (2001). Taxes, competition and finance for Albanian enterprises: Evidence from a field study. *Most*, *11*(3), 239–251. https://doi.org/10.1023/A:1013161211594

Nofranita, Willy. Karimi, S. Taifur, WD. Ridwan, E. (2021). Identifying the Biggest Obstacle in Doing Business : What ' 's The Trigger ? -An Evidence from an Enterprises Survey. *Review Of International Geographical Education*, *11*(9), 32–43. https://doi.org/10.48047/rigeo.11.09.5

Permana, T. W., Yudoko, G., & Prasetio, E. A. (2023). Forecasting the potential output and growth of the manufacturing industry : a case study of Indonesia ' s manufacturing sector. *Jurnal Ekonomi & Studi Pembangunan*, *24*(October). https://doi.org/10.18196/jesp.v24i2.18716

Rothenberg, A. D. et al. (2016). Rethinking Indonesia's Informal Sector. *World Development*, *80*, 96–113. https://doi.org/10.1016/j.worlddev.2015.11.005

Sanfey, P., & Zeh, S. (2012). *Making sense of competitiveness indicators in south-eastern Europe* (Issue 145). European Bank wp0145.pdf

Soto, H. de. (2000). *The Mystery of The Capital*. Basic Book.

Thai, M. T. T., & Turkina, E. (2014). Macro-level determinants of formal entrepreneurship versus informal entrepreneurship. *Journal of Business Venturing*, *29*(4), 490–510. https://doi.org/10.1016/j.jbusvent.2013.07.005

Thi, N., Ngoc, B., & Duy, N. V. (2023). Impact of provincial competitiveness index (PCI) on economic development in the Red River Delta , Vietnam. *Jurnal Ekonomi & Studi Pembangunan*, *24*(October). https://doi.org/10.18196/jesp.v24i2.18163

Ullah, B. (2020). Financial constraints, corruption, and SME growth in transition economies. *Quarterly Review of Economics and Finance*, *75*, 120–132.

https://doi.org/10.1016/j.qref.2019.05.009

Wang, Y. (2016). What are the biggest obstacles to growth of SMEs in developing countries? – An empirical evidence from an enterprise survey. *Borsa Istanbul Review*, *16*(3), 167–176. https://doi.org/10.1016/j.bir.2016.06.001

Williams, C. C., Martinez-Perez, A., & Kedir, A. M. (2016). Informal Entrepreneurship in Developing Economies: The Impacts of Starting Up Unregistered on Firm Performance. *Entrepreneurship: Theory and Practice*, *41*(5), 773–799. https://doi.org/10.1111/etap.12238

World Bank. (2019). *DOING BUSINESS 2019-Report*.

World Bank, & IFC. (2012). *Doing Business di Indonesia 2012*. https://subnational.doingbusiness.org/en/data/exploreeconomies/indonesia/sub/jakarta

World Economic Forum. (2018). *The Global Competitiveness Report* (K. Schwab (ed.)). World Bank.