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ARTICLES

Analysis of Linkages and Volatility of ASEAN Currencies

DENE T. HURLEY AND ROLANDO A. SANTOS

This study examines the linkages of currencies and the transmission of exchange rate volatility among Indonesia, Malaysia, the Philippines, Singapore and Thailand between 1974 and 1999. A long-run relationship is found between the currencies of Indonesia and Malaysia, of Indonesia and the Philippines, of Indonesia and Thailand, and of the Philippines and Singapore, while the causality tests suggest that the Thai baht leads the Indonesian rupiah and the Malaysian ringgit. Both the Thai baht and Indonesian rupiah also played a significant role in the spread of currency volatility in the region overall. The variance decomposition results revealed that the Thai baht's contribution to regional exchange rate instability came mainly in the aftermath of the currency crisis, with the Indonesian rupiah playing a significant role in the spillover of the crisis to the remaining ASEAN economies.

Business and Management of Immigrant Enterprises: A Study of Singaporean Indian Firms

LAI SI TSUI-AUCH

This paper aims to improve the theorization of immigrant entrepreneurship by taking sub-ethnicity as a central dimension in the analysis of immigrant business enterprises. Methodologically, the study is based on an interpretive content analysis of the oral history data (recorded in the 1980s/1991) and documentary data of 13 Singaporean Indian merchants and their family businesses. It reveals that, unlike ethnic Chinese merchants who pursued substantial diversification and employed non-family managers, ethnic Indian merchants largely maintained trading and family management. The author attributes the differences in business and management approaches to the accessibility to the motherland of an immigrant community, within-community homogeneity, and between-community heterogeneity. The paper concludes with suggestions for improving the explanatory framework of opportunity structure and ethnic resources in the studies of immigrant entrepreneurship and future research directions in ethnic Indian business.

Relative Economic and Technical Performance of Foreign and Local Firms in Chinese Industry

CHENGQI WANG

Using a cross-sectional data set covering 180 sectors for 1995, this paper compares the economic performance of Chinese and foreign-owned firms in the Chinese manufacturing industry. Foreign firms are found to outperform state-owned enterprises but, surprisingly, to under perform collectively owned enterprises and other locally-owned enterprises. While foreign firms show higher levels of capital intensity, employment of more skilled labor, and greater economies of scale than their non-state domestic counterparts, lower technical efficiency or X-efficiency causes

foreign firms to be less productive than these non-state local firms. The results have important policy implications.

RESEARCH REPORT

Developing Small and Medium Enterprises (SMEs) in Indonesia through a Clustering Approach: *A Review of the Existing Empirical Literature*

TULUS TAMBUNAN

SMEs in Indonesia are very important not only for employment creation, but also as important sources of economic growth and foreign currencies generation through exports. Since the early 1980s, the Indonesian government has adopted SME development policy through a clustering approach. This paper reviews the existing empirical studies on development of SME clusters in Indonesia. This paper deals with two main questions. First, what are the critical success factors of development of an SME cluster. Second, to what extent this policy has contributed to the dynamic of SME clusters in the country. The paper argues that in many cases, the development policy has not been so successful. In essence, most failures can be attributed to the fact that one or more critical factors for successful SME cluster development were either not existing or not addressed correctly. Neglecting cluster linkage to markets is one reason of the failure. Prerequisite for successful cluster development is the cluster's potential to access to growing market, either domestic or abroad.