

The Prevalence of Social Exclusion in Indonesia: How to enhance individual inclusion?¹

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Abstract: In favour of economic growth and advancement in pro-poor policies, developed and developing countries have succeeded to reduce poverty. However, social policies in the less developed nations paid less attention to resolve the growing phenomenon occurring across the social strata: 'social exclusion'. This study aims to fill the gap; to investigate social exclusion through the lens of capability approach by taking the case of Indonesia. It aims to seek answer the question of: (1) What is the prevalence of individual social exclusion in Indonesia?; (2) To what extent individual- and contextual- intensifier contribute to the variation of individual exclusion in Indonesia?; (3) Which forms of exclusion are the key leading factor? The study uses the Indonesian Family Life Survey 2000 and 2007 to examine individual exclusion in three dimensions: social, economic, and political exclusion. The analyses will apply structural equation modelling (SEM) with latent variable to investigate the latent characteristic of social exclusion and to identify their determinants. The results will indicate the significant elements of capabilities, which constitute individual social exclusion in the three dimensions and how it evolves over time. The analysis will also demonstrate the interdependency nature within different dimensions of social exclusion allowing one to understand which component of exclusion lead to another form of exclusion.

Keywords: social exclusion, capability approach, Indonesia, SEM, multilevel modelling

1. Introduction

1.1. Background

In favour of economic growth and advancement in pro-poor policies, both developed and developing countries have succeeded to reduce poverty. However, social policies in the less developed countries have paid little attention to this. The extant research on social exclusion has also been subject to conceptual debates and further advancement is necessary to best measure social exclusion. Therefore, this study aims to extend the debate on the conceptualization of exclusion and providing evidence on the prevalence of exclusion by taking the case of Indonesia.

The evolving concept of social exclusion has been at the heart of recent social policy in both developed and developing countries. Recent trends in development have shown a remarkable progress in this area. The number of people in living below \$1.25 worldwide fell substantially from more than 1.3 billion in 2005 to fewer than 900 million in 2010 (Chandy and Gertz 2011, p. 3). However, does living out of poverty or increase in income necessarily ensure one to be able to integrate, participate, and exercise his or her rights (in other words, to be socially included) in the

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society? Unequivocally, it takes more than simply income for an individual to avoid social exclusion. Poggi (2003) found social exclusion to be closely linked with unemployment and highlighted the fact that females are at particular risk of social exclusion. Existing studies have also identified other indicators that contribute to social exclusion such as financial situation, neighbourhood participation, social relationships and political engagement (Tsakloglou and Papadopoulos, 2001; Peleah and Ivanov, 2013). Therefore, it is indisputable that social exclusion exists as a development challenge and should be at the heart of government policies.

The definition of social exclusion is contested. It refers to the process of marginalization, leading to multiple deprivations and various forms of disadvantage that damage and fragment the relationship between an individual and the rest of the society (Chakravarty and D'Ambrosio, 2006), inability to participate in society (Burchardt et al., 2002, p.30; Vinson et al., 2007, p. 1) and denial of rights (Silver, 1994; Haan, 1998; Gordon et al., 2000, p. 73). In this paper, we focus on social exclusion as lack of participation in communities. We also had identified several gaps that need to be investigated further. First, research on social exclusion is merely focused on developed countries. Second, most social exclusion analyses, to the best of our knowledge, are treated exclusion as a single phenomenon and neglects the other distinctive characteristics. And third, there are fewer studies that particularly pay attention on the dynamics and interactions among social exclusion elements.

Despite steady economic growth and success in reducing poverty incidence since the 1970s, Indonesian nationals are prone to social exclusion. Working population in Indonesia is still living in poverty despite the improvement in labour market and creation of millions of jobs (Priebe, Howell et al. 2014). Reduction of regional poverty rate has been successful yet is limited to regions with higher growth due to uneven development. In fact, inequality persists as depicted from the rising of the Gini coefficient from 0.36 in 1996 to 0.41 in 2013 (BPS 2014). Furthermore, gender disparity remains a concern. According to the latest Global Gender Gap Report (2013), Indonesia ranks 95 out of 135 countries and females have less access to formal employees. Moreover, Indonesia remains at approximately the 50th percentile in terms of voice and accountability worldwide (WB 2014). These recent figures indicate the threat of social exclusion among the general population in Indonesia exists. Nevertheless, less attention has been given to this issue and the impact of social protection programs to social inclusion remains untouched.

Therefore, the study will take Indonesia as a case and investigate social exclusion phenomenon. It aims to fill the gap by attempting to ask the following research questions: (1) what is the extent of individual social exclusion in Indonesia, (2) Are different forms of exclusion related to one another (3) what are the roles of individual and contextual factors in determining the likelihood of being social excluded?

To achieve the objective, the study will utilize longitudinal household data of the Indonesian Family Survey fielded 2000 and 2007, thus enable one to explore the dynamics of social exclusion in Indonesia. In the analyses, we will apply structural equation modelling with latent variable to investigate the latent characteristic of social exclusion and multilevel modelling to assess the different factors that influence one to fall into social exclusion.

At the end of the study, the results will indicate the significant elements of capabilities, which constitute individual social exclusion in the three dimensions and how it evolves over time. The outcomes will also demonstrate the interdependency nature within different dimensions of social exclusion allowing one to understand which component of exclusion lead to another form of exclusion. It aims to extend the debate on the contested approach in operationalizing social exclusion using the capability lens. It will also yield to policy implications to help policy makers to understand the efficacy of various policies to fight social exclusion. At last, it will introduce a direction for future research on the importance of social exclusion in Indonesia and perhaps in developing countries.

The remainder of this paper is organized as follows. Section 2 discusses key literature about the conceptualization of social exclusion and its measurement challenges, followed by theoretical framework used in the study. Next, it provides an overview of the country case study on its recent socio-economic trends. Section 4 describes the data, methodology, and key variables used. Section 5 delivers the descriptive analysis and key findings. The paper concludes with summary of the current progress of the paper and provides plans and schedule to develop the paper further.

2. Social Exclusion: A Conceptual Framework

2.1. Existing Concepts of Social Exclusion: A brief review

Despite its initial rise as a policy term in developed countries in the early 1970s, the understanding of what constitute and what it means by social exclusion stays inconclusive. Over the discourse, it has been further developed and utilized differently by international organizations (see Bradshaw et al., 2004; Scutella, 2009) and its application varies depending on the context, countries, cultural-settings and their paradigms. There have been four main strands outstands in the literature. However, we argue none of the strand will suffice as a stand-alone definition of social exclusion.

The first strand describes social exclusion as a lack of ability to participate in society. Individuals or groups are excluded if they are lack of opportunities, which may prevent them from participating in their society (Burchardt et al., 2002, p. 30; Saunders, et al., 2008; Vinson, et al., 2007, p. 1). This approach mainly concerns two things: the importance of individual/group engagement with their community and the kind of activity that will determine exclusion status. Operationally, it is often measured as a lack of participation in community and inability to participate in the labour market.

Rather similarly, the second strand focuses on the distance among population groups. Saraceno (1997) refers it to social disintegration and detachment from social order, which may occur in specific context at national and local level. Under this strand, social exclusion can be in the form of discrimination of an individual or certain groups in the society they are belong to.

The third strand approachwa exclusion from rights perspective. Failure to obtain these rights is what it refers as exclusion, thus it mainly concerns about entitlement of individual or groups` rights. Haan (1998, p. 6) argued one should envisage exclusion as exclusion from rights or entitlements. Defining the focus of social exclusion in this strand largely depends on how one defines rights of individuals or groups. The extant studies have commonly approach rights in the form of access to resources, goods and services and participation in society.

In a different stroke, the last school of thought defines social exclusion from the lens of functionings. It is a phenomenon whereby an individual or groups are deprived in a number of functionings in multiple point of time (Bossert et al., 2007; Chakravarty and D`Ambrosio, 2006). It questions individual or groups achievement in obtaining their functionings – less concerns the rupture of relations between individual and their surrounding or whether they are distant with the rest of the population group. The empirical literature measures it as an accumulation of economic and social deprivation over time (e.g. Tsakloglou, 2002) or deprivations in functionings or capabilities (e.g. Peruzzi, 2014)

Despite some overlaps, the way they have defined social exclusion rises to the confusion how one should conceptualize social exclusion. Starting from the first conceptualisation, the way it defines exclusion as lack of participation in normal activities enables one to identify further different ways through which non-participation arises in society – whether it is through discrimination, geographical isolation, etc. (Burchardt et al., 2002, p. 6). It also emphasizes the relational aspect of exclusion distinguishing it from poverty concept. However, less is understood what it refers by `key` or `normal` activities. Identifying which certain activities matter to individuals is a massive challenge. Similarly, the second strand specifically defines exclusion as a growing distance between

individuals and the population group offering a narrow approach to exclusion. It has been unclear in the literature what 'forms' of distance from the population groups considered to be exclusion – whether it refers to falling behind the average income, far from social supports, or other forms.

Social exclusion as a rights seem to be a promising approach, yet the challenge is how one can possibly determine what is 'right' to an individual. Marshal (1964) breakdowns rights into three categories: civil rights (e.g. freedom of expression and rule of law), political rights (e.g. right to participate in the exercise of political power), and socio-economic rights (e.g. personal security and rights to employment benefits). This particular definition of rights places an individual as a "benefit recipient" and the system (or government) as a duty-bearer. However, success in obtaining this rights will not necessary guarantee one to be included from the society. Exclusion concerns not only the relationship between individual and the system/government, but also how an individual relates to family, community, and/or society.

The last strand perceives social exclusion as chronic relative deprivation in terms of functionings. Operationally, it is often measured as an accumulation of disadvantages in certain aspect of exclusion. The advantage of this definition is it allows one to observe the multidimensionality of exclusion. However, exclusion concerns the role of others in the process. Measuring exclusion in terms of an outcome of certain well-being dimension will not capture how a person related to the others and vice versa. Also, measurement of exclusion by this strand meaning what perceived to be a good life is predetermined. It is another massive challenge to identify what certain functionings and capabilities are crucial to bridge individual to other actors in the society. Thus far, we argue none of the strand is sufficient to be a stand-alone definition of exclusion.

Inspired by Peruzzi (2014) and Khrisnakumar (2008), we adopt the definition of social exclusion in second and fourth strand and defined it from the perspective of capability approach. It is a direct approach in looking at human wellbeing by introducing two main elements: *functionings* and *capabilities*. Functionings refer to the state of 'beings' or 'doings' of an individual, e.g. being able to eat, being able to participate in society, and being able to be healthy (Sen, 1987, p. 36). Absence or deprivation in functionings related to these elements thus serves as an indication for exclusion. Following this, the proposed exclusion concept is as follows:

Social exclusion is a multidimensional phenomenon when there is a rupture of social bond between her/him reflected in the lack of participation in key activities, and caused by lack of 'internal' and 'external' qualities.

The main assumption is the bond between individual and the others formed by two forces: internal and external qualities. Internal quality refers to the functionings, which reflect individuals' attachment, commitment, and involvement in the society. It can be in the forms of participation in social activities, relations with friends or family. It is the characteristics of the individual that bridge him/herself to society. On the other hand, external quality is what the others can offer in order to establish relationship with the individual – the social capital.

2.3. Defining social exclusion from the lens of capability approach

Sen's capability approach (hereinafter CA) had emerged as a distinct concept in delineating human development. It represents a direct approach in looking at human wellbeing by introducing two main elements of human development: *functionings* and *capabilities*. Functionings refer to the state of 'beings' or 'doings' of an individual, e.g. being able to eat, being able to participate in society, and being able to be healthy, while capabilities reflect one's ability to achieve different aspects in life (Sen 1987, p. 36).

CA underlines the importance of assessing development outcomes beyond wellbeing, resources, commodities, or assets one has. Hick (2012, p. 304) argues the approach provides insight to poverty measurement as lack of resources. To illustrate, a woman may have the ability to join the labour

force but choose to take care of the children or one may have the ability to avoid hunger but choose to fast. Consequently, it will be misleading to justify the people in both cases do not lead the live they perceived to be important as the opportunities exist.

Arguably, CA offers a wider lens yet represents the main objective in evaluating development. It suggests the main development goal in general should focus to extend the opportunities people need to exercise of doings and beings they value, thus providing a general framework to solve problems in economic development (Alkire 2005, p. 116). The concept also recognizes the ‘agency’ aspect, acknowledging the role of human being as an agent and emphasizing capability of the agent matters (Robeyns 2005). By focusing on freedom and capabilities, it views ownership of resources should be seen as means and the focus of evaluation shall be placed as the ends of development, i.e. the freedom to achieve doings and beings considered to be of important to the people (Zheng and Walsham 2008, p. 255). CA offers a broader perspective and flexibility, thus leads to its application in solving a wide range of development challenges, including social exclusion.

Exclusion Domain	Capability
Economic exclusion	<ul style="list-style-type: none"> ▪ Being able to participate in the labour market ▪ Being able to have a good quality of job
Political exclusion	<ul style="list-style-type: none"> ▪ Being able to participate in local/national election ▪ Being able to participate in decision-making process
Social exclusion	<ul style="list-style-type: none"> ▪ Being able to have social support (i.e. quality of relationship) ▪ Being able to participate in community’s activities

Table 2.1. Exclusion Outcomes as Capability Failures

Under capability lens, social exclusion has its focus on the lack of capability and functionings to prevent oneself from being integrated to society. It is a result of persistent lack of individual’s access to functionings in relative with others, thus in other words it is a relative deprivation in terms of functionings (Bossert, D’Ambrosio et al. 2007). This perspective of social exclusion as capability failures provides a conceptual basis for the paper. Utilizing this lens, the paper aims to explore social exclusion by answering two questions: (1) What capabilities have become essential in defining social exclusion? (2) Who may be disadvantaged by failures in capabilities? The capability approach will be used as a theoretical ground to investigate the phenomena of social exclusion in this paper. Table 2.1 provides the summary of definition of exclusion from the perspective of capability approach, which will be applied in the study.

2.2. Operationalizing Social Exclusion: Domains and Indicator of Exclusion

Regardless the uncontested concept of social exclusion, there have been various attempts in measuring social exclusion outcomes and had lead to the debate in operationalizing the term; particularly what domains and indicators should be utilized to measure. Abundant literature had investigated social exclusion, such as by focusing on participation, access to services, and deprivation in wellbeing dimensions. Also, many of them demonstrated the multidimensional nature of social exclusion by looking at different domains, ranging from emotional wellbeing to institutional dimension. Nevertheless, the existing literature has narrowed to the three key domains: economic, social, and political exclusion. Table 2.2 presents the common indicators to measure each domain.

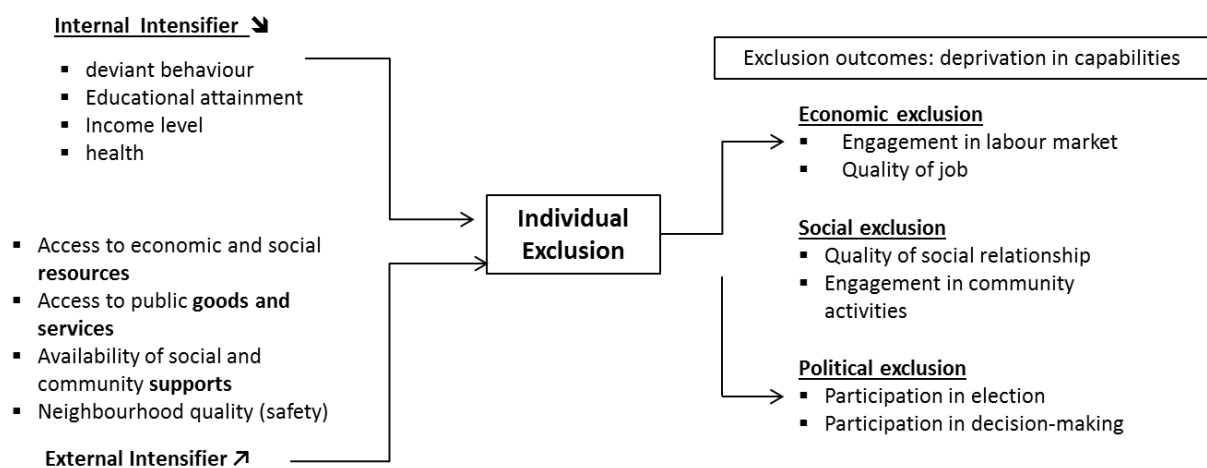
Domains	Common Indicators
Economic exclusion	<ul style="list-style-type: none"> financial difficulties in meeting ends need (e.g. Saunders, 2008; Bayram et al., 2012) access to economic resources (e.g. Peruzzi, 2014) employment status (e.g. Gordon et al., 2000)
Social exclusion	<ul style="list-style-type: none"> participation in community activity(s) (e.g. Gordon et al., 2000; Saunders et al., 2008) relationship with friends/family (e.g. Saunders et al., 2008, Levitas et al., 2007) quality of living environment (Levitas et al., 2007) access to services (e.g. Saunders et al., 2008; Bayram et al., 2012)
Political exclusion	<ul style="list-style-type: none"> participation in political activities (e.g. Saunders et al., 2008) interest in politics (e.g. Dell'Anno and Amendola, 2013)

Table 2.2. Common Indicators to Measure Different Forms of Social Exclusion

While it is evident the extant literature has concentrated in these three domains, the significance of these forms of social exclusion lies in the interdependency nature between different forms of social exclusion. Exclusion in one form may lead to another form of social exclusion. To illustrate, exclusion from labour market may result to exclusion from participation in social life and vice versa. Evidently, economic exclusion acknowledges as a major cause of social exclusion (Gangopadhyay et al., 2014, p. 242; Bradshaw et al., 2004). Atkinson (1998) argued participation in the labour force is a channel from which individual constructs social contact and develop social interaction, thus a lack of it will lead one to bear social cost (e.g. loss of social legitimacy and social status). Thus, it is of importance to capture this interdependency when measuring social exclusion.

2.3. Framework of Exclusion Process: Drivers, Outcomes, and Connections

Based on the review in this section, the study therefore will focus and limit the analyses to three folds: (1) the extent of social exclusion in Indonesia (i.e. the trends, depth, characteristics), (2) the inter-dependency nature between dimensions of social exclusion, i.e. attempting to answer how exclusion in one domain lead to another form of social exclusion, (3) the role of different individual and contextual factors in determining the likelihood of being socially excluded.



Source: Author's construction

Figure 2.1. Social Exclusion Framework

Exclusion Outcomes

Figure 2.1 provides the conceptual framework of individual exclusion process. It consists of two main parts: exclusion outcomes and their determinants. As has been argued, social exclusion is a multidimensional phenomenon and consists of wide arrays of individual wellbeing aspects from human rights to economic participation. In this research, we limit the analysis to focus on the outcomes of three forms of exclusion: social, economic, and political exclusion. Economic exclusion will examine the employment opportunity while also look at the quality of the job of an individual, i.e. whether he/she have access to the labour market. In the social domain, we will look at social exclusion in terms of quality of their relationship (i.e. access to social support from family members/friends) and their engagement in the community. Political exclusion refers to the absence in the voting for the elections. Also, we will investigate the two factors that contribute to the likelihood of being excluded: individual and contextual/community factors. The individual determinants will include the educational attainment, health condition, marital status, age, etc. In terms of community characteristics, we will focus on the access to economic and social services and resources.

Driver of Exclusion: Individual Quality

At individual level, the likelihood of being socially excluded does not only depend on *internal qualities* (i.e. individuals and household characteristics) but also on the *external qualities* (i.e. the contextual factors such as community characteristics). Taket et al. (2009, p. 11) proposed a framework to analyse social exclusion, which distinguishes the exclusion process at three levels: individual, community, and society. An individual can be excluded in their society due to its personal characteristics such as sexual behaviour, ethnicity or societal beliefs. Society may withhold a particular belief influencing what is viewed to be deviant or immoral, thus influence the act of exclusion toward an individual who do not perceived the common value or pertain a certain qualities.

Drivers of Exclusion: Community Characteristics

Nevertheless, individual should not be 'blamed' for their own exclusion, as being socially excluded also accounted by external qualities. External quality refers to the community characteristics and conditions where the individual lives. Upon reviewing European policy texts, Peace (2001, p. 23) argued there are factors influencing social exclusion including lack of resources and spatial intensifiers. Lack of resources in the community such as health and educational services as well as economic resources may prevent one to tap the opportunities to improve their individual skills and assets, thus increase the likelihood of being excluded.

3. Data and Methods

3.1. The Indonesian Family Survey and PODES

To investigate the extent of social exclusion and its source, this study employs two datasets: Indonesian Longitudinal Household Survey (IFLS) data and local government-level data set from Village Potential Census (Podes). IFLS provides rich information on socio-economic characteristic at three levels: individual, household, and community. It consists of four waves yielded in 1993, 1998, 2000, 2007/08. The last wave of IFLS survey and collect information from more than 70,000 individuals living in 13 out of 33 provinces, representative up to 83% of total population in Indonesia. The 13 provinces are selected in order to "maximize representation of the population" (Frankenberg and Thomas 2000, p. 4). Further explanation on IFLS sampling technique and procedure can be found in Frankenberg and Thomas (2000).

The analysis in this study is based on IFLS 3 and IFLS 4, which were fielded in year 2000 and 2007/08. We utilize the latest two waves of IFLS as it collects extensive information on social and political participation, thus enable one to retrieve social exclusion variables at individual-level and combined it with the community-level dataset to obtain variable on contextual determinants of exclusion. In addition, we will also merge it with PODES data, a census on village infrastructure and characteristics to obtain information on the distribution and accessibility of health and education infrastructure for contextual drivers of exclusion variables.

3.2. Construction of variables

3.2.1. Dependent variables: Social Exclusion outcomes

The indicators used to measure social exclusion in this study tap into three domains of exclusion: economic, social, and political, and consists of eight indicators (see Table 2.2). We focus to retrieve information for adult individual, i.e. aged 15 years and older. Hence, we are focusing on measuring adolescence exclusion. In line with the review of literature on social exclusion measurements, we have selected eight indicators from IFLS data (see Table 2.2). The selection of indicators is based on two things: (1) conceptual definition of social exclusion – defined by lack of participation in key activities and (2) the availability of the data. The detail about construction of exclusion variables using the IFLS data can be found in Appendix 2. It is important to note that we only keep data of respondents who were surveyed in both IFLS 2000 and 2007.

Exclusion Domains	Indicators
Economic Exclusion	<ul style="list-style-type: none"> ▪ Unemployed/employed ▪ Employment status (i.e. formal vs informal jobs) ▪ Type of employment (e.g. salaried worker, unpaid worker) ▪ Additional job ▪ Whether receiving job benefits
Political Exclusion	<ul style="list-style-type: none"> ▪ Absence in participation of election
Social Exclusion	<ul style="list-style-type: none"> ▪ Lack of participation in the community-activities ▪ Lack of social support (i.e. whether had received help from others)

Table 2.2. Indicators of Social Exclusion Outcomes (IFLS 2000 and 2007)

In this study, the analysis focus on social exclusion of adolescent, thus we restrict the sample to adult individual (i.e. >15 years old). We used Book 3A and 3B from the IFLS 2000 and 2007 in order to construct social exclusion variables in economic, social, and political domain. Book 3A and Book 3B consists of different modules and collects a wealth of information of individual in the sample. The process of constructing variables on social exclusion outcome can be found in Appendix 2.

Economic exclusion outcome

In the analysis, the study attempts to analyse economic exclusion in terms of twofold: employment status (i.e. unemployed/employed) and lack of access to a decent job. To measure this, we construct five indicators of economic exclusion as follows:

- *Economic Exclusion (1): Employment status based on working hours*

Under this variable, inclusion status is based on is employed while also takes into account the type of job they undertook based on the working hours. One is included in the labour market if he/she falls under full-time employment.

- *Economic Exclusion (2): Type of Employment*
The second variable on economic exclusion observes the quality of the job based on the employment types, which are categorized into: self-employed, salaried work, and unpaid work. One is included if they engage in either salaried work or self-employed.
- *Economic Exclusion (3): Formal versus informal job*
The third proxy on economic exclusion provides another inside of exclusion based on certain type of employment. One is included if they engage in formal employment – defined as self-employed and salaried worker. We follow the definition and categorisation of employment of Indonesian National Bureau of Statistics.
- *Economic Exclusion (4): Additional job*
Another variable providing other insight on economic exclusion is whether one work on multiple jobs. One is considered to be included if one does not have any side job.
- *Economic Exclusion (5): Employment benefits*
One is included if he/she received at least one type of employment benefits from their employer (primary job).

Social exclusion outcome

Social exclusion in this paper is defined as non-participation in the community activities and absence of social support from family/friends. To construct the variables, we retrieve information from “community participation” and “transfer” modules. It contains extensive information on the individual’s knowledge about different types community activities available in their neighbourhood while also record their participation in any of the activities in the last 12 months. This specialized module on community participation is only available from IFLS wave 2 (1997) onward only. The reason we use IFLS 3 (2000) and IFLS 4 (2007) over the second wave of IFLS: it did not survey respondent’s political participation, which is one of the key variables we need to measure political exclusion. We also retrieve information on lack of social support from “transfer” module, which records information on whether on receive any helps (e.g. goods/money/services) from either family members or friends who lived outside the household.

Political exclusion outcome

Political exclusion in this study refers to the absence of participation in any of the national/regional/local/village elections. Module “community participation” in the IFLS conveys information whether the respondent had vote in any of the elections a year before the survey or during the survey.

3.2.2. Determinants of Social Exclusion

Individual Intensifier

The study examines individual intensifier of exclusion, i.e. individual characteristics of respondents, which may determine the likelihood of being excluded. From the review of literature on individual determinants of exclusion, the analysis uses the following individual determinants of exclusion. First, it is the **level of education**. As widely documented in the literature, education found to be contributing and sustaining social exclusion (Peruzzi 2015, p. 131). Low level of educational attainment leads to greater likelihood of unemployment (OECD, 2010). To measure this, we construct education variables from “Education” module in the Book 3A of adult respondent. The module documents the education history of the respondent. We construct a categorical variable out of the question: The respondents are thus categorised into four level of education: primary (completed 6 years of education), lower secondary (completed 9 years of education), higher

secondary (completed 12 years of education), and tertiary (completed more than 12 years of education). It is important to note that we only consider formal education that is recognized by the Indonesian Ministry of Education.

Second, we construct **health condition** variable. Previous studies have observed that relation health is associated with social exclusion (e.g. Santana 2002). In this study, we use self-rated health to measure health condition. In the “health” module, respondents were asked to rate their current health condition from “healthy”, “somewhat healthy”, “somewhat unhealthy”, and “unhealthy”. It is important to note that we only focus on the condition of physical health and do not take into account mental health condition of the respondent.

Also, **age** has been a key focus in the study of exclusion. Studies have identified social exclusion experience differs in terms of demographic, i.e. young, adult, elderly (Taket, Crisp et al. 2009). In this paper, we focus on social exclusion among adults. For the purpose of descriptive analysis, we group the respondents based on their age range: “young” (15-24 years old), “adult” (25-55 years old), “. This is in order to identify the characteristics of excluded individuals in Indonesia - Individuals within which age range suffer most from social exclusion? Another variable to be used is **area**. Variable area indicates whether the respondent lives in an urban or rural dwelling. It is used in the analysis to test whether living in rural area increases the likelihood of being excluded in the three domains of exclusion.

Community Intensifier

Community intensifiers refer to the characteristic of community where the respondent live in. Previous studies have observed. As widely documented in the theoretical discussion in social exclusion, access to services and resources are the key to social exclusion. These two will be the focus in this analysis. The variables on community characteristics will thus include: economic services (e.g. the availability and accessibility (distance) of financial institutions, social services/resources: the availability of health and educational facilities (school), number of social organisations in the community.

3.3. Method of Analysis

In this study, the analysis comprises three steps: (1) descriptive statistics to draw a preliminary finding on the condition of social exclusion being in Indonesia, (2) Structural equation modelling to analyse the link between different of social exclusion, and multivariate multilevel modelling analysis to investigate the role of different individual and contextual factors in the development of social exclusion.

3.3.1. Descriptive Statistics

In the descriptive statistics, we cluster the analysis into three steps. First, we identify the extent of exclusion in Indonesia. We explore the proportion of individual excluded in each of the domain and identify which forms of exclusion are average of the sample suffer from. Next, we confirm the multidimensional and dynamics of social exclusion characteristics. That is by looking at the share of the sample by the number of dimensions on which they are excluded. At last, we seek to identify the characteristics of excluded compared to the non-excluded. All of the analysis is carried out for each of the exclusion domain.

3.3.2. Confirmatory Factor Analysis

In the next stage, we will attempt to answer the research question in this study: “Are different forms of exclusion related? To what extent they influence one another?” This aims to identify which type of exclusion is most common and has more power in increasing the likelihood of being socially

excluded in Indonesia. Hence, filling the gaps in the literature where the interdependency nature between different social exclusion dimensions and how these social exclusion outcomes influenced by a set of driving factors is rarely explored.

Inspired by Peruzzi (2015) and Khrisnakumar and Ballon (2008), we plan to employ Confirmatory Factor Analysis (CFA) based on the structure equation modelling. Krishnakumar (2014, pp. 4-18) argued structural equation modeling resolve the shortcomings of non-statistical techniques and of other approaches fall under latent variable modeling such as Factor Analysis (FA) and Multiple Indicators Multiple Causes (MIMIC) models. While both FA and MIMIC assumes the observed indicators are manifestations of one (or more) latent concepts(s), only specifications of SEM allows one to explore the simultaneous interdependencies between different capabilities, their dependence on external causes, and provide estimates for capability. An important thing to note is, CFA will be employed only when measuring exclusion status in social and economic domain, whereby we use more than one indicator. Following the analysis we plan to calculate the factor score for each individual to determine whether they are excluded/included.

3.3.3. Multivariate Multilevel Modelling

The second research questions in this paper aims to investigate the role of individual and contextual factor in social exclusion being. As argued, the likelihood of being socially excluded may depend on the characteristics of the individual and their surroundings, particularly the community characteristics. Moreover, one needs to recognize the nature of IFLS data where individuals/households are nested within particular community-settings. Ignoring the nature of the data by using an ordinary OLS regression in the analysis will thus potentially underestimate the value of standard errors counted for the effects of community characteristics. In other words, one will have an overestimated community effects on social exclusion status, in the case of using an ordinary regression analysis. To tackle this concern, the analysis will employ multivariate multilevel modelling. It is useful in this case as it allows one to assess the relationships between dependent and independent variables at different levels simultaneously (Trammer and Elliot 2007, p. 1).

Within the analysis, we will investigate the relationship between social exclusion status and their determinants at two levels: individual and community. The model will be estimated for each type of exclusion; that is economic, social, and political exclusion status. As the dependent variable will be the dummy variable of exclusion status, we will use logistic multilevel regression. The analysis will be performed using STATA. The basic model as follows:

$$y_{ij} = \beta_0 + \beta_{1j}x_{ij} + \beta_2w_j + \beta_3 t_{ij} + u_{oj} + e_{ij} \quad (1)$$

where, y_{ij} = exclusion status; x_{ij} = individual characteristics; w_j = community characteristics; t_{ij} = time variable.

4. Results from Descriptive Statistics

This section attempts to provide a preliminary analysis to the research questions in this paper. It provides descriptive statistics and draws implications in order to answer the following questions on social exclusion: What is the extent of social exclusion of over the year? Does individual whom suffer from exclusion tend to experience it over time and is more likely to be excluded in multiple aspects? Finally, we also attempt to provide early insights on the common debate whether poverty and social exclusion are two distinctive phenomena.

4.1. The Extent of Exclusion in Indonesia: Trends and Characteristics

Rising concern of social exclusion

Based on the IFLS 2000 and 2007, social exclusion in Indonesia rose since 2000 regardless the unevenly occurrence across the eight indicators, which measure the three aspects of exclusion. In the political domain, approximately 14% of the respondents claimed did not engage in any of the national/regional/local/village elections in the last 3 years since 2007. It increased by almost 1% if compared to the figure in 2000. Accordingly, more respondents state they did not participate in any of communal activities in their living sphere, hence excluded. There was roughly 28% of the sample excluded in social domain during 2007, indicating a 2.5% increase since 2000. Despite of the positive sign whereby more individuals were now able to gain social support from family members and friends, it does not guarantee the opportunity available for the people to engage in their community.

Similarly, more people fell into economic exclusion than they were in 2000 if one takes into account the condition of their job (i.e. type of employment, side job, and benefits). There have been more people who were unemployed or worked an unpaid job (i.e. approx. 46% and 48% in 2000 and 2007 respectively) and more respondents report to be unemployed or worked in informal sector (i.e. approx. 71% and 75% in 2000 and 2007 respectively). Hence, it is evident residents in Indonesia are increasingly prone to exclusion in any of its aspects. The population has been unable to tap opportunities from the positive developments on the economic growth, poverty rate, and improvements in the labour market in Indonesia since the last decade (please see figures in section 2.3).

Social Exclusion Domains	2000	2007
Political Exclusion		
Participation in election	12.87	13.66
Social Exclusion		
Lack of participation in communities	24.43	27.93
Lack of social support	52.83	47.17
Economic Exclusion		
EE1: unemployed & underemployment	57.36	57.07
EE2: unemployed & unpaid work	46.27	47.86
EE3: unemployed & informal job	70.77	75.4
EE4: with side job	79.7	79.01
EE5: no employment benefits	85.24	85.49

Source: Author's calculation based on IFLS 2000 and 2007.

Table 2.3. Distribution of Excluded Individuals by Exclusion Domain (% , year 2000 and 2007)

Economic exclusion as the most common form of individual exclusion

In Indonesia, the most common form of individual exclusion is economic exclusion. The ratio of individuals in the population who are economically excluded was consistently reached a ratio of 1:2 individual in both years. This is significantly higher if compared to the ratio of those who are excluded in other domains. Only 1 in 10 individuals suffer from political exclusion defined as lack of engagement in national/regional/local/village elections and only 1 in 5 individuals suffer for social exclusion perceived as lack of engagement in community (in both IFLS rounds). More importantly, nearly half of the sample population experience from exclusion regardless of how we define economic exclusion.

The figure has also been generally on a rise. The upward trend is particularly evident when one incorporates the working condition, i.e. the type of job and engagement in side jobs. In EE2 variable, respondent is categorised as excluded if he/she state to be unemployed or worked an unpaid job. Based on this categorisation, those who were excluded rose nearly to half of the sample since 2000. Another evidence, the EE3 variable provides the total percentage of individual who were unemployed and those who worked in informal section. The figure shows the increased share of 7% in 2007, indicating 7 out of 10 respondents state to be unemployed or engaged in an unpaid work (i.e. hence, they are excluded).

This pinpoints a **key feature of economic exclusion** in the country: **it is not only about unemployment, but more importantly, it concerns the accessibility of the labour market** for the wider population. EE1 variable shows the proportion of excluded respondents decided upon whether they are unemployed or in work yet underemployed (i.e. working less than 35 hours per week). According to data, there is a positive improvement in terms of unemployment indicating there had been less respondents claimed to be unemployed or underemployed during the entire reference periods discussed here. This finding is non-anomaly as it has been widely documented in studies on the labour market in Indonesia. Their key findings indicate the rising labour force participation and a drop in the share of underemployed population since 2007 (see Priebe, Howell et al. 2014)

However, merely having a job does not necessarily guarantee one's access to labour market thus enable one to have a decent job (i.e. full-time employment, job in formal sector, or accessible employment benefits). EE3 shows two thirds of the population consistently suffer from economic exclusion during the entire reference period due to unemployment and engagement in informal job. Approximately, 71% and 75% of the population were either unemployed or worked yet in informal sector in year 2000 and 2007 respectively. More importantly, EE5 variable suggests majority of respondents state they did not receive any benefits from their current employment, reaching a significant figure of approx. 85-86% in both periods. Thus, it is important to note that better outlook of Indonesian labour market conditions in the last decade is still largely about job creation, instead of improvement in quality of jobs. In other words, more people are still suffer from economic exclusion and being unable to enjoy sufficient income and all benefits that may come from a decent job, which only accessible if they are in the labour market.

Characteristics of Social Exclusion

Table 2.3 also provides some lessons learned, highlighting the key characteristics of social exclusion phenomenon in Indonesia. First, the most common form of exclusion in social domain among the Indonesian population is the absence of social support. The share of individual who state did not receive any social supports from family members and friends living outside their household consistently revolves around half of the sample. It accounted for nearly 53% in 2000 and roughly 47% in 2007. This portion is doubled and outweighs the percentage of respondents who reported to be absent from any community activities available in the neighbourhood, which reached just 24% and 28% in 2000 and 2007 respectively. It is important to note that this particular finding is interesting, given the common tradition of *gotong royong* ("mutual assistance") among Indonesians. This can be an elementary indication that this long-held tradition has vanished and no longer perceived in practice.

Second, economic exclusion is also mainly characterised by lack of access to labour market as reflected to the low quality of job. In other words, Indonesian population are excluded economically if either they are unemployed or worked yet the job is not decent. Hence, there is less potential to benefit from sufficient income and needs to seek additional jobs to cover expenses (see Table 2.3, EE2-EE5 indicators).

Number of dimensions	2000	2007
0	4.98	3.59

1	35.77	36.48
2	51.89	52.07
3	7.36	7.86
Total	100	100

Source: Author's calculation based on IFLS 2000 and 2007

Table 2.4. Depth of Exclusion (% , year 2000 and 2007)

Also, the multidimensionality of social exclusion is confirmed. Relevant key literatures have long argued exclusion is a multidimensional phenomenon. More importantly, common findings from previous studies suggest if one suffers from exclusion in a particular domain, it is more likely for the individual to also experience exclusion in other aspects. The data from IFLS shows evidence in line with these studies. Table 2.4 provides a summary on the population share based on the number of different dimensions in which respondents are excluded. More than half of the sample (roughly 69 percentage) experience exclusion in two or more dimensions. This figure confirms the multidimensional nature of exclusion, whilst also re-highlights the importance to later analyse exclusion by taking into account its different domains. Thus, it would also be an advantage to analyse exclusion by each particular dimension (over the aggregation method to build a single aggregate index of exclusion), so not to miss its dynamic characteristics.

Another interesting fact to note, social exclusion in Indonesia (or perhaps in developing countries) might just appear to be a true concern at the rear of development challenges. Previous studies on social exclusion have largely clustered in developed country cases although it might not be the concern of majority of the population concerned. For instance, Burchardt et al (1999, p. 236) analysed social exclusion using the British Household Panel Survey 1991-1995 and found more than half of the sample (approx. 53% in 1991 and 55% in 1999) had never experience exclusion in any of the five domains investigated. On the contrary, only less than 5% of the sample among Indonesians is never excluded in any domains during the entire reference years, whilst the rest is excluded in at least one domain. More importantly, the trend is upward whereby more respondents in year 2007 claimed to be excluded. This increase in the share of the excluded seems to be accounted by the newcomer, as number of individuals who had never fallen into exclusion dropped slightly from 4.98% in 2000 to 3.59%.

4.2. The Relationship between Different Forms of Exclusion

There have been only a limited number of studies exploring this inter-correlation (e.g. Burchardt, et al. 1999; add reference). This section attempts to draw preliminary lesson on how different domains of exclusion are interlinked and connected to one another. In the case of Indonesia, there is an indication that there is a linkage between the three. Table 2.5 provides a proportion of excluded individuals in a particular domain based on each dimension from which the individuals are also excluded and brings two connection patterns.

Proportion of Individuals excluded on è		Economic	Political	Social
Also excluded on è				
Economic				
	2000	-	89.65	87.02
	2007	-	89.05	86.83
Political				
	2000	13.23	-	13.2
	2007	13.85	-	14.17

Social				
	2000	62.8	64.53	-
	2007	62.24	65.31	-

Source: Author's calculation based on IFLS 2000 and IFLS 2007

Table 2.5 The Relationship between Different Exclusion Dimensions (Year 2000 and 2007)

First, there is a clear connection between being socially and economically excluded. Economic exclusion is related with being unengaged with the community than with absence of participation in the election. Only slightly above one tenth of those excluded in economic domain is also excluded in the political domain. On the other hand, more than half of respondents suffer from economic exclusion (approximately 63% and 62% in year 2000 and 2007 respective) also found to be lack of participation in the society. Accordingly, being absent from community activity is more about being economically excluded and less about lack of political engagement. Only approximately 13-14% of the socially excluded did not join the election whilst 86-87% of them also fell into economic exclusion. This finding is in accordance with the idea of social capital. <add explanation on social capital. Nevertheless, a further investigation is fundamental to justify the presence of causal relationship between the two.

Whilst being unable to secure a decent job and lack of social participation is less about political engagement, lack of participation in the national/regional/local/village election is evidently related with experiencing exclusion in the other two domains. Among respondents with no participation in the election, nearly 90% are also excluded in the economic domain while approximately 65% of them did not join any activities in their community. This trend is consistent in both year 2000 and 2007. It is expected, considering the decreasing participation rate of voters in the legislative elections (from 93% in 1999 to 75% in 2014) and the common practice of vote buying in Indonesia, which justify the connection between willingness to vote and economic background of voters (Thornley 2014, p. 7).

Interestingly, this pattern is in line with findings in developed countries despite the presumed difference in voters' electoral behaviour. For instance, Burchardt, et al. 1999 (pp. 236-237) found the absence in political activities and being socially excluded in the UK is associated with economic exclusion of low income- and wealth- levels. All in all, the different sort of interaction between exclusion is evident and it justifies the significant of the next stage analysis in this paper, i.e. to investigate the causal relationship between the three forms of exclusion.

4.3. Who is the Excluded?

The previous section analysed the trend and characteristics of the exclusion phenomenon in Indonesia in year 2000 and 2007. Some of the findings configure the key feature of exclusion, such as being socially excluded in Indonesia is generally associated with economic exclusion, and vice versa. However, further analysis is necessary to identify the reason behind this particular relationship. The differences in exclusion outcomes among individuals can relate to two factor: individual (e.g. lower level of education, old age) and contextual characteristics (e.g. availability of public services, ethnic group). As argued in the literature, one of defining characteristics of exclusion is relational. In a sense, the occurrence of social exclusion is not solely down to the person, rather it accounts for factors outside the individual. This section investigates to what extent the excluded individuals differ in their individual and contextual characteristics. Table 2.5 provides the summary of socio-economic characteristics of the excluded in each domain.²

² Note: This is a working-in-progress. We only present the data for individual characteristics. The community characteristics will come in the later development of this paper.

Exclusion Domains è	Political Exclusion	Social Exclusion		Economic Exclusion				
Individual Characteristics ê	PE1	SE1	SE2	EE1	EE2	EE3	EE4	EE5
Educational Attainment (%)								
Primary	15.99	32.87	37.32	37.61	36.37	43.17	49.91	40.99
Lower Secondary	27.3	20.64	19.51	20.39	22.32	21.37	17.01	20.94
Higher Secondary	47.78	34.61	31.62	30.9	32.76	28.45	21.42	29.74
Tertiary	8.93	11.88	11.56	11.11	8.55	7.01	11.66	8.33
Health status (%)								
very healthy	13.9	10.02	10.9	9.15	9.03	9.16	10.38	10.11
somewhat healthy	73.81	75.78	75.6	75.06	75.1	75.07	77.68	75.08
somewhat unhealthy	12.01	13.72	13.23	15.41	15.47	15.4	11.83	14.41
unhealthy	0.28	0.48	0.26	0.38	0.4	0.38	0.12	0.4
Area (%)								
Rural	40.87	43.13	44.01	49.5	49.21	52.25	65.73	50.45
Urban	59.13	56.87	55.99	50.5	50.79	47.75	34.27	49.55
Age Group (%)								
young (15-24)	79.91	36.29	19.5	30.16	34.97	25.19	8.64	25.24
adult (25-55)	17.51	51.55	64.23	51.28	47.98	56.57	75.98	57.33
old (>55)	2.57	12.17	16.27	18.55	17.05	18.23	15.38	17.43
Marital Status (%)								
single	72.12	31.95	17.41	25.09	28.19	21.12	9.4	21.5
married	25.23	58.66	74.24	64.78	62.46	69.29	84.93	69.36
separated	0.28	0.63	0.55	0.52	0.4	0.54	0.38	0.49
divorced	0.81	2.48	1.86	1.85	1.6	1.91	1.5	1.89
widowed	1.56	6.29	5.93	7.76	7.35	7.14	3.75	6.75
Gender (%)								
Female	51.66	58.25	51.57	65.74	73.65	58.02	27.67	56.49
Male	48.34	41.75	48.43	34.26	26.35	41.98	72.33	43.51

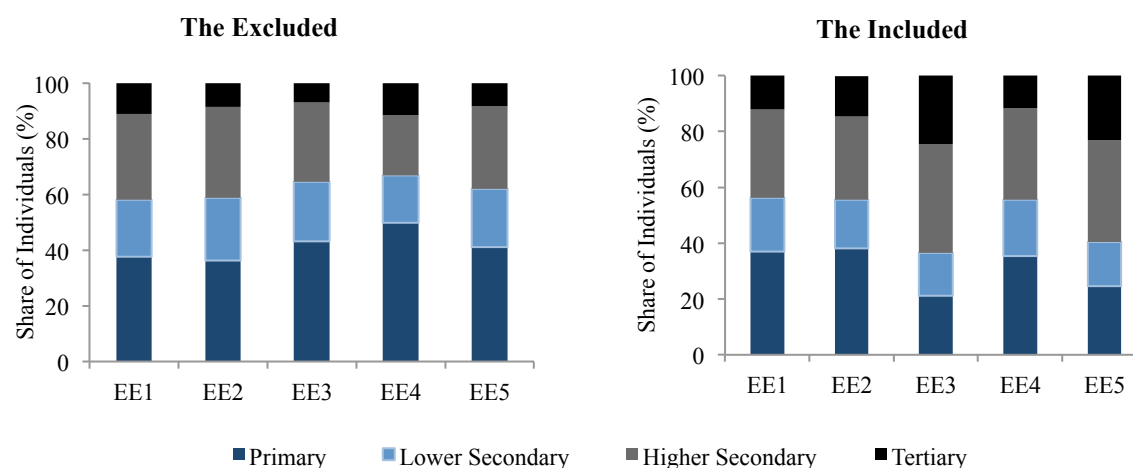
Note: Author's calculation based on IFLS 2007. P1 individuals did not engage in election; SE1: individuals did not participate in community activity; SE2: individuals did not receive any social support from family members and friends; EE1: the unemployed and under-employed ; EE2: the unemployed and individual with unpaid work; EE3: unemployed and informal job; EE4: unemployed and individual with side job; EE5: the unemployed and individual without employment benefits.

Table 2.5 Socio-economic characteristics of the Excluded (2007)

Education is the key to exclusion?

Evidence from previous studies suggests lower level of educational attainment plays a key role in leading and sustaining social exclusion (see Sparkes, 1999 and Peruzzi, 2015). <elabourate>. In line with the review of literature on education and exclusion, we found individual's education level is significantly associated with being excluded. This is particularly notable in the social and economic domain. Slightly above half of the respondent (approx. 54%) who claimed to be unengaged in the community and nearly 58% of the sample whom did not receive any social support, possessed nine years of education or less (see Table 2.5). Accordingly, education has a role in explaining the variation of individual economic exclusion. Being economically excluded is related

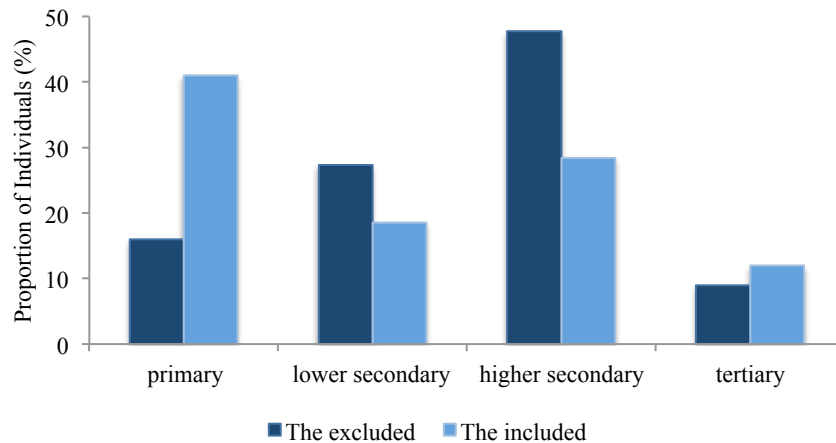
with completing less than nine years of compulsory education in Indonesia. Whilst the result is relevant in the entire indicators we used to measure economic exclusion, the divergence stands out when economic exclusion is defined by not only being unemployed but also by the quality of job (see Figure 2.2).



Note: Author's calculation based on IFLS 2007. EE1: the unemployed and under-employed; EE2: the unemployed and individual with unpaid work; EE3: unemployed and informal job; EE4: unemployed and individual with side job; EE5: the unemployed and individual without employment benefits.

Figure 2.2 Distributions of Individuals by Educational Attainment and Economic Exclusion (2007)

As illustrated in the above figure, economically excluded individual is less likely to complete higher secondary education. In 2007, only roughly 36% of the economically excluded defined by those who were unemployed or worked in informal sector (EE3 indicator) had completed higher secondary education or above. On the contrary, there are 64% of respondents who hold higher secondary level or above among those who were employed and had a decent job (hence included). Nevertheless, it is also interesting to note that there is still a significant share of individuals who completed higher secondary education among the economically excluded. This implies the completion of higher level of education does not fully adjust to increase the likelihood of being included in the economic domain. This can be explained by lower return on education in Indonesia in the past few decades following the large-scale expansion of the sector since 1970s. Studies in education and labour market in Indonesia found rate of returns in education had decreased moderately between since during 1980s and mid-2000 (Duflo, 2004; Purnastuti, Miller et al. 2013).



Source: Author's calculation based on IFLS 2007.

Figure 2.3 Proportion of Individuals by Education and Political Exclusion Status (2007)

With regard to political exclusion, the finding suggests education level does not justify the variation in political participation (see Table 2.5). Among the respondents who claimed did not vote in the election, majority of them completed higher secondary education (approx. 48%) whilst the respondents who voted in the election (hence, included) was were mainly completed just primary education (i.e. 41%) (see Figure 2.3). This finding is non-anomaly if one considered the low level of political participation and the common practice of vote buying in Indonesia. According to The Asia Foundation report on “Elections in Indonesia”, voting rate had declined between 1997 and 2014, while a third of election location had reported cases of vote buying (Thornley 2014).

Health Condition

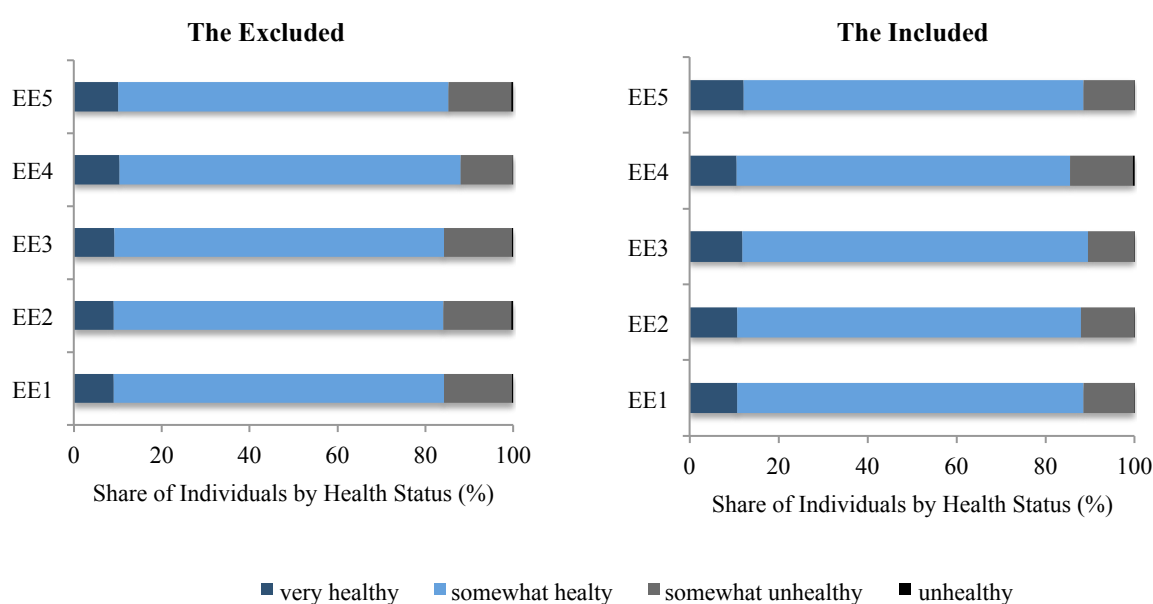
Previous studies observed health the relation between health and social exclusion.

Exclusion Domains è	Political	Social		Economic				
		PE1	SE1	SE2	EE1	EE2	EE3	EE4
Health Status ê								
The Excluded (%)								
Very healthy	13.9	10.0 2	10.9	9.15	9.03	9.16	10.38	10.11
Somewhat healthy	73.81	75.7 8	75.6	75.06	75.1	75.07	77.68	75.08
Somewhat unhealthy	12.01	13.7 2	13.23	15.41	15.47	15.4	11.83	14.41
Unhealthy	0.28	0.48	0.26	0.38	0.4	0.38	0.12	0.4
The Included (%)								
Very healthy	10	10.7 3	10.16	10.7	10.67	11.85	10.56	12.12
Somewhat healthy	75.63	75.2 1	75.14	77.88	77.32	77.75	74.97	76.43
Somewhat unhealthy	14.03	13.7 9	14.3	11.31	11.89	10.31	14.1	11.36
Unhealthy	0.34	0.27	0.4	0.11	0.12	0.08	0.37	0.08

Note: Author's calculation based on IFLS 2007.

Table 2.6 Distributions of Individuals by Health Condition and Exclusion Status (2007)

Table 2.6 depicts the share of population sample based on self-rated health condition and exclusion status. In general, respondents are healthy despite their exclusion status. Nevertheless, the finding still indicates that being excluded in economic domain is associated with being less healthy. In any of the economic exclusion indicators (i.e. EE1-EE5 variables), the share of “somewhat unhealthy” and “unhealthy” respondents is consistently slightly larger among those who suffer from economic exclusion (i.e. it ranges between 12-16%) compared to respondents who never experienced it (i.e. it ranges between 11-14%) (see Figure 2.4). This studies in line with literature on the link between health and economic prosperity, which suggests there is a strong positive relationship between health and (see Marmot et al, 1997; Thomas and Strauss, 1997). Thomas and Strauss 1997, pp. 170-171) found lower level of calorie and protein intakes of individual reduce the wages of formal workers in Brazil.



Note: Author’s calculation based on IFLS 2007. EE1: the unemployed and under-employed; EE2: the unemployed and individual with unpaid work; EE3: unemployed and informal job; EE4: unemployed and individual with side job; EE5: the unemployed and individual without employment benefits.

Figure 2.4 Proportions of Individuals by Health Condition and Economic Exclusion (2007)

Another interesting finding to note, the finding indicates political exclusion is not associated with health condition. The total share of “somewhat unhealthy” and “unhealthy” among respondents who participated during the legislative election exceeded the share among respondents who are politically excluded by roughly 2.1%.

The Excluded across Rural and Urban Areas

Previous research on social exclusion has explored the spatial element of exclusion.

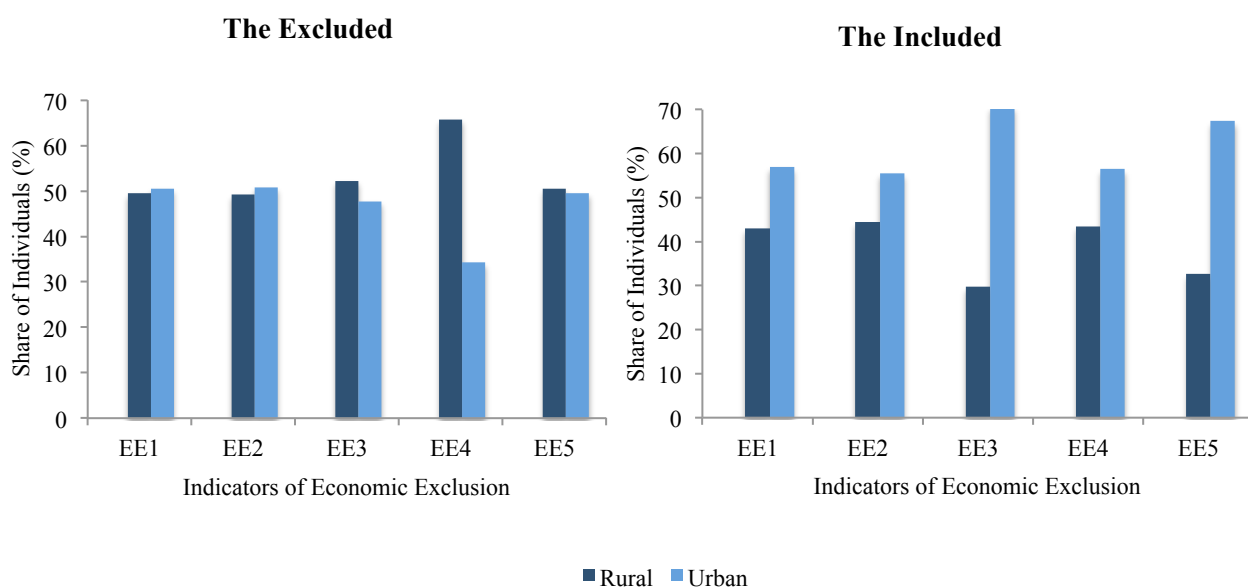
Exclusion Domains è	Political	Social		Economic				
Area ê	PE1	SE1	SE2	EE1	EE2	EE3	EE4	EE5
The Excluded (%)								
Rural	40.87	43.13	44.01	49.5	49.21	52.25	65.73	50.45
Urban	59.13	56.87	55.99	50.5	50.79	47.75	34.27	49.55

The Included (%)									
Rural	47.66	48.12	49.43	42.99	44.42	29.73	43.49	32.62	
Urban	52.34	51.88	50.57	57.01	55.58	70.72	56.51	67.38	

Note: Author's calculation based on IFLS 2007.

Table 2.7 Distributions of Individuals by Health Condition and Exclusion Status (2007)

Living in urban/rural region has less power in explaining the variation in individual exclusion status. Majority of the respondents lived in urban areas regardless whether they had experience exclusion in any of the domains (see Table 2.7). However, spatial element of exclusion evidently plays a key role in determining whether individual is able to secure a decent job (hence included). Figure 2.5 illustrates the disparity between individuals living in urban and rural areas.



Note: Author's calculation based on IFLS 2007. EE1: the unemployed and under-employed; EE2: the unemployed and individual with unpaid work; EE3: unemployed and informal job; EE4: unemployed and individual with side job; EE5: the unemployed and individual without employment benefits.

Figure 2.5 Distribution of Individuals by Area and Economic Exclusion Status (2007)

We found individuals living in urban areas are less likely to experience economic exclusion – particularly defined as being able to benefit from a decent job. For instance, two third of those who are employed and worked in formal sector (EE3) lived in urban areas (i.e. approx. 71%). On the other hand, slightly more half of excluded individual defined in this term lived in rural area (i.e. approx. 52%). This is in line with the common characteristic of the labour market in Indonesia, where urban labour market creates more job opportunities and full-time employment (Priebe, Howell et al. 2014, p. 8). Nevertheless, if one investigates economic exclusion from the perspective of their employment status (i.e. employed/unemployed), exclusion is an urban phenomenon. This is particularly driven by the higher unemployment rate in urban area (Priebe, Howell et al. 2014, p. 8). Therefore, it is rather significance to observe economic exclusion not from merely employment status but also the job quality.

Adult population suffer most forms of exclusion

Table 2.8 provides information on the share of individuals by age and economic exclusion status in the three domains during year 2007. Social exclusion in Indonesia is most experienced by

adult population. The socially excluded – defined as lack of participation and social support – and the economically excluded – defined as unemployed and lack of access to decent job – comprise mainly by working age adults (25-55 years old).

Exclusion Domains è	Political	Social		Economic				
Age ê	PE1	SE1	SE2	EE1	EE2	EE3	EE4	EE5
The Excluded (%)								
Young (15-24)	79.91	36.29	19.5	30.16	34.97	25.19	8.64	25.24
Adult (25-55)	17.51	51.55	64.23	51.28	47.98	56.57	75.98	57.33
Old (>55)	2.57	12.17	16.27	18.55	17.05	18.23	15.38	17.43
The Included (%)								
Young (15-24)	15.6	19.76	29.25	16.68	14.65	21.88	27.05	21.13
Adult (25-55)	67.63	64.37	57.35	73.44	72.55	73.72	58.21	73.84
Old (>55)	16.77	15.87	13.4	9.89	12.8	4.41	14.74	5.04

Note: Author's calculation based on IFLS 2007.

Table 2.8 Distributions of Individuals by Age and Exclusion Status (2007)

For political exclusion, being young is significantly associated with being politically excluded. Nearly 90% of respondents who did not participate in political exclusion aged between 15-24 years old whilst it is only approx. 16% of those who engaged in political activity aged within the range. This high share of unengaged youth in political activities is a concern as it may indicate the low representation of youth in the political election.

Gender discrimination explains individual economic exclusion

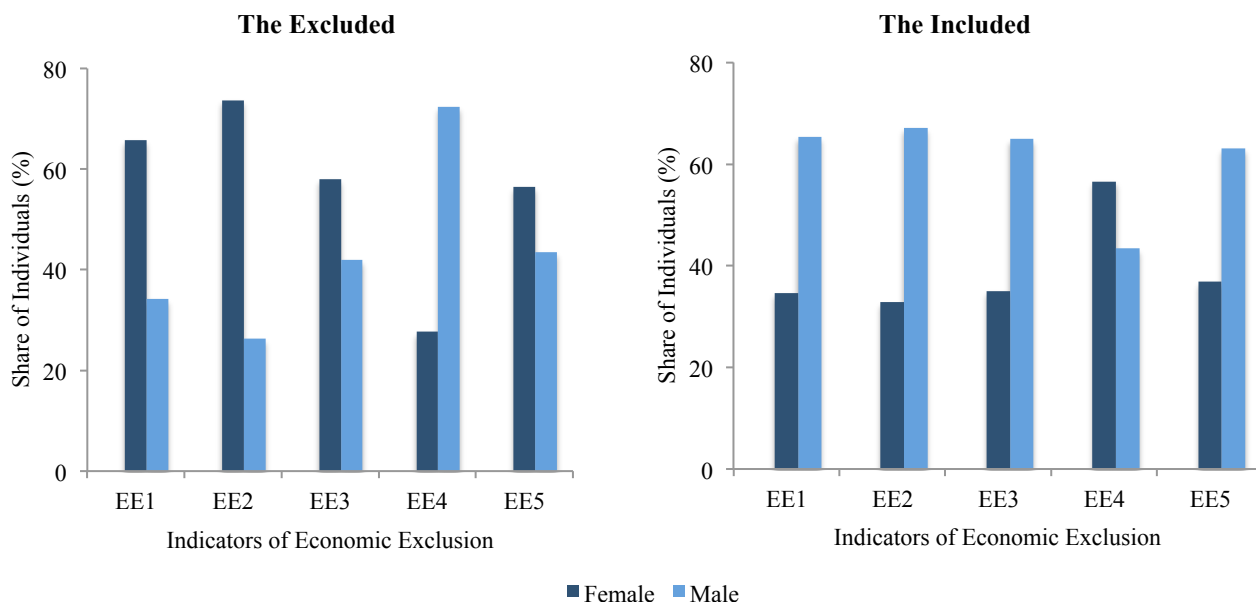
The literature suggests female is more likely to experience social exclusion <add reference>. As widely documented in the literature, the likelihood of women to tap opportunities from engagement in social, political, and productive activities is less than its counterpart. Women are often bound with cultural values and social norms such as greater responsibility for child bearing, household management, etc. This is particularly relevant in Indonesian context, whereas for example Javanese middle-income women opt child-care over their job or tend not to sign up for official village positions, although it is not necessarily represent their inferiority (Smith, Thomas et al. 2002, pp. 538-539). Likewise, the common labour market discrimination against women in developing countries may lead to differences in the labour outcome, thus increasing the risk of economic exclusion among female. Among OECD countries, women dominate the proportion of people with part-time employment (OECD 2013).

Exclusion Domains è	Political	Social		Economic				
Gender ê	PE1	SE1	SE2	EE1	EE2	EE3	EE4	EE5
The excluded (%)								
Female	51.66	58.25	51.57	65.74	73.65	58.02	27.67	56.49
Male	48.34	41.75	48.43	34.26	26.35	41.98	72.33	43.51
The included (%)								
Female	52.48	50.1	53.18	34.59	32.83	35.05	56.57	36.85
Male	47.52	49.9	46.82	65.41	67.17	64.95	43.43	63.15

Source: Author's calculation based on IFLS 2007.

Table 2.10 Distributions of Individuals by Marital Status and Exclusion Status (2007)

In line with the review of the literature, we found being female is associated with being excluded. Excluded individuals in any domains comprise largely by female, although the relationship is less straightforward when explaining the variation in political and social exclusion (see Table 2.10). Nevertheless, the divergence in the likelihood of being economically excluded is apparent in the economic domain; suggesting female is at risk of economic exclusion.



Note: Author’s calculation based on IFLS 2007. EE1: the unemployed and under-employed; EE2: the unemployed and individual with unpaid work; EE3: unemployed and informal job; EE4: unemployed and individual with side job; EE5: the unemployed and individual without employment benefits.

Figure. 2.6 Distribution of Individuals by Gender and Economic Exclusion Status (2007)

As illustrated above, we found strong differences exist between men and women in their shares of excluded and included respondents in the economic domain (see Figure 2.6). In 2007, being women is more likely to be unemployed or have less access to a decent job. The share of women consistently and significantly exceeds that of men in the entire indicators we used to measure social exclusion, aside from “having a side job” (EE4) indicator. On the other hand, the proportion of male who do not suffer from any forms of economic exclusion accounted for 63-67% of the total included respondents. This finding is consistent with the difference in the labour market outcome between men and women; lower labour force participation rate among women and employed women tend to be underemployed during 2000-2012 (Smith, Thomas et al. 2002; Priebe, Howell et al. 2014, pp. 9-10).

4.4. Poverty and Social Exclusion: How differ?

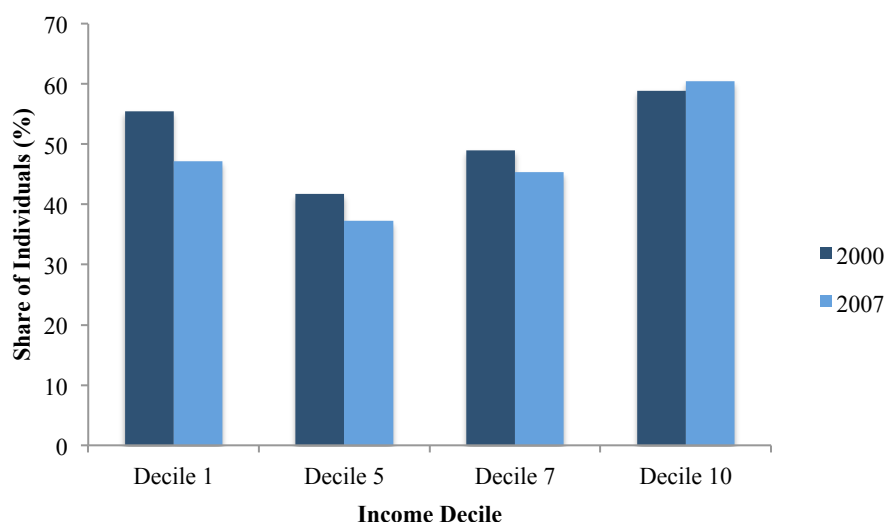
One of the fundamental critiques about social exclusion is, it is not a distinct concept from poverty. Sen (2000) asserts that social exclusion is expendable and it has been featured implicitly in the extant studies on poverty. Moreover, Fischer (2011, p. 1) mentioned the rudimentary debate on the concept: the notion is synonymous to poverty one way and another. Contributing to the debate, this section investigates to what extent the exclusion status varies at different wealth levels over time.

Income Distribution by Deciles	Political Exclusion	Social Exclusion		Economic Exclusion				
		SE1	SE2	EE1	EE2	EE3	EE4	EE5
Decile 1	PE1							
2000	48.77	31.93	55.43	69.06	69.06	98.46	99.65	13.86
2007	55.26	27.86	47.17	19.3	19.3	98.48	99.48	15.71
Decile 5								
2000	14.42	11.63	41.7	68.54	68.54	82.96	89.05	18.12
2007	3.09	26.85	37.25	25.42	25.42	85.95	76.92	22.41
Decile 7								
2000	9.23	22.18	48.97	35.88	35.88	29.53	57.25	22.82
2007	8.6	25.92	45.34	23.27	23.27	46.75	51.98	25.05
Decile 10								
2000	4.3	10.24	58.86	31.28	31.28	11.22	23.27	26.33
2007	7.31	22.25	60.42	16.8	16.8	7.32	13.99	16.4

Source: Author's calculation based on IFLS 2000 and 2007.

Table 2.11 Distributions of Individuals by Exclusion Status and Income Decile (2000 and 2007)

Table 2.11 depicts the share of respondents excluded in the three domains of exclusion by selected income decile. Reviewing the figures above, we found poverty is not necessarily related with social exclusion. It can be explained by two lessons drawn from the data. First, being in the poorest decile do not necessarily guarantee the ability for one to engage in their community. In other words, being socially excluded – defined as lack of social support (EE2) – is not related to being poor. There is roughly 60% of the top 10% respondents who did not receive any social support from family members and/or friends in 2007, 5% larger than the share of socially excluded individuals who belong to the bottom population (see Figure 2.7).



Source: Author's calculation based on IFLS 2007.

Figure. 2.7 Proportion of Individuals Lack of Social Support in Selected Decile (Year 2000 and 2007)

Accordingly, lower income level also failed to justify variation in economic exclusion if defined by lack or absence from employment benefits. In 2007, the share of respondents who did not

receive any employment benefits in the top decile is larger by approx. 12.5% compared to the share in the lowest decile. However, it is importance to not that poverty and economic exclusion is not entirely a distinct phenomenon to one another. The likelihood of being excluded in other economic exclusion indicator such as being unemployed, working unpaid job, and working in informal sector (i.e. EE1-EE4 indicators) tends to decrease with the rise in income level. This suggests that economic exclusion measures other aspect that is not captured by income poverty, such as the lack of decent job, which leaves one with no choice but to seek a side job.

With regard to political exclusion, the finding indicates income level determines individual engagement in political participation, which is in line with previous finding (see Table 2.5). In 2007, more than half of respondents in the poorest decile did not vote in the last election whilst only 7.31% of individuals at the richest decile reported to be absence in the election. In other words, being politically excluded is associated with being economically excluded. Despite the strong relation between income and political participation, it still does not justify the idea of exclusion is synonymous to poverty, as income poverty do not incorporate political dimension. Thus, poverty and social exclusion is not two sides of the same coin.

5. Summary

This paper is an on-going research for the first empirical chapter of a three papers thesis project on the link between social exclusion and social protection in Indonesia. The paper examines the extent of individual social exclusion and how individual- and contextual- factors contribute to the likelihood of being excluded in economic, political, and social domain. The analysis is based on the IFLS data fielded in 2000 and 2007/08, a period when Indonesia experienced a stable and relatively high economic growth accompanied by improvement in the labour market, political stability, and significant reduction in poverty rates.

As an initial step, we performed a descriptive analysis to draw preliminary lessons on the nature of exclusion among Indonesian population. We first investigated the extent of social exclusion in Indonesia: the trends and its characteristics. We found **social exclusion is a rising concern** despite the significant achievements in poverty reduction and falling unemployment rate in the last decade. The share of individuals who suffer from exclusion accounts more than the half of the sample population in all of the domains and continued to rise since 2000 (see Table 2.3). Among the three dimensions, **we found Indonesians are more prone to experience economic exclusion** – defined as unemployed and/or had no access to decent job.

Along with this finding, we also confirm two main characteristics of social exclusion as perceived in the extent literature. **Social exclusion is multidimensional; most Indonesians suffer from at least two forms of exclusion** (see Table 2.4). Second, the finding suggests **the different aspects of exclusion is linked and reinforce one another** (see Table 2.5). We found being socially excluded is less about lack of participation in politics. It is rather strongly associated with suffering from economic exclusion and vice versa. Nevertheless, this finding is not to justify the causal relationship between them. Hence, these findings justify the importance to incorporate different dimensions when analysing exclusion, whilst also highlight the need to further investigate the causal link between exclusion forms.

Next, we explored the role of individual drivers in the likelihood of being excluded or non-excluded. **An important finding concerns the different features characterising each particular type of exclusion.** Being unemployed or lack of access to decent job – as defined by working in informal sector/undertaking unpaid work/side job/no employment benefits, is highly related with lower level of education (i.e. possessed lower secondary education or less), being unhealthy, aged between 25-55 years old, and being female. On the contrary, lack of engagement in any kind of political election is less about neither lack of education nor being among the prime working age/adult population.

This particular evidence is important as it highlights the importance of this study. First, it justifies the need to perform a multilevel modelling to account for two different levels of factors influencing economic status. Also, the role of individual factors in influencing social exclusion in Indonesia is distinct from cases in developed countries. All in all, the paper has the potential to contribute to both theoretical and empirical contribution in the discussion of social exclusion research.

6. Preview of the intended development of the paper

Thus far, the paper has explored the descriptive characteristics to investigate the nature of exclusion in Indonesia, while also to explore the role of individual factors in determining the likelihood of being excluded. In the later stage, the paper will combine the IFLS data set with the PODES (Village Infrastructure Survey) to explore the role of contextual (i.e. community and neighbouring) characteristics on social exclusion status. To justify the preliminary findings from the descriptive analysis, the paper will perform two main statistical analysis to answer the main research questions: (1) how different forms of social exclusion interact and reinforce one another; (2) What is the role of individual- and contextual- factors in determining the chance of being excluded? We will perform generalised latent variable modelling to explore the causality of different forms of exclusion from the perspective of capability approach. Following this, the analysis will also apply logistic multilevel modelling to analyse the role of the two drivers of social exclusion.

APPENDICES

APPENDIX 1 – Definition of Variables and IFLS codes

Variable	Data Source IFLS Year: Book: Varname	Description
<p>Economic Exclusion</p> <p>(1) Employment status 1-3</p> <p>(2) Employment benefits</p> <p>(3) Side job</p>	<p>EE(1)-EE(3)</p> <p>IFLS93: B3A_TK1: TK01: IFLS93: B3A_TK2: TK22A, TK24A.</p> <p>IFLS07: B3A_TK1: TK01: IFLS07: B3A_TK2: TK22A, TK24A.</p> <p>Employment benefits:</p> <p>IFLS93: B3A_TK2: TK25A3A, TK25A3B, TK25A3C, TK25A3D1, TK25A3D2, TK25A3E1, TK25A3E2, TK253E3.</p> <p>IFLS07: B3A_TK2: TK25A3A, TK25A3B, TK25A3C, TK25A3D1, TK25A3D2, TK25A3E1, TK25A3E2, TK253E3, TK25A3F, TK25A3G, TK25A3H.</p> <p>Side job:</p> <p>IFLS93: B3A_TK2: TK27</p> <p>IFLS07: B3A_TK2: TK27</p> <p>Employment benefits:</p> <p>IFLS93: B3A_TK2: TK25A3A, TK25A3B, TK25A3C, TK25A3D1, TK25A3D2, TK25A3E1, TK25A3E2, TK25A3E3.</p> <p>IFLS07: B3A_TK2: TK25A3A, TK25A3B, TK25A3C, TK25A3D1, TK25A3D2, TK25A3E1, TK25A3E2, TK25A3E3, TK25A3F, TK25A3G, TK25A3H.</p>	<p>Main activity during the past week, average weekly working hours of the primary job, employment status of the primary job.</p> <p>Did you receive any benefits from your employer for the primary job?</p> <p>Do you have an additional job?</p> <p>Do you receive any of the employment benefits from your current employer? (on respondent's primary job)</p>
<p>Political Exclusion</p>	<p>IFLS93: B3B_PM4: PM24; IFLS07: B3B_PM1.</p>	<p>Did you vote in 1999 election?</p> <p>Did you vote in any of the national/regional/district/village election?</p>
<p>Social Exclusion</p> <p>(1) Lack of participation</p> <p>(2) Lack of social support</p>	<p>SE(1):</p> <p>IFLS93: B3B_PM1: PM01; IFLS93: B3B_PM3: PM3TYPE, PM16.</p> <p>IFLS07: B3B_PM1: PM01; IFLS07: B3B_PM3: PM3TYPE, PM16.</p> <p>SE(2):</p> <p>IFLS93: B3B_TF: TF05, TF5TYPE.</p> <p>IFLS07: B3B_TF: TF05, TF5TYPE.</p>	<p>Have you participated in arisan (<i>rotating</i> credit) in the last 12 months? During the last 12 months, have you participated in any of the community activities?</p> <p>During the past 12 months, have you received any helps from family members or friends not in the household?</p>

APPENDIX 2 – Construction of Variables using IFLS 2000 and 2007

Social Exclusion Outcomes Variables

Economic Exclusion (1): Employment status based on working hours

Under this variable, inclusion status is based on is employed while also takes into account the type of job they undertook based on the working hours. Under those who were employed, we further clustered them into two groups based on the length of their working hours: (1) full time employment: employed and worked for at least 35 hours a week, (2) under-employment: employed yet worked less than 35 hours a week. One is included in the labour market if he/she falls under full-time employment.

Economic Exclusion (2): Type of Employment

The second variable on economic exclusion observes the quality of the job based on the employment types, which are categorized into: self-employed, salaried work, and unpaid work. To construct the variable, we utilized variable “tk01” and “tk24a” on section “Employment (TK) that are available in both IFLS rounds. Variable “tk24a” asked information on the employment status of the primary job. One is included if they engage in either salaried work or self-employed.

Economic Exclusion (3): Formal versus informal job

The third proxy on economic exclusion provides another inside of exclusion based on certain type of employment. One is included if they engage in formal employment defined as. We utilized variable “tk01” and “tk24a” on section “Employment (TK) that are available in both IFLS rounds in order to generate the variable.

Economic Exclusion (4): Additional job

Another variable providing other insight on economic exclusion is whether one work on multiple jobs. One is considered to be included if one does not have any side job. In both waves, IFLS asked this information through variable “tk27”: “Do you have any additional job?”

Economic Exclusion (5): Employment benefits

Both IFLS 3 and IFLS 4 asked question on employment benefits. We used variables “tk25a3a – tk25a3h” to generate the variable. One is included if he/she received at least one type of employment benefits from their employer (primary job).

Political Exclusion

Political exclusion refers to absence in local. We used variable “pm24” in IFLS 3 and IFLS asked the question: “Did you vote in the recent national/regional/district/village elections?” One considered to be politically excluded if he/she did not participate in at least one of the elections.

Social Exclusion (1): Lack of engagement in community activities

Social exclusion refers to the absence of participation in the community activities. Within the IFLS 3 and IFLS 4, we utilized variable “pm01”, “pm13type”, and “pm16” from the “Community Participation” section of Book 3B in order to construct the community participation variable. It asked (adult) respondents whether they had participated in one or more community activities in the last 12 months. The activities covered women’s association activities, volunteering, community meeting, and so

forth. Individuals are considered included if he/she was aware about the event and engaged in at least one of the activities.

Social exclusion (2): Social support

Social support is defined as whether if the informant had received help either in the form of money, goods, or services from. Variables “tf05” and “tftype” in the “Transfer (TF)” section on IFLS 3-4 contains questions: “In the past 12 months, did you or your spouse receive assistance from family members (spouse/non-biological parents/other family members not in the household) in the form of money, goods, or services?” One is socially included if he/she received help from at least one of the family members within the time concerned.

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