The Analysis of Potential Growth for Indonesia's Micro Small Medium Business Owners

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ABSTRACT

This study examines the relation between potential growth in the context of micro, small, medium enterprises by evaluating several factors, i.e. lack of marketing ability, inadequate business training, technological backwardness, poor quality of products, lack of innovation, unfavorable legal and regulatory framework, insufficient capital, and shortage of skilled labor. The data collected is from 196 self-employed enterprises in Jakarta, Indonesia. Results indicate that unfavorable legal and regulatory framework is the most affecting factor to slow down the growth of small businesses as well as a hindrance to its exports opportunities abroad. The further investigation of demographic factors shows how the differences can add to our understanding in the potential growth of small businesses.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) is one of important elements for a country's economic growth, while most of ASEAN companies are small businesses that contribute to more than 50% to the employment sector (Damanik as cited in Sari, 2014). According to the Governor of Bank Indonesia, Agus Martowardojo, the role of micro, small, and medium enterprises to gross domestic product (GDP) was expected to increase by up to 70% (Florentin, 2016). These small businesses contribute to as many as 107.9 million employment opportunities. However, the export market for Indonesian MSMEs was recorded at 15.8%, much lower compared to other ASEAN member countries (Adityowati, 2016).

Many assume Indonesia is a typical Asian manufacturing export-driven country due to its growing workforce or commodity exporter driven by its rich endowments of natural resources. The truth is that the domestic consumption is, to a large extent, greater than exports (McKinsey Global Institute, 2012). However, the MSMEs have not been exposed to the opportunities available outside the country, either they lack in motivation to compete or unaware of the available opportunities.

The factors that create barriers to international marketing activity are coming from lack of marketing ability (Tambunan, 2009a), inadequate business training (Mashenene and Rumanyika, 2014), technological backwardness (Foreman-Peck, Makepeace, and Morgan, 2006), poor quality of products (Sidabutar, 2014), lack of innovation (Susilo, 2010), unfavorable legal and regulatory framework (Beck and Demirguc-Kunt, 2006), insufficient capital (Bewaji, Yang and Han, 2015), and shortage of skilled labor (Roomi and Harrison, 2009). Lack of marketing ability is defined as the inability to have and to build external relation to maximize business opportunity. The producers have no external networks with supporting organizations outside the MSME. Also, the producers are more passive in their marketing processes than the middleman or trader since producers have less concern about their own market. Thus, they need marketing ability to support the promotion and the process of business. Inadequate business training is the lack of entrepreneurial knowledge and skills where strategic training programs need to be considered in order to give confidence, assurance, and new way of thinking in doing things for those entrepreneurs. Shortage of skilled labor is when MSMEs experienced a high turnover and lack of skilled staff to execute the business. Technological backwardness is low level of technology uses where the majority is still using traditional/rudimentary methods of production resulting in low production. Product quality also determines whether a product will sell.

According to Sharabi and Davidow (2010), quality standards of product and services are low, and customers have poor quality consciousness, making products and services uncompetitive and undermining export opportunities. Lack of "innovative new products" will put the pressure on sales and create more difficulty "to get huge crowds to line up" for your products. Lack of innovation is the lack of creativity and difficulty in production that meet the consumer's preference and need. MSME owners need innovation to create creative product diversification so that they will not only depend on traditional products, thus, a comparative advantage. Unfavorable legal and regulation framework is about the obstacles and barriers regarding legal systems and government regulatory that MSMEs face which cause the slow growth of their business. Insufficient capital means a non-availability and/or difficulty in accessing capital which sometimes also caused by a strict or unfavorable condition in getting finance aid.

Organizational growth has the potential to provide small businesses with certain effect to organization performance, e.g. greater efficiencies from economies of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and increased prestige for organizational members (Pavlov and Bourne, 2011; Fahy, 2000). Business performance can be measured by the financial capability, selling revenue, market growth, marketing performance (Cocca and Alberti, 2010; Tambunan, 2009b; Lamprinopoulou and Tregear, 2011).

The aim of this research is to discuss what causes slow growth of MSMEs. To do this, the best strategy is needed in implementing the international marketing activity, based on lack of marketing ability, inadequate business training, technological backwardness, poor quality of products, lack of innovation, unfavorable legal and regulatory framework, insufficient capital, and shortage of skilled labor.

LITERATURE REVIEW
Lack of marketing ability is defined as the inability to create and to build external relations to maximize business opportunity. Whereas, the producers

have no external networks with supporting organizations outside the MSME, they do not have resources or networks to discover their own markets. Producers are also more passive in their marketing process than the middlemen or traders, they depend heavily on their trading partner since producers has no idea about their market (Tambunan, 2009a).

Usually, small businesses are not aware of their human resources problem (Richbell, Szerb, and Vitai, 2010). In order to increase human resource competence, training development should be enhanced (Devins, Johnson, and Sutherland, 2004). Inadequate business training is the lack of entrepreneurial knowledge and skills (Mashenene and Rumanyika, 2014). Entrepreneurial knowledge and skill are essential things in business needed to develop a successful business to plan an efficient business process (Roomi and Harrison, 2009).

Technological backwardness means the low level of technology uses where the majority still using traditional/rudimentary methods of production resulting in low production (Foreman - Peck, Makepeace, and Morgan, 2006). A utilization of poor technology will lead into an inefficient production and inconsistent product quality. Technology is necessary for quality improvement and higher production quantity, otherwise, MSMEs will face difficulty in marketing their product domestically or internationally.

Product quality, often indicated as one of the most important conditions for entering and remaining in foreign markets, has to be assessed constantly in order for markets to function properly (Bangwayo-Skeete and Moore, 2015). Daniels and Robels (1985) mentioned that product quality was a key competency for exporters. Poor product quality is the result of poor production that does not meet the quality standard acceptance and it stems from the implementation of poor technology, unskilled labor, inadequate skill or modern management knowledge, poor infrastructures and limited access to formal financing (Sidabutar, 2014).

An effective way not only to maintain but also to improve competitiveness is continuous innovation (Tambunan, 2009a). However, many MSMEs still struggle with innovation, whereas most of the MSMEs is still lacking in creativity and difficulty in production that meets the consumer's preference and needs (Susilo, 2010).

Obstacles and barriers to legal systems and government regulations cause slow growth of business (Beck and Demirguc-Kunt, 2006). According to Sidabutar (2014), MSMEs in Indonesia are facing problems in business legal process, product certification, letter of credit, due to the complexion of rules and procedure. Naidu, Cavusgil, Murthy and Sarkar (1997) mentioned that high levels of government interference have effectively inhibited international entrepreneurship.

Insufficient capital is a condition of the non-availability and/or difficulty in accessing capital which sometimes is also caused by a strict or unfavorable condition in getting financial aid (Bewaji, Yang, and Han, 2015). According to Tambunan (2009a), the majority of export oriented MSMEs in Indonesia still have a limited access to formal credits causing difficulty in improving product innovation and quality to compete in the market, even after several support from government.

Shortage of skilled labor is when an MSME experiences a high turnover and lack of skilled staff to operate the business. Production needs an experienced and fully trained labor who understands how to handle jobs properly to produce good results (Roomi and Harrison, 2009).

RESEARCH METHOD

The survey was conducted in December 2016, using offline & online questionnaires. The respondents were business owners who had engaged in export activities. The data collected is from 196 self-employed enterprises in Jakarta. The population in this study was small business owners having conducted export or international marketing activities. As consideration that those MSMEs had experienced all the process to conduct the export activity, they have gone through all the steps and

barriers. Therefore, these small business owners were assumed to understand and more experienced. The latest population data available from Kemen KUKM (2016) was at 5,000.

This study was using the purposive sampling/ judgment sampling which is one of non-probability sampling types. Non-probability method was chosen for efficiency due to limited of time. The samples in this research was represented by MSME owners in Jakarta, with export practices and years of establishment of more than 15 years.

RESULTS AND DISCUSSIONS

The pretest was conducted to 30 respondents to check the validity and the reliability of the question items using SPSS. For the validity, if r > r table, then the questionnaire's items are valid. In this study, the r table found was 0.24 (the r value should be greater than 0.24). Tomeasure the reliability, the benchmark used Cronbach's Alpha and it should be greater than the r table with the value > 0.60 to be accepted at the minimum.

Table 1. Item-Total Statistics

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation
PG	1.57	0.323	0.678	0.460
PG2	1.43	0.254	0.678	0.460
MA1	3.60	0.248	0.861	0.742
MA2	3.60	0.248	0.861	0.742
IBT1	3.27	0.547	0.556	0.309
IBT2	3.00	0.345	0.556	0.309
TB1	3.47	0.257	0.683	0.467
TB2	3.47	0.257	0.683	0.467
QP1	6.97	0.999	0.712	0.521
QP2	7.00	0.828	0.800	0.641
QP3	6.90	0.990	0.724	0.543
INV1	7.37	0.792	0.828	0.692
INV2	7.27	0.823	0.846	0.717
INV3	7.23	0.875	0.799	0.640
ULR1	7.13	1.016	0.507	-
ULR2	6.80	1.062	0.823	-
ULR4	6.80	1.062	0.823	-
IC1	6.93	1.237	0.500	0.250
IC2	6.80	1.131	0.783	0.803
IC3	6.80	1.131	0.783	0.803
SSL1	7.03	1.482	0.877	0.854
SSL2	7.03	1.344	0.894	0.864
SSL3	7.00	1.655	0.725	0.529

Table 2. Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Y	0.805	2
X1	0.925	2
X2	0.702	2
X3	0.812	2
X4	0.865	3
X5	0.912	3
X6	0.831	3
X7	0.822	3
X8	0.915	3

All "Item" values are higher than the r table > 0.24, which means that both questions are valid, and all values of Cronbach's Alpha are higher than the r table, which means that the "Variables" are reliable and considered either good or excellent (see Table 1 and Table 2). The value for IBT3 and ULR3 are not valid and need to be eliminated at 0.051 and 0.083, respectively (< 0.24). Their values of Cronbach's Alpha are not reliable and unacceptable at 0.457 and 0.475, respectively (< 0.50). After eliminating IBT3 and ULR3, the re-tests show that both X2 and X6 are bigger than the r table, hence the validity.

Table 3. Demography of Respondents

		Frequency	Percent
Gender	Male	111	56.6
	Female	85	43.4
Age	17-22	12	6.1
	23-28	24	12.2
	29-35	63	32.1
	> 35	97	49.5
Residence	North Jakarta	18	9.2
	Central Jakarta	22	11.2
	East Jakarta	37	18.9
	South Jakarta	77	39.3
	West Jakarta	42	21.4
Education	High School	26	13.3
	Bachelors	115	58.7
	Masters	18	9.2
	Others	37	18.9
Business Form	Sole Proprietorship	117	59.7
	CV	45	23.0
	Ltd. (PT)	34	17.3
Business Sector	Agriculture	68	34.7
	Manufacturing	109	55.6
	Wholesale & Retail	19	9.7
Business Period	< 1 Year	5	2.6
	1-5 Years	82	41.8
	> 5 Years	109	55.6

Table 3 shows the number of male percentage at 56.6 and female at 43.4. Table 4 describes the distribution of respondent's age which is divided into four categories; 17-22, 23-28, 29-35, and above 35. The majority of respondents is above 35 (49.5%), followed by 29-35 (32.1%), 23-28 (12.2%), and 17-22 (6.1%). According to Table 5, the majority of respondents are coming from South Jakarta (39.3%), followed by West (21.4%), East (18.9%), Central (11.2%), and North (9.2%). The respondent's education level is classified into high school, bachelor, master, and others. Table 6 concludes that the majority comes from bachelor level with more than half of the respondents (58.7%). The respondents' business legal form (see Table 7) is classified into sole proprietorship (individual), CV (Perseroan Komanditer/Commanditaire Vennootschap), and PT (Perusahaan Terbatas/Private Limited). The majority is sole proprietorship or individual with 59.7%, followed by CV (23.0%), and PT (17.3%). Respondents' business sectors is divided into agriculture, manufacturing, and wholesale & retail. From these 3 categories, Table 8 shows that 55.6% of the respondents run their businesses under the manufacturing industry category, 34.7% in agriculture, and 9.7% in wholesale & retail. Based on Table 9, the majority of the respondents has run their businesses for more than 5 years (55.6%). Those running their businesses from 1 to 5 years is 41.8% and only 2.6% with less than 1 year.

The aim of multicollinearity test is to check whether the independent variables have a high correlation. If a high correlation appears, it means that the relationship between dependent and independent variables may be disturbed. The rule for multicollinearity test is, if the tolerance higher than .1 and the VIF is less than 10, the variable is free of multicollinearity. Table 4 shows the result:

Table 4. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
MA	0.344	2.905
IBT	0.272	3.680
TB	0.866	1.155
QP	0.311	3.213
INV	0.233	4.297
ULR	0.286	3.499
IC	0.369	2.708
SSL	0.416	2.404

According to Table 4, tolerance value for the 8 independent variables are greater than 0.1, while the VIF value are varieties from 1 to 4, which indicates the entire variable are smaller than 10, and can be said that the entire variables are free of multicollinearity. The highest VIF value is coming from lack of innovation variable with 4.297. Even though the value is less than 5, the variable does not need to be of concern and still free of multicollinearity.

Table 5. Multi Regression Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.936ᵃ	.876	.870	.1793

a. Predictors: (Constant), Ssl, TB, IBT, IC, MA, QP, URL, INV
b. Dependent Variable: PGA

The R in Table 5 indicates the strength of the overall linear relationship (0.936). The value of the coefficient of determination is higher than 0.1, meaning that the linear relationship is strong. To measure the proportion of variation in dependent variable towards all independent variables, the R square was used as the measurement, which is 0.876. It means that 87.6% of potential international marketing growth can be described through lack of marketing ability, inadequate business training, technological backwardness, poor product quality, lack of innovation, unfavorable legal and regulatory framework, insufficient capital, and shortage of skilled labor). The adjusted R square is the modification of the R square since the independent variable is more than one. The result from the adjusted R square is 0.87, which means that 87% of the model can be explained through the 8 independent variables.

Table 6. F-Test Result

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.308	8	5.288	164.593	.000ᵇ
	Residual	6.008	187	.032		
	Total	48.316	195			

a. Dependent Variable: PGA
b. Predictors: (Constant), Ssl, TB, IBT, IC, MA, QP, URL, INV

Table 7. Coefficients of Multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.842	.143		33.839	.000
MA	-.160	.041	-.170	-3.860	.000
IBT	-.087	.065	-.066	-1.332	.184
TB	.110	.029	.104	3.761	.000
QP	-.046	.050	-.042	-.917	.361
INV	-.072	.058	-.066	-1.232	.219
URL	-.240	.050	-.231	-4.779	.000
IC	-.236	.040	-.249	-5.871	.000
SSL	-.235	.036	-.258	-6.460	.000

a. Dependent Variable: PGA

Table 6 shows the result for the F-Test (Sig. is 0.000 and < 0.1, meaning that the regression model is significant), while Table 7 shows the t-Test of the variables. Thus, the equation of the regression model for this research is: E = 4.842 – 0.160 (Lack of Marketing Ability)* – 0.240 (Unfavorable Legal and Regulatory Framework)* – 0.236 (Insufficient Capital)* – 0.235 (Shortage of Skilled Labor)*

According to the equation, the constant value is 4.842 with 7 independent variables have negative signs and 1 positive. The negative ones explains that every time the independent variable is increasing, it will bring a negative effect on the potential growth. For this case, negative relationship is a sign of good relationship, since the independent variable is a barrier for the dependent variable. In other words, if the independent variable or the barrier is decreasing, then the effect for the potential growth will be positive. The "Unfavorable Legal and Regulatory Framework" variable is the most influential towards the potential growth for MSMEs, since it has the biggest coefficient (0.240). Meanwhile, the least influencing variable is "Lack of Marketing Ability" with coefficient -0.160. The framework model of the research (after the test) can be seen in Figure 1.
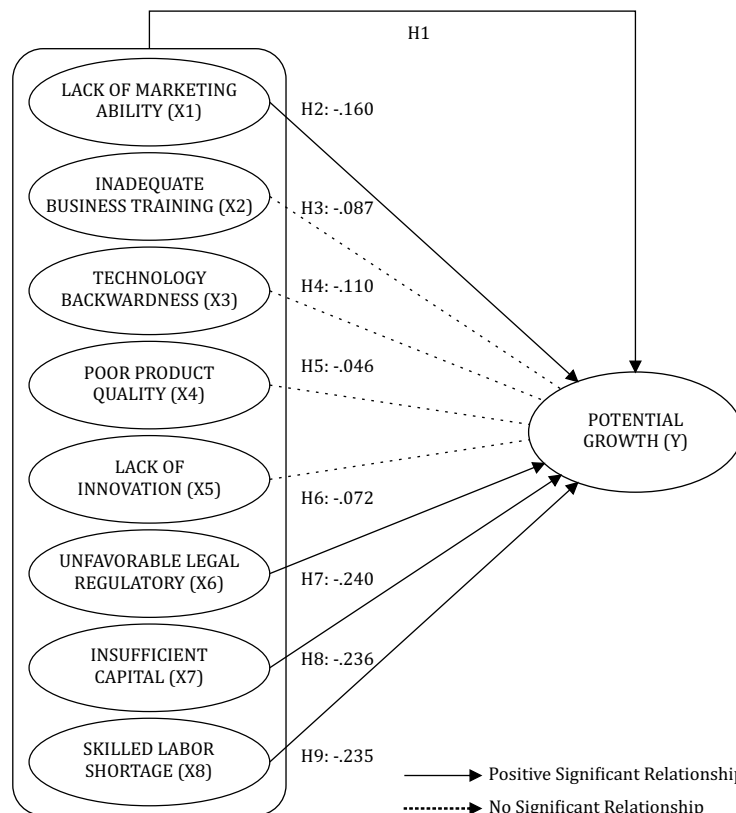

Figure 1.
Conceptual Framework

Table 8 shows comparison tests toward several descriptive data of respondents through independent sample t-tests to see the difference opinion between each category compared. The "Gender" category found that there are no significant difference between the mean answer from male and female toward each variable. Yet, the SSL seems to be significant with value of 0.100, which means that there are still slight difference of opinions about "Shortage of Skilled Labor" among male and female. Accordingly, Tables 9 and 10 examine more in depth about the different opinions.

Table 8. Comparison Test Result on
Respondents' Gender

	Gender	N	Mean	Std. Deviation	Sig.
PG	Male	111	1.4595	.49605	.178
	Female	85	1.4824	.50265	
MA	Male	111	3.4369	55234	.439
	Female	85	3.4765	49944	
IBT	Male	111	3.5090	.37527	.486
	Female	85	3.4706	.38073	
TB	Male	111	3.0631	.48672	.730
	Female	85	3.118	.45235	
QP	Male	111	3.4541	.46098	.655
	Female	85	3.4094	45894	
INV	Male	111	3.4847	.44481	.500
	Female	85	3.4682	.47011	
URL	Male	111	3.3964	.49044	.388
	Female	85	3.4212	.46242	
IC	Male	111	3.4694	.53049	.634
	Female	85	3.4741	.52034	
SSL	Male	111	3.4595	.57657	.100
	Female	85	3.4235	.50888	

Table 10. t-Test Result on Female Respondents

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.873	.218		22.340	.000
	MA	-.080	.067	-.079	-1.193	.236
	IBT	-.148	.089	-.112	-1.662	.101
	TB	.178	.042	.160	4.191	.000
	QP	.004	.069	.003	.054	.957
	INV	-.105	.072	-.098	-1445	.153
	URL	-.341	.068	-.314	-5.016	.000
	IC	-.312	.054	-.323	-5.773	.000
	SSL	-.161	.053	-.163	-3.033	.003

a. Dependent Variable: PG

Table 9. t-Test Result on Male Respondents

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.712	.190		24.834	.000
	MA	-.208	.053	-.231	-3.889	.000
	IBT	.014	.094	.011	-147	.883
	TB	.058	.040	.057	1.465	.146
	QP	-.099	.070	-.092	-1.412	.161
	INV	-.044	.097	-.039	-.452	.652
	URL	-.178	.071	-.176	-2.493	.014
	IC	-.183	.061	-.196	-3.017	.003
	SSL	-.299	.051	-.347	-5.812	.000

a. Dependent Variable: PG

Based on the t-Test results, the equation found both on male and female respondents is:

MALE:
E = 4.712 – 0.299 (Shortage of Skilled Labor)* – 0.208 (Lack of Marketing Ability)* – 0.183 (Insufficient Capital)* – 0.178 (Unfavorable Legal and Regulatory Framework)*

FEMALE:
E = 4.873 – 0.341 (Unfavorable Legal and Regulatory Framework)* – 0.312 (Insufficient Capital)* – 0.161 (Shortage of Skilled Labor)*

The test result on male respondents found that the export potential growth are constrained by the shortage of skilled labor, lack of marketing ability, insufficient capital, and unfavorable legal and regulatory framework. Differ from the males, the test on females shows that unfavorable legal and regulatory framework, insufficient capital, and shortage of skilled labor are the barriers that slow down the development of MSMEs. For female respondents, unfavorable legal and regulatory framework is the most affecting constraint for their business development compared to shortage of skilled labor as the least affecting constraint. Meanwhile, for male respondents, shortage of skilled labor is the biggest barrier, due to high turnovers of skilled labor. The different opinions show a result in the gap on mean value on shortage of skilled labor in previous test. The second comparison test finds out the difference among the respondent's business

sectors (agriculture and manufacturing). The result shows that there are no significant different opinions between respondents in agriculture sector and respondent in manufacturing industry sector (see Table 11):

Table 11. Comparison Test on Respondents' Business Sectors

	Sector	N	Mean	Std. Deviation	Sig.
PG	Agriculture Processing Industry	68 109	1.4265 1.4954	.49824 .49766	.876
MA	Agriculture Processing Industry	68 109	3.4706 3.4404	.58515 .51246	.322
IBT	Agriculture Processing Industry	68 109	3.5735 3.4495	.36919 .36607	.715
TB	Agriculture Processing Industry	68 109	3.1103 3.1459	.35456 .31613	.122
QP	Agriculture Processing Industry	68 109	3.5500 3.3633	.45335 .45920	.746
INV	Agriculture Processing Industry	68 109	3.5647 3.4284	.44075 .44847	.770
URL	Agriculture Processing Industry	68 109	3.4397 3.3743	.46525 .46754	.990
IC	Agriculture Processing Industry	68 109	3.5529 3.4229	.50297 .54034	.180
SSL	Agriculture Processing Industry	68 109	3.4779 3.4358	.57584 .52308	.297

Table 12 shows different opinions on "Insufficient Capital" while comparing business periods of 1-5 and >5 years. Accordingly, Tables 13 and 14 examine more in depth about the different opinions separately.

Table 12. Comparison Test on Length of Business Period

	Period	N	Mean	Std. Deviation	Sig.
PG	1-5 Years >5 Years	82 109	1.5183 1.4450	.49966 .49693	.700
MA	1-5 Years >5 Years	82 109	3.4024 3.4771	.51183 .54171	.745
IBT	1-5 Years >5 Years	82 109	3.4390 3.5183	.37177 .37839	.976
TB	1-5 Years >5 Years	82 109	3.1280 3.1505	.52594 .53538	.122
QP	1-5 Years >5 Years	82 109	3.3732 3.4670	.45380 .45988	.408
INV	1-5 Years >5 Years	82 109	3.4366 3.4936	.46759 .44686	.681
URL	1-5 Years >5 Years	82 109	3.3707 3.4220	.47388 .48196	.423
IC	1-5 Years >5 Years	82 109	3.4317 3.4862	.49238 .54915	.030
SSL	1-5 Years >5 Years	82 109	3.3659 3.4954	.55025 .54218	.973

Table 13. t-Test Result on Length of Business Period 1-5 Years

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.001	.264		18.978	.000
MA	-.232	.081	-.237	-2.848	.006
IBT	-.167	.132	-,124	-1.264	.210
TB	.073	.049	.077	1.478	.144
1 QP	-.016	.091	-.014	-.175	.862
INV	.038	.126	.036	.305	.761
URL	-.190	.093	-.180	-2.052	.044
IC	-.216	.075	-.213	-2.890	.005
SSL	-.313	.065	-.345	-4.835	.000

a. Dependent Variable: PG

Table 14. t-Test Result on Length of Business Period > 5 Years

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.682	.165		28.382	.000
MA	-.117	.044	-.128	-2.632	.010
IBT	-.071	.072	-.054	-.987	.326
TB	.170	.036	.149	4.738	.000
1 QP	-.064	.058	-.059	-1.111	.269
INV	-.105	.061	-.094	-1.714	.090
URL	-.292	.056	-.283	-5.207	.000
IC	-.266	.045	-.294	-5.876	.000
SSL	-.167	.043	-.182	-3.836	.000

a. Dependent Variable: PG

Based on t-tests, the equation found on business periods are as follows:

Business Period of 1-5 Years:

E = 5.011 – 0.313 (Shortage of Skilled Labor)* – 0.216 (Insufficient Capital)* – 0.232 (Lack of Marketing Ability)* – 0.190 (Unfavorable Legal and Regulatory Framework)*

Business Period of > 5 Years:
E = 4.682 – 0.292 (Unfavorable Legal and Regulatory Framework)* – 0.266 (Insufficient Capital)* – 0.167 (Shortage of Skilled Labor)* – 0.117 (Lack of Marketing Ability)* – 0.105 (Lack of Innovation)*

The test results on "Business Period of 1-5 Years" indicate the MSMEs encounter with shortage of skilled labor, insufficient capital, lack of marketing ability, and unfavorable legal and regulatory framework as the crucial factors to be improved. On the other hand, those who run their business for more than 5 years felt that the factors of unfavorable legal and regulatory framework, insufficient capital, shortage of skilled labor, lack of marketing ability, and lack of innovation are barriers need to be highlighted more in order to improve their development in international market. The result that make different opinions on "Insufficient Capital" could be seen through the B value of both categories, where according to the period of 1-5 years, the B value is -0.216, while 5-year's is -0.266, hence the -0.050 gap.

CONCLUSION AND RECOMMENDATION
From this study, it is evident that not all of the independent variables are significantly affecting the potential growth. The factors of lack of marketing ability, skilled labor shortage, capital insufficiency, and unfavorable legal and regulatory framework do affect the potential growth, while business training inadequacy, poor product quality, lack of innovation, and technological backwardness do not.

The variable that affects the dependent variable the most is the unfavorable legal and regulatory framework which becomes the leading barrier for small businesses to grow due to complexion of rules and lengthy procedures for export regulation, high export tariff and taxes, and high cost for business legal registration. Business legal registration is important in conducting an export, while MSMEs need legal form to conduct an export activity. This result is consistent with the study conducted by St-Jean, Julien, and Audet (2008) who found that cumbersome regulations are some of the main obstacles on small business growth.

Insufficient capital is the second affecting variable on this study, since the minimum capital offset by the minimum access to finance loans and loan interest rate are relatively high. This finding offers evidence of a capital constraint affecting potential growth that is consistent with the study of Mashenene and Rumanyika's (2014).

Shortage of skilled labor comes in third, whereas finding a skilled labor is relatively challenging and has the potential to affect the growth of export-oriented businesses in many ways, e.g. via production and promotion to international market. It is clearly for production, if the labor is not skilled enough, then the labor may not able to produce good product for the market. For promotion side, if the employee does not have international experience or exposure and marketing ability to promote and sell the product to international market, then it will be a serious concern for MSME. This finding is consistent with existing research which demonstrated that talent shortages is detrimental to organizational performance (Malik, Manroop and Patel, 2017).

Lack of marketing ability is the least affecting factor on the potential growth of export-oriented enterprises. Marketing ability is important in introducing products to the market, but not as important as government regulation, capital, and skilled labor, which is probably due to respondents' previous export practices. This finding is supported by existing study which clarified that lack of marketing skills of small and medium enterprises definitely contribute to high business failure rate (Van Scheers, 2011).

Local level of government is important to empower MSMEs by creating industrial policy focusing at the small enterprises. Nonetheless, the legal and

regulation for export are deemed complicated (the bureaucratic procedures for export regulation and high costs & tariffs). Government needs to create a more standard operating procedures to create a simple and easily understood business registration process. With insufficient capital issue, the government has to provide ways in order for the small businesses to face challenges accessing financing. However, these efforts are not enough because the number of loan institutions are inadequate and the loan interest is relatively high. Eventhough the banks are loaning more to small businesses than previously, but the proportion of MSMEs who actually get loans from commercial banks is still small. According to Wisnu Tribaskoro (Head of Trading Development for Domestic and International in SMESCO), SMESCO has been working together with a Syariah bank to provide loan capital for MSMEs with a condition that MSMEs should first having a PO (Purchase Order) from customer to later mortgage to the bank (personal communication, 28 December 2016).

The skill of labors could be improved more by giving appropriate trainings on product and international knowledge, which in turn will add more values for the company itself. The government should create new regulation or opportunity, which let students in school or university to learn and experience real international exposures. It should start from the school or university level, hence the earlier they learn, the better the results.

To improve marketing ability, training developments should be enhanced, e.g. joining international events or exhibitions. The government needs to provide more facilities and tool for promotion (e.g. SMESCO) in order to gain network and product exposures through international exhibitions. Furthermore, the engagement with social media and e-marketing will be valuable in promoting their products globally.

Although this study did provide additional insight into the influence that lack of marketing ability, skilled labor shortage, capital insufficiency, unfavorable legal and regulatory framework have on the evaluation of potential growth, a number of limitations do exist. First, our findings were obtained from the samples of small business owners in Jakarta. Therefore, caution must be exercised when generalizing the results to the entire population. Second, the MSMEs examined are non-oil & gas companies that had export practices in the past.

Future research could use bigger area coverage and/or focus on oil-and-gas business units. In addition, as the most affecting variable, a study on the unfavorable legal and regulatory framework needs to be discussed further (e.g. which particular one hampers the most). Future research could also focus on the factors that cause inadequate loan access for the MSMEs.

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