Factors Hindering Micro Enterprise Growth in Jakarta: An Empirical Analysis

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ABSTRACT

Micro enterprises account for 107.37 million or 89.04 percent of the total employment in Indonesia. These businesses have become the primary engines of economic growth of the country. Despite for its being a dominant form of business organization, many micro enterprises face obstacles that hinder their growth and development. This article provides an analysis and a depiction on factors that limit micro enterprises business development and offers insight for the entrepreneurs to find strategies to tackle the problems. The research focused on four hindering factors, they were lack of entrepreneurial mindset, lack of access to finance, lack of business management experience, and lack of government support. The analysis was based on a field survey of 150 micro enterprises in Jakarta. Various statistical analyzes were used in this study, namely multiple linear regression analysis and correlation analysis. The findings show that lack of business management experience was the factor hindering the growth of micro enterprises in Jakarta. This was due to the fact that most of these entrepreneurs have low education, knowledge and skills in business management such as accounting, financial planning, and marketing skills. Therefore, the study suggests the entrepreneurs to be equipped with appropriate training to enhance their business management skills. It is also important for the government to support the micro enterprises through effective training programs and policies that are beneficial to their growth. This research might not be applicable to micro enterprises in other regions in Indonesia and might prove differently in other populations. Therefore, the study is in need of further rigorous research and development with larger samples.

Keywords: Micro Enterprise; Entrepreneurial Mindset; Access to Finance; Business Management Experience; Government Support

INTRODUCTION

Micro, small and medium sized enterprises (MSMEs) have received greater attention and recognition due to its importance to the economic growth in various countries (Bank Indonesia, 2016; Mourougane, 2012; Tambunan, 2017; Yoshino & Taghizadeh-Hesary, 2016). In Indonesia, MSMEs contributed to the country's economic resilience during the 2008-2009 financial crisis (Bank Indonesia, 2016; Mourougane, 2012). Unlike large firms, MSMEs were able to withstand such crisis, contributed towards the economic recovery and was one of the factors explaining the steady decline in the poverty rate (Bank Indonesia, 2016; Chabib et al., 2016; Mourougane, 2012).

Today, MSMEs have become the dominant form of business organization and the key source of job creation and economic growth. The Indonesian Ministry of Cooperatives and SMEs reported that MSMEs represented 99.9 percent of existing business enterprises, employed 97 percent of the total workforce and contributed 61.07 percent of the country's gross domestic product in 2018. Of MSMEs, micro enterprises absorbed 107.37 million or 89.04 percent, small-enterprises absorbed 5.83 million or 4.84 percent, medium-enterprises absorbed 3.77 million or 3.13 percent of total employment in Indonesia in 2018 (ASEAN, 2017; Indrawan, 2019; Kementerian Koperasi dan UKM, 2018). These facts show the importance existence of micro business to the Indonesian economy.

Despite their numbers and importance, many micro enterprises face obstacles that impede their growth and development. Some of the impediments of the growth include lack of entrepreneurial mindset (Bank Indonesia, 2016; Gruber, 2002; Haynie et al., 2010), lack of access to finance (ASEAN, 2017; Bowen et al., 2009; Maulina & Fordian, 2018; Tambunan, 2014, 2017; Yoshino & Taghizadeh-Hesary, 2016), lack of business management experience (Bank Indonesia, 2016; Bowen et al., 2009; Haynie et al., 2010; Okpara, 2011) and lack of government support (Pramaishella, N.A. Cahyono, D. Z, 2018; Tambunan, 2017). With the above shortages, micro enterprises find it difficult to grow and develop into a small or medium enterprises (Praktikto, 2010).

Based on the above, there are two main keys regarding micro enterprises that contribute to the foundation of this study. First, micro enterprises contribution to providing secure and massive employment to the country. Second, the difficulties of micro enterprises to develop into the next level due to the impediment factors. The focus of this article is to analyze the factors that hinder the micro enterprises growth in five regions in Jakarta. The research provides insights and suggestions for both micro-entrepreneurs and the government to develop strategies and policy to overcome the problems, improve the business growth and increase the sustainability of micro enterprises. An overview of how this article is structured and what issues it attempts to answer is provided in the next section.

LITERATURE REVIEW

Overview of Micro Enterprise in Indonesia

The distinction and interpretation of micro, small and medium sized enterprises can be varied between countries. In some countries, it can be categorized in terms of capital, number of employees or the combination of them (Yoshino & Taghizadeh-Hesary, 2016). In Indonesia, definition and characteristics of MSMEs are stated in the Law Number 20 Year 2008. Table 1 summarizes the differences between micro, small and medium enterprises.

According to the law, micro enterprise defines as "a productive business *owned by an individual and / or individual business entities that meet the criteria of micro business regulated in the law*. The business consists of up to 10 employees, has an annual revenue from sales of at most IDR 300 million and a net worth of at most IDR 50 million. Most of this type of businesses are self-employed and very few hired paid employees. They sell variety of products such as food, beverages, merchandise that are mostly carried by carts. Many of these entrepreneurs do not have permanent business location nor business license or other legal requirements. Most of them have low education background and lack of entrepreneurial mindset. Hence, they do not have the appropriate skill and knowledge in managing their business (Bank Indonesia, 2016). The most common micro enterprise model in Indonesia is a street

vendor where most of them can be found in every roadside across Indonesia.

Table 1. Distinction of MSMEs

Business Type	Criteria		
	Net Assets (IDR)	Annual Revenue (IDR)	Total Employee
Micro	Max 50 million	Max 300 million	Max 10 people
Small	50 million to 500 million	300 million to 2.5 billion	10 to 30 people
Medium	500 million to 10 million	2.5 billion to 50 billion	30 to 300 people

Source: Bank Indonesia (2013), LPPI and Bank Indonesia (2015).

Micro Enterprise Inhibiting Factors: Entrepreneurial Mindset

According to Gunther McGrath and MacMillan, entrepreneurial mindset refers to the capability of an entrepreneur to rapidly sense, take the initiative, and muster, even under unpredictable circumstances (Gruber, 2002). Haynie et al. (2010) describes entrepreneurial mindset as cognitive adaptability that means the ability to be dynamic, flexible and self-regulated in a person's perception within dynamic and uncertain task orientation.

Entrepreneurial mindset can be identified as the eagerness to seize new business opportunities and pursue them with significant discipline, quickly adapt to changes, focus on how to execute better, and engage the energies of everyone in their environment (Gruber, 2002). If entrepreneurs cultivate entrepreneurial mindset, they would be able to survive and thrive in business better. Hence, it is considerably important for entrepreneurs to possess it. On the contrary to this idea, most micro-business entrepreneurs in Jakarta tend to have low

entrepreneurial mindset (Bank Indonesia, 2016; Pratikto, 2015) as they lack of initiative and motivation to improve their business. In managing their business, these entrepreneurs set low standards, satisfy with the income they generate only to meet daily needs and quite inconsistence in managing product quality or even to maintain their business hours.

Micro Enterprise Inhibiting Factors: Access to Finance

Finance is the life blood of economies and enterprises (ASEAN, 2017), it keeps the business to operate smoothly and provides funds for long-term investment. The source of fund to finance micro enterprises can be varied, they may use personal finance, attain from other entities or combination of personal and other entities. The amount of fund owned by micro enterprises to finance their business is often very small and not enough to run, expand or even to start the business (Tambunan, 2017). It is reported that between 70 to 82 percent of MSMEs were experienced difficulties of access to finance and this has become one of the obstacles of business growth (APF Canada, 2018; ASEAN, 2017)

To alleviate the financial problem, a formal financing method such as bank loan can be a good alternative of attaining finance for business (ASEAN, 2017), but it is not easy to achieve. Even, today, there are more loans offered to MSMEs but the proportion who gets loans from banks is still small (Bellefleur et al., 2012). Only less than 30 percent of MSMEs received access to bank loans (Bank Indonesia, 2016). Additionally, the requirement requested by banks are not of interest to the micro enterprises and is perceived as barriers (APF Canada, 2018; ASEAN, 2017). In Indonesia, typically, bank loans from commercial banks carry interest rates of 12 percent to 14 percent annually.

Other requirements, such as a minimum of two years' business operations, cash flows statement and collateral contribute to the limitation of MSMEs' ability to be considered for a loan (Bellefleur et al., 2012), and even harder for the street vendors with no access to such things to fulfill these requirements.

Micro Enterprise Inhibiting Factors: Business Management Experience

Devins et al. (2005) identify two different types of learning in managing micro enterprise. The first is the view of management which includes the knowledge in marketing, accounting, finance, human resources complemented by other competencies such as time management, planning and problem solving. The second is the day-to-day lived experiences that based on what micro-business entrepreneurs have to do in a particular place and at a point in time. This what makes micro enterprise rather unique as they learn and develop their business through everyday relationships with others who, by necessity, make the business somehow work.

In Indonesia, many micro enterprises adopt the later view due to the inadequacy of knowledge, skills and education they possess. At present, Indonesia is ranked the lowest, 108 out of 138 countries, for the ease and availability of skilled labor and the efficiency of the global labor market (APF Canada, 2018). Majority of micro-business entrepreneurs were high school graduate (42%), followed by junior and primary school graduate (16%) and very small percentage spreads out between different type of higher education graduates (APF Canada, 2018; Bellefleur et al., 2012).

Nevertheless, the idea that daily business experience is merely sufficient to accommodate the business sustainability can be misleading. A survey conducted to MSMEs in Indonesia found that experience and training in entrepreneurship was needed to improve for up-skilling. Skills are considered as a dynamic asset that one must possess and develop over time, and together with formal education, they may increase one's capacity (APF Canada, 2018). Furthermore, management experience and training give the entrepreneur the essential capabilities and competencies required for successful entrepreneurship, and a business which provides management training more likely to grow faster (Okpara, 2011).

Micro Enterprise Inhibiting Factors: Government Support

Government supports always play a crucial role in increasing the growth of micro enterprises. They develop regulation, policy and provide facilities that help businesses to grow. In recent years, the Indonesian government has been implementing policies to boost entrepreneurial activity of MSMEs such as the implementation of fiscal and tax reforms, working capital assistance with lower interest rates through People's Business Credit (KUR), training and development in entrepreneurship. However, based on the survey of MSMEs in Indonesia, these entrepreneurs were either unaware or aware of support policies provided by the government but they were not utilizing the support due to lack of access to technology, particularly online application (APF Canada, 2018) and this causes the government's program to be ineffective and thus inhibits the growth of MSMEs.

In addition, not all of the government policies are perceived beneficial to the micro enterprises, particularly the street vendors. Many street vendors in big cities in Indonesia have no legitimate premises in running their business. They sell their products in carts so that they were able to move from place to place. Many of them sells on the roadside and halts road users and thus very often they

were being force to evict from their business location by the government official, known as Pamong Praja. A study found that 81 percent of such evictions in Jakarta had no socialization nor discussion between street vendors and Pamong Praja, while 77 percent of the case ceased without any solution offered. In some case, the street vendors were relocated to a location provided by the government, but that does not always make their business better and profitable (Meidino et al., 2018).

Hypotheses Building and Research Model

Micro enterprises have a higher chance to fail in developing countries compared to developed countries (Arinaitwe, 2006). They often experience barriers that inhibit their business growth and development. The barriers discuss in this paper is shown in the figure below.
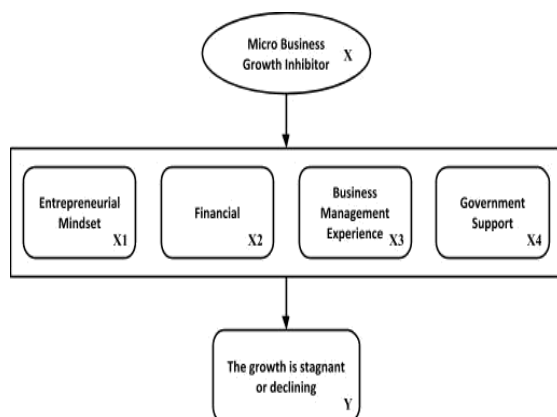

Figure 1. Formulated Research Model

The problems identified in this paper will be based on the following hypothesis:

H1: There is a relationship between lack of entrepreneurial mindset towards the micro enterprise growth

H2: There is a relationship between lack of financial towards the micro enterprise growth

H3: There is a relationship between lack of business management experience towards the micro enterprise growth

H4: There is a relationship between lack of government support towards the micro enterprise growth.

METHODS
Overview of Micro Measurement

This study uses quota sampling method to collect the sample. Quota sampling is one of the non-probability sampling methods, which the procedure is ensuring specific characteristics of population samples to represent the precise level that researcher expected (Acharya et al., 2013)

Sample Selection and Procedure

The sample of the study is the micro enterprises or street vendors in the area of North, South, Central, East, and West Jakarta. The questionnaires were distributed to street vendor's respondents randomly with a weight of 0.25 percent. The quota size was 150 of 59,143 street vendors in Jakarta. The data collection progress was proceeded until it reaches 150 respondents. 30 samples were selected randomly from every region in Jakarta, and the questionnaire was filled on the spot. For an exploratory study, Conroy (2016) suggests that a margin of error of approximately 10 percent on which the population size is more significant than 5,000, is acceptable. In addition, Roscoe (1975) provides the "rule of thumb" for determining sample size, where he suggests that sample size between 30 to 500 are acceptable for most of the studies. Several constraints are identified to limit the sample, so that the outcome can be measurable and dependable. These constraints include (1) business establishment for a minimum of three years, (2) store location within the five regions in Jakarta, (3) the vendors own one or more food or beverage stalls, (4) the annual sales of at most 300 million Rupiah, and (5) the vendors use food or beverage cart for operating the business.

Research Instrument

The questionnaire consists 32 questions (26 likert-style and 6 essays) associated with the four inhibiting growth factors of street vendors in Jakarta: entrepreneurial mindset, financial, business management experience, and government support. Question statements were identified with a Likert-style six points scale (1 = strongly agree, 2 = agree, 3 = slightly agree, 4 = slightly disagree, 5 = disagree, and 6 = strongly disagree). There were 6 variables to evaluate the respondents or street vendors: the age, the marital status, the number of children, the length of the experience, the primary reason of choosing micro-entrepreneurship, and the average amount of monthly income.

Table 2. The Description of Variable Indicators in Questionnaire

Inhibiting Factor Variable	Indicator	Description
Business Growth (BG) (Okpara, 2011)	BG1	Business growth comparison between current and last year.
	BG2	Business growth between street-vendor owner peers
	BG2	Business growth between street-vendor owner peers with the same offered product(s)
Entrepreneurial Mindset (EM) (Gruber, 2002; Tambunan, 2017)	EM1	Indicate entrepreneur always trying to find new opportunities
	EM2	Indicate entrepreneur always chasing the dream with big discipline
	EM3	Indicate entrepreneur only pursuing the best opportunities
	EM4	Indicate entrepreneur always caring with the network level and objective
Financial (F) (Bowen et al., 2009; Maulina & Fordian, 2018; Tambunan, 2017; Yoshino & Taghizadeh-Hesary, 2016)	F1	Whether to start the business using personal body or other sources
	F2	Whether to start or maintain the business need to loan money from the closest relatives
	F3	Whether to start or maintain the business need to loan money from the bank
	F4	To understand if street vendor owner able to loan money from the bank without difficulty
	F5	To understand if street vendor owner always saving the money earned from trading activity
	F6	To understand if street vendor owner ever managing the money to be allocated for other needs
	F7	To understand if street vendor owner always separate the earned money specifically for family and trading
Business Management Experience (BE) (Bowen et al., 2009; Haynie et al., 2010; Okpara, 2011)	BE1	To understand if street vendor owner ever learning to become a better entrepreneur
	BE2	To understand whether the street vendor owner ever learning about the financial planning and management
	BE3	To understand whether the street vendor owner ever learning about the basics of marketing concept
	BE4	To understand whether the street vendor owner ever learning about the bookkeeping or accounting
	BE5	To understand whether the street vendor owner ever learning about how to train employees to be better
	BE6	To understand whether the street vendor owner able to attract or recruit the employee without difficulty
	BE7	To understand whether the street vendor owner able to retain the employee without difficulty
	BE8	To understand whether the street vendor owner ever training his/her employees to be better
Government Support (UG) (Pramaishella, N.A. Cahyono, D. Z, 2018; Tambunan, 2017)	UG1	To understand if the street vendor owner ever banned to sell in a certain place by the government
	UG2	To understand if the street vendor owner ever treated inhumanely by the authorities while forced to relocate to the new location
	UG3	To understand if the Jakarta government already provide a suitable and appropriate place for street vendors to offer their products
	UG4	To understand if the government supervision towards certain places that are prohibited for street vendor would impact the income of street vendor owner

Implementation and Data Treatment

The implementation of "approach" method in this study was chosen due to the fast response, direct observation environment, and an opportunity to obtain an in-depth information. Of the 150 questionnaires distributed, only those that meet the requirements were accepted for further analysis. Among these numbers, 31 respondents did not meet the minimum three years of business experience requirement, and 21 respondents were considered as outliers due to the abnormal value and hence were rejected to be processes and analyzed further. Finally, only 98 data collected that meet requirements and were accepted and used in the validity test (factor loading) and reliability test (Cronbach's alpha). The analysis process was using IBM SPSS Statistics 25 for Windows.

To test the validity, every question with a low level of factor loading were eliminated since the item was not capable of supporting the related variable. MacCallum et al. (2001) suggests that an item must have over 0.6 or an average of 0.7 to justify executing a factor analysis with small sample sizes. The resulting validity of the samples in this study are shown in Table 3. The validity test results show that:

1. Dependent Variable: Business Growth (BG). BG1, BG2, and BG3 are at the value of 0.8. Therefore, all indicators are valid and included in the next analysis process.
2. Independent Variable: Entrepreneurial Mindset (EM). EM1 and EM4 are invalid and negative, and thus, both are omitted. While EM2 and EM3 are valid and included in the next analysis process.
3. Independent Variable: Financial (F). F1, F2, and F3 have the values of less than 0.7; and F4 is negative. Therefore, F1, F2, F3, and F4 are invalid and omitted. On the other hand, F5, F6, and F7 are valid and proceeded into the next analysis
4. Independent Variable: Business Management Experience (BE). BE5,

BE6, BE7, and BE8 have the values below the standard minimum of 0.6, and thus they are invalid and excluded. Whereas, BE1, BE2, BE3, and BE4 are valid and proceeded into the next analysis.

5. Independent Variable: Government Support (UG). UG1, UG2, UG3, and UG4 are higher than 0.6. Therefore, these indicators are valid and included in the next analysis process

Table 3. Validity Test Results

Item	Factor Loading	Detail
Micro enterprise Growth (BG) α = 0.822		
BG1	0.847	*Valid*
BG2	0.895	*Valid*
BG3	0.842	*Valid*
Entrepreneurial Mindset (EM) α = 0.705		
EM2	0.842	*Valid*
EM3	0.840	*Valid*
Finance (F) α = 0.711		
F5	0.763	*Valid*
F6	0.762	*Valid*
F7	0.623	*Valid*
Business Management Experience (BE) α = 0.740		
BE1	0.629	*Valid*
BE2	0.698	*Valid*
BE3	0.817	*Valid*
BE4	0.783	*Valid*
Government Support (UG) α = 0.847		
UG1	0.848	*Valid*
UG 2	0.845	*Valid*

The reliability test relates to the *consistency* of a measure. In reliability test, if a set of questions have a low level of Cronbach's alpha, the question that contributes to the low alpha level is eliminated due to the inconsistency on the answered question.

Cronbach's alpha (**α**) is frequently used in testing the internal consistency of an instrument (Heale & Twycross, 2015). According to Malhotra (2007), the alpha value of ≤ 0.6 indicates unacceptable or weak internal consistency reliability, while sets of questionnaires on which has alpha value > 0.6 considered as reliable to measure and represent the variable. The following table shows the outcome of reliability test based on the sample data. There are no variables indicating unacceptable since all of the cronbach's alphas are higher than 0.6. Therefore, all of the dependent and independent variables are reliable and hence valid to proceed to the next step, that is regression linear analysis. Where:

- BG represents Lack of Micro enterprise Growth: A dependent variable (Y)
- EM represents Lack of Entrepreneurial Mindset: An independent variable (X1)
- F represents Lack of Financial: An independent variable (X2)
- BE represents Lack of Business Management Experience: An independent variable (X3)
- UG represents Lack of Government Support: An independent variable (X4)

Table 4. Reliability Test Result

Variable (Dependent/ Independent)	Cronbach's Alpha (α)	Details
BG (Dependent)	0.822	Reliable
EM (Independent)	0.705	Reliable
F (Independent)	0.711	Reliable
BE (Independent)	0.740	Reliable
UG (Independent)	0.847	Reliable

Classical Assumption Test

The method used to analyze the data in this study is a multiple linear regression model which aims to identify the influence of the independent variables (X) to the dependent variable (Y). Wiratna (2014) suggests that a good multiple linear regression model must have good accuracy in estimation, the right

consistency, and unbiased. To achieve this, the data in the study needs to be tested. First, the data is tested using the normal probability plot test to find whether it meets normality assumptions. Then, the data is tested for the absences of multicollinearity, heteroscedasticity, and autocorrelation.

The first test is the **Normal Probability Plot**. Ghozali (2011) suggests the regression model is distributed normally if the plotting dots that describes the actual data following the diagonal line. The result in the figure below shows the plotting dot following the diagonal line, which means the regression model from the data used for analysis is distributed normally.
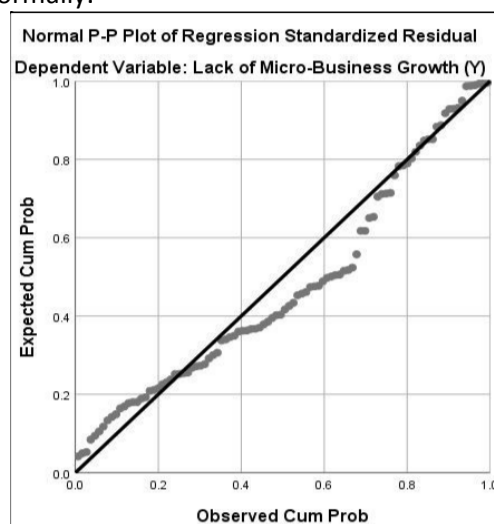

Figure 2. Normal Probability Plot Test

The second is to test **Multicollinearity** using Tollerance VIF Methods**.** According to Ghozali (2011), if the tolerance value is more than 0.100 and the VIF value is less than 10.00, it means there is an absence of multicollinearity. Using the Tolerance and VIF methods, the data is computed and summarize as follow:

1. Lack of Entrepreneurial Mindset (X1) has the Tolerance value of 0.866 > 0.100 and VIF value of 1.154 < 10.00.
2. Lack of Financial (X2) has the Tolerance value of 0.953 > 0.100 and VIF value of 1.050 < 10.00.
3. Lack of Business Management Experience (X3) has the Tolerance

value of 0.860 > 0.100 and VIF value of 1.162 < 10.00.

4. Lack of Government Support (X4) has the Tolerance value of 0.786 > 0.100 and VIF value of 1.272 < 10.00.

The resulted data shows the independent variables have no multicollinearity.

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Lack of Entrepreneurial Mindset (X1)	.866	1.154
	Lack of Financial (X2)	.953	1.050
	Lack of Business Management Experience (X3)	.860	1.162
	Lack of Government Support (X4)	.786	1.272

a. Dependent Variable: Lack of Micro-Business Growth (Y)

Figure 3. Multicollinearity Test (Tolerance and VIF Methods) Result

As for the Heteroscedacity test, this term refers to the condition where the random variable or data does not meet the same degree of variation for all sampling units in the model (Morrison, 2008). The sampling data computed in this study yielded no obvious patterns such as wavy, widened, narrowed, or both widened and narrowed on the scatterplots image; and the variables represents by the dots spread above and below zero on the Y axis, these represent the characteristics of an absence of heteroscedasticity (Ghozali, 2011), or in other words the results shows a homoscedasticity.
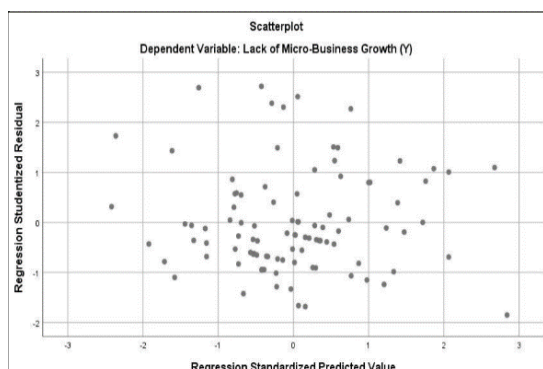

Figure 4. Heteroscedasticity Test Result

The final test is the **Autocorrelation Test or Durbin Watson.** Based on the given data in this study: the accepted sampling data, denoted by n, is equal to 98; while the number of independent variables, denoted by k, is equal to 4. Given the Durbin-Watson table (α = 0.05), then *du* value of k = 4 and n = 98 is 1.758. Ghozali (2011) stated that there is no autocorrelation, if the Durbin Watson is between *du* to *(4-du).* In this research, the Durbin Watson value is 2.190, where, *du* < Durbin Watson < *(4-du)*. The result shows that 1.758 (*du*)< 2.190 (DW) < 2.242 *(4-du)*, and this means there is an absence of autocorrelation.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.324[a]	.105	.066	1.22485	2.190

a. Predictors: (Constant), Lack of Government Support (X4), Lack of Financial (X2), Lack of Entrepreneurial Mindset (X1), Lack of Business Management Experience (X3)

b. Dependent Variable: Lack of Micro-Business Growth (Y)

Figure 5. The Result of Autocorrelation Test (Durbin Watson)

Based on the above results, it can be concluded that the 98 sampling data have been proven to be accurate, consistence and unbiased due to the absences of multicollinearity, heteroscedasticity and autocorrelation. These absences are important so that it means the data has passed the test to meet the normality assumption and to be analyzed further in the research.

Multiple Linear Regression Analysis

The analysis of multiple linear regression is executed to understand if the independent variables (X1, X2, X3, and X4) have an impact on the dependent variable (Y). Given the data, where:

Y = Lack of micro enterprise growth

X1= Lack of Entrepreneurial Mindset

X2= Lack of Financial

X3= Lack of Business Management

Experience

X4= Lack of Government Support

The equation of multiple linear regression model is interpreted as:

$$Y = 3.137 + 0.327\ (X3)$$

The analysis is computed with SPSS version 25 for Windows. The multiple linier regression results show in the figure below:

Figure 6. Multiple Linear Regression Result

Correlation Analysis

The correlational analysis aims to inquire the interaction between the dependent variable and independent variables. Pearson correlation coefficient measures the relationship between X and Y variables. If Pearson's r is close to 1 means, there is a strong relationship between the two variables. However, if Pearson's r is close to 0 means, there is a weak relationship between two variables. If the Sig (1-tailed) value is higher than 0.05 means, there is no significant correlation between two variables. The result in this study is explained below,

1. Variable X1, the correlation strength between lack of entrepreneurial mindset and variable Y (lack of micro enterprise growth) is none (0.042), and statistically insignificant (0.342).
2. Variable X2, the correlation strength between lack of financial and variable Y (lack of micro business-growth) is none (-0.034), and statistically insignificant (0.371).
3. Variable X3, the correlation strength between lack of business management

experience and variable Y (lack of micro enterprise growth) is positively weak (0.188), and statistically significant (0.032).

4. Variable X4, the correlation strength between lack of business management experience and variable Y (lack of micro enterprise growth) is negatively weak (-0.178), and statistically significant (0.040).

Figure 7. Correlation Analysis Result

Hypothesis Test

The purpose of the hypothesis test is to check if the study results support the formulated research. The significance value (Sig.) and the standardized coefficient beta (β) are necessary to decide whether each of hypotheses are accepted or rejected. The significance value (Sig.) must be less than 0.5 and the standardized coefficient beta (β) must display a positive value to accept the hypothesis. The positivity of value is required since this study hypothesis ask for positive relationship between the X and Y variables.

Table 5. Summary of Hypothesis Testing

Ind. Variable	Standardized Coefficients Beta (β)	Sig.	Decision
H1 (EM)	-0.030	0.777	Rejected
H2 (F)	-0.010	0.919	Rejected

H3 (BE)	0.287	0.008	Accepted
H4 (UG)	-0.290	0.010	Rejected

RESULTS AND DISCUSSIONS

Based on the statistical analysis in the previous section, results of hypothesis testing are summarized as follows:

H1: There is a positive relationship between lack of entrepreneurial mindset and lack of micro enterprise growth in Jakarta. Result:

- Lack of entrepreneurial mindset variable has a beta value of -0.030 or negative beta (β); significant coefficient value of 0.777, which is not less than 0.05. Thus, hypothesis 1 is rejected and it indicates that lack of entrepreneurial mindset variable does not show significant positive impact on the lack of micro enterprise growth (variable y) in Jakarta.

H2: There is a positive relationship between lack of financial and lack of micro enterprise growth in Jakarta. Result:

- Lack of financial variable has a beta value of -0.010 or negative beta (β); significant coefficient value of 0.910, which is not less than 0.05. Thus, hypothesis 2 is rejected and it indicates that lack of financial variable does not give impact to lack of micro enterprise growth (variable Y) in Jakarta.

H3: There is a positive relationship between lack of business management experience and lack of micro enterprise growth in Jakarta. Result:

- Lack of business management experience variable has a beta value of 0.287; significant coefficient value of 0.008, which is less than 0.05. **_Therefore, hypothesis 3 is accepted_**. This indicates that lack of business management experience variable has a significant positive impact on the lack of micro enterprise growth (variable Y) in Jakarta.

H4: There is a positive relationship between lack of government support and lack of micro enterprise growth in Jakarta. Result:

- Lack of government support variable has a beta value of -0.290 or negative beta (β); significant coefficient value of 0.010, which is less than 0.05. However, hypothesis 3 is rejected, since the beta value is not positive. This indicates that lack of government support variable has a significant negative impact on the lack of micro enterprise growth (variable Y) in Jakarta.

As described above, lack of entrepreneurial mindset, lack of access to finance, and lack of government support variables do not have a significant impact on the factors that hinder the micro-business growth. Although, the government support shows negatively insignificant result to the growth of micro-business, but somehow it affects these entrepreneurs. This is due to the fact that some of the government policies are being perceived as not to support the micro business. On the other hand, lack of business management experience was proven as the factor that hinder the business growth of micro enterprises in Jakarta. This is due to the fact that most of these entrepreneurs still experience lack in entrepreneurial knowledge and skills.

CONCLUSION

Managerial Implication

The research is intended to serve a better understanding on the problems and to offer solutions to the problem. Based on the findings, lack of business management has been the major issue of micro entrepreneurs. They need to be equipped with sufficient knowledge and skills in marketing, accounting, finance complemented by other competencies such as time management, planning and problem solving. The emphasis of the solutions is on how to improve micro enterprise's capability in managing business and, most importantly, how to develop and promote human capital through training programs so that these entrepreneurs are able to enhance and maximize their capacity and capability in participating in the economy.

In addition, the government certainly needs to get involved and support the micro enterprises through policy development and training programs that can be perceived as beneficial to the micro business growth and development. As high school is the most common educational level attended by these entrepreneurs, then adding more program and training that support their knowledge and skill in entrepreneurship are favored. Implementing educational support other than the formal education, such as vocational training, is also another alternative to educate these entrepreneurs. Such programs and trainings will require all levels of government in collaboration with micro enterprises, educators and other business practitioners to ensure the widespread of communication of resources and support programs.

Limitation and Future Research

This study is an exploratory study to verify inhibiting factors of micro enterprise growth in five regions in Jakarta; thus, the findings may not be applied to the other regions in Indonesia. Of 150 collected sample, only 98 samples were valid, processed and analyzed further due to the limited time and resources. The sample was not a depiction of the entire micro enterprise sectors, in this case street vendors, in Jakarta. The instruments of the questionnaire were developed based on the literature and to be subjected to statistical tests to enhance the reliability and validity levels. The findings therefore should still be considered as partial, to be tested further and subject to revision as new understanding unfolds. For future research, it is suggested to replicate the study using larger samples for cross-validation purposes and to develop questionnaires that are easily understood by the respondents to achieve better findings and results.

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