

The Impediments of Small Medium Industries in Government's View in Indonesia

Muslim El Hakim (Kurniawan), Gatot (Yudoko), Mursyid Hasan (Basri)

Abstract: Objective – The paper aims to scrutinize impediments faced by small medium industries from the government's view point as one of the stakeholders responsible for developing small and medium industries in Indonesia.

Methodology – This study used a survey with questionnaires containing impediments that became challenges for small and medium industries (SMIs) in Indonesia. The survey was conducted 3 times, involving respondents from industry and trade office from 34 provinces in Indonesia and from 2 central agencies (Directorate General of SMIs, Ministry of Industry of the Republic of Indonesia, and Indonesia Shoe Central Office in Sidoarjo) whose main task is to develop SMIs in Indonesia. The respondents have average experiences of fostering and accompanying SMIs for 9.76 years. The survey results are matched into the table classification of impediments consisting of 4 quadrant classifying the problems. This quadrant are divided by four perceptions, namely internal and external perceptions and coverable and uncover-able perceptions. Internal and external perceptions indicate the source of the problems whether coming from within or outside the organization. Coverable means that the problems can possibly be solved by the firm and/or (local) government, while uncover-able means that the problems are difficult to overcome by both parties. Quadrant A, shows the source of impediments are derived from internal organization, coverable and characterized by exploitative SMIs. Quadrant B, shows the source of impediment are derived from external organization, coverable and characterized by explorative SMIs. Quadrant C, indicates source of impediments are derived from external organization, uncoverable, and characterized by explorative SMIs, and, quadrant D, indicates the source of the impediments are from within the organization, uncoverable, and characterized by exploitative SMIs.

Findings – The results of the survey showed that from the government's point of view, the most crucial problem faced by SMIs is capital problems (small capital, difficulty in getting capital support, high-interest rate, etc.) with a percentage of 94.4 percent, followed by lack of knowledge about proper marketing methods (91.6%), lack of financial management (bookkeeping/accounting, segregation of business and family finances, debt, etc. (88.8%), small production and difficulties in achieving economies of scale (77.8%), not having a clear vision, organizational structure, and planning in developing a business (75%), poor quality of product and not having certifications such as PIRT (Food Home Industry Handler License from Public

Health Office), Halal certification (from Indonesian Ulema Council), MD (Domestic Food Registration from National Agency of Drug and Food Control), etc. (72.2%), small local market and small population (66.7%), lacking managerial ability of owner/manager (63.9%), one man management (business operations are highly dependent on one person) (58.3%), low education level of owner / manager / worker (58.3%). From the classification of impediments table, the government officials argued that the majority of problems faced by SMIs are internal and coverable impediments (quadrant A) as much as 70 percent and approximately 20 percent of the problems are external and uncoverable impediments (difficult to solve, both by local government's and SMIs themselves - quadrant C).

Index Terms: Keywords: Indonesian Small Medium Industries, impediment, government.

I. INTRODUCTION

To achieve the Indonesian 2020 vision as newly developed industrial country, one of the criteria that must be met is a balanced ability between Small and Medium Industry (SMIs) and large industry. It is expected that industrial products both from small and medium to the large industry can compete in the local and international market. Particularly for SMIs, they dominate the manufacturing industry in Indonesia with total business units of 3.73 million units (Annual report of Ministry of Industry, 2015). However, its contribution to GDP (Gross Domestic Product) only amounted to 34.65 percent in 2015. This shows that although large industries are fewer in number, their impact on manufacturing industry GDP is more significant. It indicates that the balanced capability of both industry classifications has not been achieved. This issue is closely intertwined with the various problems faced by SMIs, which are quite different from those faced by the large industry. Moreover, we need to be aware that Indonesia is an archipelagic country. Several previous studies have distinguished the both contexts of the situation [1][2]. who has done an exploratory study on entrepreneurs in Mauritius and found that some of the entrepreneurs practice marketing in mostly unconventional ways. Pe'erez et al. (2014), conducted a study on strategic positioning and strategic type of small firm in small Canary island (Spain) and found that SMEs are primarily narcissist and adaptive firms, which means the majority of SMEs are more focused on internal than external factors. This is in line with what was stated by Danson and Burnett, that enterprises on Islands be

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likely to face dissimilar, supplementary and exaggerated [4][3]. Additionally, Baldacchino (1998) mention that the small island territory is not possible to follow the logic and perspectives of industrialization. Nowadays, a trend towards interest in the study of entrepreneurship in rural areas are increased, however, relatively few has been written in a specific island environment (Danson and Burnett, 2014). So, in this study, the literature review is taken from two research contexts related to SMIs impediments in the islands and mainland[5][8][6].

Research on the development of Small Medium Enterprises (SMEs)/Small Medium Industries (SMIs), identification of SMEs/SMIs impediments, and the potential solutions is generally conducted using firms/entrepreneurs viewpoints. However, the government also has a duty to develop SMI and make its policy. Often, by some anecdotal evidence, what the government does is not exactly targeted. Whether the government and the business worlds are different in looking at the problems and challenges they face in the industrial environment is also an interesting question in this study. Based on the above discussions, the objectives of the study are:

1. to investigate and understand the major impediments and their potential solutions for SMIs in Indonesia from the government's viewpoint.
2. to understand if there are any differences between the government's and an entrepreneur's viewpoints on the major impediments and their impact on future policy-making[10].

From both points of view, we found that there are some considerable differences[30]. From SMEs point of view, technology (69%) becomes the biggest obstacle. It is because the cost of access to technology is very high and most SMEs still use simple equipments and production techniques (Irijayanti, 2012). Meanwhile, 94.4 percent apparatus thought that access to finance is the biggest obstacle for SMEs to develop. The second aspect is the competition barrier. SMEs thought that the number of competitors in the market with stronger capital forces make them difficult to compete (Irijayanti, 2012). On the other hand, the apparatus thought that the lack of knowledge about proper marketing methods made SMEs/SMIs difficult to compete. Furthermore, as many as 51 percents (rank 5) SMEs talk about inefficient production costs, whereas 47 percent (rank 17) apparatus thought equally about it. This shows that the different perspectives in view of impediments become the barrier for SMEs/SMIs to grow and develop[25]. This may be one of the causes of the slow progress of SME/SMI development program in Indonesia because what government's and SMEs/SMIs perspectives are not in line. In the next section of this paper, we discussed literature review. This is then followed by the research methodology used for this study, research findings, and concluding remarks are then discussed to conclude this study[14].

II. LITERATURE REVIEW

The small medium industry faces many impediments to survive, moreover to thrive. Some of the impediments are competition barriers, financial access, the price of energy,

inefficient production cost, inflation, high interest rate, management skill, expensiveness, limitation of sales and raw materials (Irijayanti et al. 2012). Cited from Crawford et al. 1985, apparent causes by the study of failure in small business by Ibrahim, Mayer and Goldstein (1984), Mintzberg (1979), Crawford and Lefebvre (1984), Still (1974), Cooper (1977), Sexton and Van Auken (1982) reported parallel findings that are the lack of strategic planning, systematic strategic planning activity is conspicuously absent in small business firms. Small-business strategic planning has been characterized as unstructured, sporadic, incremental, informal, reactive and in comprehensive, indicating that the small business owner/manager engages in "strategic thinking", without taking action and lacks of planning knowledge[7][9][11].

Especially for the islands regions, considering Indonesia as an archipelagic country, some research on Small Medium Industry development in the islands has identified many perceived hurdles, such as limited technical expertise, inadequate sales level, high operating expenses, poor financial, remote location, cheaper import, poor purchasing power of the population, lack of formal education, culture and tradition, natural and manmade disaster (Attahir, 1998); low level of satisfaction with their current performance and not striving to expand (Cromie et al, 2001); high transport cost, tendency towards oligopoly and imperfect competition, inability to achieve and exploit economies of scale, dearth of effective and competitive support and infrastructural service [12][13] government regulation, environment regulation, employment regulation, maintaining profit level (Singh et al, 2010), and so many other obstacles. A complete picture of impediments faced by the SMIs based on the literature review is as follows:

Table I. SMI's Impediment in Islands and Mainland Literature Review

Sources	Impediments	Islands/Author(s)	Mainland /Author(s)
I N T E R N A T I O N A L	Limited technical expertise in production	attahir,1998, Baldacchino,2005,2010,2002,1998	
	Poor financial operational (accounting,record keeping,debtors)	attahir,1998, Singh et al.2007, Naidu et al. 2011	
	Conflicting professional advise	attahir,1998	
	Lack of managerial skill	attahir,1998, Singh et al.2007	Irijayanti et al.2012,Siringoringo et al.2009
	Lack of planning skill	attahir,1998, Unlucan et al. 2010	
	Lack of formal education	attahir,1998	
	One man management (owner-manager)	Cromie, et al. 2001	
	Complacent	Cromie, et al. 2001	



Sources	Impediments	Islands/Author(s)	Mainland /Author(s)	Sources	Impediments	Islands/Author(s)	Mainland /Author(s)
	Lack of marketing expertise	Singh et al.2007, Singh et al. 2010, Gunghapul et al. 2009	Tambuna n 2009, Hamisi 2011, Maclaran et al.1999, Harris 2000		(fiscal, inflation, interest rate, foreign exchange rate, turbulence business environment)		al. 2012 Parida et al. 2013, Koh et al. 2007
	Personnel problem (maintain, locating an expert employee)	Singh et al.2007, Singh et al. 2010			Limited and expensive raw material, unfavorable procurement condition	Naidu et al. 2011, Sambajee et al. 2015, Scott et al. 2008, Baldacchino, 2010,2000,1998	Irjayanti et al. 2012, Tambuna n 2009, Hamisi 2011, Knežević et al. 2016
	Had no vision,mision,organizational chart, business culture	Unlucan et al. 2010, Perez et al. 2014					Al Hyari et al. 2011, Tambuna n 2009, Pribadi et al. 2011, Grandy et al.2008
	Big fish in a little sea'	Unlucan et al. 2010			Government regulation	Singh et al. 2010	
	Not engaged in planning behavior (unwritten plans),adaptive	Unlucan et al. 2010, Perez et al. 2014	Siringorin go et al. 2009		Employment regulation	Singh et al. 2010	
	Standard quality		Pribadi et al. 2011		Environment regulation	Singh et al. 2010	
	Lack of focus				High advertising cost	Singh et al. 2010	
	Delay on account receivable payment	Naidu et al. 2011			Fragmented market (isolation from the market)	Baldacchino,2005, Sambajee et al. 2015, Scott et al. 2008, Baldacchino, 2010,1998	
	High operating expenses(storage cost, scrap rate, maintenance cost, petrol cost, price of energy, lower productivity)	Attahir,1998, Singh et al. 2010, Naidu et al. 2011, Baldacchino, 2010,2002,1998	Tambuna n 2009, Siringorin go et al. 2009, Irjayanti et al. 2012, Knežević et al. 2016, Koh et al. 2007		Costly and infrequent transportation	Naidu et al. 2011, Sambajee et al. 2015, Scott et al. 2008, Baldacchino, 2010,2002	Tambuna n 2009
	Culture and tradition, beliefs/religion	attahir,1998, Singh et al.2007, Lenzen et al. 2014, Sambajee et al. 2015			Oligopoly and imperfect competition	Baldacchino,2005	Irjayanti et al. 2012, Siringorin go et al. 2009
B O T H	Inaccessibility to information on training and advisory services, fragmentation on information	Singh et al.2007, Singh et al. 2010, Nair et al.2012	Siringorin go et al. 2009, Muscatello et al. 2003		Inability to achieve scale of economies	Baldacchino,2005,2010,2000 Scott et al. 2008	Irjayanti et al. 2012, Siringorin go et al. 2009
	Capital problem (insufficient, inability to obtain external& internal financing, high interest rate on loans)	Naidu et al. 2011, Nair et al.2012, Sambajee et al. 2015, Baldacchino, 2010,1998	Irjayanti et al.2012	E X T E R N A L	Lack of infrastructural services (ex. telecommunication , technology, access)	Baldacchino,2005,2010,1998 Sambajee et al. 2015, Scott et al. 2008	
	Crime and sabotage	Naidu et al. 2011			No godfather	attahir,1998	
	Government tax	Naidu et al. 2011			Cheaper import	attahir,1998	Knežević et al. 2016
	Lack of government support	Nair et al.2012, Sambajee et al. 2015			Remote location	attahir,1998, Sambajee et al. 2015, Scott et al. 2008, Baldacchino,2002,2000, Aubert et al. 2015, Goede,2011	
	Climate change	Lenzen et al. 2014			Inadequate sales level/small domestic market/small population	attahir,1998,Baldacchino,2005,2010,2002,2000,1998 Singh et al.2007, Sambajee et al. 2015, Scott et al. 2008	Irjayanti et al. 2012
	Dependence on import	Sambajee et al. 2015			Low purchased power	attahir,1995,1998, Sambajee et al. 2015, Scott et al. 2008, Baldacchino,2002	
E X T E R N A L	Limited fresh water supply	Sambajee et al. 2015			Natural and mandmade disaster	attahir,1998, Sambajee et al. 2015, Baldacchino, 2010	Siringorin go et al. 2009
	Few local interindustry linkages	Baldacchino, 2010			Administrative process		
	Massive political pressure, legal barrier	Baldacchino, 2010,1998	Al Hyari et al. 2011				
	Economic factors		Irjayanti et				



Sources	Impediments	Islands/Author(s)	Mainland /Author(s)
	Trade agreement		Siringorin go et al. 2009

References: Processed by the Authors, 2017

To follow up the results from the literature review and expand our understanding of the impediment factors, the authors created a perception diagram. The perception is based on four perspectives: first, the government's viewpoints, and second, from the firm's viewpoints[37]. Coverable means that these problems are likely to be solved by the firm and/or government and uncover means that these problems are difficult to overcome both from the government's and/or firm's viewpoints, as follows:

EXTERNAL I M P E D I M E N T S	oligopoly and imperfect competition, Environment regulation, Employment regulation, Government regulation, limited fresh water supply, Government tax, crime and sabotage, inability to achieve scale of economies, capital problem, lack of infrastructural services,	cheaper import, no Godfather, high advertising cost, Few local inter industry linkages, dependence on import, climate change, natural and man-made disaster, low purchased power, Fragmented Market, Limited and expensive raw material, Transport costly and infrequent, remote location, inadequate sales level/small domestic market/small population, Economic Factors (Fiscal, inflation, interest rate, foreign exchange rate, turbulence business environment)	B	C
			COVERABLE	
INTERNAL I M P E D I M E N T S	delay on account receivable payment, big fish in a little sea, complacent, one man management (owner manager), lack of formal education, lack of managerial skill, lack of planning skill, Personnel Problem, had no vision, mission, organizational chart, business culture, not engage in planning behavior (unwritten plans), adaptive, lack of marketing expertise, poor financial operational (accounting, record keeping, debtors), limited technical expertise in production	conflicting professional advice, inaccessibility to information, training and advisory services, culture and tradition, beliefs/religion, high operating expenses	A	D
			COVERABLE	

Fig. 1. Classification of Impediments, (formed by the Authors, 2017)

The impediments from the organizations presented in quadrant A (internal) are likely to be handled by the firms and the government, and kind of exploitative SMIs. Meanwhile, the impediments from external organizations presented in quadrant B are likely to be handled by the firms and the government, and kind of explorative SMIs[15]. The impediments in quadrant C from the external organization, difficult to overcome, and kind of explorative SMIs. The impediments in quadrant D are from the internal organization, difficult to overcome, and kind of exploitative SMIs.

III. METHODOLOGY

The research uses descriptive approach, that depicts or describes how things actually work. It addresses the question of, "what are the major impediments faced by the SMIs from the government's viewpoint?"; and "are there any discrepancies between the government's viewpoint and entrepreneur's viewpoint?". In this study, the authors aim to describe factors that become impediments for SMIs in Indonesia through the views of the government whose main responsibility is to develop SMIs in Indonesia. The research data were obtained through a survey using questionnaire constructed based on the literature review[16].

A survey has been done by the authors, involving apparatus from the Industry Office all over Indonesia. It was conducted during the national coordination meeting of small and medium industries, held by the Directorate General of

Small Medium Industry, first in Manado on 3-6 of May 2017, second, in Bandung 7-9 of June 2017 and the third, at budget consignment meeting, in Bandung 23-25 of July 2017. The questionnaire was distributed three times with the aim that the response rate reaches 100 percent. From the three events 42 questionnaires were returned[36][35]. The researchers obtained eligible answers from 34 Indonesian provinces and 2 central institutions, which are the Directorate General of SMIs and Indonesian Shoe Central Office in Sidoarjo. All of these respondents have the experience of fostering and accompanying SMIs for 9.76 years, whereas as many as 94.4 percent of the respondents are officials (echelons 3 and 4). The respondents were asked to select 15 main impediments from a list of 39 impediments in the questionnaire and 1 open question (a total of 40 impediments were obtained from the literature review).

IV. FINDINGS

The results of the survey conducted at the three national events are as follows:

1. All of the respondents have the experience of fostering and accompanying SMIs for 9.76 years. The respondent having much experienced is from Yogyakarta, which is for 29 years, and those which the lowest experience is from East Kalimantan, with only 3 years experience.
2. 94.4 percent (34) of respondents are structural officials (echelons 3 and 4) and only two respondents are functional officials (from North Sumatra and Maluku).
3. Complete results of the questionnaires are as follows :

Table II.. Research Findings

No	impediments	Freq.	Rank	%
1	Small local market, small local population	24	7	66,67
2	Inaccessible / remote location	7	28	19,44
3	Costly and infrequent transportation	18	15	50,00
4	Raw materials which are expensive and difficult to obtain	20	11	55,56
5	High operating costs (e.g. store / product store costs, equipment maintenance costs, fuel / energy costs, frequent defective products, etc.)	17	17	47,22
6	Very few skilled workers	20	12	55,56
7	Technology infrastructure services are lacking (eg telecommunications, internet, access to technology, etc.)	18	16	50,00
8	Low purchasing power	10	23	27,78
9	Isolated from the market because there are big players in the area so that SMIs is difficult to penetrate the market	10	24	27,78
10	Capital problems (small capital, difficulties in getting capital support, high interest rates, etc.)	34	1	94,44
11	Small production and difficulties in achieving economies of scale	28	4	77,78
12	Cultural barriers, traditions, beliefs, religions (e.g., do not want to lend from the bank because of usury, etc.)	6	29	16,67
13	Lack of financial management (bookkeeping / accounting, segregation of business and family finances, debt, etc.)	32	3	88,89
14	Lack of knowledge about proper marketing methods	33	2	91,67
15	Lack of information on training, counseling, facilitation, etc.	5	31	13,89
16	Number of disasters caused by nature / human	2	35	5,56



No	impediments	Freq.	Rank	%
17	Not having a clear vision, mission, organizational structure and planning in developing a business	27	5	75,00
18	Difficulties in retaining highly skilled employees (highly skilled employees often move to other places or open their own businesses)	20	13	55,56
19	Owner/manager lacking of managerial ability	23	8	63,89
20	Conflict between owner / manager of the company	0	40	0,00
21	Low education level of owner/manager/worker	21	10	58,33
22	One man management (business operations are highly dependent on 1 (one) person)	21	9	58,33
23	Quickly satisfied with the current conditions	15	19	41,67
24	Lack of knowledge of potential markets outside the region / global	14	20	38,89
25	Receivables payment very slow	0	39	0,00
26	The crime rate in the area is high	0	38	0,00
27	Central / Regional Government Regulations are less supportive	4	32	11,11
28	Climate Change and Global warming	1	36	2,78
29	Regional dependence on external products (e.g. basic foods imported from outside the region)	8	25	22,22
30	Difficulty getting clean water	3	34	8,33
31	Lack of local industries that are interlinked / mutually supportive	13	21	36,11
32	The rise of imported product, such as Chinese products, that are more affordable	20	14	55,56
33	The high political pressure that benefits certain parties	1	37	2,78
34	Advertising costs, such as billboards are expensive	7	27	19,44
35	No business protectors (e.g. from influential figures in the regions)	6	30	16,67
36	Owners / managers who are less focused on their business (e.g. morning as Teacher, in the afternoon producing or running the business)	12	22	33,33
37	Poor products quality and not having certifications such as PIRT, Halal, MD, etc.	26	6	72,22
38	The existence of trade agreements such as MEA, CAFTA, etc.	17	18	47,22
39	Economic factors such as inflation, fiscal, dollar price fluctuations, bank interest, etc.	7	26	19,44
40	Other factors that have not been mentioned above: less facilitation of growing SMIs	3	33	8,33

Reference: Authors questionnaires recap, 2017

4. from the above table, we can see that the top 15 impediments faced by SMIs are: capital problems (small capital, difficulties in getting capital support, high interest rates, etc.) (94.44%); lack of knowledge about proper marketing methods (91.67%); lack of financial management (bookkeeping / accounting, segregation of business and family finances, debt, etc.) (88.89%); small production and difficulties in achieving economies of scale (77.78%); not having a clear vision, mission, organizational structure and planning in developing a business (75%); poor products quality and not having certifications such as PIRT, Halal, MD, etc. (72.22%); small local market, small local population (66.67%); owner/manager lacking of managerial ability (63.89%); one man management (business operations are highly dependent on 1 (one) person) (58.33%); low education level of owner/manager/worker (58.33%); raw materials which are expensive and difficult to obtain (55.56%); very few skilled workers (55.56%); difficulties in retaining highly skilled employees (highly skilled employees often move to other places or open their own

businesses) (55.56%); the rise of imported products, such as Chinese products, that are more affordable (55.56%); Costly and infrequent transportation (50%).
5. the distribution of impediments is presented in the following figure:

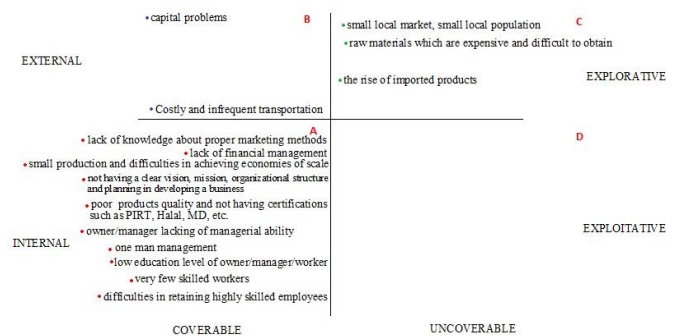


Fig. 2. The Result of the Classification of Impediments

6. From the classification, we can see that most of the top impediments are from the organization (internal), which are in quadrant A. However, there are some top impediments in quadrant C which are difficult to overcome in the Indonesian context. More attention should be given to those impediments.

V. CONCLUSIONS

Based on the research findings, the following conclusions can be drawn:

1. Addressing the first research question, that is “what are the major impediments faced by SMIs from the government’s viewpoints?”, this research has identified the following impediments: capital problems (94.44%); lack of knowledge about proper marketing methods (91.67%); lack of financial management (bookkeeping / accounting, segregation of business and family finances, debt, etc.) (88.89%); small production and difficulties in achieving economies of scale (77.78%); not having a clear vision, mission, organizational structure and planning in developing a business (75%); poor quality of products and not having certifications, such as PIRT, Halal, MD, etc. (72.22%); small local market, small local population (66.67%); owner/manager lacking managerial ability (63.89%); one man management (business operations are highly dependent on 1 (one) person) (58.33%); low education level of owner/manager/worker (58.33%); expensive and difficult-to-obtain raw materials (55.56%); very few skilled workers (55.56%); difficulty in retaining highly skilled employees (highly skilled employees often move to other places or open their own

the rise of imported products, such as Chinese products, that are more affordable (55.56%); costly and unreliable transportation (50%).



2. To answer the research question “are there any discrepancies between the government’s viewpoints and entrepreneur’s viewpoints?”, we compare the results of the main potential barriers faced by SMEs, from the entrepreneur’s point of view, as done by Irjayanti in 2012, with a total sample of 180 SMEs in Java Island, as follows:

Table III. Ten Potential barriers for SME in SMEs

Barriers	Rank	%
Technology	1	69
Competition barriers	2	62
Financial access	3	62
Price of energy	4	62
Inefficient production cost	5	51
Economic factors (fiscal and monetary policies of the government, inflation, interest rates and foreign exchange rates)	6	42
Management skill	7	42
Process (expensiveness, difficulties, bad custom arrangement)	8	38
Limitation of sales	9	36
Raw material	10	29

Reference: Irjayanti, 2012

3. From the two points of view, it can be seen that there are some considerable differences. From SME's point of view, technology (69%) becomes the biggest obstacle. It is because the cost of access to technology is very high and most of them still use simple equipments and production techniques (Irjayanti, 2012). Meanwhile, 94.4 percent apparatus thought that access to finance is the biggest obstacle for SME to develop. The second aspect is the competition barrier. SMEs thought that the number of competitors in the market with stronger capital forces make them difficult to compete (Irjayanti, 2012). On the other hand, apparatus thought that the lack of knowledge about proper marketing methods made SMEs/SMIs difficult to compete. Furthermore, as many as 51 percents (rank 5) of the SMEs, talked about inefficient production costs, whereas 47 percent (rank 17) of the apparatus thought equally about it. This preliminary picture shows the different perspectives in view of obstacles and barriers for SME/SMI to grow and develop. This may be one of the causes of the slow progress of SME/SMI development program in Indonesia because what the government and SME/SMI want is not in line.
4. This difference has an impact on the government’s effort in developing programs and activities in order to develop SMIs. When the government focuses on improving capital for SMIs, e.g. through public business credit (KUR), and other schemes, what SMIs actually need is access to “cutting-edge” and affordable technology. By strengthening cooperation between government and universities (academics) in technological engineering, this gap is expected to be minimized.
5. One of the limitations of this study is that it only employs questionnaire. To get more in-depth results, an in-depth interview is highly recommended for future research.
6. There are three aspects to be added for further thoughtfulness. first, from the perspective of conceptual development, to have a very clear understanding and

more precise concept, then, the same questionnaire should be distributed to entrepreneurs in order to compare the results directly. At that point, we can pair with the development conditions of SMIs in the region, to perceive the direct impact of the different viewpoint. Subsequently, from the methodological perspective, for future studies, can be done explanatory study or model-testing to confirm the proposed conceptual framework, particularly for the result of the classification of Impediments. Finally, for policy implications, what kinds of government interventions are most appropriate to support the findings of this study? can also be a further research question. Presently, the government's planning system has accommodated the bottom-up approach, even though the dominant one is top-down approach. Because, the government is usually very stuck on strategic plans and work plans that have been made for the next five years. Synergizing these two approaches is expected to decrease the perceptions gap between the governments and entrepreneurs.

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