

The Role of ECAP in Enhancing the Capacity of MSMEs for Export: Case of Jakarta MSMEs Community

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Abstract: The Export Capacity Assistance Program (ECAP) for MSMEs is a government initiative to enhance the competitiveness of Indonesian MSMEs in the global market. ECAP is implemented to assist exporters in enhancing MSMEs' capacity to enter international markets. Specifically, this export capacity enhancement program is conducted through training, mentoring, and facilitating market access for MSMEs seeking to export their products. ECAP is carried out in four (4) stages: mapping conditions and needs to determine typology; training to enrich export management capacity and skills; assistance in management practices; and export market access assistance. The methods used in the program are interactive, participative, collaborative, and mentorship-based, with mentors acting as facilitators, communicators, and dynamic agents. Data was collected from several MSMEs through in-depth interviews. The results of ECAP implementation show that the mentoring program has benefited MSMEs by increasing export knowledge and skills, building business networks, and gaining access to international markets. Challenges include limited human resources as assistants and difficulties finding export partners in the global market. These findings provide recommendations for universities and the government to consistently and sustainably implement mentoring programs to enhance the capacity and capability of MSMEs.

Keywords: MSMEs, Export, Capacity, Mentoring

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are crucial to Indonesia's economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute approximately 60.34% of the total national GDP and absorb more than 97% of the workforce in Indonesia (KEMENKOPUMKM, 2023; Maksum et al., 2020; Ter et al., 2006). Despite their significant contribution, many MSMEs face challenges in developing their businesses, especially in exports (Asad & Kashif, 2021; Hanaysha et al., 2022; Kot, 2018; Ziółkowska, 2021).

Indonesian MSMEs have great potential to grow in the international market. MSME products such as handicrafts, textiles, food and beverages, and other creative products have their appeal in the global market (Jafari-Sadeghi et al., 2023; Maksum et al., 2020; Ter et al., 2006). The increasingly open global market and the demand for unique Indonesian products present significant opportunities for MSMEs to enhance their export capacity.

However, MSMEs often face various challenges in penetrating international markets. These challenges include:

1. **Lack of Export Knowledge and Skills:** Many MSMEs need more knowledge and skills regarding export procedures, international regulations, and product quality standards (Jafari-Sadeghi et al., 2023; Maksum et al., 2020).
2. **Limited Access to Financing:** MSMEs need more than financing to expand their business to international markets. Many MSMEs need help to obtain the working capital and investment needed to meet export demands (Najib & Fahma, 2020; Ndubisi et al., 2021; Runtut et al., 2023).
3. **Logistics and Distribution Issues:** Inadequate logistics infrastructure often hampers MSMEs from shipping their products to international markets. High logistics costs and complex shipping processes

make it difficult for many MSMEs to compete in the global market (Fachrunnisa et al., 2020; Jafari-Sadeghi et al., 2023; Maksum et al., 2020).

The Export Capacity Assistance Program (ECAP) initiative was designed by the Rumah Insan 37 Foundation (YRI 37) or Ok Oce Export. YRI 37 implements its programs with the Kwik Kian Gie School of Business, Rayspeed Asia, and FPS Indonesia. ECAP is conducted in four (4) stages: mapping conditions and needs to determine typology; training to enrich export management capacity and skills; assistance in management practices; and export market access assistance (Bak et al., 2023; Cavallo et al., 2021; Hanaysha et al., 2022; Karmaker et al., 2023; Kot, 2018; Ziółkowska, 2021). At the mapping stage, ECAP collaborates with Ok Oce Indonesia to identify MSMEs intending to enter international markets. At this stage, ECAP disseminates training information on 'Export is Easy' and then opens training registration for interested MSMEs.

Based on registered participants, ECAP conducts general training to understand why considering the international market is essential. This training also explains the opportunities and challenges of penetrating international markets. Additionally, the training aims to build an entrepreneurial mindset among the participants.

The next stage is direct mentoring for participants who have completed the training. This stage is carried out more flexibly based on the availability of trainers and coachees. The mentoring stage is conducted both online and offline with a limited number of participants. This ensures that discussions during this stage can be more in-depth and focused. The primary goal of this stage is to help participants analyze potential markets. Additionally, participants are guided in determining their target market, formulating value propositions, and developing appropriate marketing strategies.

Participants in the mentoring stage are also provided with insights into Incoterms and payment terms and brief knowledge of risk management. At this stage, participants are also reminded of the importance of knowing their customers. This is emphasized to understand customer needs and wants and anticipate payment risk issues from buyers.

The final stage is assistance in market penetration. At this stage, participants have completed the training and mentoring stages. At this point, participants have determined their products, target markets, and value propositions. Participants at this stage are also asked to prepare a pitch deck in the form of a PowerPoint presentation.

ECAP holds business matching sessions between prospective buyers and participants at this stage. This activity is conducted online for 2 hours and is limited to a maximum of 10 participants. Each participant is asked to present for up to 5 minutes, followed by direct curation by prospective buyers.

This research aims to:

1. Identify the main challenges faced by MSMEs in developing their export capacity.
2. Evaluate the effectiveness of existing mentoring programs and identify areas for improvement.
3. Develop recommendations for effective mentoring strategies to enhance the export capacity of MSMEs in Indonesia.

This research is expected to significantly contribute to developing more effective policies and mentoring programs to enhance the export capacity of MSMEs in Indonesia. Additionally, the research results are expected to provide insights for MSME practitioners in preparing themselves to compete in the international market.

2. Research Methods

This research will use a descriptive qualitative approach with a narrative type (Creswell & Creswell, 2013). Data is collected through unstructured interviews in two steps: first, informants are asked to share their experiences participating in export product mentoring webinars; second, in-depth interviews with MSME practitioners to explore further the benefits or advantages they have gained and the limitations they are currently facing (Njiru & Njiru, 2016). Furthermore, the interview results are divided into two parts, namely informant characteristics and

manuscripts. The manuscripts are then classified based on the ECAP concept categories: typology determination, export management capacity and skills, management practices, and export market access. After categorizing, the overall informant analysis results and discussion of each ECAP stage element are obtained.


Informants were obtained from the Ok Oce Export/YRI 37 WhatsApp group community with Mr. Hendratmoko as the Director. The criteria for selecting informants were those who had participated in export training and had previously exported/sold products abroad at least once. The Research Team (RT) was then added to the WhatsApp group. Subsequently, Mr. Hendratmoko introduced the team to the group members, who are MSME practitioners. This brief introduction also served as an opportunity for initial informant selection. Some informants responded to the introduction by posting their names and phone numbers so they could be interviewed. The RT recorded the MSME practitioners' names and phone numbers based on the informants' posts from July 4, 2024, at 10:22 AM to July 6, 2024, at 10:45 AM. RT1 obtained three informants, one informant each by RT2 and RT3, resulting in six key informants, as shown in Table 1 – Informant Characteristics.

The RT then designed an interview question list through discussions based on understanding the benefits of the export webinar for MSME practitioners in the context of typology, capacity and capability, practical management, and export access. Each RT conducted interviews from July 5 to July 8, 2024. After the first stage of interviews was completed, each RT extracted the interviews into manuscripts and then categorized the data for each informant into a data sheet. This process took place from July 9 to July 11, 2024. The RT used Google Docs to manage informant characteristic data and categorize manuscripts into data sheets until the initial stage was completed.

In the next stage, the RT met to discuss preparations for in-depth interviews. The in-depth interviews aimed to delve deeper into relatively similar questions by different RTs on informants, effectively cross-checking. The goal was to achieve consistent interview results until saturated, meaning no new data related to the initial questions and categorization was obtained. Another goal was to fill data gaps from the first interviews. The RT prepared an unstructured interview guide from the discussion results, using keywords such as why and linked to each of the four aspects from the perspective of benefits for MSME practitioners, including why the primary market is as it is now, why the primary sequence of domestic and foreign market access is as it is now; why the current priority needs sequence is as it is now; and finally, why the export market is essential. The RT then conducted the second stage of interviews alternately from July 16, 2024, from 2:30 PM to 4:35 PM with three informants. Another three informants were scheduled to be interviewed on July 18-19, 2024. The results of the second stage of interviews were then added to the data sheet, making the results more complete. Based on the datasheet results, a descriptive qualitative analysis was conducted to answer the research focus.

3. Discussion Analysis

Tabel 1. Informant Characteristics

No	Informant Name	Informant Characteristics	Product Catalog
1	Nuri (Nur)	Gender: Female Age: 30th Location: Rembang (central java) Type of product: Bamboo Curley set (bcs) Age og MSME:beberapa thn lalu	

2	Dewi Damayanti (Dewi)	Gender: Female Age: 50 Location: Jakarta Timur Type of product: Age of MSME: 2015 (since 9 years ago)	
3	Sumandari (Ndari)	Gender: Female Age: 47 Location: Kadipaten, Yogyakarta Type of product: Ginger sugar Age of MSME: 2020	
4	Jelita(Jt)	Gender: Female Age: 50 Location: Jakarta Barat Type of product: Food (Snacks, pastries, chocolate, desserts & drinks) Age of MSME: Start 2019	
5	Winda (Wd)	Gender: Female Age: 20 Location: Jakarta Barat Type of product: SkinCare Age of MSME: Start 2024	
6	Sontani (SON)	Gender: Male Age: 59 Location: Bekasi Type of Product: Syrup Age of MSME: 2019	

Typology Analysis of SMEs

Informant 1: Ms. Ndari is an SME operator with Gendhis, producing Ginger Sugar. She serves the domestic market, including local and out-of-town markets. The local market includes at least five souvenir outlets in Yogyakarta, while the out-of-town market includes various cities such as Surabaya, Kalimantan, and Bogor. Management of the local market is based on good relationships built since the business started, while out-of-town market management is maintained with the help of family connections.

Informant 2: Ms. Dewi is an SME operator producing handmade Wirecraft, mainly serving the domestic market. Her customers include Nusantara Mall Boutique. She states that she makes a set amount of handmade products daily to meet stock needs. She mentions that some customers recognize her unique motifs. She produces daily stock based on her experience, which shows that sales can vary greatly, and some customers buy to resell.

Informant 3: Ms. Jelita is an SME operator producing various Risoles and cookies such as Brownies, Chocochip, and Serella. Her best-selling product is Brownies Crispy, which has even been exported. She serves domestic and international customers through direct sales, online platforms (Shopee et al. BUMN), and direct international sales. She started exporting thanks to exhibitions abroad organized by the trade department and Oke Oce. Her production is daily, with halal certification and several international certifications, but lacking BPOM certification. This is a barrier to entry into European markets.

Informant 4: Ms. Winda is an SME operator producing skincare products like Perfume Body Lotion, Whitening Night Cream, and Body Scrub Whitening. Her new business was established only two months ago, and she is still in the introduction phase with no buyers yet. She has registered on Shopee and Lazada and is active on social media (Instagram and TikTok).

Informant 5: Mr. Sontani is an SME operator with products comprising coffee (35%), syrup (35%), and machinery (30%). Initially focusing on coffee and coffee machines, he diversified into syrup production during the pandemic. His flagship syrup variants are Lychee and Hazelnut. His market includes cities like Sentul, Bandung, Kalimantan, and Karawang. His domestic market management is based on good relationships with business partners.

Informant 6: Ms. Nur is an SME operator producing Bamboo Curley Sets, serving mainly the domestic market with major segments in Surabaya, Yogyakarta, Central Java, NTT, and Medan.

Capacity and Capability Analysis

Informant 1: Ms. Ndari manages her inventory with a model stock of 10 kg, which is always available within 2-3 days. This model effectively responds to product demand and ensures smooth order fulfillment. She highlights two priorities: training/coaching to penetrate international markets and business matching meetings between buyers and SMEs facilitated by relevant institutions.

Informant 2: Ms. Dewi produces handmade products daily to maintain stock and meet customer demands, particularly from Bali. She finds exhibitions more effective for generating orders than social media promotion.

Informant 3: Ms. Jelita produces handmade products daily to meet demand, except for large or export orders, which are produced specially. She participates in domestic and international exhibitions whenever possible.

Informant 4: Ms. Winda has limited stock as she is still in the product introduction phase with no significant sales. She focuses on sample products for potential customers.

Informant 5: Mr. Sontani manages his inventory with a model stock of 300 liters, varying across 27 syrup variants, with Lychee and Hazelnut being the most popular. The production size is adjusted for different stock levels of each variant.

Informant 6: Ms. Nur has limited capacity and produces to meet specific demands from several cities in Indonesia, utilizing connections, government access, UMKM forums, and environmental and café lover communities.

Management Practice Analysis

Informant 1: Ms. Ndari manually records her financial transactions in a notebook. Her working capital is self-financed or shared with friends. She packages and ships products to New Zealand through the cooperative office

with other SMEs. She allocates part of her sales revenue for future production costs, including labor, material purchases, and profit sharing.

Informant 2: Ms. Dewi recorded transactions manually but later used Excel with her son's help. Due to data loss from a phone issue, she reverted to manual recording. She sets aside sales revenue for product costs to ensure business sustainability. Her priorities are business matching and webinars.

Informant 3: Ms. Jelita, who has an accounting background, maintains manual accounting records. Due to her extensive training from Depkop and Deperindag, she is adept at calculating export values and costs, container volumes, and profitability.

Informant 4: Ms. Winda has yet to establish a standard bookkeeping system due to small-scale production and sample distribution, only recording production costs.

Informant 5: Mr. Sontani uses an accounting application to manage his inventory effectively.

Informant 6: Ms. Nur records transactions manually and in Excel, self-financing working capital with friends. She buys materials outright rather than on credit.

Export Market Access Analysis

Informant 1: Ms. Ndari's first export experience was shipping 20 pieces of Ginger Sugar to New Zealand through a business matching event facilitated by the relevant agency. She plans to expand to Malaysia.

Informant 2: Ms. Dewi has not directly exported but has sold products through exhibitions and hand-carry methods with acquaintances, with ongoing sales in Brunei. She participates in exhibitions to facilitate international sales, particularly to the US.

Informant 3: Ms. Jelita frequently exports to the Middle East and has participated in exhibitions in Lebanon. She seeks to expand to South Korea and Europe, although European certification requirements pose a challenge.

Informant 4: Ms. Winda has yet to export but actively participates in training sessions relevant departments hold to prepare for future international market entry.

Informant 5: Mr. Sontani has exported once to Malaysia and aims to access more international markets through business matching.

Informant 6: Ms. Nur has exported bamboo products twice to Switzerland through a diaspora store connection obtained via YouTube.

4. Discussion

The typology of SMEs based on their primary market and export frequency shows that SMEs focusing on the domestic market tend to have limited international access and are vulnerable to local market fluctuations. SMEs with occasional exports need to develop marketing strategies to increase export volumes. Export training and support provide benefits such as knowledge of export procedures, international market expansion, product quality improvement, and establishing international business networks.

Capacity and capability analysis shows that SMEs with limited capacity often manage stock and face human resource, capital, and infrastructure constraints. Medium-capacity SMEs have slightly better stock management. Export-experienced SMEs need to enhance stock management for sustainable international trade. Export training improves operational efficiency, international market knowledge, and management systems.

Management practice analysis indicates that manual bookkeeping is traditional but effective for small-scale businesses, requiring high discipline. Excel allows structured data management and quick analysis, while mobile phone applications offer efficient data processing and management.

Export market access analysis suggests that SMEs with a domestic market focus have stable local markets but must diversify through exports for growth. Limited export-experienced SMEs must strategize to increase export volumes. Small enterprises with constrained market access need export support to overcome barriers.

5. Conclusion

1. Five SMEs in this study have engaged in exports. They gained international buyers through government-sponsored exhibitions and personal connections. Certification issues, particularly for food products, pose significant barriers due to differing regulations in various countries. They hope for more extensive

international market access and government-facilitated buyer connections, with challenges including transportation and accommodation costs.

2. All SMEs participated in training programs from relevant departments, which they found beneficial for business development. They seek help in international market access and simplified product certification processes. To be more effective, training should be tailored based on business type, sales target, bookkeeping status, and experience.
3. Strategic recommendations for export-oriented SME support include:
 - Categorizing SMEs based on business type, sales target, and bookkeeping status to facilitate targeted training and support.
 - We collaborate with embassies to organize regular domestic product exhibitions abroad, especially in embassy offices.
 - We are conducting export training focusing on specific target countries, covering entry methods, licensing, connections, affordable cargo services, etc., for more focused guidance.

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