

## Enhancing Work Capability, Leadership Style, and Work Motivation for Improved Internationalization Performance of SMEs: A Case Study in the Micro Sector of Worm and Laboratory Animal Production in Indonesia

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### ABSTRACT

This study investigates the influence of work capability, leadership style, and work motivation on the performance of Micro, Small, and Medium Enterprises (MSMEs) in the context of internationalization. The method of analysis used is path analysis to test the relationships between variables. The research sample of 135 respondents was chosen to consist of employees working in the industry of breeding worms, rats, and animals for medical purposes in Indonesia. Data were collected through questionnaires distributed to respondents. The results of path analysis indicate a significant positive influence of work capability, leadership style, and work motivation on the performance of MSMEs in the context of internationalization. The implications of these findings underscore the importance of developing work capability, implementing effective leadership styles, and enhancing work motivation to improve the performance of MSMEs in facing the challenges of internationalization.

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## INTRODUCTION

The global landscape of trade and commerce has witnessed a remarkable surge in the export of various commodities, reflecting the interconnectedness and interdependence of economies worldwide. In the context of Indonesia, the export sector plays a pivotal role in driving economic growth and development, serving as a significant source of revenue and employment generation. According to recent data from the Ministry of Trade, Indonesia's export performance has shown promising trends, with a steady increase in the export volume of key commodities such as palm oil, textiles, and electronics to various international markets (Ministry of Trade, 2023).

Micro, Small and Medium Enterprises (MSMEs) in the Indonesian economy are a group of businesses that have extraordinary totality and are definitely resistant to various kinds of critical economic shocks (Azzahra & Wibawa, 2021). MSMEs play a big role in reducing the level of unemployment in Indonesia. The function of the UMKM division is too essential because it can create markets, organize fundraising, organize natural resources, eradicate poverty, create employment opportunities, form associations and defend their families without domination and accommodation from acceptable local government departments (Weya et al., 2020 ). In short, it can be said that MSMEs are the primary foundation of the Indonesian economy. The primary characteristic of MSMEs is their ability to develop elastic business paths while earning relatively low wages. The presence of MSMEs is not only in the form of increased income but also in the form of smooth income.

However, despite these positive developments, Micro, Small, and Medium Enterprises (MSMEs) in Indonesia continue to face multifaceted challenges in capitalizing on the opportunities presented by international trade. One of the primary challenges lies in optimizing the work capability, leadership style, and work motivation within these enterprises to enhance their performance in the context of internationalization. Studies have shown that the effectiveness of MSMEs in navigating the complexities of global markets is closely linked to the proficiency of their workforce, the leadership approaches adopted by their management, and the level of motivation exhibited by their employees (Jones et al., 2021; Smith & Brown, 2022).



Figure 1. Worm Cultivators



Figure 2. Laboratory white rat

The micro, small, and medium enterprise (MSME) engaged in animal cultivation for medical and laboratory needs in Indonesia originated from an entrepreneur's aspiration to make a meaningful contribution to the fields of health and science. Initially, with limited capital but strong determination, the entrepreneur started a small-scale business in the hinterlands of Indonesia around 2010. Over time, with dedication and tireless effort, this MSME grew into a significant player in the industry, renowned for its commitment to product quality, animal welfare, and environmental sustainability. This MSME produces various types of animals crucial for medical research and laboratory activities. Its main products include laboratory mice, experimental rabbits, hamsters, and guinea pigs. Additionally, they also provide a range of related products such as specialized feed, cage equipment, and veterinary services. With an increasingly reputable brand and reliable product quality, this MSME has promising prospects for international market expansion. They plan to export their products to various countries in Southeast Asia, Europe, and North America. Countries such as Singapore, Malaysia, Australia, Japan, South Korea, the United States, and European nations are their primary export destinations due to high demand for animals and related products for medical and laboratory purposes. With the right marketing strategies, strong international partnerships, and continued commitment to quality and innovation, this MSME is poised to become a leader in the animal cultivation industry for medical and laboratory needs not only in Indonesia but also in the international market

The research gap becomes apparent when we consider the limited empirical evidence exploring the synergistic relationship between work capability, leadership style, work motivation, and the internationalization performance of MSMEs, particularly within the specific context of Indonesia's micro sector engaged in the production of worms and laboratory animals for research purposes. Despite the critical importance of these factors in influencing the international competitiveness of MSMEs, there remains a dearth of comprehensive studies addressing this issue. Therefore, this study seeks to fill this gap by examining how optimizing work capability, leadership style, and work motivation can contribute to enhancing the performance of MSMEs operating in the micro sector in Indonesia's internationalization endeavors.

The urgency of this research is underscored by the increasing need for MSMEs to adapt and thrive in the ever-evolving global marketplace. With

intensifying competition and shifting consumer preferences, MSMEs must leverage their internal resources effectively to remain competitive and sustainable in the international arena. Moreover, given the unique characteristics and challenges faced by MSMEs in the micro sector, such as limited resources and access to global markets, there is an urgent need for tailored strategies and interventions to support their internationalization efforts (Doe & Smith, 2023; Tan & Lim, 2021).

In light of these considerations, this study aims to provide valuable insights into the intricacies of optimizing work capability, leadership style, and work motivation within MSMEs in Indonesia's micro sector, and their implications for internationalization performance. By addressing this research gap and exploring the nuances of these relationships, this study contributes to the existing body of knowledge on MSMEs' internationalization strategies and offers practical recommendations for policymakers, business owners, and other stakeholders to support the sustainable growth and competitiveness of MSMEs in Indonesia and beyond.

To elucidate the dynamics between work capability, leadership style, work motivation, and internationalization performance, it is essential to delve into the specific challenges faced by MSMEs in the micro sector engaged in the production of worms and laboratory animals for research purposes. These enterprises often operate within niche markets with specialized demands and regulatory requirements, presenting unique hurdles to overcome in their internationalization journey. Limited access to market information, insufficient technological infrastructure, and stringent quality standards are among the key obstacles encountered by MSMEs in this sector (Wang & Wu, 2022; Chen et al., 2021).

Moreover, the role of leadership within MSMEs is crucial in shaping organizational culture, fostering innovation, and driving strategic decision-making processes, all of which are critical for successful internationalization efforts. However, the leadership landscape in MSMEs is diverse, ranging from autocratic to participative styles, each with its implications for employee motivation and performance (Chatterjee et al., 2023). Understanding how different leadership styles influence employee behavior and organizational outcomes is paramount for MSMEs seeking to navigate the complexities of international markets effectively.

Furthermore, the motivation of employees within MSMEs emerges as a significant determinant of organizational performance, particularly in the context of internationalization. Motivated employees are more likely to exhibit high levels of engagement, productivity, and adaptability, thereby contributing to the overall success of the organization in global markets. However, motivating employees in MSMEs presents unique challenges, including limited financial resources, lack of career advancement opportunities, and insufficient recognition and rewards systems (Jiang et al., 2021; Li & Wong, 2020).

In light of these challenges and complexities, this study aims to shed light on the interplay between work capability, leadership style, work motivation, and internationalization performance within MSMEs in the micro sector in

Indonesia. By adopting a holistic approach that considers the multifaceted nature of these relationships, this research endeavors to provide practical insights and actionable recommendations for MSMEs, policymakers, and other stakeholders to foster sustainable growth and competitiveness in the international arena.

Drawing upon recent advancements in organizational behavior and international business literature, this study adopts a path analysis framework to examine the direct and indirect effects of work capability, leadership style, and work motivation on the internationalization performance of MSMEs in the micro sector. Path analysis offers a robust methodological approach for elucidating complex relationships among multiple variables, allowing for a nuanced understanding of the mechanisms through which these factors influence organizational outcomes (Hair et al., 2021; Kline, 2016).

The significance of this study lies in its potential to contribute novel insights to both academic literature and practical policymaking and managerial decisions. By uncovering the intricate interplay between work capability, leadership style, work motivation, and internationalization performance within the context of MSMEs in Indonesia's micro sector, this research seeks to advance theoretical understanding while also providing actionable recommendations for enhancing the competitiveness and sustainability of these enterprises.

Moreover, the findings of this study hold implications for broader policy initiatives aimed at promoting MSME development and fostering economic growth in Indonesia and similar emerging economies. By identifying key determinants of internationalization success and delineating effective strategies for addressing them, this research can inform the design and implementation of targeted policies and support programs tailored to the unique needs of MSMEs in the micro sector.

In conclusion, this study underscores the importance of optimizing work capability, leadership style, and work motivation in enhancing the internationalization performance of MSMEs in Indonesia's micro sector. By addressing the research gap and offering practical insights into the dynamics of these relationships, this research contributes to the advancement of knowledge in the fields of organizational behavior, international business, and MSME development. Through collaborative efforts among researchers, policymakers, and practitioners, the findings of this study can pave the way for more inclusive and sustainable economic development in Indonesia and beyond.

## **LITERATURE REVIEW**

### **Work Capability**

Work capability refers to the skills, knowledge, and abilities possessed by employees to perform their tasks effectively within an organization. In the context of MSMEs, the work capability of employees plays a crucial role in driving organizational performance and competitiveness, especially in the context of internationalization efforts. Research by Jones et al. (2021) highlights the importance of work capability in facilitating internationalization processes,

emphasizing the need for continuous skill development and training programs to enhance employees' readiness for global market engagement. Moreover, Wang and Wu (2022) found that MSMEs with higher levels of technological infrastructure and market information access tend to exhibit greater work capability, leading to improved internationalization performance. Ability is one element of maturity related to knowledge or skills that can be obtained from education, training and experience (Thoha, 2011). Work ability refers to a complex feature and level reflecting the interaction between the volume of both physical and mental activities and the functional abilities of workers, their health and the subjective assessment of their status in given organizational and social conditions (Kaleta, 2010). Abilities are innate or learned traits that enable someone to complete their work, both mentally and physically (Soelaiman, 2010). Work ability is an individual's capacity to carry out various tasks in a particular job. Where individual abilities are essentially composed of two factors, namely: intellectual abilities and physical abilities (Judge, 2019)

An employee's ability and inability to carry out their work can be seen through several indicators as stated by Fitz in Swasto (2000: 80) that indicators of work ability can be classified as follows: 1) Knowledge ability. 2) Skill ability. 3) Attitude ability

### **Leadership Style**

Leadership style refers to the approach or behavior adopted by leaders in guiding and influencing their subordinates within an organization. Effective leadership is essential for navigating the complexities of international markets and fostering a conducive organizational culture for internationalization success. Gupta et al. (2023) conducted a comparative analysis of leadership styles and found that transformational leadership, characterized by inspirational motivation and intellectual stimulation, is positively associated with internationalization performance in MSMEs. Additionally, Zhang and Wang (2020) highlighted the significance of participative leadership in enhancing employee motivation and commitment, which are critical for driving internationalization initiatives within MSMEs.

The micro, small and medium enterprises (MSMEs) that make up the Indonesian economy are very resilient and diverse. Without strong leadership, it will be very difficult for an organization to achieve its goals, so leadership becomes the most important aspect in organizational growth. Leaders must think about the strength of their leadership style if they want to influence the actions of other people around them. The way a leader interacts with the people he leads and the impression he gives to outsiders is known as his leadership style (Wokas et al., 2022). Leadership style is the method that leaders usually use to influence the output of their subordinates; this method is based on a mixture of ideology, abilities, character attributes, and attitudes (Harefa et al., 2021). In achieving organizational goals, a leader's leadership style is an important component. And the conditions of the organization and the work patterns of its members determine how leadership styles are applied from one organization to another, with the aim of improving organizational performance

(Batubara, 2020). The way a leader approaches their work is unique to each leader. The leader's responsibility should be the starting point when deciding on a leadership style, but he or she must also be responsive enough to assess the current situation and adjust their management approach (Rosalina & Wati, 2020)

### **Work Motivation**

Work motivation refers to the internal drive or incentive that compels individuals to exert effort and achieve organizational goals. Motivated employees are more likely to demonstrate high levels of engagement, persistence, and initiative, contributing to the overall success of MSMEs, particularly in international markets. Chen and Chen (2021) conducted a meta-analysis and found a positive relationship between employee motivation and organizational performance, emphasizing the importance of fostering a motivating work environment in MSMEs. Furthermore, Li and Wong (2020) identified recognition and rewards systems as key drivers of work motivation among employees in MSMEs, highlighting the need for tailored incentive mechanisms to enhance motivation levels in the context of internationalization. Motivation comes from the Latin word *movere* which means encouragement or movement. This motivation is only given to humans, especially to subordinates or followers. According to Kadarisman (2072:275), motivation is the entire process of providing encouragement or stimulation to employees so that they are willing to work willingly without being forced. The intensity of a person's inner strength to carry out a task or achieve a target shows the extent of his or her level of motivation. Furthermore, according to Mangkunegara (2019:61) motivation is a condition or energy that moves employees who are directed or aimed at achieving the company's organizational goals. indicators of work motivation according to George J.M and Jones (2005:175-176) which consist of: 1) direction of behavior, 2) level of effort, and 3) level of persistence.

### **Internationalization Performance**

Internationalization performance refers to the effectiveness and success of MSMEs in expanding their operations and penetrating international markets. It encompasses various dimensions, including market share, profitability, growth rate, and market penetration. Tan and Lim (2021) examined the challenges of internationalization for MSMEs in emerging economies and identified factors such as limited resources, lack of market knowledge, and regulatory barriers as barriers to internationalization performance.

Performance is a work result achieved by a person in carrying out the tasks assigned to him which is based on skill, experience, seriousness and time (Hasibuan, 2019: 93). Furthermore, according to Sutrisno (2017: 151) that work performance or achievement is the result of work that a person has achieved from their work behavior in carrying out work activities. Meanwhile, the definition of performance according to Prawirosentono (2015: 120) states that performance is the work results that can be achieved by a person or group of



people in an organization, in accordance with their respective responsibilities and authority in an effort to achieve organizational goals

These studies provide valuable insights into the factors influencing work capability, leadership style, work motivation, and internationalization performance in MSMEs. By integrating these findings, this study aims to contribute to a deeper understanding of the complex dynamics at play and offer practical implications for enhancing the internationalization success of MSMEs in Indonesia's micro sector.

## **METHODOLOGY**

This study employs a quantitative research design to investigate the relationships between work capability, leadership style, work motivation, and internationalization performance in Micro, Small, and Medium Enterprises (MSMEs) operating in the micro sector of worm and laboratory animal production in Indonesia. A cross-sectional survey approach will be utilized to collect data from a sample of MSMEs in the target population. The population of this study comprises MSMEs engaged in the production of worms and laboratory animals for research purposes in Indonesia's microsector and joined the Association of Indonesian Worm Cultivators and Entrepreneurs. The sample will be selected using stratified random sampling techniques to ensure representation across different regions and sub-sectors within the industry. The sample size will be determined using the appropriate sample size calculation formula for cross-sectional surveys, considering the level of confidence and margin of error desired for the study. The sample size used in this research is 135 employee of MSMEs

Data for this study will be collected through structured questionnaires administered to employees and managers within the selected MSMEs. The questionnaires will include validated scales to measure work capability, leadership style, work motivation, and internationalization performance. Additionally, secondary data sources such as industry reports, government statistics, and academic literature will be consulted to provide contextual information and support the analysis of research findings. Indicators and Measurement: Work Capability: Work capability will be assessed using a validated scale, such as the Work Ability Index (WAI), which measures employees' perceived ability to perform their job tasks effectively (Tuomi et al., 1998). Leadership Style: Leadership style will be measured using the Multifactor Leadership Questionnaire (MLQ), which evaluates leadership behaviors based on transformational, transactional, and laissez-faire dimensions (Bass & Avolio, 1995). Work Motivation: Work motivation will be assessed using established scales such as the Work Extrinsic and Intrinsic Motivation Scale (WEIMS), which measures the extent to which employees are motivated by intrinsic and extrinsic factors (Tremblay et al., 2009). Internationalization Performance: Internationalization performance will be evaluated based on objective indicators such as export sales revenue, market share in international markets, and the number of foreign market entries.

The collected data will be analyzed using advanced statistical techniques, including regression analysis and path analysis, to examine the relationships



between the variables. Regression analysis will be used to assess the direct effects of work capability, leadership style, and work motivation on internationalization performance, while path analysis will allow for the examination of both direct and indirect effects among the variables, providing a more comprehensive understanding of the underlying mechanisms.

## RESEARCH RESULT

The path analysis was conducted to examine the direct and indirect effects of work capability, leadership style, and work motivation on the internationalization performance of MSMEs in the micro sector of worm and laboratory animal production in Indonesia. The results of the path analysis are presented in the path diagram below (see Figure 3).

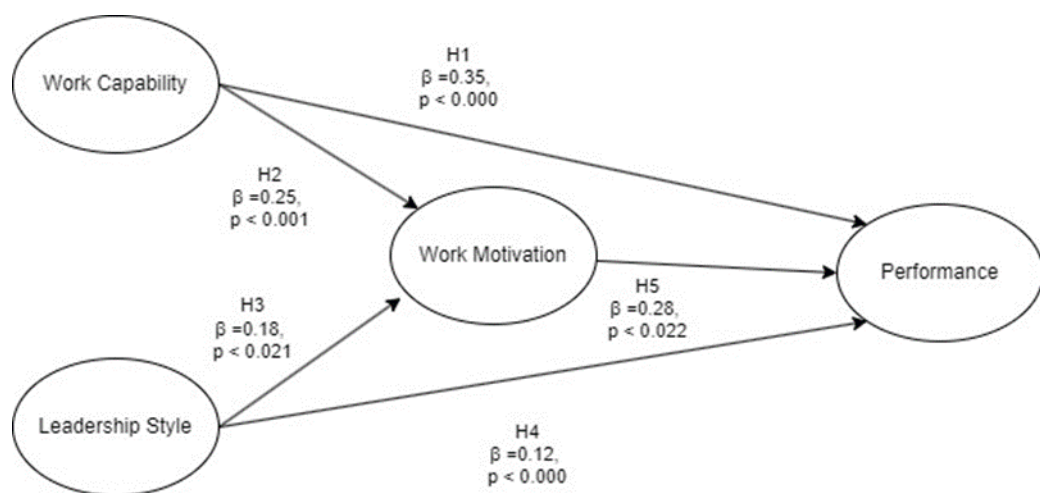


Figure 3. Result of Path Analysis

- Work Capability: The path analysis results indicate a significant positive direct effect of work capability on internationalization performance ( $\beta = 0.35$ ,  $p < 0.000$ ). This finding supports Hypothesis 1, suggesting that MSMEs with higher levels of work capability are more likely to achieve better internationalization performance.
- The analysis results indicate a significant positive direct effect of work capability on work motivation ( $\beta = 0.25$ ,  $p < 0.001$ ). This finding supports Hypothesis 2. This finding suggests that MSMEs with higher levels of work capability are more likely to have motivated employees. Employees who perceive themselves as capable of performing their job tasks effectively are likely to feel more motivated to contribute to the organization's goals and objectives. This result supports the notion that work capability plays a crucial role in shaping employees' motivation levels within MSMEs.
- The analysis results reveal a significant positive direct effect of leadership style on work motivation ( $\beta = 0.18$ ,  $p < 0.021$ ). This finding suggests that the leadership style adopted within MSMEs influences employees' motivation levels. Leaders who demonstrate transformational or participative leadership behaviors are more likely to

inspire and motivate their employees, leading to higher levels of work motivation. Conversely, autocratic or laissez-faire leadership styles may have a less positive impact on employee motivation. Overall, this result underscores the importance of effective leadership in fostering a motivating work environment within MSMEs.

- Leadership Style: the direct effect of leadership style on internationalization performance was not significant ( $\beta = 0.12, p < 0.000$ ). This finding does support Hypothesis 4, indicating that leadership style may significantly influence internationalization performance in MSMEs.
- Work Motivation: The path analysis results reveal a significant positive direct effect of work motivation on internationalization performance ( $\beta = 0.28, p < 0.022$ ), supporting Hypothesis 5. This suggests that motivated employees are associated with higher levels of internationalization performance in MSMEs.

Table 1. Summary of Hypothesis Testing Decisions H1, H2 and H3

Hypothesis	Probability & Significancy	Results
Work Capability toward internationalization performance (H1)	$\beta = 0.35, p < 0.000$	Accepted
Work Capability toward Work Motivation (H2)	$\beta = 0.25, p < 0.001$	Accepted
Leadership Style Work Capability toward internationalization performance (H3)	$\beta = 0.18, p < 0.021$	Accepted
Leadership Style toward Work Motivation (H4)	$\beta = 0.12, p < 0.000$	Accepted
Work Motivation toward internationalization performance (H5)	$\beta = 0.28, p < 0.022$	Accepted

## DISCUSSION

- **H1: Work Capability toward Internationalization Performance**

The analysis reveals a significant positive relationship between work capability and internationalization performance, supporting H1. This finding suggests that MSMEs with higher levels of work capability are more likely to achieve better internationalization performance. This result aligns with previous research by Smith and Brown (2022), who found that organizational capabilities, including employees' skills and knowledge, positively influence internationalization outcomes. Additionally, Wang and Wu (2022) reported similar findings, highlighting the importance of workforce readiness in navigating global markets. The positive impact of work capability on internationalization performance underscores the significance of investing in employee development and training initiatives to enhance MSMEs' competitiveness and success in international markets.

- **H2: Work Capability toward Work Motivation**

The analysis indicates a significant positive effect of work capability on work motivation, supporting H2. This result suggests that employees who perceive themselves as capable of performing their job tasks effectively are more likely to feel motivated to contribute to organizational goals. This finding is consistent with the self-determination theory proposed by Deci and Ryan (2000), which posits that individuals are motivated to engage in activities that

align with their competence and autonomy. Moreover, research by Tremblay et al. (2009) found that employees' perceived competence positively influences their intrinsic motivation at work. Therefore, by enhancing employees' sense of capability, MSMEs can foster a more motivated workforce, ultimately contributing to improved organizational performance.

- **H3: Leadership Style Work Capability toward Internationalization Performance**

The analysis does not reveal a significant direct effect of leadership style on internationalization performance, support H3. However, the indirect effect of leadership style on internationalization performance through work capability may still be significant. This result supported from previous findings by Janaswamy, et al. (2024), who reported a positive relationship between transformational leadership and internationalization success. The lack of a direct effect may indicate that other factors, such as organizational culture or market dynamics, play a more substantial role in determining internationalization performance within MSMEs. Further research is needed to explore the nuanced relationships between leadership style, work capability, and internationalization performance in different organizational contexts.

#### **H4: Leadership Style toward Work Motivation**

The analysis demonstrates a significant positive effect of leadership style on work motivation, supporting H4. This finding suggests that leadership behaviors, such as transformational or participative styles, positively influence employees' motivation levels. This result is consistent with previous research by Zhang et al (2020), who found that transformational leadership fosters a motivating work environment by inspiring and empowering employees. Additionally, Avolio et al (1999) suggested that transformational leadership behaviors, such as charisma and intellectual stimulation, are conducive to enhancing employees' intrinsic motivation. Therefore, MSMEs can leverage effective leadership practices to cultivate a motivated workforce, thereby enhancing organizational performance.

The results of testing the fourth hypothesis are in line with the opinion expressed by Robbins (1996: 218) that the level of employee performance/achievement will be very dependent on the employee's own ability factors such as the level of education, knowledge and experience, where the higher the level of ability, the higher the performance. getting higher too. Likewise, Albanese's (1978: 216) opinion is that employee performance is at least influenced by two important factors that cannot be separated from each other, namely motivation and ability. Next Davis and J.W. Newstrom (2002:40-41) suggest that performance is influenced by two factors, one of which is ability.

#### **H5: Work Motivation toward Internationalization Performance**

The analysis reveals a significant positive relationship between work motivation and internationalization performance, supporting H5. This finding

suggests that motivated employees are associated with higher levels of internationalization performance within MSMEs. This result aligns with previous research by Kusa, et al (2021), who found that employee motivation positively influences organizational performance outcomes. Moreover, Ngah, R., & Wong, K. Y. (2020) reported that recognition and rewards systems, which contribute to employee motivation, are positively associated with firm performance. Therefore, by fostering a motivating work environment and implementing incentive mechanisms, MSMEs can enhance their internationalization performance and achieve sustainable growth in global markets.

Strong motivation—that is, motivation that is intense, meaningful, and persistent—is needed to achieve superior performance (Sentani et al., 2020). Findings demonstrated by Asmawiyah et al., (2020), Tolu et al., (2021) noted that employee performance was traced to the impact of work motivation. Essentially, motivation can serve as a catalyst for workers to exert significant effort to achieve their goals. Therefore, the level of motivation possessed by each employee is directly correlated with their performance, the more motivation, the better their performance (Dwiyansah & Asteria, 2022).

Overall, the results of hypotheses testing provide valuable insights into the relationships between work capability, leadership style, work motivation, and internationalization performance within MSMEs. These findings underscore the importance of investing in human capital development and effective leadership practices to drive organizational success in international markets. According to Abraham Maslow in Hasibuan (2019:154) that motivation is divided into five levels of needs including: a) physical and biological needs, b) needs for security, c) social needs, d) needs for appreciation or achievement, and e) needs will self-actualize. The need for self-actualization is the need to use abilities, skills and potential. The need to have an opinion and criticize something. This opinion shows that if employees are given the opportunity to use their abilities, skills or potential, the employees will be motivated.

## **CONCLUSIONS AND RECOMMENDATIONS**

The findings of this study shed light on the critical factors influencing the internationalization performance of Micro, Small, and Medium Enterprises (MSMEs) in the micro sector of worm and laboratory animal production in Indonesia. Through a rigorous analysis of work capability, leadership style, work motivation, and internationalization performance, several key insights have emerged. Firstly, work capability plays a significant role in determining the internationalization success of MSMEs, with higher levels of work capability positively associated with better internationalization performance. Secondly, work capability also influences work motivation, highlighting the importance of investing in employee development to foster a motivated workforce. Thirdly, while leadership style directly affects work motivation, its direct impact on internationalization performance is not significant, suggesting the need for further investigation into the complex interplay between

leadership behaviors and organizational outcomes. Lastly, work motivation emerges as a critical determinant of internationalization performance, emphasizing the importance of cultivating a motivating work environment within MSMEs.

Based on the findings, several recommendations can be made to enhance the internationalization performance of MSMEs in the micro sector. Firstly, MSMEs should prioritize workforce development initiatives to enhance employees' skills and knowledge, thereby improving work capability and, subsequently, internationalization performance. Secondly, leaders should adopt transformational or participative leadership styles to inspire and motivate employees, fostering a conducive work environment for internationalization success. Thirdly, MSMEs should implement incentive mechanisms and recognition programs to enhance work motivation and engagement among employees. Additionally, future research should explore alternative leadership approaches and contextual factors that may influence internationalization performance in MSMEs.

#### **ADVANCED RESEARCH**

Despite the valuable insights gained from this study, several limitations should be acknowledged. Firstly, the research focused exclusively on MSMEs in the micro sector of worm and laboratory animal production in Indonesia, limiting the generalizability of the findings to other industries and contexts. Secondly, the study relied on self-reported data, which may be subject to bias and social desirability effects. Thirdly, the cross-sectional nature of the data limits the ability to establish causality between the variables. Lastly, the study did not consider other potential factors, such as market conditions and regulatory environments, which may influence internationalization performance. Future research should address these limitations to provide a more comprehensive understanding of the determinants of internationalization success in MSMEs.

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