

## ENHANCING EXPORT PERFORMANCE OF COASTAL SEAFOOD SMEs THROUGH COLLABORATIVE NETWORKS IN SIDOARJO, INDONESIA

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### ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a critical role in Indonesia's economy, particularly in the seafood processing sector. However, these enterprises face significant challenges, including limited access to financing, global market networks, and competitiveness against larger firms. This study explores the socio-economic collaboration between seafood processing MSMEs in Sidoarjo and local stakeholders, including fishers, cooperatives, non-governmental organizations (NGOs), and village governments, in enhancing export performance. Using a qualitative descriptive approach through in-depth interviews and participatory observations, the findings indicate that sustainable and trust-based relationships between MSMEs and fishers are crucial for ensuring high-quality raw materials and competitive products in international markets. Collaboration with NGOs and cooperatives provides capacity-building, training, and improved access to financial resources. Village government support facilitates access to assistance programs, training, and product certification for export purposes. These results suggest that multi-stakeholder collaboration can overcome MSME challenges, expand export opportunities, and strengthen the global competitiveness of processed seafood products. The study offers practical insights for policy interventions aimed at supporting MSME development and international market expansion in the seafood sector.

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## INTRODUCTION

Small and Medium Enterprises (SMEs) play a critical role in Indonesia's economy, contributing over 60% of GDP and employing more than 97% of the non-agricultural workforce, particularly in coastal regions dependent on marine resources (BPS, 2020; Kementerian Koperasi dan UKM, 2020). Despite their centrality, seafood-processing SMEs targeting export markets face structural limitations, including constrained access to capital, narrow market networks, and limited technological capabilities, which restrict their ability to compete with larger international firms (Ratten, 2020; Kemenkop UKM, 2020). Previous studies suggest that strong social networks and interactions among SMEs, fishers, cooperatives, NGOs, and local governments are essential for resource access, market expansion, and product differentiation (Granovetter, 1973; Crisostomo et al., 2019; Porter, 1990). Furthermore, embedding local cultural knowledge and social value into products can enhance authenticity, reputation, and sustainability, generating competitive advantage in international markets (Williams, 2017; Güzel & Yalçın, 2021; Davis, 2009).

Collaborative networks within the seafood supply chain directly influence product quality, efficiency, and market positioning, while socio-cultural narratives embedded in products can generate unique social value propositions (Crisostomo et al., 2019; Hernandez & Molina, 2019). Effective collaboration among SMEs, fishers, cooperatives, NGOs, and government actors facilitates adherence to international sustainability standards, improving competitiveness and market credibility (Hernandez & Molina, 2019; Zhao & Lee, 2020). Incorporating local traditions and practices in seafood processing not only enhances product differentiation but also reinforces social legitimacy and community support, which are increasingly valued by global consumers (Williams, 2017; Güzel & Yalçın, 2021).

However, significant knowledge gaps remain regarding the concrete mechanisms of socio-economic collaboration, the processes through which SMEs construct social value propositions, and the role of cultural narratives in shaping export performance. Specifically, it is not well understood how SMEs operationalize collaboration with fishers, cooperatives, NGOs, and local authorities to optimize supply chain performance and integrate social-cultural values into product offerings. Therefore, this study addresses the following research questions: (1) How do SMEs in Sidoarjo concretely collaborate with local communities to support seafood export activities? (2) How does socio-economic collaboration influence social-cultural narratives that enhance product competitiveness? (3) How do SMEs develop productive social value propositions to strengthen reputation and market performance? (4) To what extent does collaboration with local communities support the sustainability and expansion of seafood SMEs in international markets?

The primary objective of this research is to analyze the socio-economic collaboration between seafood-processing SMEs and local communities in Sidoarjo, including fishers, cooperatives, NGOs, and local governments, to understand its role in creating social-cultural product narratives, building social value propositions, and enhancing sustainable competitive advantage in export markets. Secondary objectives include assessing the effectiveness of collaborative networks in improving resource access, supply chain efficiency, product quality, and international market positioning, as well as evaluating how integration of local culture contributes to long-term business sustainability and global competitiveness.

This study is theoretically grounded in Social Network Theory (Granovetter, 1973), which explains how social relationships facilitate resource access and market opportunities; Sustainable Competitive Advantage Theory (Barney, 1991), which emphasizes differentiation and strategic resource utilization for long-term competitiveness; Dynamic Capabilities Theory (Teece, 2007), which highlights organizational adaptability to global market changes; Social Value Theory (Davis, 2009), which frames products in terms of embedded social and cultural value; and Sustainability Theory (Hernandez & Molina, 2019), which underscores environmental, social, and economic sustainability in business operations. By integrating these theoretical perspectives, the study provides a comprehensive framework for analyzing how socio-economic collaboration and cultural integration can enhance the export performance and resilience of SMEs in the seafood sector.

## METHODS

This study employed a qualitative descriptive approach with a case study design to investigate socio-economic collaboration between small and medium enterprises (SMEs) in seafood processing and local communities in Sidoarjo, Indonesia, focusing on enhancing export competitiveness (Yin, 2018; Creswell & Poth, 2018). Data were collected from primary sources, including in-depth semi-structured interviews with SME owners, fishers, cooperative members, environmental NGOs, and village government representatives, complemented by participant observation of production and distribution activities to capture interaction dynamics in the supply chain (Patton, 2015). Secondary data comprised government reports, SME annual reports, and national export statistics from BPS and Kemenkop UKM to contextualize empirical findings (BPS, 2022; Kemenkop UKM, 2022).

Data analysis was conducted using thematic analysis following Braun and Clarke (2006), involving transcription, coding, theme development, and interpretation to identify patterns of collaboration, cultural influences, and factors affecting product competitiveness. To ensure trustworthiness, triangulation of sources and methods was employed, integrating interview, observation, and documentary data to validate findings (Patton, 2015). Participants were

purposely selected based on their direct involvement in the supply chain, ensuring comprehensive representation of stakeholder perspectives, including SME managers (n=3), fishers (n=3), cooperative members (n=3), NGO representatives (n=3), and village officials (n=3).

## **RESULT AND DISCUSSION**

### **1. Multi-Stakeholder Collaboration and Product Competitiveness**

The results of this study indicate that collaboration among seafood SMEs, fishers, cooperatives, NGOs, and local governments plays a pivotal role in enhancing both product quality and competitiveness in international markets (Crisostomo et al., 2019; Glavee Geo & Engelseth, 2018). Strong SME-fisher relationships ensure the consistent supply of high-quality raw materials, which is critical for producing differentiated products capable of meeting stringent international standards (Pedroza Gutiérrez, 2020). This finding aligns with Porter's (1990) assertion that effective supply chain relationships can create competitive advantage by reducing transaction costs and improving product quality. Moreover, the presence of trust-based long-term relationships fosters sustainable fishing practices, such as avoiding overfished species and undersized catches, which simultaneously supports ecological sustainability and long-term business viability (Williams, 2017; Zhao & Lee, 2020).

Network expansion and social ties among SMEs and stakeholders further contribute to sustained export performance, as strong relational capital enhances information flow, market intelligence, and the adoption of innovative practices (Mitrega et al., 2023; Pedroza Gutiérrez, 2020). These results confirm that collaborative relationships are not merely transactional but constitute strategic assets that integrate economic and environmental considerations, thereby reinforcing SMEs' capacity to compete in global seafood markets.

### **2. Role of NGOs and Cooperatives in Capacity Building**

Non-governmental organizations and cooperatives act as key enablers in building SMEs' capabilities by offering technical training, support in sustainability compliance, and guidance in international market entry (Güzel & Yalçın, 2021; Sonani, 2025). The Resource-Based View (Barney, 1991) posits that firms gain competitive advantage by leveraging unique, valuable, and inimitable resources. In this context, specialized knowledge on eco-friendly processing, digital marketing, and quality certifications provided by NGOs and cooperatives constitutes a critical resource that SMEs alone may not possess.

Furthermore, integrating cultural authenticity into product offerings enhances differentiation, consumer recognition, and loyalty in international markets (Genc & Gulertekin Genc, 2023). This suggests that beyond technical and regulatory compliance, SMEs benefit from non-tangible assets such as local identity and brand storytelling, which improve their appeal in global niche markets. In practice, this indicates that capacity building interventions must

consider not only operational efficiency but also the socio-cultural elements that can amplify product competitiveness.

### 3. Financial Constraints and Global Market Access

Financial constraints remain a significant barrier for SMEs seeking international market expansion, limiting investment in technology, product innovation, and compliance with export standards (Ratten, 2020; Ahmad & Kaur, 2025). Dynamic capabilities theory (Teece, 2007) underscores that firms must adapt and reconfigure resources to maintain competitiveness in volatile environments. In the case of seafood SMEs, restricted access to formal financing impedes their ability to acquire certifications, upgrade processing technology, and participate in trade fairs, which are essential activities for internationalization (Abor et al., 2014; Sibanda et al., 2018).

Empirical evidence demonstrates a positive correlation between financial access and export performance, indicating that SMEs with adequate capital are more likely to engage consistently in foreign markets, innovate products, and respond to shifting demand (Amornkitvikai & Harvie, 2018; Almeer & Nawaz, 2025). Therefore, targeted interventions by financial institutions, NGOs, or government programs that reduce financial barriers can substantially improve SMEs' global competitiveness, highlighting the critical intersection between financial resources and internationalization strategies.

### 4. Collaborative Networks as Strategic Enablers

Collaborative networks function as strategic enablers that enhance SMEs' resource accessibility, operational efficiency, and market integration (Zhao & Lee, 2020). Fishers supply high-quality raw materials, NGOs provide training and certification support, cooperatives facilitate collective procurement, and local governments assist with regulatory compliance and market promotion (Arend & Wisner, 2005; Hilmersson & Johanson, 2014). According to social network theory (Granovetter, 1973), these networks facilitate the flow of information, knowledge, and resources, thereby strengthening SMEs' competitive position in international markets.

The findings suggest that SMEs embedded within robust collaborative networks are better equipped to overcome structural and operational barriers, including market uncertainty and resource scarcity. Prior studies indicate that multi-actor collaborations enhance knowledge transfer, reduce transaction costs, and accelerate innovation adoption, which directly improves export performance (Zhao & Lee, 2020; Arend & Wisner, 2005; Hilmersson & Johanson, 2014). These results reinforce the argument that SMEs' competitiveness is contingent not only on internal capabilities but also on their integration within supportive external networks.

### 5. Strategic Role of Local Government

Local governments play a strategic role in enhancing SME export readiness through training programs, financial support, and certification facilitation (Davis, 2009; Hernandez & Molina, 2019). Economic empowerment

theory suggests that by equipping local actors with resources and skills, governments foster economic self-reliance and regional development (Davis, 2009). Empirical studies demonstrate that government-led export promotion and facilitation programs significantly improve SMEs' export performance, particularly when SMEs have prior export experience (Mota et al., 2021; Onjewu et al., 2018; Haddoud et al., 2019).

Moreover, local governments act as intermediaries between SMEs and international market standards, helping to navigate complex regulatory frameworks and certifications. Such interventions not only reduce compliance costs but also signal credibility to foreign buyers, enhancing SMEs' market positioning (Hernandez & Molina, 2019). Consequently, government facilitation should be integrated with other stakeholder collaborations to maximize synergistic effects on SME internationalization and sustainable resource management.

## 6. Implications

Overall, the findings highlight that SMEs' international competitiveness and sustainable resource management are contingent upon multi-stakeholder collaboration, capacity building, financial access, and institutional support. Collaborative networks constitute strategic assets that enable knowledge transfer, operational efficiency, and market penetration, while NGOs and cooperatives provide specialized resources essential for compliance and differentiation. Financial access remains a critical determinant of SME growth, and local government support amplifies these collaborative efforts by reducing regulatory and resource barriers. These insights underscore the necessity of an integrated ecosystem approach to SME development in global seafood markets.

## CONCLUSION

This research shows that an integrated digital branding strategy is essential

This study demonstrates that multi-stakeholder collaboration is essential for enhancing the export performance of seafood SMEs in Sidoarjo, Indonesia. Sustainable and trust-based relationships between SMEs and fishers ensure a reliable supply of high-quality raw materials, which is critical for product differentiation and adherence to international quality standards. Collaboration with NGOs and cooperatives strengthens SMEs' operational capabilities by providing capacity-building, technical training, and support for international certification processes, thereby creating valuable and inimitable resources in line with the Resource-Based View.

Financial access remains a crucial factor in SMEs' ability to expand internationally, as limited capital restricts investment in product innovation, technology adoption, and participation in export-oriented activities. Collaborative networks, including fishers, NGOs, cooperatives, and local governments, function as strategic enablers by facilitating resource mobilization, information

exchange, and operational efficiency, supporting SMEs in overcoming structural and market-related barriers.

Local government interventions play a complementary role by providing training, financial support, and facilitating compliance with international standards, enhancing SMEs' market credibility and export readiness. Integrating socio-cultural narratives and local knowledge into product offerings further reinforces differentiation and adds social value, which increases consumer loyalty and global competitiveness.

Collectively, the findings suggest that an integrated ecosystem approach—combining multi-stakeholder collaboration, capacity building, financial facilitation, and cultural integration—is critical for strengthening SMEs' sustainable competitive advantage in global seafood markets. Policymakers, NGOs, and industry practitioners should prioritize initiatives that enhance collaborative networks, improve access to finance, and embed social-cultural value in products to maximize export performance. Future research may explore quantitative validation of these collaborative mechanisms and assess longitudinal effects of network-based interventions on SMEs' internationalization and sustainability outcomes.

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