

Training and Mentoring on Supply Chain Finance for Smoked Fish SMEs in Rowosari District, Kendal Regency

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Abstract

Purpose: The aim of this community service is to help Smoked Fish SMEs in Bulak and Ketapang Villages access additional working capital and build partnerships with suppliers, distributors, and consumers. The focus is on improving their understanding of capital loan procedures and enhancing their supply chain relationships to ensure business sustainability.

Method: The approach includes assessing SMEs' knowledge of loan procedures, conducting training to improve their loan application and partnership-building skills, and monitoring the results to measure impact and effectiveness.

Practical Applications: This initiative will enable SMEs to secure financing and strengthen partnerships, leading to improved business performance, market expansion, and overall sustainability, benefiting both the businesses and the local community.

Conclusion: By increasing SMEs' knowledge of capital loans and partnerships, this activity enhances their ability to grow and sustain their businesses, contributing to local economic development and community welfare.



Introduction

The economic crisis that occurred in 1997 proved that the Micro, Small, and Medium Enterprises (MSMEs) sector is a strong industry sector (Nindyas, 2020). This is because, at

that time, this sector was better able to withstand the impact of the crisis that struck Indonesia's economy (Asharie & Alie, 2023). In that year, there were 56,539,560 business units in Indonesia. Of that number, 56,534,592 units, or 99.99%, were MSMEs, while the remaining 0.01% or 4,968 units were large-scale enterprises (Suci, 2017). This phenomenon explains that MSMEs are productive ventures worth developing to support both macro and micro economic growth in Indonesia.

Micro, Small, and Medium Enterprises (MSMEs) are a key force in promoting national socio-economic development. However, difficulties in financing and high financial costs often limit the growth of MSMEs. Especially since 2020, with the spread of COVID-19 impacting the global economy, MSMEs have generally faced severe cash flow pressures, further exacerbating their struggle to survive. Overcoming financial difficulties in MSMEs has thus become a critical issue. Without financial support, MSMEs are unable to achieve sufficient productivity and face difficulties in technological development, resulting in slowed growth (Widodo, 2022). Financing constraints lead to MSMEs lagging in achieving efficient productivity development.

The financing and partnership challenges faced by MSMEs, such as the smoked fish MSMEs in Bulak and Ketapang villages, Rowosari sub-district, Kendal Regency, can be addressed by implementing supply chain finance (SCF). SCF is a form of partnership involving parties such as suppliers, producers, distributors, customers, and financial institutions. First, the geographical and social context of Bulak and Ketapang villages can be described as follows:

Bulak Village is one of the villages located in Rowosari Sub-district, Kendal Regency, Central Java Province. It is situated about 20 kilometers from Kendal City, specifically from the town square to the west towards Weleri Sub-district, then heading north towards Rowosari Sub-district. Bulak Village is divided into six hamlets: Bulak 1, Bulak 2, Siwalan, Aram-aram, Gunungsari, and Banyutowo. These six hamlets consist of 31 neighborhood units (RT) and six community units (RW). The total area of Bulak Village reaches 253,065 hectares. The administrative boundaries of Bulak Village include Sendang Sikucing Village, Kebonsari Village, Tanjunganom Village, and Gebanganom Village. The village government center, or village hall, is in Aram-aram hamlet, which is near Kebonsari Village. The land use in Bulak Village mainly consists of rice fields, dry land, and other land (such as rivers, roads, cemeteries, canals, etc.). The rice fields cover 193,440 hectares of irrigated land, while the dry land area is 41,670 hectares, which includes yards and buildings. The remaining land (such as reserved land, sports fields, government offices, and public village cemeteries) covers 34,045 hectares. Bulak Village has several potentials, including small industries and home-based businesses such as fish smoking, worm feed production, dried shrimp, shrimp paste, and pure honey.

Meanwhile, Ketapang Village is known as "Grilled Fish Village" because a significant portion of its residents are involved in the grilled fish business. About 20 households in the village produce grilled fish products. Production takes place daily, as indicated by the plumes of smoke from grilling fires rising from chimneys on the rooftops of the production houses. This village, where home-based businesses have been passed down through generations for the past 40 years, is better known as "smoked fish village" by the people of Kendal. The grilling activity begins at 8:00 AM, with the fish being washed before being cut. The fish are sourced from fishermen along the Kendal coast. For processing, the fish are first cut into three parts: head, body, and tail. The body, or meat, is then cut into pieces that are typically sold in the market.

While waiting for the fish to be cut, other workers prepare the fire on a grilling platform measuring 40 centimeters by 2 meters. Dried coconut shells are often chosen for firewood, as they last longer as embers compared to other types of wood. Additionally, the embers from coconut shells burn hotter, making grilling easier. The grilling activity starts at 11:00 AM and lasts until 4:00 PM. The coconut shells are burned for 30 minutes until they become embers, at which point they are ready for grilling. The fish pieces, whether head,

415) Training and Mentoring on Supply Chain Finance for Smoked Fish SMEs in Rowosari District, Kendal Regency, Kartikasari, L., Qomaruddin, M., Indriastuti, M.

body, or tail, are placed on a metal rack over the embers. The grilling process takes about 10 minutes. The price of the grilled fish varies based on the size, part, and type of fish. The heads are typically sold for Rp 35,000 per kilogram or more, depending on the fish size, while the body or meat is sold for Rp 70,000 per kilogram. The tails are much cheaper, with a bundle of 10 pieces sold for just Rp 5,000. The grilled fish is distributed to traders in local markets, and the rest is sold directly at Mangkang Market in Semarang and Boja Market.

The existence of smoked fish MSMEs is an alternative strategy to support long-term development. It can be said that enhancing partnerships between suppliers, distributors, and customers, along with fulfilling working capital needs, is one of the keys to business success that can boost a region's economic growth (Ayu et al., 2019; Rahim et al., 2024). However, the current condition of smoked fish MSME operators shows that few have established partnership networks between producers, suppliers, distributors, and customers. Additionally, they face challenges in securing working capital due to their inability to access loans from financial institutions. Therefore, the appropriate target for training and assistance programs is the group of smoked fish MSMEs, who are active and independent in entrepreneurship programs and contribute significantly to the local economy by creating job opportunities.

The problem addressed in this community service activity is how to provide an understanding of the loan application procedures to financial institutions and how to build partnerships with suppliers, distributors, and consumers to improve business performance. The hope is that through this community service activity, the smoked fish MSME operators in Bulak and Ketapang Villages will be able to enhance their competitiveness and competencies. The following is a map of the community service location:

Figure 1. Community Service Location's Map



Bulak
Kec. Rowosari, Kabupaten Kendal, Jawa Tengah



Ketapang
Kec. Kendal, Kabupaten Kendal, Jawa Tengah

Currently, there is extensive literature considering the use of supply chain as a set of inter-company product flows, information, and financial flows. Based on this, many efforts

have been made to align product flows and information flows concerning product integration. The combination of product flow, information flow, and financing is integrated within supply chain finance (SCF).

A set of financial solutions in which financial institutions play a key role in providing financing to the parties involved in the product and information flow, referred to as supply chain finance. Another important role of financial institutions is providing financing solutions focused on accounts payable and receivable (Kurnia & Sopingi, 2024; Syafitri et al., 2022). According to Song et al. (2019), SCF acts as a catalyst for solutions in trade processes, such as receiving goods, shipping, invoicing, and payment due dates.

According to (Fadillah, 2018; Hayati et al., 2021) conceptually divide SCF into three categories: pre-shipment financing, in-transit financing, and post-shipment financing. The role of SCF as a solution in trade is often referred to as a working capital-oriented financial solution.

The financing products developed for the smoked fish MSMEs in Bulak and Ketapang Villages include the following. First, working capital credit facilities provided to MSMEs to finance their working capital needs. Second, investment loans, which are facilities given to MSMEs to finance capital investments, including procuring equipment and tools needed to increase the MSMEs' capacity. The financing strategy program can be carried out in two ways. First, by promoting and facilitating the creation of financing schemes, developing financial institutions in industrial hubs, and prioritizing financial assistance to eligible but non-bankable industry players. Second, focusing on strengthening the relationship between business actors, the government, and scholars (the triple helix) with financial institutions. The strategy involves facilitating interactions and meetings between creative industry players and financing institutions.

Partnership, according to Law No. 9 of 1995 concerning Small Enterprises, Article 8, paragraph 1, is a business cooperation between small enterprises and medium or large enterprises, accompanied by guidance and development of the small enterprise by the medium or large enterprise, while considering the principles of mutual necessity, mutual strengthening, and mutual benefit (Priyono, 2018).

The partnership relationships that occur between producers and consumers often do not align with the concept of partnership; frequently, the benefits of the partnership are only enjoyed by the partner company, leaving farmers in a weak (subordinate) position. As a result, conflicts and dilemmas often arise among the parties involved in the partnership due to differing interests that are not accommodated within the partnership. If these conflicts are not resolved promptly, the partnership will soon come to an end, and the intended benefits for both parties will not be realized.

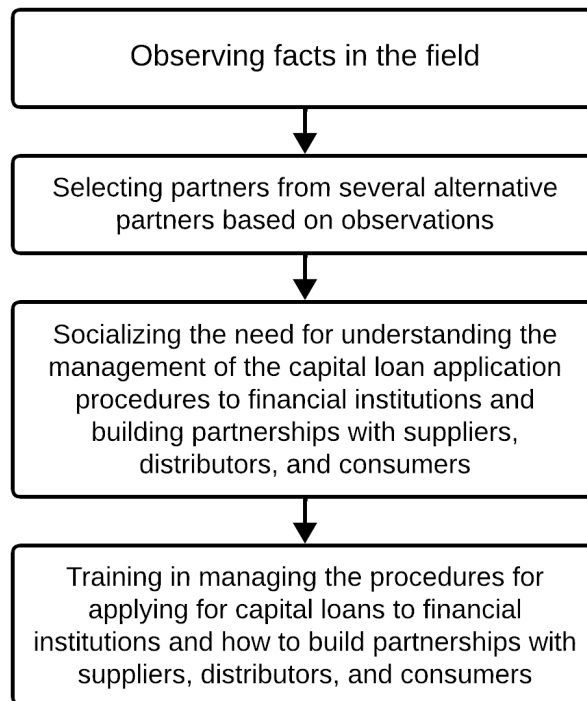
The advantages of companies adopting supply chain finance (SCF) include its role as a strategic benefit, as it is generally associated with financial risk management in the supply chain. This can be achieved through the redistribution of net operative working capital and other activities aimed at improving access to financing for suppliers or distributors (Ain, 2015; Nurhalizah et al., 2022).

During the global financial crisis, the structure of supply chain finance significantly helped companies to survive when bilateral loan facilities were canceled. The benefits of supply chain finance for suppliers include a fast liquidity process and the maintenance of stability and smooth cash flow. For buyers, supply chain finance can secure working capital and increase sales volume. SCF allows buyers to receive payment from consumers before eventually settling their inventory costs. Therefore, this does not disrupt the working capital needed for business activities.

To address the challenges faced by the smoked fish MSMEs in Bulak and Ketapang Villages, several activities can be implemented regarding the application of supply chain finance, including the management of fulfilling the criteria or procedures required when applying for capital loans to financial institutions and building partnerships with suppliers, distributors, and consumers.

The following is a framework for solving the problems of the smoked fish MSMEs in Bulak and Ketapang, as proposed in the suggested activities. The empowerment activities to be provided in this community service program will include training for the smoked fish MSME operators in Bulak and Ketapang Villages on managing the fulfillment of the criteria or procedures necessary for applying for capital loans to financial institutions, as well as how to build partnerships with suppliers, distributors, and consumers.

Figure 2. Problem-Solving Framework



Method

The stages carried out in the community service activity include three phases. The first is conducting field observations regarding the potential and business challenges of the smoked fish MSMEs in Bulak and Ketapang Villages, Rowosari Sub-district, Kendal Regency. This also includes site visits to the community service locations.

Next is training for the smoked fish MSME operators in Bulak and Ketapang Villages on managing the fulfillment of the criteria or procedures required when applying for capital loans to financial institutions, as well as how to build partnerships with suppliers, distributors, and consumers. The final stage involves evaluating and assessing the performance of the community service program for the smoked fish MSMEs in Bulak and Ketapang Villages, Rowosari Sub-district, Kendal Regency.

Assessing the performance of the community service is measured by the improvement in skills competency of the smoked fish MSMEs after receiving training and assistance from the community service team of the Faculty of Economics, UNISSULA. This assessment is based on the comparison between the results of a pre-test and a post-test distributed to participants who attended the training and mentoring sessions.

The pre-test is given to participants to complete before the training and assistance, and the post-test is given afterward. The pre-test scores are compared to the post-test scores to determine the success of the community service. If the post-test scores are higher than the pre-test scores, it indicates that the training and mentoring program on product development and innovation was "successful" according to the goals of the community

service. Conversely, if the post-test scores are the same or lower than the pre-test scores, it indicates that the program was "unsuccessful." This information is crucial for further evaluation and serves as material for future community service programs.

Result

This community service activity is conducted in two stages: 1) an initial study or survey of the economic issues faced by the smoked fish businesses in Bulak and Ketapang Villages, Rowosari District, Kendal Regency, and 2) training and assistance.

The initial study or survey focused on the economic problems of smoked fish entrepreneurs in Bulak and Ketapang Villages, Rowosari District, Kendal Regency. This involved a community service team from the Faculty of Economics, Unissula, along with the heads of Bulak and Ketapang Villages. The findings from the study and survey revealed several conditions: most smoked fish businesses in Bulak and Ketapang have been operating for quite some time. However, the entrepreneurs in the smoked fish sector have not been able to establish good partnerships with business partners, such as suppliers and customers.

Additionally, financing issues are a persistent problem for the smoked fish entrepreneurs in Bulak and Ketapang. Their competence in using simple technology for managing the smoked fish businesses is still very limited; they lack specialized skills and do not possess electronic devices that support their operations. Currently, their businesses are running as they are, and their connections with business partners and financial record-keeping are still very basic. However, they have the potential to be developed through economic empowerment in the micro-enterprise sector for home industries, which have simple production processes, do not require large capital, and produce goods that are highly needed by the community.

Training and assistance in the field of financing and partnerships for smoked fish entrepreneurs in Bulak and Ketapang Villages, Rowosari District, Kendal Regency. This training and assistance were conducted by two speakers: Dr. Lisa Kartikasari, SE., M.Si., Ak., CA, and Maya Indriastuti, SE., M.Si., Ak., CA. The training model involved presentations by both speakers, followed by a question-and-answer session. The core of the training and assistance in financing and partnerships is that financing will strengthen businesses by enabling growth and development. Similarly, partnerships will broaden and strengthen business connections.

The types of financing products developed for smoked fish micro, small, and medium enterprises (MSMEs) in Bulak and Ketapang Villages include, first, working capital credit facilities provided to MSMEs to finance their working capital needs. Second, investment loans, which are facilities provided to MSMEs to finance the investment in capital goods, including the procurement of equipment and supplies necessary to enhance the capacity of MSMEs.

The financing strategy program can be carried out through two approaches: first, financing strategies through encouragement and facilitation to create financing schemes, developing financing institutions in business centers, and prioritizing financing assistance to eligible but non-bankable entrepreneurs. Second, it focuses on strengthening relationships among business actors, the government, and scholars (the triple helix) with financial institutions. The strategy involves facilitating interactions and meetings between business actors and financing institutions.

The form of partnerships developed in the smoked fish businesses in Bulak and Ketapang includes mutually strengthening relationships with suppliers, distributors, and customers. Smoked fish entrepreneurs are encouraged to communicate with each other and share mutually beneficial information so that the business relationships among the parties will continue to yield positive results.

Monitoring and evaluation of this community service activity are conducted by forming a "WhatsApp group" between the participants and the speakers, with the aim of

419) Training and Mentoring on Supply Chain Finance for Smoked Fish SMEs in Rowosari District, Kendal Regency, Kartikasari, L., Qomaruddin, M., Indriastuti, M.

tracking their business developments after receiving training and assistance in financing and business partnerships. Additionally, through this "WhatsApp group," the challenges they face will be identified, allowing for knowledge sharing as a basis for providing solutions. Consequently, their businesses can create competitive advantages, innovative products, and compete globally.

Figure 3. Implementation's Activity



Discussion

The community service activity for the fish-smoking entrepreneurs in Bulak and Ketapang villages has been beneficial in fostering greater independence, strength, and contributions to improving family economies. These entrepreneurs are becoming professional business owners by optimizing the potential of local human resources. The collaboration with the Department of Industry and Manpower of Kendal Regency has been instrumental in facilitating the activities, providing ease of access for coordination, from preparing venues and participants to arranging meals. This support allowed the community service initiative to proceed smoothly and effectively.

However, several challenges were encountered during the implementation. The activities took place amidst the COVID-19 pandemic, which limited participant numbers due to health protocols. Additionally, the entrepreneurs faced difficulties accessing financial institutions and establishing business partnerships. The diverse educational backgrounds, economic statuses, and ages of participants also contributed to varying levels of comprehension of the training materials.

Despite these challenges, several supportive factors emerged. The ease of access to carry out community service activities and the willingness of the Department of Industry and Manpower to collaborate with the FE UNISSULA community service team were significant advantages. Furthermore, the enthusiasm of the fish-smoking entrepreneurs, eager to learn

420) Training and Mentoring on Supply Chain Finance for Smoked Fish SMEs in Rowosari District, Kendal Regency, Kartikasari, L., Qomaruddin, M., Indriastuti, M.

and work tirelessly, was evident.

To enhance future community service initiatives, it is recommended to align perceptions among the fish-smoking entrepreneurs by providing introductory materials, dividing participants into smaller groups for easier monitoring and evaluation, and increasing the hours dedicated to training and assistance.

Conclusion

This community service activity aims to address the issues of financing and partnerships, particularly for fish-smoking entrepreneurs in Bulak and Ketapang villages, Rowosari District, Kendal Regency. The outcomes of this community service can be summarized as follows: a) the provision of training and assistance by the faculty team from FE Unissula focused on financing and partnerships for fish-smoking entrepreneurs in Bulak and Ketapang villages, Rowosari District, Kendal Regency; b) monitoring and evaluation conducted by forming a "WhatsApp group" between the entrepreneurs and the resource persons to track the development of their businesses after receiving training on financing and partnerships. Additionally, this WhatsApp group facilitates the identification of challenges they face, allowing for knowledge sharing as a basis for providing solutions. Consequently, their businesses can create competitive advantages, develop innovative products, and compete globally.

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