



UDC 639

STRENGTHENING THE ECONOMY OF SMALL-SCALE FISHERMEN: THE ROLE OF ENTREPRENEURIAL MARKETING PROCESSES IN ENHANCING FINANCIAL PERFORMANCE TO REDUCE POVERTY

Efani Anthon*, Sari Mariyana, Utami Tiwi Nurjannati, Putra Angga Triawan

Department of Socio-Economic Fisheries and Marine Science, Faculty of Fisheries and Marine Science, University of Brawijaya, Indonesia

*E-mail: anthonefani@ub.ac.id

ABSTRACT

Small-scale fishermen on the southern coast of Java face various challenges, including structural poverty, limited market access, and low understanding of financial management and digital marketing. Additionally, they are affected by climate change, which has led to decreased catch yields and heightened safety risks. A lack of innovation in processing their catch and limitations in marketing strategies further exacerbate their economic conditions. This study aims to analyze the implementation of Entrepreneurial Marketing Processes (EMP) as an approach to enhance the welfare and reduce poverty among small-scale fishermen by improving the financial performance of fishing communities. Using Partial Least Square-Structural Equation Modeling (PLS-SEM), the study evaluates the effects of reputation, cost advantage, differentiation, innovation, and financial performance of small-scale fishermen, involving 100 small-scale fishermen respondents. The findings show that innovation and corporate reputation significantly influence cost advantage and product differentiation, which ultimately improve the financial performance of fishermen. The implementation of EMP has proven effective in helping small-scale fishermen maximize market opportunities, increase efficiency, and create value-added products. The resulting policy recommendations are expected to assist in the development of poverty alleviation programs focused on empowering fishermen through innovative and sustainable marketing strategies.

KEY WORDS

Small-scale fishermen, entrepreneurial marketing processes, financial performance improvement, poverty alleviation, sustainable marketing strategies.

The development of small-scale fishers in Indonesia significantly lags behind other sectors, leading to entrenched structural and cultural poverty among these communities (Gómez & Maynou, 2020). This poverty is multifaceted, arising from economic constraints, social challenges, and escalating climate-related risks. Climate change impacts, including fluctuating rainfall patterns, temperature variations, and intensified cyclone occurrences, have contributed to decreased fish stocks and heightened operational hazards for fishers. Extreme sea waves, for example, often pose life-threatening risks as they have the potential to capsize boats, leaving fishers vulnerable at sea (Mulyasari et al., 2020; Okeke-Ogbuafor et al., 2022). In addition to climate challenges, small-scale fishers face further difficulties rooted in resource depletion, illegal fishing activities, frequent shifts in fisheries management policies, limited access to market information, and environmental pollution from industrial waste and oil spills. These pressures exacerbate their economic hardship, as unsustainable practices and regulatory inconsistencies undermine fishers' ability to maintain and scale their businesses. Pinsky et al. (2021) and Sadovy de Mitcheson et al. (2020) point to overexploitation and weak enforcement of regulations as critical factors that diminish fish stocks, creating a vicious cycle of declining productivity and income instability for fishers.

Marketing limitations further compound these economic challenges. Many small-scale fishers continue to rely on traditional marketing methods, often selling their catch directly to local middlemen. This approach restricts their market reach, as it confines them to a localized consumer base and limits potential revenue. Consequently, fishers frequently face



situations where fish go unsold, sales volumes are suboptimal, or the quality of their unsold catch deteriorates, reducing its value in the marketplace. The limited marketing knowledge, compounded by a lack of financial literacy, constrains fishers' ability to leverage digital tools and broader distribution channels to expand their market presence and optimize profits (Pentury, 2023). Financial management challenges, such as the inability to separate business income from personal finances, pose significant barriers, resulting in decreased capital retention and limited reinvestment capacity (Pomeroy et al., 2020).

Innovation in processing catches, such as developing value-added fishery products, is also minimal, which reduces market value and competitiveness. Most fishers lack the knowledge and capital to invest in processing facilities, pushing them to sell unprocessed, raw fish with limited market appeal. This lack of diversification not only limits income potential but also exposes fishers to price volatility, as they remain dependent on raw commodity markets that are susceptible to external shocks. To address these challenges, adopting an entrepreneurial approach through the Entrepreneurial Marketing Process (EMP) offers a viable pathway for small-scale fishers. EMP encourages a proactive stance toward identifying and pursuing market opportunities, fostering innovation, taking calculated risks, and focusing on customer satisfaction (Jenson et al., 2020). By integrating EMP, fishers can not only expand their market reach but also differentiate their products, enhance customer relationships, and improve their reputation. EMP facilitates a comprehensive marketing strategy that aligns fishers' activities with customer demands and market dynamics, promoting long-term financial sustainability.

Studies have shown EMP's effectiveness in similar sectors. Mano Raj (2021) explored EMP within food agriculture, focusing on customer relationships, innovation, and reputation-building, while Ho et al. (2022) expanded EMP's framework by introducing key indicators like customer linking, company reputation, differentiation, innovation, cost efficiency, and financial performance. However, these studies reveal limitations in generalizability due to the lack of an in-depth analysis of the causal relationships between marketing resources, competitive advantage, and financial performance. A clearer understanding of EMP's impact on financial performance, particularly in the unique context of fisheries, remains necessary.

This research aims to bridge this gap by investigating EMP's application among small-scale fishers on Java's southern coast and examining its implications for poverty reduction in the fisheries sector. By exploring the intersection of EMP and small-scale fisheries, this study seeks to provide valuable policy insights to inform the design of poverty alleviation programs tailored to fishers' needs. Such programs, grounded in EMP principles, have the potential to enhance fishers' welfare and resilience in the face of climate adversity, financial pressures, and competitive challenges. Furthermore, this study will offer practical recommendations to support small-scale fishers in expanding market access, improving financial management, and diversifying product offerings. By doing so, it seeks to contribute to both academic knowledge and policy formulation, supporting sustainable fisheries development and economic resilience in coastal communities. Through the strategic application of EMP, this research aims to empower fishers to overcome structural poverty, achieve financial stability, and foster sustainable livelihoods aligned with environmental conservation principles.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This study examines the issue of poverty faced by fishers and the Entrepreneurial Marketing Processes (EMP) approach to address the marketing challenges of fishery products within fishing communities. Entrepreneurial Marketing Processes (EMP) is an approach that can help alleviate poverty among small-scale fishers. EMP involves elements such as innovation, customer linkage, and corporate reputation, which can assist fishers in more effectively seizing market opportunities (Morris et al., 2022). Through EMP, fishers can develop cost advantages and differentiation, enabling them to compete better and increase their income. The application of EMP can support small-scale fishers in enhancing agribusiness performance by focusing on innovative and customer-oriented strategies. For example, by strengthening customer linkage, fishers can understand market needs and



create high-value products that can be sold at premium prices. A good corporate reputation also enhances market trust, ultimately boosting sales and income, thereby reducing poverty within fishing communities.

Poverty among small-scale fishers in coastal regions is a complex challenge caused by interconnected economic and social factors. One contributing factor is the lack of business understanding, a scarcity-focused mindset, personal pressures, and the absence of savings and resources. Improving agribusiness performance can be a viable approach to addressing poverty, influenced by various factors such as corporate reputation, cost advantage, differentiation, financial performance, and innovation, explained in detail as follows:

- **Corporate Reputation:** Corporate reputation plays a crucial role in agribusiness success, especially in competitive markets. A strong reputation can build customer and business partner trust, which increases sales and opens access to broader markets. Small-scale fishers can leverage a strong reputation to increase income and reduce poverty;
- **Cost Advantage:** In agribusiness, cost advantage allows fishers to reduce production and operational costs without compromising quality. This enables them to offer products at more competitive prices, which enhances profits and business sustainability. Cost efficiency is vital in addressing poverty, as it increases fishers' net income;
- **Differentiation:** Differentiation strategies help make products stand out in consumers' eyes. However, small-scale fishers often face challenges in implementing this strategy due to limited resources. Nonetheless, with innovation and the right approach, differentiation can add value and improve fishers' welfare;
- **Financial Performance:** Strong financial performance indicates an agribusiness's ability to generate sufficient profit. For small-scale fishers, profits can be reinvested to support growth and help them escape poverty;
- **Innovation:** Innovation is a critical factor that drives agribusiness performance improvement. Through innovation, fishers can adopt new technologies or enhance production processes, increasing efficiency and productivity and creating new opportunities to boost income.

High transaction costs are a significant barrier for small-scale fishers, as they often reduce efficiency and profitability in marketing their catch. Key factors driving these high costs include geographic isolation, lack of infrastructure, and dependence on intermediaries who take a portion of profits. These issues result in fishers receiving lower prices and facing challenges in accessing larger markets (Pomeroy et al., 2020). Research (Orofino et al., 2023) highlights that small-scale fisheries often have to rely on brokers due to distance from central markets, which can reduce earnings because the brokers retain a portion of the wholesale price. Additionally, the quality of fish degrades during transport, further reducing the product's value in the marketplace. These inefficiencies are compounded by the limited bargaining power of small-scale fishers in centralized, competitive markets, leading to decreased profitability and sustainability in the sector. Efforts to address this include opening market information access for fishers and establishing business entities managed by fishers (Fishers/Farmers Controlled Enterprise). Based on this, the following hypotheses are proposed:

- H1: Corporate Reputation has a significant effect on Cost Advantage;
- H2: Corporate Reputation has a significant effect on Differentiation Advantage;
- H3: Corporate Reputation has a significant effect on Financial Performance;
- H4: Cost Advantage has a significant effect on Financial Performance;
- H5: Differentiation Advantage has a significant effect on Financial Performance;
- H6: Innovation has a significant effect on Cost Advantage;
- H7: Innovation has a significant effect on Differentiation Advantage;
- H8: Innovation has a significant effect on Financial Performance.



METHODS OF RESEARCH

This study was conducted on the southern coast of Malang Regency, East Java Province, selected for its high fishing potential. The research map is shown in Figure 1. This location was chosen because the majority of the coastal community in this area works as fishers, with a coastline length of 102.62 km and 44 beaches that support fishing activities. The study used a simple random sampling technique. The first step involved compiling a list of small-scale fishers from various sources, including the Fisheries Port Office, the Department of Marine and Fisheries, and local fisher groups. Once the data was gathered, a sampling frame was created, and the sample was randomly selected. The research population consisted of small-scale fishers, with a sample size of 100 respondents.

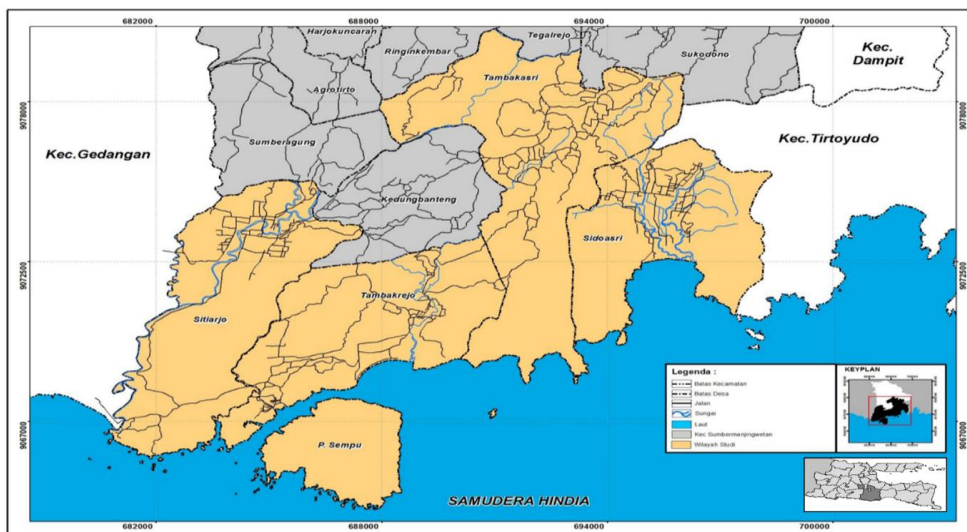


Figure 1 – Research Location

The questionnaire design was based on an in-depth literature review and adjusted to the empirical conditions in the field. This questionnaire covers the main variables of the Entrepreneurial Marketing Process (EMP), including corporate reputation, cost advantage, differentiation, financial performance, and innovation. Before conducting the field survey, validity and reliability tests were performed on the questionnaire to ensure the accuracy and reliability of the collected data.

Table 1 – Research Variables and Indicators

Variables	Indicators	Source
Corporate Reputation (CR)	CR1 - My customers/partners are satisfied with my results.	(Bibeau et al., 2024; Ho et al., 2022; Romano & Riediger, 2020)
	CR2 - My customers/partners have long-term trust in me.	
	CR3 - I am known for being honest and trustworthy.	
	CR4 - I have a strong reputation as a fisher.	
Cost Advantage (CA)	CA1 - I always try to reduce work costs.	
	CA2 - I prioritize an economic target.	
	CA3 - I pay attention to work productivity.	
	CA4 - I set competitive prices for my catch.	
Differentiation Advantage (DA)	DA1 - I create a distinction in selling my catch compared to other fishers.	
	DA2 - I offer catches that meet the needs of my customers/partners.	
	DA3 - I use a different approach with customers/partners compared to other fishers.	
	DA4 - I develop my fishing results to be different from other fishermen.	
Financial Performance (FP)	FP1 - I am satisfied with my performance over the past year.	
	FP2 - I receive rewards that meet my expectations through marketing.	
	FP3 - The price of my catch is higher than that of other fishers.	
	FP4 - I invest my catch for performance development.	
Innovation (NV)	NV1 - I can accept innovations based on research.	
	NV2 - I am always seeking innovations for my work.	
	NV3 - I am open to accepting innovations.	
	NV4 - I have the capital to implement innovations in my work.	



The population for this study consists of small-scale fishers operating along the southern coast of Java. This demographic is characterized by their reliance on fishing as a primary source of income, often facing various challenges such as limited access to markets, structural poverty, and a lack of understanding regarding financial management and digital marketing. The study focuses on understanding how these fishers utilize Entrepreneurial Marketing Processes (EMP) to improve their financial performance and reduce poverty. A purposive sampling technique was employed to select participants for this study. The sample comprised 100 small-scale fishers from various coastal villages along the southern coast of Java. These fishers were chosen based on specific criteria, including:

- Experience: Respondents must have at least two years of experience in small-scale fishing activities;
- Engagement in Marketing Activities: Participants should actively engage in selling their catch, whether directly to consumers or through intermediaries;
- Willingness to Participate: Respondents must demonstrate a willingness to share information regarding their fishing practices and business operations.

The sample size of 100 respondents was deemed sufficient to provide statistically significant insights into the impact of EMP on the financial performance of small-scale fishers. The diversity within the sample allows for a comprehensive analysis of various factors influencing their economic conditions and marketing strategies.

The analysis method used in this study is Structural Equation Modeling (SEM), which combines regression systems with factor analysis to explore the relationships between latent variables. Partial Least Square SEM (PLS-SEM) was chosen to analyze the impact of the Entrepreneurial Marketing Process (EMP) on the financial performance of small-scale fishers, as this method allows for testing multiple exogenous and endogenous variables in a single analysis (Salifu et al., 2024).

The structural model in SEM represents the relationships between endogenous and exogenous latent variables. For a given endogenous latent variable (η), the model is defined as:

$$\eta = \beta\eta + \Gamma\xi + \zeta$$

Where, η : Endogenous latent variables; ξ : Exogenous latent variables, β : Path coefficients among endogenous variables, Γ : Path coefficients from exogenous to endogenous variables, ζ : Error terms.

The measurement model explains how latent variables relate to observed variables. In reflective measurement models, observed variables are modeled as a function of the latent variable. For example:

$$\begin{aligned} X &= \Lambda x\xi + \delta \\ Y &= \Lambda y\eta + \varepsilon \end{aligned}$$

Where, X: Vector of exogenous observed variables; Y: Vector of endogenous observed variables; Λx , Λy : Loadings of observed variables on latent variables; δ , ε : Measurement errors.

Cronbach's Alpha (α) is used to measure the internal consistency of a construct. It is calculated as:

$$\alpha = (k / (k - 1)) * (1 - \Sigma\sigma^2i / \sigma^2X)$$

Where, k: Number of items; σ^2i : Variance of each item; σ^2X : Variance of the total score for all items.

Composite reliability (CR) is another measure of reliability, calculated as:

$$CR = (\Sigma\lambda i)^2 / [(\Sigma\lambda i)^2 + \Sigma\theta i]$$

Where, λi : Factor loading of each item; θi : Measurement error for each item.



AVE is used to measure convergent validity, indicating the amount of variance captured by a construct relative to the variance due to measurement error. It is calculated as:

$$AVE = \frac{\sum \lambda^2}{n}$$

Where, λ : Factor loading; n: Number of items in the construct.

RESULTS OF STUDY

Based on the results of the validity and reliability testing of the constructs, it is evident that each variable has varying levels of reliability. The Cronbach's Alpha values, which are used to measure the internal consistency of each construct, indicate that most variables have acceptable values. Corporate Reputation has a Cronbach's Alpha value of 0.63276, which, while slightly below the ideal standard of 0.7, is still acceptable. In contrast, other variables such as Cost Advantage (0.75869), Differentiation Advantage (0.73819), Financial Performance (0.79852), and Innovation (0.81645) demonstrate good reliability, with values above 0.7. Furthermore, the rho_A values, considered a more stable alternative to Cronbach's Alpha, yield similar results. All variables have rho_A values above 0.7, except for Corporate Reputation, which is slightly below but still adequate at 0.75563. This indicates that despite some weaknesses in Corporate Reputation, the internal consistency of this variable remains fairly strong overall.

Table 2 – Construct Validity and Reliability

n/n	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Corporate Reputation	0,63276	0,75563	0,77163	0,46902
Cost Advantage	0,75869	0,85569	0,85666	0,67107
Differentiation Advantage	0,73819	0,80499	0,81684	0,53593
Financial Performance	0,79852	0,81055	0,86842	0,62347
Innovation	0,81645	0,83368	0,87909	0,64651

Based on the results of the validity and reliability tests of the constructs, it is evident that each variable has varying levels of reliability. The Cronbach's Alpha value, used to measure the internal consistency of each construct, indicates that most variables have fairly good scores. Corporate Reputation has a Cronbach's Alpha value of 0.63276, which, although slightly below the ideal standard of 0.7, is still acceptable. Meanwhile, other variables such as Cost Advantage (0.75869), Differentiation Advantage (0.73819), Financial Performance (0.79852), and Innovation (0.81645) show good reliability, with values above 0.7. Furthermore, the rho_A value, which is considered a more stable alternative to Cronbach's Alpha, shows similar results. All variables have rho_A values above 0.7, except for Corporate Reputation, which is slightly below but still adequate at 0.75563. This indicates that, despite some weaknesses in Corporate Reputation, the internal consistency of that variable is still quite good overall. In terms of composite reliability, which measures the overall consistency of the constructs, all variables exhibit very good results with values above 0.7. This means all constructs have good consistency in representing their indicators. Innovation has the highest value at 0.87909, indicating very strong internal consistency. However, when looking at the Average Variance Extracted (AVE), which is used to measure convergent validity, Corporate Reputation shows weakness with an AVE value of 0.46902, although it is still acceptable (Al Gharsi et al., 2024). This means the construct is not strong enough in capturing the expected variance from its indicators. On the other hand, other variables such as Cost Advantage, Differentiation Advantage, Financial Performance, and Innovation have AVE values above 0.5, indicating good convergent validity.

Based on the results of the discriminant validity test, it can be observed that each construct in this study can be distinguished well from other constructs. Discriminant validity is assessed by comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlation values between constructs. To meet discriminant validity, the



square root of the AVE must be greater than the correlation with other constructs. In the Corporate Reputation construct, the square root of the AVE is 0.68485, which is greater than its highest correlation with Financial Performance (0.32032), thus satisfying the criteria for discriminant validity. A similar finding is observed for Cost Advantage, which has a square root of the AVE of 0.81919, exceeding its highest correlation with Differentiation Advantage (0.50524). This indicates that Cost Advantage can be well differentiated from other constructs. The Differentiation Advantage construct also meets the criteria for discriminant validity, with a square root of the AVE of 0.73207, which is greater than its highest correlation with Cost Advantage (0.50524). Similarly, Financial Performance has a square root of the AVE of 0.78960, which is higher than its highest correlation with Cost Advantage (0.47359). Finally, the Innovation construct shows strong discriminant validity, with a square root of the AVE of 0.80406, significantly higher than its highest correlation with Differentiation Advantage (0.35075). Overall, all constructs in this study meet the criteria for discriminant validity, indicating that these constructs can be clearly distinguished from one another and do not overlap, thereby reinforcing the quality of the research model used.

Table 3 – Discriminant Validity

n/n	Corporate Reputation	Cost Advantage	Differentiation Advantage	Financial Performance	Innovation
Corporate Reputation	0,68485				
Cost Advantage	0,18812	0,81919			
Differentiation Advantage	0,03001	0,50524	0,73207		
Financial Performance	0,32032	0,47359	0,45375	0,78960	
Innovation	0,02828	0,32651	0,35075	0,29203	0,80406

Table 1 – R² and R² adjusted

n/n	R Square	Adjusted R Square
Cost Advantage	0,13864	0,12088
Differentiation Advantage	0,12343	0,10536
Financial Performance	0,36042	0,33349

The results of the R Square and Adjusted R Square tests in the table indicate the extent to which the variation in the dependent variable can be explained by the independent variables in this research model. The R Square value reflects how well the model explains the relationship between variables, while the Adjusted R Square adjusts the R Square value by considering the number of independent variables and sample size, thus providing a more accurate picture of the model's strength. In the Cost Advantage construct, the R Square value of 0.13864 indicates that approximately 13.86% of the variation in Cost Advantage can be explained by the independent variables used in this study. The Adjusted R Square value of 0.12088 shows a slight decrease after accounting for the number of independent variables, but the model still provides a reasonably good explanation of the influence of the independent variables on Cost Advantage. The Differentiation Advantage construct has an R Square value of 0.12343, indicating that the model can explain about 12.34% of the variation in Differentiation Advantage. The lower Adjusted R Square value of 0.10536 suggests that when the number of independent variables is taken into account, the model's ability to explain this variable is slightly reduced, but it still provides relevant information. The model for Financial Performance shows an R Square value of 0.36042, meaning that 36.04% of the variation in Financial Performance can be explained by the independent variables in this study. The Adjusted R Square value of 0.33349 indicates that after adjustment, the model still provides a strong explanation of the relationship between the variables in the model and the financial performance of fishermen. Overall, these values indicate that the research model has varying capabilities in explaining the influence of independent variables on the dependent variables, with Financial Performance being the variable most strongly explained by the model.



Table 2 – Hypothesis Testing

n/n	Original Sample (O)	P Values	Hypothesis Testing
Corporate Reputation > Cost Advantage	0,17903	0,02765	Accepted
Corporate Reputation > Differentiation Advantage	0,02011	0,42398	Rejected
Corporate Reputation > Financial Performance	0,31231	0,00049	Accepted
Cost Advantage > Financial Performance	0,24622	0,01156	Accepted
Differentiation Advantage > Financial Performance	0,28490	0,00076	Accepted
Innovation > Cost Advantage	0,32145	0,00003	Accepted
Innovation > Differentiation Advantage	0,35019	0,00003	Accepted
Innovation > Financial Performance	0,28319	0,00047	Accepted

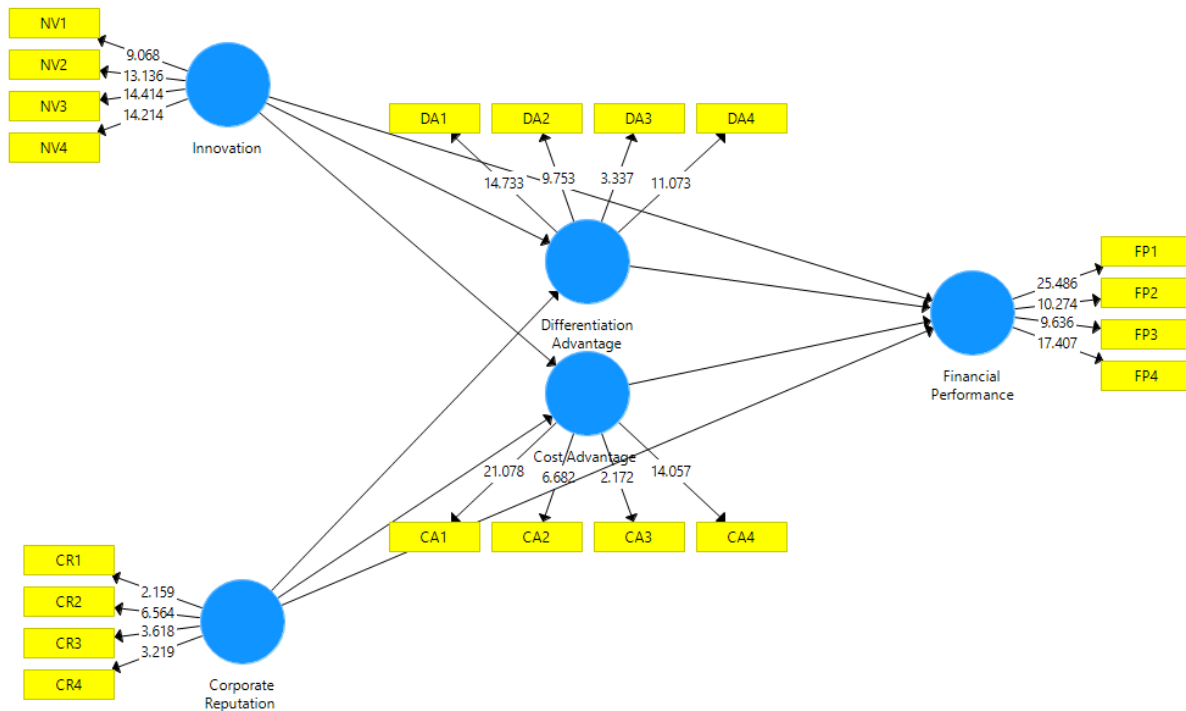


Figure 1 – Theoretical models testing by PLS.

Based on the hypothesis testing results presented in Table 5, several relationships between variables in this research model were accepted, while others were rejected, based on the P Values. In general, a hypothesis is accepted if the P Value is less than 0.05, indicating that the relationship is significant. First, there is a positive and significant relationship between Corporate Reputation and Cost Advantage, with a P Value of 0.02765, which is less than 0.05; thus, this hypothesis is accepted. This means that a good corporate reputation contributes to improving the cost advantage of small-scale fishermen. However, the relationship between Corporate Reputation and Differentiation Advantage was rejected, as the P Value of 0.42398 is greater than 0.05, indicating that corporate reputation does not have a significant effect on differentiation advantage. Furthermore, the relationship between Corporate Reputation and Financial Performance is significant, with a P Value of 0.00049. This indicates that a strong corporate reputation can enhance the financial performance of fishermen. Additionally, Cost Advantage also has a significant effect on Financial Performance, with a P Value of 0.01156, suggesting that cost advantage contributes to improved financial performance. The hypothesis testing the relationship between Differentiation Advantage and Financial Performance was also accepted, with a P Value of 0.00076, indicating that differentiation advantage is significant in improving financial performance. Moreover, innovation was found to have a significant effect on several variables. The relationship between Innovation and Cost Advantage is accepted with a P Value of 0.00003, indicating that innovation helps enhance cost advantage. The relationship between Innovation and Differentiation Advantage is also significant, with the same P Value



of 0.00003, showing that innovation improves differentiation advantage. Finally, innovation also has a significant effect on Financial Performance, with a P Value of 0.00047.

DISCUSSION OF RESULTS

Fishermen's reputation significantly impacts cost advantage and financial performance; however, it does not influence differentiation advantage. Fishermen's reputation plays a crucial role in supporting cost advantage and enhancing their financial performance (Kimani et al., 2020), although its effect on differentiation advantage is limited. As part of corporate reputation, a good image allows fishermen to establish stronger relationships with various stakeholders, such as suppliers, customers, and financial institutions (Olsen et al., 2021; Scarpato et al., 2020). With a strong reputation, fishermen can more easily access resources, both in the form of raw materials and fishing equipment, due to the trust that they can maintain the quality and consistency of their catches (Richmond & Casali, 2022). Additionally, a good reputation enables them to access loans at lower interest rates, gain support from the government, or utilize subsidies that reduce production costs. This trust-based relationship allows fishermen to create operational efficiencies, leading to increased profit margins and financial stability. On the other hand, fishermen's reputation directly affects financial performance through increased customer trust. Fishermen with a good reputation find it easier to market their products because customers are more confident in the quality of their catches, accelerating sales and balancing income (Dahlan et al., 2020; Giaconi et al., 2022). This reputation also facilitates reduced marketing costs, as customers or trading partners often provide recommendations that help promote fishermen's products without incurring additional expenses. However, despite a good reputation having a positive impact on cost efficiency and revenue, it does not affect differentiation advantage, limiting fishermen's ability to offer unique and distinct products or services. This is because differentiation relies more on product innovation or unique qualities that can set them apart from competitors (Leppänen et al., 2023; Rua & Santos, 2022). Nevertheless, fishermen can still strengthen their reputation through consistent practices, operational transparency, and the adoption of sustainable fishing methods, thereby creating a solid foundation to support cost advantage and sustainable financial performance.

Innovation significantly impacts cost advantage, differentiation advantage, and the financial performance of fishermen because it improves efficiency, quality, and added value of their products (Farida & Setiawan, 2022; Ferreira & Coelho, 2020). In the context of fishermen, innovations focused on operational efficiency, such as the use of more energy-efficient fishing technologies or faster processing methods, can drastically reduce production costs. This provides a cost advantage for fishermen as they can lower fuel expenditures, time at sea, and catch losses. For instance, the implementation of GPS and sonar technology to find fish more accurately (Woo-Garcia et al., 2023) can significantly reduce operational costs, enabling fishermen to sell their products at more competitive prices in the market. Innovation also plays a crucial role in creating differentiation advantage (Andersén, 2021), although in the context of fishermen, this may only relate to the type of fish or quality of the products produced. Innovations in catching or processing methods can yield higher-quality products, such as fresher fish or those harvested through sustainable practices. This gives fishermen the ability to offer something different from competitors, such as hard-to-find fish, premium wild catch, or fish sourced from environmentally friendly sustainable practices. With these differences, fishermen can attract consumer segments willing to pay more for specific qualities or characteristics, creating a differentiation advantage that positively impacts their revenue (Gainau et al., 2023). Moreover, innovation overall also enhances fishermen's financial performance. Reductions in operational costs through innovation improve profit margins, while product differentiation enables fishermen to command higher prices in the market. The combination of cost efficiency and increased product selling prices directly contributes to revenue growth and financial stability for fishermen, allowing them to survive in a competitive market and develop their businesses sustainably.



Cost advantage and differentiation advantage significantly affect financial performance. Both cost advantage and differentiation advantage play vital roles in improving fishermen's financial performance as they contribute to increased operational efficiency, competitiveness, and profit margins (Magasi & Kimambo, 2024). In the context of fishermen, cost advantage is achieved through reduced production costs, such as using more efficient fishing technologies or fuel-saving equipment. When production costs decrease, fishermen can offer more competitive prices without sacrificing profit margins, thereby increasing total revenue and improving cash flow. This allows fishermen to maintain stable product selling prices, accelerate sales, and remain profitable amid market competition (Kimani et al., 2020). Meanwhile, differentiation advantage provides opportunities for fishermen to offer distinct and higher-value products, such as premium-quality fish or those caught through sustainable practices. These value-added products attract customers willing to pay more for specific quality or uniqueness, enabling fishermen to set higher prices compared to conventional products. By creating uniqueness in their products, fishermen compete not only on price but also on product value, significantly enhancing their profit margins and revenue (Ababouch et al., 2023). Thus, the combination of cost advantage that reduces costs and differentiation advantage that increases product value effectively drives the improvement of fishermen's financial performance in the long term.

Entrepreneurial Marketing Processes (EMP) applied to small-scale fishermen encompass various essential elements such as corporate reputation, cost advantage, differentiation, financial performance, and innovation, which are interrelated to drive success and improve the welfare of fishermen. Through EMP, fishermen can develop innovative and entrepreneurial marketing strategies to strengthen their reputation, reduce costs, create product differentiation, and ultimately enhance their financial performance (Jenson et al., 2020; Sarma et al., 2022). Corporate reputation allows fishermen who implement sustainable and environmentally friendly fishing practices to build a better reputation in the eyes of consumers. This good reputation enhances market trust and enables fishermen to sell their products at higher prices (Fernández Sánchez et al., 2020), while also attracting consumer loyalty among those concerned about environmental issues. Cost advantage is achieved through operational innovations, such as utilizing more fuel-efficient fishing technologies or more efficient equipment, thereby reducing production costs. Fishermen who successfully minimize operational costs can compete in the market with more competitive prices without sacrificing profit margins. Meanwhile, differentiation allows fishermen to create unique and different products, both in terms of quality and types of fish caught. The combination of a good reputation, cost advantage, and differentiation positively impacts financial performance, where fishermen with lower production costs and higher-value products can increase revenue and long-term financial stability. Innovation, as a key pillar in EMP, not only enhances operational efficiency but also expands market opportunities through diversification of products that are more valuable in the eyes of consumers (Li et al., 2022). Thus, the integration of EMP can play a crucial role in enhancing fishermen's welfare and reducing poverty among them.

CONCLUSION

The implementation of Entrepreneurial Marketing Processes (EMP) offers small-scale fishermen in the southern coastal region of Java the opportunity to leverage innovation and build a positive business reputation to achieve cost advantage and product differentiation. Innovations in fishing techniques, catch processing, and marketing strategies enable fishermen to enhance efficiency and create unique value-added products. For example, fishermen can utilize environmentally friendly technologies for fish capture or develop health-oriented processed products that align with modern market demands. With these innovations, they can not only reduce production costs but also increase the attractiveness of their products in broader local and international markets. Building a good business reputation is also a key element of this strategy. Fishermen who can highlight sustainability and environmentally friendly practices in their operations can attract consumers who are



increasingly concerned about these issues. A good reputation will enhance the value of fishermen's products and encourage customer loyalty, allowing them to achieve better selling prices in the market. The cost advantage and product differentiation achieved through EMP will directly contribute to improved financial performance in fishermen's agribusiness, both through higher profit margins and broader market access.

The success of this strategy requires ongoing training and support for small-scale fishermen. They need to acquire the necessary skills to optimize the use of technology, such as digital marketing platforms, as well as effective community-based marketing strategies. This training should also encompass ways to innovate in creating new products that meet modern consumer tastes while preserving the environment. Thus, the integration of EMP can serve as an effective tool in enhancing the economic performance of fishermen and reducing poverty in the southern coastal region of Java, creating sustainable welfare in these fishing communities. A limitation of this research is that rapidly changing market dynamics and consumer preferences can be a challenge to the sustainability of innovations and strategies adopted by fishermen. This research does not fully consider external factors, such as fluctuations in market demand, environmental regulations, and competition, which can significantly influence the financial performance of small-scale fishermen.

REFERENCES

1. Ababouch, L., Nguyen, K. A. T., Castro de Souza, M., & Fernandez-Polanco, J. (2023). Value chains and market access for aquaculture products. *Journal of the World Aquaculture Society*, 54(2), 527–553. <https://doi.org/10.1111/jwas.12964>
2. Al Gharsi, A. Y., Ali Belhaj, F., & Nirmala, R. (2024). Academic autonomy as driving change: Investigating its effect on strategy development and university performance. *Heliyon*, 10(8), e29536. <https://doi.org/10.1016/j.heliyon.2024.e29536>
3. Andersén, J. (2021). A relational natural-resource-based view on product innovation: The influence of green product innovation and green suppliers on differentiation advantage in small manufacturing firms. *Technovation*, 104(February 2020). <https://doi.org/10.1016/j.technovation.2021.102254>
4. Bibeau, J., Meilleur, R., & St-Jean, É. (2024). To formalize, or not to formalize, business incubators' networks: That is not the question. *Technovation*, 130, 102904. <https://doi.org/https://doi.org/10.1016/j.technovation.2023.102904>
5. Dahlan, L., Triyuwono, I., & Djamhuri, A. (2020). Why Msmes Do Social Responsibility? A Study on The Traditional Bugis Fishing Business In Indonesia. *Russian Journal of Agricultural and Socio-Economic Sciences*, 100(4), 10–16. <https://doi.org/10.18551/rjoas.2020-04.02>
6. Farida, I., & Setiawan, D. (2022). Business Strategies and Competitive Advantage: The Role of Performance and Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3), 163. <https://doi.org/10.3390/joitmc8030163>
7. Fernández Sánchez, J. L., Fernández Polanco, J. M., & Llorente García, I. (2020). Evidence of price premium for MSC-certified products at fishers' level: The case of the artisanal fleet of common octopus from Asturias (Spain). *Marine Policy*, 119(June 2019), 1–6. <https://doi.org/10.1016/j.marpol.2020.104098>
8. Ferreira, J., & Coelho, A. (2020). Dynamic capabilities, innovation and branding capabilities and their impact on competitive advantage and SME's performance in Portugal: the moderating effects of entrepreneurial orientation. *International Journal of Innovation Science*, 12(3), 255–286. <https://doi.org/10.1108/IJIS-10-2018-0108>
9. Gainau, P. C., Kilay, T. N., & Bonara, R. S. (2023). Resources and Capabilities of Fishermen in Ambon: What Leads to Competitive Advantage? *Pattimura Proceeding: Conference of Science and Technology*, 33–45. <https://doi.org/10.30598/pattimurasci.2023.iconbe2.33-45>
10. Giaconi, M., Giasanti, L., & Varva, S. (2022). The Value of “social” Reputation: The Protection of MNE Workers from the Consumer's Perspective. *Global Jurist*, 22(1), 1–17. <https://doi.org/10.1515/gj-2020-0076>



11. Gómez, S., & Maynou, F. (2020). Economic, sociocultural and ecological dimensions of fishing capacity in NW Mediterranean fisheries. *Ocean and Coastal Management*, 197(August). <https://doi.org/10.1016/j.ocecoaman.2020.105323>
12. Ho, K. L. P., Quang, H. T., & Miles, M. P. (2022). Leveraging entrepreneurial marketing processes to ameliorate the liability of poorness: The case of smallholders and SMEs in developing economies. *Journal of Innovation and Knowledge*, 7(4), 100232. <https://doi.org/10.1016/j.jik.2022.100232>
13. Ho, K. L. P., Quang, H. T., & Miles, M. P. (2022). Leveraging entrepreneurial marketing processes to ameliorate the liability of poorness: The case of smallholders and SMEs in developing economies. *Journal of Innovation and Knowledge*, 7(4), 100232. <https://doi.org/10.1016/j.jik.2022.100232>
14. Jenson, I., Doyle, R., & Miles, M. P. (2020). An entrepreneurial marketing process perspective of the role of intermediaries in producing innovation outcomes. *Journal of Business Research*, 112(June), 291–299. <https://doi.org/10.1016/j.jbusres.2019.09.054>
15. Kimani, P., Wamukota, A., Manyala, J. O., & Mlewa, C. M. (2020). Factors influencing financial performance in marine small-scale fisheries value chain in Kenya. *Marine Policy*, 122(September), 104218. <https://doi.org/10.1016/j.marpol.2020.104218>
16. Leppänen, P., George, G., & Alexy, O. (2023). When Do Novel Business Models Lead To High Performance? a Configurational Approach To Value Drivers, Competitive Strategy, and Firm Environment. *Academy of Management Journal*, 66(1), 164–194. <https://doi.org/10.5465/amj.2020.0969>
17. Li, Y., Kong, J., & Ji, J. (2022). Environmental Regulation, Technological Innovation and Development of Marine Fisheries—Evidence from Ten Coastal Regions in China. *Fishes*, 7(1). <https://doi.org/10.3390/fishes7010020>
18. Magasi, C., & Kimambo, G. (2024). Enhancing Competitive Advantage: A Blend of Marketing Strategies for Micro and Small-Scale Fishery Businesses in Mwanza City. *International Journal of Management, Accounting and Economics*, April. <https://doi.org/10.5281/zenodo.10892472>
19. Mano Raj, S. J. (2021). Branding of green tea leaf: a disruptive innovation for building market competitiveness of small tea growers in North East India. *Journal of Agribusiness in Developing and Emerging Economies*, 11(2), 88–104. <https://doi.org/10.1108/JADEE-09-2019-0145>
20. Morris, M. H., Kuratko, D. F., Audretsch, D. B., & Santos, S. (2022). Overcoming the liability of poorness: disadvantage, fragility, and the poverty entrepreneur. *Small Business Economics*, 58(1), 41–55. <https://doi.org/10.1007/s11187-020-00409-w>
21. Mulyasari, G., Irham, Waluyati, L. R., & Suryantini, A. (2020). Livelihood vulnerability to climate change of fishermen in the coastal area of Bengkulu Province, Indonesia. *AACL Bioflux*, 13(3), 1242–1254.
22. Okeke-Ogbuafor, N., Taylor, A., Dougill, A., Stead, S., & Gray, T. (2022). Alleviating impacts of climate change on fishing communities using weather information to improve fishers' resilience. *Frontiers in Environmental Science*, 10(October), 1–10. <https://doi.org/10.3389/fenvs.2022.951245>
23. Olsen, M. S., Thorvaldsen, T., & Osmundsen, T. C. (2021). Certifying the public image? Reputational gains of certification in Norwegian salmon aquaculture. *Aquaculture*, 542(December 2020), 736900. <https://doi.org/10.1016/j.aquaculture.2021.736900>
24. Orofino, S., McDonald, G., Mayorga, J., Costello, C., & Bradley, D. (2023). Opportunities and challenges for improving fisheries management through greater transparency in vessel tracking. *ICES Journal of Marine Science*, 80(4), 675–689. <https://doi.org/10.1093/icesjms/fsad008>
25. Pentury, F. (2023). The Role of Knowledge and Penetration of Fintech Services in Improving MSMEs of Fishermen and Marine Farmers in Remote Small Islands Region. *Jurnal Manajemen Teori Dan Terapan| Journal of Theory and Applied Management*, 16(1), 23–37. <https://doi.org/10.20473/jmtt.v16i1.43743>



26. Pinsky, M. L., Fenichel, E., Fogarty, M., Levin, S., McCay, B., St. Martin, K., Selden, R. L., & Young, T. (2021). Fish and fisheries in hot water: What is happening and how do we adapt? *Population Ecology*, 63(1), 17–26. <https://doi.org/10.1002/1438-390X.12050>
27. Pomeroy, R., Arango, C., Lomboy, C. G., & Box, S. (2020). Financial inclusion to build economic resilience in small-scale fisheries. *Marine Policy*, 118(September 2019), 103982. <https://doi.org/10.1016/j.marpol.2020.103982>
28. Pomeroy, R., Arango, C., Lomboy, C. G., & Box, S. (2020). Financial inclusion to build economic resilience in small-scale fisheries. *Marine Policy*, 118(September 2019), 103982. <https://doi.org/10.1016/j.marpol.2020.103982>
29. Richmond, L., & Casali, L. (2022). The role of social capital in fishing community sustainability: Spiraling down and up in a rural California port. *Marine Policy*, 137, 104934. <https://doi.org/10.1016/j.marpol.2021.104934>
30. Romano, S., & Riediger, N. (2020). BIM as a tool for Green Building Certifications: An evaluation of the energy category of LEED, BREEAM and DGNB. *Journal of Physics: Conference Series*, 1425(1). <https://doi.org/10.1088/1742-6596/1425/1/012162>
31. Rua, O. L., & Santos, C. (2022). Linking brand and competitive advantage: The mediating effect of positioning and market orientation. *European Research on Management and Business Economics*, 28(2). <https://doi.org/10.1016/j.iedeen.2021.100194>
32. Sadovy de Mitcheson, Y. J., Linardich, C., Barreiros, J. P., Ralph, G. M., Aguilar-Perera, A., Afonso, P., Erisman, B. E., Pollard, D. A., Fennessy, S. T., Bertoncini, A. A., Nair, R. J., Rhodes, K. L., Francour, P., Brulé, T., Samoily, M. A., Ferreira, B. P., & Craig, M. T. (2020). Valuable but vulnerable: Over-fishing and under-management continue to threaten groupers so what now? *Marine Policy*, 116(February). <https://doi.org/10.1016/j.marpol.2020.103909>
33. Sarma, M., Septiani, S., & Nanere, M. (2022). The Role of Entrepreneurial Marketing in the Indonesian Agro-Based Industry Cluster to Face the ASEAN Economic Community. Sustainability (Switzerland), 14(10). <https://doi.org/10.3390/su14106163>
34. Scarpato, D., Civero, G., Rusciano, V., & Risitano, M. (2020). Sustainable strategies and corporate social responsibility in the Italian fisheries companies. *Corporate Social Responsibility and Environmental Management*, 27(6), 2983–2990. <https://doi.org/10.1002/csr.2016>
35. Woo-Garcia, R. M., Herrera-Nevraumont, V., Osorio-De-La-Rosa, E., Vazquez-Valdes, S. E., & Lopez-Huerta, F. (2023). Location Monitoring System for Sailboats by GPS Using GSM/GPRS Technology. *IEEE Embedded Systems Letters*, 15(2), 69–72. <https://doi.org/10.1109/LES.2022.3188935>