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Empowering export competitiveness: The role of coaching clinics in Banyumas MSMEs

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ABSTRACT

This study investigates the effect of an Export Coaching Clinic program on empowering Micro, Small, and Medium Enterprises (MSMEs) in Banyumas Regency, Central Java, Indonesia, to enter international markets, particularly Japan. MSMEs play a critical role in the region's economy, yet many struggle to compete globally due to limited knowledge of export procedures, regulatory requirements, and market entry strategies. Japan, with its high demand for quality products, presents significant opportunities, but also challenges due to strict regulations and cultural nuances. The research employs an exploratory approach, gathering qualitative data through semi-structured interviews and quantitative data via pre- and post-test assessments. The coaching clinic program included two interactive workshops led by experts, focusing on export documentation, Free Trade Agreement (FTA) policies, customs duty determination, product quality management, and Japanese market specifics. Additionally, one-on-one consultations provided tailored advice to the participating entrepreneurs. The results reveal substantial improvements in participants' knowledge. Moreover, the participants demonstrated a stronger grasp of export procedures, product quality standards, and compliance with Japanese regulations. Overall, the study concludes that coaching clinic is a valuable intervention for addressing knowledge gaps, improving export readiness, and enhancing the long-term competitiveness of MSMEs in international markets.

Keywords: MSMEs, export coaching clinic, export readiness, market entry strategies, international trade.

1. Introduction

The Banyumas Regency, located in Central Java, Indonesia, has seen significant economic growth over the past decade, with Micro, Small, and Medium Enterprises (MSMEs) serving as the backbone of this development. According to the Banyumas Regency Cooperative and MSME Office there are over 89 thousand MSMEs operating in Banyumas as of 2024 (Dinas Koperasi dan UMKM Kabupaten Banyumas, 2024). These enterprises span a variety of sectors, including food processing, handicrafts, agriculture, and textiles. Despite their large numbers and potential, most MSMEs in Banyumas remain domestically focused, with limited capacity to compete in international markets.

Japan, as one of the world's largest economies, represents an attractive target market for Banyumas MSMEs. The economic relationship between Indonesia and Japan is bolstered by favorable trade agreements, such as the Indonesia-Japan Economic Partnership Agreement (IJEPA), which aims to reduce tariffs and improve trade facilitation between the two nations (Yuliati et al., 2023). Japan's demand for high-quality, eco-friendly, and culturally unique products aligns with many of the goods produced by Banyumas MSMEs. However, the stringent product standards, consumer preferences, and logistical challenges of exporting to Japan pose significant barriers for local businesses.

This study seeks to address these challenges through the implementation of the "Export Coaching Clinic" program, which provides structured training, mentoring, and technical support to equip Banyumas MSMEs with the necessary skills and knowledge to succeed in international markets. The program's primary focus is on market development mentoring, creating an integrated information site, digital financial management training, and product quality assurance certification before export ensuring compliance with international trade regulations, all of which are critical for successful market penetration in Japan.

2. Literature Review

2.1 MSMEs Export Challenges

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in economic growth, particularly in developing countries like Indonesia, where they account for over 60% of national GDP and employ more than 90% of the workforce (Tambunan, 2008). Despite their significance, MSMEs face numerous challenges when attempting to access international markets, which often hinder their global competitiveness.

One of the challenges that MSMEs face when entering international markets is the lack of centralized access to information. International trade requires knowledge of tariffs, market regulations, and consumer trends, as well as practical guidance on logistics and supply chain management. Many MSMEs in developing regions lack access to this critical information, which is often dispersed across various sources, making it difficult to gather and analyze (Naradda Gamage, 2020). Creating an integrated information site that consolidates data on export procedures, market demands, and trade regulations can provide MSMEs with the necessary tools to navigate international markets.

However, despite its potential benefits, the implementation of such platforms remains limited in regions like Banyumas. MSMEs that operate without access to reliable and integrated information may face delays, compliance issues, and unforeseen costs due to lack of preparedness. A study by Dibrell et al., (2008) highlights the importance of providing MSMEs with comprehensive, easily accessible information systems to reduce informational asymmetries and improve market access. Furthermore, Srirejeki (2016) emphasizes the importance of integrating the latest technological advancement, such as social media, to empower small and medium enterprises (SMEs). Leveraging these technologies enhances SMEs' ability to reach

broader markets, engage with customers, and streamline their operations, ultimately strengthening their competitiveness in the digital age. In many cases, MSMEs are unaware of certification requirements, export documentation, or changes in trade regulations, which can result in missed opportunities or compliance issues during export transactions.

Market development mentoring is also crucial for MSMEs aiming to expand into international markets. Many MSMEs lack the strategic knowledge required to enter and sustain operations in foreign markets, particularly in advanced economies like Japan. Without mentorship, MSMEs often struggle to identify market opportunities, understand consumer preferences, and navigate complex international trade regulations (Neupert et al., 2006). Mentorship provides MSMEs with guidance on how to adapt products for export, set appropriate pricing strategies, and build relationships with foreign partners and distributors.

However, many MSMEs in Banyumas have limited access to experienced mentors or industry experts who can provide market insights and facilitate introductions to overseas buyers. Research indicates that firms receiving consistent mentorship are more likely to develop sustainable export strategies and avoid common pitfalls associated with internationalization (Brien & Hamburg, 2014). The lack of such support prevents many MSMEs from effectively entering markets like Japan, where cultural understanding and product differentiation are crucial.

2.2 The Benefits of Training for MSMEs in facing Export Markets

Coaching clinic training offers a range of crucial benefits for SME entrepreneurs who are starting their export journey, helping them overcome common barriers associated with entering foreign markets. One of the most significant advantages is the tailored support these clinics provide. Unlike generic training programs, coaching clinics are customized to address the specific needs of individual businesses. This personalized guidance is essential for SMEs, as each business faces unique challenges depending on its industry, target market, and internal capabilities. For example, when entering a market such as Japan, where strict quality standards and cultural nuances are critical, SME entrepreneurs receive direct, actionable advice on how to meet these specific requirements (Bektheshi, 2019).

Another key benefit is market-specific knowledge transfer. For many SMEs, the complexity of international trade regulations, export documentation, and consumer preferences can be overwhelming. Coaching clinics bridge this knowledge gap by providing focused, practical insights into these areas. Studies have shown that SMEs that receive export-specific training are better equipped to navigate the technical aspects of international markets, such as regulatory compliance, customs procedures, and logistics (Bektheshi, 2019). This understanding enables entrepreneurs to avoid costly mistakes, streamline their operations, and reduce the risks associated with exporting.

Additionally, coaching clinics offer hands-on, practical learning experiences, which is a significant advantage for entrepreneurs who learn best through direct engagement. The interactive nature of these clinics often involving workshops, simulations, and one-on-one consultations allows SME owners to apply new knowledge in real-time. This not only accelerates learning but also ensures that the strategies they develop are immediately relevant to their business operations (Lan & Zhangliu, 2012). Furthermore, the opportunity to work closely with experienced mentors and export professionals helps entrepreneurs gain insights from those who have already navigated the complexities of international markets.

Another critical benefit of coaching clinics is the ongoing support they provide. SMEs often face new challenges after they start exporting, such as adapting to changing market conditions or managing foreign customer relationships. Many coaching clinics offer continuous mentorship and follow-up consultations, ensuring that SMEs have access to expert guidance as they grow their export business. This sustained support helps entrepreneurs remain agile and responsive to market dynamics, increasing their chances of long-term success (Shamsuddoha et al., 2009).

Finally, coaching clinics play a significant role in building the confidence and competitiveness of SMEs. By participating in a coaching program, entrepreneurs gain the skills and knowledge needed to make informed decisions, reducing the uncertainty and fear of entering new markets. This empowerment leads to increased confidence in their ability to compete internationally. SMEs that have undergone targeted export training are also more likely to innovate, as they are better informed about global standards and consumer demands (Antonioli & Della Torre, 2016). In turn, this enhances their overall competitiveness in international markets.

In conclusion, coaching clinic training offers substantial benefits to SME entrepreneurs by providing tailored guidance, market-specific knowledge, practical learning, ongoing support, and the confidence needed to succeed in export markets. These advantages make coaching clinics an essential tool for SMEs looking to expand their operations internationally, particularly in challenging markets like Japan.

3. Research Methodology

In this paper, it is important to note that we do not aim to test specific hypotheses but instead seek to uncover patterns and insights into how coaching clinics can empower MSMEs in their export journey. We adopt an exploratory research approach to address the research questions related to the benefits of coaching clinics for SME entrepreneurs aiming to enter international markets. By using this approach, we aim to explore and uncover the ways in which coaching clinics influence entrepreneurs' knowledge, perceptions, and readiness for export. The exploratory method allows us to investigate an area where limited research exists and to gain in-depth insights into how coaching clinics help bridge the knowledge gap for MSMEs in internationalization, particularly in markets such as Japan that pose unique challenges.

To gather data, we conduct semi-structured interviews with MSMEs entrepreneurs who have participated in export-focused coaching clinics. These interviews offer flexibility, allowing us to follow a structured guide while also probing deeper into specific areas based on the participant's responses. This approach helps us capture the entrepreneurs' firsthand experiences, including their challenges, strategies, and how the coaching clinics specifically helped them prepare for

exporting. By directly engaging with the participants, we can gather rich qualitative data that highlights their personal insights and the impact of the coaching clinics (Adeoye-Olatunda et al., 2021).

In addition to interviews, we gather pre- and post-test data to measure changes in the entrepreneurs' perceptions and knowledge before and after participating in the coaching clinics. The pre-test captures the participants' baseline understanding of export procedures, market regulations, and the specific challenges of entering international markets. After the coaching clinic, the post-test allows us to assess how their perceptions and knowledge have shifted. This quantitative data helps us identify specific areas where the coaching clinics made an impact, such as improving knowledge about export documentation, regulatory compliance, or cultural considerations (Alam, 2019). By comparing the pre- and post-test results, we can track measurable changes and link them directly to the clinic's interventions, providing a clear picture of how entrepreneurs have benefited.

We also use secondary data analysis to complement the primary data collected from interviews and tests. We analyze policy papers and academic studies that focus on Small Medium Enterprises (SME) export development, international trade programs, and the effectiveness of business coaching. This broader data context helps reinforce the findings from the primary research and ensures that the study is grounded in existing literature on SME internationalization and support programs. By triangulating these data sources, we ensure a comprehensive view of how coaching clinics impact MSMEs' export readiness (Bans-Akutely & Tiimub, 2021).

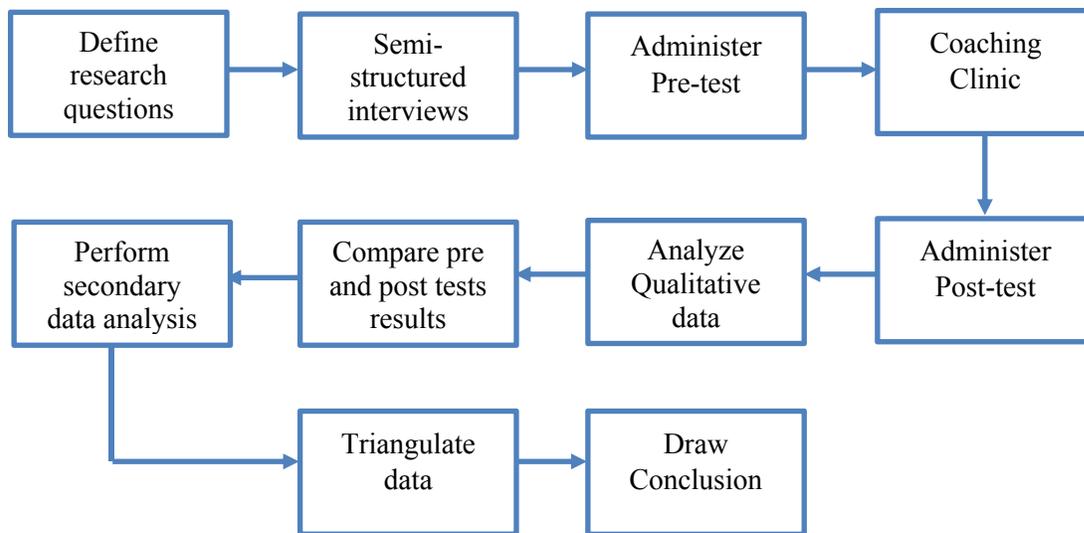


Figure 1. Step-By-Step Exploratory Research Method

4. Results

The participants in the coaching clinic included a total of 33 entrepreneurs, representing a diverse demographic profile. The average age of the participants was 42 years, with the oldest being 55 and the youngest 33. On average, they had been in business for 7.4 years, with some

having as much as 25 years of experience, while others had been in business for as little as 1 year. In terms of education, 55% of the participants were high school graduates, and 45% had completed university education. The group was predominantly female, with 64% women and 36% men. The graphs illustrating the demographic data are provided in Table 1.

In the coaching clinic’s pre and post tests, we used a series of ten questions to assess participants’ understanding of key areas related to international trade, particularly focusing on export and import processes. These questions covered several critical aspects that MSME entrepreneurs need to grasp when entering global markets. The first question focused on participants’ understanding of shipping documents, specifically the Bill of Lading, which is crucial in international trade as it indicates ownership of the goods being shipped. The second question assessed their knowledge of Free Trade Agreement (FTA) policies, which influence customs duties between member countries and directly affect the cost and feasibility of exporting.

Table 1. Demographic profile of coaching clinic participants (N=33)

Average age	42 years old
Oldest	55 years old
Youngest	33 years old
Average business	7.4 years
Longest	25 years
Youngest	1 year
Education	
High school graduate	18 (55%)
University graduate	15 (45%)
Sex	
Female	21 (64%)
Male	12 (36%)

Table 2. Comparison of pre-and post-test results on export knowledge after coaching clinic (N=33)

No	Question	Pre-test (% of correct answers)	Post-test (% of correct answers)	% Difference between pre and post tests
1	Shipping documents	67	79	12
2	Free trade policies	47	73	26
3	Benefits of a Letter of Credit (L/C)	90	100	10
4	Customs duty determination	40	72	32
5	Handling issues with shipping documents	27	45	18
6	Regulation in export destination countries	93	97	4
7	Export labelling standards	97	100	3
8	Preparing MSMEs products for export	97	100	3
9	Quality management systems & control	97	100	3
10	Steps to ensure consistent product quality	100	100	0

The third question evaluated participants' grasp of the benefits of using a Letter of Credit (L/C), which is a common financial instrument used to reduce payment risks in international transactions. Understanding how L/Cs function is essential for mitigating financial exposure. The fourth question measured their knowledge of how customs duties are determined for imported goods, helping participants better anticipate costs and regulatory hurdles when importing or exporting products.

Participants were also assessed on their ability to handle issues that may arise with shipping documents, such as the Bill of Lading (Question 5), and their compliance with regulations related to restricted materials in export destination countries (Question 6). These areas are vital for ensuring smooth customs clearance and avoiding legal penalties in foreign markets. Question 7 explored participants' understanding of export labeling standards, as international markets often have stringent requirements regarding product packaging and labeling. Additionally, Question 8 assessed their readiness in preparing SME products for export, particularly focusing on meeting quality standards, and complying with export regulations.

The final two questions focused on quality management systems and quality control. Question 9 evaluated participants' knowledge of how to maintain consistent product quality in accordance with export standards, while Question 10 measured their ability to apply best practices in quality management systems to ensure consistent product quality during the export process. Together, these questions provided an assessment of the participants' understanding and readiness to navigate the complexities of international trade. The results of the pre and post tests are shown in Table 2.

5. Discussion

5.1 What changes in knowledge do MSMEs entrepreneurs experience after participating in coaching clinics?

Based on the results, MSME entrepreneurs demonstrated significant improvements in their knowledge across various key areas related to international trade after participating in the coaching clinics. For example, understanding of shipping documents, such as the Bill of Lading, increased by 12%, indicating a stronger grasp of the essential paperwork required for export. There was a marked improvement of 26% in knowledge of free trade policies, which reflects a better understanding of how trade agreements affect customs duties and market access. The most substantial change was seen in customs duty determination, with a 32% increase, highlighting that participants gained a much clearer understanding of how customs duties are set for imported goods. Additionally, knowledge of handling issues with shipping documents improved by 18%, demonstrating that participants became more confident in resolving document-related problems that may arise during the export process.

Although some areas, such as benefits of a Letter of Credit (L/C) and export labeling standards, showed smaller improvements of 10% and 3%, respectively, these were already strong before the clinic, with high pre-test scores. This suggests that the coaching clinic helped reinforce already existing knowledge. Furthermore, categories such as quality management systems and control and preparing MSME products for export reached 100% in the post-test, demonstrating the

clinic's effectiveness in ensuring participants are fully equipped to maintain product quality and prepare their offerings for the international market. Overall, the results indicate that the coaching clinics enhanced participants' knowledge and confidence in managing the complexities of export procedures.

5.2 How do coaching clinics impact MSMEs entrepreneurs' knowledge and understanding of export procedures?

Based on the results, coaching clinics impact MSME entrepreneurs' knowledge and understanding of export procedures by providing targeted, practical insights into the complexities of international trade. In the clinic, we conducted two interactive workshops designed to equip entrepreneurs with the necessary tools to navigate export processes effectively. The first workshop was led by an experienced exporter, who shared valuable real-world insights into the general procedures of exporting, covering essential topics like documentation, shipping logistics, and compliance with international standards. This workshop allowed participants to gain a clear understanding of the basic steps involved in exporting, while also addressing common challenges MSMEs encounter when expanding into foreign markets.

The second workshop featured an exporter curator specializing in the Japanese market, providing a more in-depth perspective on the specific requirements and nuances of exporting to Japan. This session focused on Japan's unique regulatory environment, quality standards, and consumer expectations, which are often more stringent than in other markets. The curator provided tailored advice on how SMEs can adjust their products and processes to meet Japanese standards, and highlighted the importance of cultural considerations in establishing business relationships in Japan.

Both workshops included interactive discussions, where participants had the opportunity to ask questions and receive personalized advice based on their specific export challenges. By combining these two expert-led workshops, we addressed both the general and market-specific knowledge gaps that entrepreneurs typically face. This approach ensured that participants left with a comprehensive understanding of export procedures, ready to apply this knowledge to their businesses as they enter the Japanese and other international markets.

In addition, we provided one-on-one consultations where each entrepreneur received personalized advice on their specific export challenges. During these sessions, entrepreneurs were able to discuss their business models, target markets, and the unique regulatory hurdles they might face. These consultations were particularly valuable for addressing industry-specific regulations and ensuring that each SME left the clinic with a clear understanding of how to tailor their export strategies to comply with the laws and procedures in their target market.

By the end of the coaching clinic, participants demonstrated a marked improvement in their understanding of export procedures, as captured through pre- and post-assessments. The combination of theoretical knowledge, practical simulations, and personalized guidance directly addressed the gaps in their export readiness, equipping them with the necessary skills and confidence to manage the complexities of international trade.

6. Conclusion

In conclusion, the results of the coaching clinics demonstrate a clear and measurable improvement in the knowledge and readiness of MSME entrepreneurs to navigate the complexities of international trade. The increase in correct answers from pre-test to post-test across key areas, such as shipping documents, free trade policies, customs duty determination, and product quality management, indicates that the coaching clinics effectively filled critical knowledge gaps. This improvement is particularly significant in areas like customs duties and handling shipping documents, which are essential for smooth international operations but often pose challenges for MSMEs without prior export experience.

The coaching clinics not only improved participants' immediate understanding of export procedures but also laid the groundwork for long-term competitiveness in international markets. By equipping entrepreneurs with practical knowledge and strategic insights, the clinics enabled MSMEs to adapt to market demands, comply with regulations, and ensure product quality consistency. These capabilities are crucial for sustained success, especially in markets such as Japan where high standards and regulatory complexity can be significant barriers to entry. Additionally, the clinics fostered a mindset of continuous improvement and strategic thinking, empowering MSMEs to make informed decisions and capitalize on global opportunities.

Overall, the coaching clinics proved to be a valuable tool for empowering MSMEs, boosting their export knowledge, and positioning them for success in the competitive international marketplace. The combination of immediate knowledge gains and long-term strategic benefits underscores the effectiveness of coaching clinics as a critical intervention for MSME internationalization.

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