

# SUPPLY CHAIN MANAGEMENT AND VALUE CHAIN GOVERNANCE DISTRIBUTION CHANNEL OF SHRIMP

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## ABSTRACT

The people of Mrandung has plunged into of business shrimp farmer, mostly the type of shrimp chosen is vannamei shrimp ( *Litopenaeus vannamei* ), the aim of this study is to find out and to analysis of the distribution channel governance chain value in Mrandung, the method that used in this study is a qualitative research, and the conclusion in this study is that indigenous people lack of knowledge in governance and the value chain of the vannamei shrimp distribution channel so that many farmers suffer losses due to unknowledgeable. But on the other hand there is a company namely PT. TBAI (Tanjung Bumi Indonesian Aquaculture) that engaged in vannamei shrimp farming and the company has been already using good corporate governance and the distribution channel value chain, making it is quite maximum for the company's value.

The results of this study show governance on company farms vannamei shrimp was very good, the value chain of distribution channels has been using are already managed well with using three distribution channels more widely, while the governance from distribution channels chain vannamei shrimp farmer I use two distribution channels more simple than others and shrimp vannamei farmer II uses one distribution channel chain more complexly than I.

**Keywords:** Value chain analysis, Governance, Value Chain, Distribution channels, Vannamei shrimp Mrandung.

## I. INTRODUCTION

Bangkalan is located at the western end of Madura Island, East Java Province, Indonesia that has an area of 1,260.14 km<sup>2</sup>, which is divided into 18 Districts, with ten Districts bordering the sea. The vast extent of the coastal area in Bangkalan makes this district has abundant fisheries and marine resources. Fisheries sector is supported by a widely coverage sea area that is spread out across the coastline. Residents is utilize the coastal area to form fishpond farms and even many fish catch commodities that are managed too in fishpond. Utilization of the sea or fishpond itself is a daily life of the people to increase income because they are mostly activity in the fishing sector.

Various developments and rapid advances in industry and information technology have caused major changes in many aspects and fields of human life. This condition requires companies to follow and develop with these developments and advances, which is the competition will be tighter. Competition can be seen how to as managing a company beyond competitor's performance. To do this, companies need to have a competitive advantage which is the heart of the company's performance in a competitive market. Distribution channels must be absolutely clear. Distribution channel is an intermediary channel for marketing both transportation and storage of a product or service from the hands of producers to the hands of consumers. Distribution system that illustrates the commitment to policies and practices that are the basic rules to be arranged into a long-term relationship. Both types of direct distribution channels and indirect distribution channels.

Every business should have a governance to running and managing it and to know the chain of value distribution channel in marketing the product from a business. Management governance and chain of value do to identify resources and potential advantages of competitive for the company. The existence of a planned system in the company to get efficient value from its business. Then it takes the analysis tools are referred to the concept of value chain analysis or value chains to distribution channels. Value chain analysis is an analysis that describes activities inside and around the organization and relating them all together to the strength of company competition.

The more sophisticated in marketing, it is closely related with governance that research will do at the fishpond, governance that both can be very profitable for the farmers who cultivated biota, especially in the cultivation of shrimp vannamei. Vannamei shrimp farming can be a promising prospect. The relatively short cultivation time, the harvest of shrimp farming can be obtained optimally. Great demand in the market especially export because of its high protein source. To ensure the continuity of the of business especially in fishponds of shrimp vannamei required analysis of governance to manage chain value channels of distribution, if the strategy itself can be done better, the company will be more efficient and more sustainable.

The purpose of these analysis is

- a. To analysis of the distribution channel governance value chain in the vannamei shrimp fishpond company PT.TBAI (Tanjung Bumi Aquaculture Indonesia) in Mrandung Village, Klampis District, Bangkalan.
- b. To analysis of the distribution channel value chain governance in vannamei fishponds I and vannamei fishponds II in Mrandung Village, Klampis District, Bangkalan.
- c. Comparative analysis of the distribution channel governance value chain between PT. TBAI shrimp farms (Tanjung Bumi Aquaculture Indonesia), vannamei fishponds I farmer and vannamei fishponds II farmer in Mrandung Village, Klampis District, Bangkalan.

## II. THEORETICAL BACKGROUN

### Distribution Channels

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. Distribution channels can include wholesalers, retailers, distributors, and even the Internet. While a distribution channel may seem endless at times, there are three main types of channels, all of which include the combination of a producer, wholesaler, retailer, and end consumer. The first channel is the longest because it includes all four: producer, wholesaler, retailer, and consumer.

To achieve the goals of the company in the marketing, a company will carry out distribution activities, the activity of the distribution of these goods, namely distribution channels, some of distribution channels, namely: According to (Daryanto, 2011) distribution channel is a set of tools that needs each other in providing a product to be used or consumed. Then it can be concluded that the distribution channel is a decision of a company to place its goods or products through a series of marketing systems to the right place, so that it can be distributed to end consumers. distribution channel must have a strategy so that it reaches the target it needs.

### Governance

In international development, good governance is a way of measuring how public institutions conduct public affairs and manage public resources in a preferred way. Governance is "the process of decision-making and the process by which decisions are implemented (or not implemented)". And governance comprises all of the processes of governing – whether undertaken by the government of a state, by a market or by a network – over a social system (family, tribe, formal or informal organization, a territory or across territories) and whether through the laws, norms, power or language of an organized society.

Since governance is the process of decision making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

According to the Cadbury (1992) governance is a system that regulates the relationships between stakeholders who have certain obligations to the company. Where Governance is a series of processes, policies, rules that affect the direction, management, and control of a company, where corporate governance includes the relationship between the stakeholders (stakeholders) involved and the objectives of company management. Corporate governance Where one of the main topics in governance concerns responsibility in particular the implementation of mechanisms to ensure good functioning and protect business interests and the main focus of governance is economic efficiency to state that the corporate governance system must be demonstrated to optimize economic results. The level of corporate governance has four basic principles that must be met so that it can run well (OECD, 2004 : Jesover and Kirkpatrick, 2005: 130) in the journal application of good corporate governance, namely: Responsibility, Accountability, Justice and Openness (transparency).

### **Value Chain Analysis**

Value chain analysis is a strategy tool used to analyze internal firm activities. Its goal is to recognize, which activities are the most valuable (i.e. are the source of cost or differentiation advantage) to the firm and which ones could be improved to provide competitive advantage. Definition. Value chain analysis (VCA) is a process where a firm identifies its primary and support activities that add value to its final product and then analyze these activities to reduce costs or increase differentiation.

The primary activities of Michael Porter's value chain are inbound logistics, operations, outbound logistics, marketing and sales, and service. The goal of the five sets of activities is to create value that exceeds the cost of conducting that activity, therefore generating a higher profit.

The value chain in the narrow sense describes a series of activities aimed at producing certain outputs that have a value that is carried out by producers or service providers who carry raw materials through the chain so that they become the final product that is ready for sale. These activities include the stages of conceptualization and design, the process of obtaining inputs or means of production, the production process, marketing and distribution activities (Nugraheni, 2014: 25).

The value chain is a chain of activities to provide added value that serves to improve the course of distribution, marketing efficiency to facilitate the implementation of the strategy. In the 2012 handbook for practitioners of value chain analysis there are four aspects of value chain analysis that are considered important.

1. A value chain analysis systematically maps the actors involved in the production, distribution, marketing, or sale of certain products
2. Value chain analysis can play a major role in identifying the distribution of benefits to actors in the value chain, through analyzes that occur in each known chain of people who obtain value or benefits from the value chain and which actors also benefit from the value chain.
3. Value chain analysis can be used to assess the role of upgrading in the value chain, this includes improving the quality of products, services or relating to the progress of a business in a good value chain.
4. Value chain analysis underscores the role of governance in the value chain, governance in the value chain referred to refer to the structure of relationships and coordination mechanisms between actors in the value chain.

It can be concluded that the value chain occurs by being organized not randomly, its relationship with governance is a broad governance concept ensuring that value chain work to meet the desired criteria in governance so that it will be the subject of further analysis.

### III. RESEARCH METHODS

#### Research Object

The object of this research are the vannamei shrimp fishponds of PT. TBAI (Tanjung Bumi Aquaculture Indonesia), which is can be divided into vannamei fishponds I and vannamei ponds II that located in Mrandung Village, Klampis District, Bangkalan Regency. The attribute of objects or activities that have certain variations that are determined by researchers to be studied and then conclusions will be drawn (Sugiyono, 2012).

#### Research Type

Most research can be divided into three different categories; exploratory, descriptive and causal. Each serves a different end purpose and can only be used in certain. Business research methods can be defined as “a systematic ad scientific procedure of data collection, compilation, analysis, interpretation, and implication pertaining to any business problem”. Types of research methods can be classified into several categories according to the nature and purpose of the study and other attributes. In methodology chapter of your dissertation, you are expected to specify and discuss the type of your research according to the following classifications.

The type of this research is a qualitative research with an exploratory descriptive method in order to understand the distribution channel value chain governance. Qualitative research intends to understand the phenomena about what is experienced by research subjects such as behavior, perception, action, and others. Holistically and in the form of words and language description, in a special natural context by utilizing various natural methods (Moleong, 2014). Qualitative research is research that explains all the events conducted by researchers intentionally poured in the form of deafness and language from the results of a field trip to the location through the results of interviews conducted in real time.

#### Population and Sample

Population vs Sample. The main difference between a population and sample has to do with how observations are assigned to the data set. A population includes all of the elements from a set of data. A sample consists one or more observations drawn from the population. A population is a complete set of people with a specialized set of characteristics, and a sample is a subset of the population. The study population is the subset of the target population available for study (e.g. schizophrenics in the researcher's town). The study sample is the sample chosen from the study population.

Population is the whole object of research or object under study (Notoatmodjo, 2012). The population in this study is the distribution channel value chain governance in vannamei shrimp fishpond farmers in Mrandung Village, namely PT. TBAI shrimp farms (Tanjung Bumi Aquaculture Indonesia), vannamei I shrimp pond farmers and vannamei II shrimp pond farmers in Mrandung Village, Kecamatan Klampis Bangkalan. The sample selection in this study is to take data sources with consideration of the information needed, activities in this qualitative data analysis are carried out interactively and take place continuously. Data obtained from interviews, observation and documentation, by way of choosing what is important and what will be learned, and make conclusions so easily understood by themselves and others.

### 4. DISCUSSION

#### Research results

In research it which becomes the object is a farmer farms shrimp vannamei PT.TBAI (Cape Earth Aquaculture Indonesia), peasant farms shrimp vannamei I, and farmers pond shrimp vannamei II. In this research

1. PT.TBAI is managing channels of distribution very well and that are used there are three channels:

a. Producers → Industries → Agwn → consumers.

b. Manufacturers → collector's → industry → exports.

c. producers → collectors → industry → wholesalers → retailers → consumers '

2. Farmers pond shrimp vannamei I do not use the system to manage, and channels of distribution that do are the distribution directly, namely:

- a) Manufacturer → final consumer.
- b) Manufacturer → retailer → final consumer.

3. Farmers pond shrimp vannamei II system governance that doing well to follow the development of technology, channels of distribution were used:

- a) Manufacturer wholesalers' → → → export industry / traders great.

#### IV. CLOSING

#### CONCLUSION

From the data that has been presented previously, then some conclusions can be drawn that the analysis of the distribution channel value chain governance is carried out by vannamei shrimp farmers where there are different processes and different governance for each shrimp fishpond owner, even difference in distribution channel process and difference in values to run the vannamei shrimp pond business.

1. The Value Chain in vannamei shrimp ponds that have been visited in its distribution channel conducts three distribution channels, out of the three channels, PT.TBAI does not incur operational costs due to collectors or the industry themselves who come to the location when the pond will harvest or it can be called picking up vannamei shrimp to the pond location with a distribution channel like this so in addition to saving energy the value obtained will be more profitable because it does not incur operational costs for selling vannamei shrimp. In the distribution channel conducted by PT.TBAI doing distribution channel chain very good and make it good in value too. This corporate governance is very well in carrying out activities to add maximum profit for the company to reach the target in this shrimp business.

2. The distribution channel value chain governance in Vannamei I shrimp ponds whose the Hamsun"owner and where the distribution chain is less optimal and the management of these ponds is very simple depend on only one man show Hansun, and surely it will greatly affect the income cause many losses happen. Governance is only done by the owner himself without the help of employees or people who are more understanding of how to manage vannamei shrimp, from that the value in shrimp sales can only meet daily needs without having a new turnover or distribution channel to reach the target profit from the vannamei shrimp. The distribution channel chain that is carried out on this vannamei shrimp pond are two and very simple, the first is that Mr. Hamsun only sells directly to consumers located in Mrandung Village itself, then the second channel a is to retailers who usually only buy a few pounds of shrimp and then the retailer resells shrimp to consumers in the market. With the two channels used for Mr. Hamsun himself is less effective and the sales obtained is also minimum especially since Mr. Hamsun also incurred operational costs to deliver shrimp to retailers. In addition to the cost of delivering in this case also requires energy and cost from the fishpond owner himself.

3. Vannamei shrimp pond II distribution channel value chain governance, which is owned by Mr. Awen, governance is carried out quite regularly with several employees who already have the ability to manage shrimp ponds, in this pond there is one distribution channel used by Mr. awen in managing their ponds, namely from the awen father distributed to collectors then to the industry so that the industry will be distributed to consumers through exports and large traders. The governance carried out by vannamei II shrimp farmers is very millennial because the owner of the pond always follows the existing governance on the internet even though the owner manages his employees by not being too restrictive, only how to regulate shrimp feed must comply with the rules. The farm owner follows the management style found on the <https://app.jala.tech> site . From here, the owner of the pond adjusts the selling price of East Java shrimp to be sold and finds out how to properly manage the vannamei shrimp. in addition to good shrimp pond governance, the distribution channel

chain used also frees the owner from the operational costs of selling vannamei shrimp because collectors will come to the shrimp farm location when they are going to harvest after the farm owner contacts the collectors who will buy shrimp to the owner of the vannamei shrimp pond II this.

From this it can be said that the governance carried out by the three vannamei shrimp pond farmers is different, in the company PT.TBAI (tanjung bumi aquaculture Indonesia) they have quite a lot of employees in managing and management in very good, with the rules every employee who works in this vannamei shrimp pond and its distribution channel is quite a lot so that it allows the company to run well because it has a profit value and very good governance.

In Vannamei I's shrimp ponds, the management and distribution channel chain is very lacking because the owner only who manages his own pond without the help of employees and the distribution channel used is very simple and make it obtained minimal in profits, from this will result in benefits that are to the owner of the vannamei shrimp pond. Vannamei II shrimp ponds here, Mr. Awen is follows the and update the changing of shrimp prices with a real-time update from the management and it is only done by a few employees and the distribution channel chain is simple but the value obtained by the farmer is quite good, if it continues to be developed and Adding the distribution channel to the value that will make progress on the profits of Vannamei II shrimp ponds. With the differences in the management of vannamei shrimp ponds and the different distribution channel chains, it is hoped that they will be able to change the deficiencies in the shrimp farms of the mrandung people who still lack knowledge of vannamei shrimp pond management and distribution channel value chains so that it will have value for vannamei shrimp farmers to further advancing shrimp farming and having good business profits in the future.

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