Analysis of Partnership to Achieve Competitive Advantage: A Study on Creative Industries in Bandung City, Indonesia

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ABSTRACT
Partnership in this research refers to cooperation between stakeholders to accelerate the development of small and medium enterprises (SMEs) in an area. One example of partnership is seen in the development of creative industry SMEs in the city of Bandung. Partnerships between government sectors, businesses, academics, civil society and the media are prerequisites to encourage the growth of innovation in the creative industry. This study aims to identify and analyse partnership of creative industries in Bandung. The research method used is a quantitative method. This study hypothesises that partnerships in the creative industry have an effect on competitive advantage. Data were collected through questionnaires distributed to industry players, who were the selected sample, with a sample size of 522 respondents. Data were analysed quantitatively using statistical analysis. Results indicate that partnerships can be a major factor in achieving competitive advantage.

Keywords: partnership, competitive advantage, creative industry, Bandung City.

1. BACKGROUND
The orientation of the world economy has shifted. New discoveries in the field of information and communication technology have led to a new era in which globalisation of media and entertainment changes the character and lifestyle of society. Over time, the needs of the community have increased, such as unsatisfied human nature, increasing population growth, rapid changes in living standards and an increasingly advanced culture.

Creative industries originate from the use of creativity, skills and individual talents to create prosperity and employment by generating and empowering individuals’ creativity (Ministry of Trade, 2007). The creative industry in other countries boosts the economy and creates jobs while also creating many new business opportunities. In some developed countries such as the United Kingdom, the contribution of the creative industry to the GDP has reached 7.9 percent, exceeding the income from the manufacturing industry sector, which contributes only 5 percent.

Indonesia’s creative economy exports in 2015 reached US$19.4 billion. Although non-oil and gas exports experienced a decline that year, creative economy exports increased by 6.6 percent in the previous year. In 2016, Indonesia’s creative economy reached IDR922 trillion and is predicted to reach IDR1,041 trillion in 2018. According to data from the Creative Economy Agency, West Java is the largest creative economy-exporting province in 2015, reaching 33.56 percent of the total national creative economy exports. Thus, West Java contributes around US $ 6.5 billion.
The city of Bandung officially became a member of the UNESCO Creative Cities Network (UCCN) in the field of Design on 11 December 2015. The establishment of a city as a Creative City is inseparable from the role of various stakeholders involved. The government, as the main actor for policymaking in a region, needs to consider the existing network in a city.

Business people in the creative industries in Bandung consist of entrepreneurs in advertising, architecture, goods, arts, crafts, design, fashion, video and photography, interactive games, music, performing arts, publishing and printing. The partnership that exists in the tourism industry consists of business people, government and society. Creative industry in Bandung in general have a very big opportunity to continue to grow. The high multiplier created by the creative industry encourages the Bandung city government to continue to support the creative industry, supported by the greater market opportunities because of the ease of access to the city of Bandung and the role of financial institutions into a great opportunity in the development of creative industries in the city of Bandung. Tetty and Sam’un (2018)

Bulkeley (2010), Kern and Albert (2009) state that from a government perspective, the following relationships exist: a vertical relationship to high levels of government, a horizontal relationship to the city network and a diagonal relationship to the community and local stakeholders such as institutions.

The many actors involved in a process in the government are described in the penta-helix model introduced by Rose (1986). The penta-helix model involves various levels of community groups to enhance social innovation, starting from organised civil society, public institutions, universities, businesses and civil society that is not organised. This group represents innovators, active communities, creative people, sharing economy practitioners, designers and other experts.

The results of collaboration on a non-heavy network structure enhances a co-design and co-production that provide solutions for the public interest. In addition, strong collaboration can occur when partnerships between groups of actors can achieve innovation (Stam, 2004).

In collaborative research, Bernardi (2018) perceives collaboration to have two approaches: a bottom-up approach and a top-down approach. Halibas et al. (2017) found that the penta-helix provides a blueprint strategy to develop an effective network of innovation with strong collaboration between partners. Partnership has become one of the keys to the successful building and development of a city. Moreover, it is the main pillar that allows every group in the community to work together and collaborate to encourage the growth of innovation (Chesbrough, 2003).

At present, an organisation is not likely to be born relying only on its internal knowledge in developing its innovations (Carayannis, 1999; Chesbrough, 2003; Desouza et al., 2005; Dodgson, 1991; Hitt et al., 2000). Organisations must also be aware that they need to have partners or external sources as supporters (Baloh, 2008). The collaboration between partners not only provides support but is also a competitive advantage of an organisation. When an organisation can strengthen its existing network, its superior resources are combined, thereby making it a force that can achieve its competitive advantage (Hakansson & Snehota, 2006; Mentzer et al., 2007; Dyer & Singh, 1998; Porter, 1998; Frigant & Lung, 2002; Lee et al., 1997; Cousin et al., 2008; Kotabe et al., 2003; Rugman & D’Cruz, 2000; Esper, 2007; Gulati et al., 2000).

On the basis of various opinions regarding the existence of a strong partnership that can achieve competitive advantage in an organisation, the effect of partnerships on the competitive advantage of creative industries in Bandung can be examined.

Bell and Watkins (in Zaini et al., 2009) state that partnerships are within the limitation space 4 typology of inter-organisational relations, namely, competition, in which...
certain goals are achieved by defeating others; cooperative, which is a partnership for the common interest; coordination, which refers to organisational arrangements/action arrangements for activities. According to Jamal and Getz (in Zaini et al, 2009), collaboration rather than cooperation is needed in a short-term partnership.

OECD (1990) defines partnership as follows: ‘Systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships and generally adopted plans among a number of institutions. They involve agreements on policy and program objectives and the sharing of responsibility, resources, risks and benefits over specified periods of time.’

On the basis of the above definition, a partnership can be interpreted as a system or tool used and based on an agreement or arrangement about objectives and sharing responsibilities, resources, risks and benefits over a certain period of time. The private sector often uses the term ‘joint venture’ to describe two or more organisations working together to take advantage of efficiency and opportunity. They combine knowledge and resources to create added value for existing distribution channel products or services.

The previously given concept of partnership is not only between similar organisations, but also between different organisations such as the government, the private sector and the community. Partnerships are formed because each party has their own resources, which, if used together, will provide more benefits to each party.

Fasel (2000) describes the six keys to partnership that ensure success at the individual and organisational levels. The first key is alignment of purpose, which is the arrangement that unites all parts of the organisation. The second key is ability to perform, which is the capacity possessed by an individual or an organisation. The third key is the attention to process, which is described as the awareness of one of the collaboration tables. The fourth key is acuity of communication, which is described as sharpness of focus by appreciating collaboration. The fifth key is the attitude of mutual trust and respect, which refers to the point of view of a person’s or group’s thinking. The sixth key is adaptability to learn and change, which is described as flexibility to adjust planning and cope with changing conditions.

Several dimensions of relationship quality are often used from components of long-term relationships: trust, cooperation, commitment, communication and effective conflict management (Zaman, 2009).

Empirical evidence shows that trust can determine the health and success of a collaboration. Trust can increase collaboration to enhance relationship flexibility, improve relationship quality and lower the cost of coordination activities. Research on alliances has

Figure 1. Partnering in action (Fasel, 2000)
identified trust as one of the most important factors that affect performance (Becerra, Lunnan and Huemer, 2008; Saxton, 1997 in Period, 2009)

Cooperation offers significant benefits to alliance partners, especially competence or resources (Dyer & Singh, 1998). Lado, Boyd and Hanlon (1997) states that strong cooperative behaviour, by combining complementary resources, skills and abilities, can support the achievement of shared goals, satisfaction and continuation of relationships.

Commitment is an important element of capital relations (Madhok, 1995). Researchers generally agree that the success of long-term relationships depends on the credibility and mutuality of investments made by companies in committed partnerships (Morgan & Hunt 1994). Committed partners tend to be more cooperative, communicative and flexible, as well as show persistent willingness to make future investments in the form of certain relationships (Anderson, 1992). The study also found that alliance partners can maximise their profits by establishing relational norms through commitments characterised by flexibility and solidarity (Mavondo & Rodrigo, 2001; Mohr et al., 1994).

Successful communication is important in resolving disagreements, speeding up decision-making and achieving an understanding of the objectives of the alliance. However, the inherent interdependence and diverse goals of corporate partnerships can create conflict.

Effective conflict management is achieved when companies build relational capital through an integrative approach to manage conflict, thereby ensuring that the goal of the alliance can be achieved (Kale, Singh, & Perlmutter, 2000). Companies that manage and maintain the quality of strong relationships not only possess trust, cooperation, communication and commitment but are also likely to achieve a better alliance.

Mohr and Spekman (1994) proposed a model for testing success in partnerships in the form of attributes, communication behaviour and conflict resolution techniques.

The attributes manage the depth and breadth of interaction and capture the complex and dynamic interchange between partners and their mutual dependence and their willingness to work for the survival of the relationship. These attributes include commitment, coordination, interdependence, trust and power. Commitment refers to the extent to which partners are willing to work or commit themselves to the sake of the partnership.

Coordination relates to the set of tasks each party expects the other to perform. Successful partnership is marked by coordinated action directed at mutual objectives that are consistent across organisations. This realisation usually results when both organisations recognise that they will benefit from the collaboration. Trust, which in this case is the belief that a party will fulfil its obligation to exchange, is highly related to firms’ desire to collaborate.

Communication behaviour means that partnerships must have effective communication, including communication quality, information sharing and participation in goal setting and planning. Communication quality issues include accuracy of information, timeliness, adequacy of information and credibility, which is also tied to trust, as previously discussed. Frequent communication or information sharing may result in effective partnerships. Participation is the ability to develop partners’ goals. Gray (1989) adds that joint decision-making based on consensus is critical to partnership success.

Conflict resolution techniques are employed to address conflicts that need to be resolved. The impact of conflict resolution on relationships can be productive or destructive. Thus, the manner in which the partner resolves conflict has implications for partnership success.
2. COMPETITIVE ADVANTAGE

Competition is the core of a company’s success or failure (Porter, 1990). Competition determines the feasibility of activities that contribute to performance such as innovation, cohesive culture and good implementation. Competitive strategies are methods of achieving competitive positions in the industry, and they aim to establish favourable and sustainable positions and determine the strengths to fight industrial competition (Winter, 1984).

Industrial attractiveness and competitive position can be formed by companies (Porter, 1990). Competing strategies have considerable power to make the industry more or less attractive. In addition, a company can clearly increase or erode its position in an industry through its choice of strategy. Competitive strategies not only respond to the environment but also shape the environment for the good of the company (Ibrahim & Mahmood, 2016).

Competitive advantage grows fundamentally from the value the company can create for its consumers to exceed the company’s costs in the production process (Siqueira, A. C. O & Cosh, 2008). Value is what the buyer pays for and the superior value starts from a lower price offer than the competitor to obtain equal benefits or provide unique benefits. Two basic types of competitive advantage exist, namely, cost leadership and differentiation (Porter, 1990).

3. RESEARCH METHODS

In this study, two types of research were used, namely, descriptive research and verification research. Descriptive research is conducted to determine the description of partnership and competitive advantage. Verification research is used to test hypotheses by using statistical calculations (Nazir, 1998). Verification research is also used to determine the magnitude of the influence of entrepreneurial orientation and competitive advantage simultaneously and partially on company performance.

The population in this study comprises business people in the creative industry of Bandung. Data collection involved distributing a questionnaire to creative industries, with a sample size of 552 respondents. Data were processed using SEM. Confirmatory factor analysis in SEM was used to confirm the most dominant factors in a group of variables, whereas the regression weight in SEM was used to examine how the influence of partnership variables on superiority prevails.

4. RESEARCH RESULTS AND DISCUSSION

One of the objectives of partnership activities is to achieve a competitive advantage in the creative industries in Bandung. An analysis of the measurement model provides information on which dimensions are the most dominant in measuring the partnership variable against competitive advantage in the creative industry of Bandung.

The results of the significance test for each coefficient of factor weights showed that all factors were significant at 95%, with the estimated values of the weighted coefficients of all factors > 0.5. This result means that each indicator has sufficient validity to measure partnerships. The estimation results have a value of 0.748, which is greater than the minimum construct reliability of 0.7. This result means that the composite indicators of commitment, information sharing, joint problem solving and persuasion have adequate internal consistency in measuring the construct of partnership. On the basis of this finding, in the partnership dimension, the most dominant is information sharing, followed by persuasion, joint problem solving and commitment.
Indicators that have a loading factor of less than 0.5 are excluded from the model, as shown in Figure 3.

Table 1: Summary of the results of parameter estimation of the partnership measurement model

<table>
<thead>
<tr>
<th>Indicator</th>
<th>λ</th>
<th>t</th>
<th>R²</th>
<th>Error var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>0.56</td>
<td>12.64</td>
<td>0.31</td>
<td>0.69</td>
</tr>
<tr>
<td>Information sharing</td>
<td>0.87</td>
<td>20.07</td>
<td>0.76</td>
<td>0.24</td>
</tr>
<tr>
<td>Joint problem solving</td>
<td>0.56</td>
<td>12.68</td>
<td>0.31</td>
<td>0.69</td>
</tr>
<tr>
<td>Persuasion</td>
<td>0.6</td>
<td>13.7</td>
<td>0.36</td>
<td>0.64</td>
</tr>
<tr>
<td>Construct reliability</td>
<td>0.7480</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All estimated values of the weighting coefficient of the factor have a value of > 0.4, and the reliability of the construct is > 0.7. Thus, each indicator has adequate validity and reliability in measuring the variable competitive advantage.

The partnership variable is examined using three dimensions, namely, attribute, communication and problem solving. Calculation results show that the variable falls into the high category. The variable of competitive advantage uses three variables, namely, overall...
cost leadership, differentiation and focus, and is also in the high category. The influence of a partnership on competitive advantage is illustrated in the following figure:

![Figure 4 Effect of partnership on competitive advantage](image)

Testing this hypothesis gives the value of \( t \) count > \( t \)-table, which is 3.80 > 1.98 at the significance level of 0.95. Thus, \( H_0 \) is rejected. Partnership influences competitive advantage. The calculation results of the determination coefficient show a value of \( R^2 = 0.712 = 0.504 \). The change in the variable competitive advantage by 50.4% is influenced by the partnership variable.

5. CONCLUSIONS AND RECOMMENDATIONS

The results of this study show that the quality of partnerships has not been optimised in terms of attributes, especially in relation to the attitude of stakeholders who consider that partnership cooperation is important for business development, commitment and coordination remain low. As a result, synergy between the programmes of business actors and those of the government has not yet been achieved. This research recommends increasing commitment along with coordination through joint programme synergies.

REFERENCES


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