

The Influence Of Business Partnership And Competitive Strategy On Business Performance Of Recreation Park Services Industry In West Java, Indonesia

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ABSTRACT: Recreational parks services industry in West Java have problems due to low business performance caused by the difficulty of companies to compete, whereas tourism services right now are yet offered unique characteristics products due to the product is relatively similar with competitors. Based on that background, the research aims to obtain a study on the influence of business partnerships and competitive strategy on business performance in recreation park service industries in West Java. Research conducted using an explanatory survey. In this study, the target population is a company incorporated in the tourism service industry in West Java. Time horizon is a cross-sectional, which research is done in one time simultaneously. The data analyzed through verification. Hypothesis is tested using partial least square (PLS). The research findings reveal that there is a simultaneous and partial influence of business partnerships and competitive strategy on business performance. The influence of competitive strategy is more dominant than business partnership in improving business performance, the rest influenced by other factors not examined in this study. Based on that it would need to the management of recreation park services companies in West Java to increase the competitive strategy as the first priority in efforts to improve business performance.

Keywords: Business Partnership; Competitive Strategy; Business Performance; Recreational Park; West Java; Indonesia.

INTRODUCTION

Tourism in Indonesia has increased from year to year. Based on data obtained from the Ministry of Tourism and Creative Economy of the Republic of Indonesia (Ministry of Tourism and Creative Economy of the Republic Indonesia), that during the year 2012 the number of foreign tourists who came to Indonesia totaled 8,044,462 people, with foreign exchange earnings reached US. \$ 9.12 billion. This achievement is certainly a positive influence on the economy of Indonesia. As for 2013, according to the General Directorate, tourism destination development realized by 106.9 %. While in 2014, the number of tourist arrivals through 19 main entrance was estimated at 9,036,948 people. Thus showed an increase in the number of foreign tourist to Indonesia. Even for the number of visits in March 2015, there were 765,607, there was an increase of 3.13% compared to the same period in March 2014. There are an increase visit into Tourism in West Java Province from 2007 to 2011, although there appeared to be a slight decline in 2008, but the visit of tourists grow very high, reaching ± 149 %, whereas in subsequent years seems likely to continue to rise, while on a visit of domestic tourists occurred a fluctuations in the period 2009 until 2011, but still seemed to grow ± 15 %, and overall visits to Tourism Object grew by ± 17 %.

Refer to data from the Department of Culture and Tourism of West Java show that tourist visits to the accommodation in 2011 most was to Bandung, amounting to ± 22.69 %, which contributed of foreign tourist of ± 1.34 % and domestic tourist of ± 21.35 %. The second is the city of Bogor to travel accommodations, and is followed by the District of Bogor. As for the number of tourists to the attractions in West Java, Bandung district was ranked first, followed by the city of Bandung. From the data presented above, illustrated that tourists visit both to accommodation and recreation park still dominant to Bandung City and Bandung district compared with other cities in West Java. When in fact recreation park in West Java province is not only concentrated just in the City and district of Bandung. The low performance of this recreation park industry is allegedly due to the difficulty of companies to compete, whereas tourism services right now are yet offered unique characteristics products due to the product is relatively similar with competitors. Yan (2010, p. 65) states that "The strategic choice approach is embedded in strategic management literature and focuses on the central role of strategy as a determinant of firms performance". Relating to competitive strategy in the tourism industry, Huang (2006), examines the latest trends in the agricultural industry thriving tourist throughout rural areas of Taiwan. Huang measure the causal relationship between resources, competitive and performance advantage by implementing e-commerce for the agricultural industry tours. The study proposes a model of optimum strategic e-commerce that can have implications for the tourism agriculture industry and the management. From the writer's observation also revealed that recreation park companies have not fully accommodate the implementation of business partnerships that can support competitive advantage. In <http://www.p2par.itb.ac.id/> mentioned that the development of the tourism industry must involve many sectors that have an interest respectively, both from the government, community, or business with all the motivation and purpose. Developing and promoting partnership

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cooperation in various parties is one way to mutually strengthen and improve competitiveness. The basic principle of partnership are carries equality, transparency, formal and legal, mutual reinforcing, mutual understanding, mutual benefit, the transfer of knowledge and experience, exchange of information, as well as institutional. However, based on observations revealed that the tourism industry has not completely conducted good partnerships with government agencies, suppliers, as well as with other industry players both locally, nationally, and internationally. Meanwhile, according to Cravens (2013) that partnership is an effort to cooperate with stakeholders, in which the strategic alliance are used by many companies compete worldwide. Partnership includes the vertical relationship that consists of relationships with suppliers and customers and a horizontal includes internal and lateral partnership. Based on observations in the field turns out that in general there is a problem in cooperation with the parties concerned, especially in terms of cooperation in conducting product marketing, company management of recreation park today still have difficulties in implementing the fundraising partnership for network expansion or a partnership in the development of resources that can be done for example with the education or government agencies. Li-Jen & Lockwood (2006), identified seven key capabilities that underlie the application of best practices in the tourism industry and six barriers to implementation in the UK tourism industry. Seven key capabilities for hospitality and tourism SMEs are : customer-focused objectives, planning and control, partnerships and networks, internal and external communications, achieving consistent standards, strategic workforce management, cash flow, and performance management. While six barriers identified are changes in demand, limited resources, lack of skilled labor, lifestyle, lack of benchmarking and competitive location, all of which can create turbulence in the operational environment. Based on the above background, the study aims to examine the influence of business partnership and competitive strategy on business performance of Recreation Park in West Java.

LITERATURE

Business Partnership

Motivation of a company to cooperate is intended to: (1) transfer of technology, (2) market access, (3) reduction of costs, (4) reduction of risk, (5) Changes in industry structure. This cooperation is based on mutual trust, openness variety of risks and benefits in improving the competitive strategy to produce a better performance than when not collaborating (Walker, 2009). Cravens (2013) reveals that partnership is an effort to cooperate with stakeholders, in which the strategic alliance are used by many companies compete worldwide. Partnership includes the vertical relationship that consists of relationships with suppliers and customers and lateral which consists of internal and lateral partnership.

Competitive Strategy

Yan (2010, p.65) states that "the strategic choice approach is embedded in strategic management literature and focuses on the central role of strategy as a determinant of firms' performance". Ireland, Hoskisson and Hitt (2009)

states that competitive strategy is an integrated and coordinated set of commitments and action the firm use to gain a competitive advantage by exploiting core competences in specific product market. According to Wheelen and Hunger (2012, p.183) "Competitive strategy a strategy that states how a company or a business unit will compete in a industry". Wheelen & Hunger (2012, p.183) "Should we compete on the basic of lower of cost or should we differentiate our products or services on the same basic order than cost, such a quality or services". Chen & Lin (2011) involves the concept of Porter (1980), which proposes three strategies that have the latent capacity to increase competitive advantage and can make the company developed than others. Generally, this strategy is called "generic competitive strategy" and has been used by many companies to develop a marketing plan. Three types of strategies are (1) Overall cost leadership, (2) Differentiation, (3) Focus. Pearce & Robinson (2013) revealed that the low cost leader is able to use its cost advantage to charge lower prices or to enjoy higher profit margin. While differentiation designed to appeal customers with a special sensitivity for a particular product attribute. By stressing the attributes of product qualities, the firms attempt to build customer loyalty (Pearce II and Robinson, 2013). According to Pearce & Robinson (2013, p. 238) Speed based strategy is a business strategy aimed at developing the functional capabilities and activities that enable companies to more quickly than its main competitors in meeting customer needs, both directly and indirectly. Kaliappen & Hilman (2014: 135) described:

Hilman, Mohamed, Othman, & Uli (2009) stated that to gain cost leadership advantage organization should pursue forward, backward and horizontal integration strategies. Organizations that implement cost leadership strategy employs several activities like accurate demand forecasting, high capacity utilization, economies of scale, technology advancement, outsourcing and learning/experience curve (Bordean et al., 2010; Porter, 1985). Cost leadership strategy emphasises that firms can gain competitive advantage by achieving low cost within the industry (Hilman, 2009; Allens & Helms, 2006; Porter, 1980, 1985)

Research on competitive strategy on tourism services performed by: Wu & Lin (2010) and Huang (2006). While Lester et al (2008) found a relationship between strategy and performance as firms move through the organizational life cycle. In their paper, Ndoda & Chaneta (2014,p.1) shows that strength, weaknesses, opportunities and challenges (SWOC) analysis , allows the organization to assess the fit of its current strategy to its changing environment and help to capitalize on internal and external factors to Achieve better performance.

Business Performance

According to Best (2009), business performance is the output or result of the implementation of all activities related to business activities, business performance indicator is the growth in sales and profitability. Ainin et al. (2007,p.32)

states that "Business performance is measured in terms of the business' net profit". Najib & Kiminami (2011, p.81) states, "Business performance is operationalized as a composite of three measures: sales volume, profitability, and market share". Vanderstraeten & Matthyssens (2010, p.8) measuring business performance through growth. Matic (2012, p.281) divide business performance measurement into Non- Financial Business and Financial Business performance measure. Non- Financial Business performance measure : Customer satisfaction, Quality of products and/or services, market share, Growth of sales, Reputation of organization, the Employees' satisfaction with Reviews their jobs, Organizational innovativeness. While the Financial Business performance measure includes sizes : Return on assets (ROA), Return on equity (ROE), Operative profit.

HYPOTHESES

Referring to the description above, this study aims to test the hypotheses as follow:

H₁ Business partnership and competitive strategy influence business performance either simultaneously and partially in the recreational park in West Java.

METHODOLOGY

The research was conducted using descriptive survey and explanatory survey. In this study, the target population is a

company incorporated in the recreation park industry in West Java. The amount is about 60 (Department of Culture and Tourism, West Java in 2014). With a small population it would have taken 40 units. Samples will be drawn randomly by a whole list of profile of recreation park. Time horizon was a cross-sectional, whereas the research is done in one time simultaneously. The data were analyzed verification. Hypothesis tested by using partial least square (PLS).

RESULT OF THE RESEARCH

In PLS Path Modeling there are 2 models of outer and inner models. Test criteria made on both models.

Outer Model (Measurement Model)

The tests conducted on the outer models :

- Convergent Validity. Convergen validity value is the value of the loading factor on the latent variables with their indicators. The expected value > 0.7.
- Composite Reliability. Data that has composite reliability > 0.8 have high reliability.
- Average Variance Extracted (AVE). AVE expected value > 0.5.
- Cronbach Alpha. Cronbach's reliability test reinforced with Alpha. Value expected > 0.6 for all constructs.

The following table presents the results of the analysis of the measurement model.

Variable	Dimensions - Indicator	λ	P Values	AVE	Cronbachs Alpha	Composite Reliability
Business Partnership	X11 <- Business Partnership	0.852	0.000	.847	0.939	0.957
	X12 <- Business Partnership	0.927	0.000			
	X13 <- Business Partnership	0.956	0.000			
	X14 <- Business Partnership	0.942	0.000			
Competitive Strategy	X21 <- Competitive Strategy	0.900	0.000	.790	0.735	0.883
	X22 <- Competitive Strategy	0.878	0.000			
Business Performance	Y1 <- Business Performance	0.903	0.000	.749	0.832	0.899
	Y2 <- Business Performance	0.801	0.000			
	Y3 <- Business Performance	0.890	0.000			

Results of the analysis showed that the measurement model is a valid indicator of where most of the value of loading factor greater than 0.70 with a p value < 0.05, the values of RD > 0.5, as well as composite reliability and Cronbachs Alpha of each variable > 0.70. This shows that all the indicators in the model were estimated meets the criteria of discriminant validity. Thus it can be concluded that all the variables have good reliability.

Inner Model (Structural Model)

Test of the structural model is done to examine the relationship between latent constructs. There are several tests for the structural model, namely:

- R Square on endogenous constructs. R Square is the coefficient of determination on endogenous constructs.

According to Chin (1998), the value of R square of 0.67 (strong), 0.33 (moderate) and 0.19 (weak)

- Estimate for Path Coefficients, the path coefficient value or magnitude of the relationship/influence latent constructs. Bootstrapping procedure is done with.
- Effect Size (f square). Conducted to determine the goodness of the model.
- Prediction relevance (Q square) or known as the Stone - Geisser 's. This test is done to determine the predictive capabilities with blinfolding procedure. If the value obtained 0.02 (minor), 0.15 (medium) and 0.35 (large). Can only be performed for endogenous constructs with reflective indicators.

Here is the value of GoF and Q - Square to construct:

Variable	R Square	Q square
Business Partnership	-	-
Competitive Strategy	-	-
Business Performance	0.599	0.417

The above table gives the value of R^2 on the criteria that is strong enough and Q square value greater than (> 0.35), so it can be concluded that the model is supported by the empirical research or model is fit. The following figure shows the results of model testing by using PLS Smart 3.0 as follows.

Source: Data primer diolah Smart PLS (2015)

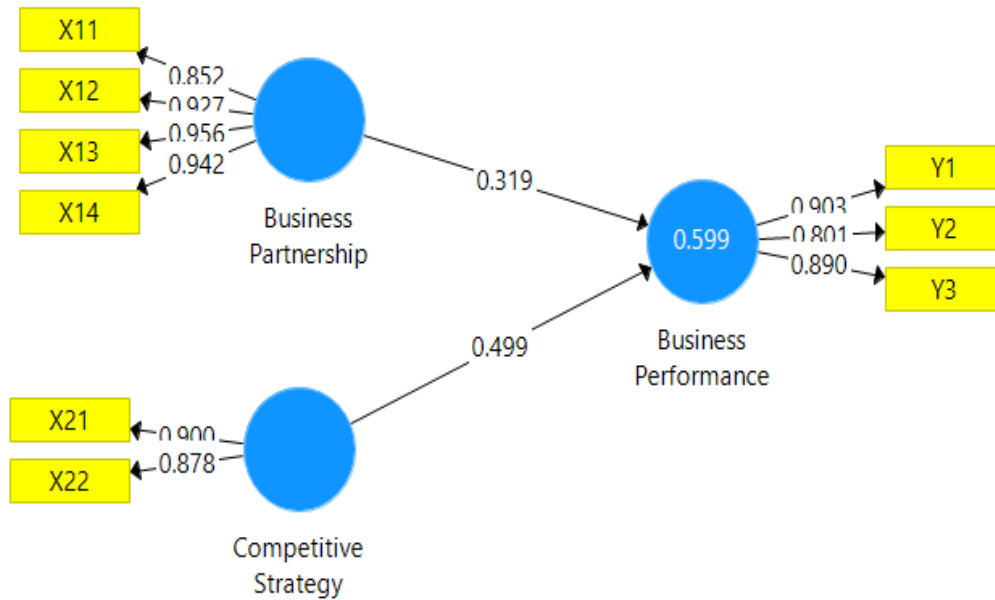


Figure 2: Influence Coefficient of Research Model

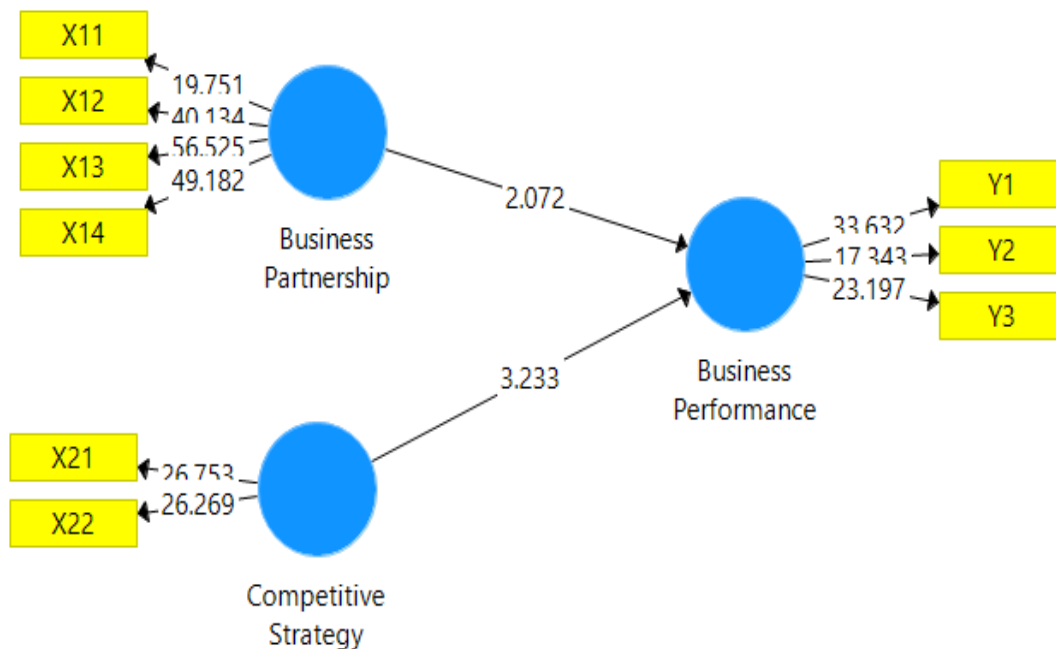


Figure 3: t statistics of Research Model

Next will be discussed the results of hypotheses testing as follows:

Hypotheses	R ²	F statistic	F Tabel	Description
Business Partnership and Competitive Strategy → Business Performance	0,599	35.162*	3,195	Significant

Hypothesis	γ	P value	R ²	Description
Business Partnership -> Business Performance	0.319	0.039	0.226	Significant
Competitive Strategy -> Business Performance	0.499	0.001	0.373	Significant

The test results showed a significant effect either simultaneously and partially of Business Partnership and Competitive Strategy on Business Performance. Competitive Strategy has a more dominant influence than Business Partnership on Business Performance with a total effect of 59.9 %, while 40.1 % are influenced by other factors that are not examined. The findings of the above study indicates that the achievement of business performance in recreation park service industries in West Java mostly influenced by competitive strategy rather than by business partnerships. 59.9% influence on business performance is influenced by those two variables. While the rest influenced by other factors. Another factor that can affect business performance, such as enterprise resource, or adaptability to the power of management industry competition, especially the strength of the competitors and substitute products. The test results showed that the recreation park service industries in West Java, cost leadership aspect is more dominant than differentiation in reflecting competitive strategy. Based on that, then there are several things that can be done by management to implement a competitive strategy more precise, such as the development efforts in :

- Determination of efficient operations cost
- Pricing more competitive compared to competitors
- Dissemination of costs information related to customers, products, distribution channels, and the like that are timely, understandable, credible

Meanwhile, to increase the effect of implementation of competitive strategies on business performance, differentiation also has a significant role, so that the management needs to increase its efforts in :

- Creation of innovation in product and service design
- Creation of product advantages that are not owned by another company
- Creation of the development of product variations more than competitors
- Creation of convenience for customers in getting service
- Adapting latest technology
- Creation of tourism image through marketing practices

In this study also found that business partnership contributes to business performance. Thus less optimal business performance of Recreation Park in West Java, caused also due to business partnership have not exactly run over the years. The most influential business partnership is partnership with the customer, as a consumer of services offered. In this regard, business partnerships with customers' needs to be improved, namely in terms of:

- Input and response
- The activity of a customer loyalty program
- Sharing of information between partners and company to improve product value
- Customer Gathering program
- Customer interest to participate as part of the company's internal business processes

To support the relationship quality of recreation park companies with customers, needed the support from various stakeholders such as educational institutions, government, business associations, financial institutions, and event organizer. A good relationship with lateral parties are expected to support the creation of the provision of satisfactory service to customers. Moreover, if supported by increased cooperation with the supplier and the company's internal parties. The findings in this study indicate that competitive strategy has a dominant influence on business performance, supporting the results of Wu & Lin (2010) who found that business strategies seem to have a significant positive correlation with job satisfaction, organizational goals and job performance in the performance of the organization ; Huang (2006) measured the causal relationship between resources, competitive and performance advantage by implementing e-commerce for the tourism agricultural industry; and Lester et al (2008) explored the relationship of lifecycle-strategy to find the preferred strategy for the high and low performance of companies in four of the five stages of the life cycle of the organization. The findings indicate partial support in the expected relationship between strategy and performance where the company moves through the life cycle of the organization. The influence of business partnerships on business performance, though smaller than competitive strategy do, also supports previous research results, namely Estevão & Ferreira (2010) who suggested that based on recent changes to the law of the tourist areas then identified and mapped the cluster of tourism in

Portugal, and evaluate their performance; Prelipcean & Boscoianu (2010) discusses the risks associated with the financing of the Public-Private Partnership (PPP) in the field of tourism analyzed from the perspective of durability and quality of the economic recovery process in order to have harmony between the development of new infrastructure and modernization of existing ones; and O'Neill & Palmer (2004), discusses tourism of wine-producing regions; Jayawardena et al (2008) concluded that in the Niagara tourism industry, should continue to work in close partnership on the strategy and positioning binational of tourism in order to remain competitive as a major tourist destination in the world.

CONCLUSIONS & RECOMMENDATIONS

Competitive strategy and business partnerships affect business performance of recreation park service industry in West Java. Competitive strategy has a greater impact than business partnership in influencing business performance, the rest influenced by other factors not examined in this study. Based on that it would need to the management of recreation park services companies in West Java to increase the competitive strategy as the first priority in efforts to improve business performance. To support the success of the implementation of competitive strategy, suggested to the company's management of recreation park to promote the development of partnerships with customers, especially with regard to the management of customer input, the creation of customer loyalty program, information sharing program between partners and company, the creation of customer gathering program, and stimulate customer interest to participate as part of the company's internal business processes, with accompanied by the creation of a better internal consolidation and partnerships with suppliers. Another thing to consider is the creation of a partnership with the lateral parties such as educational institutions, government, business associations, financial institutions, and event organizer.

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