

The Effect of Strategic Partnership On Innovation Capability and Business Performance Of Garment Industry In West Java - Indonesia

Supriyadi, Ratna Ekawati

Abstract: As one of the largest contributors to export manufacturing in the province of West Java - Indonesia, the garment industry needs more attention. Today many garment companies established a strategic partnership with various parties. The purpose of this study was to examine the impact of strategic partnerships on innovation capabilities and performance of the business of garment enterprises in the province of West Java - Indonesia. A total of 250 garment companies studied as a sample. Data were collected by questionnaires, where the respondent is head of the company with manager-level positions. Data were analyzed with multiple regression. The results showed that the strategic partnership provides a positive and significant impact on innovation capabilities. Directly, strategic partnerships are also have a positive and significant effect on innovation capabilities. Innovation capability is also have a positive and significant impact on business performance.

Index Terms: Strategic Partnership, Innovation Capability, Business Performance.

1 INTRODUCTION

GARMENT industry is one of the leading industrial sector in Indonesia, which contributed significantly to economic growth. The proportion of exports garment industry is 5.45% of the total Indonesian manufacturing exports [1]. It was the largest among the other sectors. In addition, 60% of Indonesian textile exports is resulted by garment products [2]. However, compared to countries other garment manufacturers, Indonesian garment industry is only able to achieve a 3% share of the world market. This figure is lower than the market share of garments that can be achieved by Vietnam, Bangladesh, and India. China dominates the acquisition market share of 34%. The ability of the Chinese garment industry dominated the world market share because they are able to produce at lower cost, diverse, and fast [3]. Characteristics of the garment industry is very sensitive to changes in consumer tastes and behavior. Meanwhile, tastes and consumer behavior is highly dynamic so rapidly changing. In order to survive, companies must be able to follow these changes and translate them in the form of processes and products offered so as to provide the maximum added value for consumers [2]. In other words, the key to the success of the garment industry is its ability to innovate. The existence of innovation for the company is very important. Moreover, innovation does not only improve the welfare of the company, but also to encourage economic growth.

Without innovation, companies tend to be less competitive and less attractive to customers, including members of the company and as a whole, companies that do not innovate are likely to fail [4]. The trend in today's business activity is a partnership or collaboration. It is also occurring in the garment industry in West Java - Indonesia. To support the development of SMEs towards better, the Indonesian government has launched a partnership movement since 1995. In addition, the strengthening of the partnership program is also regulated in the Decree of the Minister of State Enterprises set KEP-236/MBU/2003 [5]. When the garment industry needs to be able to compete is a matter of the ability to innovate, is a partnership can enhance the ability of innovation? This study aims to analyze the impact of the strategic partnership on the ability of innovation in the garment industry in West Java - Indonesia. It also analyzed the impact of the strategic partnership on business performance.

2 LITERATURE REVIEW

2.1 Strategic Partnership

Approximately since the 1980s, the strategy collaboration is increasingly recognized as a way for companies to at least reinventing itself by using a distinct competitive advantage to pursue strategic competitiveness [6]. The term collaboration strategy is often raised with different terminology, but all refer to the same meaning. Craven called it as Partnering strategy. Partnering is the result of two organizations working together toward a common objective such as sharing technologies, market access, or compressing new product development time [7]. Another similar concept is a collaboration strategy that can be defined as 'exchanging information, altering activities, sharing resources and enhancing the capacity of another organisation for mutual benefit and to achieve a common purpose [8]. In addition, some are using the term strategic alliances that are defined as "the pooling of specific resources and skills by the cooperating organizations in order to achieve common goals, as well as goals specific to the individual partners" [9]. From the various terms and concepts, we use the term strategic partnership that defined as a formal alliance between two commercial enterprises, usually formalized by one or more business contracts but falls short of forming a legal partnership or, agency, or corporate affiliate relationship.

- SUPRIYADI Lecturer at STIE STEMBI - Bandung Business School, Specialization in Strategic Management and Operations Management. Contact E-mail: bangucup100@gmail.com
- RATNA EKAWATI Lecturer at STIE STEMBI - Bandung Business School, Bandung - Indonesia. Specialization In Operatioon Management. E-mail: ratnaekawati98@gmail.com

Typically two companies form a strategic partnership when each possesses one or more business assets that will help the other, but that each respective other does not wish to develop internally. One common strategic partnership involves one company providing engineering, manufacturing or product development services, partnering with a smaller, entrepreneurial firm or inventor to create a specialized new product. Typically, the larger firm supplies capital, and the necessary product development, marketing, manufacturing, and distribution capabilities, while the smaller firm supplies specialized technical or creative expertise. Another common strategic partnership involves a supplier/manufacturer partnering with a distributor or wholesale consumer. Rather than approach the transactions between the companies as a simple link in the product or service supply chain, the two companies form a closer relationship where they mutually participate in advertising, marketing, branding, product development, and other business functions. As examples, an automotive manufacturer may form strategic partnerships with its parts suppliers, or a music distributor with record labels. Alliances are becoming popular strategies that enable firms to decrease the amount of time, costs and risks involved to acquire external technologies [10]. A strategic alliance involves at least two partner firms that: (1) remain legally independent after the alliance is formed; (2) share benefits and managerial control over the performance of assigned tasks; and (3) make continuing contributions in one or more strategic areas, such as technology or products [11]. These three criteria imply that strategic alliances create interdependence between autonomous economic units, bringing new benefits to the partners in the form of intangible assets, and obligating them to make continuing contributions to their partnership [12]. The forms of the strategic cooperation are supplier relationship, intermediate customer relationship, end-user customer relationship, strategic customers, strategic alliances, joint venture, and internal partnering [7]. Types of strategic cooperation of the most common include strategic alliances, joint ventures, strategic alliances equity, non-equity strategic alliances, and implicit collusion [6]. Different alliance forms represent different approaches that partner firms adopt to control their dependence on the alliance and on other partners. Todeva and Knoke [12] noted there are 13 forms of cooperation strategy that is : Hierarchical relation, Joint venture, equity investemnt, Cooperatives, R&D Consortia, Strategic Cooperative agreements, Cartels, Franchising, Licensing, Subcontractor Networks, Industry standards groups, Action Sets, adn market Relations (See Table 1). These strategic alliance forms associated with different legal forms, which enable firms to control the resources allocation and the distribution of benefits among the partners [12].

Table 1. Varieties Of Inter-Organizational Relations

1.	Hierarchical Relations	Through acquisition or merger, one firm takes full control of another's assets and coordinates actions by the ownership rights mechanism
2.	Joint Ventures	Two or more firms create a jointly owned legal organization that serves a limited purpose for its parents, such as R&D or marketing
3.	Equity Investments	A majority or minority equity holding by one firm through a direct stock purchase of shares in another firm
4.	Cooperatives	A coalition of small enterprises that combine, coordinate, and manage their collective resources
5.	R&D Consortia	Inter-firm agreements for research and development collaboration, typically formed in fast-changing technological fields
6.	Strategic Cooperative Agreements	Contractual business networks based on joint multi-party strategic control, with the partners collaborating over key strategic decisions and sharing responsibilities for performance outcomes
7.	Cartels	Large corporations collude to constrain competition by cooperatively controlling production and/or prices within a specific industry
8.	Franchising	A franchiser grants a franchisee the use of a brand-name identity within a geographic area, but retains control over pricing, marketing, and standardized service norms
9.	Licensing	One company grants another the right to use patented technologies or production processes in return for royalties and fees
10.	Subcontractor Networks	Inter-linked firms where a subcontractor negotiates its suppliers' long-term prices, production runs, and delivery schedules
11.	Industry Standards Groups	Committees that seek the member organizations' agreements on the adoption of technical standards for manufacturing and trade
12.	Action Sets	Short-lived organizational coalitions whose members coordinate their lobbying efforts to influence public policy making
13.	Market Relations	Arm's-length transactions between organizations coordinated only through the price mechanism

Companies have variety of motivations in strategic cooperation. Todeva & Knoke [12] conclude a number of the company's main motive of strategic cooperation, that is : Market seeking, Acquiring means of distribution, Gaining access to new technology, and converging technology, Learning & internalization of tacit, collective and embedded skills, Obtaining economies of scale, Achieving vertical integration, recreating and extending supply links in order to

adjust to environmental changes, Diversifying into new businesses, Restructuring, improving performance, Cost sharing, pooling of resources, Developing products, technologies, resources, Risk reduction & risk diversification, Developing technical standards, Achieving competitive advantage, Cooperation of potential rivals, or pre-emptying competitors, Complementarity of goods and services to markets, Co-specialization, Overcoming legal / regulatory barriers, and Legitimation, bandwagon effect, following industry trends.

2.2 Innovation Capability

The term innovation can be defined in several different ways. Innovation is the process of implementing new ideas to improve processes, products, or services of the organization [4]. Innovation is the process of creating new ideas and putting them into practices. It is the means by which creative ideas find their way into everyday practices, ideally practices that contribute to improved customer service or organizational productivity [13]. Innovation is a process that can be regulated and managed, both in starting a new business or updating the business 100 years. Innovation is driven by the ability to see connections, seize opportunities and to take advantage of them [14]. Innovation is also defined as the ways that entrepreneurs use to create new resources that produce or utilize the wealth of existing resources, by increasing the potential, to increase wealth. According to Drucker, Innovation is the specific function of entrepreneurship, whether it is in business-existing business, public service institution, or a new business undertaken by an individual [14]. If a company produces goods or services, or use the new system or procedure, it was innovation. In view of this discovery (invention) is part of the innovation. Innovation is defined as follows : Innovation refers both to the output and the process of arriving at a technologically feasible solution to a problem triggered by a technological opportunity or customer need. [15]. Based on these definitions, the innovation is used in two forms: (1) Process. In this sense, innovation is the process by which an individual or organization to the technical solution. (2) Output. In this sense, the output is the output of the innovation process. Highly innovative organization have strategies and cultures that are built around a commitment to innovation. This includes tolerance for mistakes and respect for well-intentioned ideas that just do not work. Highly innovative organization have structures that support innovation. They emphasize creativity through teamwork and cross-functional integration. They also utilize decentralization and empowerment to overcome the limitations of great size. In highly innovative organization, staffing is done with a clear commitment to innovation. Special attention is given to critical innovation roles of idea generators, information gatekeeper, product champion, and project leader. Finally, innovative organization benefit from top management support. Senior manager provide good examples for others, eliminate obstacle to innovation, and try to get things done that make innovation easier [13]. Refers to Schumpeter, Hit state that the company is engaged in three types of innovation activity that Invention, Innovation, and Imitation. Invention is the act of creating or building a new product or process. Innovation is the process of creating a commercial product of the invention. Imitation is the use of an innovation by similar enterprises [6]. There are two types of innovation: (1) Product innovation is introducing or improving new products or services to better suit customer

needs. (2) Innovation is the process of introducing new operations and methods is better to grind [13]. Innovation covers various aspects of both processes, products and management. In the organization, the innovation process is the best way to do things. Product innovation involves the creation of new ideas or improved goods and services. Innovation management involves good support invention, the art of discovery, application and use of the arts. While the invention is related to the development of new ideas. Here the manager requires attention to the creation of a new working environment that stimulates creativity and new ideas. The application associated with the utilization of inventions to get the best benefit from the values. Innovation is a tool to exploit change as an opportunity for a different business or a different service. Innovation can be displayed as a science, can be learned and can be practiced. Innovation is also said to be changing the value and satisfaction obtained from the resource consumer. Usually the changes are intended to constitute a change that has occurred or is in progress. Successful innovation is capable of utilizing the change. The types of innovation and their characteristics are : 1). Product innovation, including product, services or new combination of both; 2). Innovation processes, The new method in performing value-added activities (eg, distribution or production) are better or cheaper; 3). Managerial innovation, New methods to manage, coordinate and supervise employees, activities, and responsibilities; and business innovation, The combination of products, processes and new organizational systems (known business systems)[16]. Innovation can be used to adapt to changes, such as new materials, ideas, or modes, to shifting needs and bring the components into harmony [13].

2.3 Business Performance

Organizational performance is the ability of an organization to achieve its objectives through the use of resources efficiently and effectively [17]. Organizational effectiveness is the degree of how much the organization managed to achieve the targets set. Organizational effectiveness means providing a product or service that is valued customers. While the efficiency of the organization affect the amount of resources used to achieve an organization's goals. Performance is the answer to whether or not achieved the established organizational goals. Performance is a condition that must be known and confirmed to certain parties, to determine the level of achievement of an agency associated with the vision that carried the organization or company and to know the positive and negative impacts of an operational policy. Performance is intended to assess the share of employment compared with predetermined targets. Performance of the company is the result of an accumulative of all work activities within the company [18]. Corporate performance measurement commonly used include the productivity of the organization, organizational effectiveness, and industry ratings [19]. Some performance measures are used by companies such as General Electric (GE) is: (1) profitability; (2) market position; (3) productivity; (4) product leadership; (5) personnel development; (6) employee attitudes; and (7) social responsibility [4]. Variable performance consists of three perspectives, namely (1). business result, including financial and non-financial; (2). Internal business processes, include innovation, process operations, marketing, after-sales service; (3) Resources availability, namely human resources, technological resources, organizational resources. [20]. Performance of the company in the implementation of quality

management can be measured by three performance measures namely financial performance, product quality, operational performance [21]. While the outcome measures of company performance in the Balance Scorecard includes financial perspective, customer perspective, internal processes, and learning and growth perspective [22]. Measures tend to be generic outcome measures that reflect the many common objectives and strategies similar structures throughout the process industry or the scope of the company. Generic outcome measures tend to be indicators, such as profitability, market share, customer satisfaction, customer retention and employee skills.

2.4 Relationship of Strategic Partnership, Innovation Capability and Business Performance

Strategic alliances are becoming an important form of business activity in many industries, particularly in view of the realization that companies are competing on a global field. Strategic alliances are not a panacea for every company and every situation. However, through strategic alliances, companies can improve their competitive positioning, gain entry to new markets, supplement critical skills, and share the risk and cost of major development projects [23]. Strategic partnerships among businesses is basically intended to increase the competitive advantage of any company without anyone feeling lost (win-win solution). In addition, there are several reasons why a company implement a partnership strategy. First, the vigorous demands of consumers to quality, delivery time and the diversity of products and services. Second, no company can afford to be the best in everything. Increasingly complex business world, so as to be able to try and produce the best, companies need to have the best competence in their respective fields. Third, the competitive nature of the business is now growing very complex, a company no longer possible to do business on their own without the cooperation with other companies. Of the partnership model that will arise a need to give and receive, complete, exchange of experience, knowledge and technology transfer as well as the interaction of other processes, which in turn will enhance the innovation capabilities of each. Research shows that interorganizational links, especially on structural aspects, institutional and resource-based, has a strong relationship with the service and technological innovation in the hospital industry [24]. Interorganizational links strengthen the relationship with increased innovation in the world of banking services [25]. Reputation of partner organizations, in cooperation with partners in decision making, similarity partner strategy is positively associated with the acquisition (outcomes) that strategic alliances and initial performance satisfaction [26]. In Malaysia, the study was able to prove that the strategic alliance in the field of technology for manufacturing companies and a significant positive effect on organizational performance [27]. Thus the strategic alliances able to enhance the organizational innovation and also improve organizational performance. The hypothesis can be stated as follows:

- H1 : Strategic partnership have a positive impact on innovation capabilities.**
H2 : Strategic Partnership have a positive impact on business performance.

Management experts believe that innovation is very important, not only spur the welfare of the organization, but also the State. Without innovation, organizations tend to become less competitive and less attractive to customers, including members of the organization (Kao, 2007). Overall, organizations that do not innovate tend to fail [4]. Innovation and technology are the main cause of the increase in productivity. Innovation is an important aspect of Six Sigma Business Scorecard. Innovation should be promoted at every level and in every occasion [28]. Results of previous studies show that there is a relationship between the different dimensions of the speed and magnitude of innovation and corporate performance [29]. study of the performance of organizations and organizational innovation among Australian manufacturing companies showed that organizational innovation will increase the competitive advantage of a company, which leads to better organizational performance [30]. Operational excellence, market advantages, and employee satisfaction is a positive outcome of the innovation [31]. The findings showed that the positive outcome of organizational innovation with the acquisition of skilled labor, and improvement of greater expertise in the company, further innovation, and improve financial performance. This means that through innovation, SMEs can overcome the lack of R & D, maintaining innovation, and increase profit margins. For that should be provided incentives to innovate more [32]. Capital mediates the effect of the capital of innovation and corporate performance [33]. Innovation is part of the character of the cultural aspects of the work that connects companies with the ability to innovate and improve performance [34]. Based on the theoretical relationships are supported by empirical testing results from previous studies, the hypothesis can be stated as follows :

- H3 : Innovation Capability have a positive impact on business performance.**

Three hypotheses to be tested in this study can be illustrated in figure 1.

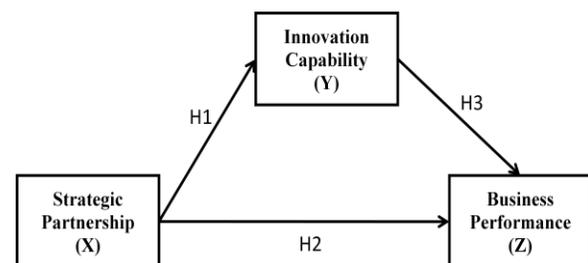


Figure 1. Theoretical Framework

3 RESEARCH METHODOLOGY

Unit of analysis of this study is the Garment company located in all districts in West Java - Indonesia. Population garment company in West Java, according to data Disperindag RI (2013) is 865 companies [1]. The sample size was determined using the formula of Isaac and Michael [35]. With a 5% error rate obtained a minimum sample size of 247 companies. Furthermore, we fulfill the sample size to 250. Data were collected through questionnaires. The respondents of this study is the head of the company with a minimum level of office manager. This is under the assumption that managers

are more aware and more objective testified. Each company is represented by one respondent. Strategic partnership is defined as a formal alliance between two commercial enterprises, usually formalized by one or more business contracts but falls short of forming a legal partnership or, agency, or corporate affiliate relationship. To measure strategic partnership, we use partnerships index, a percentage of the type of strategic partnership undertaken by the company. Referring to Todeva & Knoke (2009) [12], there is 13 form of strategic partnership that is practiced by companies. Respondents were asked to answer Yes or No to the 13 form the partnership. Furthermore, the number of answers Yes is calculated as a partnership index. The larger the Partnership index, showing more types of cooperation undertaken by the company with its partners. Partnerships index formula is as follows:

$$\text{Partnership Index} = \frac{\text{Amount of typepartnership}}{\text{Total typeof partnership}}$$

Innovation capability is measured with a questionnaire compiled by the rating scale models. four dimensions are measured as the operational construct, namely: product innovation; Process Innovation; Managerial Innovation; and marketing innovation. Business performance is measured by the six dimensions as the operational construct that was adopted from the concept of Six-Sigma Balance scorecard, namely: (1) Leadership and profitability; (2) The management and improvement; (3) management of purchases and suppliers; (4) operational execution; (5) sales and distribution; and (6) Services and growth. According to the model, the statistic used to analyze is multiple regression. Statistical significance testing by t-test, with $\alpha = 5\%$.

4 RESULT AND ANALYSIS

In the first model, we test the Impact of Strategic Partnership On Innovation capability. Regression analysis showed the value of the coefficient of determination (R^2) of 0.249 (Table 2). This means that 24.9% of the variation innovation capabilities are determined by changes strategic partnerships. The rest, which amounted to 75.1%, determined by other factors not analyzed in this study.

Table 2. Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.499 ^a	.249	.246	5.43972

a. Predictors: (Constant), X

To test the significance of the coefficient of determination can be seen in the ANOVA table (Table 3). From the table it can be seen that at $\alpha = 5\%$, the value of F_{stat} obtained at 82.022 and 0.000 sig. F_{tab} value at $\alpha = 5\%$ was 3.84. Thus F_{stat} value is greater than the F_{tab} value. These results demonstrate that the coefficient of determination is a significant value. That is, simultaneously model has a good fit.

Table 3. ANOVA^b

Model	Sum Squares	df	Mean Square	F	Sig.
1 Regression	2427.065	1	2427.065	82.022	.000 ^a
Residual	7338.459	248	29.591		
Total	9765.524	249			

a. Predictors: (Constant), X

b. Dependent Variable: Y

Table 4. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	19.501	3.072		6.348	.000
X	.657	.073	.499	9.057	.000

a. Dependent Variable: Y

The impact of the strategic partnership of innovation capability is positive, which is equal to 0.657 (Table 4). That is, the capability of innovation will increase 65.7% if the strategic partnership is strengthened by one percent. The impact is significant. This is evident from the value generated t_{stat} of 9.057, which is much greater than the value t_{tab} (1.645). Thus, these results support the hypothesis 1. The next test is about strategic partnerships and innovation impact on business performance. In this case, the performance of the business placed as the dependent variable, while the strategic partnership and innovation capability is the independent variable. Table 5 presents the results of data processing show that the model has good compatibility with the coefficient of determination (R^2) of 0.547. This means that 54.7% of the variation in the performance of a business is determined by the variation of strategic partnerships and innovation capabilities.

Table 5. Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.740 ^a	.547	.543	7.24661

a. Predictors: (Constant), Y, X

In Table 6, the coefficient of determination is significant at $\alpha=5\%$. Where the value of F_{stat} 149.072 with a significance of 0.000. When compared with the value of F_{tab} (3.84), the value is much higher F_{stat} .

Table 6. ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	15656.558	2	7828.279	149.072	.000 ^a
Residual	12970.786	247	52.513		
Total	28627.344	249			

a. Predictors: (Constant), Y, X

b. Dependent Variable: Z

The impact of strategic partnerships on business performance is positive, which is equal to 0.803 (Table 7). That is, the performance of the business will increase 80.3% if the strategic partnership is strengthened by one percent. The impact is significant. This is evident from the value generated statistik, 7.205, which is much larger than the table value (1.645). These results as well as provide support for the hypothesis 2. Meanwhile, innovation capabilities has positive influence on business performance, with a regression coefficient of 0.847. That is, the performance of the business will increase to 84.7% if the innovation capabilities have increased one unit. The impact is significant. This is evident from the value t_{stat} 10.010, which is greater than the value of t_{tab} (1.645). These results support the hypothesis 3.

Table 7. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-9.160	4.412		-2.076	.039
X	.803	.111	.356	7.205	.000
Y	.847	.085	.495	10.010	.000

a. Dependent Variable: Z

Based on the results, it can depicted the patterns of relationships between variables as follows:

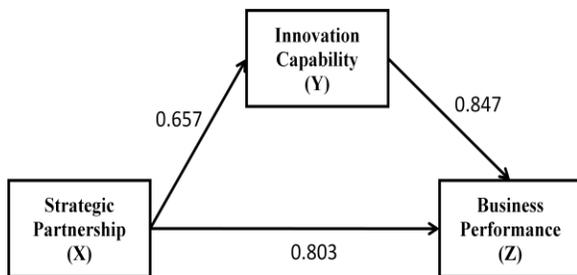


Figure 2. Result Of Analysis

5 DISCUSSION AND IMPLICATION

The test results showed that the strategic partnership provides a positive and significant impact on the ability of innovation and business performance garment industry in West Java - Indonesia. Other results also show that the innovation capabilities directly positive and significant impact on business performance. Thus, the strategic partnership is a very important variable, because both directly and through the variable innovation capability, providing a significant contribution to business performance. Interpretation of these results is, that the performance of the business and innovation capabilities can be enhanced through strategic partnerships. However, to obtain such a positive impact, a number of factors need to be considered include reosurces availability, absortive capacity, and type of partnership [27]. Resource availability as organization’s tangible assets as well as intangible assets that include technology and knowledge embedded in product material, physical assets, processes and production, and management capabilities. That is, companies should look for partners who have relevant resources required. Results have shown that organisations are constantly seeking complementary resources when forming alliances [36], [37]. Forming alliances with firms possessing different yet complementary resources will enable greater performance compared with alliances formed with firms that have similar resources [38]. However, firms may also form alliances to broaden their range of unique resources through learning and knowledge acquisition [39],[40],[41]. Learning and knowledge acquisition through alliances enable firms to internalise their partner’s knowledge and combine it with their own in developing their own technological competencies [36]. Absortive capacity is a set of organizational practices and procedures, by which firms acquire, assimilate, transform and exploit external knowledge [42]. For effective learning to take place, partnering firms should have “medium knowledge overlap” [43] because knowledge overlap that is too high or too low may hinder successful learning in collaborations. This is in line with other studies on the level of absorptive capacity of partners to ensure successful organisational learning, the ability to embrace new technologies or new business practices [44],[45]. This can be seen as a potential source of competitive advantage for firms through the improvement of operational performance and in seizing market opportunities, engaging in alliances and being able to respond rapidly. Organisations need to be aggressive to stay competitive in the global business environment. A great deal of information needs to be absorbed quickly when organisations choose to form alliances. Information and knowledge that will be transferred through alliances are usually tacit and socially complex. Therefore, it is vital for the firm to be able to absorb, internalise and exploit the knowledge, as it could influence the achievement of higher revenue and profit. In summary, organisations that have managed to successfully acquire the ability to absorb knowledge from their previous alliances will have a greater inclination to form more alliances in the future. This is because they have obtained the capability to benefit from all internal and external sources of know-how. Type of partnership create a unique learning opportunity for firmswith different skills, knowledge bases and organizational cultures. Learning outcomes in alliances depend on the type of alliances formed [46]. Learning outcomes in alliances depend on the nature and type of alliances and the resulting opportunities [46]. For example, non-equity alliances such as licensing require small

or no resource commitment. Commitment required in this type of collaboration is usually non-monetary, e.g. the organisation's effort [47]. However, equity alliances and joint ventures require the organisation to invest a certain amount of resources as a sign of commitment towards the collaboration. Various authors acknowledged greater learning opportunities in joint ventures and equity alliances, as compared to non-equity alliances [48], [49], [50]. There is however, a challenge for firms to maintain a balance when sharing knowledge with partners, and controlling knowledge flows to avoid unintended divulgence of confidential information [51]. Another factor to consider is the cost of collaboration and culture [7]. This factor consider the cost as well as the benefits of partnering with customers, suppliers, and competitors. The relationship may require substantial investments by the partners, wich may not easily be transferred to other business relationship. Accordingly, need to be candidly assesed and compared to the cost. Culture of the partners should be adaptable to the partnership. This issue is particularly important for partner from countries with substantial national culture differences. The partner approach to business activities and priorities should be compatible.

6 CONCLUSION & SUGGESTION

The results of this study support the hypothesis. First, strategic partnerships significantly positive impact on the company's innovation capability Garment industry in Indonesia, particularly in the province of West Java. Second, innovation capabilities significantly positive effect on business performance. Third, Directly strategic partnership also significantly positive effect on business performance. Thus, it can be concluded that the strategic partnership is a variable that is very vital, because it can improve business performance, both directly and through the ability of innovation. With regard to these results, some suggestions can be expressed as follows: 1) to improve the performance of its business, the company in the garment industry are advised to open up in order to establish various forms of cooperation with various parties; 2) Even so, there must be a comprehensive plan that strategic cooperation can have a positive impact; 3) To the parties concerned and interested in the development of the garment industry (government, industry associations, NGOs) are expected to facilitate a variety of shapes and strategic partnerships to be permanently institutionalized, as well as reduce the uncertainties or risks that may occur from such cooperation.

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