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Full Length Research Paper

Business Partnership: Strategic Efforts To Increase The Performance Of Micro-Small Enterprises (MSEs) Facing Asean Economic Community (AEC) 2015

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In order to face Asean Economic Community (AEC) 2015 successfully, internal enterprise resources shall support many aspect, start from the quality of human resources, mastery of technology, management system, business culture, capital strengthening, until entrepreneurship skill. Internal resources is an important factors in the form of sustainable competitive advantage. It is also an obstacle in developing of micro-small enterprises (MSEs) in agribusiness sector in South Sumatera, so that the position of this MSEs is often marginalized as economic agents. Business partnership between medium enterprises and large enterprises with MSEs as mandated by Government Regulation No. 44 of 1997 is a strategic solution to overcome these obstacles. Based on the result of research with using 225 entrepreneurs of MSEs which already set before, found that the partnership program as variable that involved in the model gave positive and significant influence in the form of conducive internal resources and competitive advantage MSEs in agribusiness sector in South Sumatera. This proves that, the partnership program is recognized to have a strategic and vital role as solution for growth and development MSEs to runs its business activity, either in domestic market even or even more in global market as has been demanded in AEC 2015 market, that full of intense competitions between business agents.

Keywords: Business Partnership, Internal Resources, Competitive Advantage, MSEs's Performance.

INTRODUCTION

ASEAN Economic Community (AEC) declaration that came into effect on December 2015, aims to establish ASEAN as single market and production base to drives business agents, an region with development of equitable economic, economic region that high competitiveness and integrated region that is fully with the global economic. From the base of this purpose, looks like

there will cause various flow of investment, the removal of tariffs and other factors progressively, that can be poured in the procedure, the policy, the regulation and other rules in the effort to reduce the obstacles for together progress, the certification and standardization over products and services, as a form of consumer protection. Mentioned by blueprint, there is a give

attention which promotes growth and development of the small and medium enterprises. ASEAN Policy Blueprint for SMEs Development outlines a framework to develop micro-small enterprises (MSEs) and medium enterprises in ASEAN region.

Economic crisis that hit Indonesia since 1997 had brought negative impact and positive impact. Negative impact from this economic crisis there were, the rate of economic growth was relatively low, many companies went bankrupt, many unemployment, income per capita fall sharply, and the number of poor people were increase. While in the positive impact, warn and aware the government that the need for a change of paradigm development that have been used the trickle down effect based on conglomerate economic to be repaid on society economic by providing high role for MSEs.

In this constellation, attention in developing MSEs as society economic to face AEC 2015 at least based on three reasons. First, it is because MSEs are absorbing lots of employment. Generally, make many small enterprises also intensively in the use of local natural resources. Second, MSEs hold an important role in non-oil export and also contributing in export acceptance. Third, Indonesia economic structure that shaped like pyramid has strengthen dualism industry issues (Kuncoro, 2008). The fact that, empirical MSEs significantly contributed economic a county, either in absorption employment and economic growth (Turner, et.al., 2009). In Uni Europe country, from 99.8% micro-small and medium enterprises in that country contributed 56% GDP and absorbed employment 67% (European Commission, 2008). In Indonesia, MSEs had a role which is not small in business development. MSEs is also the origin the growth of large enterprise, it can be said that almost all large enterprise start from MSEs. MSEs is one of the foundation of Indonesian economy.

Based on economic census in 2005, the number of employment that absorbed by MSEs is 83.2 million people and then increase in 2013 becoming 110.2 million people. MSEs absorbed 93.63% from all employment in Indonesia (State Minister of Cooperatives and Small Enterprises, 2014). Even though there is a significant increase in the number of enterprise and employment that can be absorbed, but generally MSEs still faced with fundamental problem which includes: (1) the difficulty of MSEs access in the market for the product, (2) the weak the development and strengthening enterprise, (3) limited access to sources financing from formal financial, especially banks.

One of the effort to overcome problem and increasing MSEs role quality to facing AEC 2015, partnership program become one of the alternative solution. This partnership that included in Government Regulation No. 44 of 1997, that the cooperation between small enterprise with medium enterprise and with big enterprise accompanied guidance and sustainable development by

medium enterprise and big enterprise by taking into the needed each other principle, strengthen each other, and profitable each other. In the partnership, contained meaning that medium enterprise and big enterprise to guide and to create small enterprise its partner to be able to develop their business and also capable of being reliable partner to collect profit and commonweal. This means that medium enterprise and big enterprise must realize that MSEs as their partner has limitation, like the limited capital, weak in management, lack of the use of information and technology, less able in the use of business network, and minim access to the market.

Through the partnership, will be expected to quickly mutualistic symbiosis between medium enterprise and big enterprise with MSEs, so that the deficient and the limitation of MSEs can be overcome. In the medium enterprise partnership and big enterprise play a role by doing technology transfer and knowledge and managerial capabilities enterprise in MSEs. Therefore, it will have an impact on an improvement and upgrading of human resource MSEs becoming professional.

Partnership between sustainably organization is important as effort to increase the performance of MSEs (Noteboom, 2000). The form of that partnership can be: joint ventures, the strategic alliance, and other partnerships, the most important is from the presence of the cooperation that can increasing the role of MSEs (McDowel, et. al., 2009). Basically, the purpose and objectives from partnership is "win-win solution partnership". Mutually beneficial awareness, in here it does not means that the agents of that partnership should has same capability and strength, but the most important is there is a bargain position that equal based on the each role. The features of the partnership is there is beneficial relationship from the parties in that partnership, either about the division of risk as well as proportional profit (Levin and Tadelis, 2002).

Indication of closely related between the increase performance in MSEs profit through partnership with medium enterprise and big enterprise seems really clear. Based on Levin and Tadelis's research (2002) about cost and benefit partnership organization concluded that the organization which carry out partnership obtaining some things, there are: (a) can increasing the quality and quantity of its product; (b) can increasing the profit maximally; (c) can increasing the performance of human resource and (d); the organization in partnership can controlling the product that produced each other.

Therefore for MSEs, the partnership will always needed to get in global market that laden with competition. In other side, the partnership is a long-term process that change dynamically to fulfill the expectations and the wholeness of all the partnership. Government Regulation no 44 of 1997 also stated that the form of ideal partnership is a partnership that mutually strengthen,

beneficial mutually, and protect each other. The definition of that partnership contains a meaning as moral responsibility. Medium enterprise and big enterprise guiding and managing its MSEs to be able to develop their business and also capable of being reliable partner to collect profit and commonweal. It means that each party of its partnership must realize that they have difference, limitation in management aspect, mastery of science and technology and mastery of resources, they must be able to complement lack of each.

Departing from problems in above, it will be relevant if there is a research about partnership program that has an important role for the development of MSEs, especially MSEs in agribusiness sector in South Sumatera with all of its limitation as society economics to face AEC 2105. This applicative research is expected can provide useful information to create business synergy which is related in developing MSEs as national economic agents into a better direction. Development of MSEs, beside can get increasing more the communities income, it is also can give contribution on increasing of GDP and development nationally economic with absorbing employment who doesn't absorbed in formal sector.

REVIEW OF LITERATURE

Government Regulation No 44 of 1997

Partnership is a business strategy which is conducted by two parties or more in certain period to get the mutual benefit or mutual profit according to the principles need each other and mutually beneficial. Partnership wanted to be realized in Government Regulation No 44 of 1997, the first mission is to help solve the gap problem in business chance, income gap, the gap between region, gap between city and village. Partnership that built on need each other base, mutually beneficial, and strengthen each other with function and responsibility that recording to the ability and proportions that owned by each involved parties in partnership.

In the business partnership strategy medium enterprise and big enterprise who do the partnership with MSEs have an obligation to undertake maintenance to its partner in aspect: (a) Marketing by: helping market access, giving market information, giving promotion, developing business network, identifying market and customers behavior, and help improving the quality of the product and added value of the packaging. (b) Guidance and development of human resources, by: education and training, apprenticeship, comparative study, and consultation. (c) Capitalization, by: giving information of credit sources, the procedure of insurance submission from various insurance institution source, mediator in sources of finance, information and the procedure capital

participation, and helping access to capital. (d) Management, by: support the preparation of feasibility studies, system and organization procedure and management, provides consultants and advisor. (e) Technology, by: helping repairing, innovation and technology transfer, helping procurement in infrastructure production as a unit pilot, helping the improvement of production and quality control, help developing design and product engineering, and help increasing efficiency raw material.

Partnership and Internal Resources

So far, the MSEs's development efforts in Indonesia to be able to align with medium enterprises and large enterprises, always faced with many problems. That problems can be classified in two groups, that are internal problem and external problem. Based on the grouping of that problem that are included in internal category is: (a) the low professionalism of MSEs's management; (b) limited capital and the lack of access to banking and market; and (c) the ability in technology mastery which is inadequate. While, in external problem there are: (a) business climate which is less favourable for MSEs's development; (b) government policy that does not run as expected; (c) the lack of support facilities; and (d) there is a lack of guidance in management sector and an increase in quality of human resources (Kristiyanti, 2012).

To overcome this problem, partnership program is one of the ways that can be taken. In partnership medium enterprises and large enterprises, are expected to participate by doing technology transfer and knowledge transfer with the capability of managerial to MSEs. So, it will have an impact on the improvement and the enhancement ability of MSEs human resources, so it becomes more professional. Beside that, medium enterprises and large enterprises role are really expected can help the capital that MSEs needed to develop their enterprise. All that can be done by the mechanisms of mutual cooperation between MSEs with medium enterprises and large enterprises.

A theory about the importance of this partnership is mentioned by Eisler and Montuori (2001). In their opinion, partnership strategy is a part of system approach which has been considered that there is an influence of environment in the growth of the organization. In its development, an organization to be able to keep growing and thriving must considering if there any environment complexity either in internal or external. Organization partnership is needed as a strategy for organization development to face uncertainty environment. Beside that, to keep growing and thriving, that organization need to be partnered with other organizations, so it can produce the maximum quality and quantity of products. In the dynamics environmental, the organization still can

developing if they do partnership (Zimmerer and Scarborough, 2005). The effective partnership can motivating the parties in partnership to achieve the organizational goals which is harmonious and keep the interests of each.

In the face of AEC 2015 which is marked by the sharper competition and in order to play a role more optimal as global economic agents, MSEs must hold the reinforcement in its internal resources. Mahoney and Pandian (1992) emphasized that, to face the competition that increasingly complex and external crisis, small enterprises can use the theory "resource-based strategy". According to this theory, to be excellent and achieve sustainability profit, the enterprises should cultivate the special capabilities of all the resources that may not be utilized optimally and can be converted to productive opportunities, including through the search of new ideas or broader management insight continuously. Limitations the availability of internal resources from MSEs can be sufficiently through partnerships between MSEs with medium enterprises and large enterprises. According to Baldwin, et. al. (1999) that larger enterprises is more innovative than smaller enterprises, because it has more on ease of access to financing, more benefits from economics of scale and complementarity between research and development with other activities in the company.

In the context of global competition and facing AEC 2015, MSEs have to divert its strategy on the availability of internal resources. The company's development strategy should lead to an increase in the special expertise internally, in order to create superior products to enlarge its market share. In the resource-based strategy. Grant (2001) stated that the companies need to develop the availability of internal resources in the form of strengthening in: financial resources, physical resources, human resources, technology resources, and the reputation of the organizations resources which it is encountered its limitations on MSEs. The strengthening of this internal resources can be realized through a partnership which in the end from the availability of the superior internal resources can increase the quality of competitive and increase the company's performance from the previous.

RESEARCH METHODOLOGY

Population and Sample

This research is explanatory research survey which aims to explain the causal relationships between research variable and test the hypothesis. With the method of this research is expected can be found a theory which develop through verification factual proposition that is proposition deduction (hypothesis) which is tested in

empirical. The research method that is used is quantitative approach. The population of the research is the entire of MSEs's agribusiness sector in South Sumatera which amounted of 15.168 units. The number of sample specified 225 MSEs entrepreneurs.

Variable Operationalization

The determination variable partnership program is based on Government Regulations No 44 of 1997: marketing (X_1) is a strengthening effort which is conducted on MSEs in the field of marketing and other things that related with marketing, there are: provide assistance market information, provide promotional assistance, develop a business network, help identifying the market and consumer behavior, and help increasing product quality and value packaging. Development and an increase in human resources (X_2) is the development effort on MSEs entrepreneur in running their business, there are: education and training, internship, comparative study, and consultation.

Capitalization (X_3) is effort to help strengthening in the field of capital for MSEs's activities, there are: giving the information of credit resources, procedures for submission of insurance from various source of insurance institutions, a mediator to financial sources, informations and procedures capital participation, and help capitalization access. Management (X_4) is a develop effort in managerial skills on MSEs, there are: assistance the preparation of feasibility study, organization and management's system and procedure, provide consultants and advisor. Technology (X_5) is a technology develop effort which is used in production, there are: provide to help improvement innovation and technology transfer, the procurement of production's facilities and infrastructure as a pilot unit, help the improvement of production system and quality control, help the development of design and engineering product, and help improve the efficiency of procurement of raw materials.

Internal resources variable determination (X_6) is based on the concept of Grant (2001), it's mentioned that the increase of internal resources which after partnering with medium enterprises and large enterprises, is the increase in the form of: financial resources, physical resources, human resources, technology resources, an organization reputation resources. Competitive advantage variable (X_7) is based on the concept of Porter (2001), is the creation of added value to achieve competitive advantage, in the form of : cost advantage strategy, differentiation strategy, and focus strategy. Enterprise's performance (X_8) is based on the concept of Wiklund and Sphepherd (2003) that is, improved performance situation which MSEs has achieved, an increase in: market positioning, sales growth, the customer loyalty, increasing in labour, and financial result.

RESULTS AND DISCUSSION

The partnership between MSEs with medium enterprises and large enterprises is expected will push MSEs development to a better direction and professional as economic agents. For partnerships agents, in this case, medium enterprises and large enterprises will benefit them since production cost savings occurred, guaranteed the raw materials are good in quality and quantity, save investment capital because every enterprises must not always mastering the factors from upstream to downstream. While for MSEs, the existence of partnership will push the development of the ability and entrepreneurship, the improvement of the quality of the mastery technology, mastery the ability in utilize capital, mastery of the management which in its turn, partnerships is one of the strategy empowerment small community.

There are two main variables than can be used in this research, there are exogeneous variables and endogeneous variables. The analysis that is used is Structural Equation Modeling (SEM), in SEM method may occur exogeneous variable to be endogeneous variable for other variables. Exogeneous variables and endogeneous variables which is formed in the structural equation shows that there is a total influence of each variable that contained in the models processed by using AMOS program.

The framework of the concept that stated the existence of influence between the variable can be seen in Picture 1.

The Influence of X_1 towards X_6 and X_7

The analysis results by using SEM shows that, partnerships program in the form of marketing (X_1) had positively effect towards internal resources (X_6) and competitive advantage (X_7) of MSEs that is 0,61 and 0,59. It means that, all of variable dimation is in the form of: market information assistance, promotional assistance, development of business network, market identificaton and consumen behavior, and the develop in product quality and packaging value added has a significant role in developing MSEs in areas of research.

There are some things that related with marketing faced by MSEs, so the partnership is necessary to overcome that problem (Primiana, 2009) there were: (a) the limitation of ability in reading the tastes of market, knowing the competitor and its product, and positioning its product in the market; (b) generally, the owner still do all their own activities, so that looking for the market being neglected; (c) the weak of product standardization that affect in product specification that does not accordance with the orders. Therefore, the role of medium enterprises and large enterprises in this

marketing field become absolute in MSEs's efforts to get additional profit which can be used for business investment and also can keep the customer's trust on the products.

The importance of the success in this marketing field be one of the keys to success of the MSEs to still exist as business agents, moreover in AEC's area that demands the ability to anticipate business environment that prioritizes the quality as brand products. MSEs in South Sumatera generally has really limited business network and the ability of the market penetration which is low, plus the product that is produced is very limited and has the quality which is less competitive. So, it is really impossible for MSEs to be able to intense compete in the business environment that full competition, whereas business environment that one of its indicator is success in the market and marketing has positive impact and significant about potential and development of MSEs. Crijns and Ooghe (2004) said that, the success of compete in business environment as the deciding factors for business survival.

This research results is also in line with study Penning, et.al. (1998), they said that the organization's human resources management should pay attention to source of knowledge and the flow of knowledge as process the expertise development and institutionalization of knowledge especially those who related with market. Likewise Steinhof and Burgess (1998) said that, life sustainability and the success of an enterprise is really depends on the success of overcoming the marketing problem.

The Influence of X_2 towards X_6 and X_7

Partnership program in the form of development and the improvement human resources (X_2) had positively effect towards internal resources (X_6) and competitive advantage (X_7) MSEs that is 0,45 and 0,41. It means that, every variable dimation are in the form of: education and training, internship, comparative study, and consultation had a big enough role in developing MSEs's human resources in agribusiness sector in South Sumatera, especially in entrepreneurship field.

In business environment which is more competitive, knowledge expertise in enterprise field which is absolute conducted is needed for a entrepreneur. Knowledge expertise in that enterprise field among them: knowledge about the market and its marketing strategy, knowledge about the consumers, knowledge about the competitors, knowledge about the procedure to distribute the product that produced, included knowledge to analyze and diagnose consumer needs, identify market segmentation and motivating them. Beside that, specific knowledge is really important, such as accounting, production schedule, personnel management, financial

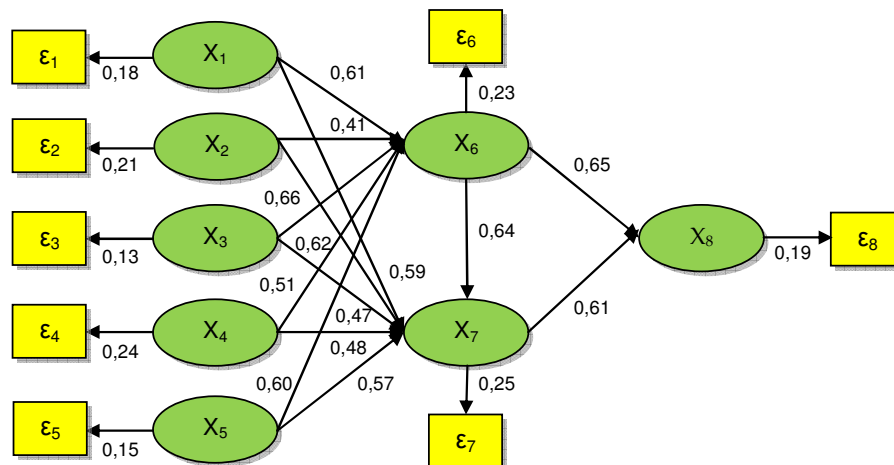


Figure 1. Path Diagram of Structural Equation Modeling

management, and planning (Zimmerer and Scarborough, 2005) which all of this is really limited to be owned by MSEs entrepreneur that moves in every business field.

The effectiveness and the success of the entrepreneur in running their business is really depends on basic management skills and abilities that includes technical skill, human relations skill, conceptual skill and decision making skill (Ebert, 2014). Beside that, mastery of the competition is things that are no less important in business. Entrepreneur should know the weakness and the strength of the competitor. It is obvious that the success entrepreneur has five competence which is the functions and the capabilities that are needed, there are technical, marketing, financial, personnel and management (Suryana, 2001). The limitations of this condition can be obtained through increasing and developing of human resources by MSEs's partnership with the larger enterprises.

The research results in above shows that developing of human resources for partnerships program gave positive impact either for internal resources and MSEs's competitive advantage which this thing could be influential in MSEs's development in South Sumatera. This research results is in line with Liang's research (2001) she mentioned that the need to increase the skills of human resources in business activities.

To rapidly developing, the knowledge and skills play important role for development of small enterprises. So that, a training in the form of training program and technical assistance in small enterprises can be considered as an effort to support the business growth and business development (Abdullah and Mohamed, 2005). Ritchie and Brindley (2005) also said that the technology adoption obstacle by MSEs became the strategic obstacles and organizational because there is no support by the availability of the professional human

resources, the capacity, and there is no dare to take a risk.

The Influence of X_3 towards X_6 and X_7

The results analysis also shows that the partnerships program in the form of capital assistance (X_3) for MSEs's activities has positive effect in internal resources (X_6) and competitive advantage (X_7) in the amount of 0,66 and 0,62. It means that: the appropriation of credit resources, the procedures of the submission of insurance from various sources of insurance institutions, a mediator for financing sources, information and the procedures of capital participation, and assisting access to capital holds important role which is significant in developing MSEs in research areas that is one of great obstacles for MSEs in this area to develop.

Capital is the main factors that is needed in developing a business unit. The lack of MSEs's capital is because generally, MSEs is individual business or enterprises which is private that rely on owner's capital which is very limited, while capital loans from banks or other financial institutions is hard to get because of the requirements in administratif and technical that requested by bank can not be met. The requirements that became the biggest obstacle for MSEs is the provisions on collateral, because not all of MSEs has adequate and enough assets to be used as collateral.

From the availability of capital that sufficiently allow, MSEs invested for improvement of the equipment to a better way, the increasing number of product with the quality that requested by consumer and also the promotion of the product. The limitations of capital, will become an obstacle for the entrepreneur in running that things, especially if at any times there is an increase in

the orders. Non-fulfillment of that orders will eliminate consumer's trust, which is means that the profitable business opportunity be missed. Problems and capitals are also one of main reason for the entrepreneur to delay the development of business (Kaplan and Schoar, 2005).

Capital is the principal driving for business development. Capital can: (1) help MSEs in overcoming the limitations of fund resources with the interest that relatively small, and (2) reduce the dependency of the entrepreneur from the brokers and loan sharks. The availability of capital for business agents is a necessary. The function of the capital is not only as one of the production factors, but it also play a role in development of business capacity to adopting technology (Ashari, 2009).

The result of this research is in line with Yao and Alles's concept (2006), they said that in the theoretical rules where the development of a business activity from a enterprise is absolute need for the source of the provisions of funds to finance the business activity in order in developing enterprise operational performance to achieve the profit in accordance with the determined target and time. So that, it is the strategy of strengthening and capital assistance on MSEs in partnerships program is a very urgent things for development of this small enterprises.

The Influence of X_4 towards X_6 and X_7

From this analysis, its also show that management assistance in the form of the improvement of managerial skills (X_4) to MSEs, there are: the assistance of preparation feasibility study, system and organization procedur and management, provides consultants and advisor has positive affect to internal resources (X_6) and competitive advantage (X_7) MSEs with the coefficients influence are 0,51 and 0,47.

Generally, MSEs's manager on agribusiness sector in the area of research are simple and less apply the principle of ideal management. The weakness of this management, especially in finance field and accounting. Many MSEs are not capable of making or presenting financial report even in a simple one. Therefore, that MSEs is less able to conduct business in long-term financial perspective, especially which is related with evaluation and impact assessment from the investment. Ideally, the human as business agents should have productive work ethic, skills, creativity, professionalism, and the capability of utilizing, developing and mastering the knowledge and management. In the real life, the human play a main role in developing productivity and sophisticated production tools and skilled human resources. With the performance expectation is able to improve the quality of life, either in human quality and life quality. The success of a organization is strongly

influenced by the performance of individual labours. Every organizations and enterprises should always try to develop human capital (Widodo, 2011).

Human capital is the characteristic of human resources which is determined by the knowledge that is used to create the value of the organization (Collins and Clark, 2005). Development in management field in partnerships program for strengthen internal resources and competitive advantage in MSEs is very precise, because in some of the result of the research and the literature found that in MSEs management field is still relatively low, the management of business organization just based on a feeling that are not assigned based on a logical ratio and the real fact.

This researchs is also in line with Kotler's concept (2005) who identified some of requirements to enterprise's growth, there are : the entrepreneur must has a commitment to grow, effective leaderships and management skill, have a clear vision and effective plans.

The Influence of X_5 towards X_6 and X_7

The limitations of technology and business facilities that supporting production activity until today still become one of the serious problem for output growth or the continuity of production for many MSEs in South Sumatera, while in many cases about the availability of technology and business facility that support a role which is not a small role. Technology and business facilities that used is an important factors to produce the product that suit in standard market.

From the calculation result of SEM Picture 1, said that a partnerships in the form of technology transfer (X_5) had a positive effect to strengthen internal resources (X_6) and competitive advantage (X_7) in amount of 0,65 and 0,57. This thing can be understandably that many things on technology field in MSEs, there are still many problem in its production. The limitation of technology and facilities may inhibit the entrepreneurs to access the things that related with their business. It is not surprising if the entrepreneurs never hold the product modification that produced in the form of more economical and more interesting, MSEs's product impressed inferior with the origin quality (Ismawan, 2001).

Therefore, partnerships program in this technology transfer is really significant for the development of quality and need to be strived continuously to support the development and improvement of MSEs's product. Some of experts emphasized, that the the assistance program and development on business technology field are important to develop the quality. This thing is needed especially to strengthen the competitiveness of the MSEs's product to face the ASEAN economic community market. The technology that used is as basis and really helpful to the establishment of the quality of the MSEs's

product which is related in each other (Harris et.al., 2013).

The Influence of X_6 towards X_7

Some of research found that the value of attitude, the perception of risk, learn continuously, managerial skills, marketing, and in the process of production (including technology), the availability of production resources (including finance) are internal resources element had significant impact to competitive advantage (Haar, 1995). So, it can be said that, the strengthening in internal resources is the absolute requirement to create competitive advantage of an enterprise.

From the calculation of SEM Picture 1 in above, shows that there is a positive impact between internal resources (X_6) in the form of the availability of financial resources, physical resources, human resources, technology resources, and organization reputation resources in competitive advantage (X_7). This gave an indication, that competitive advantage can be achieved if there is a strong support form the availability of internal resources.

An enterprise occupies a position of competitive advantage is because of the comparative competitive in resource to create superior value in the lower cost. The competitive advantage can not be understood by looking at the enterprise as a whole. Competitive advantage come from many different activity which is done by the enterprise in designing, producing, marketing, submitting, and supporting their products. It can be done if the internal resources has the capability to do that (Porter, 2001).

The empirical analysis result shows that, the partnerships program which is done by medium enterprises and big enterprises to MSEs in South Sumatera actually bring fundamental changes from all of that resources deficiency which has positive impact to form competitive advantage in a enterprise. This result is in line with Auw's research (2009) he said that, human capital and managerial skill and other resources which has positive relationship with competitive advantage.

The Influence of X_6 , X_7 towards X_8

SEM's analysis also showed that there was a positive effect between internal resources (X_6), and competitive advantage (X_7) towards operational performance of MSEs (X_8). It showed that, the existence of medium enterprises and big enterprises with its partnerships program with MSEs in South Sumatera in the form of the strengthen in marketing field (X_1), development and improvement of human resources (X_2), capitalization (X_3), management (X_4) and technology (X_5) had given meaningful to the development of internal resources and competitive

advantage. The internal resources that characterized by managerial skills which includes conceptual skill in the form of a skill to diagnose a complex situation which in the form of a skill to apply a knowledge and human skill in the form of to socialize, and communicate can give positive affect towards the improvement of operational performance of small enterprises (Hafid, 2014).

Therefore, competitive advantage which based on internal resources may allow MSEs to get excellent performance in a certain period of time (Pitts and Lei, 2003). The research result of Fernandez, et.al. (2005) and Red (2009) also explained that the changes and the strengthen of the organization that invested in internal resources includes the quality of human resources will increase the performance of the organization.

The implications of all the variables which involved in the model either as exogeneous variables and endogeneous variables are not different with the invention of some theories, the concept and research result which had done before. Partnership program which had done by medium enterprise and big enterprise with MSEs as their partner in South Sumatera had positive influence and significant to strengthen internal resources and to form competitive advantage in MSEs which in the end will have positive implication in operational performance. Simply, analysis results shows that the effort that should be made in order to increase operational performance in MSEs is no other to strengthen the availability of internal enterprises resources, either in aspect of financial resources, physical resources human resources, technology resources, and organization reputation resources. This strengthen effort can not be done alone by MSEs. Because, there are many factors in of internal limitations that they faced. The active role of medium enterprises and large enterprises according to the Government Rules No 44 of 1997 about the absolute partnership is needed to increase operational performance in MSEs in the future. The partnerships program which has been conducted has given the part which is not small to achieve that positive condition.

CONCLUSION

This research aims to look the implementation of partnerships program as mandated on Government Rules No 44 of 1997 about the partnerships to strengthen internal resources and operational performance in MSEs in South Sumatera. This thing is really important because, in the AEC 2015 Blueprint mentioned that the existence of the attention to push the development and the growth of small enterprises and medium enterprises. ASEAN Policy Blueprint for SME Development outlines a framework to develop Small-Micro Enterprises (MSEs) and medium enterprises in ASEAN region. The

partnership can be seen as one of the strategy which can be taken in developing of that MSEs.

Based on the research results by using 225 samples of MSEs entrepreneurs as the respondent found a invention that partnership program between medium enterprises and big enterprises with MSEs in South Sumatera that includes the effort in strengthen marketing field, development and improvement of human resources, capitalization, management, and technology as an involved variable in the model had given positive influence and significant to create a conducive internal resources and enterprises competitive advantage.

Furthermore, internal resources and competitive advantage become the basis for the improvement of the enterprises operational performance in the kind of: the existence of MSEs position in the market, sales growth, customers loyalty, increased labour, and financial result. This thing proves that partnership program has strategic and vital role as the effort to strengthen MSEs to play an active role as the economic agent in AEC 2015.

SUGGESTION

As the economic agent, MSEs must always get involved extensively in running their own economy circle to have capability to compete either in local market and in global market. In the AEC 2015 which is marked by the intense competition between the business agents in ASEAN countries, the strengthen of internal resources and competitive advantage in MSEs has a strategic role either in increasing the income of the lower class community and support for the growth of GDP nationally.

The partnership program should always be built, so MSEs no need to be worry with the availability of their internal resources. The strengthen efforts in marketing field, management and development internal resources, capitalization assistance, management, and technology should always be done in order to increase entrepreneur's skill and the managerial quality of its entrepreneur and employee. These thing are important because with that strengthening is expected for MSEs entrepreneur will become more professional in running their business, can anticipated every changes in their business environment, and no less important, MSEs can play more role in global market.

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