Strategic Partnership Ecosystem for Sustainable Superior Performance for MSMEs

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Abstract. This paper extends the strategic partnership ecosystem theory by testing how aspects of the local business environment affect micro, small medium enterprises into superior sustainable performance. The background of the research begins with changes in the global, domestic and regional strategic environment that have a massive impact on the business sustainability of MSMEs. The current condition of the competitiveness of MSMEs in Tasikmalaya City still varies between sectors. Market access is not optimal both online and offline, digitization in the MSME sector is not optimal, MSME data and policies have not been integrated, financing gaps and MSME capabilities, as well as digital literacy and public financial inclusion, are still relatively low. Amid protectionism and nationalism of each country's products, rising world commodity and food prices, increasing concerns regarding sustainable eco-development, alternating geopolitical risks and the risk of taper tantrums, and the potential for uneven economic recovery in developed markets and emerging markets in the global environment, accompanied by changes in the strategic environment. Domestic and regional economies, such as the economy in Indonesia, are still in the recovery stage. Interest rates are still relatively low, and the widespread use of e-commerce, marketplaces, digitization, and the enactment or application of the Job Creation Law is challenging to the sustainability of MSME businesses.

Expectations for the contribution of MSMEs to the economy through increased turnover, digitalization that supports productivity, financing, market expansion, and MSME data integration, as well as achieving digital literacy and financial inclusion targets nationally. The research method used is a qualitative approach and contextual techniques regarding the transfer of knowledge that occurs in the strategic partnership ecosystem. This research was conducted in the City of Tasikmalaya with a focus on MSMEs' leading commodities.

Keywords: Strategic Partnership Ecosystem · Superior Performance

1 Introduction

During an increasingly dynamic and global economic environment, the empowerment of MSMEs needs to be carried out comprehensively, optimally, and sustainably through the development of a conducive climate, providing the broadest possible business opportunities to improve the position, role, and potential of MSMEs in realizing economic growth,

equity, and improvement. People's income, job creation, and poverty alleviation. Therefore, the government established Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, which regulates criteria, business climate growth, business development, financing and guarantees, partnerships, coordination and control of MSME empowerment, as well as administrative sanctions and provisions criminal. This regulation has changed because it is included in the omnibus law, namely the Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation, where the amendment is in Article 87 and overall changes 7 Articles (6 amendments to articles, 1 new addition). The most crucial change lies in changing the provisions regarding the criteria for MSMEs, which were initially regulated and contained in Law of the Republic of Indonesia Number 20 of 2008 in Law of the Republic of Indonesia Number 11 of 2020 regulated by a derivative Government Regulation, namely Government Regulation of the Republic of Indonesia Number 7 of 2021 concerning Ease of Protection and Empowerment of Cooperatives, Micro, Small and Medium Enterprises.

Based on the latest regulations, there is a gap in the amount of net worth or business capital and annual sales results that determine the business criteria. For example, net worth or business capital which was initially included in the criteria for Medium Enterprises, with the new regulations being included in the criteria for Micro Enterprises, dramatically affects the access to authority as regulated in the Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government which divides authority. Between the central government, the provincial government, and district/municipality regional governments, where in the sub-business development of MSMEs, the authority of the district/city government is the development of micro-enterprises with an orientation to increase business scale into small businesses. Under these conditions, the City Government of Tasikmalaya gets an abundance of micro-enterprises that must be developed, from previously only micro-enterprises to micro, small and medium-sized enterprises (based on the criteria of Law No. 20 of 2008). In this study, the author examines the MSMEs of the Industrial sector in the City of Tasikmalaya, West Java Province, considering the Vision of the City of Tasikmalaya as stated in the Regional Regulation of the City of Tasikmalaya Number 9 of 2008 concerning the Long-Term Development Plan of the City of Tasikmalaya for the Year 2005–2025, namely "Based on Faith and Piety of the City of Tasikmalaya. as the most advanced Trade and Industry Center in West Java" (Fig. 1).

From the table above, it can be seen the development of MSME business units in the Industrial sector in Tasikmalaya City in the last 7 years (starting from 2014 when Law No. 23 of 2014 came into force). Of the 12 commodities, only processed food and ready-to-wear commodities experienced a significant increase in the number of business units, while other commodities experienced a slowdown and even tended to stagnate. As a whole, the percentage growth of business units each year from 2014 to 2020 has increased by: 1.56%, 1.22%, 0.76%, 5.51%, 7.62%, 9.21%, or an average of 4.31%.

Based on the results of previous research, from the analysis and discussion conducted by [1] that distinctive resources and global trends have a positive and significant impact on business partnerships in the digital industry in Indonesia. Meanwhile, based on the results of research conducted by [2], the implementation of strategic relationships in the

NO	KOMODITI INDUSTRI	UNIT USAHA (UU)						
		2014	2015	2016	2017	2018	2019	2020
A. KOMODITI UNGGULAN :								
1	Bordir	1.371	1.387	1.397	1.401	1.407	1.416	1.430
2	Kerajinan Mendong	173	173	174	174	174	175	175
3	Kerajinan Bambu	75	75	75	75	75	75	75
4	Alas Kaki (Kelom Geulis, Sandal, Sepatu)	513	519	523	525	536	544	556
5	Kayu Olahan (Meubel)	206	207	211	213	217	228	237
6	Batik	41	41	41	41	41	41	41
7	Payung Geulis	7	7	8	8	8	8	8
8	Makanan Olahan	534	545	552	560	656	772	939
JUMLAH		*2.920*	*2.954*	*2.981*	*2.997*	*3.114*	*3.259*	*3.461*
B. KOMODITI LAINNYA :								
1	Bahan Bangunan	308	314	319	321	323	323	326
2	Pakaian Jadi	92	100	104	108	172	226	318
3	Percetakan	36	37	39	43	55	55	57
4	Lain-lain	116	121	126	127	130	220	297
JUMLAH		*552*	*572*	*588*	*599*	*680*	*824*	*998*
TOTAL		*3.472*	*3.526*	*3.569*	*3.596*	*3.794*	*4.083*	*4.459*

Fig. 1. MSMEs of the Industrial sector in the City of Tasikmalaya, West Java Province

handicraft exporter industry in West Java consists of dimensions of relationship formation, active participation, building relationships, learning relationships, and building trust relations is in the medium category. The dimension that is rated the highest is building trust in relationships, especially building trust in customers. While the dimension that is rated the lowest is relational learning. This is due to the lack of exporters' handicraft industries to share knowledge, skills, and technology with their business partners.

The scope of this research is divided into three problem formulations that focus on:

1. What is the description of the condition of the MSME strategic partnership ecosystem in the industrial sector in Tasikmalaya City?
2. What is the role of strategic partnerships in improving the performance of MSMEs in the industrial sector in Tasikmalaya City?

Based on explanations related to phenomena, research gaps, theoretical gaps, and empirical gaps, the authors found several problems faced by MSMEs in the industrial sector in Tasikmalaya City. They needed to conduct research under the title "STRATEGIC PARTNERSHIP ECOSYSTEMS FOR SUSTAINABLE SUPERIOR PERFORMANCE MSMEs".

2   Methods

This research is a survey research type with an explanatory purpose. Explanative research finds an explanation of why an event or symptom occurs. The end result of this goal is a description of a causal or causal relationship, Prasetyo, and Jannah (2008) [3]. In this study, the author will explain whether there is an influence of the strategic partnership ecosystem variable on the performance of MSMEs. The subjects used as the unit of analysis are the owners of MSMEs in the industrial sector in the City of Tasikmalaya.

A population can be defined as a group of individuals or events, or it can also be defined as everything that has specific characteristics (Indriantoro & Supomo, 1999) [4]. Apart from that, the population is also described as a collection of individuals or research objects that have predetermined qualities and characteristics. Therefore, the population

can be understood as individuals or groups or objects of research that are observed and have at least one character in common (Cooper & Emory, 1998) [5]. The population is a generalized area and consists of subjects and objects to be studied and has the qualities and characteristics that have been determined by previous researchers (Sugiyono, 1999) [6]. The population in this study were all owners of MSMEs in the industrial sector in Tasikmalaya City, amounting to 4,459 MSMEs.

Considering the distance and time and the uneven population, the sampling technique in this study is proportionate random sampling. The sample size used as respondents in this study was 367.07, rounded up to 368 respondents.

The data collection technique in this study was using a closed questionnaire that contained a list of questions and was given directly to the respondents, in this case, the owners of the industrial sector MSMEs. The questionnaire consists of two parts of questions. The initial part consists of questions about the characteristics of MSMEs in the industrial sector, such as age, type of business, and others. The second part contains statements relating to the dimensions of the constructs that have been developed to be observed in this study.

These statements are made in closed form using a semantic differential scale. This scale was developed by Snider and Osgood (1969) and is believed to be an interval scale for measuring attitudes, the form of this scale is in the form of a continuum line with a score interval ranging from 1 (negative), which is located on the far left to 7 (positive) which is located on the left. on the far right, for example, to measure the category of statements with high or low answers.

3   Research and Discussion

The data analysis technique used in answering the first problem formulation in this research is descriptive analysis. This method of analysis aims to describe the properties (characteristics) of a situation so that the conditions of the research variables are described. The steps taken in this analysis are to tabulate the data obtained from the respondents' answers to the research questionnaire and process. From each of the research variables, it will be illustrated how the conditions of the main variables are studied.

To answer the second to fifth problem formulation is verification analysis. The tool in verification analysis in this study is using SEM (Structural Equation Modeling) [7]. The operation uses AMOS Ver.22.0 software. SEM analysis tools allow direct and simultaneous testing of a relatively complex set of relationships. Researchers who do modeling using SEM are also able to answer questions in research that are regressive or dimensional (able to measure the dimensions of a concept variable) (Augusty T. Ferdinand, 2005) [8]. The dimensions of the variables can be measured simultaneously with their influence and the degree of relationship between the identified factors. The model suitability test is used to test the model of the relationship between dimensions or variables. The criteria used in testing the suitability of the model include:

1 Chi-Square is a measure for a model that is considered good if it has a relatively low chi-square value. The lower the value indicated by the chi-square, the better the model,

and the model can be accepted with a cut-off value probability of p > 0.005 or p > 0.10

2 CMIN / DF is The Minimum Sample Discrepancy Function divided by the degree of freedom. CMIN / DF, i.e., chi-square statistic, X2 divided by DF is called relative X2. If the value of X2 is less than 2.0 or 3.0, it shows the model, and the data has an indication of an acceptable fit

3 GFI (Goodness of Fit Index) is a non-statistical measure. The range of GFI values is from 0, which means poor fit, to 1, which means a perfect fit, so a value close to 1 or a high value indicates that the model has a high GFI. Good (better fit)

4 RMSEA (Root Square Error of Approximation) shows the expected goodness of fit if the model is estimated in a population. The RMSEA index on an acceptable model that shows a close fit is less than or equal to 0.08

5 AGFI (Adjusted Goodness of Fit Index) is the level of GFI that has been adjusted. The recommended value for AGFI is greater than 0.90

6 The Tucker Lewis Index (TLI) is an alternative incremental fit index that compares the baseline model with a model being tested. The recommended value for a model to be accepted is 0.95

The measurement model is one of the processes of the CFA (Confirmatory Factor Analysis) test in SEM. CFA functions to see the extent to which these indicators can measure the constructs or variables of research or see the extent to which the indicators are a single entity that has unidimensionality. The CFA test was carried out on all variables. The following is a description of the measurement model using CFA for each endogenous and exogenous construct.

4   Conclusion

Hypothesis testing is carried out with a probability value of 0.05 criteria to reject or accept the hypothesis. To see the results of hypothesis testing in this study, it can be tested through statistical hypothesis formulation by looking at the value of the parameter estimation results. The formulation model that describes statistical hypothesis testing is as follows:

Hypothesis test of strategic partnership on MSME performance H0: p 0 means strategic partnership has no positive effect on MSME performance H1: p > 0 means strategic partnership has a positive effect on MSME performance.

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