Innovation and Partnership Strategy for Rural Banks' Performance in Indonesia

Ucu Supriatna[1] , Agus Rahayu[2] , Lili Adibowo[3]

usupriatnamh@gmail.com[1], ucus2165@yahoo.co.id[1]

Universitas Pendidikan Indonesia[123], bank bjb[1]

Abstract

The banking sector has a rapid transformation due to the rapid development of technology which has created increasing competition. Rural Banks must immediately accelerate change in order to survive the competition of commercial banks and also the emergence of financial technology. The purpose of this research is to encourage BPR performance improvements in situations of competition, technological developments, and stricter Rural Banks' regulations compared to commercial banks so that Rural Banks need to make breakthroughs through innovation and partnership strategies that will be studied, and this is the urgency of the goal this research. Using a sample of 72 Rural Banks in West Java Province in Indonesia using Structural Equation Modeling by selecting the dimensions of Technology-Based Product Strategy, Technology-Based Service Strategy, and Technology-Based Network Strategy which represent Innovation Strategy. Meanwhile, the partnership strategy is represented by the Marketing Partnership Strategy, Financial Partnership Strategy, Distribution Partnership Strategy, Supply Chain Partnership Strategy, and Social Structure. The results of the study show that the Innovation Strategy has an effect on Rural Banks' performance with the Technology-Based Product Strategy as the most important variable because it has the greatest influence. Likewise, the Partnership Strategy has the greatest influence on business performance, with the Marketing Partnership Strategy having the greatest influence on Rural Banks' performance. In the end, how successfully a new product is launched is the most attractive way to attract customers to drive better Rural Banks' performance.

Keywords: rural bank, strategies, innovations, partnerships, performance.

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INTRODUCTION

In the Era of the industrial revolution 4.0 and the stage of society 5.0, technology and information have brought major changes to the business world and also increased competition in the banking industry. Banking must be fast-changing and know the key to competitiveness in a competitive market. Many strategy research wants to know why and how companies are doing better than others in business performance (Taylor & Greve, 2006; Cetindamar & Ulusoy, 2008; Kolapo et al, 2021), as well as research on Rural Banks (Amoako & Dartey-Baah, 2012; Behl, et at., 2016). And total quality is an important key in competition, including quality such as product, cost, price, service, delivery, and other satisfactions that continue to grow to meet customer satisfaction on an ongoing basis (Hanuma et al, 2010).

Regulations governing Rural Banks have operational limitations compared to commercial banks. The difference in the regulations is from an operational perspective, where Rural Banks (RBs) cannot participate in payment and foreign exchange systems. To be able to survive in a high level of competition and the stricker regulation, companies need to do something different, because to generate maximum profits, companies need to carry out cost leadership or differentiation strategies. Companies must determine the "contradictions" inherent in different strategies (Porter, 1996). In choosing a differentiation strategy, companies need to innovate, as revealed in the research of Mullan et al (2017)

that competition is not only on the level of services provided but also on the innovations created. That carrying out an innovation strategy is important in achieving high company performance Ellitan (2006). Thus, there is no other way to survive and achieve the expected performance other than to innovate, because process innovation provide many benefits for the company to be able to succeed in the long term in a competitive market (Greco et al., 2015).

Many previous studies recognize the importance of innovation, Han et al (1998) suggested that innovation refers to a new product or an attempt to make a new breakthrough. Other evidence that innovation has an effect on performance is found in study of Wang (2016); Haabazoka (2018); Kijkasiwat & Phuensane (2020); Chege et al, (2020). RBs need to be accelerated to meet the challenges of a rapidly changing market.

One way to develop RBs is through partnerships because the effect of partnerships is to shorten development time and reduce development costs (Bonacorsi & Lipparini, 1994). Zineldin (1996) shows that corporate customers value relationship quality during the partnership life cycle period. If the customer is satisfied, the partnership will progress to the next stage and be sustainable. The partnership strategy has an impact on improving company performance as studied by Kim (2006), Metts (2007) Centidamar & Ulusoy (2008), even

choosing the right partners can help a company in its IPO success (Gulati & Higgins, 2003).

Performance measurement is important to do to obtain information on the achievement of strategies that have been prepared by the company (Yuliansyah et al, 2017). Performance measurement is a tool for company managers to see how actual results occur compared to the initial plan set at the company strategy formulation stage (Wheelen et al., 2015). With this innovation, it is hoped that the performance of the banking business will increase. Business Performance is measured through various indicators; customer satisfaction (Chiu et al., 2017; Agolla et al, 2018; YuSheng & Ibrahim, 2019); financial performance (Haabazoka. 2019; Chege et al., 2019; Kijkasiwat & Phuensane, 2020), environmental sustainability (Forcadell et al., 2019; Change & Wang, 2020), new product performance (Atuahene-Gima & Li, 2004; Chege et al, 2019).

In previous research that discussed more bank business performance in terms of financial factors, this study raised the problem of the difficulty of BPR competition with very tight policies so a breakthrough was needed outside of the financial factors to increase the performance. The purpose of this research is to examine how innovation and partnership strategy affect the business performance of BPRs in West Java Province in Indonesia.

1. LITERATURE REVIEW

In 2021 RBs were able to seize a credit market share of 1.96%, this is an increase compared to 2018 of 1.80%, while the market share of asset 1.65% (2018) and relatively

stagnant at 1.64% in 2021. Unfortunately, this market share is still very small when compared to the number of RBs which reach 84% of the total banking sector. The following table presents how the performance of RB 2018-2021:

Table 1. RBs' Performance 2018-2021

Indicator	2018	2019	2020	2021
Credit	98,220	108,784	110,770	116,580

Third-Party Funds	91,556	102,537	106,151	117,006
Loan to Deposit Ratio (%)	76.54	79.09	75.44	73.67
Non-Performing Loans (%)	6.37	6.81	7.22	6.72
Return on Assets (%)	2.48	2.31	1.87	1.78
Return On Equity (%)	22.24	21.00	16.40	15.77
Operational Costs to Operating Income (%)	89.18	84.45	84.24	83.61

Source: The Financial Services Authority (OJK)

Credit and RBs Third-Party Funds (TPF) continued to increase from 2018, but the 2021 credits of 5.2% have not rebound to the 2019 growth which reached 10.8%. However, the level of Non-Performing Loans (NPL) continued to improve at 6.72% compared to the previous years. However, RBs' Return on Assets (ROA) has not returned in 2018 at 2.48%, in 2021 it has only reached 1.78%. Likewise, if it is seen that Return On Equity (ROE) has not grown, in 2021 it will be at the level of 15.77%. The 2021 TPF growth of 10.2% is much more because it is close to the growth in 2019 which reached 11.5%. Since 2018, the average Loan to Deposit Ratio (LDR) has been at the level of 76.19%, whereas at the end of 2021 the LDR is 73.67%, the lowest in that period, and banking competition is getting tougher. Positive things occurred in the level of efficiency of Operational Costs to Operating Income (OCOI) in 2018 at 89.18% and in 2021, reaching a ratio of 83.61%.

By data from The Financial Services Authority, compared to commercial banks the market share of RBs source of funds in 2021 was 1.69%, a slight decrease compared to 2018 of 1.70%. Meanwhile, credit distribution with a market share of 1.96% in 2021 increased compared to 2018 by 1.80%. This market share achievement is still very small compared to commercial banks.

The number of rural banks in Indonesia is 1,468, or 93.2% of the total banking sector in Indonesia in 2021. Meanwhile, the number of offices is 5,871 which is 15.4% of the total bank offices in Indonesia. RBs operate in 34 provinces in Indonesia, and the province of West Java is one of the top 3 most rural banks in Indonesia, which is 233 or 15.87% of the total Indonesian RB. RBs in West Java contributed assets of 21.788 billion with the share of TPF to the Total TPF of RBs in Indonesia of 12.92% in 2021, (source of data is The Financial Services Authority/OJK).

Rural Banks (RBs) have operational limitations according to regulations, so RBs target market is Micro, Small, and Medium Enterprises (MSME) market. RBs in Indonesia have operational limitations, such as the inability to carry out demand deposits and foreign exchange transactions. In Indonesia, there were 65.47 million MSMEs in 2019 and this number is huge because 99.99% of the total businesses in Indonesia (Ministry of Cooperatives and SMEs, 2019). This huge market is also an attractive part and a target for commercial banks, so it is important for RBs to continue to innovate, which can make companies survive in the long

term, as Greco et al. (2015) that innovation is one of the main drivers of companies to be able to succeed in the long term in a competitive market.

Previous studies describe an innovation related to technology (Beger, 2003; He & Wong, 2004; Kolapo et al, 2021). And technological innovation is related to knowledge related to new products or renewal of production processes. Innovation strategy as a guide for a company's innovation activities can be understood differently and expressed in different forms so that managers need to make decisions about R&D orientation, the dominant type of innovation to be applied, technological leadership approach, the openness of process innovation and level of investment (Dziurski & Mierzejewska, 2021).

Innovation leads to changes in organizational processes and becomes the main tool for using marketing strategies that match customer and market interests, which will ultimately result in the development of a sustainable competitive advantage (Sattari &Mehrabi, 2016). Innovation can be seen from several points of view, which in essence is a whole new and improved way to achieve what the organization wants (Baregheh et al., 2009). Innovation is a new implementation carried out by the company through the application of the results of thoughts, creative ideas, and research on what has been done (Sherly et al, 2020). A broader definition of innovation is conveyed by the OECD (2005) that innovation is the implementation of something new or improvement not only in products (products or services), but also in processes, marketing, new organizations in business, organizational, or external practices, connection. It can be concluded that innovation will create a novelty in an organization in order to win the business competition. Changes in the business

environment that occur continuously will increase competition so that creativity and innovation become the main and routine activities that must be carried out by the company.

Several authors, conveying that innovation is carried out on products/services or processes such as Robbins (2007) argue that innovation is a new idea that is applied to create something new or improve products or processes and services. While Han et al. (1998) classify innovation as technical and administrative. Ellitan & Anatan (2009) innovation includes products, processes, technology, and human resources. More complex innovations described by Edwards-Schachter (2018) are technological innovations, products, processes, business models, disruptive, radical, design-driven, social, and responsibility.

This research will focus on technology-based innovation because of the challenges and competition of RBs not only in banking institutions but also in non-banking institutions such as the latest trend, technology-based companies offering financial services, known as financial technology (fintech). Technology-based innovation is an inherent part of banking so the creation and implementation of an effective technology strategy require an understanding of business processes (Phaal, et al., 2004). Alignment is needed through technological innovation because the government encourages banks and fintech to grow together, one of which is through collaboration (Kurniati & Suryanto, 2022). Innovations that include products, services, and processes/ networks must all be technology-based, as Malik (2014) highlight that nnovation in banking is carried out holistically so analysis is important for new strategies, products, and services that can

form sophisticated products with low-cost technology.

In technology-based product innovation, companies must choose which products and services to develop and which markets to work on, because innovation is the reason for meeting customer satisfaction (Malinconico & Fuccio, 2016; Chiu et al., 2017; Agolla et al, 2018), and in the end, many innovations have an impact on business performance (Agolla, 2018; Haabazoka, 2019; Chege et al (2019).

To accelerate the development of RBs, another strategy needs to be added, namely partnerships. The partnership strategy is not something new because the core understanding is a cooperative relationship between parties. Pioneer Porter (1983) defines partnership as a form of longterm agreement between companies to achieve their goals. Then several previous researchers interpreted partnership in various views; as a form of interdependence between the two parties (Brennan, 1997); the ability to help, not willingness to help (Eshel & Shaked, 2001); formal, comprehensive, and systematic mutual cooperation with the aim of clarifying goals, making decisions, and checking progress toward the goals (Agboola and Braimoh, 2009); efforts to collaborate with stakeholders (Crevens, 2013); mutually beneficial agreements (Spear, 2014); share control over activities to achieve benefits they would not otherwise be able to get if they worked alone (Walker & Madsen, 2016).

Walker & Madsen (2016) stated 7 reasons why companies do partnerships which are; the existence of global interactions, the influence of partnership practices in Japan, the practice of partnering with suppliers, the emergence of outsourcing practices, supply chain management practices, shifting technology-intensive industries, and regional enterprise cooperation. The other goals are to achieve

greater returns on a reciprocal basis (Anderson & Narus, 1990) and the effect of partnerships is to shorten development time and reduce development costs (Bonacorsi & Lipparini, 1994); to build a complete strategy (Grant, 2008); creating new resources (Drucker, 2011); creating a competitive advantage (Wheelen et al., 2015); to improve business performance (Mustikaningsih, 2019 et al; Yasa, 2010).

Strategies are carried out to improve performance (Syahyono, 2021, Kolapo et al, 2021). Previous research has proven that innovation has an influence on business performance (Agolla et al, 2018; Haabazoka. 2019; Chege et al., 2019; Kijkasiwat & Phuensane 2020). Organizations must measure performance to know the results and how these results can be achieved to survive and thrive, and organizations can set strategic directions, set goals, implement decisions and monitor circumstances and behavior as they move forward toward their goals (Kellen & Wolf, 2003).

Performance is a measure to trigger, guide and intensify the search for solutions to improve organizational achievement (Pavlov & Bourne, 2011). The study by Samsonowa (2012) that performance has general characteristics that are all related to effectiveness and efficiency, where effectiveness is to measure the degree of achievement of goals while efficiency is an indicator of the resources used to achieve goals. There are two types of banking performance measurements used, namely financial and non-financial performance (Al-Dmour et al, 2019). Financial performance measurement in previous studies looked at the achievement of profitability (Edelman, 2002; Soewarno & Tjahjadi, 2020), and is usually measured by ROA and ROE (Sakilu, & Kibret, 2015). Achievement of sales growth is

also an aspect of a company's performance (Rusdianti, 2000).

Meanwhile, the non-financial performance includes attracting, satisfying, and retaining customers (Agolla et al, 2018). Innovation is affect the performance shown ni in the research of Ellitan and Anatan (2009), shows that product innovation will have a direct effect on the success of the company as indicated by an increase in revenue and profit. In terms of process innovation, successful re-

engineering (process innovation) will not only improve organizational performance but also employee performance (Davidson, 1992). Changing business processes will bring performance results that can be measured by market share and/or profitability (Kettinger and Grover, 1995).

From the background of research and empirical studies, we describe the research framework as follows:
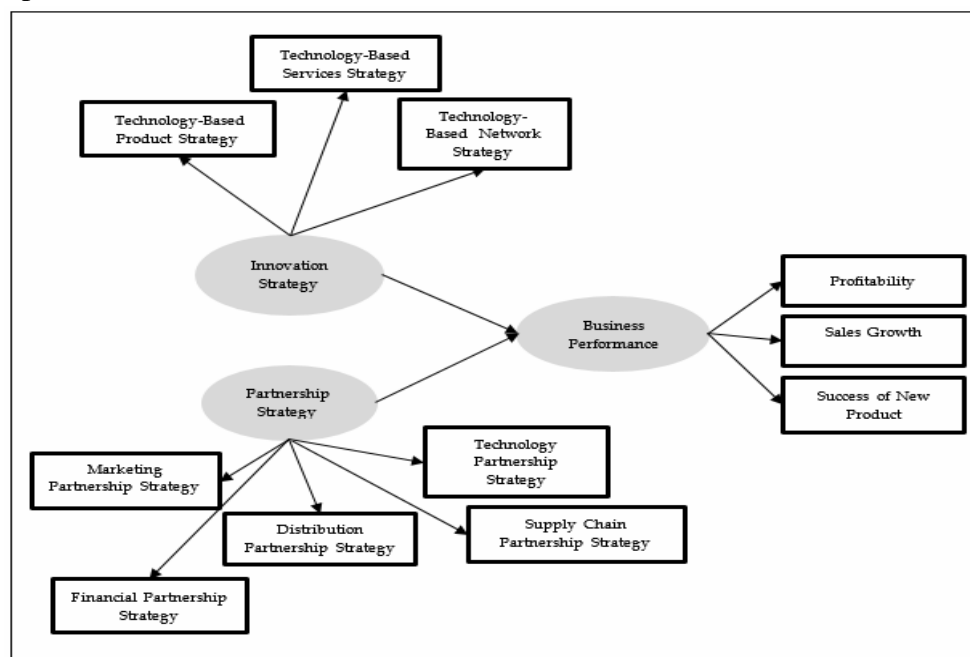
Figure 1. Research Framework

Figure 1. Explaining the hypothesis built in this study. The Hypothesis are:

- H1 : The Innovation Strategy support business performance improvement
- H2 : The Partnership Strategy support business performance improvement

2. RESEARCH METHOD

This research was conducted in the province of West Java, Indonesia. Reasons for choosing the West Java region; (1) the 3rd most extensive number of RBs distribution in Indonesia, (2) The 2nd largest Third-Party Fund market share of RBs, (3) The 3rd largest Micro and Small Industry which is the target

market of RBs (source: Central Statistics Agency).

The sample is part of the population which consists of a number of members selected from the population (Sekaran, 2003). In this study, sampling was carried out using a proportional random sampling technique, using the sampling formula according to Isaac & Mitchael (Sugiyono, 2015), with this technique sampling of members of the population was carried out randomly so that each member of the population had the same opportunity to be selected as sample members. (Sugiyono, 2015). Using the Isaac & Mitchael formula (1981: 192), from a total

of 237 populations, 149 RBs was found as sample, but not all of them met the questionnaire filling criteria. The questionnaire was aimed at the level of some

of the Directors and Commissioners of RBs. So the number of samples becomes as follows:

Table 2. Sample

RBs Populasi in Jawa Barat - Indonesia	237
Excludes proportional random sampling	(88)
The questionnaire has no feedback/Incomplete questionnaire filling	(77)
Total Sample	72

This study is descriptive and verifiable in nature with an explanatory survey method aimed at exploring problem situations in order to obtain ideas and insights about the problems faced by researchers (Maholtra, 2010). Thus, the data is obtained through collecting information from the sample directly at the scene (empirical) with the aim of knowing the opinion of the representative on the object under study.

The research model used Structural Equation Modeling (SEM), and to analyze data used Partial Least Square (PLS). SEM is based on a causal relationship, so changes that occur in one variable are assumed to

result in changes in other variables. Analyze by using SEM, and we expected this resarch to be able to answer the phenomenon with multi-indicator and tiered (Ferdinand, 2002).

Variable operationalization and variable measurement are shown in Table 2. Measurement of variable dimensions or indicators uses a Likert scale type. This type of Likert scale is most often used by behavioral researchers because it is very suitable for measuring the response of respondents' attitudes to the object of the variable being studied. In addition, the Likert scale type has a type of interval measurement scale (Sekaran, 2003).

Table 3. Operationalization Variable

Latent Variable	Observable Variable	Indicator	Scale
Innovation Strategy (INST) Innovation is a new implementation carried out by the company through the application of the results of thoughts, creative ideas, and research on what has been done. (Sherly et al, 2020)	▪ Technology Based Product Strategy ($INST_1$)	▪ Number of Products ▪ Quality of Products	Interval Interval
	▪ Technology Based Service Strategy ($INST_2$)	▪ Number of Services ▪ Quality of Services	Interval Interval
	▪ Technology Based Network	▪ Number of Networks ▪ Quality of Networks	Interval

	Strategy (INST$_1$)		Interval
Partnership Strategy (PST) is a formal, comprehensive, and systematic mutual cooperation with the aim of clarifying goals, making decisions, and checking progress toward the goals (Agboola and Braimoh, 2009)	▪ Marketing Partnership Strategy (PST$_1$)	▪ Number of marketing agreement ▪ Type of agreement	Interval Interval
	▪ Financial Partnership Strategy (PST$_2$)	▪ Number of financial agreement ▪ Type of agreement	Interval Interval
	▪ Distribution Partnership Strategy (PST$_3$)	▪ Number of distribution agreement ▪ Type of agreement	Interval Interval
	▪ Suply Chain Partnership Strategy (PST$_4$) ▪	▪ Number of supply chain agreement ▪ Type of agreement	Interval Interval
	▪ Technology Partnership Strategy (PST$_5$)	▪ Number of technology agreement ▪ Type of agreement	Interval Interval
Bussiness Performance (BP) Performance is a measure to trigger, guide and intensify the search for solutions to improve organizational achievement (Pavlov & Bourne, 2011)	▪ Profitabilitas (BP$_1$)	▪ Return to Asset ratio (Return on Assets) ▪ Return to Equity Ratio (Return on Equity)	Interval Interval
	• Sales Growth (BP$_2$)	▪ Third-Party Funds Growth ▪ Credit Growth	Interval Interval
	▪ Success of New Product (BP$_3$)	▪ Product Development Success ▪ Customer Enthusiasm	Interval

3. RESULTS

The analysis begins with Confirmatory Factor Analysis (CFA) so that it can be measured and tested for the quality of the statements and the dimensions used in measuring the research variables. The measurement model is the second order. The following stage is the Structural Model Test (Inner model) which contains the R-Square value on the constructed variable. Structural models with PLS are evaluated using the Good of Fit Model in order to show the differences between the observed values and the model's estimated values. The test results are as follows:

Table 4. Test Model

Dimensi	Loading Factor (λ)	Standar Error	t-Statistic	p-Values	AVE	Composite Reliability
INST$_1$←INST	0.977	0.007	134,168	0.000	0.939	0.979
INST$_2$←INST	0.961	0.012	82,729	0.000		
INST$_3$←INST	0.969	0.009	105,807	0.000		
PST$_1$←PST	0.938	0.014	69,056	0.000	0.853	0.967
PST$_2$←PST	0.928	0.014	66,235	0.000		
PST$_3$←PST	0.923	0.016	58,987	0.000		
PST$_4$←PST	0.927	0.012	74,523	0.000		
PST$_5$←PST	0.901	0,015	60,420	0,000		
BP$_1$←BP	0.973	0.008	116,997	0.000	0.902	0.974
BP$_2$←BP	0.947	0.019	50,904	0.000		
BP$_3$←BP	0.975	0.008	105,178	0.000		

Source: Data Processing, 2021

All indicators have a loading factor > 0.70, it means the variable is acceptable, and above 0.8, and 0.9 means very satisfactory (Nunnally and Bernstein, 1994). Tennenhaus et al. (2004) recommend that an AVE above 0.5 indicates a good measurement of diversity, so it means that all these dimensions can be said to be valid and reliable.

Technology-Based Product Strategy (INST$_1$), is the most dominant dimension in shaping the Innovation Strategy with a loading factor of 0,977. Marketing Partnership Strategy (PST$_1$) is the most dominant dimension to forming the Variable Partnership Strategy, the loading factor is 0,938. Success of New Product (BP$_3$), is the most dominant dimension to forming the Business Performance with loading factor of 0,975.

Hypothesis test and the R-Square (R2) testing stage is used to measure how well the Inner Model (structural model) is formed, with the following results:

Table 5. Hypothesis Test

Hypothesis	λ	Standard Erorr	t Statistic	p Value	R²
INST ---> BP	0.365	0.136	2.695*	0.007	0.892
PST ---> BP	0.589	0131	4.503*	0.005	

Source: Data Processing, 2021

The result for hypothesis test indicate that there is an influence of the Influence of Innovation Strategy and Partnership Strategy on the Business Performance of Bank Perkerditan Rakyat in West Java, which is indicated by P-value < 0,05 with a coefficient is 0,892 this mean that changes in the RBs' Business Performance variable are influenced by the Innovation Strategy variable and Partnership Strategy of 0,892 or 89.2% and 0,108 or 10.8% is influenced by other variables not examined. The influence of the partnership strategy is greater than the Innovation Strategy.

The results of model testing can be described as follows:
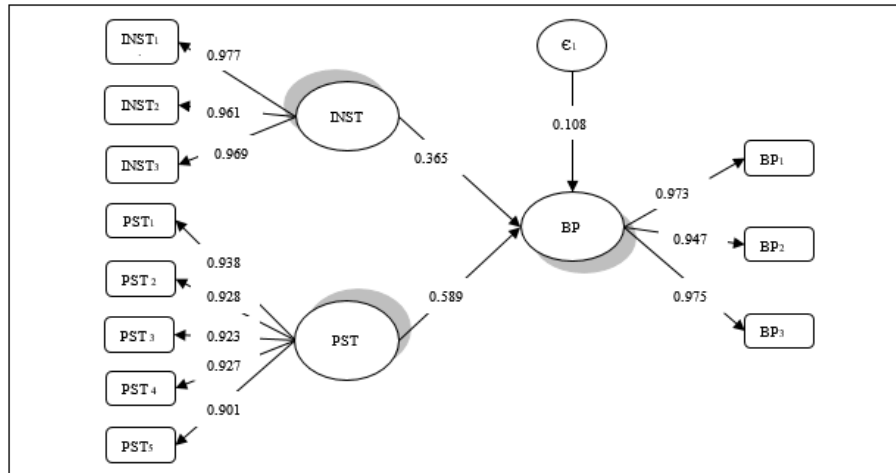
Figure 2. Complete Path Diagram of Research Model

The path coefficients show that the Technology-Based Product Strategy ($INST_1$) is the innovation strategy that has the greatest influence, indicated by a coefficient of 0.977. While in the partnership strategy, the Marketing Partnership Strategy (PST_1) is the most influential with a coefficient of 0.938. The success of the new product (BP_3) is the most influenced performance achievement with a coefficient of 0.975.

4. Discussion

The research findings show that all variables have influence on business performance. The partnership strategy has a more significant influence than strategic innovation, this shows that with the limited resources of the RBs with rapid technological advances, it is necessary to accelerate to maintain performance, as is the case with research by Mustikaningsih et al. (2019) that the partnership strategy can affect other variables in improving company performance. The most effective partnership strategy is the marketing strategy. The Number of Marketing Cooperation Agreements indicates that it is necessary to do a lot of cooperate to accelerate the development process of RBs, Yasa (2010) revealed that companies can cooperate with competitors to get better performance.

Marketing becomes a comprehensive activity so the company's main goals can be achieved. Marketing is an important partnership strategy in recent decades (Graesch et al., 2020).

The business nature of RBs is very close to MSMEs, so marketing cooperation that can be carried out by RBs is through MSME partners. Collaboration can provide mutual benefits, RBs can provide special programs and facilities that support MSME businesses, while MSMEs can increase the utilization of products and services provided by RBs. Through marketing cooperation, RBs can also be extended with MSME supply chains, which are expected to build a strong network so that they can support RBs' performance later.

The most supportive innovation strategy is innovation in technology-based products, supporting Kamau's study (2013) on banking efficiency that banks need to be more innovative in offering their products and services to increase their share of millions of consumers. Through strategic innovation and strategic partnerships, the performance of the RBs that is most affected is the success of the new product being accepted by customers, stated Agolla et al. (2018) that innovative banks are likely to attract and satisfy their customers which in turn, results in competitive performance. Janota (2008) says that all aspects need to be considered thoroughly because companies will not have a sustainable competitive advantage if they only focus on good management and do not develop new technologies. In line with that, Schilling (2010) states that companies need to innovate in technology because it is a very important driver in achieving business performance. The innovation strategy must be carried out by the bank because it provides attractiveness and customer satisfaction (Agolla et al, 2018). The era of the technology-based industry has brought banking to a competitive situation of technology-based services to provide different services to meet customer satisfaction (Chiu et al., 2017; Agolla et al, 2018).

The business environment is affected by rapid technological and market changes that pose risks to the product or service development process (Rahim & Zainuddin, 2016), and technology is affected and integrated by almost all small and large organizations (Devaraj & Kohli, 2000). Thus, to be able to survive in the long term, innovation is necessary. Likewise, the partnership strategy will support the achievement of better performance (Zineldin, 1996; Kim, 2006; Metts 2007). Rapid technological changes encourage organizations to improve technology-based products. All RBs' products must be turned into products that are supported by convenience with technology, this is indeed not easy because it needs regulatory support.

Customers are looking for fast and efficient banking services (Malinconico & Fuccio, 2016). It is important for companies to maintain a balance between market attractiveness and technology drive to achieve maximum profit, so technology issues cannot be separated from the company's commercial perspective (Phaal et al, 2004). Innovation has an impact on new products and services and new ideas, and innovation requires banks to provide better quality and process methods efficiently (Abou-Moghli et al., 2012). This innovation needs to be accompanied by a partnership because 1) RBs competition is getting higher and efforts to reduce the pressure of industrial competition through a partnership strategy that high competition can be reduced (Zineldin, 1995); 2) Through a partnership strategy can affect performance as in the research of Kim (2006), Lee et al., (2007) and Yasa (2010).

CONCLUSION

The findings of this study support the hypothesis that there is an influence of innovation strategy and partnership strategy on business performance. The dimensions raised from strategic innovation are Technology-Based Product Strategy, Technology-Based Service Strategy, and Technology-Based Network Strategy, and all three have an impact on Business Performance but Technology-Based Product Strategy is the most prominent. Similarly, the five partnership strategies namely Marketing Partnership Strategy, Financial Partnership Strategy, Distribution Partnership Strategy, Supply Chain Partnership Strategy, and Technology Partnership Strategy have a significant influence on business performance, but the Marketing Partnership Strategy is the biggest implication on business performance. In the end, these strategies support the success of new products in attracting customers, which is the main key to encouraging the achievement of RBs performance.

AUTHOR CONTRIBUTIONS

Conceptualization: Ucu Supriatna; Agus Rahayu; Lili Adi Wibowo
Data curation: Ucu Supriatna
Formal analysis: Ucu Supriatna; Lili Adi Wibowo
Funding acquisition: Ucu Supriatna
Investigation: Ucu Supriatna
Methodology: Ucu Supriatna; Agus Rahayu; Lili Adi Wibowo
Project administration: Ucu Supriatna
Resources: Ucu Supriatna
Software: Ucu Supriatna
Validation: Ucu Supriatna; Agus Rahayu; Lili Adi Wibowo
Supervision: Agus Rahayu; Lili Adi Wibowo
Visualization: Agus Rahayu; Lili Adi Wibowo
Writing – original draft: Ucu Supriatna
Writing – review & editing: Ucu Supriatna

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