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EFFECT OF COMPETITIVE STRATEGY AND PARTNERSHIP STRATEGY FOR SMALL INDUSTRY PERFORMANCE

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Abstract

The purpose of this study was to find solutions for problems related to small industry performance when connected with competitive strategy and partnership strategy. This study is a theoretical review of the influence competitive strategy and strategic partnership on small industries performance which employed the secondary source of data collection by making use of available literature on competitive strategy and strategic partnership on small industry performance. Because this study aimed to find out what and how much the factors thought affect small industry performance. The theories that already exist about management and organization make more emphasized linkages, that the competitive strategy and strategic partnership and their impact on the small industry performance which in a business activity, competitive strategy used to improve competitiveness. Grand theory as a conceptual problem solving approach in this study uses the concept of existing concepts in Management Strategies. While the middle-range theory used is: theory External Environment, Internal Environment theory, the theory of Competitive Strategy, Partnership Strategy theory, and the theory of performance. The results showed that competitive strategy and partnership strategy have a significant effect on the small industry performance. Furthermore it was found that competitive strategy and partnership strategy has implication for small industry performance.

Keywords: SMEs, Competitive Strategy, Partnership Strategy, Small Industry Performance

INTRODUCTION

Economic competitiveness became one of the elements that determine the success of a country's development. Economic competitiveness is the ability of a country to produce and export manufactured goods competitively (UNIDO, 2011). The better the economic competitiveness of a country the better the various other economic indicator such as the performance of production and trade performance.

Many countries around the world make the construction and development of Industrial Micro, Small and Medium Enterprises (IMKM) as one of the crucial driving force for economic growth of their country. One of the characteristics of the dynamics and good economic performance with high growth rates in the countries of East and Southeast Asia such as South Korea, Singapore, and Taiwan is a performance IMKM highly efficient, productive, and have a high level of competitiveness. Several countries of Africa region led to the development and growth of their IMKM to increase aggregate output and employment (Tambunan, 2009: 161). Small and Medium Industry commonly known as Small Medium Enterprises (SMEs) play significantly important role in promoting economic growth in many countries (Mahmood and Norshahafizah, 2013: 82), both in terms of labor absorption and the growth and economic development (Turner and Ledwith 2009; European Commission, 2008). HPI also be important because it can maximize the allocation and distribution of resources by mobilizing and capitalize upon human resources and local materials (Cunningham & Rowley, 2007).

Small and Medium Industries able to play a major role in promoting economic growth (prime mover) for its ability to increase high added value. SMEs can also be an opportunity to create and expand employment, which means increasing the welfare and reduce poverty. With the amount of labor absorption in 2012 approximately 14 million people (including industrial micro, small, and medium enterprises), labor sector accounts for 12-13% of the total national workforce. Given the role of the industrial sector has a major role on the national economy, the development of industrial sector, especially the non-oil processing industry including craft industry become an important agenda.

Furthermore, the development of Small and Medium Enterprises (SMEs) conducted by Presidential Decree No. 28 of 2008 on the National Industrial Policy. There are 7 (seven) Cluster of small and medium industries IKM) yitu: (1) snacks, (2) salt, (3) essential oil, (4) precious stones and jewelery, (5) pottery / ceramic ornament, (6) craft and art, and (7) fashion. Small industries in Indonesia are grouped in Micro, Small and Medium Enterprises (SMEs). This is in accordance with Law No. 20 Year 2008 on micro, small and medium-sized states that: "Small businesses are productive economic activities of its own, which is done by the individual or business entity that is not a subsidiary or not the branch company owned, controlled, or be a part either directly or indirectly, of a medium or large businesses that meet the criteria for small businesses.

Conceptually competitive advantage by porter (1990: 26) states that provide an overview of competitive advantage for companies in selecting and implementing a common strategy to improve and maintain the competitiveness of companies is a strategy based on cost leadership and differentiation strategies based. The company's strategy is a strategy developed in a business so that the company will compete by changing the distinctive competence into competitive advantage (Moses Hubeis, 2008). The company's strategy embodies three general orientation (which is often called the grand strategies): growth, stability, and reduction. Besides, there is also a competitive strategy is a business strategy (Competitive Strategy), which compete with its competitors to gain competitive advantage. Michael Porter introduced two generic competitive strategy to outperform other companies in a particular industry that is low cost and differentiation. Porter further said that the competitive advantage of companies in a given industry depends on its competitive range power. Key Opinions expressed by Longenecker, Moore, and Petty (2003: 33), is to achieve superior performance companies should make the process of external and internal environment analysis and determine the appropriate competitive strategy. The reduced level of sales and purchasing power of handicraft products of small industries in Aceh, as well as the high level of competition between companies, both domestic and international, which require attention in implementing competitive strategies and partnership strategy.

Formulation and implementation of strategies are needed to encourage SMEs to get better performance. It was alleged that the presence of rapid change and uncertainty (turbulence) of the external environment both macro and micro, so that the gap between the threats originating from the external environment with the internal strength. Also suspected that the low performance of the SME sector in Aceh due diligence SMEs have low competitiveness. So that all these variables are related to each other, in order to realize high performance SMEs. Based on the identification of the problems mentioned above, it can be formulated some of the issues that will be addressed in this study include: How big is the Competitive Strategy and Partnership Strategy affect small industrial performance?

REVIEW OF LITERATURE

Concept and Characteristics of Small and Medium Industries (SMI)

Small and Medium Enterprise (SME) do not differ from the large industry (IB), but in the SMI group itself there are differences in the characteristics of Small Industry (IK) and secondary industry (IM) in a number of aspects that can easily be seen daily in the country developing

(NSB), including Indonesia. Aspects that include market orientation, profit and business owners, the nature of employment in the enterprise, organization and management system applied in enterprises, the degree of the mechanism in the production process, sources of raw materials and capital, the business location, external relations, and the degree of involvement of women as entrepreneurs. In Indonesia, SMEs do not have a standard definition, as quoted from T Tambunan (2009), Law No. 9 of 1995 which is now revised by the Act No. 20 of 2008, the Ministry of Industry and Trade (Ministry), Bank Indonesia, the Ministry of Finance, and SMEs define SMEs based assets (excluding land and buildings) and the calculated value of sales in dollars. While BPS defines SMEs based on the amount of labor.

Definition according to Law No. 20 of 2008, in which the small industry is economically productive activities that stand alone, which is done by the individual or business entity that is not a subsidiary or branch company not owned, controlled, or be a part either directly or indirectly from medium or large business. With the aim to produce goods or services for commercial trade, which has a net worth (assets) of more than Rp. 50,000,000 up to a maximum of Rp. 500.000.000.tidak including building a business. Or have annual sales of more than Rp. 300 million to at most 2.5 billion. Secondary industries are economic activities carried out by individuals or entities, which aims to produce goods or services for commercial diperniagakan, which has a net worth (assets) of more than 500 million up to a maximum of 10 billion, excluding land and buildings. Or have sales tahunani Rp.2,5 Billion to $ 50 Billion.

Competitive Strategy

How does the company to gain a sustainable competitive advantage is the essence of competitive strategy. Choice of competitive strategy based on competitive advantage that can be developed by the organization. How does the organization will compete in an industry is a competitive strategy choice. There are at least three approaches to defining competitive strategy, namely adaptive strategies Miles & Snow, business definition framework Abell, and competitive strategy Porter Generic (Mudrajat Kuncoro, 2006). Adaptive strategies version of Miles & Snow, based on the organization's success in using the strategies to be able to adapt to an uncertain environment. In this approach, there are 4 types of strategies, namely: prospector, defender, analyzer, and reactor Mudrajat Kuncoro (2006.88). Prospector strategy, ie a strategy that prioritizes the organization's success in innovating, always creating new products and new market opportunities. Survival strategies (Defender), which is a strategy that is usually concerned with the stability of its target market; company with this strategy generally has few product lines with too narrow market segments. Strategy analyzer, this strategy will analyze new business ideas before entering the business organization. Strategy reactor, where the company that reacts to changes in the environment and make a change only if there is pressure from the environment that forced the organization to change. Abell competitive strategy, suggests that businesses can be distinguished by two important aspects namely competition coverage (eg, broad or narrow market) and how far the differentiation of the products offered. The combination of both the basis for Abell find three possible competitive strategy "differentiated", "undifferentiated", and "focus".

In the approach described by Porter, there are two factors that are taken into account in creating the right competitive strategy. The first is based on the competitive advantage of the organization. According to Porter's competitive advantage will only be obtained through one of two sources: either of excellence creates a low cost (cost leadership), or of the ability of the organization to be different (differentiation) compared to its competitors. The second factor in this approach is the scope of product-market (competitive scope) in which organizations compete with each other in a market that is both broad and narrow. A combination of these two factors form the basis of generic Porter's competitive strategy, namely: cost leadership, differentiation, focus (based cost or differentiation). According to Thomson, Strickland & Gamble (2010.139), defining competitive strategy as follows: A Company's Competitive Strategy Photos, EXCLUSIVELY with the specifics of management's game plan for competiting successfully its specific Efforts to please customers, its offensive and defensive moves to counter the maneuvvers of its rivals, its responses to whatever market conditions prevails at the moment, its initiatives to Strengthen its market position, and its approach to securing a competitive advantage vis-à-vis its rivals.

The above definition, almost equal to the opinion (Wheelen Hunger, 2012; Hitt Ireland and Hoskinson, 2011), in which competitive strategy focuses on improving the competitive position of the company products and services in a particular industry or market segments served by the company. If the company's strategy to overcome the problem of business and industry what should be served the company, competitive strategy to overcome the problem of how the company and its units can compete in business and industry. In addition, competitive strategy raises questions such as: (1) Should we compete based on low cost, or do a differentiation based on things other than cost, such as quality or service; (2) Should we compete directly with our main competitors for the largest market but the most desirable lot of competitors, or focusing on a niche market that the take demand but still profitable. Thomson, Strickland and Gamble (2010: 141), establish competitive strategy into five, namely: (1) the overall strategy of low cost, (2) the strategy of differentiation in a large market, (3) the best pricing strategies, (4) the strategy focus low cost; (5) differentiation focus strategy.

Low-Cost Provider Strategies

According to Thomson, Stricklan & Gamble (2010: 140) overall strategy of low cost (Low-Cost Provider Strategies) is a competitive force in the market where buyers are sensitive to price. The company achieve cost leadership when the company set the lowest cost of the competitors. The cost here is the total cost of production, and not on price. Mudrajat Kuncoro (2006: 90) explains what should be done by the company to be able to implement a cost leadership strategy, including: (1) Any measures taken should be based on an effort to minimize costs. This tells us the efficiency in all areas within the company; (2) Finding ways to reduce costs by looking at previous experience; (3) Tightening overhead expenses; (4) minimize costs in all company activities related to the company's value chain as in the field of R & D, service, sales and promotions.

Kuncoro also explains the advantages for companies in implementing a cost leadership strategy are: (1) The Company will earn above average despite very strong competition in the market. (2) protect the company from a strong buyer; (3) The position as market leader also provides flexibility to the company to cooperate with its suppliers; (4) Provide high barriers to entry for competitors excellence companies, especially in terms of cost and the creation of products that scale economies. Some of the risk of running the price of leadership is that competitors can mimic this strategy, thus triggering the decline of industrial profits; that the invention of technology in the industry can make ineffective strategies; or that the attention of buyers may switch to another distinguishing features other than price.

Broad Differentiation Strategy

According to Thomson, Stricklan & Gamble (2010: 149), differentiation strategy that provides unique products / services offered, the uniqueness can be seen from the characteristics of the products that offer value that consumers look that makes the product unique and different in the eyes of consumers. Kuncoro (2006) explains that differentiation can be done in many forms, such as differentiation in: prestige and brand image, technology, innovation, features, services, and dealer networks. Differentiation strategy should be run after a careful study of the needs and preferences of the buyer to determine the feasibility of the use of one or more features that differentiate into a unique product that displays the desired attributes. Successful differentiation strategy allows a company to set a higher price for their products and to gain customer loyalty because customers can be bonded firmly to the distinguishing features of the product can include superior service, availability of components, machine design, product performance, product lifetime, fuel consumption per kilometer, or ease of use. Porter (2004) explains, the risk of running a differentiation strategy is that a unique product may not be valued high enough customers to justify the high price. When this happens, the price leadership strategy will easily defeat the differentiation strategy. Risks inherent in running the differentiation strategy is that competitors could develop a way to mimic the features that distinguish quickly. Thus, companies must find a long-lasting source of uniqueness that can not be quickly or cheaply replicated by a competitor. General organizational requirements for successful differentiation strategy includes a strong coordination between R & D and marketing functions as well as substantial equipment to attract scientists and creative people.

Best-Cost Provider Strategies

Thomson Stricklan & Gamble (2010.154) explains that "The competitive advantage of a best-cost provider is lower costs than its rivals in incorporating upscale attributes, putting the company in a position to underprice its rivals Whose upscale-similar products have attributes". Pricing strategies best (best cost) goal gives more value to consumers at a price. That is, providing superior value to customers by satisfying their expectations in quality, features, performance and beat their expectations for the price. A company achieved the status of the cost of its ability to combine the best attributes of interest at a low price of a competitor. Attractive attributes can be generated from the performance / quality better products, and services of interest. If a company has the power resources and the ability to compete he can combine the provision of product attributes at a lower cost than competitors. Determination of the best cost is different from being a price leader because we provide additional features increase the price of the product itself (in this case the price leader / low cots giving little away from the product features). Best pricing strategies are among the advantages of cost and differentiation advantages and consideration among the broad market and narrow market. Competitive advantage with the best costing is the ability to add features to the product lower cost than competitors who have the same product features. costing can best use the cost advantage of costing less than competitors who have the same product features, and it is not difficult to persuade consumers competitors by providing a high price if it provides the features, quality and performance of products are better than competitors. Thomson, stricklan & Gamble (2010) identifies that to achieve a competitive advantage at the best cost, the company must have the ability to: (1) incorporation of the product costing less than the same product features with competitors; (2) provide a quality product at a lower price than competitors; (3) develop products that provide the best performance at a lower price than competitors; (4) provide low prices on providing customer service equal to the competitors. A best-cost provider strategy is very suitable for the market where buyers concerned with product differentiation and also buyers are sensitive to price and value. The point here is costing the best closer to the market in a state in the middle, with medium quality products at prices below the average, or at the time of a high quality at an average high price.

A focused differentiation Strategy

Successful focus strategy depending on industry segments that have a large enough size, has good growth potential, and is not essential to the success of the other competitors. Focus strategy is most effective when consumers have a preference or requirement that is unique and when its competitors are not trying to specialize in the same segment targets. Differentiation focus, concentrating on the buyer group, segment product lines, or a particular geographic market. According to Porter, the target segment must have one: the buyer with unusual needs, or the production and distribution systems that serve a different market than the other competitors. In using focused differentiation, companies are looking for differentiation in the target segment. This strategy is appreciated because of the belief that the company focuses its efforts in serving a narrow target market more effectively than its competitors.

A Focused Low-Cost Strategy

Thomson, stricklan & Gamble (2010: 157), explained that the focus of the strategy is based on a low cost aims to generate competitive advantage by providing lower costs and lower prices than competitors on a small target market.

The focus is cost competitive strategy that focuses on the buyer group or a particular geographic market and try to serve these niches, and ignore the others. In using the focus on cost, companies are looking for cost advantages in the target segment. The strategy is based on the belief that the company can concentrate its efforts serve narrow strategic target more efficiently than competitors. However, the focus strategy does not require the existence of a trade-off between profitability and market share overall. Based on the above research background, and the object of study is the small and medium enterprises (SMEs) in the sectors of embroidery, stitching, and weaving; the dimensions of Competitive Strategy relevant to this study (Strickland & Gamble 2010).

Partnership Strategy

There are many definitions of partnership strategies, or be referred by the partnership, collaboration, strategic alliances and cooperative strategy. Next will be the definition according to the legislation that has been standardized as follows:

(1) According to Law Number. 20 of 2008 on Micro, Small, and Medium Enterprises Article 1, paragraph 13.

"The partnership is cooperation in ketekaitan business, either directly or indirectly, on the basis of the principle of mutual need, trust, strengthen and benefit that includes actors Micro, Small, and Medium to Large Business".

(2) According to Regulation No. Pemaerintah. 44 of 1997 on partnership, Article 1 paragraph 1.

"Partnership is a collaboration effort between the Small Business with Medium and Large Enterprises with the show or the principle of mutual need, mutually reinforcing and mutually beneficial". According to Muhammad Jafar Hafsah; "Partnership is a business strategy that is performed by two or more parties in a certain period of time to achieve together with the principle of mutual benefit and mutual raising. Because it is a business strategy, the success of the partnership is determined by the existence of compliance among the partners in running the business ethics ".

Another case in the opinion (Hitt, ireland and Hoskisson RE, 2003; Thomson Strickland Gamble, 2010), that the strategic alliance is a partnership between the companies that combines the resources, capabilities and core competencies together to achieve common interests (Gordon Walker, 2009: 224). Meanwhile, according Cravens (2009: 208), that the cooperation strategy (Strategic relationship) occurred among suppliers, manufacturers, distributors and customers, with the aim is to: (1) Gain access to markets; (2) increase the value of the products / services offered; (3) Reduce the risk posed by environmental change; (4) are complementary in the field of expertise; (5) Acquire new knowledge; (6) Building a sustainable cooperation with major customers; and (7) Obtain the resources that are not owned by the company. Most compelling reason for inter-organizational cooperation, there are four basic categories, namely: (1) The opportunity to increase the value obtained from the combination of two or more companies competence; (2) a completely environment; (3) competitive strategy, and (4) Gaps skills and resources (Cravens, 2009: 208).

According to Gordon Walker (2009, 227), the motivation of a company to cooperate among others: (1) transfer of technology, (2) market access, (3) Reduction of costs; (4) Reduction; (5) Changes in industry structure. Collaboration / cooperation based on mutual trust, openness, sharing the risks and benefits, in improving the competitive advantage to produce a better performance than when not collaborate Hogart-Scot (1999). Today more and more companies collaborate for an increasingly diverse market, the price of competing, and product life cycles are getting shorter (Sossay et al., 2008).

Hao Ma (2004: 909), explains that the strategy of cooperative or partnership can be done by a company with several principles:

1) The position of the collaboration (setting foothold)

Determining the position can be effective in shaping the deal of evidence is evidence that is effective in shaping the deal. Empirically, several multinational companies adopt a position measurement collaboration and build a good reputation in the country where they will try to get in on a large scale.

2) The collection of resources and sharing risks (pooling resources and sharing risks) Pooling resources together provide collective strength needed to solve the problems or challenges that can not be addressed by the company itself. Companies that participate in the gathering of resources and collaborative arrangements will get advantage of their rivals and should bear the burden and risk of his own face.

3) The sharing of resources and complementary skills

Cooperation can also be performed by a company with complementary resources to complete major projects of interest to form a firm.

4) Learning from the partner

Essentially collaborative arrangements can be characterized as a learning arena. To learn to understand the processes and capabilities are important in creating customer value is at the core of the cooperative strategy

5) Development Alliance (building alliances)

A company also can gain an edge by working with certain players in the face of competitors. Alliance often temporary until the desired changes of the various players involved in the business achieved.

6) Weighting in many alliances

Companies often collaborate with many partners and forming alliances multiple strategies to determine their position in the industry or business. Alliance provides for companies in which competitive advantage exceeds the competitors who seek its own. In a technology-based industry that is changing very rapidly, companies participating in the alliance based on the portion of each to maintain their viability in the future.

Although the strategy of alliance or partnership strategy has a positive impact, but this strategy also has drawbacks, as said by Gordon Walker (2009: 232): "Four problems caused by partnerships: 1) reduced control over decision making; 2) strategic inflexibility; 3) Weaker organizational identity; and 4) the antitrust issues.

Based on the above research background, and the object of study is the small and medium enterprises (SMEs) in the craft sector, the dimensions of the Strategy partnership / collaboration relevant to this study, the concept refer Hao Ma (2004), namely the principle of cooperation necessary applied by the company to cooperate.

Small Industry Performance

Jones (2004) says that companies must constantly change to develop its effectiveness. change is intended to find or develop a way to use existing resources and capabilities to enhance the ability to create value and improve performance. Performance is meant here is not the performance in the narrow sense that only limited to financial gain. Indeed, the advantage of course have to be hunted, because without profit companies will not be able to survive, but the goal of the company is intended to maintain the survival and durable. At first it only financial criteria used to assess whether or not the superior performance of a company. Performance serves as an instrument to determine whether the company has the ability to sustain life (going concern), as well as a basis for formulating operational planning company in the future and for the information of shareholders, stakeholders, customers, regarding the achievements and success of the company.

Performance Concept

There are many approaches, in defining the performance, according to Mulyadi (2007: 337) "is the successful performance of personnel, team, or organizational unit in achieving the strategic objectives that have been set previously with the expected behavior" .Mulyadi also explained that the successful achievement of strategic objectives needs to be measured. That is why the strategic objectives that form the basis of performance measurement is necessary to determine its size, and determined strategic initiatives to realize these goals. Achievement of an organization is only possible because of the efforts of the actors that exist in the organization. Prawirosentono (2000), defines performance as: "The work that is accomplished by a person or group in an organization within a certain time, in accordance with the authority and responsibilities of each, in an effort to achieve the goals of the organization in question legally, do not violate the law and in accordance with moral and ethical.

In the literature, there are two approaches to measuring the performance advantages of the company (Supratikno et al, 2005). The first approach stated that the superior performance of the company called if it has performed above average (above average performance) is viewed from a variety of dimensions, such as market share, etc. The second approach assesses corporate excellence implied from the age of the company (corporate longevity). Companies that age long, which means it can survive for a long time, is a company whose performance is superior. The development of further stated that the overall performance can be measured by five indicators, namely financial indicators, indicators of growth, cash flow indicator, the indicator value, and the stock price indicator. However, according to Chong H.Gin in the Journal of Business, Measuring the performance of small-and medium-sized enterprises: the grounded theory approach (2008: 1-4), said that in order to measure the performance of SMEs using the hybrid approach is a combination of financial and non-financial measurements .

Ann Ledwith (2008: 100), in which to measure the performance of small and medium enterprises (SMEs) that use financial approach and performance indicators is the market with sales growth, profitability, market share, the amount of sales and ROI. In this study, the authors used the approach of H Gin Chong (2008), to measure the performance of SMEs, due to the similarity of the studied business and that will be measured are small and medium enterprises.

THEORETICAL FRAMEWORK

The framework is a logical framework (logical construct) that contains the logic or reasoning groove systematically arranged as a form of theoretical answer to the phenomenon that arises due to the gap between empirical facts and ideal conditions expected. The answer comes from the theories and the results of research conducted by previous researchers thus expected to have axiological value in explaining and predicting the phenomenon of the variables studied. Grand theory as a conceptual problem solving approach in this study uses the concept of existing concepts in Management Strategies While the middle-range theory used is: theory External Environment, Internal Environment theory, the theory of Competitive Strategy, Partnership Strategy theory, and the theory of performance.

As scientific research reveals the relationship between the study variables in order to explain and predict the inter-relationship of variables is needed conceptual construction. This conceptual construction comes from studies that have been done before. Therefore, the applied theory used in this study is based on the construction of the relationship between the study variables were obtained from the results of previous studies, journals and articles that are aligned with the research.

Relations Partnership Strategy and Competitive Strategy

Mudrajat Kuncoro (2006: 169) says that the changes in the external environment is a fundamental reason that affects the strategic alliance. This change reflects the inability of internal resources to achieve competitive advantage. Cravens (2013: 202) explains that strategic alliances can increase competitive advantage by combining the ability of the company. Besides, cooperation (collaboration) that is based on mutual trust, openness, sharing the risks and benefits will increase competitive advantage and also produce high performance, if not do collaborations / Sheikh Assery (2010).

Relationship Competitive Strategy and Corporate Performance

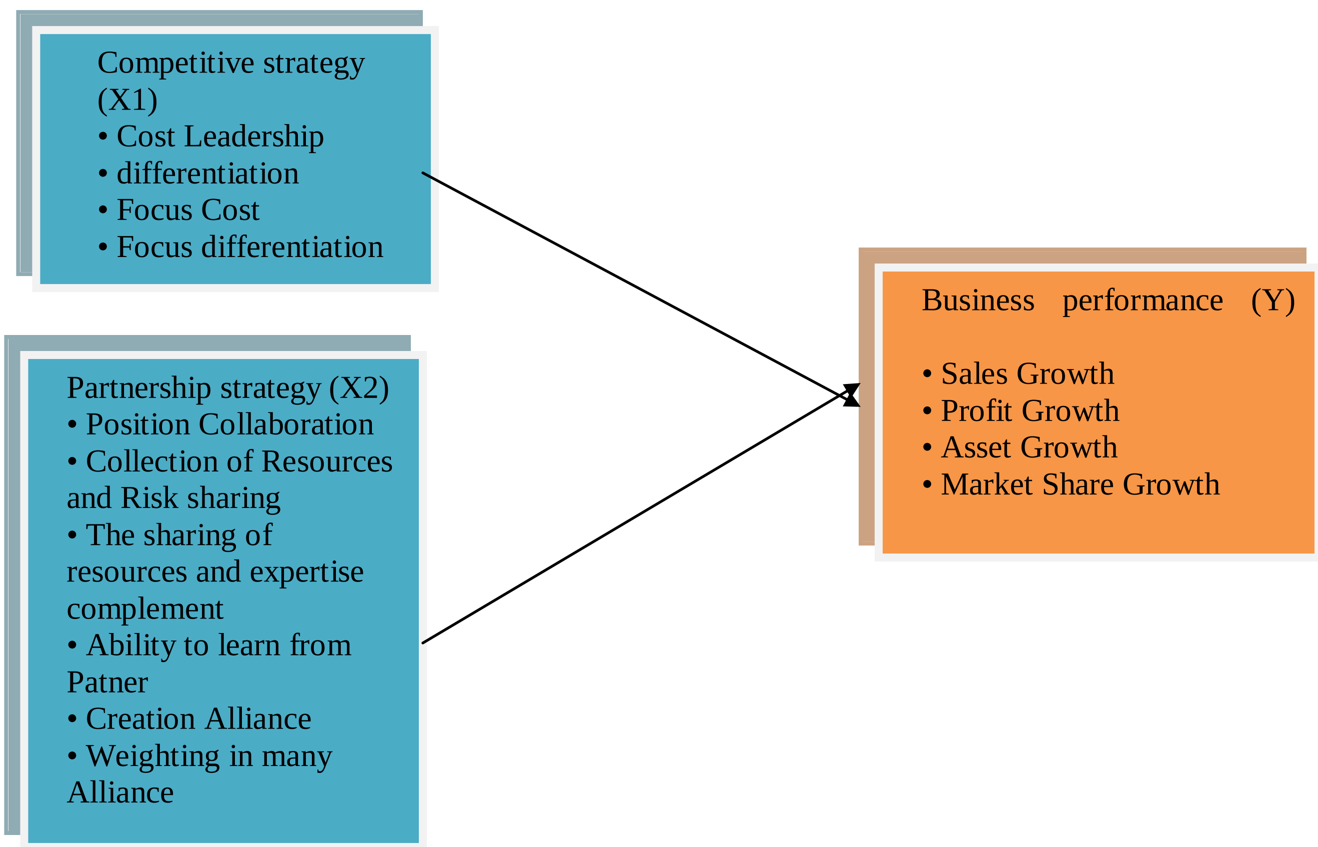
According Haloman Tamba (2004), in a business activity, competitive strategy used to improve competitiveness (Competitive advantage), while Thomson, Strickland & Gamble (2010: 162) explains that by applying any of the above competitive strategy can provide an opportunity for companies achieve sustainable competitive advantage. Under conditions of intense competition and uncertain business environment (unchanged), the company's performance is largely determined by competitive strategy that is supported by the company's internal capabilities and Ellitan anatan (2009: 17).

Relations Partnership Strategy and Corporate Performance

Next discussed the relationship between strategic partnerships with corporate performance of Doise (2008) where the research abstract presented "Independently, corporate culture and corporate strategy has been widely studied in connection with the performance of the company, but little is known about how the relationship between culture and strategy affects performance the company. This dissertation examines the relationship between corporate culture and corporate strategy and its impact on corporate performance in the context of the trucking industry. The trucking industry is an ideal setting for studying this relationship for a significant impact on the economy in terms of contribution to GDP, employment, security, taxes, government spending, and the company's ability to compete move goods from the point of import or manufacture through the supply chain to the point end use. In addition, the trucking industry is very competitive, which consists of approximately 500,000 companies, and is currently facing increased costs makes financial performance is an important concern. The literature on corporate culture, corporate strategy and corporate performance is reviewed at length so that the conceptualization and construction of the relevant models. The hypothesis that the performance is improved when a certain kind of culture fit with a particular strategy. The results of this study confirm that the larger corporate performance depends on the suitability of a particular culture and a particular strategy.

Next Hofmann, (2010) stated that the purpose of the paper is to investigate the nature of supply chain strategy (SCS). The study aims to provide a framework for a systematic understanding of the relationship between corporate strategy decisions (CS) and supply chain management (SCM). This paper shows that most of the literature on the SCS related to the functional level. Have not found the relationship between corporate strategy and business unit strategy and supply chain capabilities, especially at the network level - A match between CS and SCM positively impact the performance of the company. According to Hoffman (2010: 256) there is a link between corporate strategy and corporate performance as presented "A fit between the CS and SCM positively Impacts the performance of a firm." Furthermore, Hoffman (2007: 271) argues "The indirect functional interrelationship provides a path of interaction for bottom-up emergent strategizing, even when SCM distanced from a corporation's strategic management. A focus on the common, yet insignificant indirect often functional relationship in strategizing processes could provide marginal increases in firm performance, through the targeted configuration of the primary supply chain activities in line with CS. So it can be concluded that the strategy applied by the company relating to the performance of the company.

PROPOSED CONCEPTUAL FRAMEWORK



Sekaran (2003: 118) states that the design of the study is the plan of the structure that directs the process of research and research results as far as possible be valid, objective, efficient, and effective. The study design consisted of: (1) the purpose of the study; (2) the type of research; (3) the area of intervention research; (4) study setting; (5) units of analysis. According Sugiono (2009: 2), the method of research is a scientific way to get valid data to the destination can be found, proven and developed a knowledge that in turn can be used to understand, anticipate and solve problems.

This study is a theoretical study of the influence competitive strategy and strategic partnership on competitive strategy and strategic partnership which employed the secondary source of data collection by making use of available literature on competitive strategy and strategic partnership on small industry performance. Because this study aimed to find out what and how much the factors thought affect a variable (Mudjarat Kuncoro, 2007:12 in Meiryani 2014).

CONCLUSION

Competitive strategy and strategic partnership affects the small industry performance. The theories that already exist about management and organization make more emphasized linkages, that the competitive strategy and strategic partnership and their impact on the small industry performance. The results of the theoretical evidence from this study can be used to solve problems that occurs on the competitive strategy and strategic partnership.

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