The Influence Analysis of Strategic Partnership, Design Innovation Product towards Product Quality and Competitive Advantage SMEs Convection in North Surabaya Area

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Abstract. This study will examined influence of strategic partnership, design innovation towards product quality and competitiveness of small medium enterprises convection in north Surabaya became object and goal of my research. type of this research is quantitative, population and sample based on the spread of to the 3 different companies with operations, designer and customer convection in the area North of Surabaya. Engineering data retrieval using the questionnaire. This research data analysis using the method of Partial least Squares (PLS). results the study proves all dependent variables a significant effect with a Quality Product (Y1) < 0.05 , but the testing equation structure towards a Competitive Advantage (Y2), design Innovation Product (X 2) showed no significant influence with p value $0.05 >$. So, the competitive advantage in this region refer to the results of the product not of through an innovation concept with a uncertain results.

Keywords: strategic partnership, design innovation product, product quality, competitive advantage.

1 INTRODUCTION

In the Era of Global competition, the current level of competitiveness company into becoming the target benchmarks to success in the corporate market competition. condition of Indonesia's increasingly tight. to support the competitiveness of enterprises in the era revolution 4.0 has to create all sorts of innovations, smooth operation and quality of the production into something major assessment, company increases the prospect of marketing to achieve market leader in competition of enterprises. The garment industry is commonly known as Convection in Indonesia is an industry trend that became a center for the community of entrepreneurs because these companies can be implemented with minimal capital, but requires skill in needlework and Surabaya, East Java is a destination where I do this research. the following phenomena that I got through the Website of the Ministry of industry, as follows:

Fig. 1: competitiveness small enterprises convection in East Java,Indonesia

Source : [1]

In the scale competition city in East Java province, according to the Ministry of industry, the city of Surabaya just recorded with 8 Convection with score (5), because all of industry only able to occupy a middle position between two city banyuwangi and malang. While that shows enormous potential in industrial Convection is a banyuwangi Regency by the number 9 convection has recorded score (10) because of some convection have ranked over 10 great one abbas raden convection which ranked 1 of industrial competition convection. The above problems is a Surabaya Became a major problem in industry

competition, convection in the area of the city of Surabaya to another particular which became the object of my research region North of Surabaya. The problems in field observational studies found through initial reveals the following:

fig. 2: competitiveness small enterprries in north Surabaya area

Source : [2]

The tabelindicates a huge potential in the industrial area of Convection in North of Surabaya, Surabaya bordir that has the completeness of operational production (10) include: 5 sewing machines, 3 computer design, t-shirt screen printing machine 1 & 1 embroidery machines, as well as has the number of distributors as much as (5) consisting of: 3 distributors of fabrics and 2 distributors ink screen printing. Ali bordir has recorded under the completeness of operational production as much as (5) include: 3 sewing machines, 1 t-shirt screen printing machine & 1 computer design & doesn't have embroidery machines, as well as have a number of distributors as much as (3) consisting of: 2 Distributor 1 distributor of fabrics and ink screen printing. Giandra Miracle under these two competitors in one area of Surabaya North . it has the operational production of completeness (2) include: do not have a sewing machine, t-shirt screen printing machine 1 & 1 computer design & doesn't have embroidery machines, as well as have a number of distributors as much as (2) consisting of: 1 distributor 1 distributor of fabrics and ink screen printing. through the competitive advantage and quality product , operational production of completeness is in supporting innovation innovation in design and also the number of distributors of mutual benefit for both parties.

The formulation of the problem we find, what there is a significant influence of the strathegic Partnership, Design Innovation product towards Quality product and competitive advantage small medium enterprises in the region of Convection North of Surabaya, with a goal there is the influence significantly from all the dependent variables to intervening, dependent to independent , and intervening to independent. we uncover allegations these allegations within the framework of the concept of thinking as follows:

fig.3 Research conceptual Thinking

The picture will then be calculated as the evidentiary research through the following 5 hypothesis :

H1: there are strategic significantly Influence Partnership towards Competitive Advantage

H2: there are strategic significantly Influence Partnership towards Product Quality

H3: there is an influence in a very Significant Competitive Advantage towards Inovation Design

H4: there are very significant influence Design Inovation towards Product Quality

H5: there are very significant influence Product Quality towards the Competitive Advantage

2 LITERATURE REVIEW

Marketing is a social and managerial process whereby individuals and groups obtain what they need and want by creating, offering, and exchanged money [3]. i enter the research marketing management to conceptual thinking with, Strategic partnership according to [4] mutually beneficial cooperation between parties, by placing the two parties in an equal position. In this partnership the meaning of cooperation activities is the degree of effort of a party to fulfill the wishes of others. Firmness, namely the degree of effort of a party to fulfill its own desires. Collaboration, which is a situation where each party in this conflict is willing to sacrifice something, so that there is a sharing of burdens and benefits. Based on the analysis of the coefficient significant with quality product showed research by [5] As many as 64.70% above the T table 1,960 SME owners who have participated in the Partnership Program state that the marketing network of their products is quite good so that it can be said that the partnership program of PT. Jasa Raharja (Persero) has an impact on improving the SME product marketing network. Improved network marketing can also be supported by good product quality to facilitate the increase in the company's sales revenue with the path analysis research method, whereas in the research conducted by [6] the absence of the establishment of partnerships undermine risk/uncertainty associated with the adoption of Cloud Computing, which benefits the. The existence of the relationship significantly between X 1 and Y1 but not in the presence of the formation of the partnership and less sistemates innovation is able to undermine such research. Based on the analysis of the coefficient significant with competitive advantage The framework laid out by [7] that describe the supply chain management, each process has a sub process of strategic and operational factors to investigate the effects of supply chain process management as a competitive advantage through a SWOT analysis.

Explain about the design innovation product by [8] are made to sweetnest product before it will be market, include the following aspects: the need is recognized, a competent person with relevant technology and financial support. Research conducted by [9] States the success of small and medium enterprises di eropa developed refers to innovations in their strategy, processes and products. Innovation helps companies to achieve positive results in the market and the level of competition that the innovation-driven design really translates into higher economic performance. Different, both in manufacturing and services, when a controlling role of design in correlated with competitive advantage, provide more support towards competition with industry the significance of 3.8% highest of 0,5% of the h4 test results, on the otherside research by [10] conducted by the opportunities and threats that prompted the company to create a new method that is adopted with the inikebutuhan environment. For example, the social and organizational factors affecting company through the adaptation of innovations in their activities including product innovation to be realized the market needs, on the other hand, the strength of the market strongly influenced the position of current products, the market especially with aggressive competition, further, from 56% market situation in testing the F indicates the significance of innovation in a product towards competing superiority while the Research conducted by [11] in his study mentions the role of design and management can be considered important also by referring to the performance of the company regarding our innovation focus, rather than the company's performance in general. Indeed, this is an argument that can be supported by considering innovation and design within the framework of the company's business model in supporting product quality of 10,278 in the Smart PLS bootstrap sampling testing rate. from that relationship that an innovation in a good concept will produce a better product outcome.

[12] in his book mentions product quality is the overall characteristics and features of a product or service in the ability to satisfy expressed / implied needs. Product quality is a form of the results of the implementation of a good innovation and is based on quality raw materials from the selection of appropriate partners. Based on the determination of the coefficient of regression analysis in research by [13] R^2 adjusted R square value of 0.560 this indicates that variation of the variable quality of product, price, promotion, brand image was able to explain variation variable competitive advantage of 56.0 percent, This result shows all free variables simultaneously influential.

3 METHODOLOGY

3.1 population study

The population examined in this study a lot, is not known with certainty then the research was done on a sampling using the method of purposive sampling with a nonprobability sample. The population in this

research totalled 336 people consisting of partners who are registered into the business chain company yaang consists of 5 workers of the company's operations, 2 experts design the overall 5 & tailor who has a great effect on marketing of the company multiplied 3 examined, customers who have already purchased more than once the convection and the third product obtained as many as 300 customers of all three convection in a community, organization/company.

3.2 Sample

To determine the number of samples in the study, the author uses the formula [14] in the research [15] as follows :

$$n = \frac{N}{1 + \frac{(Moe)^2}{N}}$$

$$n = \frac{336}{1 + \frac{0.10^2}{336}} = \frac{336}{1 + 0.0003} = \frac{336}{1.0003} = 335.9 = 336$$

n = sample size

N = population size

The Margin of Error (MOE) = max (errors are still tolerated, taken up 10%).

Based on the calculations listed above, the number of samples studied was 77 respondents fulfilled into 80 respondents which were 22 respondents consisting of 15 company operations and 7 IT designers, and 58 respondents were customers who had purchased or used one of the three convection.

3.3 Research Instrument

According to Sugiyono (2015) Variable research is everything that shaped what are defined by the researchers to be studied so that the retrieved information about it, then at the conclusion. This study presents three types of variables are:

1 Dependend variable : Competitive Advantage (Y2)

indicators for measuring competitive advantage is something external considerations used in a company. [16]

- a) selling price of a cheaper product
- b) innovate a product for market updates
- c) offer this type of product with the appropriate markets segment
- d) time of entry to the market is not too late

2 Independen variable : Strategic Partnership (X1)

goal of setting strategies for partnerships as a basis for the implementation of the ownership of their results, this indicator in the challenge systematized as follows. [17]

- a. the selection of the right distribution partner for the company.
- b. Managing accountability advantages in ensuring that cooperation can be agreed upon.
- c. the company needs to find a partner who acts in accordance with what it needs

3 Independen variable : Design Innovation Product (X2)

a product design innovation can be defined as the totality of new process features that are owned by a product that affects the appearance of the following indicator shows the taste as well as the function of products based on the needs of a consumer. [12]

- a. Harmony of color in the display of the product
- b. a precision product Model with the result

4 Intervening variable : Quality Product (Y1)

the ability of a product to perform its functions, including some aspects of supporting quality include the following the indicators. [18]

- a. capable of producing interesting products
- b. In accordance with the tastes of customers
- c. Texture products that are not easily broken (durrability product)
- d. prove different results with competitors (product different)

3.4 Research Analysys Technique

In this study researchers using the technique of data analysis with PLS using the software SmartPLS Partial Least Square (PLS) is a method of analysis . the powerful and often referred to as soft modeling because, negate the OLS assumptions (Ordinary Least Squares) regression, such as data must be distributed in Multivariate normal and the absence of problem multikolonieritas between variables, [19] as follows : Structural Model (Inner Model), Measurement Model (Outer Model), and bootstrapping sample.

4 RESULT AND DISCUSSION

4.1 Assessing the Outer Model or Measurement Model

Fig.4. Outer Model or Measurement Model

There are three criteria in the use of data analysis techniques with SmartPLS to assess the Validity of the model are outer Convergent Validity, Discriminant and Composite Reliability. Convergent validity of measurement models with reflexive indicators assessed based on the correlation between the item score/component score that is being estimated by Software PLS. The size of the individual is said to be reflexive if correlated over 0.70 with invalid constructs being measured. However, according to Chin, in a 1998 book (Ghozali, 2014) to study the early stages of developing a scale of measurement value loading 0.5 to 0.6 is considered quite adequate. In this research will be used in the limit of loading factor of 0.50.

4.1.1 Convergent Validity

Tabel 3 : Outer Loadings (Measurement Model)

	Competitive Advantage	Design Innovation Product	Quality product	Strategic partnership
X1.1				0,686
X1.2				0,921
X1.3				0,810
X2.1		0,740		
X2.2		0,747		
Y1.1			0,866	
Y1.2			0,766	
Y1.3			0,829	
Y1.4			0,855	
Y2.1	0,839			
Y2.2	0,797			
Y2.3	0,807			
Y2.4	0,845			

The results of processing with the use of SmartPLS can be seen pada Tabel 4.10. The value of outer correlation models or latent variables with antar konstruk meets convergen validity because the loading factor value pada tabel above does not limit values under the loading factor of 0.50.

4.1.2 Discriminant Validity

Discriminant validity is carried out to ensure that each other concept of latent variables is different with each of the other variables. The model has a discriminant validity is good if each value loading of any indicators of a latent variable has a value of loading with loading other values towards variable other latent.

Tabel 4 : Discriminant Validity (Cross Loading)

	Competitive Advantage	Design Innovation Product	Quality product	Strategic partnership
X1.1	0,035	-0,024	0,067	0,686
X1.2	0,270	0,045	0,329	0,921
X1.3	0,191	-0,088	0,236	0,810
X2.1	0,245	0,740	0,186	0,030
X2.2	0,229	0,747	0,211	-0,050
Y1.1	0,788	0,157	0,866	0,372
Y1.2	0,797	0,218	0,766	0,061
Y1.3	0,807	0,291	0,829	0,322
Y1.4	0,845	0,219	0,855	0,270
Y2.1	0,839	0,325	0,749	0,169
Y2.2	0,797	0,218	0,766	0,061
Y2.3	0,807	0,291	0,829	0,322
Y2.4	0,845	0,219	0,855	0,270

From the table it can be seen that some loading factor value for each of the indicators of each latent variable is still has a value of loading factors not least than loading value if associated with other latent variables. This means that any latent variable does not yet have a good discriminant validity where some latent variable still has a gauge of high correlated with other invalid constructs.

4.1.3 Evaluating Reliability and Average Variance Extracted (AVE)

Invalid constructs are said to have high reliability if its worth 0.70 and AVE been above 0.50. On the table will be presented the value Composite Reliability and AVE for all variables.

Tabel 6 : Composite Reliability dan Average Variance Extracted

	Reliabilitas Komposit	Rata-rata Varians Diekstrak (AVE)
Strateghic partnership	0,851	0,659
Design Innoation Product	0,712	0,553
Quality product	0,898	0,689
Competitive Adantage	0,893	0,676

Source: data test with SmartPLS

It can be concluded that all invalid constructs reliability criteria. This is indicated by the value of the composite reliability above 0.70 and above 0.50 AVE as the standard criteria recommended by the data processing software.

4.2 Structural Model (Inner Models)

Fig.5 Struktural model

Source : image bootstrap export with smartPLS

In assessing the models with PLS begins by looking at the Adjusted R-square for each dependent latent variable. Table results Adjusted R-square estimation by using SmartPLS.

Tabel 7 : R square adjusted

Variabel	Adjusted R Square
Competitive Advantage	0,955
Quality Product	0,150

In this study consists of 4 variables. the independent variable is 2 Strategic Partnership (X 1), Design Innovation, Product (X 2), intervening variables as much as 1 variables i.e. Quality Product (Y1) and the dependent variable (tied) by as much as 1 i.e. Competitive Advantage (Y2). Table 4.13 shows the value for the variable R Square Adjusted Quality Product (Y1) acquired for 0.955, variable for Competitive Advantage (Y2) gets the same value of 0.150. These results show that 95.5% (0.955) variable Competitive Advantage (Y2) can be affected by variables Strategic Partnership (X 1), Design Innovation, Product (X 2), whereas the variable Quality Product (Y1) and the percentage of the value of 15% (0.150).

4.3 Hypothesis test

The significance of the parameter being estimated provides very useful information about the relationship between research variables. Basis used in testing the hypothesis is the value that is contained in the output Path coefficient.

Tabel 8 : path coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Design Innovation Product -> Competitive Advantage	0,058	0,050	0,032	1,816	0,070
Design Innovation Product -> Quality Product	0,272	0,289	0,088	3,080	0,002
Quality Product -> Competitive Advantage	0,976	0,979	0,016	62,043	0,000
Strateghic Partnership -> Competitive Advantage	-0,051	-0,050	0,022	2,298	0,022
Strateghic Partnership -> Quality Product	0,318	0,332	0,105	3,021	0,003

Hypothesis testing will be done by means of bootstrapping to see t-statistics and p-values with a significant level of 5% in the numbering Scheme on top of this is the first model made by [20]. my research connection look of two sides formulate ($df = n - k$), quoted by [21] in Quantitative Research Methodology books, so ($df = 80 - 4 = 76$) leads to a level of significance of table t (1.92). So that the acceptance criteria or rejection of the hypothesis is H_A accepted and H_0 rejected when t-statistics show > 1.92 , and to reject or accept the hypothesis using probability values, then H_A will be accepted if p-value < 0.05 . The test results with bootstrapping from PLS analysis are as follows:

1. The first hypothesis test results proved that the influence partnership Strateghic variable (X 1) and Product Quality (Y1) indicates the value of the p-value of 0.003 t value of 3.021. The greater value from the t table (1.920) and p-value below 0.050. This result means that Strateghic partnership (X 1) have significant influence towards a Quality Product (Y1) which means in accordance with the first hypothesis predicts significant influential variable partnership Strateghic towards a Quality Product. This means the hypothesis 1 received.
2. This second hypothesis test results proved that the influence of variable Strateghic partnership (X 1) and Competitive Advantage (Y2) indicates the value of the p-value 0.022 and t value of 2.298 The greater value from the t table (1.920) and p-value below 0.050. This result means that Strateghic partnership (X 1) have significant influence towards Competitive Advantage (Y2) which means in accordance with the second hypothesis also predicts significant influential variable partnership Strateghic towards Competitive Advantage. This means the hypothesis 2 received.
3. This Third hypothesis test results proved that the influence of variable Design Innovation Product (X 2) with a Quality Product (Y1) indicates the value of the p-value 0.002 and t value 3.080 The greater value from the t table (1.920) and p-value below 0.050. This result means that Design Innovation Product (X 2) have significant influence towards a Quality Product (Y1) which means in accordance with the third hypothesis which predicts the Product Innovation Design influential variables significantly to Quality Product. This means the accepted Hypothesis 3.
4. The fourth hypothesis test results indicate that the influence of variable Design Innovation Product (X 2) with Competitive Advantage (Y2) indicates the value of the p-value of 0.070 with value t of 1.816. These values look smaller than the t table (1.920) and the p-value is greater on top of 0.050. This result means that Design Innovation Product (X 2) does not have significant influence towards Competitive Advantage (Y2) which means not in accordance with the second hypothesis predicts significant influential Product Innovation Design towards a Competitive Advantage. This means 4 Hypothesis was rejected.
5. This fifth hypothesis test results proved that the influence of variable Quality Product (Y1) and Competitive Advantage (Y2) indicates the value of the p-value of 0.000 with value t of 62.043. The greater value from the t table (1.920) and p-value below 0.050. This result means that Design Innovation Product (X 2) have significant influence towards Competitive Advantage (Y2) which means in accordance with the fifth hypothesis predicts significant influential variable Quality Product towards t the Competitive Advantage.

5 CONCLUSION

Based on the results of the analysis using smartPLS, it can be concluded that the most significant variable is very influential on his line. However, it is found in the H_4 that was not significant Design Innovation Product has no

effect towards a significant competitive advantage in the area of convection SMEC Surabaya North. for the argument says absence rates of competitiveness SMALL MEDIUM ENTERPRISES in the region of convection North of Surabaya, which refers to a product design concepts presented in the form of convection pictures through a software application design rather than an end result marketing product. but, This research different with research by [9] that mention that the design-driven innovation is actually translated into higher economic performance. correlated with performance-based innovation, provide more support towards competition industry continued on a significant Hp4. It can also be seen from the object of my research are less ignore a concept but rather a result of each product is convection.

6 LIMITATION

1. Research carried out by analyzing the results of the data collection, either secondary or primary data, obtained, among others, with questionnaires, interviews, observations in the field, and the study of literature.
2. The scope of this research only on product quality and competitiveness of a company that is affected by the strategy of partnership, innovation and design, while the process of distribution of the goods to the customer are not included in the scope of the research. The respondent is operational worker, designers and customers in Surabaya with a background of people who are often buying products SMALL MEDIUM ENTERPRISES in the region of north Surabaya Convection.

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