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The Importance of Characteristic Partnership as A Sustainable Competitive Advantage: A Perspective Review

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ABSTRACT

The purpose of this study is to analyze the characteristics of partnerships to achieve sustainable competitive advantage based on management alliance capabilities. The attribute of partnership, behavioral communication, and technique of solution conflict were found as a mutually effective of the characteristic of partnership to gained success. However, it is not enough without management alliance capabilities. Previous studies have shown several failures in making partnerships. The development of a management alliance approach to the company was needed as a priority in the alliance strategy because although many companies knew about the importance of this, only a small number were aware of how to take this seriously. This study presents to overview of the associated with a characteristic partnership as a source sustainable competitive advantage based on management alliance to gained success.

Keywords: *partnership, sustainable competitive advantage, alliance management*

1. INTRODUCTION

Over the past two decades, shown that some numerous inquiries reported about factors and impacts on partnering success. Partnering has been known as an effective source for achieving sustainable competitive advantage and successful in business projects [1]–[4]. The partnership is a relationship between actors based on mutually beneficial business ties in a synergistic work relationship whose results are not Zero-Sum Games but Positive-Sum Games or Win-win Situation. In other words, the partnership is a cooperative relationship between mutually supportive businesses based on the principle of mutual support based on the principle of family and togetherness to achieve the goals of sustainable competitive advantage and successful business.

Conducting a partnership is to make agreements, share, or exchange valuable resources with other companies when there are resources that cannot be obtained efficiently through market exchanges or mergers/acquisitions. This can be interpreted that strategic alliance is aimed at creating the most value from the resources of an existing company by combining it with resources from other companies and expecting the results of a combination of returns that are mutually beneficial [1]. The Previous studies found factors associated with the success of a

partnership, indicated with the transparent communication between all the team [5], joint risk management (JRM) team [6], trust and confidence [7], communication, trust and confidence and joint risk management [3], trust [8], the alliance management capabilities [7], [8].

Based on these previous studies, partnerships are often seen as a success for companies for achieving a sustainable competitive advantage. But unfortunately, in fact, shown that many partnership still found do not succeed to gain a sustainable competitive advantage [9]. Many strategic partnerships do not succeed been caused slow of better guidance to gain strategic partnership succeed and lack of knowledge about the factors that associated partnership succeed. Then, some numerous of the partnership of firms also have been failed to end up in managing their strategic partner alliance because of difficulty in maintaining partnerships and ensuring success from them [8]. Most firms have been realized the importance of characteristic of partnerships and alliance management, but they have not developed this capability to manage it's into success. Nowadays, some previous studies indicate that the success of partnerships gains by those with alliance management capabilities.

The purpose of this paper to an overview of the success associated with a partnership as a source sustainable competitive advantage. This paper present the greats issue to solve the unanswered gap in previous studies. The characteristic of partnerships with dependent on external partners could allow firms to fill the gap. The needed resources, knowledge and skills are the aim to gain values with the range of solutions by creating value from several sources. Learning from partners, doing effective risk management, entries market with cost-efficient are several sources to gain success [10].

2. LITERATURE REVIEW

Over than four decades before research on partnerships has been discussed until now. The theory of the importance of firms have partnerships, for example, are resource dependence [11], transaction cost analysis [12], competitive strategies [13], and social exchange theories by distributor's perspective [14]. Then, Mohr & Spekman [9] developed a model with characteristics of partnership associated success of partnerships.

Characteristics of the partnership have an intensity to gain success. These characteristics are attributes, such as commitment and trust [15]; communication behaviors between the partners [16]; and conflict resolution techniques, to problem-solving [17].

According to the partnership model [9] used to test success in partnerships, provide an understanding of each of these factors as follows:

- a. The attribute is the process associated constructs guide the importance of information between partners, managing the interaction and the dynamic interchange between partners acknowledge for maintenance of the relationship. These include commitment, coordination, interdependence, and trust.
- b. Communication Behavior is a partnership must have high communication quality, information sharing between partners and participation in achieving goals.
- c. Conflict Resolution Techniques is conflicting often exist in the relationship between organizations because of the interdependence between all of the partners. Resolving conflicts in the right way will lead to constructive creating more productive relationships and implications for success.

A competitive environment is characterized by changes in all aspects that cause companies to experience uncertainty. This uncertainty is sought to be a certainty by protecting core competencies and establishing activities with partners to be interdependent as one way to deal

with uncertainty [11]. Therefore the research findings of [18] state that companies that work with business partners can reduce the level of complexity in facing a competitive environment.

Dynamic capabilities explain that companies can achieve sustainable competitive advantage by demonstrating ownership of resources that emphasize reconfiguring basic resources [19]. The dynamic ability the concept refers to the firm's ability to promote change with integration, build and reconfigure basic resources in matching changes environment. In situations of rapid environmental change, companies must develop high-level resource capabilities, increasing basic productivity resources. Dynamic capabilities are distributed heterogeneously in between other firms are a source of competitive advantage.

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Dynamic capabilities are distributed heterogeneously in between other firms are a source of competitive advantage. Numerous previous studies state that alliance's ability is a kind of dynamic capabilities [20]. Actually they are highly capable resources that affect the low order of the alliance's resources as several attributes of alliance relationships [21]. The ability of alliances owned by firms resources, such as dynamic capabilities, should be distributed heterogeneously throughout the company to justify the success of heterogeneous alliances between firms.

According to Saebi [22], the ability of the Alliance the capability of promoting does not only talk to relational and structural relations but to individual alliance relations, towards managerial specific capabilities of the firm. Firms must focus not only on inter-relationships partners but together on the ability required to manage it. Such an assumption, companies with high success rate alliances are those who have a higher level of alliance capability. Thus, the difference in the success of the alliance between companies is because of different levels of ability to manage alliances.

3. METHOD

This research method is a literature review based on case studies. Identification of debates, constraints, and classification of studies is preceded by reviewing various issues and elements related to research topics, namely the characteristics of partnership based on management alliances. This study specifically looks at research starting from the last four decades related to research topics.

4. RESULT AND DISCUSSION

The partnership is a means to strengthen each other and seek the benefit of both parties in a certain period by prioritizing the principle of mutual need. Fundamentally the partnership is divided into several attributes, namely commitment, coordination, trust, and interdependence. These attributes contain elements of mutual need, mutual reinforcement, and mutual benefit. Commitment is the orientation of the individual to the organization by showing the scope of loyalty, identification, and involvement in the values, rules, and objectives of the organization. In this case attitude and behavior, commitment is more than passively realizing the importance of active involvement in the organization.

Long-term commitment is expected to create a balance in achieving the short-term and long-term goals of each business partner who can then achieve the goals set together without feeling the existence of opportunistic behavior [9]. While Mohr & Spekman [9] stated that coordination reflects the expectations of business partners with other business partners in achieving goals. Chan [23] even emphasized that the effectiveness of relationship stability between partners was created because of coordination in addition to improving relations between business partners. Poor coordination can eliminate commitment and trust and do not rule out the possibility of causing disputes with business partners. So this will make it difficult to achieve sustainability in the business partnership relationship going forward.

Trust is an important aspect of commitment. Trust is also a key variable for maintaining sustainable relationships [24]. Trust is reflected in two important components namely Credibility and Benevolence [25]. Credibility requires expertise to generate effectiveness and reliability in working to generate trust in cooperative relationships for long-term orientation [26] while Benevolence sees trust as a cooperative relationship that aims to motivate to be an advantage for other organizations.

The dependency condition is supported by Porter [27] and Mohr & Spekman [9] because it can develop long-term sustainable business competitiveness through cooperation and interdependence with suppliers and distributors. This interdependence will always occur in competitive environmental conditions.

A competitive environment will lead to the interdependence between companies that generate profits from each other, causing conditions of interdependence between companies [2]. A competitive environment is characterized by changes in all aspects that cause companies to experience uncertainty. This uncertainty is sought to be a certainty by protecting core competencies and establishing activities with partners to be interdependent as one way to deal with uncertainty. Therefore the research findings of Wood & Gray [18] state that companies that work with business partners can reduce the level of complexity in facing a competitive environment.

Communication behavior is a fundamental aspect to determine the success of an effective communication process. An effective communication process is needed to achieve company success. Effective communication between business partners is very important to benefit from partnership collaboration. Communication in question is not only verbal communication but also nonverbal. The quality of communication is a key aspect of information transmission [28]. These aspects are the accuracy, timeliness, adequacy, and credibility of the information exchanged [29].

Potential partnership relationships must be built by maintaining the quality of communication so that the partnership objectives to be achieved are successful. Also, according to MacNeil [30] honesty and openness of communication are very important for growth and establish a strong bond with business partners. Partnership relationships often fail because of the main source of failure because of the falsification of data and information so that the quality of communication is not maintained and undermines the commitment to partner in the long term [2]. Trust is a willingness to depend on business partners.

According to a previous alliance experience, a critical role in alliance capabilities development, Gulati [31] defines that alliance management is as firms' expertise gained from previous alliances experience. Strategic alliances are known as media for organizational learning and knowledge sharing [32]. Through this, the firms gained experience in managing alliance experience by highlighting the company's ability to create value from the experience of their previous alliance. Firms that have experience strategic alliances will benefit from higher knowledge of superior alliances for the next stage of strategic alliance management.

5. CONCLUSION

This study provides to contribute insight into a characteristic partnership based on alliance management. The previous theory has shown that attributes of partnership, behavioral communication, and technique of solution conflict are important indicators in determining the character of partnerships associated with the success of partnerships. But in fact, these characteristics cannot achieve the success of a partnership if the company does not have prior experience of alliance management. Because the experience of management alliances owned by the company will strengthen the characteristics of the company's partnership.

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