



## Research Article

# Integration of Partnership Strategy Models Based on Local Values of "Tat Twam Asi" With Competitive Advantages and Business Performance: A Conceptual Model

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**Abstract:** The purpose of this research is to develop a comprehensive partnership strategy integration model that includes corporate partnerships with external parties as well as partnerships within the company, which is based on one of Bali's local wisdom values, namely "Tat Twam Asi" values which is associated with competitive advantage and business performance. The approach used in the analysis and synthesis of the literature on the concept of partnership strategy, the concept of local wisdom values "Tat Twam Asi", competitive advantage, and business performance. The research was conducted on SMEs in the handicraft sector in Bali to clarify the implementation of a partnership strategy based on local wisdom values. The result of the research is the development of a conceptual model of an external and internal partnership strategy based on the values of "Tat Twam Asi" to achieve competitive advantage and improve business performance. The limitation of this article lies in only a conceptual model development based on previous empirical studies. The implication of this research is that it can help the next researcher to test the validity of the resulting model.

**Keywords:** Partnership strategy, Balinese local wisdom, Tat Twam Asi values, competitive advantage, business performance.

## INTRODUCTION

Small and Medium Enterprises (SMEs) in Bali in maintaining and developing their businesses have implemented various types of business strategies. One of the business strategies that have been implemented by SMEs in Bali, especially SMEs in the handicraft sector, is a partnership strategy. The partnership strategy is indeed very suitable to be applied by SMEs because it is in accordance with the limited characteristics of SMEs (Bliemel *et al.*, 2016; Anwar and Ali Shah, 2018). Through a partnership strategy, the limited resources available can be minimized by forging partnerships with its stakeholders. Partnerships carried out by SMEs in general are partnering with their suppliers, buyers, and competitors (Tehseen and Ramayah, 2015; Tehseen *et al.*, 2018). Research that examines the implementation of the partnership strategy on SMEs has been done, including by Dimitratos *et al.* (2014); Narooz and Child (2017); Lee *et al.* (2017); and Khan and Lew (2018); and Anh *et al.* (2019). In addition to the partnership strategy with external stakeholders, SMEs can also carry out internal partnerships in their business, namely partnerships

between existing management and between management and employees. Internal partnerships also generally have a positive impact on performance outcomes (Banerjee, 2013; Ruiz *et al.*, 2020).

The partnership strategy carried out by the handicraft sector SMEs in Bali is of course very much influenced by the characteristics of business people. The Balinese handicraft sector SME businessmen are predominantly owned by the Balinese are also very much determined by the values held by the businessmen themselves. One of the values of local wisdom that is usually held by SMEs in Bali is the values of "Tat Twam Asi". The values of "Tat Twam Asi" mean that in partnering these SME business people consider that people who are invited to partner both externally and internally are equal to themselves and see their business partners as themselves, so that the businessman always tries to respect his partners, is polite to partners, be honest with their partners. The concept of the values of "Tat Twam Asi" is "You are Me and I am You".

The values of "Tat Twam Asi" underlie the handicraft sector SME businessmen in Bali in implementing a partnership strategy so that the partnership can continue and have a positive impact on competitive advantage, and competitive advantage affects business performance improvement (Tehseen and Ramayah, 2015). The partnership strategy is familiar to SMEs. This is revealed in research conducted by several researchers, including: which shows the results that the partnership strategy can increase competitive advantage (Tehseen *et al.*, 2018) and also the partnership strategy can improve the performance of SMEs (Behyan, 2016; Kheng and Minai, 2016); Alexander *et al.*, 2016; Waal and Haas, 2019; and Febrian *et al.*, 2020).

Based on business issues that exist in handicraft sector SMEs in Bali and the absence of previous researchers who have studied the development of a comprehensive partnership strategy model, namely external partnerships and internal partnerships based on local wisdom values ("Tat Twam Asi" values) provide benefits to increasing competitive advantage and improving business performance, and equipped with several empirical studies related to the existing issues, the motivation for this research is: 1) develop a conceptual model of a partnership strategy based on the values of "Tat Twam Asi" by adopting the values contained in the concept of "Tat Twam Asi" into the implemented partnership strategy, and 2) developing a conceptual integration model for a partnership strategy based on "Tat Twam Asi" which is linked to competitive advantage and business performance.

## LITERATURE REVIEW

### Partnership Strategy

The term business partnership has long been a public discourse, which refers to the notion of a cooperative relationship between entrepreneurs. Bliemel *et al.* (2016) saw a partnership in the form of dependence of two participants. Some experts have their perspectives on the concept of partnership. For example, Kheng and Minai (2016) view partnership as an agreement, interdependence, and trust; Anwar and Ali (2018) view partnerships as interdependence and trust; Tehseen *et al.* (2018) sees the partnership as mutually dependent and are a long-term relationship; Behyan (2016) views partnerships as commitment, focus on continuous improvement, long-term view, information sharing, risk and reward sharing; and Huang (2013) view partnerships as a form of interdependence. The strategy of partnering with suppliers has been investigated by Greco *et al.* (2015); Tehseen *et al.* (2018); Tehseen and Ramayah (2015), and partnerships with consumers have been studied by Agostini *et al.* (2017); Anwar *et al.* (2018) and Abd-Elrahman and Kamal (2020). With such a formula, business people are in an equal position, even if economically equal partners, they work at different business scales (Alexander *et al.*, 2016). The same thing was revealed in research conducted by Tehseen and Ramayah (2015); Narooz and Child (2017); Milagres and Burcharth (2018); and Tehseen *et al.* (2019).

### Tat Twam Asi

Tat Twam Asi is the teaching of Susila which is one of the local wisdom values in Bali. Susila is another term for ethics and morals, which are two words in life that are used interchangeably for the same purpose. The word Susila consists of the word "Su" which means good and "Sila" which means all habits or behavior. Susila means good deeds or good manners. So Susila is a rule of good and noble behavior that must be a guide for human life.

The purpose of the code of ethics is to establish a harmonious relationship or a harmonious relationship between a person and the creatures living in the environment around him. It has become a fact that a harmonious relationship between a person and his fellow beings, between members of a community, a nation, leads to safe and prosperous life and to be more productive.

Besides increasing morale, it is also a cultural value that can increase human dignity from a low to a higher level. Therefore, Balinese who have a profession as a businessman should know and understand moral teachings in addition to philosophy and ceremonies. After knowing and understanding it, of course they carry out and practice it.

Susila teachings based on philosophy include "Tat Twam Asi". The word Tat Twam Asi comes from the Sanskrit word "Tat" means that, "Twam" means you and "Asi" means is. So Tat Twam Asi means "that or he is you too".

### Competitive Advantage

Competitive advantage relates to how companies choose competitive strategies so that the company is able to outperform its competitors. All parts of the organization, whether in the form of resources or activities, can be a competitive advantage through implemented business strategies. Anwar *et al.* (2018) argue that competitive advantage should be seen as a dynamic process, not just seen as an end result. Competitive advantage has a process stage consisting of sources of advantage, position advantage, and final result achievement as well as profit investment to maintain an advantage.

Competitive advantage analysis shows the differences and uniqueness among competitors. The source of competitive advantage is the superior skills and behavior of business people, resources, and control. Superior skills allow the organization to select and implement strategies that will differentiate the organization from the competition. Skills include technical, managerial, and operational abilities (Alexander *et al.*, 2016). For example, knowledge of customer wants and demands helps a company use its capabilities to satisfy customers. Meanwhile, superior resources allow the formation of a dimension of excellence. For example, a strong distribution network, production capabilities, marketing power (experienced salespeople), technology, and natural resources, extensive networks including partnerships with stakeholders. Partnership with its suppliers causes the company to have a smooth production process because raw materials are always available properly and also to get the best price. Likewise regarding partnerships with consumers, the company is always able to satisfy consumer tastes so that consumers are increasingly loyal. Furthermore, partnerships with competitors have

a positive impact on the company's ability to reduce raw material costs when purchasing raw materials together and the ability to always meet consumer demand because companies can temporarily use goods owned by competitors in terms of meeting the number of requests.

This study adopts an indicator of the competitive advantage variable from Anwar *et al.* (2018), namely: being able to create consumer value, doing advertising at lower costs than competitors, being able to create special products, being able to adapt products to market needs, working at lower costs, increasing economies of scale, and increasing cost advantages in terms of raw material.

### **Business Performance**

Business performance is essentially an achievement achieved by a company as seen from its work. Business performance is a construct or factor commonly used to measure the impact of a company's strategy. Kheng and Minai (2016) suggest that business performance is the result achieved by companies where previously the products sold were successful or not in the market. Furthermore, Anwar *et al.* (2018) stated that good business performance includes the performance of all functions, such as: ROI, ROE, ROA, sales growth, customer satisfaction, employee satisfaction, product quality, and employee loyalty.

Therefore, business performance should be measured using multiple measurement criteria. Using single measurement criteria will not be able to provide a comprehensive understanding of how a company is actually performing (Tehseen *et al.*, 2019). In this study, variable measurement refers to measurements from Anwar *et al.* (2018).

## **RESEARCH METHODS**

This study uses a descriptive qualitative approach, namely by conducting a review of previous empirical studies on partnership strategies. Furthermore, the concept of a partnership strategy that has been developed by previous researchers adopts the values of local wisdom from the Tat Twam Asi concept, and is subsequently linked to the concept of competitive advantage and business performance. The integration of the partnership strategy concept based on the values of "Tat Twam Asi" with competitive advantage and business performance is developed into a new conceptual research model.

## **RESULTS AND DISCUSSION**

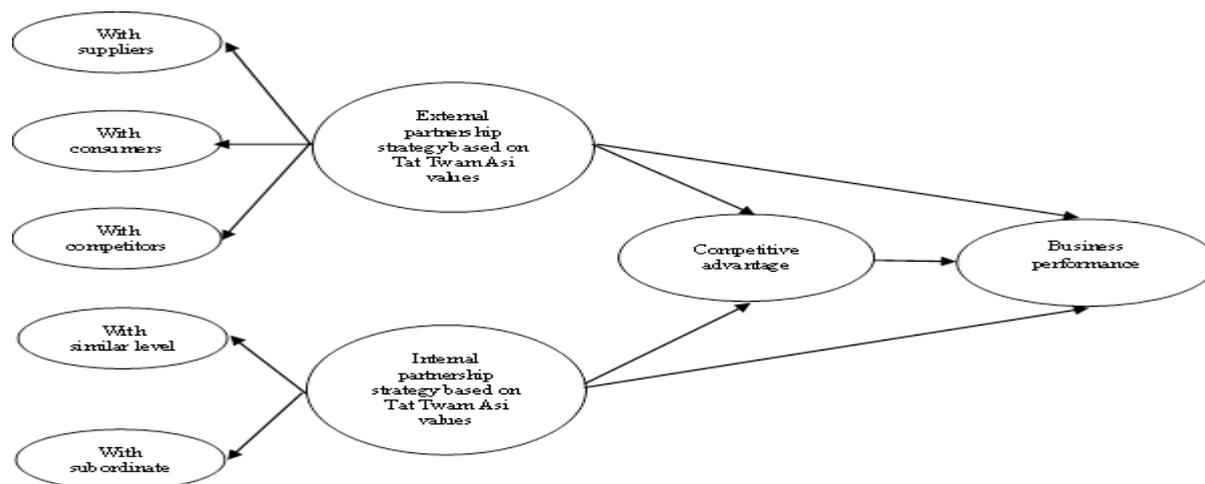
Every business must always try to improve its business performance. Improved business performance can be influenced by many factors, but in today's conditions, the most determining factor in business performance is the implemented business strategy. For small and medium-scale companies, a familiar business

strategy to apply is a partnership strategy. The partnership strategy if implemented is also influenced by the behavior of the businessman. For handicraft sector SMEs in Bali, the partnership strategy can be combined with local Balinese wisdom values, namely the values of "Tat Twam Asi". Where the Tat Twam Asi concept teaches business people how to treat others, including external business partners and internal business partners, as if to treat and respect themselves.

The external partnership strategy that is generally used is to form partnerships with its suppliers, consumers and competitors. The partnership developed with these stakeholders is flexible, according to business needs (Huang and Lu, 2020). Partnerships with suppliers can be seen in the behavior of business people who always try to maintain good relations with suppliers, convey information about raw material needs honestly, and always promise to make payments for payment transactions. Partnership with consumers is generally seen in the behavior of business people such as: always trying to find out what consumers want, trying to satisfy consumers, providing more benefits to consumers, and always maintaining continuous communication with consumers. Partnerships with competitors are also carried out by business people by always trying to help competitors if they experience business difficulties, providing non-deceptive information, and maintaining smooth communication. Furthermore, the partnership strategy is also applied within the company in the form of always maintaining good communication with people in the company both at the same level and with subordinates, helping each other in completing work, and always trying to make each other happy. This internal partnership also improves company performance (Zhang *et al.*, 2020).

All partnership strategies based on Tat Twam Asi values will have a positive impact on competitive advantage and business performance, including marketing performance. Through a partnership strategy based on the Tat Twam Asi values, SMEs can get cheaper raw material prices from suppliers, facilitate access to raw materials and this has an impact on lower cost advantages. Likewise, SMEs are able to offer products that are always innovative because they always maintain good and smooth communication with consumers and maintain long-term relationships. Partnerships with good competitors can also help SMEs if they get orders that exceed their production capacity, so that SMEs are able to maintain a good image in the market.

Furthermore, the competitive advantage of SMEs is able to increase their performance achievements (Alexander *et al.*, 2016 and Anwar *et al.*, 2018). Based on the conceptual framework that explains the relationship of each variable, a conceptual model is prepared as shown in Figure 1.



Picture 1: Research Conceptual Model Development

## CONCLUSION

Based on the results of the analysis, it can be concluded that the concept of a partnership strategy that can be carried out by a company consists of two partnership strategies, namely an external partnership strategy and an internal partnership strategy. In its implementation, these two types of partnership strategies are based on the values of local wisdom "Tat Twam Asi" which emphasizes the attitude and behavior of respecting others as respecting oneself, carrying out obligations with attitudes and behaviors like oneself, and always trying to be beneficial for the other seems to be of benefit to itself. By implementing a partnership strategy based on Tat Twam Asi values, the company gets many benefits that make the company gain an edge over its competitors. The achievement of competitive advantage is ultimately able to increase the achievement of company performance.

The conceptual model of the relationship between the implementation of a partnership strategy based on the values of local wisdom "Tat Twam Asi" with competitive advantages and business performance, then needs to be studied with a quantitative approach.

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