

Development of Small Scale Partnership Pattern To Improve Market Performance And Business Sustainability

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Abstract

Retail business competition in Indonesia is complex to support the traditional retail sustainability efforts in Indonesia. So, it's necessary to develop the partnership pattern that is oriented in entrepreneurship and business ethics for the small business player to build the marketing performance and the sustainability in the retail business. This research is a qualitative descriptive research, that using the focus group discussion and interview with retailer respondent in the East Java. The result of this research are 1) the exploration result for the retail partnership pattern in East Java small market scale this time is running on the exclusive mutual pattern 2) market performance and sustainability of retail of small scale market in East Java is showing the sustainability aspect, with the income average per month/day is always increase. From The aspect of quantity and goods completeness, the total of good is increase from the quantity and variance. 3) creating a pattern of partnership-based on the entrepreneurship oriented and business ethics will be done by several ways: taking advantage of the existence of cooperative/association on creating relation with the supplier, gaining solidarity one another and aware the importance of unity between retailer to build the pattern that balance especially on determining the bargaining set position against the modern retail. Intensive giving the information to the retailer about the awareness of retail management based on entrepreneurship and business ethics.

Keywords: Entrepreneurship Orientation, Business Ethics, Marketing Performance and Sustainability
Retail Business

1. Introduction

Market section and retail business performance in Indonesia is tend to declining these days, but in the same ways the modern retail is increasing every year. The traditional market are giving the contribution of 69,9% in year of 2004, decreasing from a year before which is 73,7%. The opposite condition are happening to *Supermarket* and *Hypermarket*, they can give bigger and bigger contribution day by day.¹ In 2003 the contribution of modern market are 26,3% and increased in the next year, in 2004 by 30,1% (Anonymus, 2007). The declining performance of traditional market beside of the existence of modern market, is because traditional retailer are lacking of competitiveness (Harmanto, 2007). The condition of traditional market are not in the good position. Many of the traditional market building are not in a good condition so the clean and good condition of modern market is one of many reason why traditional market are no longer a consumer preference. A lot of other sources also said so, Paesoro (2009), Utami & Agustinus Riyadi (2013). Utami et.al, (2014) showed that the main reason why the traditional market are not the consumer choice anymore is because the traditional markets are lack of management and the having bad infrastructure. Not because of the existence of supermarket but it's because of the lack of business ethics and the sustainability of the traditional business retailer. Several research about the impact of modern retail that ever attempted in developing country, one of them is Reardon and Berdeque (2012), found the negative impact to the traditional retailer because of modern retailer. the less the number of small medium business and the traditional market as the impact of access closing or because the traditional market can't compete to the modern automatically reducing their contribution (Utami, 2012). According to that fact, the existence of traditional retailer must be maintained. But the traditional market has to aware about managing the need of society that hasn't been completed (unmet need) if they want to live in the society of business competition that getting sharpened by the time goes day by day (Utami, 2007). The changing and development of market condition is forcing the retail management to change the old paradigm and turns the old paradigm into the modern one. The traditional paradigm that saying the most important thing in retail business is running the

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distribution function that is mean actualizing the disposal transaction as the main goal of the retail activity, has to change and turn into the modern retail paradigm that focusing on how the retail can fulfill its the basic needs and the additional needs in doing its function as a mediator (Utami, 2006). The provision of understanding the business orientation is extremely important to be understood, as same as the aspect of business ethics that igniting the spirit of the traditional retailer in doing their business, in the other side the partnership pattern that might be developed between retailer and all suspect that involved in the business can also be the aspect that really strategic to be develop, so theresearch problem of this topic are: 1). How to explore the small scale retail partnership pattern that based on entrepreneurship and business ethic orientation that has been going these days in the east java? 2). How to describe the marketing performance and the sustainabilityof small scale retail trade in East Java? 3). How to produce the design of partnership pattern that based on the entrepreneurship and business ethic to increase the market performance and the sustainabilityof small scale retail trade in East Java?

2. Literature Review, Hypotheses, and Research Model

2.1. Literature Review

2.1.1 Partnership pattern

As the development strategy of small businesses, partnership is proved and already success to be applied in a lot of nations such as Japan and four Asian tiger which is south korea, Taiwan, Hongkong, and Singapore. Usually, this partnership is done with the pattern of subcontract that giving the roles to the small and middle industries as the supplier of raw materials and components for the big industries. This process build the connection for a strong business without vertical and horizontal integration. An effective partnership, if applied in the right economic development of thought border, and not only became the social concept that based on the generosity. Partnership with this motif won't long last and effective because it's tend to curve in to the efficiency (Reardon and Berdeque, 2012).

2.1.2 Entrepreneurship Orientation

Some of management literature gives 3 basic dimensions from the organizational tendency for processing the business management, which is inovation ability, risk-taking ability, proactive attitude (Weerawardeena, 2003:411; Matsuno, Mentzer and Ozomer, 2002). Zhang Yanlong & Xiu'e Zhang, 2012

2.1.3 Retail Business Ethics

Business culture that has the value basic can only happen by the time business person are changing. that culture was determined by the business person mentality and mindset. Any seminar, workshop, or motivation training is not as simple as changing people mindset, cause mindset is the result of experiences, beliefs, values that has been internalized and believed by the people, that affecting how they act and manners. Ways to create a business culture that based on values (business ethics) (blattberg. R.C. and Deighton. J ., 1996): a) awareness values process that includes theme: seeing the line of people life in this world that always been temporary. because of that, how people interpret their life. Therefor we need to understand the orientation and the goals of our business which is the people welfare, that becomes the benchmark together b) talk about how culture and values were formed with seeing the process of personality, mindset, attitude were formed. The comprehension about the process wil help us to face the changes or modification againts the forming process of business person. C) in order to the changing process to be effective so we have to talk about 5 psychological human needs that can be the basic motivation for attitude changes d) the technique to create the culture started with identifying the problems and start to change effectively. E) practical technique to solve a conflict. Therfor we need some kind of invitation to live a value permanently, especially business person (Utami & Ryadi, 2013)

2.1.4 Market Performance

Market performance is also known as an organization ability to transform theirselves in order to face the challenge from the society with a long term perspectives (Bittel and Ramsey, 2011). Performance assessment has become the part of the effort from the cooperate in order to see the match and suitable strategy that they will apply in case of environmental changes. Society has become the important part of a business and one thing that the business can't handle. the cooperate only can recognize then they organized well so it can brings the cooperation a lot of benefits. A good Environment identification will bring the good impact to the next strategy and also will affect the market performance (Utami et al., 2014).

2.1.5. Retail Business Sustainability

Generally retail is connected with the good sold and service for the last consumer. To bring this to real life, traditional retail running the purchase, promotion, set the price, bulk breaking, warehouse, financial, and the risk taking function (Bittel and Ramsey, 2011) if the traditional retail can run and organize this function in an efficient way so the business will success. The success benchmark of a coop always seen by the performance effectiveness and efficiency. Performance that measured are the one thing business person wants to reach. In other words, success can be measure by the goals are reached or not. In the meantime the goals of any corporation are different one another (Reardon and Berdeque, 2012) therefore, there are many types of benchmark, but basically there are some increment of the goals that has been set before.

2.2. Hypotheses

1. Exploring the partnership pattern of small scale retail trade that based on entrepreneurship and business ethic in east java that all this time has been going.

The partnership pattern that based on the entrepreneurship and business ethic is : about working together as a team and relation in the small scale with other players. (for example with the supplier) that creating synergy, need one another, empowering. The emphasizing point of partnership are the synergy from other side/person. In the other side, retail that based on the business orientation is retail that running the business based only with innovation ability, risk taking ability, and proactive attitude (Weerawardeena, 2003: 411; Matzuno, Mentzer and Ozomer, 2012). on the other side retail that based on the business ethic are the retail that running its business to having the values of running the business that interpret theirself and environment (consumer ethics, competitors, supplier with motivation to improving the personal quality life)

2. In the exploration of small scale retail that based on the entrepreneurship.

There are several efforts from the small scale retailer to promoting and introducing their new product or services, the paradigm saying that introducing their new product is important in the retail business, there is an effort of observing the partner in improving the innovation activity. This paradigm are pro with the opinion of Wiklund, J and Sheperd, D. (2010), but for the aspect of responding the strategy that the partner are applying, (for example observing the price strategy, service) they still lack of it. there is a tendency of scared to take action that giving the possibilities to gain the profit (Zhang Yanlong & Xiu'e Zhan, 2012)

3. In the exploration of partnership pattern based on the business ethic.

In running the business is extremely important to sell the product with the good quality , giving the correct information about the product, do a fair competition with a good product and good service, maintaining the good communication with the supplier including respond to the feedback that they got, building the relation and good communication with the people who are in charge of running the business places, but they are still lacking from one aspect which is the profit that will be used to develop the business. and also on choosing the right business partner or supplier that give the best quality product or not. Traditional retail is not paying attention the rules that already exist about the product quality, health, safety, environment and the services.

4. Describe the market performance and its sustainability of small scale retail business in the east java.

From the identified marketing aspect, there are several member who became the member of an association became the member of a cooperation, and given the assistance from the agency in the case of developing the network marketing, they are not having any trouble with developing the network connection with the time that they have. This paradigm is also embraced by Assael (2000: 47) not having any trouble to develop the network marketing because of good mobility, good relation, and having the access to information, can apply the technological advancement internet for example, and having information about new alternatives resources or supplier.

5. The sustainability aspect.

Income average always increases every day, income average is shows the good result, the profit always gains, and always shows the good prospect (Zhang Yanlong & Xiu'e Zhang, 2012)

6. The quantity and completeness of goods.
The quantity of goods are larger than last month, variance of goods are more than last month, the business can give more complete product for the society needs.

7. Designing the partnership pattern based on the entrepreneurship and the business ethics to improve the market performance and the sustainability of small scale retail business in the east java.

3. Research Methods

3.1. Study Design

The research objects are the small scale retailer group in the east java. The research scope are the exploration of small scale partnership pattern that based on entrepreneurship and business ethic orientation, and how it will affect the performance market and the sustainability of a business. Remembering the population of east java is a lot, so the sample will be small scale retailer group that meet the criteria of 1- 5 labor. The amount of population and sample in this research is 20 persons. with east java represented by : 10 cities that has the highest rate of UMK (minimum fee earn). We use the UMK as our benchmark so the city can be considered that the city are developing. The cities are: surabaya, gresik, sidoarjo, pasuruan, Mojokerto, malang, batu, jombang, tuban, jember.

3.2. Data Collection Procedure

Systematically, the data collection can be explained start from. (1) the arrangement of interview guide based on concept. (2) tape recorder preparation that becoming the media to collecting the data, (3) find respondents that match and suitable for the target and the population character that has been set in this research. (4) asking and making promises with the respondent about the time and place to meet to do the interview. (5) give explanation to the respondents about the meaning and purpose of this interview so the process will be okay, (6) do the interview with a guide that has been arranged before and record the interview (7) the result of the interview is being transcript, processed, and analyzed as the subject result of the research.

3.3. Data Tabulation

Data tabulation is a process of arranging the data to become an information. These are the step of arranging data, where the data is arrange by: 1) *Open coding*, which summarize the data into a several categories that has been set. This process is done by re write the important that is connected with the interview to determine specifically the right attributes for the transcript that made by the respondent 2) *axial coding*, which the process of focus directing the result of open coding, by categorized the respondent answers by every research variables and dimension into a more specific group. for every research variable and dimension that has been researched which is retail partnership pattern that based on entrepreneurship and business ethic oriented against the market performance and sustainability of a business. 3) selective coding is a continual process after axial coding and the final grouping from the data that has been processed and ready to analyze. The step of this research can be explain below:

1) Exploring the small scale retail partnership pattern in the east java that using the method

Table 1. question list paartnership pattern, business ethic

Retail based on the entrepreneurship
Make sure whether inrunning the business, promoting new product or service-ways (or the way to interact with costumer) in the last 5 years
Make sure whether in running the business, taking the chances to introduce or promoting new products or service (or interact ways) with the cosutmer
Make sure whetther in running the business, considering id promoting new product or service are important in the retail business
Make sure whether in running the business, taking care of partner in order to fin or create new inovation in business
Whether in the business, responding the strategy that the partner are applying
Make sure in running the business, dare to take business action that gives a big profit
Retail based on the business ethic
Make sure whether inrunning the business, put the prduct quality as the number one priority
Make sure whether in running the business, gives the right information about the product that you are selling
Whether in business, doing a fair competition with a good quality of goods and services
Whether in business, the profit that the owner got is used for improving the business
Whether in the business, choose to work witha supplier that gives a good quality product and service
Whether in the busines, taking care of the communication with the supplier of goods and service including positive action on the feedback
Whether in business, creating a bond and good communication with the one who manage the market (government people)
Whether in running the business,obeying the rules about the product quality, health, safety, and service

2) Describing the market performance and sustainabilityof small scale retail trade in the East Java

Table 2. Question list market performance and durability

Market performance
Business networking
When running the business, becoming a member of an organization
In running a business, becoming the member of a cooperation
Are they ever receive an assistance from the agency in case of developing the network market
Are they having trouble to fevelop the market network with the time that they have
Are they having trouble to develop the market network related with their mobility
Are they having a trouble to develop the network market related with the relation that they have
Are the having a problem to develop the market networking because having an access of information
Are they having a trouble to develop the market networking cause they able to take advantage of technological advancement
Are they having a trouble to develop the market network because they have am info about the alternatives raw materials
Business durability
Income earn
Are the income increase every day
Are the income per day is showing a good prospect
Good completeness
Are the quantity of goods are increase compare to the last month
Are the variance of goods increasing than the last mont
Are the business can provide more complete product than last month
Are the business provide the product with more variance than last month

3) creating a design of partnership pattern based on entrepreneurship and business ethic oriented to increase the market performance and the its sustainabilityfor the small scale of retail trade in East Java.

The arrangement pattern begins with the SWOT analysis to find the proper pattern

a. Pre analysis with 2 models.which is:

Internal matrix factor strategy, before making matrix internal strategy we have to arrange first the internal strategy factors (IFAS). After all the internal factors are eing identified, IFAS table arranged to formulate the

internal strategies factor in the frame strength and weakness. To explain more the IFAS table can be seen in Table 3:

Table 3 matrix IFAS

ASPECT	<i>Internal</i>	
	strength (S)	weakness (W)
Traditional retail strategy factors		

b. External matrix strategy factors.

Before making any external matrix strategy factors, we should find first the external strategy factors. After the factors are being identified, EFAS table arranged to formulate external matrix strategy factors, in the frame of opportunity and threat. To explain more the EFAS table can be seen in Table 4 :

Table 4 external matrix strategy factors

ASPECT	<i>External</i>	
	opportunity(O)	threat (T)
Traditional retail strategy factors		

c. Analysis step with using the SWOT matrix

The tools that used to arrange the factors strategy are matrix SWOT this kind of matrix can describe clearly how the external opportunity and threat that faced by the traditional retailer is adjustable with the strength and weaknesses that they have. This matrix can produce 4 alternative possibilities that can be shown in Table 5 :

Table 5 SWOT matrix

EFAS \ IFAS	Strengths(S)	Weakness(W)
Opportunities (o)	SO strategy Creating strategy that using the power to taking advantage of opportunities	WO strategy Creating strategy that minimizing weakness to become an opportunity
Threats (T)	ST strategy Creating strategy that use power to overcome the threat	WT strategy Creating strategy that minimize weakness and avoiding the threat

Table 6 IFAS matrix

ASPECT	<i>Internal</i>	
	strength (S)	weakness (W)
IFAS	<ul style="list-style-type: none"> • Applying to promote new product or the service-way (or interact with the customer) • Already paid attention to the partner in casse of business development • Has made a good temawork with a good supplier • Doing a fair competition proposing the good quality product • Taking care of good communication with the supplier of goods and services including give the respond to any feedback • Building good relation and communication with the authority that running the business places 	<ul style="list-style-type: none"> • Not responding the strategies that the partner apply • Scared of taking action gain the profit • Not paying attention to selling the goods that has good quality • Not paying attention to win win business development • Not paying attention to the rules about product quality, health, safety, environment, and service

Table 7 EFAS matrix (external factors)

ASPECT	<i>External</i>	
	Opportunities (O)	threath (T)
EFAS	<ul style="list-style-type: none"> • There are many of association that help business to develop • Information system getting transparent • Open market networking 	<ul style="list-style-type: none"> • The existance of modern retail

Table 8 matrix SWOT

IFAS EFAS	Strengths(S)	Weakness(W)
Opportunities (o)	SO strategy Creating strategy that using the power to taking advantage of opportunities Taking advantage of the association annd cooperation existance to buil the partnership that will grow each other in the completeness cooperation	WO strategy Creating strategy that minimize the weakness to take advantage of opportunities Optimizing the role of retailer group in building relation with the supplier
Threats (T)	ST strategy Creating the strategy that using the power to overcome the threat Grow the solidarity and consciousness about the importance of retail unity to designing the balance partnership pattern especially to set the supply position against the supplier and the modern retail	WT strategy creating strategy that minimize the weakness to avoid the threat giving the education and information to the retailer about the awareness of retail management based on entrepreneurship and business ethic intensively

4. Conclusion and Managerial Implications

1. Exploration result of small scale partnership pattern based on the entrepreneurship and business ethic in the East Java that over this time has been going with the pattern of mutual exclusive.

2. The market performance and the sustainability of small scale retail business in east java is showing that the sustainability of small scale retail are good. Income average always increases every day, income average is shows the good result, the profit always gains, and always shows the good prospect. The quantity of goods are larger than last month, variance of goods are more than last month, the business can give more complete product for the society needs.
3. The design of small scale retail business partnership pattern in that based on entrepreneurship and the business ethic will be done.
4. Optimizing the role of retailer group in building relation with the supplier
 - Taking advantage of the association and cooperation existence to build the partnership that will grow each other in the completeness cooperation
 - Grow the solidarity and consciousness about the importance of retail unity to designing the balance partnership pattern especially to set the supply position against the supplier and the modern retailGiving the education and information to the retailer about the awareness of retail management based on entrepreneurship and business ethic intensively.

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