Collaboration With Business Partners and Business Performance: The Role of Relational Competitive Advantage

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This research stems from the existence of research gaps in collaboration with business partners and business performance. To fill this gap, we developed the concept of Relational Competitive Advantage. This study uses a sample of 120 respondents who are small entrepreneurs, using the purposive sampling technique and AMOS-SEM analysis technique. The results of this study indicate that companies can develop Relational Competitive Advantages that will produce high business performance. The three hypotheses, collaboration with partners and relationship market orientation, positively affect relational Competitive Advantage. Relational Competitive Advantage has a positive effect on Business Performance. All hypotheses have a significant effect, except collaboration with partners. The results of this study also explain the contributions and managerial implications.

Keywords: Business performance, Collaboration with business partners, Relational Competitive Advantage
INTRODUCTION

One of the significant issues in business management today is how companies build collaborations with their business partners to achieve successful business performance. Various research related to collaboration with business partners is an essential topic nowadays (Banchuen, Sadler, & Shee, 2017; Findik & Beyhan, 2015; Wu & Chiu, 2018). The basic reason for collaborating with business partners is to create a competitive advantage (Oh & Rhee, 2010), efficient new product development (Parker & Brey, 2015), innovation (Gkyplali, Filioiu, & Tsekouras, 2017), and to reduce the uncertainty of innovation projects (Fanousse, Nakandala, & Lan, 2021) even relational quality (Chou, Chen, & Kuo, 2018).

Various perspectives explained the significance of collaboration with business partners as conducted by Al-Hakim and Lu (2017), describing that organizations interacting with each other must have the ability to collaborate. Thus, they can improve their business performance ultimately. The results of that study explained that trust was a determining factor for the success of collaboration but indirectly affected business performance. The empirical evidence of that study also implied that the diffusion of technology was not well manifested in collaboration. At the same time, organizations did not pay adequate attention to process performance in collaborating with partners. Wu and Chiu (2018), in their research, focused on organizational sharing behavioral factors. Behavior in using technology is a crucial factor in a collaboration that will ultimately enhance performance. These results also showed that the behavior in using technology (quality of information, systems, and quality of services) played a more fundamental role than the behavior of organizational sharing related to social exchange, justice, and social capital.

Studies on the collaboration of business partners and its effect on business performance have been carried out by many researchers, as described earlier. Still, the results of those studies remain different. Research conducted by Um and Kim (2019) explained that supply chain collaboration capabilities had a positive impact on performance. This study showed that collaboration is carried out in addition to reducing transaction costs but also strengthening the business performance. Collaboration between companies and managerial relationships tends to improve the financial performance of companies (Zulu-Chisanga, Chabala, & Mandawa-Bray, 2021). The study also highlighted the view that SMEs need to have company-specific resources to convert external resources accessible to inter-company relations into excellent performance. Meanwhile, some other researchers argued that business collaboration with partners did not have a significant impact on business performance (Shahbaz, Shaikh, Qureshi, Jamali, & Sohu, 2019; Zafarian, Forkmann, Mitrega, & Henneberg, 2017). In addition, the abilities of different individuals in building networks are often overlooked and poorly investigated to expand and deepen the meaning of collaboration with business partners (Forkmann, Henneberg, & Mitrega, 2018). The results of this study found a contradicted relationship between business collaboration and business performance.

Based on those contradictory opinions, our research question is how to develop a conceptual model to fill the research gap or view of the relationship between business collaboration and business performance. Therefore, we adopted the resource advantage competition theory to bridge these research gaps. This theory explains the interaction between relational and organizational resources because Resource Advantage competition theory (R-A) shows that both are the two most critical types of resources having the potential to develop into more sustainable competitive advantages (Hunt & Morgan, 1995). The reason behind this argument is that competing organizations will not be able to easily transfer, replicate, or replace these two types of resources due to causal ambiguity and time dependence (Tokman, Richey, Morgan, Marino, & Dickson, 2013). Based on the above theory, we propose a concept of relational competitive advantage
that can be generated by companies as a determining factor to improve business performance.

This study aimed to develop an empirical model derived from the theory of resource advantage on how relational competitive advantage can enhance business performance. The model was built from an empirical model containing variables: Collaboration with business partners, relationship marketing orientation, relational competitive advantage, and business performance. To test this concept and model, we used samples of SMEs located in Indonesia.

LITERATURE REVIEW

Resource Advantage Theory of Competition
Resource Advantage Theory of Competition considers resources as an entity available to companies that can efficiently and effectively generate valuable market offerings for certain consumer groups (Hunt & Morgan, 1995). In contrast, the resource-based view emphasises valuable, durable sub-power and only tangible or intangible resources that do not allow the firms to achieve competitive advantages. As in neoclassical theory, resources consist not only of land, labor, and capital. Conversely, resources can be categorized as financial resources (cash resources, access to financial markets), physical resources (equipment and supplies), legality resources (trade and licensing), human resources (employees’ skills and knowledge), organizational resources (competencies, supervision, policy, and culture), information resources (consumers’ knowledge and competition information), and relational resources (relationships with suppliers and consumers) (Hunt, 2012). These resources are the companies’ assets in determining their competitive position (market position), which will ultimately improve financial performance.

Relational Competitive Advantage
Relational competitive advantage is derived from the Resource Advantage Theory of Competition, explaining that companies with strategic resources can generate a market positional advantage that will ultimately enhance business performance. Relational resources describe that if strategic assets are properly managed, they will be difficult to replicate, substitute, and become scarce resources as well as have superior values compared to competitors (Barney, 1991).

Many studies showed that the excellence of a company highly depends on the appropriateness of the internal capabilities and external changes of the organization. Competitive advantage depends on the company’s ability to differentiate itself from competitors in terms of cost, delivery quality, and flexibility (Anatan, 2014). The relational advantage is the ability to manage the relationship occurring between the company and its partners and consumers. To achieve adequate business relational quality, the company must be able to manage several things, namely satisfaction, mutual trust, and mutual commitment in business relationships. Managed satisfaction in business relationships will result in a level of commitment and mutual trust in business relationships. A company that can generate mutual trust in its business relationships will be able to increase its commitment and repeat purchases from its consumers (Fang, Shao, & Wen, 2016). Mutual commitment in a business relationship is not only when trust is built, but it is also strongly determined by the benefits achieved reciprocally (Andreu, Aldás, Bigné, & Mattila, 2010). The ability to create trust and satisfaction in a relationship is a determining factor describing the quality of a business relationship to ensure a long-term relationship. The ability to create mutual trust and satisfaction in a business relationship is a performance determinant that can affect a person’s perception of risk, attitude, and desire to purchase a product or service (Rajaobelina, 2018).
Collaboration With Business Partners

Business collaboration is a relationship between a company and its suppliers to gain shared value. A business relationship is defined as a process in which many organizations form strong bonds over time to decrease numbers and/or increase value; thus, they will obtain mutual benefits (Bagdoniene & Zilione, 2009). In business relationships, competition between vendors (suppliers) provides managers with information on the competition relevance for supplier resources with competing companies that share suppliers and the effect of this competition on the company's competitiveness. Managers must focus not only on the suppliers but also on the ability of the supply chain management (SCM) function to identify and integrate the supplier resources (Pulls, Veldman, & Schiele, 2016). This study showed that the company's ability to build relationships with suppliers would result in resource allocation preferences that ultimately increase competitive advantage. Business relationships are conceptualized as collaboration with external partners as a process of interaction in which complementary assets are exchanged with partners. Collaboration with consumers and business partners results in service delivery innovations that ultimately result in a sustainable competitive advantage (Verma & Jayasimha, 2014). From the various definitions and research results mentioned before, we define collaboration with business partners as the company's ability to interact, and build relationships with business partners by exchanging resources complementing each other to generate shared value.

Relationship Market Orientation

Companies that implement consumer-oriented behavior put a lot of effort into managing the customer information used in the company to determine the value that will be provided to consumers (Kohli & Jaworski, 1990; Ruekert, 1992). Customer orientation refers to the extent to which an organization obtains consumer information and then disseminates it within the organization to determine actions that will be taken responsively to customer needs and desires (Theoharakis & Hooley, 2008). Meanwhile, the literature on customer orientation emphasizes that the relationship and communication between organizations and customers are to directly acquire new knowledge and skills in meeting consumer needs (Brown & Eisenhardt, 1995). Companies can create value for their consumers through market-oriented internal efforts and innovation. External suppliers also need to realize or practice that supply chain orientation is a significant factor in meeting consumer needs and desires in the supply chain (Kibbeling, Van Der Bij, & Van Weele, 2013; Min, Mentzer, & Ladd, 2007).

Business Performance

The company, as one of the business entities, operates to achieve the objectives that have been set before. Management and stakeholders should assess the business performance. This assessment is crucial to measure the achievement of the company's goals. Business performance in various studies described many dimensions, such as sales level and market share (Walker, 2004) and financial and non-financial performance (Solcansky, Sychrova, & Milichovsky, 2011). From a financial perspective, marketing performance is measured from sales, profit growth, cash flow, and return on investment. From a consumer perspective, marketing performance is assessed from consumer satisfaction, consumer retention, popular brand market share, brand image, service quality, and goodwill. From an internal process perspective, marketing performance is viewed through consumer attention, delivery speed, inventory turnover, and product launching time (Chang, Chen, & Ho, 2012).

Relationship Between Collaboration With Business Partners and Relational Advantage

Business relationship capability is a strategic asset of a company in achieving a quality business relationship. Based on the Resource Advantage (R-A) Theory, the company's resources in competing is a relational ability driving competition (Hunt & Morgan, 2007).
Relational quality can be obtained if the ability to collaborate with partners and the company’s flexibility is good enough. The ability to collaborate and be flexible also requires sharing information among their business partners in mutually beneficial communication (Chou et al., 2018). The development of strategic assets at the level of the company’s capabilities is necessary to determine the level of the alliance that will be conducted. Relational quality has a strategic role in mediating the relationship between alliance capabilities and performance. These capabilities provide a mechanism for companies to improve their business relationships with partners to produce relational quality (H & Melanie, 2010). At the corporate level, management in collaborations or alliances is needed. The ability to manage alliances is necessary to focus on proactive alliances, transformation in the alliance, and coordination between allied organizations. Learning between organizations will produce a good quality inter-organizational interaction (Leischning, Geigenmueller, & Lohmann, 2014). The mechanism built into the business relationship with the partner is to attain a relational advantage. The company’s orientation in networking will be able to produce a portfolio of quality business relationships as well as social relationships built with partners. In addition to the orientation in networking, the company also requires adaptability with partners to solve various problems that may occur in managing the relationship, so an excellent relationship as a specific aspect of the company can be created (Smirnova, 2020). From the various research and understanding mentioned before, the hypothesis we propose is described below.

H1: The higher the level of collaboration with business partners, the relational advantages were higher as well.

Correlation Between Relationship Market Orientation and Relational Advantages

Consumer orientation has long been associated with market orientation. Market orientation is carried out to obtain useful information from consumers and provide useful added value for them. Companies that implement consumer-oriented behavior put a lot of effort into managing the customer information used in the company to determine the value that will be provided to consumers (Kohli & Jaworski, 1990; Ruekert, 1992). Customer orientation refers to the extent to which an organization obtains consumer information and then disseminates it within the organization to determine the actions that will be taken responsibly to customer needs and desires (Theoharakis & Hooley, 2008). Meanwhile, the literature on customer orientation emphasizes the relationship and communication between organizations and customers directly to acquire new knowledge and skills in meeting consumer needs (Brown & Eisenhardt, 1995).

Companies can create value for their consumers through market-oriented internal efforts and innovation. External suppliers also need to realize or practice that supply chain orientation is an essential factor in fulfilling consumer needs and desires in the supply chain (Kibbeling, Van Der Bij, & Van Weele, 2013; Min, Mentzer, & Ladd, 2007). Relationship management between business actors is to achieve a level of efficiency in their internal processes as well as create appropriate solutions to consumer needs through improved relationships with consumers mediated by relational commitment in view of inter-company relations (Bae, 2012). Inter-organizational market orientation refers to collaboration within the inter-organization to gather various information on consumer needs and competitors. Inter-functional coordination will result in the development of information in the relationship between the two interconnected companies to achieve common goals (Elg, 2007). Based on the above thoughts, the hypothesis we propose is:

H2: The higher the level of Relationship Market Orientation, the Relational Advantages would be higher as well.

Relationship Between Relational Advantage and Business Performance

The changes can affect the relationship with consumers in line with the development of technology (E-collaboration). E-collaboration is a collaboration conducted through
evolving information technology. A high-quality collaboration using information technology results in high collaboration performance (Jean, Sinkovics, & Kim, 2014). In achieving competitive advantage, a company needs to create a positive value equal to or exceeding what is offered by its competitors or positive value not offered by its competitors. The quality of the relationships created by the company will significantly increase the degree of excellence in relationship marketing expected to be obtained. Companies with a good reputation are in dire need of high-quality relationships to attain their competitive advantage (Wang, 2014). The support of top management managerial skills is principal to creating high-quality relationships. In such high-quality relations, the well-constructed flow of information will be able to produce advantages in marketing the product (Ismail, Domil, & Isa, 2014). Hence, from the various research and some experts' thoughts, we propose the following hypothesis:

H3: The higher the Relational Advantages of companies, the Business Performance would be greater as well.

RESEARCH METHOD

Population, Sample, Sampling Techniques, Measurement Scales, and Analysis Tools

A population is a group of individuals or research objects having predetermined quality or characteristics. The population included 1,308 Small and Medium Enterprises (SMEs) in Maluku Province. Then the sample size was set at 125 SMEs. The sample size was determined based on the opinion of Hair, Anderson, Tatham, and Black (1995), stating that the representative sample size to use SEM analysis is minimally five times the estimated parameter and maximally ten times the estimated parameter. The sampling method employed purposive sampling. In this method, the researcher has certain criteria or objectives for the samples (Indriantoro & Supomo, 1999). The criteria are the SMEs that have at least one person workforce and the SMEs that have been operating for more than one year. This criterion was used to see how the development of SMEs in running the business for one year. The measurement scale in this study used data measurement intervals from 1-10 (strongly disagree to strongly agree). Descriptive Analysis and SEM (Structural Equation Modeling) Analysis were utilized to test the models and hypotheses in this study.

Variables and Measurement of Variables

The variable of collaboration with partners used three-question items employed by (Bae, 2012). The variable of market orientation used three items employed by Elg (2007) and (Bae, 2012). The variable of relational advantages used three items employed by Wittmann, Hunt, and Arnett (2009). The variable of business performance used three-question items employed by Hasyim and Yohanes (2018).

RESULTS

Characteristics of Respondents

Table 1 displays the types of business, the age of the business, the number of partners in cooperation, the number of workers, the duration of cooperation with partners, and marketing objectives. This information can be seen in the following table.
Table 1. Characteristics of Respondents’ Businesses

<table>
<thead>
<tr>
<th>No</th>
<th>Business Characteristic</th>
<th>Item</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Business type</td>
<td>Trading</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Services</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trading and services</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>The age of the business</td>
<td>&lt; 5 year</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 year – 8 year</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;8 tahun</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>The number of partners in cooperation</td>
<td>1 partner</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2-3 partner</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;4 partners</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>The number of workers</td>
<td>1 worker</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 workers</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 workers</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;3 workers</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>Marketing objectives</td>
<td>modern retail</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td></td>
<td>traditioni retail</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>modern retail and traditional</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>retail</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The duration of cooperation with partners</td>
<td>&lt; 1 year</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Between 2 – 5 years</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 5 years</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: Primary data

Inferential Analysis
Inferential statistics is a method of statistical research taking data from a sample to draw conclusions or generalize to a larger population. Therefore, we must be sure that the selected samples accurately reflect the population. Even at a broad level, a researcher must determine the population, describe a representative sample of that population, and use analysis that includes sampling errors.

Confirmatory Test, Convergent Validity, and Construct Reliability
Convergent validity was used to test the unidimensionality of each construct. The indicator validity is seen from the size of the Loading factor obtained from the confirmatory analysis. According to Ghozali (2008), a valid indicator has a loading factor of ≥ 0.50. Therefore, indicators having a loading factor smaller than 0.50 are excluded from the composite of variables because they do not show convergence or similarity of construct dimensions.

Construct reliability was used to measure the internal consistency of an indicator of a formation variable, indicating the degree to which each of the indicators shows a common formation variable. The cut-off value of construct reliability is 0.70 (Ghozali, 2008), but Ferdinand (2006) stated that the limit value applied to assess an acceptable level of reliability is 0.70. However, that number is not a dead measure. It means that if the research is exploratory, then a value under 0.70 remains acceptable as long as it is accompanied by empirical reasons viewed in the process of exploration. Nunally and Berstein (as cited in Ferdinand, 2006), provided good guidelines for interpreting a reliability index that is between 0.5 – 0.6, and this is enough to justify a study.

The latent variables in this research were measured using multiple indicators. The results of convergent validity, construct reliability, and variance extract tests for each variable are described in the following table.
Table 2. Test of Convergent Validity, Construct Reliability, and Variance Extract of the Research Variables

<table>
<thead>
<tr>
<th>Variable/indicator</th>
<th>Loading Factor</th>
<th>(Loading Factor)²</th>
<th>1-(loading factor)²</th>
<th>CR</th>
<th>AVE</th>
<th>DV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration with business partners</td>
<td></td>
<td></td>
<td></td>
<td>0.682</td>
<td>0.433</td>
<td>0.658</td>
</tr>
<tr>
<td>-Frequently interaction</td>
<td>0.530</td>
<td>0.281</td>
<td>0.719</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Sharing information of the market</td>
<td>0.510</td>
<td>0.260</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Trusting each other</td>
<td>0.870</td>
<td>0.757</td>
<td>0.243</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.910</td>
<td>3.648</td>
<td>5.350</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship Market Orientation</td>
<td></td>
<td></td>
<td></td>
<td>0.746</td>
<td>0.500</td>
<td>0.707</td>
</tr>
<tr>
<td>-Meeting the information of consumers</td>
<td>0.570</td>
<td>0.325</td>
<td>0.675</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Obtaining the information of the competitors</td>
<td>0.720</td>
<td>0.518</td>
<td>0.482</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Coordinating each other</td>
<td>0.810</td>
<td>0.656</td>
<td>0.344</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.100</td>
<td>4.410</td>
<td>5.911</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational Advantages</td>
<td></td>
<td></td>
<td></td>
<td>0.865</td>
<td>0.682</td>
<td>0.826</td>
</tr>
<tr>
<td>- Advantage of having partners</td>
<td>0.850</td>
<td>0.723</td>
<td>0.278</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Reciprocal benefits</td>
<td>0.880</td>
<td>0.774</td>
<td>0.226</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Excellent in cooperation</td>
<td>0.740</td>
<td>0.548</td>
<td>0.452</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.470</td>
<td>6.101</td>
<td>7.056</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business performance</td>
<td></td>
<td></td>
<td></td>
<td>0.856</td>
<td>0.672</td>
<td>0.820</td>
</tr>
<tr>
<td>-Sales growth</td>
<td>0.920</td>
<td>0.846</td>
<td>0.154</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Wide market reach</td>
<td>0.900</td>
<td>0.810</td>
<td>0.190</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Increasing consumers</td>
<td>0.600</td>
<td>0.360</td>
<td>0.640</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.420</td>
<td>5.856</td>
<td>6.840</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 shows that the values of construct reliability, variance extract, and discriminant validity for all variables have been qualified because the construct reliability is > 0.50; discriminant validity is above 0.70, and variance extract is above 0.50. The loading factor values for all variables are above 0.40, meaning that the model is acceptable for further analysis.

**Structural Equation Modeling (SEM) Analysis**

After performing a confirmatory analysis and obtaining a fit model, each variable could be used to define latent constructs so that the full SEM could be analyzed. The results of the Full SEM can be seen in Figure 1.
Hypothesis Testing
In this model, it is necessary to test the null hypothesis stating that the regression coefficient between the relationship is equal to zero through the t-test common in the regression model (Ferdinand, 2006).

Table 3. Regression Weight Structural Equation Modeling (SEM)

<table>
<thead>
<tr>
<th>Relational Advantage</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration with partner</td>
<td>0.102</td>
<td>0.195</td>
<td>0.521</td>
<td>0.602</td>
<td>par_10</td>
</tr>
<tr>
<td>Relationship Market orientation</td>
<td>0.504</td>
<td>0.258</td>
<td>1.950</td>
<td>0.051</td>
<td>par_11</td>
</tr>
<tr>
<td>Relational Advantage</td>
<td>0.265</td>
<td>0.086</td>
<td>3.073</td>
<td>0.002</td>
<td>par_12</td>
</tr>
</tbody>
</table>

The explanations of the hypothesis testing based on Table 3 are shown in this article. This variable explains that collaboration with business partners by frequently interacting with them, exchanging information about the market, and mutual trust between the two will result in a relational advantage in partnering, providing mutual benefits, and promoting mutual trust with business partners. This will indicate that the company will have a relational advantage compared to other competitors because this relationship is always maintained occasionally and produces mutual benefits. Furthermore, the cooperation built will be superior to existing competitors. The results of statistical testing on this hypothesis had an estimated parameter value of 0.102, standard error of 0.195, and critical ratio value of 0.521 with an error level probability value of 0.602. By using an alpha of 0.05, it can be concluded that the first hypothesis stating that the higher the collaboration with business partners, the company would obtain more relational advantages would be accepted.

Based on hypothesis 2, the variable of relationship market orientation was built from three indicators: fulfillment of consumer information with partners, obtaining competitor information with partners, and coordinating with business partners. Meanwhile, Relational Advantages consist of advantages in partnering, obtaining mutual benefits
with business relationships, and advantages of working with partners compared to competitors. The statistical test of this second hypothesis resulted in a parameter value of 0.504, standard error estimate of 0.258, critical ratio value of 1.950, and error level probability value of 0.05. By using an alpha of 0.05, it can be concluded that the second hypothesis stating that the higher the relationship market orientation, the companies would obtain higher relational advantages, was accepted.

Based on hypothesis 3, the variable of Relational Competitive advantage consisted of three indicators: Advantage in partnering with business, having mutual benefits with business partners, and advantage in working with business partners compared to certain competitors. The statistical test of the third hypothesis resulted in a parameter value of 0.265, a standard error estimate of 0.086, a critical ratio value of 3.073, and an error rate probability value of 0.002. By using alpha 0.05, it can be concluded that hypothesis 3, stating that the higher the Relational Advantages, the sale growth of the market reach as well as the number of consumers would increase, was accepted.

**DISCUSSION**

Based on the data analysis process, the test and analysis results of the model are briefly presented in the following section. The model was tested based on questionnaire data of 120 respondents. The analysis results of the full structural equation model, the goodness of fit indexes were Chi-Square = 54.165, free degree = 50, probability = 0.319, CMIN/DF = 1.083, GFI = 0.934, AGFI = 0.897, CFI = 0.992, RMSEA = 0.026. Consequently, the model is generally acceptable.

The results of this research supported several research conducted by (Chou et al., 2018), finding that relational quality could be achieved if the ability to collaborate with partners as well as the company's flexibility was good enough. The ability to collaborate and be flexible also requires sharing information among business partners in mutually beneficial communication. These capabilities provide a mechanism for companies to improve their business relationships with partners to produce relational quality (H & Melanie, 2010).

The test results also accepted the second hypothesis stating that the higher the level of relational market orientation, the relational advantages of the firms would be higher as well. Companies that focus on market-oriented behavior in inter-organization relationships including consumer orientation in relationships, competitor orientation in relationships, and inter-functional coordination will produce relational advantages, such as cooperation, benefits, and excellence in partnering compared to their competitors. These results supported research explaining that companies implementing consumer-oriented behaviors typically devote great effort to managing customer information used in the company to determine the value that will be provided to consumers (Kohli & Jaworski, 1990; Ruekert, 1992) and emphasize that the relationship and communication between the organization and customers are to directly acquire new knowledge and skills in meeting the needs of consumers (Brown & Eisenhardt, 1995).

The statistical test results also accepted the third hypothesis stating that the higher the relational advantages, the business performance would be statistically higher as well. This means that the relational advantages developed by the companies by creating an advantage over their competitors, a relationship providing mutual benefits of inter-organization and cooperation always carried out, would increase sales growth, wide market reach, and the number of consumers. The results of this study were in line with another research explaining that inter-organization quality relationships produced high performance (Jean et al., 2014).
CONCLUSIONS

The results of Empirical testing accepted the first hypothesis stating that the higher the collaboration with business partners, the relational advantages performed by SMEs would be higher as well. This study showed that collaboration with business partners had a positive but not significant effect on relational advantages. The positive effect also indicated that the more the companies collaborated with their business partners, they would be encouraged to create mutually beneficial, effective, and trusting business relationships. Moreover, to achieve a competitive advantage, a company needs to create a positive value equal to, exceeding, or different from what is offered by its competitors. The excellent quality of relationships created by a company will significantly increase the level of excellence in relational marketing expected to be achieved. Further research is recommended to take into account some limitations in this study, such as limitations on model validity testing. The relationship built between the variables in the empirical model in this study still had a marginal value. Furthermore, this study lacks its limitations in statistical testing. Thus, the ability to explain the research variables still produced a relatively low determinant coefficient (R square), so other variables have the potential to be determinant factors other than the variables in the model built. Based on the results of the empirical research, the relational advantages had an R square value of 8%, meaning that the variation in the variable of relational advantages was determined by the variable of collaboration with business partners and relationship market orientation. Moreover, the results of empirical research showed that business performance had an R Square value of 10%, meaning that the variation in business performance was only explained by relational advantages. This indicated that there were still other variables outside the model built into this study.

Theoretically, the results of this research have a contribution. The relational advantages built from the resource advantage theory of competition create the competitive advantage needed to settle existing research gaps. The managerial implications of this study explain that every effort undertaken by SMEs to improve their performance requires a high-quality relationship with their business partners. Such an excellent relationship requires intentional collaboration as well as the ability to jointly determine the level of relationship market orientation between them.

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DECLARATION OF CONFLICTING INTEREST

The Authors declared no potential conflicts interest.

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