

The Effect of Partnership Strategy on Competitive Advantages through the Market Area and Health Services' Innovation (A Study at Dr. F.X Suhardjo Navy Hospital Lantamal Ix Ambon)

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Abstract

Based on the 2014 Indonesia Republic Minister of Health Regulation on Hospital Licensing Classification, it is explained that the Hospital is one of the bodies engaged in the health sector which plays an important role for the creation of quality of life and the environment for the community, so as to create a high degree of health both for physical, spiritual health, and social. The attention of the Head of F.X Suhardjo Navy Hospital to the partnership strategy towards competitive advantage. This may improve the ability of the Head of F.X Suhardjo Navy Hospital to develop appropriate strategies to further enhance his competitive advantage. Health service innovation has an effect on competitive advantage, useful for F.X Suhardjo Navy Hospital heads in the sense that they can make efforts to improve health service innovation to improve their competitive advantage.

Keywords: Strategy, Partnership, Market Area, Innovation.

Introduction

The condition of public services in accordance with the World Bank report in the World Development Report 2004 and the results of the Desentralization Survey (2002), concluded that public services in Indonesia are still low. However, slowly, health services in Indonesia are starting to develop and the strategic environment of the health sector in Indonesia is also changing dynamically. In 2003, the ASEAN free trade (AFTA-ASEAN Free Trade Association) began to be implemented. Following the 2010 ASEAN-China free market also began to be implemented. Both of these free market systems will continue and must influence the National Health System will be better. Not to mention welcoming the arrival of the Asian Economic Community (AEC) or the ASEAN Economic Community in 2015, which requires the Indonesian government to prepare to face it. One of the things that must be prepared by the government early on is the readiness of health officers to support the 2015 free AEC competition (Muninjaya, 2011: 112)

The hospital has the task of carrying out health efforts aimed at increasing awareness, willingness, and ability to live healthy lives in every community in order to realize an optimal degree of public health. Types of health services provided by service provider institutions must be comprehensive which include preventive health services, health promotion (curative health services, and rehabilitative health services). Institutions of health service providers according to Muninjaya (2011: 148) are distinguished based on the level of services available, namely strata I services (primary health care services) providing basic health services, strata II health services (secondary health care services) providing limited specialist health services, and services health strata III (tertiary health care services) provides complete specialist services. (Notoatmodjo, 2003: 71)

Related to the health services provided, Dr. F.X. Suhardjo Navy Hospital uses services according to the National Health Insurance System (SJKN) which is the Social Security Organizing Agency (BPJS) and also accepts non Social Security Organizing Agency patients or general patients. This Social Security Organizing Agency service has been going on since 2014. Definition of the Social Security Organizing Agency according to Article 1 number 6 of Law no. 40 of 2004 is "a legal entity established to organize a social security program". Like the law, the understanding of the Social Security Organizing Agency according to

Article 1 paragraph (1) of Law no. 24 of 2011 determines: "The Social Security Organizing Body, hereinafter abbreviated as BPJS, is a legal entity established to organize a social security program".

The existence of this Social Security Organizing Agency makes hospitals a health service institution to put forward the elements of public service rather than getting profit. Because based on the mandate of law number 24 of 2011, all health facilities (community health centers or Hospitals) get a price fix in accordance with applicable regulations. Therefore, changing the function of the hospital from being profitable to non-profit becomes a challenge in the present. For this reason, Dr. F.X. Suhardjo Navy Hospital conducts several superior programs so that he can compete with other health facilities, especially to recruit independent patients (non Social Security Organizing Agency).

Dr. F.X. Suhardjo Navy Hospital, which is in the middle of Ambon, gives an advantage to the reach of transportation so that, residents who are in the South and mostly live in the mountains, do not need to go too far to the city indirectly giving a psychological impact on the sense of security for the people of Ambon which has been hit by conflict and riots several times.

There are several phenomena that arise based on observations in the field, namely a decrease in the number of customers each year where in 2015 there were 3237 patients who came for treatment to Dr. F.X. Suhardjo Navy Hospital, and in 2016 decreased by 1649 patients, then in 2017 it fell again by 1562 patients. But in 2018 an increase of 1731 patients. This is because the health services provided are routine so that service innovations are rarely able to improve customer care. The second phenomenon is the lack of medical infrastructure and the limited medical staff owned by Dr. F.X. Suhardjo Navy Hospital according to the Republic of Indonesia Ministerial Regulation No. 56/2014 on Hospital classification and licensing and Technical Guidelines for Type C Hospital facilities and infrastructure (Kemenkes, 2007: 121) due to limited investment because Rumkital is under the management of the Navy institution.

The third phenomenon is service innovation that has been done but has not yet attracted the interest of the community to seek treatment at Dr. F.X. Suhardjo Navy Hospital because the information has not been comprehensive to all members of the community. and the partnership strategy undertaken is not yet optimal because only a few SKPDs are cooperating with Dr. F.X. Suhardjo Navy Hospital, as well as with the problem of the location or market area of Dr. F.X. Suhardjo Navy Hospital, Even though its location is in the middle of Ambon, it has not yet attracted public interest because Dr. F.X. Suhardjo Navy Hospital is located inside the Indonesian Navy base, so people are reluctant to seek treatment at Dr. F.X. Suhardjo Navy Hospital. The fourth phenomenon is the competition that occurs between health facilities demanding the existence of a superior product that is a mainstay of health facility services. So that each health facility has a competitive advantage in providing health services for the community.

This study uses a partnership strategy as an independent variable that is thought to influence competitive advantage as the dependent variable through the market area and service innovation as a mediating variable.

The problem under investigation can then be formulated in the form of several questions:

1. Does the Partnership Strategy affect Competitive Advantage?
2. Does the Partnership Strategy affect Competitive Advantage through the Market Area?
3. Does the Partnership Strategy affect Competitive Advantage through Service Innovation?

Literature Review

Partnership is seen from an etymological perspective adapted from the word partnership, and comes from the root partner. Partner can be translated "pair, partner". The meaning of Partnership is translated into partnership or partnership (Ambar, 2004: 143). Starting from here, the partnership can be interpreted as a form of partnership between two or more parties that form a cooperative bond based on agreement and mutual need in order to increase capacity and capability in a particular business field, or certain objectives, so as to obtain good results. The principles of partnership according to WHO to build health partnerships can be done by means of Policy-makers, Health managers, Health professionals, Academic institutions and Communities institutions

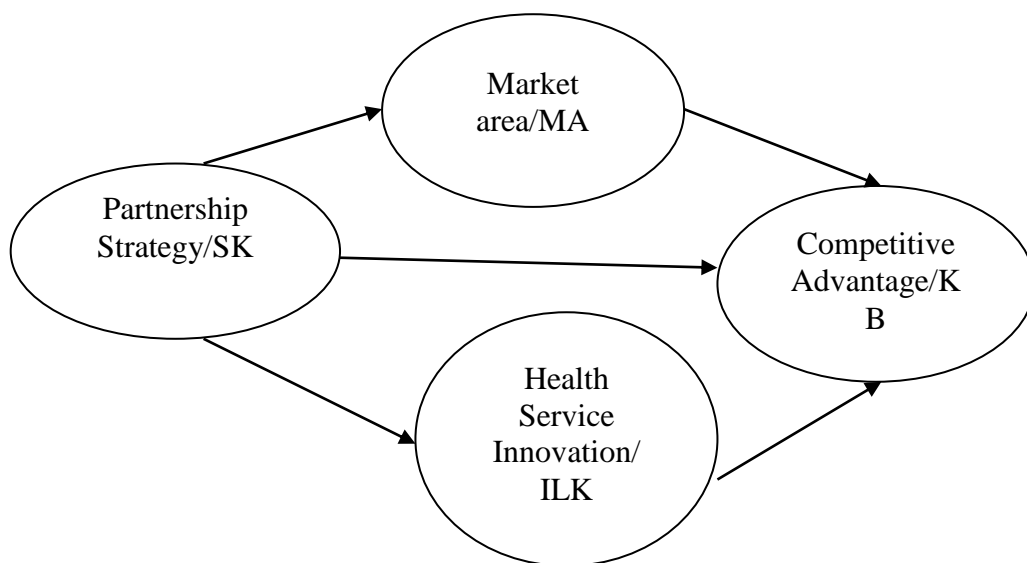
Partnership strategy is a strategy that can overcome the pressures of competition in an industry, required by the company for the global business environment, where a company needs to have a wide network with other business players (Yasa, 2010: 40). Gentry (1996) in Yasa et al, (2013: 102) views partnership as a commitment, a focus on continuous improvement, a long-term view, information sharing, risk sharing and rewards. In Pucik's research (2000: 75), there are four advantages for a company if the company builds partnerships with other companies. The four advantages are (1) partnerships can prevent the entry of new entrants, (2) partnerships can reduce the impact of changes in industry evolution, (3) partnerships can improve learning about the use of new technologies, and (4) partnerships can strengthen product lines .

Several indicators are used to measure the success of partnerships (Dussauge and Garrette, 1998: 110), namely (1) the continuation of partnerships is the company's success in maintaining good cooperation, (2) improving the quality is an increase in the quality of company service after establishing cooperation with partners , and (3) competitiveness is an increase in a company's ability to compete with its competitors.

In creating health services innovation must be able to determine what kind of innovation should be done in improving services, so that innovation can be useful and last long. The types of innovation according to Robertson in Nugroho, et al, (2015: 112) are expected to provide positive input in creating innovation, among others; continuous innovation, continuous innovation dynamically, innovation is interrupted. Since Drucker formulated innovation in his Innovation and Entrepreneurship (2006: 35-37), the term innovation began to be used more often by people. According to Drucker, innovation is knowledge to produce new knowledge. Drucker added that innovation is the key to entrepreneurship, where entrepreneurship is an effort to create planned changes, focused within a company or in the community.

Conceptual Framework

Furthermore the relationship between the variables studied is described in the conceptual framework of the study as shown below:



Picture 1: Research Conceptual Framework

The competence, capability, and excellence of a company is easily imitated, depending on how transparent it is (related to information about that advantage, for example the results of a company's R&D research), and the possibility of transfer (ease of transferring its resources), and the possibility to be replicated (possibly using the same method and system). This explanation provides evidence that the name Human Resource, indeed is a very important resource for the company. In Human Resource, there are actually a lot of things that are implicit, but at the same time it is not easy to imitate.

Research Methods

This study was designed as an explanatory research that is to explain the subject matter of causality between research variables through hypothesis testing. As Burhan (2010: 77) argues, the explanation format is intended to explain a sample generalization to its population or to explain the relationship, differences or influence of one variable with another variable. In addition, this research is included in the descriptive

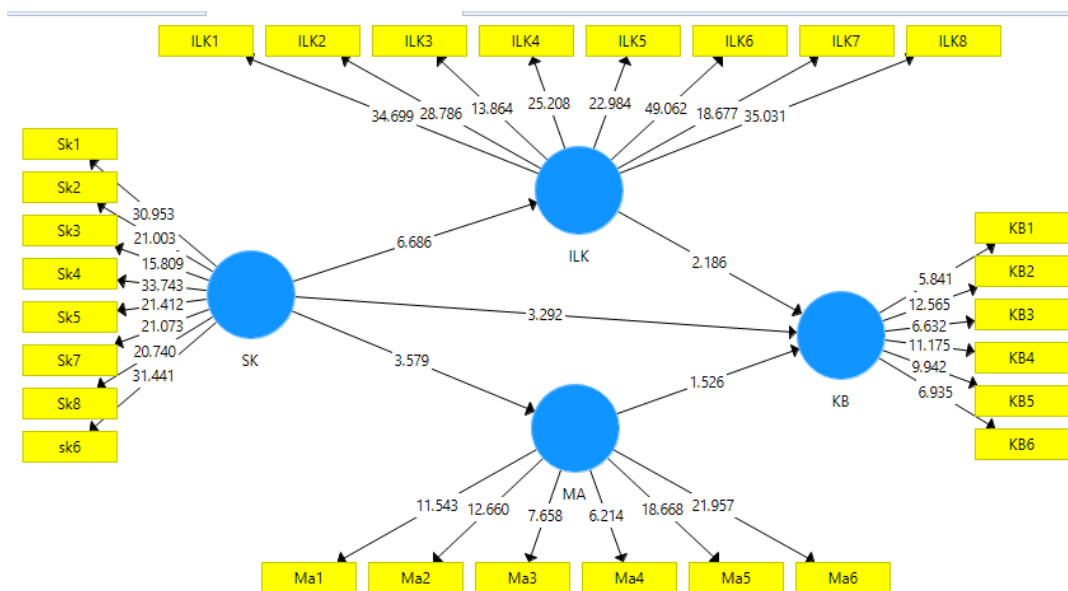
research, because it expresses several explanations descriptively about the variables to be investigated related to the responses of respondents.

The population in this study are all hospitals and health centers that become Navy Hospital partners Dr. FX Suhardjo covering 15 hospitals in Maluku Province and 40 community health centers in Maluku Province in Ambon city and in the Maluku islands. Therefore, all members of the population will be sampled research. So the sampling technique used is saturated sampling technique. This is in accordance with the opinion of Sugiyono (2011: 118) who said that saturation sampling is a technique for determining samples if all members of the population are used as samples.

In this study, the data used are qualitative data, then quantitative analysis is carried out by quantitative data in the form of numbers with a 5-point Likert scale. Data analysis uses the Partial Least Square (PLS) approach. PLS is a Structural Equation Modeling (SEM) equation model based on components or variants. According Jogiyanto and Willy, (2009: 36), PLS is an alternative approach that shifted from the covariant-based SEM approach to variant-based. Covariance-based SEM generally tests causality / theory while PLS is more predictive in nature.

Discussion

This study proposes the relationship model of the partnership strategy variable to competitive advantage using market area and health service innovation as an intervening variable using a sample of hospitals, community health centers located on Ambon Island and Ambon City. The results showed that the partnership strategy had a positive and significant effect directly on the competitive advantage. The partnership strategy has a positive effect on the market area and health service innovation and the market area and health service innovation has a positive effect on competitive advantage. The results of the study using Smart PLS showed that the partnership strategy had a positive and significant effect on competitive advantage through the market area, but the results of mediation testing showed insignificant results. However, it differs from the results of research on health service innovation variables, using Smart PLS and mediation testing. The results show that the partnership strategy has a positive and significant effect on competitive advantage through health service innovation. The results of this study have proven that health service innovation is an intervening variable of the relationship between partnership strategies and competitive advantage. The structural model executed using PLS Algorithm is as follows:



Structural Model

Hypothesis Test Results

a) *Effect of partnership strategy on competitive advantage*

Path Coefficient Table

Path	Original Sample	Deviasion Standard	P Value
SK->KB	0.382	0.116	0.001
SK->MA	0.337	0.094	0.000
SK->ILK	0.664	0.099	0.000
MA->KB	0.162	0.106	0.128
ILK->KB	0.269	0.123	0.029
SK -> MA->KB	0,055	0,040	0.176
SK->ILK->KB	0,178	0,090	0.047

Note: SK-Partnership strategy, KB-competitive advantage, MA-Market Area, ILK-Health service Innovation

The table shows that the relationship between partnership strategy variables and competitive advantage shows a path coefficient of 0.382 with a p value of 0.001. This value is smaller than the value of Alpha = 0.05. This result means that the partnership strategy has a positive and significant effect on competitive advantage. The higher the implementation of the partnership strategy of Dr. F.X Suhardjo Navy Hospital, it tends to increase competitive advantage.

b) *Effect of partnership strategy on competitive advantage through the market area.*

The table shows that the relationship between the partnership strategy variables and the market area shows a path coefficient of 0.337 with a p value of 0,000. This value is smaller than the alpha value = 0.05. This result means that the partnership strategy has a positive and significant effect on the market area. The higher the partnership strategy owned by Dr. F.X Suhardjo Navy Hospital, the market area tends to be more effective.

The table shows that the relationship between market area variables and competitive advantage shows a path coefficient of 0.162 with a p value of 0.128. This value is greater than the value of alpha = 0.05. This result means that the market area has a positive and not significant effect on competitive advantage which means that the higher the market area owned by Dr. F.X Suhardjo Navy Hospital, the better the competitive advantage will be.

c) *The effect of partnership strategies on competitive advantage through health service innovation*

The table shows that the relationship between partnership strategy variables and health service innovation shows a path coefficient of 0.664 with a p value of 0,000. This value is greater than the alpha value = 0.05. This result means that the partnership strategy has a positive and significant effect on health service innovation, which means that the higher the partnership strategy owned by Dr. F.X Suhardjo Navy Hospital, the resulting health service innovation will tend to be better.

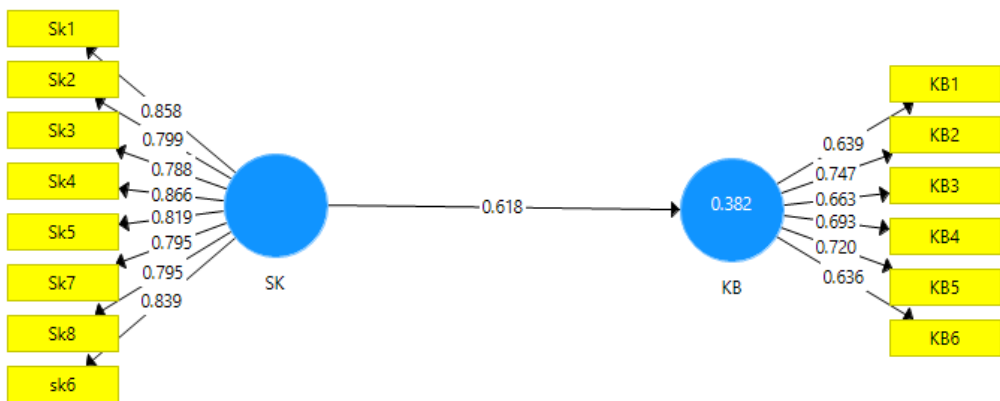
The table shows that the relationship between health service innovation variables and competitive advantage shows a path coefficient of 0.269 with a p value of 0.029. This value is smaller than the alpha value = 0.05. this result means that health service innovation has a positive and significant effect on competitive advantage, which means that the higher the health service innovation owned by Dr. F.X Suhardjo Navy Hospital, it tends to increase competitive advantage.

Mediation effects show the relationship between independent and dependent variables through connecting

or mediating variables. Testing the effect of mediation or also called indirect effect testing aims to determine the position of mediating variables in this study is the market area and health service innovation. To test the indirect effect is done by using the theory formulated by Preachers and Hayes (2004: 88) and bootstrapping in sampling the indirect effect. This method is considered more appropriate because it does not require any assumptions about the distribution of variables so that it can be applied to small sample sizes. Therefore, this approach is most appropriate for SEM-PLS which must use the resampling method and have a higher statistical power (Hair et al, 2013: 91).

The mediation testing procedure in SEM-PLS is as follows:

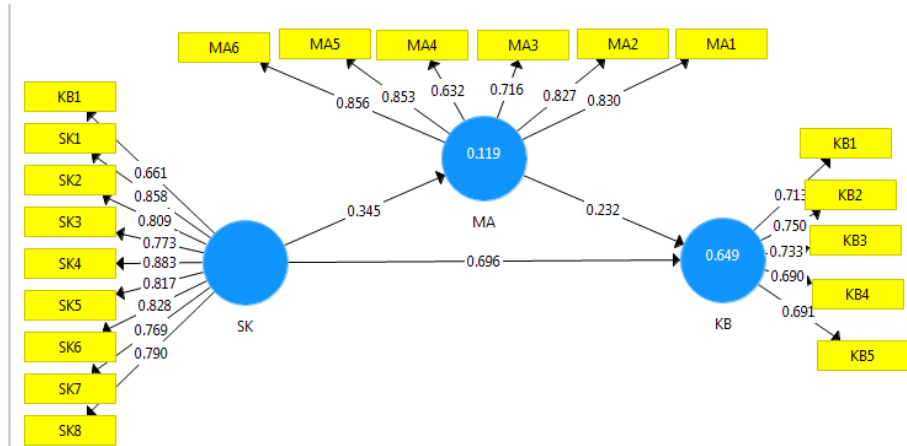
First, examine the direct effect of independent variables on the dependent variable. Direct testing is conducted to determine the effect of partnership strategies on competitive advantage. The basis of the decision of the hypothesis using p value 5%, if the value of p value is obtained less than 5%, the hypothesis is declared significant and vice versa if the result of p value is more than 5%, then the hypothesis is declared insignificant. The direct effect of the variable of partnership strategy on competitive advantage can be seen in Figure 5.2 below:



Picture 1. The Direct Effects Mediation Test

The results of the picture show that there is a significant direct effect between the variables of the partnership strategy and competitive advantage with a path coefficient of 0.618 and a p-value of 0.010 less than 0.05. These results indicate that the effect of the partnership strategy has a positive and significant effect on competitive advantage.

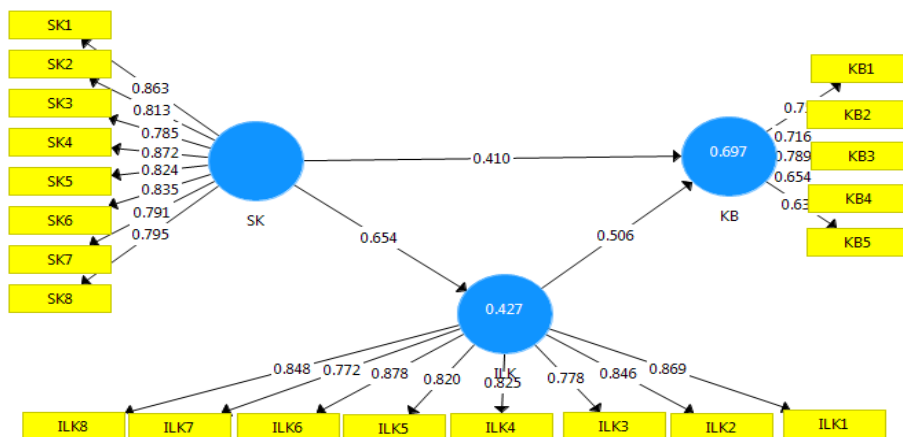
The second step uses market area mediation variables into the model, Testing the effect of partnership strategy on competitive advantage through the market area is determined by looking at the path coefficient of the direct influence of the partnership strategy to competitive advantage and the effect of the indirect influence of the partnership strategy to the market area to competitive advantage. The second step uses Market area mediation variables into the model, can be seen in the figure below:



Picture 2. Mediation Test for Indirect Market Market Effects

The path analysis results show that the partnership strategy can also have an indirect effect, namely from the partnership strategy to competitive advantage through the market area (as an intervening). The calculation results above can be seen that the path coefficient value for the indirect effect of the partnership strategy on competitive advantage through the market area with a p-value of 0.176 greater than 0.05, this indicates that the market area variable is not mediated and unable to absorb or reduce the direct effect at the first test.

The third step uses the mediating variable of health service innovation into the model. Testing the effect of partnership strategies on competitive advantage through health service innovation is determined by looking at the path coefficient of the direct effect of partnership strategy to competitive advantage and the effect of indirect effect of partnership strategy on health service innovation to competitive advantage. The third step uses the mediating variable of health service innovation into the model



Picture 3. Mediation Test The Indirect Effect of Health Service Innovation

From the results of **Figure 5**, the path analysis shows that the partnership strategy can also have an indirect effect, namely from the partnership strategy to competitive advantage through health service innovation (as intervening).

From the calculation results, the p-value of 0.047 is less than 0.05, so it can be categorized as partial mediation. This illustration shows that the better the partnership strategy owned by Dr. F.X Suhardjo Navy Hospital through increasing health service innovation there is a tendency to have an impact on increasing competitive advantage.

These results illustrate that health service innovation mediates a partial relationship between partnership strategies and competitive advantage, which shows that health service innovation is one of several variables that mediate the relationship between partnership strategies and competitive advantage.

Hypothesis Test Table

No	Variabel	P Value	Alpha	Note
1	SK->KB	0,010	P < 0,05	Signifikan
2	SK->MA->KB	0.176	P > 0,05	Tidak Memediasi
3	SK->ILK->KB	0,047	P < 0,05	Mediasi

This research is based on the importance of examining the relationship between partnership strategies and competitive advantage through the market area and health service innovation in Dr. F.X Suhardjo Navy Hospital of Lantamal IX Ambon. By using partnership theory to develop a comprehensive model of the effect of partnership strategies on competitive advantage using market areas and health service innovation as intervening variables.

Conclusion

1. The effect of partnership strategy has a positive and significant effect on competitive advantage. This means that the better the partnership strategy is carried out, the more competitive advantage increases.

- a) The effect of partnership strategy has a positive and significant impact on the market area. This means that the better the partnership strategy undertaken, the better the market area.
 - b) The effect of the partnership strategy has a positive and significant effect on health service innovation. This means that the better the partnership strategy, the health service innovation will increase.
2. The effect of the partnership strategy on competitive advantage through the market area has no significant effect, meaning that the market area does not mediate a partnership strategy with competitive advantage.
 3. The effect of partnership strategies on competitive advantage through health service innovation has a significant positive effect. This means that health service innovation partially mediates partnership strategies with competitive advantage. This means that the better the partnership strategy will improve health service innovation and the increasing health service innovation will also increase competitive advantage.

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