

Partnership Strategy of Large-Scale Enterprises and Small - Medium Enterprises In Increasing National Economic Competitiveness

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ABSTRACT

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Purpose- This study aims to analyse the strategic role of partnerships between large-scale enterprises and small-medium enterprises (SMEs) in enhancing national economic competitiveness. It explores how partnership patterns, access to technology and information, and market access contribute to strengthening SME capacity, which in turn mediates their impact on economic performance.

Design/Methodology/Approach- A quantitative approach is used with the path analysis method. Data was collected from micro, small, and medium enterprises in the Banten Province and DKI Jakarta Indonesia areas. The analysis focuses on the direct and mediated effects of partnership strategy variables on the competitiveness of the national economy.

Findings- This finding is strengthened by the results of a mediation test that shows that the capacity of SMEs is able to effectively mediate the influence of these three variables on national competitiveness. The results of the research are in line with business partnership theory, resource-based view, market access theory, and competitive advantage theory in the context of strengthening inclusive economic structure

Originality/Value- This study contributes to the literature by integrating theories of business partnership, resource-based view, market access, and competitive advantage in the context of inclusive economic development. The research underscores the strategic importance that collaboration between large business actors and SMEs with the support of government policies can create productive partnerships and can encourage national economic growth.

Keywords: Business Partnerships, Large-Scale Enterprises, Small-Medium Enterprise, Business Capacity, Economic Competitiveness, Technology Access, Market Access.

1. INTRODUCTION

Economic growth in developing countries is one of the important indicators in analyzing the development and economic development of nations, and improving their position on the world stage (Popkova et al., 2018). Economic growth is a concern for the government, because it can improve people's living standards, so that countries with good economic growth strength can shift the balance of economic power globally (Bogoviz et al., 2018).

Equitable distribution of the nation's economy, the government focuses its attention on small, medium and large entrepreneurs, because the position of entrepreneurs in building the economic power of the people looks more real, entrepreneurs are able to accommodate new workers and this can certainly ease the government in providing jobs. In addition, economic growth in developing countries can shift the balance of economic power globally (Agarwal & Samanta, 2015), (Heggade, 2010).

Based on economic equity, it is based on the economic power of the people by looking at these business actors or entrepreneurs (Xie et al., 2024). Economic competitiveness is detrimental to the ability to create and maintain a competitive advantage in the global economy, through increased productivity, efficiency, innovation and institutional

capacity. So that the partnership model between entrepreneurs is a strategic effort in achieving economic equality in the concept of national economic competition (Coldwell et al., 2022).

Partnerships between large businesses and small businesses are one of the important strategies in building an inclusive and competitive economic structure. Partnerships should be built on the principles of shared needs and benefits, ensuring that large companies and SMEs benefit from collaboration (Irianto, 2017a). Partnership is a strategy in sharing resources, so that problems that arise in meeting product quality standards can be overcome with a fair partnership framework. Large companies, as large business actors can share resources such as technology, expertise and market access with SMEs, thus helping SMEs overcome their limitations and increase their competitive advantage (Li et al., 2022). This is based on the fact that SMEs are the backbone of the economy of developing countries, such as Indonesia. Data from the Ministry of Cooperatives and SMEs shows that SMEs contribute more than 60% to the Gross Domestic Product (GDP) and absorb around 97% of the workforce. However, the competitiveness of SMEs is still low due to limited access to capital, technology, and a wider market. One potential strategy to overcome this challenge is through strategic partnerships between large businesses and SMEs (kemenkopukm, 2023).

In facing the challenges of globalization, SMEs partnerships can improve performance and competitiveness, with better management practices and strategic planning (Xuan Ha & Thi Tran, 2022). In addition, with partnerships, SMEs are helped in accessing new markets and resources, contributing to inclusive growth and poverty alleviation (Van Tulder & Da Rosa, 2012).

Partnership innovation between large business actors and SMEs, can develop the ability of SMEs to contribute to national competitiveness, significantly increasing innovation output and competitiveness of both parties (Yang, 2013). This can be facilitated through a structured technology roadmap and leveraging patent information to identify suitable SME partners (Lee et al., 2016). In addition, SMEs can form networks, overcome individual limitations and compete more effectively on a larger scale (Cvetanovic et al., 2014). Government policies and support mechanisms play an important role in driving the growth and competitiveness of SMEs. This includes providing financial support, facilitating access to technology, and creating an enabling environment for SMEs to thrive (Jeppesen, 2005). In addition, government certification systems and other forms of support can help SMEs improve their performance, although these need to be carefully designed to avoid negative impacts (Kim & Kim, 2018).

Based on the above, the partnership between large businesses and small and medium enterprises (SMEs) is one of the important strategies in building an inclusive and competitive economic structure. In facing the challenges of globalization, SMEs are required to have high competitiveness. However, limitations in access to technology, information, and markets are the main obstacles for SMEs in improving their performance and contribution to the national economy. Therefore, a strategic and sustainable partnership pattern with large businesses can be an effective solution in increasing the capacity of MSMEs and ultimately strengthening the competitiveness of the national economy.

1.1. Identify of the Research

SMEs have a strategic role in the national economy, but based on the description before them, they still face various structural challenges, such as limited access to technology and information that causes low productivity and innovation. In addition, SMEs are faced with the difficulty of market access, both at the local and international levels, so that it has an impact on hindering business growth, plus the partnership pattern that runs ineffectively, still benefits large businesses. The government has not provided the support expected by SME actors in the partnership mechanism. The low role of SMEs in business development has an impact on the quality of national economic competitiveness based on these problems.

2. LITERATURE REVIEW

2.1. Theory Business Partnerships

Partnership theory describes the relationship between the principal and the agent (Barros et al., 2020). In business partnerships, the government or regulator plays the role of the principal who sets the rules, while large business actors and SMEs act as agents who must comply with these rules. Supervision is necessary to ensure that the agent acts in accordance with the principal's interests and that there is no exploitation in the partnership (Homayoun & Homayoun, 2015; Moloji & Marwala, 2020).

a. Resource-based View

This theory has a concept with an emphasis on the company's internal resources that are unique, valuable, and can maintain a competitive advantage, so that the company's position is stronger (Helfat et al., 2023). The development of this theory, is to keep up with the development of technology so that a strong company can have its (Clulow et al., 2003; Newbert, 2007).

b. Market access theory

This theoretical concept views market access as very important for economic development and the success of new products, this is usually influenced by the environment, regulations, and public institutions as well as networks in marketing (Borget et al., 2017), (Squalli et al., 2010).

Partnership theory provides a comprehensive framework for understanding and implementing cooperative relationships across various sectors. By focusing on togetherness, shared attributes, and overcoming challenges, partnerships can achieve sustainable and effective outcomes. Further research and empirical studies are needed to refine these models and explore their application in diverse contexts (Kinge, 2014), (McNamara, 2012).

Business partnership is one of the strategies for economic equity, as a tool to overcome underdevelopment and improve the country's economy by strengthening the national currency, developing jobs, and improving living standards (Popkova et al., 2018), (Bogoviz et al., 2018). In its application, partnerships can run partnership models such as the core-plasma model and subcontracting, which is a model that involves SMEs as subcontractors in partnerships with large business actors, despite the challenges in accessing resources and quality (Kotturu & Mahanty, 2016). In addition, it can also implement Public-Private Partnership (PPP), which combines the public and private sectors with special management goals and plans (Abdullahi & Nakazalle Usman, 2013).

2.2. Resource-Based Theory

Resource access theory is a basic framework in strategic management that emphasizes the role of internal resources to achieve and maintain a competitive advantage. The concept of competitive advantage is the belief that an agency has a competitive advantage by managing internal resources, so that it can develop without any heavy competition, because it has a rare advantage, and is difficult for other agencies to have (Peteraf & Barney, 2003), (Gupta et al., 2018). In addition to being competitive, resource heterogeneity is an important position, which can be developed through the market of strategic factors and the accumulation of internal resources (Maritan & Peteraf, 2011). Access to resources can also be done with the creation and appropriation of value, meaning that access to competitive resources can be linked to value creation and appropriation, emphasizing economic rents generated from important resources (Stoelhorst, 2023).

The application of access to resources in global competition is faced with technological advancements, so entrepreneurs must be able to keep up with emerging trends such as artificial intelligence, digitalization, and the internet of things, which form a competitive pattern (Helfat et al., 2023). With access to information in the implementation of resource access, it shows that entrepreneurs can achieve a sustainable and temporary competitive advantage through the strategic use of internal resources (Gupta et al., 2018). In addition, the ability to utilize the environment with a broad natural resource base, will be the value and ability to access the market, by showing that this ability has an impact on a proactive environmental strategy and is able to achieve a competitive advantage (Mishra & Yadav, 2021).

2.3. Competitive Advantage Theory

Economic competitiveness is the ability to explore competitive advantages to maintain superior performance against competitors. The theory develops through perspectives, including entrepreneurial orientation, network theory, resource-based views, and dynamic capabilities. Entrepreneurial orientation is an indicator of the agency's ability to adapt proactively, maintain excellence through the execution of business models with agility, and absorptivity of the resources they have (C. S. Mishra, 2017), In addition, agencies apply management logic in creating value and appropriation of agencies (C. S. Mishra, 2017). The theory of networks in business partnerships is connectivity, and centrality that provides benefits to both parties. Competitive advantage can arise from the quality of the network that the agency has in addition to its internal resources (Pillai, 2006). A resource-based view is the agency's internal ability to effectively achieve and maintain a competitive advantage and market attractiveness where it competes with innovations that are difficult for competitors to replicate (Holdford, 2018). While dynamic capabilities play a very important role in integrating and configuring internal competencies in overcoming rapid environmental changes such as technological advancements, this is very important for SMEs who have limited resources to survive in global competition (Fabrizio et al., 2022).

Theories that can be developed in economic competitiveness are:

a. Competitiveness and Economic Development Theory

The core concept in this theory is that competitiveness is related to economic development, productivity, and the ability to achieve development in the global economy, models are developed with sustainable competitiveness to measure and improve regional and national competitiveness (Lengyel, 2004),(Rizzi et al., 2015) .

b. Trade and economic growth theory

Trade is seen as a driver of economic growth, so the emphasis is on theories that emphasize market access and the impact of trade policies so that they can be accessed in order to grow the industrial world (Odaka, 2015), (Ottaviano, 2004).

2.4. The Role of Government Policy

According to the law of the Republic of Indonesia no.9 of 1995, partnership is a business cooperation between small and medium enterprises or large enterprises accompanied by guidance and development by medium or large enterprises by paying attention to the principles of mutual need, mutual strengthening and mutual benefit. In accordance with the principle of partnership, it must be built by ensuring that large companies and SMEs benefit from collaboration (Irianto, 2017a).

Based on this, the role of the government plays a role as a regulator, facilitator, catalyst, and integrator in encouraging partnerships between large businesses and MSMEs. This role includes policy setting, training, technology access, partnership incentives, and stakeholder liaison, to strengthen the capacity of MSMEs and drive inclusive economic growth (Rose, 2019).

3. HYPHOTHESES DEVELOPMENT

3.1. Theoretical Framework

Based on the preliminary description and literature study, where the partnership of large business actors with SMEs is an agreement to form a collaborative network in the exchange of resources, knowledge and markets with the principle of mutual benefit for both parties. It is one of the efforts to achieve national economic competitiveness in economic equity. Therefore, the strategy of large business partnerships with SMEs is a concern to achieve this competitiveness. Frame work is figure 1, which explains the relationship between the variables being studied.

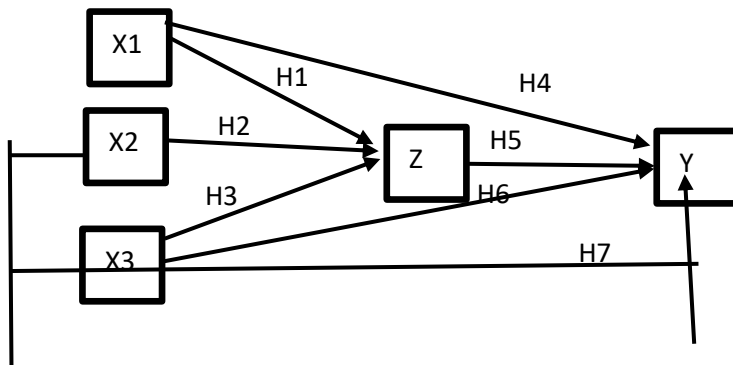


Figure 1: Framework Theoretical (Li et al., 2022)

3.2. Research Hypothesis

The hypothesis in the study is:

1. The effect of partnership patterns on the capacity of SMEs

Strategic partnerships with the right patterns of large businesses with SMEs can increase the capacity of SMEs. According to the Resource-Based View (RBV) theory, partnerships allow MSMEs to obtain resources that are difficult to access independently, thereby increasing production capabilities, efficiency, and innovation (Li et al., 2022).

H1. *There is an influence of partnership patterns on the capacity of SMEs.*

2. The effect of access to technology and information on the capacity of SMEs

Access to technology and information strengthens SME business processes, including production, marketing, and financial management. Resource-based theory emphasizes that emphasizing internal resources can strengthen the market position so that by accessing information technology it can accelerate the efficiency and adaptation capacity of SMEs to market changes, thereby increasing overall business capacity (Peteraf & Barney, 2003), (Gupta et al., 2018).

H2. *There is an influence of access to technology and information on the capacity of MSMEs.*

3. The effect of market access on the capacity of SMEs

Wide market access provides opportunities for SMEs to increase sales volumes and expand customer networks. According to Market Access Theory, the ease of accessing local, national, and international markets encourages the development of production capacity, product diversification, and quality improvement.

H3. *There is an influence of market access on the capacity of SMEs.*

4. The Influence of MSME Capacity on National Economic Competitiveness

SMEs that have high capacity contribute to economic growth, job creation, and income distribution. The Competitiveness and Economic Development theory states that a country's competitiveness is highly dependent on the strength of the real sector, including MSMEs as the backbone of the economy.

H4. *There is an influence of SMEs capacity on national economic competitiveness.*

5. The influence of partnership patterns on national economic competitiveness

Effective partnerships between large business actors and SMEs encourage economic equity and innovation. Based on the theory of business partnership, partnerships can create productive synergies that strengthen the overall national economic structure.

H4. *There is an influence of partnership patterns on national economic competitiveness*

6. The effect of access to technology and information on national economic competitiveness

Technological progress and information disclosure are the main pillars in increasing national competitiveness. The Competitive Advantage Theory, emphasizes that competitiveness is exploring advantages in order to survive in the competitive environment, so it is important to access technology and information infrastructure in encouraging innovation and efficiency in all economic sectors, including SMEs.

H6. *There is an influence of access to technology and information on national economic competitiveness.*

7. The effect of market access on national economic competitiveness

The ability of SMEs to access the market has implications for increasing exports, GDP growth, and economic stability. Trade and Economic Growth theory shows that open and inclusive market access increases the contribution of SMEs to the national economy, which ultimately strengthens global competitiveness.

H7. *There is an influence of market access on national economic competitiveness.*

4. METHOD

4.1. Research Design

The research design uses a quantitative approach. The concept of research design with path analysis. This design uses multiple regression statistics to test and evaluate causality models between a number of variables. This technique allows researchers to test the direct and indirect relationship (through mediator variables) between variables in a model, namely partnership patterns, market access, access to technology and information, SME capacity, and national economic competitiveness (Velec & Huang, 2014).

4.2. Population and sample

The population in this study is SME entrepreneurs located in the provinces of Banten and DKI Jakarta, as the highest large-scale manufacturing industry area among other regions in Indonesia. With a total population of 64.252.247 business actors. And samples using the SLOVIN Technique were obtained as many as 199 business actors.

4.3. Analysis techniques

The analysis uses path analysis, with the stage of path analysis, which is to test the regression coefficient simultaneously between variables. Followed by model testing, where there are two tests, namely the F test is used to see the influence between free variables on bound variables simultaneously. And the determination coefficient test is used to see the ability of independent variables to explain bound variables. And hypothesis testing, which is proposed in this study will be carried out from the results of a partial test using the t-test. and finally the mediation test, testing the influence of the mediating variable (intervening) in this researcher using the path method (Path Analysis) which is an extension of the multiple regression analysis of the research (Wilson, 2019) .

5. RESULT

5.1. Path analysis

1. Structural analysis I

The test on structural I is the influence of partnership patterns, technology access, and market access on SMEs capacity, and the results of the calculation of the coefficient model in sub-structural I are known that the coefficient values of the three variables, namely $X_1 = 0.298$, $X_2 = 0.382$, and $X_3 = 0.561$. With the significance values of the three variables, namely $X_1 = 0.004$, $X_2 = 0.002$, and $X_3 = 0.001$, the result is smaller than 0.05. This result concludes that the regression of the structural model I, namely X_1, X_2, X_3 has an effect on Z. The value of R² or R-Square contained in the calculation results is 0.379, this shows that the contribution or contribution of the influence of X_1, X_2, X_3 on Z is 37.9% while the remaining 62.1% is the contribution of other variables that are not included in the study. While tilapia el can be searched with the formula $el = (1 - 0.379) = \sqrt{0.787}$.

So based on these results, it is described as on figure 2 in below.

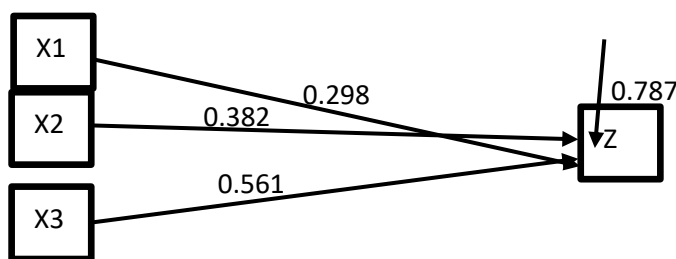


Figure 2 : Results Structural coefficients (P. Mishra & Yadav, 2021)

2. Structural Analysis II

The results of the calculation of the coefficient model in sub-structural I are known that the significance values of the three variables are $X_1 = 0.373$, $X_2 = -0.511$, $X_3 = 0.333$, and $Z = 0.678$. With the significance values of the three variables, namely $X_1 = 0.004$, $X_2 = 0.002$, $X_3 = 0.001$, and $Z=0.000$, the result is smaller than 0.05. This result concludes that the regression of the structural model II, namely X_1, X_2, X_3, Z has an effect on Y, and the variable Z (SMEs capacity) makes the greatest contribution. The amount of R² or R-Square value contained in the calculation results is 0.596, this shows that the contribution or contribution of the influence of X_1, X_2, X_3 , and Z on Y is 59.6% while the remaining 40.4% is the contribution of other variables that are not included in the study. While tilapia el can be searched with the formula $el = (1 - 0.596) = \sqrt{0.635}$

So based on the results of the two structures, it is described on figure 3.

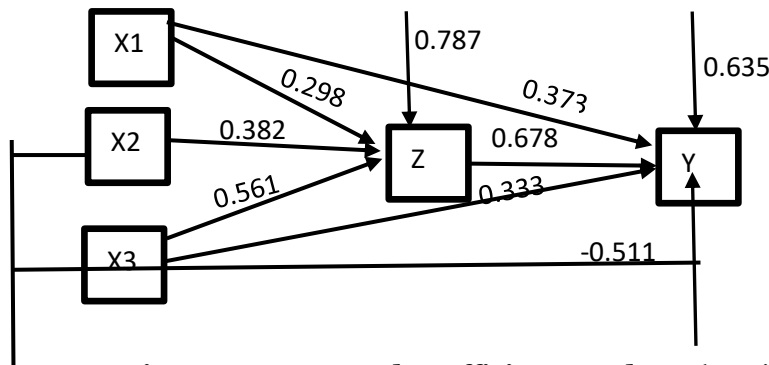


Figure 3 : Structural Coefficient results II (P. Mishra & Yadav, 2021)

5.2. Model Testing

2.1 Test F

1. Structural Model F Test I

The calculation results show that the value of F is calculated as 5.324 while F is a table with $df_1 = 2 - 1 = 1$ and $df_2 = 100 - 2 = 98$, then F is obtained a table of 3.94. And the significance value is 0.002, or less than 0.05. Because the value of F is calculated to be greater than the F of the table, thus the regression model between partnership patterns (X1), access to technology and information (X2), and market access (X3) to SMEs capacity (Z) is declared fit or feasible, simultaneously, the three independent variables have a significant effect on SMEs Capacity.

2. Structural Model F Test II

The calculation results show that the value of F is calculated as 12.970 while F is a table with $df_1 = 2 - 1 = 1$ and $df_2 = 100 - 2 = 98$, then F is obtained a table of 3.94. And a significance value of 0.000, or less than 0.05. Because the value of F is calculated to be greater than the F of the table, thus the regression model between partnership patterns (X1), access to technology and information (X2), market access (X3) and the capacity of SMEs (Z) to economic competitiveness (Y) is declared fit or feasible, the four variables (including SMEs capacity) have a significant effect together on Economic Competitiveness.

2.2 Coefficient test determination

1. Coefficient Determination Structural Model I

The value of adjusted R square is $is = 0.379$, and the value of $R^2 = 0.144$, thus explaining only 14.4% of the variation in SME capacity is explained by the three variables.

2. Coefficient Determination Structural Model II

The value of the adjusted R square is $R = 0.596$, and the value of $R^2 = 0.356$, thus explaining the 35.6% variation in Economic Competitiveness explained by the four variables.

5.3. Hypothesis Testing (test T)

The results of the t-test in this study are:

- a. The effect of the partnership pattern on the capacity of SMEs was obtained $t = 2.793$ with sig. 0.019, because the sig. value obtained $<$ the sign level. $\alpha = 0.05$, then H_0 was rejected and H_a was accepted. This means that the hypothesis that reads "there is an influence of partnership patterns on the capacity of SMEs" is accepted.
- b. The effect of access to technology and information on the capacity of SMEs was obtained t calculation = 2.574 with sig. 0.009, because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. This means that the hypothesis that reads "there is an influence of access to technology and information on the capacity of MSMEs" is accepted.
- c. The effect of market access on SMEs capacity was obtained t calculation = 3.373 with sig. 0.001, because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. It means that the hypothesis that reads "there is an influence of market access on the capacity of SMEs" is accepted.

d. The influence of SME capacity on national economic competitiveness was obtained $t = 5,342$ with sig. 0.000 , because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. This means that the hypothesis that reads "there is an influence of SME capacity on national economic competitiveness" is accepted.

e. The effect of partnership patterns on national economic competitiveness was obtained $t = 2.596$ with sig. 0.040 , because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. It means that the hypothesis that reads "there is an influence of partnership patterns on national economic competitiveness" is accepted.

f. The effect of access to technology and information on national economic competitiveness was obtained $t = -2.064$ with sig. 0.042 , because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted, but the significance here is that it makes a negative contribution so that access to technology and information contributes negatively to national economic competitiveness, but still this hypothesis is accepted.

g. The effect of market access on national economic competitiveness can be calculated $t = 2.344$ with sig. 0.021 , because the value of sig. which is obtained $<$ sign level. $\alpha = 0.05$, then H_0 is rejected and H_a is accepted. It means that the hypothesis that reads "there is an influence of market access on national economic competitiveness" is accepted.

5.4. Mediation Test

The mediation test is to measure the relationship of variables through the third variable that mediates (intervening). Indirect relationships occur when there is a third variable that mediates the relationship between the two variables by determining the multiplication result between the standardized values of the independent variable to the mediating variable and the mediating variable to the dependent variable. If the regression path coefficient of the calculation results is indirectly greater than the direct calculation, then the conclusion is that the mediating variable is able to explain the dependent variable, meaning that mediation is accepted (there is mediation), and vice versa.

The results of the calculation of the first mediation test of the influence of partnership patterns on economic competitiveness through the mediation of SME capacity show that the direct influence of partnership patterns on economic competitiveness is 0.373 , while the indirect influence through SME capacity is $0.298 \times 0.678 = 0.203$, from the results of the calculation show that the value of indirect influence through SME capacity is greater than the value of the direct influence of partnership patterns on economic competitiveness. With these results, it can be concluded that the capacity of SMEs can be a variable that mediates the influence between partnership patterns on national economic competitiveness.

The results of the calculation of the second mediation test of the influence of access to technology and information on economic competitiveness through the mediation of SMEs capacity showed that the direct influence of access to technology and information on economic competitiveness was -0.511 , while the indirect influence through the capacity of SMEs was $0.382 \times 0.678 = 0.259$. The results of the calculation show that the value of indirect influence through the capacity of SMEs is greater than the value of the direct influence of access to technology and information on economic competitiveness. With these results, it can be concluded that the capacity of SMEs can be a variable that mediates the influence between access to technology and information on national economic competitiveness.

The results of the calculation of the third mediation test of the influence of market access on economic competitiveness through the mediation of SME capacity showed that the direct influence of market access on economic competitiveness was 0.333 , while the indirect influence through the capacity of SMEs was $0.561 \times 0.678 = 0.381$. From the results of the calculation showed that the value of indirect influence through the capacity of SMEs was greater than the value of the direct influence of market access on competitiveness economics. With these results, it can be concluded that the capacity of SMEs can be a variable that mediates the influence of market access on national economic competitiveness.

6. DISCUSSION

Large-scale business partnerships with SMEs are an important strategy in building an economic and inclusive structure, with the principles of mutual need and benefit (Irianto, 2017b). The strategy of partnerships between large businesses and SMEs as an effort to equalize the economy, with its position to be able to attract new workers, certainly eases the government to create new jobs. The right strategy will achieve the right goal. In this study, it examines the strategy of large business partnerships with SMEs, namely partnership patterns, access to technology and

information, market access, and the capacity of SMEs in achieving national economic competitiveness as an indicator of a nation's economic development.

The partnership pattern is a business partnership strategy, and the results of the study show that the partnership pattern affects the capacity of SMEs and has an impact on the competitiveness of the national economy. This positive and significant influence is with ($\beta = 0.298$, sig. = 0.004) and on the competitiveness of the national economy ($\beta = 0.373$, sig. = 0.004). This is in line with partnership theory (Barros et al., 2020), which emphasizes the importance of large business partnerships with SMEs to benefit each other, because each business actor has its own weaknesses, for economic defense. However, the role of SMEs in creating jobs is very helpful for government programs, and the impact is broader than that of large business actors. So that with the concept of Resource-Based View (RBV) theory is strong (Helfat et al., 2023), That is, the company's internal resources can maintain a competitive advantage, in exploring this advantage, often large business actors need many suppliers either in the form of goods or resources (Clulow et al., 2003; Newbert, 2007). With a partnership pattern between large business actors and SMEs, large business actors will obtain resources that are difficult to access on their own, both in quantity and quality, as well as SMEs with a partnership pattern can prepare products and resources even in a small capacity (Li et al., 2022). This partnership model is often referred to as subcontracting, and this is what happens in some regions in Indonesia, by applying a model partnership pattern that involves SMEs as subcontractors in partnerships with large business actors, despite the challenges in accessing resources and quality (Kotturu & Mahanty, 2016).

Access to technology and information as a partnership strategy in this study shows that access to technology and information can increase the capacity of SMEs ($\beta = 0.382$, sig. = 0.002), this is in line with resource-based theory (Peteraf & Barney, 2003), which states that internal resources such as knowledge and technology can create a competitive advantage. However, this variable shows a negative effect on my direct national economic competitiveness ($\beta = -0.511$, sig. = 0.002). There is a possibility that the adoption of technology without the readiness of the managerial or supporting infrastructural capacity in SMEs actually causes temporary pressure or inefficiency. However, the indirect influence through the capacity of SMEs (0.259) showed a positive mediation effect, indicating that access to technology would have a good impact if accompanied by increased capacity. To achieve good SMEs capacity, the role of the government is urgently needed, as a facilitator of SMEs to get assistance in order to improve infrastructure to adapt to the competition of technological developments.

Market access to SME capacity and economic competitiveness in this study is proven to be one of the drivers of SME capacity growth, in the sense of the perspective of market access theory, allowing SMEs to expand distribution networks, and increase sales volume by utilizing large business distribution to reach a wide market. And the results of the study showed a significant influence ($\beta = 0.561$, sig. = 0.001) and also a positive effect on national economic competitiveness ($\beta = 0.333$, sig. = 0.001). It supports market access theory (Borget et al., 2017), which emphasizes that connectivity to a wide market is a key element in encouraging the growth of MSMEs and increasing economic contributions. The indirect effect (0.381) was greater than the direct effect, reaffirming that the capacity of SMEs is an important path in transforming market access into national competitiveness. With wide market access, SMEs can achieve strong competitiveness, so that they can achieve global economic development (Lengyel, 2004), (Rizzi et al., 2015). This is considering that trade is a driver of economic growth (Odaka, 2015).

Mediating on this relationship model, the capacity of SMEs has a significant influence on the competitiveness of the national economy ($\beta = 0.678$, sig. = 0.000), strengthening competitive advantage theory and competitiveness and economic development theory (Lengyel, 2004), which states that national competitiveness is formed from the strength of micro and medium economic actors. In this mediation modeling, it is explained that almost 60% of the variation in national competitiveness, although these variables have a direct impact on national competitiveness, the influence becomes stronger and more effective when intervened through strengthening the capacity of SMEs. This emphasizes the importance of the strategy of strengthening SMEs internally as part of the national economic development policy.

7. IMPLICATIONS

The results of the study have the implication that the pattern of strategic partnerships between large businesses and SMEs can significantly strengthen the capacity of SMEs and have a positive impact on the competitiveness of the

national economy. This implies the need for regulations and policies that encourage a fair, transparent, and sustainable partnership model, as mandated in Law No. 9 of 1995 on Partnerships. The government must play an active role as a facilitator and supervisor so that partnerships are not unequal and actually detrimental to SMEs. The implication for large business actors is that it is necessary to view partnerships with SMEs as one of the efforts to strengthen the supply chain, encourage innovation. As for SMEs, it is necessary to be proactive in establishing partnerships and taking advantage of this collaboration opportunity to be able to achieve internal capacity building and product development based on the global market.

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