

SUPPLY CHAIN MANAGEMENT ANALYSIS OF COMPANY PERFORMANCE THROUGH COMPETITIVE ADVANTAGE STRATEGY

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ABSTRACT

This study examines supply chain management analysis of company performance through a competitive advantage strategy. This study aims to determine the effect of supply chain management on company performance by using (through) a competitive advantage strategy in the bead handicraft industry in the city of Samarinda. The research methodology is a quantitative method using PLS data analysis techniques. The population of the bead handicraft industry in the city of Samarinda is 39 units. The obtained data samples using the census method as a whole from the total population. The result showed that supply chain management has a significant positive effect on competitive advantage strategy. Competitive advantage strategy has significant positive effect on company performance. The increase in company performance is influenced by supply chain management by using (through) a competitive advantage strategy. The benefit of this research is to demonstrate the importance of a competitive advantage strategy for the bead handicraft industry in the city of Samarinda concerning improved performance, which in turn will increase sales and profits.

Keywords: supply chain management, competitive advantage strategy, company performance

INTRODUCTION

We know that at this time there has been an outbreak of the COVID-19 virus which has shaken the Indonesian economy and even the world. This causes all business actors in the world including Indonesia to think hard to make efforts to survive in this difficult and uncertain situation. The existence of policies that limit the space for economic

activity to increase the sluggishness of the business world in the world, including Indonesia (Ramadhani, 2020).

Therefore, all business actors in Indonesia will carry out strategies to be able to compete and stay afloat in running their business, both for Medium, Small, Micro (MSMEs) and large, even those included in State-Owned Enterprises (BUMN). In

Indonesia, State-Owned Enterprises have released their financial reports in the first semester of 2020. From the results of these financial reports, many of them show that the company's performance has decreased due to the corona 19 pandemic, and even losses of up to trillions of rupiah. The COVID-19 storm has also ravaged the stability of the performance of companies based on the processing industry. Based on Prompt Manufacturing Index (PMI) data released by Bank Indonesia (BI), the industrial sector performance index decreased in the first quarter of 2020, from 51.5% in the fourth quarter of 2019 to 45.64% (Bank Indonesia, 2020).

In addition to this, from the perspective of the Global Supply chain, it changes when factories stop production and the government closely monitors the movement of goods and people (Laoli, 2020). This can be caused because supply chain management has a role in minimizing overall costs (order costs, storage costs, raw material costs, transportation costs and others (Prawesti, et al., 2019).

Therefore, supply chain management must be integrated so

that the business can survive in the long term because the company has been able to align its resources with the market it wants to work on and its environmental conditions. Besides that, companies can also compete to provide more value to consumers / stakeholders (Pono, et al., 2020).

Actions taken by a company on an integrated supply chain management are intended to help the company achieve its strategic competitiveness and generate above-average profits. Strategic competitiveness is achieved when a company succeeds in developing a strategy and implementing a value creation strategy. Companies that implement a strategy that cannot be imitated by other companies or are too expensive to imitate, these companies have a competitive advantage, after the company gains strategic competitiveness and successfully exploits competitive advantage (Siahaan, et al., 2020). This shows that supply chain management basically has an influence on competitive advantage (competitive advantage). This is in accordance with the results of research conducted by Pono, et al. (2020), Siahaan, et al. (2020), Subhan

& Putro (2017), Widyanesti & Masyitah (2018) which state that supply chain management has a significant influence on competitive advantage, but there are inconsistencies in the research of Prawesti, et al. (2019) found that supply chain management has no effect on competitive advantage.

He further explained that supply chain management in the company has an important meaning, because the purpose of the supply chain is to meet consumer needs and maximize profits (profits). With supply chain management, companies can monitor the management of the flow of information, products and funds from upstream to downstream and vice versa. The contribution of the supply chain to the company's performance is the process of integration at stages in the supply chain such as information flow, long-term relationships with suppliers and cooperation with related parties in the supply chain (Agus, 2011).

Furthermore, the explanation above shows that supply chain management basically has an influence on company performance. This is relevant to the results of

research conducted by Agus (2011), Jermstittiparsert & Boonratanakittiphumi (2019), Kumar & Kushwaha, (2018), , Pono, et al. (2020) and Siahaan, et al. (2020) which states that supply chain management has an effect on company performance. From this, there are still inconsistencies in the research results because in the research of Khalil, et al. (2019) and Widyanesti & Masyitah (2018) found that supply chain management has no effect on company performance.

From this description, based on the inconsistency of previous research results, this study tries to present a solution in the form of intervening variables on the differences in the results of previous studies. The competitive advantage strategy variable using innovation and quality indicators is the variable proposed in this study to mediate the influence of supply chain management on company performance in the beading industry in Samarinda city. The purpose of this study is to determine the effect of supply chain management on company performance through competitive advantage strategy.

Competitive advantage was

first introduced as a concept in 1985 by Michael E. Porter in his essay "Competitive Advantage: Creating and Sustaining Superior Performance." Porter had already used the term competitive strategy in 1980 through his article entitled "Competitive Strategy: Techniques for Analyzing Industries and Competitors". Porter (1980) in a previous article proposed generic strategies for competitive advantage. Then in 1985, Porter gave his description of competitive advantage as follows: "Competitive advantage is at the heart of a company's performance in a competitive marketplace ... Competitive advantage is about how a company actually puts generic strategies into practice." (Porter, 1985)

The theory of competitive advantage or also known as competitive advantage is the ability obtained by a company through its characteristics and resources to be able to have higher performance compared to other companies in the same industry and market. This theory was coined by Michael Porter in his book entitled *Competitive Advantage* (1985).

Supply chain management is

the coordination of all supply chain activities, starting with raw materials and ending with satisfied customers. Supply chain management includes suppliers, manufacturing companies or service providers, distributor companies, wholesalers or retailers who deliver products or services to the final consumer (Heizer and Render, 2015). Functions involved in supply chain management are supported by new product development, marketing, operations, distribution, finance and customer service. Supply chain management in a company has an important meaning, because the purpose of the supply chain is to meet consumer needs and maximize profits (profits). With supply chain management, companies can monitor the management of the flow of information, products and funds from upstream to downstream and vice versa. The supply chain's contribution to the company's performance is the process of integration at stages in the supply chain such as information flow, long-term relationships with suppliers and cooperation with related parties in the supply chain (Agus, 2011).

Company performance is an

illustration of the level of achievement of the implementation of tasks in an organization to realize the goals, objectives, mission, and vision of the organization. Company performance can be viewed from two sides, namely financial performance and non-financial performance (Gandhi et al., 2017).

Competitive Advantage Strategy is a strategy that is carried out to achieve competitive advantage, describing a business situation that has the ability to achieve consumer desires compared to its competitors. The competitive advantage process is very sensitive because of its fast and changing nature. The actors in business competition will always compete to increase competitive advantage. Two factors form competitive advantage: superior resources and good company performance. In developing a competitive advantage strategy, there are two factors that need to be considered. First, resources, namely how capable they are of producing goods, and second, performance, namely how capable they are of processing finished goods and being able to deliver them to consumers (Hafidh, 2020). According to Porter

(1980), a competitive advantage strategy is built by doing Overall low cost leadership, Differentiation, Focus. In addition there are innovation strategies, growth strategies and alliance strategies (Hafidh, 2020).

In this regard, the actions taken by a company in an integrated supply chain management are intended to help the company achieve its strategic competitiveness and generate above-average profits. Strategic competitiveness is achieved when a company succeeds in developing a strategy and implementing a value creation strategy. Companies that implement a strategy that cannot be imitated by other companies or are too expensive to imitate, this company has a competitive advantage, after the company gains strategic competitiveness and successfully exploits competitive advantage (Siahaan, et al., 2020).

Hypothesis

H1 : Supply chain management has a significant positive effect on the Competitive advantage strategy

H2 : Competitive advantage

strategy has a significant positive effect on company performance

H3 : Company performance is influenced by supply chain management by using (through) competitive advantage strategy.



Figure 1. Conceptual framework of research

METHOD

This research is a quantitative research, namely a research method based on the philosophy of positivism, used to examine a particular population or sample, where data collection uses research instruments (questionnaires), statistical and quantitative data analysis where the aim is to test the formulated hypothesis. This study uses secondary data, namely library research and primary data, primary data collection is carried out by interview method and using

questionnaires, then the data will be processed according to the research objectives. This research is focused on the beading industry in Samarinda City.

The variables in this study there are three kinds of variables, namely: the independent variable (exogenous), the dependent variable (endogenous) and the intervening variable, while the three variables are:

1. Independent Variable (exogenous) (X): Supply Chain Management
2. Dependent Variable (endogenous) (Y): Company Performance.
3. Intervening Variable (Z): Competitive Advantage Strategy

Supply chain management can be interpreted as an approach taken to achieve integration with various parties including customer relationships, supplier partnership strategies, manufacturing companies or service providers, distributor companies, wholesalers or retailers who deliver products or services to end consumers in the beading industry. in the city of Samarinda.

Competitive advantage strategy is a strategy used by the beading

industry in the city of Samarinda to describe a business situation that has the ability to achieve consumer desires compared to its competitors.

Company performance is a description of the level of achievement of the implementation of tasks in an organization to realize the goals, objectives, mission and vision of the organization. Performance is also a result or achievement that is influenced by the company's operational activities in utilizing the resources owned by the beading industry in the city of Samarinda.

The population in this study is the number of beading industries in the city of Samarinda as many as 39 units of the bead industry. The data was taken from the Industrial Office of Samarinda City in 2019. The sampling technique used the census method which used the entire population of the beading industry in Samarinda City, totaling 39 units of the beading industry. Data collection techniques using interviews and questionnaires as well as literature study.

The data analysis technique in this study used the PLS (Structure

Partial Least Square) analysis tool, to test the relationship between variables.

RESULTS AND DISCUSSION

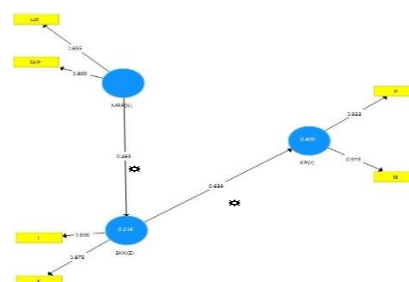


Figure 2. Test results

MRP = Supply Chain Management = Independent Variable (exogenous) (X)

HP = Customer Relations

SKP = Supplier Partnership Strategy

KP = Company Performance = Dependent Variable (endogenous) (Y)

P = Profit

PL = Sale

SKK = Competitive Advantage Strategy = Intervening Variable (Z)

I = Innovation

K = Quality

From Figure 2, the research data shows that supply chain management has a significant positive effect on competitive advantage

strategy. Competitive advantage strategy has a significant positive effect on company performance.

Table 1. Construct Validity and Reality

	Crombath Alpha	Rho_A	Composite Reliability	Average Variance Extracted
KP(Y)	0.873	0.877	0.913	0.724
MRP(X)	0.713	0.718	0.838	0.633
SKK(Z)	0.754	0.764	0.859	0.671

Source: Primary Data Processed

Based on table 1 shows that the variables of company performance, supply chain management and competitive advantage strategies meet the validity and reliability requirements, meaning that the three indicators of the variables are valid and reliable. (CR value above 0.7, AVE above 0.5, Alpha Crombath above 0.6).

Table 2. Outer Loading

	Manajemen Rantai Pasok (x)	Strategi Keunggulan Kompetitif (z)	Kinerja Perusahaan (Y)
KP	0.866		
P			0.815
PJ			0.864
SKP	0.857		
I		0.778	
K		0.811	

Source: Primary Data Processed

Based on table 2 shows that the value of the outer loading of all

indicators is greater than 0.5, thus that all of these indicators can be used in this study.

Table 3. R-Square

	R-Square	R-Square Adjusted
Kinerja Perusahaan	0.562	0.550

Source: Primary Data Processed.

Based on table 3, it shows that the R-Square value is 0.562 which means that the supply chain management variable and competitive advantage strategy explain the company's performance value of 56.2% while the remaining 43.8% is explained or influenced by other variables outside the study. The R-Square Adjusted value of 0.550 indicates that the model is moderate because it is above 0.25.

Tabel.4. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STD EV)	T-Statistic	P-Values	
MRP(X)-->SKK(Z)	0.627	0.655	0.118	5.313	0.000	Positif dan Signifikan
SKK(Z)-->KP(Y)	0.750	0.773	0.076	9.866	0.000	Positif dan Signifikan

Source: Primary Data Processed

Based on table 4 shows that the

T-statistical value on the relationship between supply chain management and competitive advantage strategy has a value of $5.313 > 1.96$ and the original sample value is positive. This means that supply chain management has a significant positive effect on competitive advantage strategies. The value of T-statistics on the relationship between competitive advantage strategy on company performance has a value of $9,866 > 1.96$ and the original sample value is positive. This means that the competitive advantage strategy has a significant positive effect on the company's performance.

Based on the data from the research and analysis of the data, the following discussion is carried out:

1. Effect of Supply Chain Management (MRP) on Competitive Advantage Strategy (SKK).

Supply chain management with indicators of customer relationship and supplier partnership strategy has a significant positive effect on competitive advantage strategy. This is because customer relationships and supplier partnership strategies are very

much needed by the beading industry in the city of Samarinda in carrying out competitive advantage strategies to attract consumers and retain loyal customers and be able to compete with competitors in the beading industry. Customer relations are highly guarded by the beading industry in Samarinda city to maintain and improve good relationships with consumers/customers as part of a competitive advantage strategy. The supplier partnership strategy is also highly guarded by the bead industry in the city of Samarinda to make it easier to obtain the sustainability of the bead industry craft materials. Therefore, supply chain management with 2 selected indicators, namely customer relations and supplier partnership strategies, is to determine the effect of supply chain management on competitive advantage strategies in the beading industry in Samarinda, while other indicators have been carried out in previous studies in other areas.

2. The Influence of Competitive

Advantage Strategy (SKK) on Company Performance (KP)

Competitive advantage strategy with innovation and quality indicators has a significant positive effect on company performance. This is because the innovations made by the beading industry in the city of Samarinda, both in product innovation and product design, by maintaining and improving the quality of beaded handicraft products, will increase their competitiveness against their competitors in the beading industry. This causes an increase in consumer/customer interest and can maintain their loyal customers, both within the region, outside the region and even abroad. This is because customer satisfaction is always maintained and improved by the beading industry in the city of Samarinda. The implementation of a competitive advantage strategy by innovating both product innovation and product design as well as good quality beading products will increase the number of sales and increase profits in the beading industry. Therefore, the implementation of

a competitive advantage strategy is very important and needed to be carried out by the beading industry to remain able to compete with its competitors which will ultimately affect the number of sales and the amount of profit (profit) and increase it for the sustainability of the beading industry business.

3. Company performance is influenced by Supply Chain Management by using (through) Competitive Advantage Strategy.

From the above, the Company's performance will increase, influenced by supply chain management by using (through) a competitive advantage strategy which will ultimately increase the number of sales and profits in the beading industry in Samarinda city. Thus, the decision to use a competitive advantage strategy carried out by the beading industry in the city of Samarinda is appropriate to increase sales and profits that affect the company's performance.

CONCLUSION

From the results of research and discussion, it can be concluded that (1) supply chain management has a significant positive effect on competitive advantage strategy, (2) competitive advantage strategy has a significant positive effect on company performance, (3) company performance will increase influenced by supply chain management with using (through) competitive advantage strategies. The benefit of this research is that a competitive advantage strategy is very important and needed and appropriately used by the beading industry in Samarinda City to improve company performance which in turn will increase sales and profits (profit) in the beading industry in Samarinda City.

In further research, it is recommended to be able to use more variables with more indicators to find out the direct and indirect relationship.

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