

American Journal of Humanities and Social Sciences Research (AJHSSR)

e-ISSN :2378-703X

Volume-5, Issue-4, pp-355-360

[www.ajhssr.com](http://www.ajhssr.com)

Research Paper

Open Access

## Competitive Advantages in Mediating Supply Chain Management on Company Performance (Empirical Study at Agro-technology SME in Tabanan, Bali, Indonesia)

I Kadek Krishna Utarayana<sup>1</sup>, Gede Mertha Sudiarta<sup>2</sup><sup>1,2</sup>*Faculty of Economics and Business, Udayana University, Bali, Indonesia*

**ABSTRACT :** The purpose of this study is to explain the role of competitive advantage in mediating the effect of supply chain management on company performance. This research was conducted at CV. Timan Agung, Tabanan. The method used to determine the sample is quota sampling with the number of samples used is 80 samples. The method of collecting data through a questionnaire. The data analysis technique used is path analysis. The results of this study indicate that supply chain management has a positive and significant effect on competitive advantage; supply chain management has a positive and significant effect on company performance; Competitive advantage has a positive and significant effect on company performance and the competitive advantage variable significantly mediates the relationship between supply chain management and company performance.

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

### I. INTRODUCTION

Good and optimal company performance is needed by the company to be able to achieve the goals of a company. Measuring company performance is also important to motivate employees to achieve organizational goals and comply with predetermined standards of behavior, to produce the desired actions by the organization. Company performance is a level of company achievement in carrying out activities that are its responsibility in optimizing the achievement of the vision, mission, and goals set by the company which can be assessed by comparing achievement with targets or with the performance of several companies in the same industry. To achieve and improve company performance, this can be done by maintaining the competitive advantage of the company and maximizing the supply chain management (Djufri et al., 2021)

Maintaining this competitive advantage, value, and quality is important for the company so that it can continue to survive among the increasing number of competitors (Mahardika & Wayasantika, 2021). A company that can maintain its competitive advantage and has its own characteristics among its peers, will be an added value for consumers and can increase the sales level of the company. Competitive advantage is an advantage over competitors obtained by offering lower value or by providing greater benefits because of a higher price (Sukawati et al., 2020). Competitive advantage is obtained by the company from the level of product quality, service, and prices that meet the tastes and demands of consumers where the company can maintain its superiority among increasing competitors. To gain a competitive advantage, one of which can be done by focusing on reducing the production cost of an item to the lowest cost point but still being able to meet customer needs, which can be done by implementing supply chain management for the company (Tintara & Respati, 2020). By implementing a good supply chain in a company, is a consideration for every company so that it can compete or compete with its competitors (Yasa et al., 2020).

Supply chain management is important for companies because it is strategic coordination of business functions in a business organization and along its supply chain to integrate supply and demand management, this can certainly create a competitive advantage for the company and can optimize the company's performance. Supply chain management is a process of applying how the network of production and distribution activities can work together to meet market demand. The strategic objectives of the supply chain are long-term and are used to survive in winning the market competition. Zulkarnain et al. (2018), Maddeppungeng (2017) found that supply chain management practices have a positive effect on increasing competitive advantage and improving company performance, and competitive advantage can mediate the effect of supply chain management on company performance. Khaddam et al. (2020), Palandeng et al. (2018), Pono et al. (2020) stated supply chain management has a positive and significant effect on competitive advantage. Al-Douri (2018), Kumar & Kushwaha (2018) stated supply chain management has a positive and significant effect on company performance. Efrata et al.

(2019), Hariandi et al. (2019), Mulyono et al. (2019), Nuryakin (2018), Potjanajaruwit (2018)Wanjiru et al. (2019), Wijayanto et al. (2019) stated that competitive advantage has a positive and significant effect on company performance. Meanwhile as **research gap**, according to Husti & Mahyarni (2019), competitive advantage is not able to mediate supply chain management on company performance. Um (2017)shows that supply chain management does not affect company performance

CV. Timan Agung, located in Kelating village, Kerambitan sub-district, Tabanan Regency, is an SME engaged in agro-technology which produces organic fertilizers, liquid fertilizers, planting media, and the like. To survive and be able to compete in the market, of course, CV. Timan Agung requires a supply chain management strategy so that the company can manage the flow of products and materials well between suppliers, distributor companies, and consumers. Competition must always be considered by the company so that the company must have a strategy to win the market competition. However, the company has problems with product distributors in each district which are still changing and inconsistent. So that the company can survive and be able to compete and have good company performance, it is supported by the optimal implementation of Supply chain management in the company. Based on the description above, the hypotheses in this study are as follows:

H1: Supply chain management has a positive and significant effect on competitive advantage.

H2: Supply chain management has a positive and significant effect on company performance.

H3: Competitive advantage has a positive and significant effect on company performance.

H4: Competitive advantage is able to mediate Supply chain management on company performance.

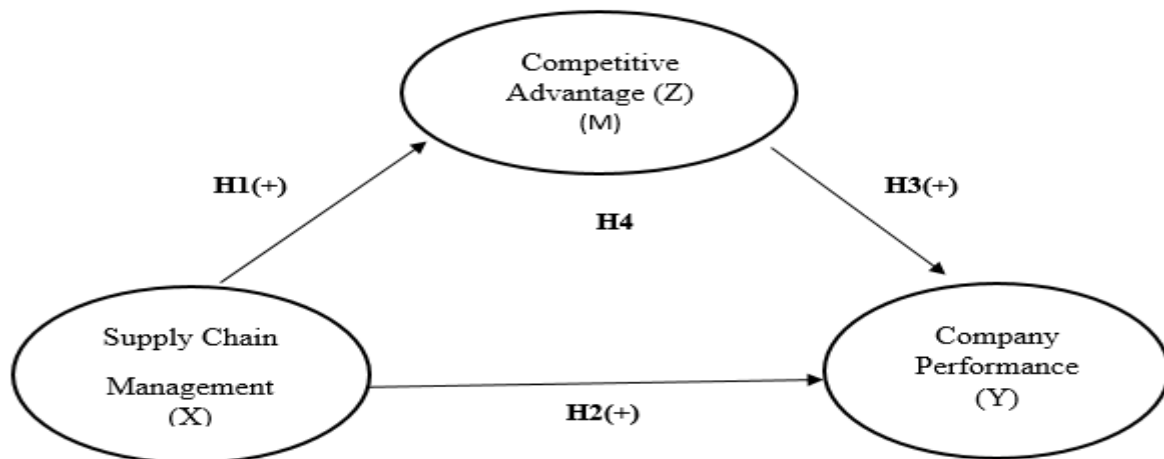


Fig. 1 Conceptual framework

## II. RESEARCH METHODS

### 2.1 Research Design

The research design used in this research is a quantitative approach with the causal associative method. This method is used to examine the role of competitive advantage in mediating the influence of Supply Chain Management on company performance. The population in this study were the owners and all employees of CV. Timan Agung, amounting to 36 people consisting of 1 owner, 19 female employees and 16 male employees, 9 main distributors, 4 additional distributors, 10 suppliers, 15 retailers, and consumers of CV. Timan Agung in Tabanan Regency. This study uses 11 indicators, so the ideal sample size ranges from 55-110 samples. Due to limitations, the sample size in this study was determined as many as 80 respondents consisting of 1 owner, 20 employees, 5 Suppliers, 5 Distributors, 5 retailers, and 44 consumers. The sampling technique used was the quota sampling technique. The data collection techniques used in this study were questionnaires and interviews.

### 2.2 Operational definition of the variable

#### 2.2.1 Company Performance (Y)

The performance in this study is the company performance of the CV. Timan Agung Tabanan. Indicators for measuring company performance in this study adapt and modify from Wulandari & Sari (2016): 1) Financial Performance 2) Operational Performance 3) Market Based Performance

#### 2.2.2 Supply Chain Management (X)

Supply chain management in this study is the flow of the supply chain from suppliers to consumers and vice versa, at CV. Timan Agung Tabanan. Supply chain management indicator CV. Timan Agung Tabanan in this study adapted and modified from Jamal et al. (2019) and Thoo et al (2017): 1) Strategic Supplier

Relationship, 2) Customer Relationship, 3) Level of Information sharing, 4) Level of Information Quality, 5) Postponement

### 2.2.3 Competitive Advantage (Z)

The competitive advantage in this research is the excellence of CV. Timan Agung Tabanan in competing against its competitors. Competitive advantage indicator CV. Timan Agung in this study adapted and corrected from Kaleka & Morgan (2017): 1) Price 2) Service 3) Time to market

## III. RESULTS AND DISCUSSION

Table 1. Sub structural Path Analysis 1

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.144	1.251		.915	.363
Supply Chain Management	.542	.061	.711	8.923	.000
R <sup>2</sup> :	0.505				
F-Sig:	.000				

Table 1 indicate, the sig.t value of 0.000 is less than the significant value used (0.000 < 0.05) and the beta value on the standardized coefficients is 0.711 which indicates a positive direction. This shows that supply chain management has a positive and significant effect on competitive advantage, which means **H1 is accepted**. the value of R square model I is equal to 0.505, which means the amount of the ability of supply chain management in explaining the variation of the competitive advantage variable is 50.5 percent. Results of the sig test. F model I is 0,000 which is smaller than the significant value of 0.05 (0,000 < 0.05). These results indicate that supply chain management has a simultaneous effect on competitive advantage.

Table 2. Sub structural Path Analysis 2

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.734	1.109		3.368	.001
Supply Chain Management	.187	.076	.285	2.451	.016
Competitive advantage	.397	.100	.463	3.976	.000
R <sup>2</sup> :	0.484				
F-Sig:	.000				

Table 2 indicate, The sig.t value of 0.016 is less than the significant value used (0.016 < 0.05) and the beta value on the standardized coefficients is 0.285 which indicates a positive direction. This shows that supply chain management has a positive and significant effect on company performance, which means that **H2 is accepted**. The sig.t value of 0.000 is less than the significant value used (0.000 < 0.05), and the beta value on the standardized coefficients is 0.463 which indicates a positive direction. This shows that competitive advantage has a positive and significant effect on company performance, which means that **H3 is accepted**. Value of R square model II is 0.484, which means that the amount of supply chain management capability and competitive advantage in explaining the variation in company performance variables is 48.4 percent, while the remaining 51.6 percent is influenced by other factors outside the model. Results of the sig test. F model II of 0.000 which is smaller than the significant value of 0.05 indicates that supply chain management and competitive advantage simultaneously influence company performance.

To test the significance of the indirect effect, the Z value of the ab coefficient is calculated by the following formula.

$$Z = \frac{ab}{\sqrt{b^2s_a^2 + a^2s_b^2 + s_a^2s_b^2}}$$

$$Z = \frac{0,711 \cdot 0,463}{\sqrt{(0,463^2 \cdot 0,061^2) + (0,711^2 \cdot 0,100^2) + (0,061^2 \cdot 0,100^2)}}$$

$$Z = \frac{0,329}{0,076}$$

$Z = 4,28$

Therefore,  $Z = 4.28 > 1.96$ , which means that the competitive advantage variable significantly mediates the relationship between supply chain management and company performance, so the **fourth hypothesis is accepted.**

### **3.1 Supply chain management on competitive advantage**

Good supply chain management will increase the company's competitive advantage. Putting more emphasis on the supply chain can help achieve a competitive advantage in the form of product customization, high quality, cost reduction, and speed in marketing. Through sustainable strategic relationships, suppliers become partners who can increase this competitive advantage.

### **3.2 Supply chain management on company performance**

Good supply chain management will improve company performance. Proper implementation of Supply Chain Management will be able to optimize the production process and product distribution to consumers, with this, the company's performance will be better. Effective supply chain management can reduce company costs, making it easier to achieve company performance.

### **3.3 Competitive advantage on company performance**

Companies that have a more prominent competitive advantage than their competitors will be of added value to consumers in making their purchasing decisions. This can increase sales to the company, with increasing sales, the company's performance will be better.

### **3.4 Competitive advantage mediates the effect of supply chain management on company performance**

The implementation of the right and optimal supply chain management can be a competitive advantage in a company. It can be seen that when the company tries to increase its competitive advantage through product customization, high quality, cost reduction, and speed in marketing, it will undoubtedly put more emphasis on the supply chain. After the company can increase its competitive advantage, the consumers will increase because the company has advantages over other companies. Sales at the company will also increase, this will have a positive effect on company performance. The better the company's performance and optimal, the company's goals will be easily achieved.

### **3.5 Research Implications**

This study has been able to explain the theoretical model used as the basis for formulating hypotheses, namely the role of competitive advantage as mediating the effect of supply chain management on company performance. The results of the theoretical model explain that the factors that affect the performance of consumer companies are the existence of competitive advantage through supply chain management. This research raises practical implications for CV. Timan Agung Tabanan to use this research as a reference input for learning.

## **IV. CONCLUSION**

### **4.1 Conclusion**

Supply chain management has a positive and significant effect on competitive advantage. This means that good supply chain management will increase the company's competitive advantage. Supply chain management has a positive and significant effect on company performance. This means that good supply chain management will improve company performance. Competitive advantage has a positive and significant effect on company performance. This means that the better the company's competitive advantage, the better the company's performance. Competitive advantage significantly mediates the relationship between supply chain management and company performance. This means that the better the company's competitive advantage through good supply chain management, the better the company's performance.

### **4.2 Suggestions**

To improve company performance, CV. Timan Agung Tabanan can improve the company's supply chain management, such as by providing effective and targeted information to the entire supply chain so that coordination will run well and the products issued arrive at the market on time and target. Thus, the company can have its own market share, and be able to satisfy customers and clients in that market share.

### **4.3 Research Limitations**

The number of respondents is only 80 people and only discusses the behavior of the company CV. Timan Agung Tabanan, so the results of this study cannot be generalized to other companies. There are still many other variables that can affect company performance outside the model described in this study.

### **4.4 Further Research**

It is necessary to consider examining variables, factors, and other indicators outside of supply chain management and competitive advantage to determine company performance, such as quality management, inventory management, location determination, and forecasting. The factor of a large number of respondents

also needs to be improved in researching to obtain optimal research results.

### REFERENCES

- [1] Djufri, F., Modding, B., Rahman, Z., & Baharuddin, D. (2021). The Effectiveness of Small Business Loans and People ' s Business Loans on Increasing Competitiveness through Small Business Financial Performance at PT . Bank Mandiri , Sulawesi Maluku , Indonesia. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 5(2), 194–203.
- [2] Mahardika, I. P. D., & Wayasantika, I. (2021). Strategies For Creating Competitive Advantage Through Product Development , Design And Quality ( Case Study on the ZARA Brand in Badung Regency ). *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 5(1), 279–282.
- [3] Sukawati, T. G. R., Widiarta, P. G. K., Santika, I. W., & Jatra, I. M. (2020). Differentiation Strategies ' Effect on Competitive Advantage with Tri Hita Karana as a Moderating : Study of Ubud Homestay Entities in Bali. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4(8), 198–209.
- [4] Tintara, I. D. G. W., & Respati, N. N. R. (2020). The Effect of Product Differentiation , Service Differentiation , and Image Differentiation on Competitive Advantage. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4(12), 316–321.
- [5] Yasa, N. N. K., Ketut Giantari, I. G. A., Setini, M., & Rahmayanti, P. L. D. (2020). The role of competitive advantage in mediating the effect of promotional strategy on marketing performance. *Management Science Letters*, 10(12), 2845–2848. <https://doi.org/10.5267/j.msl.2020.4.024>
- [6] Zulkarnain, M., Salim, U., & Sumiati. (2018). Effect Analysis of Supply Chain management on Competitive Advantage and Company Performance: Study at New Djombang Sugar Factory). *South East Asia Journal of Contemporary Business, Economics and Law*, 15(5), 63–69.
- [7] Maddeppungeng, A. (2017). Pengaruh Manajemen Rantai Pasok (MRP) pada Daya Saing dan Kinerja Perusahaan Jasa Konstruksi di DKI-Jakarta. *Konstruksia*, 8(2), 23–36.
- [8] Khaddam, A. A., Irtaimeh, H. J., & Bader, B. S. (2020). The effect of supply chain management on competitive advantage: The mediating role of information technology. *Uncertain Supply Chain Management*, 8(3), 547–562. <https://doi.org/10.5267/j.uscm.2020.3.001>
- [9] 35Palandeng, I. D., Kindangen, P., Tumbel, A., & Massie, J. (2018). Influence Analysis of Supply Chain Management and Supply Chain Flexibility to Competitive Advantage and Impact on Company Performance of Fish Processing in Bitung City. *Journal of Research in Business, Economics and Management*, 10(1), 1783–1802. <http://scitecresearch.com/journals/index.php/jrbem/article/view/1356/990>
- [10] Pono, M., Syamsu, Armayah, & Munzu, M. (2020). The effect of supply chain strategy toward competitive advantage , and company performance : case of small- medium industries in West Sulawesi Province of Indonesia. *Revista ESPACIOS*, 1(1), 1.
- [11] Al-Douri, J. A. (2018). The impact of supply chain management approaches on supply chain performance in Iraq. *International Journal of Supply Chain Management*, 7(5), 13–21.
- [12] Kumar, A., & Kushwaha, G. S. (2018). Supply Chain Management Practices and Operational Performance of Fair Price Shops in India : an Empirical Study. *Logforum*, 14(1), 85–99. <https://doi.org/10.17270/J.LOG.2018.237>
- [13] Efrata, T. C., Radianto, W. E. D., Marlina, M. A. E., & Budiono, S. C. (2019). The Impact of Innovation, Competitive Advantage, and Market Orientation on Firm's Marketing Performance in the Garment Industry in Indonesia. *Advances in Economics, Business and Management Research*, 100(1), 399–403.
- [14] Hariandi, M. S. I., Gumanti, T. A., & Wahyudi, E. (2019). E-commerce, competitive advantage and business performance of banyuwangi small and medium-sized enterprises. *International Journal of Scientific and Technology Research*, 8(8), 1216–1220.
- [15] Husti, I., & Mahyarni, M. (2019). Islamic Leadership, Innovation, Competitive Advantages, and Performance of SMEs in Indonesia. *East Asia*, 36(1), 369–383.
- [16] Mulyono, Manurung, A. H., Alamsjah, F., & Hamsal, M. (2019). Competitive advantage and implication on financial performance: an empirical study of the indonesia stock exchange. *International Journal of Scientific and Technology Research*, 8(11), 612–616.
- [17] Nuryakin. (2018). Competitive advantage and product innovation: Key success of Batik SMEs marketing performance in Indonesia. *Academy of Strategic Management Journal*, 17(2), 1–17.
- [18] Potjanajaruwit, P. (2018). Competitive advantage effects on firm performance: a case study of startups in Thailand. *Journal of International Studies*, 11(3), 104–111. <https://doi.org/10.14254/2071-8330.2018/11-3/9>
- [19] Um, J. (2017). The impact of supply chain agility on business performance in a high level customization environment. *Operations Management Research*, 10(1), 10–19.

- [20] Wanjiru, A. I., Muathe, S. M., & Kinyua-njuguna, J. W. (2019). Moderating Effect of External Operating Environment on the Relationship Between Corporate Strategies and Performance of Manufacturing Firms in Nairobi City County, Kenya. *European Journal of Business and Management*, 21(4), 7–15. <https://doi.org/10.7176/ejbm/11-14-05>
- [21] Wijayanto, A., Suhadak, Dzulkhirom, M., & Nuzula, N. F. (2019). the Effect of Competitive Advantage on Financial Performance and Firm Value: Evidence From Indonesian Manufacturing Companies. *Russian Journal of Agricultural and Socio-Economic Sciences*, 85(1), 35–44. <https://doi.org/10.18551/rjoas.2019-01.04>
- [22] Wulandari, W., & Sari, R. N. (2016). Pengaruh Supply Chain Management Terhadap Kinerja Perusahaan Melalui Keunggulan Bersaing. *Jurnal Ekonomi*, 21(3), 462–479. <https://doi.org/https://doi.org/10.24912/je.v21i3.31>
- [23] Jamal, N. M., Tayles, M., & Grant, D. B. (2019). Investigating the Relationship Between Supply Chain Management and Management Accounting Practices. *Journal of Supply Chain Management: Research & Practice*, 13(2), 1–22.
- [24] Thoo, A. C., Sulaiman, Z., Choi, S. L., & Kohar, U. H. A. (2017). Understanding Supply Chain Management Practices for Small and Medium-Sized Enterprises. *IOP Conference Series: Materials Science and Engineering*, 215(1). <https://doi.org/10.1088/1757-899X/215/1/012014>
- [25] Kaleka, A., & Morgan, N. A. (2017). Which competitive advantage (s)? Competitive advantage-market performance relationships in international markets. *Journal of International Marketing*, 25(4), 25–49. <https://doi.org/10.1509/jim.16.0058>