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

I Kadek Krishna Utarayana¹, Gede Mertha Sudiartha²
¹,²Faculty 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 & Wayansantika, 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. Eftrata et al.
(2019), Hariandi et al. (2019), Mulyono et al. (2019), Nuryakin (2018), Potjanajaruwit (2018), Wanjeru 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.

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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

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.144</td>
<td>1.251</td>
<td>.915</td>
<td>.363</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>.542</td>
<td>.061</td>
<td>.711</td>
<td>8.923</td>
</tr>
<tr>
<td>R² :</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Sig:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.734</td>
<td>1.109</td>
<td>3.368</td>
<td>.001</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>.397</td>
<td>.100</td>
<td>.463</td>
<td>3.976</td>
</tr>
<tr>
<td>R² :</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Sig:</td>
<td></td>
<td></td>
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</tbody>
</table>

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 (0,000 <0.05). These results indicate that supply chain management has a simultaneous effect on 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


