

## SUPPLY CHAIN MANAGEMENT ON COMPETENCY EXCELLENCE AND ORGANIZATIONAL PERFORMANCE OF RETAIL COMPANIES PT. SUMBER ALFARIA TRIJAYA TBK SOUTH KALIMANTAN

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### ABSTRACT

This research highlights the importance of supply chain management (SCM) and competency excellence in improving organizational performance. In the context of PT. Sumber Alfaria Trijaya Tbk in South Kalimantan found that SCM plays a crucial role in influencing organizational performance and building superior company competency. The research results show that SCM has a positive and significant influence on the company's organizational performance. This confirms that efforts to improve supply chain management can result in significant performance improvements. Apart from that, SCM also has a positive and significant influence on the company's competency excellence. This emphasizes the importance of effective integration of SCM in a company's business strategy to build competitive advantage. Research findings also reveal that competency excellence has a significant positive impact on organizational performance. This shows that companies that are able to build and maintain competitive advantages in the industry have the potential for better performance. Furthermore, this research reveals that competency excellence acts as a mediator between SCM and organizational performance. In other words, effective supply chain management can help companies build competitive advantages, which in turn improves organizational performance.

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## 1. INTRODUCTION

To increase productivity, cost efficiency, fast and easy service, and continue to be able to provide new innovations so that they can continue to survive in the competitive market, business enterprises must make maximum efforts to always be able to continue to find out and understand what the market wants. Supply chain management can have positive implications for a company's efforts to meet consumer demands. Supply chain management can be useful for managing demand and supply by companies, so that operational activities carried out by companies can be more effective and efficient in accordance with operational objectives.

In the competition for mining mineral trading, a company is required to carry out activities precisely, efficiently and on time. Trading companies are also required to meet customer needs which continue to increase in the number of goods or services provided. So, in order to win the competition in business competition, the company must have a competitive advantage. Competitive advantage according to David (2011) is "when a company can do something that rival companies cannot do or has something that rival companies want, then that can represent competitive advantage."

PT. Sumber Alfaria Trijaya Tbk is a retail company operating in Indonesia. Usually known as Alfamart, this company is one of several retail businesses that has the largest minimarket network in Indonesia. Alfamart provides various everyday products and services, including food, drinks, household goods, daily equipment, as well as financial services such as bill payments and credit top-ups. This company focuses on the concept of minimarkets and convenience stores targeting the lower middle market segment.

Alfamart was founded in 1989 and has grown rapidly since then. With thousands of stores across Indonesia, they are a major player in the country's retail industry. This company is listed on the Indonesia Stock Exchange (BEI) and traded under the stock code "AMRT." As a large company in the retail sector in

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South Kalimantan, Alfamart plays an important role in providing daily necessities and financial services to the people in the area. Apart from that, they also create jobs and contribute to the local economy. So that every activity can run and be well organized by PT. Sumber Alfaria Trijaya Tbk South Kalimantan.

To win the competition, operational performance is needed which according to Slack and Lewis (2011) is "the ability to compete by providing the ability to respond to customers and by developing the capabilities that will keep it head of its competitors in the future". Operational performance provides an illustration of the company's ability to compete, respond to customer expectations and needs by developing capabilities that are better than competitors for the long term. According to Handoko (2010), operational performance is "the implementation of managerial activities carried out in the selection, design, renewal, operation and supervision of production systems".

So for this reason, Supply Chain Management (SCM) support is needed in the production and operation systems within the company which is useful for providing value to consumers to be able to differentiate the superiority of the products or services produced by the company. And also so that all processes of management activities in a company can run optimally at the minimum possible price. Supply Chain Management It is necessary to embrace all parties involved for active coordination, consolidation of demand systems and supply flows, distribution, information input and relationship linkages so as to optimize links between company organizations. and can create overall sustainable consumer value and competency excellence.

In this research, the supply chain management process is proposed as a multidimensional system which includes the downstream to upstream flow of the supply chain at PT. Sumber Alfaria Trijaya Tbk South Kalimantan business, and from respondent questionnaire data with direct surveys, especially in the core business operations. in empirically test the questionnaire.

### **Theoretical Basis**

#### **Supply Chain Management**

Supply chain management is an important aspect of running any business. According to Lu and Swaminathan (2015), supply chain management is a very broad topic so people often give it different definitions. For some people, supply chain management is about managing the supplier base, determining what to outsource and to whom, and managing relationships with various suppliers. For others, it is an efficient way to move goods from one place to another considering distribution and transportation costs. For another group of people, supply chain management is about how different companies in a distribution channel or value chain are integrated in terms of information systems and inventory management practices. For other groups, effective management of fixed and variable assets is necessary to run a business. A comprehensive definition of supply chain management can be given as follows.

A supply chain is a collection of entities involved in designing new products and services, procuring raw materials, converting them into semi-finished and finished products, and delivering them to end customers (Swaminathan, 2001). Supply chain management is the efficient management of the end-to-end process from the design of a product or service to the moment it is sold, consumed and ultimately discarded by consumers. This complete process includes product design, procurement, planning and estimating, production, distribution, fulfillment, and after-sales support.

Vonderembse et al. (2006) discusses three types of supply chains, namely standard, innovative and hybrid. Standards tend to have simple products with a limited amount of differentiation, to be produced by a lean supply chain. Lean supply chains use continuous improvement efforts and focus on eliminating waste throughout the supply chain. On the other hand, innovative products that may use new and complex technologies require fast and efficient supply chains. Supply chains for these types of products respond to rapid global market changes by being dynamic and flexible across the organization. Hybrid products, that is, complex products, have many components and companies participating in the supply chain; Therefore, multiple supplier relationships may be required, which they refer to as hybrid supply chains. Hybrid supply chains combine lean and agile supply chain capabilities to meet complex product needs.

#### **Organizational Performance**

Organizational performance is critical for the survival and success of organizations (Richard et al., 2009) and consequently, its measurement is expected to be important for all types of organizations to evaluate the actions taken by companies and managers (Asree, Zain, & Rizal Razali, 2010). More precisely, measuring performance provides organizations with necessary feedback regarding the efficiency and effectiveness of their activities and efforts and thus more informed decisions will be possible (Adams,

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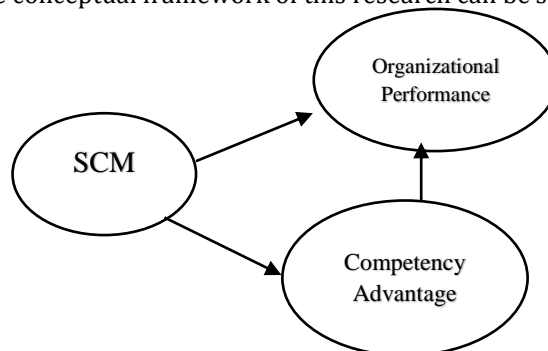
Neely, & Kennerley, 2002). Depending on the organization, organizational performance may include elements such as customer service, cost management, quality, productivity and asset management performance. Thus, they can be objective or subjective. Objective measures of organizational performance are accounting measures such as return on equity, return on investment, profit margin, market share or cash flow from operations or financial market measures such as earnings per share, share price, market value/capitalization (Richard et al., 2009 ). Mixed accounting/financial market measures are also used such as internal rate of return, cash flow per share or economic value added as they better balance risk against operational performance issues (Richard et al., 2009). Recent developments in organizations to include items such as sustainability or working conditions have further increased the multidimensionality of performance and in turn, increased interest in more subjective performance measures. Consequently, organizational performance systems must take into account both objective and subjective measures (López-Nicolás & Meroño-Cerdán, 2011). However, it appears that studies on risk management focus on objective measures (e.g., Callahan & Soileau, 2017; Quon, Zeghal, & Maingot, 2012).

### Competency Advantage

Competency advantage means that a company obtains more advantages or benefits than its competitors in terms of costs, technology, brand, management, and so on (Barney, 1991). Existing studies mainly adopt a resource-based view to explain the effects of innovation on firms' competency advantages. It has been argued that differences in competitive advantage originate from valuable, rare, inimitable and non-substitutable resources, including material resources, superior products and support systems (de Guimarães et al., 2018; Ndofor et al., 2011 ). In the context of developing countries, Saranga et al. (2018) found that product development capabilities, as an important component of strategy, are closely related to competency advantages in various dimensions. Importantly, simply having resources does not mean they are utilized efficiently or that competency advantages are obtained. This is indirectly supported by Singjai et al. (2018), who studied green innovation reforms in the Thai hotel industry. They found that the influence of innovation strategies is often not direct or observable; strategic objectives and content required to be implemented through knowledge integration activities (e.g., learning). From this perspective, competency excellence will only be obtained when specific and effective environmental management actions are established and implemented. Therefore, companies must efficiently integrate internal and external resources through organizational learning.

### Conceptual Framework

Based on the literature review as previously explained and in accordance with the problems that have been formulated, the conceptual framework of this research can be seen in Figure 1 below:



### Hypothesis

1. There is a significant and positive influence between Supply Chain Management and Competency Excellence
2. There is a significant and positive influence between Supply Chain Management and Organizational Performance
3. There is a significant and positive influence between significant Competency Excellence and Organizational Performance
4. There is a significant and positive influence between Competency Excellence and Organizational Performance.

## 2. METHOD

The research method used is Correlation Research, which is used to study the extent to which variations in a factor are related (correlated) with one or more other factors based on the correlation coefficient. The population of this research is employees of PT. Sumber Alfaria Trijaya TBK South Kalimantan numbered 100 people with a sample size of 85 people. A sampling technique using proportional stratified random sampling was used to obtain a representative sample by looking at the population of PT employees. The stratified source of PT. Sumber Alfaria Trijaya Tbk South Kalimantan, which consists of several structural levels, is heterogeneous (not similar). Primary data was obtained directly from research objects, interviews and a list of questions distributed to respondents, processed in the form of data through statistical tools provided to PT Operational Officers. Source PT. Sumber Alfaria Trijaya Tbk South Kalimantan. The instrument used in this research was a questionnaire using a Likert scale. Testing in this research uses SPSS ( Statistical Product and Service Solutions ) with MRA (Multiple Regression Analysis).

## 3. RESULT AND DISCUSSION

### Validity test

Validity test results based on *SPSS Cronbach Alpha output* in the *Correlated Item-Total Correlation column* . The following results were obtained:

**Table 1:** Validity Test Results

Statement	X1	X2	Y	R <sub>table</sub>	Note
1	0.572	0.850	0.640	0.227	Valid
2	0.640	0.814	0.592	0.227	Valid
3	0.601	0.574	0.670	0.227	Valid
4	0.512	0.640	0.610	0.227	Valid
5	0.500	0.656	0.639	0.227	Valid
6	0.568	0.852	0.675	0.227	Valid
7	0.614	0.817	-	0.227	Valid

Source: Primary Data 2022

### Reliability Test

Reliability testing used in this research for all items/questions will use the *Cronbach alpha formula* (Cronbach's alpha coefficient).

**Table 2:** Reliability Test Results

Variable	Cronbach's Alpha	Note
SCM	0.654	Reliable
Competency Advantage	0.866	Reliable
Organizational Performance	0.707	Reliable

Source: Primary Data 2022

### Data Processing Results

- Regression Analysis Results of the Effect of Supply Chain Management (X) on Organizational Performance (Y)  
 The results of the regression analysis show that the SCM regression coefficient value is 0.313, which means that if SCM increases by 1, Organizational Performance will increase by 0.313. From the results of data processing, a simple regression equation is obtained  $Y = 15.385 + 0.313X$  The correlation coefficient between SCM and Organizational Performance is 33.8% where the correlation is weak
- Regression Analysis Results of the Effect of Supply Chain Management (X) on Competency Excellence (Z)  
 The equation formed in SPSS processing is  $Z = 14.857 + 0.426X$ , with a correlation coefficient value of 31.4%, it can be said that the correlation is weak
- Regression Analysis Results of the Influence of Competency Excellence (Z) on Organizational Performance (Y)  
 For the influence of competency excellence on organizational performance, the regression equation obtained is as follows:  $Y = 16.142 + 0.296Z$  The correlation coefficient is 43.4%, which means it has a moderate correlation

- d. The results of Competency Excellence (Z) are able to mediate the influence of supply chain management (X) on Organizational Performance (Y)

The results of multiple regression analysis show that the regression coefficient values for supply chain management and competency excellence are 0.207 and 0.248 and are positive, which means that if supply chain management and competency excellence increase, organizational performance will also increase. From the results of data processing, the correlation coefficient (R) value is 0.483, which means it has a correlation, while the determination coefficient value ( $R^2$ ) is 0.233 (23.3%). This means that 23.3% of organizational performance can be explained from independent variables, namely supply chain management and competency excellence, and the remaining 76.7% of organizational performance is influenced by other variables not examined in this research.

### 3. RESULTS AND DISCUSSION

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## Discussion

### a. Influence of Supply Chain Management (X) on Organizational Performance (Y)

From the results of the tests and analyzes that have been carried out, the tcount value of 3.268 is more than the ttable number of 1,989 and the significant value is 0.02, which means  $< 0.05$ , this shows that there is an influence between supply chain management on organizational performance and can It is said that supply chain management has an important role that needs to be considered in organizational performance. PT. Sumber Alfaria Trijaya TBK South Kalimantan improves supply chain management on organizational performance by maintaining good relationships with suppliers and also adapting to supplier needs.

### b. The Influence of Supply Chain Management (X) on Competency Excellence (Z)

The figure obtained from the t test results for the calculated t number is 3.015, which means  $>$  from the t table of 1.989, and the significance figure is  $0.03 < 0.05$ , which means that there is an influence of supply chain management on competency excellence. Supply chain management that is carried out well can maintain supplier relationships so that it can increase the distribution of goods on time and maintain quality.

### c. The Influence of Competency Excellence (Z) on Organizational Performance (Y)

Testing with SPSS obtained the numerical data for the t count of 4.384, which is  $> 1.989$ , and the significance value is 0.00, where  $< 0.05$ , this means that the influence of competency excellence on organizational performance has a positive influence. PTs need to pay attention to the quality and price of their products so that they match customer perceptions and can achieve their sales and profit targets so that company performance can increase.

### d. The influence of Competency Excellence (Z) is able to mediate the influence of supply chain management (X) on Organizational Performance (Y)

The results of the tests and analyzes that have been carried out have obtained a t-count value for supply chain management of 2.193, which means it has a value  $>$  t table of 1.989 and a significant value for supply chain management of  $0.031 < 0.05$ , this means that supply chain management has an influence on performance. organization.

For the competency superiority variable (Z), the t-count figure was 3.568, indicating that this figure is  $>$  than the ttable figure (1.989) and the significance figure is  $0.001 < 0.05$ , meaning that competency superiority has an influence on organizational performance.

Supply chain management and competency excellence supports improving organizational performance at PT. Sumber Alfaria Trijaya Tbk South Kalimantan . This is because the company improves supply chain management and competency excellence in operational performance by providing opportunities for employees to provide input as material for performance evaluation, share accurate information about product value, and is supported by specifications and quantities that can be adjusted according to demand.

## 4. CONCLUSION

Based on the results of research conducted regarding the influence of supply chain management and competency excellence on organizational performance, it can be concluded that: Supply chain management has a positive and significant effect on PT's organizational performance. PT. Sumber Alfaria Trijaya Tbk South Kalimantan. Supply chain management has a positive and significant effect on PT's competency excellence. PT. Sumber Alfaria Trijaya Tbk South Kalimantan. Competency excellence has a positive and significant effect on PT's organizational performance. PT. Sumber Alfaria Trijaya Tbk South Kalimantan. Competency excellence has a positive and significant effect on PT's organizational performance. PT. Sumber Alfaria Trijaya Tbk South Kalimantan. From the results of the discussion and conclusions obtained, suggestions are given as a complement to the research results which can be given

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as follows: It is recommended that companies improve their focus on customers so that they can provide solutions to customer complaints by resolving customer complaints after hearing them and finding the best solution as soon as possible. It is recommended for companies to improve their partnership strategy with suppliers in order to establish good communication with suppliers and establish long-term partnerships with suppliers by listening to and accepting suggestions from suppliers and complying with all existing provisions and carrying out in accordance with agreed contracts. It is recommended to the Company to improve on-time delivery and loading and unloading speed by mobilizing all transporters and securing the route path.

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