

**APPLICATION OF SUPPLY CHAIN MANAGEMENT PROCESS ON
BUSINESS PERFORMANCE
(Case Study on Roti-Qu bakery in Batang)**

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Abstract:

Competitiveness in the field of production and service is very visible with many companies flocking to create a product with new innovations so as to produce effective and efficient products by paying attention to the company's supply chain flow. Roti-Qu in Batang is one of the companies in the form of a CV business entity that produces bread which has produced 50 branches spread over 400 employees, this company is well aware of supply chain management. This study uses a qualitative approach, with data collection through field observations, interviews and documentation. With regard to research on supply chain management, this research was conducted on the object of a bakery, namely Roti-Qu in Batang Regency, precisely in Sambong Village with the research subject being the owner of Roti-Qu, the Procurement Section / Warehouse of Roti-Qu and the Production Division of Roti-Qu. In the application of supply chain management, it was found that the relationship with the supplier had a positive and significant influence on the material flow because the owner and the warehouse department were able to solve the problems that occurred. Relationships with customers are considered to have a positive effect on material flow. Sharing information looks very risky on any information obtained by each division. However, it was found that information sharing had a positive effect on material flow because, according to a statement from the warehouse and production, Roti-Qu solved the problem by reconfirming the material orders needed by the warehouse, production and even branches. Communicate all problems in detail. With the smooth flow of materials influenced by supplier relationships, customer relations and information sharing have a positive impact on business performance at Roti-Qu. Business performance is seen from financial and non-financial perspectives. The results showed that it had a positive effect on job satisfaction. However, for financial business performance, fluctuating sales were found due to the Covid-19 pandemic. The policy implication in this research is that the procurement department handles the supply chain quite well but still requires trust in overcoming recurring problems, business people must make the latest innovations to develop the company, make good use of marketing media, place warehouses closer to areas full of branches.

Keywords : Supply Chain Management, Relationships with suppliers, Relationships with customers, Information sharing, Business performance

PRELIMINARY

The competitiveness of the field of production and service is very visible with many companies flocking to create a product with new innovations. Of course, this triggers consumers to want a product that is guaranteed quality but still wants an affordable price. This makes producers think deeply about how to produce a product that is in accordance with the wishes of consumers and the company tries to make a product with a clear and safe process to get it into the hands of consumers properly.

In recent times there has been much greater recognition of the interdependence between supply chain elements and this has been reflected in the growing trend towards supply chain cooperation and a willingness to exchange information that is mutually beneficial (Morgan and Hunt, 1994; Palmer, 2002; White). , 2000; Parker et al., 2006). Supply chain is a new step in the world of logistics, because the old concept of logistics by providing all problems regarding logistics is an internal problem that should be addressed by the company. In contrast to the new concept, logistics is likened to a logistics network with a long flow from basic materials to ready-to-use materials. (Indrajit, R., et al., 2020)

There are three indicators in supply chain management, namely relationships with suppliers, relationships with customers and information sharing (Li, Ragu-Nathan, & Subba Rao, 2006). This relationship with suppliers creates a long-term relationship between the organization and supplier relationships, it is intended to take advantage of operational strategies which will be used as an effort to increase cooperation more significantly.. Relationships with customers are very important, where this series is a series that is used to find out about client complaints, make good long distance relationships with clients, and increase customer loyalty.. Sharing information, this is very important which will know how the market is so that companies can make strategies for competitive advantage.

Table 1.1 Problems faced by Roti-Qu

Business people	Supply Chain Management Problems at Roti-Qu
Owner	<ul style="list-style-type: none"> • Shortages and vacancies of raw materials from suppliers • Delivery of raw materials that are not on schedule • Employee arrangement in various outlets • Creating warehouses for storing raw materials at several strategic points for outlets to be more effective and efficient
Procurement Division	<ul style="list-style-type: none"> • On time delivery of raw materials to outlets • Complaints from outlets due to delays in raw materials • Lack of information about alternative raw materials when supplier stock is empty • Uncertainty about operational costs when sending raw materials through drivers

Source: Researcher Initial Interview, 2020

according to Mentzer et al. (2001), supply chain management is a strategy for planning business functions and strategies within an organization and across businesses in the supply chain, the aim is to improve long-term performance for each company and the entire supply chain. A simpler explanation of supply chain management by Cooper et al. (1997) who define a supply chain management as a business flow from end users through stages through original suppliers who provide products, services, and information that add value to customers. In

short, supply chain management is the coordination and function of inter-function integration among each member of the production chain, and if it is successfully understood and implemented, leads to a competitive advantage Croom et al., (2000)

Based on several studies that have been analyzed, an analysis of the supply chain management process will be carried out by focusing on the supply chain management process on the business performance of Roti-Qu in Batang, namely relationships with suppliers, relationships with customers and sharing information. What is the research problem??

With the background that has been explained, then the following questions arise:

1. What is the impact of supplier selection on Roti-Qu's business performance?
2. How is the impact of the company's relationship with suppliers on Roti-Qu's business performance?
3. How is the impact of customer relations on Roti-Qu's business performance?
4. How is the impact of the level of information sharing on the business performance of Roti-Qu company?
5. How to apply supply chain management to business performance at Roti-Qu?

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Supply Chain Management

According to Heizer and Reinder (2015) supply chain management includes starting from raw material providers, to manufacturing companies or service providers, distributors, retail partners who send goods to the hands of customers. A simpler explanation of supply chain management by Cooper et al. (1997) which defines supply chain management as the integration of business processes from end users through original suppliers who provide products, services, and things like referrals that add value to consumers.

Supply chain management is managing raw material activities into the organization and then moving out of the organization into finished goods until the final stage into the hands of consumers (Arif, 2018). Broadly speaking, the functions in management are divided into three parts, namely:

1. distribution
2. networking and capacity planning
3. supply chain development

There are three indicators in the supply chain, namely (Li, Ragu-Nathan, Doubt-Nathan, & Subba Rao, 2006):

1. Relationship with suppliers
2. Relationship with customers
3. sharing information

Relationship with suppliers

This relationship with suppliers creates a good relationship so as to create long-term relationships with suppliers, this is intended to take advantage of operational strategies which will be used as an effort to increase cooperation more significantly. With a supplier, it provides an effort for the company to choose and offer products that suit the company. The existence of good cooperation from suppliers and companies will be one of the keys to success because partnering with effective suppliers is one of the keys in the supply chain. (Li, Doubt-Nathan, Ragu-Nathan, & Subba Rao, 2006). Supplier relationships have a well-developed level of awareness of the financial and non-financial costs and benefits associated with developing suppliers in long-term relationships. A good working relationship with a

supplier that is built over several years is likely to provide an increase in the consistency and reliability of service delivery as a result of increased supplier knowledge, responsiveness, and flexibility (Ogden, SM, & McCorriston, E. (2007).

Relationship with customers

Relationships with customers are very important, where this series is a series that is used to find out about customer complaints, build long-term relationships with customers and improve customer satisfaction where customer relationships are an important component in this practice. A committed relationship with customers will actually provide one of its own advantages for the company. (Li, Doubt-Nathan, Ragu-Nathan, & Subba Rao, 2006). The longer the customer stays with the company, the more profitable the relationship with the company (Camarero Izquierdo, C., Gutiérrez Cillán, J., & San Martín Gutiérrez, S. 2005).

Closer customer relationships allow companies to differentiate their products from competitors, maintain customer loyalty and extend value to customers (Magretta, 1998). Developing and managing long-term customer relationships has been widely recognized as a key strategy for profitability and competitive advantage for companies. For customers, these benefits can be focused on the core service or on the relationship itself between the company and the customer. These benefits are referred to as relational benefits i.e. the benefits that customers are likely to receive as a result of fostering a long-term relationship with the service provider. (Dimitriadis, S. 2011)

Sharing information

Research on information sharing strategies in the field of supply chain management mainly focuses on three aspects (Dongshen et al., 2020):

1. the retailer has personal demand forecast information and learns the retailer's information-sharing strategy
2. upstream suppliers have private demand forecast information and learn supplier information sharing strategies
3. upstream suppliers and downstream retailers both have demand forecasting information and learn information sharing strategies from retailers and suppliers.

Information sharing has two aspects, namely quantity and quality. Quantity refers to the extent to which information is communicated to one of the supply chain partners. Quality includes the accuracy, timeliness and credibility of the information provided.

Barriers to sharing information are concerns about trust and confidentiality. Fear of the risk of distribution and unequal profits is likely to hinder information sharing and even dependence on excessive information sharing will lead to the destruction of existing information, while powerful companies can impose the necessary information on supply chain partners (Gelderman et al., 2019) . Some literature recognizes the importance of sharing information on social relations between customers and suppliers as has been researched by Liet al., 2014; Chuang et al., (2016)

Business performance

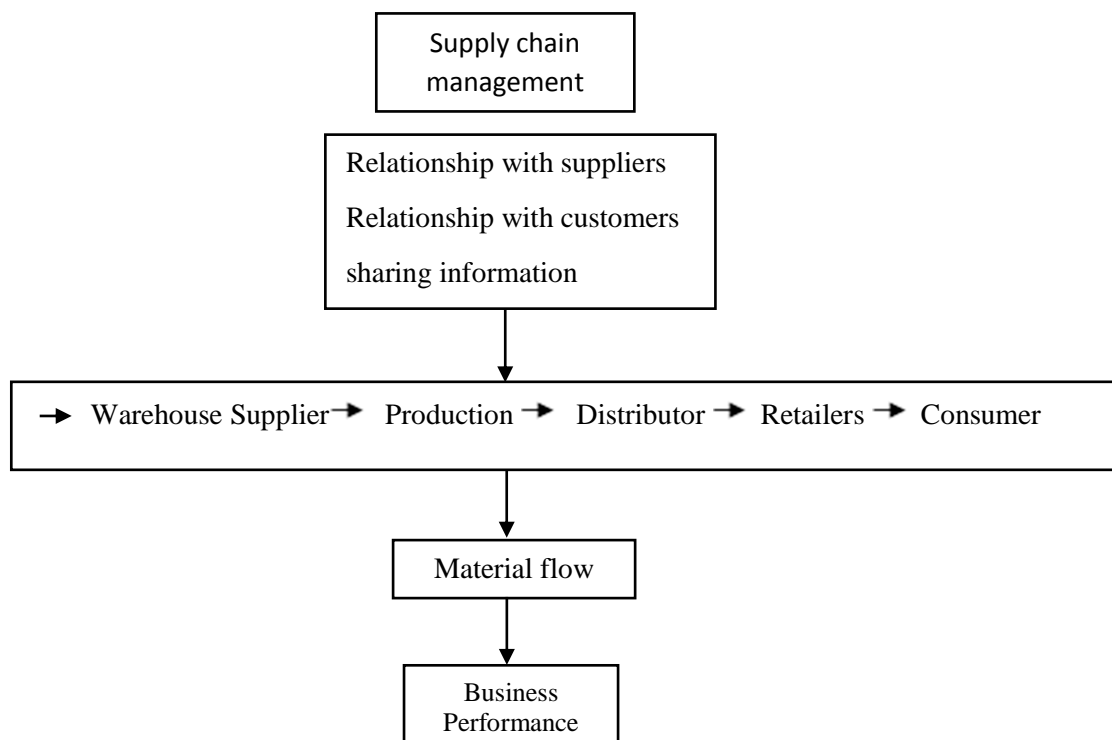
Business performance is defined as an overall measure of the company's ability to meet the expectations of the company's stakeholders, both from a financial point of view, which means subjective measurement and from a non-financial perspective, namely objective measurement (Vij & Bedi, 2016).

In research conducted by Thibault (2001) explains that business performance can be seen from the company's sales performance. The success of a business can be focused on revenue and profit. Revenue means the amount of cash generated after providing goods or services to consumers. To get a surplus, companies must increase the revenue on sales

compared to the expenses they incur. Assessment of business performance from a non-financial perspective can be seen from job satisfaction. Job satisfaction is defined as a measurement of a job or experience in getting pleasure and positive experiences in a person. Job satisfaction can lead someone to be more productive, creative and committed to their work (Siengthai & Pila-Ngarm, 2016).

Theoretical Research Framework

In this study, researchers will discuss the application of supply chain management processes to business performance focusing on job satisfaction at Roti-Qu in Batang. The following is the theoretical framework:



RESEARCH METHODS

The research that is being researched by researchers uses qualitative model data types. Qualitative is a research approach by exploring more deeply about existing problems by asking questions about existing problems and then collecting answers into data for further research (Creswell, 2014).

This research will use primary data in the form of direct interviews with business people at Roti-Qu bakery, which will be given several questions that are relevant to the topic worked on by the researcher. The primary data sources in the study were conducted by observation, in-depth interviews, and documentation. The purpose of collecting primary data sources is to directly determine the external and internal environment of Roti-Qu as the basis for carrying out the supply chain management process on business performance. The implementation of primary data collection research was carried out using in-depth interviews with Roti-Qu business people, Esterberg (2002) defined an interview as a meeting between two individuals through questions and answers to share knowledge and ideas, so that meaning can be built on a particular subject. In conducting interviews, the intent of the researcher was to find out more about Roti-Qu bakery's resource material about the application process. supply chain on

business performance. To assist in data collection, the researcher used field notes and interviews that provided clues to ask questions related to the research theme.

Researchers are trying to get initial information about problems related to supply chain management on business performance according to the research. So that researchers are able to dig deeper information to be able to develop answers from sources. Resource persons also have the freedom to say anything related to the theme of supply chain management research on business performance. Qualitative interviews with the owners of Roti-Qu and the procurement department were conducted face-to-face at the Roti-Qu main production site as well as the home of the Roti-Qu owner.

Qualitative research seeks to collect, integrate and present data from multiple sources of evidence as part of any research. Then the answers from field participants and the diversity of participants tend to warrant the use of interviews and observations. Research conclusions may be based on answers to data collection from various sources.

RESULTS AND DISCUSSION

The implementation of supply chain management by using indicators of relationships with suppliers, relationships with customers and sharing information at Roti-Qu bakery has been passed through a series of stages.

In the application of supply chain management, it was found that the relationship with suppliers has a positive and significant influence on the flow of materials because the owner and the warehouse department can solve problems that occur such as raw material vacancies, delivery delays and order invoices by negotiating, finding supporting suppliers and fulfilling each other's rights and obligations. So that the flow of materials or supply of raw materials can be resolved properly.

Relationships with customers are considered to have a positive influence on material flow, because the production department can solve problems such as orders not according to the agreement, wrong addresses to fictitious orders by way of agreement according to notes, providing solutions to orders that are not in accordance with the agreement, giving discounts and delivery services without tip. (bonus) from consumers. So that the smooth flow of material goes well as evidenced by the production running.

Sharing information looks very risky on any information obtained by each division. However, it was found that information sharing had a positive effect on material flow because, according to a statement from the warehouse and production, Roti-Qu solved the problem by reconfirming the material orders needed by the warehouse, production and even branches. Communicate all problems in detail. This turned out to make the material flow path at Roti-Qu smoother because it was communicative between divisions.

Then, with the smooth flow of materials influenced by supplier relationships, customer relations and information sharing have a positive impact on business performance at Roti-Qu. Business performance is seen from financial and non-financial perspectives. The results showed that the positive effect on job satisfaction was evidenced by statements from the two sources, namely the warehouse and production division which stated that there was increased job satisfaction because with the smooth flow of materials, the business performance expected by Roti-Qu could run smoothly and optimize company performance. However, for financial business performance, fluctuating sales were found due to the Covid-19 pandemic.

The research results are expected to contribute to policy implications for business people. These implications are expected to be useful for improving the supply chain management process that has been carried out previously:

1. The procurement or warehouse department in overcoming the flow of materials or raw materials is quite good, but it turns out that when there are obstacles that must be resolved immediately they always wait for the superior's decision which has often happened, should the problem be resolved by itself and occurs repeatedly, the warehouse must Quickly take action so that the flow of raw materials continues. Of course, this must be accompanied by the owner's sense of trust in his employees in making decisions that can be handled directly by them.
2. Businesses must constantly look for new opportunities to increase sales. Business people need to innovate marketing, not continuously on the marketing system for celebrations, village women and selling prices that are cheaper than others. Even relying on marketing that has been happening very often, namely word of mouth, by looking at how the owner works, enthusiastic employees and the number of branches, of course there are areas that are more advanced, from there it can be used as the latest innovations starting from slightly modern products so as to produce high selling power. higher. Gradually, it will probably become one of the best product choices in Roti-Qu.
3. Make good use of marketing media. Seeing that Roti-Qu is already using social media, it looks like it's not conceptualized, starting from the images that are not organized, the colors are less attractive and the management of social media can be said to be rare because it can be seen from the last dates the posts were uploaded. In fact, if it can be managed properly and in an orderly manner, it will attract consumers more and get to know all the products from Roti-Qu. Then, try to take advantage of online transportation services, if there are consumers who want to buy some products suddenly, they can use online transportation services without waiting long. This will make consumers become independent and directly responsible.
4. It would be better to provide several storage warehouses in closer or strategic locations in areas with more established branches. This is to save time allocation in the process of sending production raw materials.
5. Job satisfaction is good enough, it just needs openness or good communication from employees to owners regarding obstacles that result in work delays such as openness of work equipment infrastructure.

After analyzing the data, this research still has limitations so that it produces rudimentary results. Some of the limitations of the existing research in this study, the first is data limitations. Due to the pandemic, there was no time to do a thorough observation, only to conduct interviews for data collection. Another limitation is the lack of information regarding financial data in the form of administration or in and out of sales and the needs of the company.

Some of the future research agendas that can be carried out in this research are as follows:

1. Research on supply chain management in addition to being carried out on manufacturing or products, can be applied to research in the form of the beginning to the end of the service so as to provide added value for consumers. (Ivor O'Donovan et al., 2010)
2. Research on business performance in addition to examining job satisfaction which is included in non-financial business performance, can examine business performance from the financial aspect. (Haber and Reichel, 2005)
3. Further research can add other business people who are directly involved in supply chain management.

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