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Effect of Supplier Integration, Manager Transformational Leadership on Supply Chain Performance in Indonesian Manufacturing Companies

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Abstract

This study aims to examine the effect of supplier integration on supply chain performance by moderating supply chain transformational leadership styles. The design used in this study is hypothesis testing with two hypotheses and using path analysis. The population of respondents from this study were 550 manufacturing companies in Jakarta with data collection through online questionnaires and the number of samples that met the criteria for analysis from 150 manufacturing companies represented by leaders in the supply chain management section. The results of this study indicate that based on data analysis, it is concluded that supplier integration has a positive effect on supply chain performance, transformational leadership style has a positive effect on supply chain performance and supplier integration has a positive effect on transformational leadership style in Indonesian manufacturing companies. The results of the study can be a reference for decision makers and supply chain management leaders to implement supply chain management strategies in the form of integration with suppliers to improve the company's supply chain performance and consider the influence of supply chain transformational leadership styles to maintain the sustainability of long-term relationships with suppliers in multinational companies, which already has a standard and standard system.

Keywords: supplier integration, supply chain transformational leadership style, supply chain performance, structural equation model.

Introduction

Several studies have stated that the integration strategy with suppliers will have an effect on improving supply chain performance and competitive advantage. According to Bäckstrand et al. (2020); Bag et al. (2018);Birasnav et al. (2013); Chakraborty et al. (2018); Goffnett et al. (2018) so that this is very much needed in facing economic competition in each region such as AFTA (Asean Free Trade Area) because supply chain integration policies can maintain the company's growth in a sustainable manner and earn profits. This causes companies to always try to operate efficiently and flexibly in their supply chains to be able to compete, as according to research by Huo et al. (2021); Jacobs et al. (2019);Jermstiparsert et al. (2019); Khan et al. (2019) and its effect on the flexibility of a manufacturing company. Some researchers such as According to Huo et al. (2021); Jacobs et al. (2019) that the supply chain management strategy with the implementation of an integrated system between buyers and suppliers in the company is a strategic choice to be able to compete and produce optimal company performance. Interest in supply chain integration began to develop and was considered important by companies because they saw the opportunities and advantages of supply chain integration relationships since the 1980s. Research on supplier integration shows a positive relationship between supplier integration or supply chain integration as a whole and operational performance as well as buyer business performance as research from According to Shin et al. (2021); Sriyakul et al. (2019); Tarigan et al. (2021); Teoman et al. (2018) there is a direct relationship between supplier integration and supply chain operational performance. Several studies have also found a negative relationship between supplier integration and supply chain operational performance, for example Tarigan et al. (2021); Teoman et al. (2018) To understand the causes of the unequal influence of supplier integration in supply chain management, according to research According to Mohammad et al. (2019); Mokhtar et al.. (2019); Nandi et al. (2020); that it is necessary to know things related to supply chain leaders in carrying out supply chain strategies because leadership is very necessary in supply chains such as the research of Pakurár et al. (2019); Phan et al. (2020) as the key to strategic success and competitive advantage.

Supplier integration is part of supply chain integration which can be defined as a close, long-term, and cooperative relationship that is built between a company and its supply chain partners (Prajogo and Olhager, 2012), with suppliers involved in the company's important decision-making processes and sharing information regarding forecasts, demand, production and inventory levels. According to Shin et al. (2021); Sriyakul et al. (2019); Tarigan et al. (2021); Teoman et al. (2018) Supplier integration can be used as a synonym for other terms, such as buyer-supplier relationship, supplier engagement, and supplier collaboration. Effective supplier integration is an important strategy for companies that want to achieve competitive advantage and the best strategy for achieving reliable supply chain performance.

Method

This research uses quantitative research and hypothesis testing that examines the relationship between two or more variables which are expressed in the form of statements that

represent each variable so that conclusions can be obtained from the research conducted. This study uses a unit of analysis about the company represented by one of the managers in the chain management section (Sekaran & Bougie, 2016). data through online questionnaires and the number of samples that meet the criteria for analysis from 150 manufacturing companies represented by leaders in supply chain management. Data analysis using path analysis with software SPSS. Data was obtained by distributing online questionnaires with google form.

The hypothesis of this research are:

H1: Supplier Integration has a positive effect on Supply Chain Performance

H2: Transformational Leadership Style has a positive effect on Supply Chain Performance

H3: Supplier Integration has a positive effect on Transformational Leadership Style



Fig 1. Research Model

Results and Discussion

The tests carried out in the analysis of variance based path analysis is as follows:

Table 1. Summary of correlation test results between Transformational Leadership, supplier integration and Supply Chain Performance

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.753 ^a	.659	.639	3.510	.742	229.279	3	239	.000
a. Predictors: (Constant), Transformational Leadership and supplier integration									
b. Dependent Variable: Supply Chain Performance									

Table 2. Summary of correlation test results between Transformational Leadership and supplier integration

Model Summary ^b					
Model	R	R	Adjusted	Std. Error of	Change Statistics

el	Square	R Square	the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.543 ^a	.523	3.310	.542	212.279	3	239	.000
a. Predictors: (Constant), supplier integration								
b. Dependent Variable: supplier integration								

Table 3. Relationship between Supplier Integration, Transformational Leadership Style and Supply Chain Performance.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	65.482	2.927		22.371	.000
	Supplier Integration	.066	.019	.169	3.428	.001
	Transformational Leadership Style	.288	.030	.479	9.527	.001
a. Dependent Variable: Supply Chain Performance						

Table 4 Relationship between Supplier Integration, Transformational Leadership Style and Supply Chain Performance.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	65.482	2.927		22.371	.000
	Supplier Integration	.288	.030	.479	9.527	.001
a. Dependent Variable: Transformational Leadership Style						

From the value of the hypothesis testing table, it is known that all hypotheses in the study are accepted because they have a p-value below 0.05

Supplier Integration has a positive effect on Supply Chain Performance in Indonesian Manufacturing Companies

Based on the data analysis, the p value is $0.000 < 0.050$, so it can be concluded that Supplier Integration has a positive effect on supply chain performance, this result means that an

increase in the Supplier Integration variable will encourage an increase in supply chain performance. This result is in line with the research conducted by Bäckstrand et al. (2020); Bag et al. (2018); Birasnav et al. (2013); Chakraborty et al. (2018); Goffnett et al. (2018) that Supplier Integration has a positive effect on supply chain performance and is supported by Huo et al. (2021); Jacobs et al. (2019); Jermisittiparsert et al. (2019); Khan et al. (2019) that Supplier Integration has a positive effect on supply chain performance.

Transformational Leadership Style has a positive effect on Supply Chain Performance in Indonesian Manufacturing Companies

Based on data analysis, the p value is $0.000 < 0.050$, so it can be concluded that transformational leadership style has a positive effect on supply chain performance, this result means that an increase in transformational leadership style variables will encourage an increase in supply chain performance. These results are in line with the research conducted by Mohammad et al. (2019); Mokhtar et al. (2019); Nandi et al. (2020); Ojha et al. (2018); Pakurár et al. (2019); Phan et al. (2020) that transformational leadership style has a positive effect on supply chain performance and is supported by Queiroz et al. (2019); Sriyakul et al. (2019); Sutduean et al. (2019); Shin et al. (2021); Sriyakul et al. (2019); Tarigan et al. (2021); Teoman et al. (2018) that transformational leadership style has a positive effect on supply chain performance.

Supplier Integration has a positive effect on Transformational Leadership Style in Indonesian Manufacturing Companies

Based on the data analysis, the p value is $0.000 < 0.050$ so it can be concluded that Supplier Integration has a positive effect on Transformational Leadership Style, this result means that an increase in the Supplier Integration variable will encourage an increase in Transformational Leadership Style. This result is in line with the research conducted by Bäckstrand et al. (2020); Bag et al. (2018); Birasnav et al. (2013); Chakraborty et al. (2018); Goffnett et al. (2018) that Supplier Integration has a positive effect on Transformational Leadership Style and is supported by Huo et al. (2021); Jacobs et al. (2019); Jermisittiparsert et al. (2019); Khan et al. (2019) that Supplier Integration has a positive effect on Transformational Leadership Style.

Conclusion

Based on data analysis, it can be concluded that supplier integration has a positive effect on supply chain performance, transformational leadership style has a positive effect on supply chain performance and supplier integration has a positive effect on transformational leadership style in Indonesian manufacturing companies. Supply chain leadership styles are generally distinguished into transactional leadership styles and transformational leadership styles. Transactional leadership is traditional leadership that focuses on changes that occur between leaders and followers, where these changes allow leaders to achieve their performance targets, complete required tasks, maintain organizational conditions, motivate followers through contractual agreements, ensure direct behavior of followers towards achieving targets. defined, emphasizes external rewards, avoids unnecessary risks, and focuses on increasing organizational efficiency, while transformational leadership more

often shows four components, namely influencing through ideas, inspiring and motivating, providing intellectual stimulation, and providing individual consideration.

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