The Role of Implementing Supplier Relationship Strategies, Relationship with Customer, and Information Sharing on Company Performance

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Purpose- In this study, the effects of information sharing, customer relations, and supplier relationship strategies on company performance are investigated.

Design/Methodology/Approach- The study's sample consists of workers of Bank Rakyat Indonesia, which is situated in Yogyakarta's Special Region. 60 workers served as responders in the study, providing a sample size. This research data is acquired using the Smart PLS analysis program in order to get the intended outcomes.

Findings- Empirical results indicate that supplier relationship strategies and information sharing positively impact company performance. Conversely, relationship with consumers who have a negative impact on company performance.

Research limitations/implications- This study's scope is restricted to operational factors that impact company performance, such as customer relationships, supplier relationship strategies, and information sharing. The study's findings can be utilized by businesses as a foundation for assessment to optimize variables that may impact their performance.

Originality/value- It can be argued that there is still a dearth of research on the performance of banking institutions operating in the Special Region of Yogyakarta. No prior studies have addressed the performance of these institutions with regard to operational factors like supplier relationship strategies, customer relationships, and information sharing.

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1. The Introduction

It is essential for businesses to increase their strategic competitiveness in this era of very competitive business environments. Businesses can no longer rely solely on a single, conventional competitive advantage as they once could. They should be able to utilize the various opportunities available to them today in order to increase their productivity and competitiveness, which will enable them to perform better (Singh et al., 2010).

A company's progress can be gauged by looking at its performance. According to Sukati et al. (2012), competitive organizations prioritize enhancing value for customers by offering superior goods and services in comparison to their rivals. A corporation must select the strength of competitive advantage in order to compete and expand. Since the 1990s, there has been intense
rivalry and a globalization of market circumstances. With shorter product life cycles, shorter market durations, and customers who always demand cheap pricing, quick replies, and high-quality products, today’s competitive conditions are more global, technologically oriented, and customer-driven (Thatte et al., 2013). This motivates businesses to compete in order to offer consumers items at reasonable rates as well as goods and services at the appropriate location and time. Many businesses also understand that improving an enterprise organization's efficiency alone is insufficient; they also need to improve the competitiveness and efficiency of the supply chain as a whole (Li et al., 2006).

Supply chain management is necessary to transform the present business climate due to growing client demands and potential disruptions in supply processes. Therefore, its adoption must be planned in order to be able to respond promptly to customer requests. This will give the business a clear competitive edge (Thatte et al., 2013). This is further corroborated by research by Sukati et al. (2012), which claims that expanding the supply chain management process aims to boost interconnection and interdependence between businesses as well as company profitability, responsiveness to customers, and the capacity to offer more value to customers.

Banomyong & Supatn (2011) assert that supply chain management is crucial to a company’s ability to conduct business. Supply chain management, according to Hofmann et al. (2019), is the process of organizing, carrying out, and regulating supply chain activities with the goal of efficiently satisfying customer needs. Supply chain management, according to Pipe et al. (2020), strengthens the bonds between all parties engaged in converting raw resources into final goods. In this manner, the supply chain's operations can function effectively and efficiently, which helps enhance business performance. Prior research has carried out a number of studies on the impact of supply chain management on business success. According to research Paulraj et al. (2012), the performance of businesses is significantly impacted by the supply chain management strategy currently in use.

The three main components of supply chain management supplier connections, customer relationships, and information sharing that businesses may use to improve their performance (Vanichchinchai, 2014). A supplier relationship strategy is an ongoing partnership between a business and its suppliers. It prioritizes long-term direct ties with suppliers in order to work together on planning and problem-solving initiatives (Park et al., 2010). The first goal of strategy with suppliers is to strengthen strategic and operational efforts as well as competencies to accomplish company goals (V. Kumar, 2018). A strong supplier relationship strategy is essential for effective supply chain management that boosts business output.

One of the most cutting-edge business management instruments for creating efficient customer-centric information management channels and techniques to boost organizational performance is customer relationships (Guerola-Navarro et al., 2021). Relationships with customers are primarily meant to boost business performance and lead to improved business outcomes for organizations (Lindroos, 2015). In the realm of contemporary corporate management, customer relationships represent one of the most potent management technology tools for enhancing organizational performance (Adiwijaya et al., 2017).

Information sections can differ in a wide range of ways, including their distribution to clients, strategic and tactical nature, and general market knowledge (Olorunniwo & Li, 2010). A greater emphasis on information exchange will lead to strategic improvements in supply chain partners, which will boost business performance (Kumar & Pugazhendhi, 2012). An manufacturing company’s learning and improvement, as well as its relationship with the supply chain, can be further enhanced by effective information management. In order to increase business performance, information management methods are predicated on actors in the supply chain exchanging knowledge and learning throughout the process (Lotfi et al., 2013).

The subject of this study is Bank Rakyat Indonesia (BRI), which is situated in Special Region of Yogyakarta. The fact that BRI has conducted supply chain management operations is the reason why scholars consider the research context. This is based on sources that claimed that BRI constantly strives and encourages the implementation of the supply chain, among other things, through information sharing and raising customer satisfaction in order to improve the performance of the business. These sources also claimed that BRI has a clear vision and mission
and the full support of BRI management. Because this has never been investigated by researchers before, it is intriguing to conduct additional research to see if the implementation of supply chain management can actually enhance the performance of BRI in the Special Region of Yogyakarta.

2. Literature Review and Hypothesis Development

In order to meet firm performance targets, the supplier relationship strategy's initial goal is to increase strategic and operational efforts and capabilities (Sillanpää et al., 2015). Effective supply chain management is largely dependent on leading supply strategies (Saad et al., 2022). Strategic connections with suppliers have a substantial positive correlation with the accomplishment of business performance goals, according to Narasimhan & Talluri (2009). Strategic procurement also involves strategic subcontracting and supplier capability analysis. The degree to which supply management is integrated into the corporate structure and the way the supply chain is coordinated with other business processes serve as examples of the strategic sourcing component (Kocabasoglu & Suresh, 2006). As a result, an organization can collaborate more successfully with suppliers who are inclined to contribute and assume accountability for the success of the goods they supply thanks to supplier strategy. In the early stages of a product’s development, suppliers can help companies make more impactful design decisions, select the most effective procedures and tools, and aid in strategy evaluation (Hsu et al., 2009). In order to reduce wasteful time and effort, an integrated supplier relationship strategy can carefully collaborate with suppliers (Song et al., 2017).

**H1:** Supplier Relationship Strategies has A Positive Effect on Company Performance

Relationships with customers are now crucial to supply chain management. According to Mathiyazhagan et al. (2014), organizations engaged in supply chain management can achieve great success through effective customer relationship management. Customer relationship management, as defined by Prajogo & Olhager (2012), is all about organizing, carrying out, and evaluating successful connections with customers on both an upward and downward trajectory. Diabat & Govindan (2011) state that a key component of efficient supply chain management is a company's relationships with its customers. Customer relationships in supply chain management techniques can result in increased business performance (Joseph & Jerome, 2017). Long-term and intimate ties with clients are critical for businesses to conduct better supply chain management (Guerola-Navarro et al., 2020). A speedy reaction from the company to its clients is made possible by a strong relationship between the two parties. Strong relationships with consumers enable businesses to set themselves apart from rivals through feedback from clients and the resulting loyalty from happy customers (Guerola-Navarro et al., 2021).

**H2:** Relationship with Customer has A Positive Effect on Company Performance

Information sharing choose between quantity and quality. When using supply networks, these two factors are crucial. Information sharing has been employed as an individualistic construct in earlier supply chain research (Shibin et al., 2020). Businesses and suppliers should collaborate and share knowledge (Madlberger, 2009). As a result, any data sharing that improves an organization's performance gives the appropriate information to the appropriate business partners at the appropriate time and location. According to a number of studies, a company's success may be influenced by its ability to share information with other supply chain participants (Marinagi et al., 2015). Information sharing improves business performance, according to a number of earlier research (Zhou & Benton, 2007). Prior research, as demonstrated by Huo et al. (2014), highlights the significance of information and property rights in relation to business supply chain partners inside supply chain networks. It is possible to save production costs and expenses, better understand consumer expectations, and respond to market changes more quickly when supply chain partners share vital information. A company’s performance can be impacted by strong information sharing between supply chain participants.

**H3:** Information Sharing has A Positive Effect on Company Performance
This study aims to ascertain the performance of the company, in this case, Bank Rakyat Indonesia (BRI), in the Special Region of Yogyakarta with respect to relationship strategies with suppliers, relationships with customers, and information sharing. This is evident from the explanation of the preparation of the hypothesis above. Figure 1 below provides an explanation of the study's mindset.

3. Research Methodology

BRI employees in the Special Region of Yogyakarta made up the study's sample. 64 employees participated as study respondents after the purposive sample approach was employed for the sampling in this investigation. The questionnaire employed in this study is the method of data collection. It comprises different types of statement indicators for each research variable, which are scored on a five-point Likert scale. Five statements each from Niknejad & Petrovic (2016), Nag & Ferdausy (2021), and Lotfi et al. (2013) measure the variables supplier relationship strategies, relationship with customers, and information sharing, while ten statements from Flynn et al. (2010) measure the company performance variables. Validity, reliability, and hypothesis tests are also performed in order to test the data. The process of validating a variable involves examining its loading factor value, which needs to be higher than 0.7 on each indicator statement in order for the variable to be deemed legitimate (Henseler et al., 2009). Proceed to the reliability test stage after completing the validity test stage. According to Ghozali & Latan (2015), reliability tests are evaluated using two criteria: a composite reliability value larger than 0.7 and a cronbach's alpha value greater than 0.6. The hypothesis test is the last stage of testing. The p value, which needs to be less than 0.05, is used to determine the results of hypothesis testing (Ghozali & Latan, 2015).

4. Findings and Discussion

Validity Test

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Supplier Relationship Strategies (SRS)</th>
<th>Relationship with Customer (RC)</th>
<th>Information Sharing (IS)</th>
<th>Company Performance (CP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRS 1</td>
<td>0.817</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SRS 2</td>
<td>0.801</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SRS 3</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SRS 4</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SRS 5</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RC 1</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RC 2</td>
<td>0.756</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RC 3</td>
<td>0.768</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RC 4</td>
<td>0.842</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RC 5</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results of the validity test processing are displayed in Table 1 above. From these findings, it is evident that two information sharing variable indicators (IS 4, IS 5) are deemed invalid due to their loading factor values being less than 0.7. However, because the loading factor value of the indicators in table 1 above is more than 0.7, the indicators are deemed legitimate.

**Reliability Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier Relationship Strategies</td>
<td>0.907</td>
<td>0.873</td>
</tr>
<tr>
<td>Relationship with Customer</td>
<td>0.906</td>
<td>0.871</td>
</tr>
<tr>
<td>Information Sharing</td>
<td>0.806</td>
<td>0.657</td>
</tr>
<tr>
<td>Company Performance</td>
<td>0.934</td>
<td>0.921</td>
</tr>
</tbody>
</table>

Source: Primary Data Processed (2023)

The results of processing the reliability test are displayed in Table 2 above. These findings demonstrate that every variable included in the investigation was a valid source of data. This is evident from the fact that the composite reliability and cronbach’s alpha values are both above 0.6 and 0.7, respectively.

**Hypothesis Test**

| Hypothesis | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistic (|O/STDEV) | P Value |
|------------|---------------------|----------------|---------------------------|-------------|---------|
| Supplier Relationship Strategies → Company Performance | 0.383 | 0.387 | 0.162 | 2.364 | 0.018 |
| Relationship with Customer → Company Performance | 0.093 | 0.086 | 0.172 | 0.543 | 0.587 |
| Information Sharing → Company Performance | 0.465 | 0.474 | 0.089 | 5.209 | 0.000 |

Source: Primary Data Processed (2023)

The results of the hypothesis test processing are displayed in Table 3 above. The first and third hypotheses of this study are known to be true, or supplier relationship management and information sharing have been demonstrated to improve business performance, based on the outcomes of hypothesis testing. However, the second hypothesis yields different results,
demonstrating that the relationship with consumers has no discernible impact on the performance of the organization, leading to the rejection of the hypothesis.

The Effect of Supplier Relationship Strategies on Company Performance

Saad et al. (2022) said building strategic partnerships with suppliers can be a crucial factor in gaining a business a competitive edge. Having positive relationships with suppliers will help the business operate better all the way through the supply chain. This supplier relationship approach, as described by Huo et al. (2014), aims to improve each participating company's operational and strategic efforts and competencies in order to help them reach their objectives. Al-Abdallah et al. (2014) earlier research supports the idea that supplier strategies have a significant impact on business success and can lead to the development of long-term partnerships with suppliers. Additionally, by lowering financial and scheduling hurdles, companies looking to form strategic partnerships with their main suppliers can collaborate and cut product prices while simultaneously raising the standard for supplier product enthusiasm, innovation, and quality.

The Effect of Relationship with Customer on Company Performance

Managing a company's customer relationships is crucial, but they don't always have a direct impact on how well the organization performs. Šontaitė-Petkevičienė (2015), who supports this research, claims that while relationships with consumers can positively impact a company's performance, they are not always the sole driver. Additionally, Sun & Kim (2013) claimed that while customer relationships do influence business performance, this effect is only a result of customers' subjective perceptions of their post-service performance in comparison to their prior performance, according to customer cognitive psychology.

The Effect of Information Sharing on Company Performance

Khan & Siddiqui (2018) provide support for the study's findings, indicating that information exchange plays a crucial role in selecting a favorable and meaningful relationship that enhances business success. According to Kumar & Pugazhendhi (2012), in order to foster greater understanding between business partners, information sharing needs to be done in detail and at the appropriate time. Consistent information sharing will foster collaboration, which will improve business performance. in keeping with earlier studies conducted by Lotfi et al. (2013), who contend that knowledge sharing improves business success. Manufacturers and their business partners should share information about logistics, business, strategic, and tactical aspects of the supply chain in order to maximize their respective benefits. Manufacturers can gain from this information by improving their inventory management, increasing visibility, removing the bullwhip effect, increasing productivity, improving organizational efficiency, being able to identify issues early, responding more quickly, and cutting lead times.

5. Conclusion

It is possible to draw the conclusion that, while different results from relationships with customers do not significantly affect company performance, supplier relationship strategies and information sharing have been shown to have a positive impact on company performance. Future research can make use of variables like knowledge management capabilities (Tseng, 2014) and different objects like manufacturing companies (Onyango, 2015) that were not included in this study.

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Afrilia & Ratihsabella (The Role of Implementing Supplier Relationship Strategies, Relationship with Customer …)


