The role of supplier relationship strategies, relationship with customer, and information sharing on firm performance

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Purpose-This study examines the correlation between supplier relationship strategies, relationship with customer, and information sharing on firm performance.
Design/Methodology/Approach-The study population consisted of employees of Bank in Asia. The data of this study was collected through questionnaires, and the study sample consisted of 100 respondents. Outer model and inner model analysis techniques were applied to this research data using an analysis application called Smart PLS version 3.0.
Findings-The results showed that supplier relationship strategies and information sharing have a positive effect on firm performance. Then, the opposite results are shown by relationship with customer and firm performance which shows a negative influence.
Research limitations/implications-Banking businesses need to improve or optimize supplier relationship strategies, relationship with customers, and information sharing to drive firm performance growth. In this study, it is necessary to emphasize or improve relationships with customers to improve firm performance, because this study actually shows a negative influence.
Originality/value-Studies on the performance of companies in the banking business, especially Bank in Asia can still be said to be quite limited. Previous research has not discussed supplier relationship strategies, relationship with customers, and information sharing to analyze company performance in the banking business.

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1. The Introduction

Companies are crucial to boosting their strategic competitiveness in the age of intensely competitive commercial markets (Porter, 2008). Businesses can no longer be content to rely just on one of the traditional competitive advantages that were previously available to them. In order to increase productivity and become more competitive, businesses nowadays need to be able to take advantage of a variety of potential niches (Singh et al., 2010).

A benchmark indication of a company’s development is its performance. Increasing value for customers is the main goal of competitive company, which is achieved by offering goods and services that are superior to those of rivals (Sukati et al., 2012). A company needs a competitive advantage in order to grow and compete. 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 items, today’s competitive conditions are more global, technologically oriented, and customer-driven (Thatte et al., 2013). This makes it easier for businesses to compete in the market by offering consumers low-cost goods and services at the appropriate time and location. Many businesses also understand that improving corporate organization efficiency is not enough; they also need to improve the competitiveness and efficiency of the entire supply chain (Li et al., 2006).

To be able to react swiftly to client requests, supply chain management implementation needs to be controlled. Due to the swift escalation of customer demands and the potential for many supply chain interruptions, supply chain management plays a crucial role in adapting to the current business landscape. This will give the business a clear competitive edge (Thatte et al., 2013). Sukati et al. (2012) also stated that the expansion of supply chain processes aims to increase interconnection and interdependence between businesses as well as company profitability, responsiveness to customers, and capacity to offer more value to customers.

Sel et al. (2015) assert that supply chain management is crucial to a company’s ability to conduct business. Supply chain management is the process of organizing, coordinating, and regulating the chain’s activities with the goal of meeting consumer demands as effectively as possible (Hofmann et al., 2019). Supply chain management improves the connections between all parties engaged in converting raw materials into final products (Papadopoulos et al., 2016). In this manner, the supply chain’s operations can function effectively and efficiently, which helps enhance business performance. Previous research has carried out a number of studies on the impact of supply chain management on business success. Lee (2021) and Sajja (2021) research show the positive effect of supply chain management strategies on business performance.

The three main components of supply chain management, relationships with customers, information sharing, and user relationships that businesses may utilize to improve business performance (Vanichchinchai, 2014). An organization’s supplier relationship strategy is a long-term connection that emphasizes direct, long-term partnerships with suppliers for cooperative planning and problem-solving activities (Al-Shboul, 2017). The first goal of supplier partnerships is to improve operational and strategic efforts and skills in order to meet business goals (Kumar, 2018). Building strong relationships with suppliers is crucial to effective supply chain management and enhancing business success (Al-Shboul, 2017). Building stronger relationships with clients is the primary goal of business partnerships (Guerola-Navarro et al., 2020). Soltoni et al. (2018) and Mehdikhani and Valmohammadi (2022) research show the positive effect of relationship with customer on business performance.

Information sharing can take many different forms, including tactical, strategic, customer-facing, and general market information (Prajogo & Olhager, 2012). A greater emphasis on information exchange will lead to supply chain partners strategically enhancing to boost business performance (Mahmud et al., 2021). A 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 (Chan et al., 2009).

2. Literature Review and Hypothesis Development

The primary objective of supplier relationship strategies is to enhance strategic and operational to accomplish organizational goals (Ibrahim et al., 2023). Effective supplier partnerships are mostly dependent on leading supply strategies (Al-Shboul, 2017). Strategic relationship with suppliers are strongly positively correlated with the accomplishment of business performance (Khan & Siddiqui, 2018). Furthermore, a key component of the second-level concept of supply chain management is strategic sourcing; examples of strategic sourcing elements include the degree to which supply chain operations are coordinated with other business operations and the position of supply management within the corporate hierarchy (Kocabasoglu & Suresh, 2006). Andič et al. (2012) states that a company’s strategy with strategic suppliers includes buying products and services from suppliers that can affect their operational capabilities
and supplier systems, which will boost a company's value and enhance its supply chain management performance. Suppliers who engage in the product start-up phase can provide businesses with greater design influence, aid in selecting the most effective procedures and tools, and support strategy evaluation (Kannan, 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 Firm Performance**

Relationships with customers are now crucial to supply chain management (Andersen et al., 1999). Businesses engaged in supply chain management can achieve notable success with efficient customer relationship management (Mathiyazhagan et al., 2014). Diabat and Govindan (2011) said the key component of a successful supply chain management strategy is building strong relationships with clients. Customer relationships in supply chain management can increase business performance (Joseph & Jerome, 2017; Das & Hassan, 2022). Long-term and tight client relationships are essential for businesses to conduct effective supply chain management (van der Vaart & van Donk, 2008). A strong sense of loyalty between the company and its clients enables it to respond to clients quickly. Strong relationships with consumers enable businesses to set themselves apart from rivals through feedback from clients and the resulting loyalty from happy customers (Sukati et al., 2012). Sales, earnings, and customer loyalty may all rise as a result (Soosay et al., 2008).

**H2: Relationship with Customer Has a Positive Effect on Firm Performance**

Companies should work together and exchange expertise with their suppliers (Kim et al., 2012). The necessary information is therefore provided to the suitable business partners at the appropriate time and place via any data sharing that enhances an organization's performance. Some researcher claim that a company's capacity to exchange information with other participants in the supply chain can have an impact on its success (Fawcett et al., 2009). Information sharing improves business performance (Wijetunge & Ranwala, 2017; van der Westhuizen & Ntshingila, 2020). 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 Firm Performance**

![Figure 1. Research Framework](image)

Figure 1 shows the frame of mind of this study. This study seeks to reveal firm performance which is assessed based on several factors, including supplier relationship strategies, relationship with customers, and information sharing. These three factors in this study are thought to have an influence on firm performance.
3. Research Methodology

The study's population consists of workers at Bank in Asia. The purposive sampling method is then used for sampling in this investigation. Purposive sampling is being used to ascertain the impact of supplier relationship strategies, customer relationships, and information sharing on Bank in Asia.

The authors of the study employed questionnaires as their method of data gathering. To find solutions to research challenges, data collection is necessary. A questionnaire is a research tool that asks respondents a series of questions in order to gather data (Groves, 2011). The Likert scale which has five levels is used as a measurement scale to gauge the indications on the variable in the form of responder responses. Supplier relationship strategies (SRS), relationship with customer (RWC), and information sharing (IS) that each have five indicators or statements that are taken from Eng (2006), Nag and Ferdausy (2021), and Niknejad and Petrovic (2016). The 10 indicators or statements for the firm performance (FP) variable are then taken from Jabbour et al. (2013).

The loading factor value of each indicator was determined utilizing the Smart PLS application as the analysis tool to gauge the degree of data validity in this investigation. If an indicator's loading factor value is less than 0.4, it can be eliminated from the research model; if it is more than 0.7, it is considered good (Henseler et al., 2009). Additionally, the output results can be viewed at the composite reliability value in order to quantify reliability. Explaining composite reliability is used to quantify the reliability value between indicators of the constructions that make it up (Hair et al., 2010). If the Cronbach's alpha value is advised to be greater than 0.6 and the composite reliability value is greater than 0.7, the variable can be considered good. The bootstrap resampling approach was used to test the study hypothesis. Testing with a p value must to be less than 0.05 in order to be considered accepted or supported (Hair et al., 2010).

4. Result and Discussion

Validity Test

Table 1. Validity Test Result

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Supplier Relationship Strategies</th>
<th>Relationship with Customer</th>
<th>Information Sharing</th>
<th>Firm Performance</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>RWC 1</td>
<td></td>
<td>0.854</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWC 2</td>
<td></td>
<td>0.756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWC 3</td>
<td></td>
<td>0.768</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWC 4</td>
<td></td>
<td>0.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RWC 5</td>
<td></td>
<td>0.829</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IS 1</td>
<td></td>
<td></td>
<td>0.830</td>
<td></td>
</tr>
<tr>
<td>IS 2</td>
<td></td>
<td></td>
<td>0.701</td>
<td></td>
</tr>
<tr>
<td>IS 3</td>
<td></td>
<td></td>
<td>0.753</td>
<td></td>
</tr>
<tr>
<td>FP 1</td>
<td></td>
<td></td>
<td></td>
<td>0.749</td>
</tr>
<tr>
<td>FP 2</td>
<td></td>
<td></td>
<td></td>
<td>0.749</td>
</tr>
<tr>
<td>FP 3</td>
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<tr>
<td>FP 4</td>
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<td>0.831</td>
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<tr>
<td>FP 5</td>
<td></td>
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<td></td>
<td>0.805</td>
</tr>
<tr>
<td>FP 6</td>
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<td></td>
<td></td>
<td>0.764</td>
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<td>FP 7</td>
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<td></td>
<td></td>
<td>0.782</td>
</tr>
<tr>
<td>FP 8</td>
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<td></td>
<td></td>
<td>0.745</td>
</tr>
<tr>
<td>FP 9</td>
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<td>0.714</td>
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<tr>
<td>FP 10</td>
<td></td>
<td></td>
<td></td>
<td>0.759</td>
</tr>
</tbody>
</table>

Source: Primary Data Processed (2023)
Table 1 and Figure 2 shows the validity test results seen based on the loading factor value in each indicator or statement of each variable. Based on the test results, it is known that there are two indicators or statements of information sharing that are omitted or deleted (IS 4 and IS 5) because both have a loading factor value of less than 0.7, so both are said to be invalid, and then must be retested so as to produce the final results as shown in Table 1 and Figure 2 below.

Reliability Test

Table 2 shows the value of the composite reliability variable supplier relationship strategies of 0.907, the variable relationship with customer of 0.906, the variable of information sharing of 0.806, and the variable firm performance of 0.934. The conclusion states that the four variables analyzed have good composite reliability because it is more than 0.7. In addition, Cronbach's alpha value on each variable also showed greater than 0.6.

Table 2. Reliability Test Result

<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>Firm Performance</td>
<td>0.934</td>
<td>0.921</td>
</tr>
</tbody>
</table>

Source: Primary Data Processed (2023)

Hypothesis Test

Table 3. Hypothesis Test Result

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

Source: Primary Data Processed (2023)
Table 3 below shows the results of hypothesis testing that two of the three research hypotheses are accepted or supported. The first and third hypotheses in this study are accepted or supported because they have a p value smaller than 0.05. Then the second hypothesis in this study was rejected because it had a p value greater than 0.587 which is greater than 0.05, so the hypothesis was rejected or not supported.

Discussion

The Effect of Supplier Relationship Strategies on Firm Performance

Developing strategic partnerships with suppliers can be a crucial factor in gaining a business a competitive edge (Tripathy et al., 2016). Having positive relationships with suppliers will help the business operate better all the way through the supply chain. Supplier relationship approach is intended to improve each participating company’s operational and strategic efforts and skills in order to accomplish their objectives (Li et al., 2006). The ability to establish long-term relationships with suppliers is facilitated by supplier strategies, which have a significant impact on corporate success (Kusi-Sarpong et al., 2016; Khan & Yu, 2019). 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 Firm Performance

Although client relations are crucial and the key to managing a firm, Krivobokova (2009) noted that performance is not always immediately impacted by these relationships. Ananda et al. (2016) provided support for this research by stating that customer interactions impact a company’s performance but are not the sole cause. However, from the perspective of customer cognitive psychology, this is only a subjective perception of consumers of post-service performance against previous performance, and can affect company performance. Sun and Kim (2013) also stated that customer relationships do have an impact on operational performance.

The Effect of Information Sharing on Firm Performance

Information sharing is a critical component that positively contributes to enhancing business performance (Mumelo et al., 2017). Information sharing should be done in detail and at the appropriate time to foster greater understanding between business partners (Panahifar et al., 2018). Consistent information sharing fosters collaborative relationships, which in turn improve company performance. Lotfi et al. (2013) suggests information sharing improves business effectiveness. To improve their individual earnings, business partners must share information about supply chain logistics, business, strategic, and tactical aspects. Manufacturers can benefit from information sharing in a number of ways, such as more effective inventory management, improved visibility, the removal of the bullwhip effect, better production, improved organizational efficiency, early problem detection, quicker response times, and shorter lead times.

5. Conclusion

The study’s findings indicate that the first and third hypotheses, out of the study’s three, are accepted or supported. However, the study’s second hypothesis was disproved or shown to be unsupported. While relationships with consumers have been shown to have a negative impact on a company’s performance, supplier relationship tactics and information sharing have been shown to have a positive impact. For the next researcher, they can use other variables in determining company performance, such as business partnerships (Jiang, 2014) and leadership (Ibrahim & Daniel, 2019). In addition, subsequent researchers are advised to use different objects from this study (in addition to using banking businesses), such as micro, small and medium enterprises (Herman et al., 2021) and insurance providers (Javaid et al., 2021).
REFERENCES


Jahid et al. (The role of supplier relationship strategies, relationship with customer, and information …)


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