FACTORS AFFECTING SUPPLY CHAIN PERFORMANCE OF GROCERY STORE IN ENDE REGENCY NUSA TENGGARA TIMUR PROVINCE

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Abstract

The article discusses the factors that affect the performance of the supply chain of a grocery store business of Micro Small and Medium Enterprises (MSMEs) in Ende Regency, Nusa Tenggara Timur province. Poorly designed supply chain performance can pose a variety of problems. This is characterized by the stock of goods that are often empty in the warehouse resulting in customers having to look elsewhere. The goal is to get accurate information directly in the field in order to be able to do improvisation in running a business. In addition, the purpose of this study is to find out what factors can affect either directly or indirectly on supply chain performance. The research method is ethnographic method, this method is a writing that describes a society, group or human life. The process of retrieving data on this method uses in-person interviews with sources or customers at a grocery store business in Ende Regency. The results showed that the performance of this supply chain can be improved with several things, including the environment, availability of goods, completeness, service and response of sellers, leather offered and price offers.

Keywords: Micro Small and Medium Enterprises, Supply Chain Performance, Grocery Store.

1. Introduction

Basic food is now a staple that cannot be separated from the community because every day requires basic food ingredients. The presence of Micro Small and Medium Enterprises (MSMEs) engaged in the field of basic food such as kiosks or restaurants is increasing (Jose & Shanmugam, 2019). This certainly affects the supply chain that must continue to be available and provide goods in accordance with the needs and interests of customers. Supply chain and customer loyalty are determined by several factors that influence each other and need to be maintained and improvised (Gligor, 2020).

The factors that affect the supply chain will certainly help entrepreneurs to analyze the market and its customers (Latifah, 2017). Therefore, in this study was taken samples from customers to find out what factors can affect customer's ability to the company or service provider? This is very important because every company needs to improvise for its company (Banomyong & Supatn, 2011). The main step that needs to be done is to conduct interviews to customers that are done randomly in order to get accurate data. The results of the interview will be used as an assessment indicator to determine what factors may affect the supply chain.

Based on various studies of supply chain management performance of small and medium enterprises, many factors drive their success. Lee (2008) found that the participation of small and medium-sized suppliers has a significant role in the success of supply chain performance. Eng (2016) in his empirical research found that the distribution capability of grocery retailers has a significant impact on supply chain performance. Meanwhile, Ko et al. (2018) stated that product innovation and supply chain flexibility are important. Recently, there have been fundamental changes in the supply chain of small and medium-sized businesses due to the prolonged COVID-19 pandemic. The performance of the supply chain has been disrupted; therefore, it is necessary to re-investigate:

What factors can affect the supply chain performance of Micro Small and Medium Enterprises in Ende Regency? How do Micro Small and Medium Enterprises in Ende Regency maintain customer's loyalty so that the supply chain can still run well?

Theoretical Foundation

The Supply Chain is a system that is integrated in the process of preparing and delivering products to consumers. This supply chain aims to maximize the accumulated value and profit created by each component in the supply chain itself (Eyaa et al., 2010). These components are added values created by suppliers to manufacture, manufacturing to distributors, and distributors to consumers. This value is created from social factor, service value, and the price of the finished product with the total cost charged by the entire supply chain system (Goetz et al., 2022).

The Supply Chain is also a series of activities that include coordination, scheduling, and control of the procurement, production, supply and delivery of products or services to customers that include daily administration, operations, logistics and information processing ranging from customers to suppliers (Awheda et al., 2016). Simply put, the supply chain is a mechanism that connects all parties concerned and the pleasure involved in converting raw materials into finished goods. In addition, the supply chain involves many parties from suppliers to logistics providers to customers (Eggert and Hartmann, 2022).

A good supply chain is a supply chain that has a smooth flow with high inventory turnover (Hançerlioğulları et al., 2016). This is certainly very important to maintain so that the income obtained by suppliers can continue to increase every month. Of course, to maintain the supply chain every business actor must know what factors affect the supply chain. This is expected to help businesses to increase sales and retain customers owned. Factors that affect the supply chain (Latifah, 2017; Munir & Dwiyanto, 2018) are environment, availability of goods, completeness, service and response of sellers/MSME actors quality offered, and price offer.

The Government of Indonesia through Law number 20 of 2008 has established the understanding and criteria of Micro Small and Medium Enterprises (MSMEs). Micro Small and Medium Enterprises or MSMEs are businesses run by individuals, households or small size business entities. Management of MSMEs is usually done with a limit on turnover per year, the amount of wealth or assets, and the number of employees. MSMEs themselves have a huge impact on the country's economy. This is because MSMEs are the largest contributor to GDP, absorb the most jobs, and are relatively resistant to financial crises. Micro Small and Medium Enterprises (MSMEs) have several types, including Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria of micro-businesses as stipulated in the Law. Sales or turnover from micro-businesses in a year are at most Rp300 million and the amount of business assets is a maximum of Rp50 million outside of land and building assets. This shows that sometimes business finances are still mixed with personal finances. Generally, businesses have fewer than 10 employees. Small Business is a productive economic business that stands alone, conducted by individuals or business entities that are not subsidiaries or are not branches of companies owned, controlled, or become part of either directly or indirectly from the business of preventing large businesses that meet the criteria of small businesses referred to in the Law. Small businesses in MSMEs are categorized for businesses that have a net worth between Rp50 Million to Rp500 Million. In addition, annual sales are looking for Rp300 Million to Rp2.5 billion. Small Business Management is already more professional than micro-businesses. Medium Enterprises is a productive economic venture that stands alone and is carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part either directly or indirectly with small businesses or large businesses. This medium-sized business has net worth or annual sales proceeds as stipulated in the Act.

The net worth of medium-sized businesses outside the land and buildings is categorized as more than Rp500 million per year. This medium business can achieve sales turnover of more than Rp2.5 billion to Rp50 billion per year. The other thing in question is the financial management that is already separate and already has business legality (Idris, 2021).

2. Method

The first step taken in the research method is the identification of the problem that occurred. The problems that arise are factors that can affect the performance of the supply chain to Micro Small and Medium Enterprises in Ende Regency. This stage uses qualitative approaches and uses ethnographic research methods (Murthy, 2013). Qualitative approaches are taken to find and collect data but in small amounts. The total respondents obtained through interviews with sampling techniques is the ethnographic method of 6 respondents. The results of this interview are used to analyze what factors can affect the performance of the supply chain to Micro Small and Medium Enterprises in Ende Regency. This is done so that micro small business actors and medium their specialness in the field of basic food can improvise the processes, services and procedures. Improvisation is carried out aims to increase sales and customer diversity to MSMEs, especially in Ende Regency. The second step is data collection. In this study, data collection was conducted by interview using ethnographic methods. The results of the interview were used as real data on the ground about factors that affect the performance of the supply chain in MSMEs in Ende Regency. Based on the data can be analyzed what needs to be done by MSME actors in order to improve supply chain performance and increase the number of customers. The third step of the study is the study of literature. This aims to strengthen the results of the analysis that has been obtained from the results of interviews directly in the field. In this step will be sought some relevant references that will be used as the main foundation of research.

The fourth step of this research is data processing and analysis. In this step, the researcher will validate between the results of the interview that has been obtained directly on the field with existing references. After doing validation will be analyzed what needs to be done to improvise on the MSMEs. In this step will produce external in the form of suggestions for improvements to improve the supply chain to MSMEs in Ende Regency. The things suggested are certainly things that are relevant to the conditions and circumstances in Ende Regency based on the results of interviews with customers. After getting an analysis related to the things that need to be done for improvisation, it will be implemented directly to micro small and medium enterprises in the field of Basic food in Ende Regency. The fifth step of the study is evaluation. In this step the file in the form of analysis of research results will be re-evaluated. Some of the things considered in this evaluation are considering the relevance between advice and field conditions, and consider the results of interview analysis in the field with the source of the literature study obtained.

3. Results and Discussion

The results of the study are the results of interviews that have been conducted to 6 regular customers at basic food X Store in Ende Regency that were taken randomly. This interview was conducted to look for what factors affect the supply chain performance of Micro Small and Medium Enterprises (MSMEs) in the field of basic food at X Store in Ende Regency.

Table 1.   Products Purchased by Customers

Product name	Number of Requests	Product Name	Number of Requests
Mineral water Aqua bottle 1500 ml	12 Dos	Cigarette Arrow Merah	48 Slop
Mineral water Aqua bottle 600 ml	89 Dos	Cigarette Marlboro Hitam	4 Slop

Mineral water Kelimutu glass 220 ml	90 Dos	Cigarette Marlboro Merah	38 Slop
Rice noodles Padamu	35 Ball	Cigarette Marlboro Putih	37 Slop
Sugar	50 Kg	Cigarette Sempurna 12	18 Slop
Noodles Belalang	8 Ball	Cigarette Sempurna 16	59 Slop
Instant noodles Sedaap Goreng	15 Dos	Cigarette Sempurna 50	10 Wrap
Instant noodles Sedaap Korea	15 Dos	Cigarette Sempurna Kretek	15 Slop
Instant noodles Sedaap Soto	15 Dos	Cigarette Surya 12	105 Slop
Ale-ale drink all variant	63 Dos	Cigarette Surya Kaleng	40 Slop
Power drink all variant	35 Dos	Cigarette Surya Pro Merah	46 Slop
Tea drink Rio	30 Dos	Cigarette Surya Pro Putih	49 Slop
Bimoli oil 5 L	30 Dos	Lifebuoy soap all variant	4 dozen
Cigarette Arrow Hitam	49 Slop	Chicken egg	120 Tray
Packaged wheat flour 1 Kg	10 Dos	Yakult	5 Pack
Wheat Kompas zak	25 Zak		

The table above is a summary of the name of the best-selling product purchased by customers every day along with the number of items purchased. Based on the table above we can see that customer interest is very high and of course MSMEs must have a good supply chain system in order to always meet the needs of their customers. High demand makes basic food X Stores often experience stock outs. This is of course a big problem because of the many shops in Ende Regency that are engaged in the field of basic food. In addition to the issue of availability of goods, prices and services are very important things to note in accordance with the results of interviews that have been conducted to 6 customers of basic food X Store below.

Interviews conducted to the 6 customers (Table 2) showed that service is a major factor in improving supply chain performance. This is because the service factor can increase the intensity of customers to return to shop at basic food X Store. The service provided always makes its customers feel comfortable. In addition to service factors, based on the results of interviews that have been conducted other factors that make customers often shop at basic food X Stores are prices offered very friendly. The price factor is a factor that greatly affects the performance of the supply chain because the cheaper the price offered, the more in demand by customers. This is certainly an attraction for customers especially in pandemic times like today. Affordable prices are very helpful for small businesses to start a business (Susanty et al., 2018).

Table 2. Results of Interviews with Customers

Customer Opinion	
Customer1	The results of interviews conducted with customer 1 as the owner of the kiosk, the thing that makes him like to shop at Basic food X Store is the location of the Store close to the location of Kiosk customer 1, besides the price offered is also friendly so that it can reduce travel costs and can save time. Another thing that makes Customer1 happy to shop is its friendly service so it feels comfortable to shop. Every day Customer1 will come to buy goods for his Kiosk needs at least 2 times a day. Another reason that makes Customer1 like to shop at Basic food X Store is a variant of goods that tend to be complete and can answer every customer kiosk needs 1. But Basic food X Store needs to improvise again such as increasing the number of workers, currently the number of workers is only 2 people so it tends to be rather long service if many visitors so that Customer1

	must shop at certain hours in order to get maximum service. In addition, inconsistent store opening hours make Customer1 have to wait or find another place (Other Store) to buy goods if in urgent condition. The reason Customer1 rarely looks for other suppliers to shop is that other places have a narrow place and less friendly service so Customer1 decides to become a regular customer in this place.
Customer2	The results of the interview conducted to customers 2 main reasons to shop at Basic food X Store because there is a special offer in this store such as there is a special price for the purchase of cigarettes, only in Basic food X Store alone can buy cigarettes 3 Packs at special prices usually have to buy at least 5 packs and cannot be mixed with other variants such as Marlboro cigarettes must buy red Marlboro 5 packs cannot be mixed with other Marlboro cigarette variants while in the Store It can. This is what makes Customer2 faithfully shop for cigarettes at Basic food X Store, besides the comfort of shopping in this Store arises because of friendly service that makes customers willing to queue. The price offered by this store is very friendly so that the benefits obtained are greater. The disadvantage of this store is its service that tends to be long because of the lack of employees let alone the store is large with many items so sometimes buyers have to queue but sometimes there are aerobot because they cannot wait long. In addition, there are several types of items such as new brand cigarettes that do not exist. The thing that needs to be improvised from this store is to increase the number of employees as well as sell more items as needed by the kiosks so that buyers do not have to look to other stores.
Customer3	The results of the interview with Customer3 about the things that make him happy to shop at basic food X Store is that in this store is very "welcome" so feel comfortable shopping in this store. The price given is very flexible and many promos are given so that they can get more benefits when shopping with a large amount. In this store is quite complete and can meet the needs of my kiosk and also serve delivery of goods at no cost (free) so I do not have to bother anymore looking for a vehicle to fit my groceries. But sometimes there are some items that are not restocked even though they sell hard in my place so sometimes I need to look to other suppliers to be able to keep a subscription at my kiosk. In addition, the number of employees is only 2 people so sometimes I tend to wait from morning to evening because I have to give in to other buyers who buy with small amounts. This store needs to improvise on the amount of labor and the type of goods entered so that buyers do not need to look to other stores and always make sure the stock is always there because there tend to be some less finished items already ordered but sometimes delivered less because of inadequate amount of stock.
Customer4	The results of the interview showed that the main reason to shop at Basic food X Store is that the price is very friendly and not rigid so if we ask for certain promos can be in the country. In addition, Basic food X Store also serves the delivery of goods to the location so there is no need to bother looking for vehicles and eats more costs. At first, I did not shop at this store but eventually moved to this store because of its strategic location and easy to reach so that it makes it easier for me and does not waste a lot of time. But sometimes it is necessary to wait long enough for the delivery of goods and ever less goods from the store because the stock is not checked while the order is more so I need to wait some time to be equipped with the product I ordered but so far it is still good service especially the waiters are very friendly, the thing that needs to be improved is always update the stock of goods in the warehouse so that the goods provided are always there.

Customer5	The service provided is good but sometimes constrained in the delivery section that is too long until finally having to buy to another supplier, which is favored from this store are attractive offers that are often provided and friendly service. But it is very important to improvise the delivery speed because it is very influential on the business of Customer5, namely selling fried foods. In addition, the stock provided must be ensured properly in order to be able to send on time and always be there when needed.
Customer6	The service provided is good and can serve the provision of repayment time for 1 week, this is very useful for MSME actors. Existing waiters are very good but need to add employees so that the waiting time is not too long. In addition, the price given is friendly. The thing that needs to be improvised is that service time needs to be accelerated and the number of employees needs to be added and stock must always be ensured.

Another factor that affects the performance of the supply chain is the special service that is always provided. This is an attraction in itself because not all places have special services. Each store that provides a different special service, according to the results of the interview above the special service provided by basic food X Store is in accordance with the needs. The thing provided by basic food X Store is an attractive promo such as providing special promos to each loyal customer such as free shipping services, certain discounts, etc. In addition to the three factors above there are still several other factors that need to be developed from basic food X Store. This is felt necessary in order to increase customer loyalty and of course can improve supply chain performance. This is an increase in the number of employees at basic food X Store, this addition aims to increase the speed at which customers are served. The faster customers are served, the more likely customer loyalty increases.

4. Conclusion

Based on the results of the above research it can be concluded that there are several factors that can improve the performance of the supply chain. These factors are the environment, price offers, and special services provided. These three things are closely related in improving supply chain performance. A business cannot maintain its performance if it is in an unsuitable environment, because the more strategic a business location and the easier the customer achieves, the better the supply chain performance on the business. In addition to the environment, price supply factors can also improve the performance of the supply chain and with the price offer provided by customers will be more loyal to business actors. Another factor is special service, this factor includes various things such as providing free service between fees, certain discounts given specifically to certain customers. With this the customer feels appreciated and feels special so that it can retain customers.

This research still has many limitations, it is necessary to conduct in-depth interviews involving input from other supply chain actors to get a wider perspective regarding the obstacles and challenges faced in the field. Quantitative research needs to be done with a larger sample of MSMEs to get a more comprehensive picture.

5. Acknowledgement

6. References

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