Supply Chain Management Practices (SCMP) On Sentra Industri Tahu Cibuntu Bandung

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Abstract

Purpose: The purpose of this paper is to investigate the implementation of supply chain management practices (SCMP) on Sentra Industri Tahu Cibuntu Bandung.

Methodology: This study utilizes survey data of 723 micro small and medium enterprises (MSME) Sentra Industri Tahu Cibuntu Bandung and sample size this study is 30 respondents. The methodology and hypothesis testing proposed in the conceptual in this research used descriptive.

Results: This research suggests that the supply chain management practices (SCMP) effect on Sentra Industri Tahu Cibuntu Bandung.

Applications/Originality/Value: This research is an attempt to empirically test the impact of supply chain management practices (SCMP) on Sentra Industri Tahu Cibuntu Bandung.

INTRODUCTION

In 1998 Indonesia suffered an economic crisis which resulted in the collapse of the national economy. Indonesia's economic condition at that time was very bad. Factors that made it worse were failed industrialization. The failure of industrialization was due to the company's dependence on imported raw materials. This resulted in many largescale businesses that suffered losses and even went bankrupt. However, Micro, Small and Medium Enterprises (MSMEs) can survive and become the recovery of the Indonesian economy.

The current state of MSME has a very important role in the national economy because it can reduce unemployment and be able to increase national income. Micro, small and medium enterprises (MSMEs) are a form of community small business that is built on one's initiative. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, it shows that from 2016 to 2017 the number of MSMEs in Indonesia increased from 61,651,177 to 62,922,617. Besides that, in 2017 MSMEs had a market share of 99.99% of the total business operators in Indonesia. Meanwhile, the large business market share is only 0.01%.

MSMEs also has a large role in improving the welfare of the Indonesian people. MSMEs have contributed to the Gross Domestic Product (GDP) revenue of 57% - 60% (Putra, 2016). Besides, according to the Cooperative and Small and Medium Enterprises, MSMEs have provided income to the state in the form of foreign exchange. As of 2017, the country's foreign exchange from MSME actors is IDR 88.45 billion. This figure has increased eight times from the previous year (Qazwa, 2019). Based on data from the Department of Cooperatives for Micro, Small and Medium Enterprises and Industry of the City of Bandung from 2012 to 2017 the number of MSMEs in the city of Bandung has increased by 0.19%. since 2012 the number of MSMEs in the city of Bandung is 3,291 and in 2017 it is 4,077. This shows that there is strong competition for business people. This competition requires MSMEs to have a competitive advantage compared to its competitors. The city government of Bandung divides several MSMEs into industrial centers. One of the biggest industrial centers in Bandung is the Sentra Industri Tahu Cibuntu (Galih, 2019). Sentra Industri

Tahu Cibuntu is an association of MSMEs engaged in tofu production. Based on Babakan Cibuntu's overall data, every year the number of MSMEs knows always increases. Following are the number of MSMEs tofu in Cibuntu from 2016 to 2019 :

Table 1. Number of MSMEs Sentra industri tahu Cibuntu 2016-2019

Year	Number of MSMEs
2016	542
2017	557
2018	681
2019	724

Source: Babakan Cibuntu Village, Bandung

The establishment of Sentra Industri Tahu Cibuntu has existed since 1972, which originated from the habits of the Chinese people to consume tofu. These habits eventually triggered a business carried out by the Indonesian people and finally developed rapidly until now. Based on data from the Babakan Cibuntu sub-district, it shows that almost 79% of Cibuntu residents are tofu manufacturer. Annual production capacity of 2,161 million pieces with an investment of Rp. 13,472 billion and absorbing 1,518 workers. Tofu production in Cibuntu every day reaches more than 100 tons of tofu. The results of tofu production were distributed to Bandung and other cities such as Jakarta and Bogor. Tofu is a short-term product, therefore after the production, it is directly distributed to customers. But at this time, the MSME Sentra Industri Tahu Cibuntu experiences problems regarding raw materials. Where the raw material for production is not available or the quality is not good. The problem is because Cibuntu tofu MSMEs do not have permanent suppliers and only do short term purchasing of raw materials from suppliers. Besides, Cibuntu tofu MSMEs also suffers losses due to poor quality raw materials, so Cibuntu tofu does not meet production standards that cause the product to not be traded. While it is important for MSMEs tofu Cibuntu needs to have cooperation with certain suppliers. The relationship between MSMEs and suppliers can be implemented and controlled properly if the company implements supply chain management (SCM) in its business practices. A supply chain is very important for MSMEs to improve business performance. Because supply chains imply a strong cooperative relationship with suppliers (Gandhi et al., 2017). So that MSMEs can execute their business smoothly. The problem is hampering the production activities of Cibuntu tofu in the end. Meanwhile, the UMKM tofu craftsman must meet the needs of his customers by producing tofu regularly, quickly and with good quality to be able to compete with other MSME actors. To deal with these problems, the craftsmen know they can implement supply chain management practices (SCMP) well because they can affect the company's performance.

This is in accordance with research conducted by Sundram et al., (2016) which states that supply chain management practices (SCMP) consisting of strategic supplier partnerships, customer relationships, information sharing, information quality, postponement, agreed on vision and goals, risk and reward sharing can affect supply chain performance (SCP) through supply chain integration (SCI). The research was also used as a basis for reference in this study. Because each variable is explained in detail and the variable supply chain management practices (SCMP) there are complete indicators. Supply chain management practices (SCMP) are considered important and have an impact on improving the integrity and performance of industry performance. Some supply chain

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management practices (SCMP) play an important role to facilitate the flow of products and raw materials (Adelina, 2018). Based on previous research according to (Sundram, et al., 2016) supply chain management practices (SCMP) influence supply chain integration (SCI) and supply chain performance (SCP). So, it is necessary to research the effect of supply chain management practices (SCMP) on Sentra Industri Tahu Cibuntu Bandung.

LITERATUR REVIEW AND RESEARCH FRAMEWORK

Supply Chain Management Practices (SCMP)

Supply chain management practices (SCMP) is an approach taken by an organization to achieve integration with various parties such as suppliers, manufacturing or service companies, distributors, wholesalers and retailers who deliver products or services to consumers (Heizer & Render , 2015). Besides, Ibrahim & Hamid (2014) said that supply chain management practices are a series of actions taken in an organization or company to increase the effectiveness in the internal supply chain. According to Lia (2006) in Ibrahim & Hamid (2014) defines SCMP as a set of activities carried out in an organization to promote effective supply chain management. Supply chain management practice is an approach that applied to manage the integration and coordination of supplies and relationships to satisfy consumers effectively to provide benefits. Supply chain management practices also include a plan and strategy carried out by the company to coordinate the supply chain as whole as (D., 2015) (Sc., 2017)collaboration between the internal functions of the company (Ibrahim & Hamid, 2014). The main principle of supply chain management practices is the synchronization and coordination of activities related to the flow of material/products, both within organizations and between organizations (Anatan, 2010).

Supply chain management practices have an important role in improving company performance. Supply chain management practices are defined as activities carried out in an organization to achieve the effectiveness of supply chain management (Anatan, 2010). According on Sundram et al., (2016) supply chain management practices have an influence on supply chain performance through supply chain integration as an intervening variable. Where the dimensions of supply chain management practices include strategic supplier partnership (SSP), customer relationship (CR), information sharing (IS), information quality (IQ), potential response (POS), agreed vision and goals (VIGOL) and risk and reward sharing (RR).

A strategic supplier partnership is a long-term relationship between suppliers. This strategic relationship enhances organizational capability and the integration of collaboration between partners in the supply chain (Kim, 2006; Holt & Ghobadian, 2009). Customer partnership is a set of activities carried out by a company or organization to meet several customer needs (Sundram et al., 2016). This practice can create strong customers through customer satisfaction and loyalty. Information sharing relates to the level of importance and accuracy of information communicated to business partners in the supply chain. Information sharing is one of the important factors in implementing supply chain management practices. Information shared varies from strategic to tactical levels, both information about logistics activities and customer information. The use of relevant and timely information in the functional elements of the supply chain is key to the company's competitiveness. Information quality, according to Li et al., (2006) in Sundram et al., (2016) said that information quality covers all aspects of information management and communication that are effective and efficient in terms of accuracy, timeliness, and credibility. Organizations or companies make information quality a strategic tool and guarantee there will be distortion or manipulation in the flow of information (Gustavsson, 2008).

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Postponement is an operational delay that occurs due to inadequate supply chains. Agreed vision and goals are vision and goals that are agreed upon and set for common goals among members in the supply chain (Sundram et al., 2016). According to Sudram et al., (2016) Risk and reward sharing is an effort made between members of the supply chain to ensure relations between members of the supply chain to create strong collaboration among trading partners. Also, the practice of risk and reward sharing helps companies and their members reduce the level of uncertainty in business operations.

Research Methodology

This type of research is quantitative that aims to describe the problems studied clearly and explain the data systematically. The method used in this research is quantitative. According to Cooper et al., (2011) in Indrawati (2015: 184) quantitative research is a research method that makes accurate measurements of behavior, knowledge, opinions or attitudes. Quantitative research called positivist research (positivist) which emphasizes testing theories through measuring research variables with numbers and analyzing data with statistics. In quantitative research, whether the exposure (descriptive) or concluding (conclusive), the relationship of researchers with the facts studied are independent so that researchers can examine the reality of the facts objectively (Sugiarto, 2017: 14). The purpose of this research is descriptive. Descriptive analysis is an analysis conducted by describing data. This analysis is used to describe information that can be extracted comprehensively by describing data (Sc., 2017: 270). Zulganef said (2018: 158), descriptive statistics are statistics that explain how data are classified or categorized into groups of data that are easier to analyze. Descriptive research describes the characteristics or functions of a variable or several variables in a situation (Indrawati, 2015: 115). Descriptive research has information about the object under study. The purpose of descriptive research includes describing the characteristics of a group, estimating the percentage of a unit analyzed and knowing people's perceptions of the object of research (Indrawati, 2015: 116). This research was conducted at Cibuntu tofu MSMEs with a population of 223 and a sample size of 30 MSMEs. This research was conducted to determine the implementation of supply chain management practices at Sentra Industri Tahu Cibuntu Bandung.

Analysis and Findings

The initial stage of the research is to test the validity and reliability of the research question instrument. According to Zulganef (2018: 205), the validity of the study presented the degree of accuracy between the data that occurred in the research object with the data reported by the researcher. The higher the accuracy of the data between the object and the data reported, the higher the validity. In other words, the validity test states the degree of accuracy of the measuring instrument of the study of the contents or answers of the research respondents. indicator questions can be said to be valid if the value of r count > 361, then if r count < 361 then declared invalid. Out of 42 question items, there are 5 invalid questions. The next step is to conduct a reliability test. Indrawati (2015: 155) reliability is related to the level of trust, consistency or stability of the results of a measurement. Reliability is one of the characteristics that a good measuring instrument can be used. In research, reliability is related to the degree of data consistency and data stability. Data can be reliable if the data shows the consistency of accuracy. Instrument reliability refers to an understanding that the instruments used in research to obtain the required information can be trusted as a data collection tool and can reveal the consistency and accuracy of the information that is actually in the field (Sc., 2017: 209). Aside from being valid, research instruments must also be reliable. In this study reliable testing of research, instruments were carried out using applications SPSS application. The reliable calculation is seen based on the Cronbach alpha value which can

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be stated reliably if the number of Cronbach alpha > 0.70. The following is a table of reliability in supply chain management practices indicators:

Table 2. The Reliability of Supply Chain Management Indicators

Cronbach's Alpha	N of Items
0.979	42

The table above shows that the reliability value of Cronbach Alpha is 0.979, which is greater than 0.70, this shows that this study has met the reliability requirements. The data obtained from further research is processed using quantitative data analysis techniques using the Likert scale. Based on events in the field, the Likert scale is used to describe the indicator variables of the variables to be measured, then these indicators are used as a basis for compiling the instrument parts that can be in the form of questions and statements. The answers of each instrument part that uses a Likert scale have questions that are asked to respondents who are strongly disagreed from strongly disagree (STS), disagree (TS), Neutral (N), agree (S), strongly agree (SS) or other customized gradations with the questionnaire questions asked. The scoring begins from the highest score with a score of 5 to the lowest with a score of 1. Classification of designations with these categories as follows:

Tabel 3. Classification of Questionnaire Answers

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

The questionnaire data has been collected the next step is to calculate and determine the value of the continuum line. continuum line used to analyze, measure, and show how much the level of strength of the variable being studied, according to the instrument used. Continuum line model calculations are explained in the following formula:

$$\text{Determine the interval value} = \frac{\text{Number of samples}}{\text{Number of samples} \times 5} \ 100\%$$

The formula above it will get the value of the intervals to range, it can categorize the results of the description supply chain management practices variable. Based on the calculation value, the interval value is 16%, it can be categorized as the table below:

Table 4. Interval Range Value

20%-36%	Very Disagree
36%-52%	Disagree
52%-68%	Neutral
68%-84%	Agree
84%-100%	Strongly Agree

The results of the descriptive calculations supply chain practices variable showed a value of 76.67%. That value is included in the agreed category. (Gandhi, Shaikh, & Sheorey, 2017). This show that supply chain management practices (SCMP) are effective when applied to business activities in Sentra Industri Tahu Cibuntu.

RESULT

Based on the results of the research can be seen in the continuum of Supply chain management practices where the percentage shows 76.67%. Where these numbers indicate in the agree category, it can be concluded that Supply chain management practices at Sentra Industri Tahu Cibuntu are effective. Therefore, the implementation of supply chain management in Sentra Industri Tahu Cibuntu can be applied to reduce the problems of MSMEs. Besides, the application of supply chain management practices is expected to improve the performance of MSMEs Tahu Cibuntu in running a business. So that it can meet customer demand. The application of supply chain management practices in Sentra Industri Tahu Bandung.

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