



THE ROLE OF SUPPLY CHAIN MANAGEMENT IN IMPROVING THE COMPANY'S OPERATIONAL EFFICIENCY

Edi Wibowo¹, Inti Nuswandari², Titin Maidarti³

^{1,2,3}Management Study Program, IPWIJA University, Jakarta, Indonesia

¹78.ediw@gmail.com

²inti_endratmo@yahoo.com

³titin2meidarti@gmail.com

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Abstract

The purpose of this article is to understand: 1) The importance of supply chain management for companies; 2) What is the role of supply chain management in improving the operational efficiency of companies? This article uses qualitative research that uses literature review as its data collection method.

Research has shown that the importance of supply chain management for companies is to ensure that products and services are optimally distributed to customers and to ensure that products are delivered when customers want them, reducing costs and increasing the company's profits in the supply chain. Optimizing time, space, and the amount of resources. All this so that companies can compete in an increasingly global business. The role of supply chain management in improving the company's operational performance is as follows: 1) Helping to identify potential problems that may arise. 2) Optimizing costs; 3) Efficiency and reduction of operational costs; 4) Improving the supply chain process through spatial awareness.

INTRODUCTION

In today's global competition, the success of a company is greatly influenced by its ability to utilize technology, information and information. Not all business activities can be separated from the use of ICT. Tight competition in today's global market, shorter product life cycles and increasing customer expectations of products and services require companies to focus more on their supply chains to achieve competitive advantages that can support business continuity. At the same time, transmission and communication



technologies such as telecommunications and the Internet are developing rapidly, leading to continuous development in supply chain and related management technologies.

In the physical product chain, raw materials are received, processed at processing facilities, and shipped to finished goods warehouses and then to consumers or retailers. Therefore, to reduce costs and improve service quality, an effective supply chain strategy must consider the interactions that occur at various levels of the supply chain. The supply chain, also known as the logistics network, includes distributors, manufacturing centers, warehouses, distribution centers, and retail stores, including raw materials, work in process, and finished goods. Supply chain management carefully considers each facility that has significant influence and opportunity to create products that meet customer needs. Of course, some supply chain analysis involves suppliers and customers. Because it has implications and implications for supply chain performance.

The goal of supply chain management is to optimize the overall system costs, including the transportation and distribution costs of core materials, finished products during processing, and finished products. The focus on costs does not mean efforts to reduce transportation costs or reduce inventory on hand, but rather developing a system-wide approach to providing product resources supported by information technology directly throughout the supply chain.

Based on the problems above, the author makes the following problem formulations. 1) Why is supply chain management important for business? 2) What is the role of supply chain management in improving the operational efficiency of the company?

Supply chain management is a network of interrelated and mutually beneficial organizations that work together to manage, monitor, and improve the flow of goods and information from the point of delivery to the end user. Supply chain management (SCM) is a set of processes that directly integrate suppliers, manufacturers, warehouses, and stores to ensure that goods are produced and distributed in the right quantities, to the right places, and at the right time. Can reduce system costs to meet needs. requirements and services (Alam and Tui, 2022). SCM requires planning, managing and controlling the flow of products efficiently and cost-effectively through the exchange of information.

Supply chain management (SCM), which improves the quality of product production, is achieved by managing, monitoring, and managing the supply chain from purchasing, inventory, and product delivery, with a focus on timeliness, punctuality, and minimum standards. Potential costs and the amount of products produced (Efendi et al., 2019). The role of SCM in competitive advantage is market mediation. This means ensuring that the products delivered through the supply chain reflect the expectations of customers or end consumers. This secondary function involves market research costs, product planning costs, and costs incurred when products provided by the supply chain do not meet customer needs.

RESEARCH METHODOLOGY

Types of research

Qualitative research is research that looks at interpretation and uses analysis. Qualitative research focuses on processes and methods. Reason is used as a guideline so



that the research approach is in accordance with the facts on the ground. There are many different qualitative methods, including ethnography, case studies, documentary research, environmental observation, and phenomenology. In this case, the research conducted is textual research, which is a type of research that analyzes and interprets written texts. These documents can be books, newspapers, magazines, letters, films, diaries, manuscripts, articles, and others.

Data collection technique

It is important to choose the right data collection and information processing methods to analyze data in adaptive process studies, as well as to achieve the desired results. The data collection method used in this study is a bibliographic survey. According to J. Supranto as quoted by Ruslan in his book *Public Relations and Communication Research Methods*, literary research is conducted by searching for research data or information by reading scientific journals, reference books, and published materials available in the library (Ruslan, 2008:31). Textual research is used to study literature that can provide information related to the problem being studied.

1. Literature Study

Library data collection, observation of records, and methodological research in data management are all components of document research. According to Danial and Warsiah (2009:80), literary research is research conducted by researchers by collecting many books and magazines related to research problems and topics.

This technique is used to provide data based on relevant research, so that similarities and conclusions can be drawn from previous research. Literature studies come from existing data and sources so that their validity can be guaranteed.

In general, literary research is a method of solving problems by following historical sources. In other words, the term literary research is closely related to the term library research. Of course, in conducting research, researchers must have a clear understanding of the research topic. Otherwise, most of the research will be useless at all.

2. Internet Search

Internet searches can be done by managing all the information data that is spread online all over the world. Technology makes data accessible without barriers. This greatly helps the writing process, because information and knowledge do not have to be dug up by the author from books in the library.

The reason why the Internet is used as a source of data collection methods is because of the abundance of information about research on the Internet. This wealth of information is certainly very useful for research and is complemented by many articles based on previous research conducted in various parts of the world. Simple and easy application installation is also important for the online data collection process which is one way to collect data carried out in this paper.

Data Analysis Techniques

In qualitative research, data analysis skills are an important part in carrying out



the steps of analyzing the data obtained. In this study, data is analyzed after being collected and reviewed with various reference sources as its basis. Whether the data is in accordance with the theory or not.

According to Patton (Moleong, 2003: 103), data analysis is the act of sorting data and organizing it according to patterns, categories, or basic order elements. In qualitative research, data analysis takes place throughout the research. This is done by describing research data, reviewing current issues and presenting certain themes (Creswell, 1998: 65).

Data analysis techniques are carried out during the research process, even starting from collecting data, a data analysis is implied in it. There are several steps of data analysis techniques that must be carried out sequentially. The steps of the data analysis technique in question are as follows:

The steps for conducting data analysis are as follows:

- a. Data collection is the stage where the types of information required by the author are collected according to the desired sub-materials so that they can be grouped and classified clearly.
- b. The methods used are supply chain management literature review, supply chain management review, literature review for research focus and internet search. The researchers used all these methods to complete this paper well.
- c. Data reduction or data classification is a study that focuses on describing, summarizing, and classifying response data from survey research records and identifying the responses of research audiences who trace back the information obtained after data collection. After collecting data, researchers will reduce the data, with the aim that the findings obtained by researchers during library research become very clear. Therefore, at this stage it will greatly assist the author to the next step.
- d. As an initial process of data presentation or data analysis, namely data processing, preparing initial analysis of various data products in the field and displaying information on response sections and image information/each in a table/table. Data presentation makes it easier to understand and makes it easier for researchers to organize data in an orderly manner and process data so that researchers can correct data if there is no data that is in accordance with research interests. Because the data is in accordance with research needs, data amendment is the correction of data if there is an error in data collection, correcting or completing data errors by compiling data and entering missing data.
- e. The final step in decision making is a discussion where researchers refer to various theories used in the field to find out the true understanding of the characteristics of the research results concerned. Well, theory and facts cannot be incompatible. Next, analyze and interpret trends, draw conclusions so that the data matches the results and analyze and explain the data to understand the data and explain errors.



RESULTS AND DISCUSSION

The Importance of Supply Chain Management for a Company

In today's world, business competition is getting tighter. As a result of the globalization process, the development of the business world is marked by increasing openness, complexity and changes in competition in both external and internal environments. This complexity will cause threats and problems that must be solved by the Company. Companies will be required to be able to compete in the increasing complexity of problems that occur. This is where the Importance of Supply Chain Management for a Company lies, if utilized properly it will benefit the Company and be able to compete for market share.

The goal is to implement effective and efficient production methods to be able to distribute products or services to customers through various types of competition managed by the company. But in reality, companies cannot do all of these things, so they can do it by choosing a short and convenient way to compete with competitors through supply chain management.

Supply chain management is a form of management system that aims to distribute products and services to customers. This cycle or chain has many organizations working in different areas but with the same goal: to buy goods and distribute them well and reach the end customer. This collaboration creates added value to the products made. The supply chain is also called a logical network that connects interconnected chains between producers, suppliers, retailers, distributors, and consumers. It is a concept that focuses on logistics management with a comprehensive view, from basic products to finished products used by end customers.

The goal of supply chain management is to optimize the time, location, and quantity flow of materials so that products are delivered in a supply chain that satisfies customers, reduces costs, and increases company profits. Supply chain management is essential to streamline production and marketing processes to meet customer needs. For supply chain management to be effective, there must be a smooth flow of information and mutual trust between components such as suppliers, companies, and customers.

The advantage of supply chain management is that it allows companies to control the operational cycle of the Company, from production to the hands of consumers. It is also able to assess product deficiencies from consumer complaints and inputs provided in order to improve themselves.

The Supply Chain Management section is as follows:

1. Upstream supply chain

The upstream supply chain is an upstream supply chain that consists of many activities that occur within a manufacturing company, many of which distribute products through relationships between suppliers and other volunteers. The goal of the upstream supply chain is to make it easier for distributors to expand their relationships with many branches through their sales process.

2. Bottom Supply Chain

The bottom supply chain is an upward supply chain that involves various activities in the form of product delivery carried out by producers to consumers. The bottom supply chain focuses on the direction of distribution through warehouses and vehicles, as well



as services provided through sales to customers. Sales must provide excellent service to end consumers without exception.

3. Internal Supply Chain

The internal supply chain is a supply chain that includes the process of goods entering the warehouse for storage and the cycle of moving inputs from suppliers to management posts. This internal supply chain grows over time in the organization. The internal supply chain must consider production management, production management, and inventory management.

4. Supply Chain Management Drivers

It is important for companies to achieve compatibility and effectiveness in the company's competitive strategy with its supply chain partners. In order for a company to know how to improve supply chain performance and efficiency, four key drivers in its supply chain are needed.

5. Asset

Supply chain facilities are where products are manufactured, stored, and shipped. There are two main types of inputs in the supply chain: the production side and the storage side. This affects transportation costs, marketing response rates, and inventory levels because the supply chain requires supporting facilities to facilitate transactions within the company.

6. Supply

Inventory is raw materials, work in process, and finished goods owned by the company. Inventory is one of the most important aspects of the supply chain driver because it can change the efficiency and responsiveness of supply chain management. Because if the company manages inventory, it can manage its supply chain better so that nothing is lost in the data collection. Good inventory management is when the existing inventory matches the inventory recorded in the company.

7. Transportation

Vehicles are used in the supply chain to move through the supply chain tiers. Transportation is also critical in changing the efficiency and responsiveness of the supply chain, as it determines the movement and delivery routes to expedite the delivery of goods.

8. Outlook

Insights contain data and analysis about inputs, inventory, vehicles, and customers related to your supply chain. Information is the key to the supply chain engine because it contains all the information used to manage supply chain operations.

The Role of Supply Chain Management in Improving Company Operational Efficiency

1. Helps identify potential problems that may arise

SCM allows companies to monitor information that occurs throughout their supply chain. It also allows companies to perform better by increasing visibility into ongoing processes such as customer orders, inventory, and shipping. Good tracking allows companies to identify potential problems, such as late shipments, order discrepancies, or inventory inconsistencies. Additionally, SCM uses historical data to identify patterns and trends in the supply chain.



In this way, analytics can help companies determine what customers want, what products sell the most, track customer complaints, etc. Therefore, companies can anticipate sudden increases in demand or shortages of goods at any time.

2. For cost optimization

Analytics enables supply chain management to forecast demand and manage inventory accurately.

Therefore, a company rejects its price based on the demand that exists at that time period. If the inventory is too high, the company will lower the price to encourage sales and avoid product losses.

3. Operational efficiency and costs are the foundation of SCM, which can result in increased efficiency.

Companies can improve work processes, inventory management, and product distribution by implementing a quality SCM system. SCM ensures that all parts of the supply chain run smoothly. By reducing delays, errors, and waste, companies can reduce production and transportation costs and increase profits.

4. More Location Intelligence for Business Agents to Improve and Optimize Supply Chain Processes.

Location Intelligence allows companies to map and visualize their entire supply chain. This allows entrepreneurs to better understand the dependencies between asset flows, critical points, and opportunities. The map also allows companies to identify risks in their supply chain and take necessary actions to mitigate their impact.

LOCATION intelligence can help businesses target customer demand based on geographic location. By understanding different demand patterns across regions, companies can optimize inventory supply strategies, plan efficient shipping routes, and ensure products get to the right place. This analysis will also help you identify new market opportunities and adjust your marketing efforts to be more efficient.

CONCLUSIONAN AND SUGGESTIONS

Conclusion

The importance of supply chain management for companies is to ensure that products and services are distributed efficiently to customers, deliver products on time to satisfy customers, and minimize costs incurred and be able to maximize operational time to be effective and efficient so that the mass flow of materials becomes more controlled and able to satisfy customers. All this so that companies can compete in an increasingly global business.

The role of supply chain management in improving the company's operational performance is as follows: 1) Helping to identify potential problems that may arise. 2) Cost optimization; 3) Efficiency and reduction of operational costs; 4) Improving the supply chain process through spatial awareness.

Suggestion

This document has limitations. Further research should use other research methods, such as quantitative research. And data collection methods are not only limited to library research but also field research. The company hopes to develop a balanced



organization and take full advantage of supply chain management to produce products and satisfy customers. Improve the research of other authors. And this article can be used as a reference for supply chain management materials.

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