

An analysis of supply chain management practices in MSMEs

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Abstract: *This study analyzes micro, small and medium enterprises (MSMEs) implementing supply chain management (SCM) practices between suppliers, manufacturers, distributors, and customers to encourage supply chain performance and good firm performance. This data collection was obtained from interviews and questionnaires conducted in parallel. The sampling technique used is purposive sampling, with 50 MSMEs – determination of the samples based on considering MSMEs that have implemented SCM practices. The analytical tool used is a path analysis model. The variables used in this study are aspects of SCM practices: customer relationship management, supplier relationship management, goal congruence, and information sharing. The results show that the dimensions of SCM practices partially positively influence firm performance and supply chain performance. Unfortunately, supply chain performance cannot mediate SCM practices on MSMEs performance. The supplier relationship management variable is considered to have the lowest value among other variables. Suggestions of this research that MSMEs can make are expected to work together with suppliers to improve product quality, such as evaluating product raw materials from suppliers, as well as routinely making continuous product improvements to maintain product quality owned by MSMEs.*

Keywords: *firm performance, SCM practices, supply chain performance*

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Analisis praktik manajemen rantai pasokan pada UMKM

Abstrak: Sasaran penelitian ini untuk mengetahui UMKM dalam implementasi proses praktik manajemen rantai pasok dengan antara para pemasok, para produsen, para distributor dan pelanggan untuk meningkatkan kinerja rantai pasok serta kinerja perusahaan. Pengambilan data penelitian ini menggunakan metode interview dan kuesioner. Teknik sampling yang digunakan menggunakan purposive sampling. Sampel yang digunakan berjumlah 50 UMKM, Penentuan jumlah sampel berdasarkan pertimbangan UMKM yang sudah menerapkan praktik SCM. Alat analisis yang digunakan adalah path analysis. Variabel yang digunakan dalam penelitian ini adalah aspek-aspek dari praktik manajemen rantai pasok customer relationship management, supplier relationship management, goal congruence, dan information sharing. Hasilnya menunjukkan bahwa dimensi praktik manajemen rantai pasok memiliki pengaruh positif secara parsial terhadap kinerja UMKM dan kinerja rantai pasok, namun disisi lain kinerja rantai pasok tidak mampu memediasi praktik manajemen rantai pasok terhadap kinerja UMKM itu sendiri. Variabel supplier relationship management dinilai memiliki nilai terendah diantara variabel lainnya, saran yang dapat dilakukan oleh UMKM diharapkan mampu bekerja sama dengan pemasok untuk meningkatkan kualitas produk, seperti tindakan evaluasi terhadap bahan baku produk dari pemasok, serta rutin dalam melakukan perbaikan produk secara terus menerus, agar dapat mempertahankan kualitas produk yang dimiliki UMKM.

Kata kunci: kinerja perusahaan, kinerja rantai pasok, praktik manajemen rantai pasok

INTRODUCTION

In recent decades, competition among individual companies has become evident in supply chain management (SCM). Competition in the industrial world is challenging for companies in their production activities. Therefore, companies must think creatively and be responsive to competitive strategies to provide goods or services of higher quality, cheaper products, and faster than competitors (Attia, 2015). These three aspects require the participation of all parties (stakeholders), from suppliers, companies, distribution companies, and customers. Therefore, the companies must focus on planning and operating internal activities and how the different capabilities, resources, and processes of all companies in a supply chain can be profitably integrated and coordinated (Kassaneh et al., 2021). Furthermore, the activities of these stakeholders must synergize with each other, so companies should carry out management engineering by applying the concept of SCM.

SCM practices integrate activities between suppliers, manufacturers, distributors, and customers to improve supply chain performance and firm performance (Gandhi et al., 2015). This study explains that there are four dimensions of SCM practice that have an impact on firm performance (FP) and supply chain performance (SCP), customer relationship management (CRM), supplier relationship management (SRM), goal congruence (GC), and information sharing (IS). Implementing these practices can affect the MSMEs performance and SCP. Based on previous research, good SCM practices will increase supply chain and firm performance. Effective SCP can reduce costs, delivery delays, and lead times and improve product quality. The firm performance reflects how it strives to achieve its goals and values (Gharakhani et al., 2012).

Implementing SCM to see SCP achieve good firm performance can be done within micro, small and medium enterprises (MSMEs). MSMEs are believed to have an important role in developing the community's economy. In addition to forming an independent person, it creates jobs and can contribute to the implementation process. The growth of the MSME industry is a productive business to be developed in increasing economic growth. Therefore, the supply chain and good performance can influence the growth of the MSME industry. A well-integrated and excellent integrated supply chain can meet consumer demand and become a competitive advantage for the company; the lower prices and quality offered can increase its competitive advantage compared to its competitors.

Central Java is a province with the most extensive small industrial development on Java Island, producing various types of goods managed directly by small and medium companies, commonly referred to as MSMEs. In recent years, MSMEs have experienced a decrease in performance. Each

MSMEs carries out a performance assessment with indicators that the local government has determined; the performance evaluation results are a percentage of cumulative results each year. The decrease in performance MSMEs performance can be seen in Table 1.

Table 1 explains a decrease in performance in MSMEs every year. The decrease in performance was caused by the poor implementation of SCM in the MSMEs. According to Gandhi et al. (2015), the less-than-optimal implementation of SCM practices is caused by several factors: the relationship between MSMEs and customers, suppliers, goal alignment, and information management between supply chain partners. Customer satisfaction is the primary orientation of CRM. If MSMEs do not routinely evaluate, measure, and manage customers well, it will cause customer satisfaction to decrease. Decreased customer satisfaction will cause a decrease in customer loyalty. Decreased satisfaction occurs because the product quality needs to follow what customers expect; it will reduce customer buying interest in the product. Companies must actively look for ways to improve products or services, so that customer satisfaction increases again. Suppliers are a macro factor in the supply chain, where suppliers are partners in providing raw materials according to customer needs. If MSMEs manage relationships with suppliers properly, then MSMEs will be able to produce high quality. Low product quality occurs due to a lack of evaluation or corrective action on product raw materials from suppliers. Failure to align goals with paying attention to each supply chain partner has agreed goals and responsibilities will also hamper the sustainability of MSMEs. Alignment of goals with supply chain partners can create an environment that encourages teamwork among supply chain members to achieve better coordination, reliability, and speed in SCM. However, better information management between supply chain partners can lead to a decreased collaboration of the supply chain elements. Good IS implementation can help decision-making to be effective.

Table 1. MSMEs Performance Evaluation Results

Year	Evaluation Results	Decrease rate
2013	75,8%	-
2014	72,4%	2,6%
2015	67,6%	3,4%
2016	69,7%	4,9%
2017	67,3%	4,3%
2018	66,7%	4,8%
2019	66,1%	4,7%
2020	64,9%	5,1%

Source: Secondary Data MSME Ceramic and Pottery Producers, Wedi District - Klaten

Most of the production activities in MSMEs have implemented SCM practices because the production flow requires cooperation between the parties concerned for mutual benefit and smooth production. Therefore, managing the implementation of SCM practices is very important because it can improve the supply chain's performance and MSMEs' performance. SCM will be successfully implemented if the close cross-functional relationship is continually optimized with key supply chain members. In addition, companies must also be more responsive to analyzing and identifying risks that come unexpectedly (Kaufmann et al., 2016).

CRM is one of the main things in an industry or company to encourage increased market share and productivity. In addition, employee morale can also increase customer satisfaction and loyalty. Customers will get precise information about what they need and what makes them feel more satisfying the customer (Hassan et al., 2015). The firms who implemented CRM also enhanced their performance, but those who managed supply chain capabilities enhanced their performance relatively better. The firm performance indicators are increased market share, Income growth, and profit maximization (Tahir & Rajput, 2019). Based on previous research, CRM is one of the main supply chain practice indicators to achieve the target market share and profit targets that have been set to improve firm performance (Indah, 2013).

SRM is a challenge, competition, and enterprise strategy to maintain the supply chain and market share. Some of the challenges faced are usually posed by buyer power, such as unfair relationships, pricing, and poor oversight, which can cause limited supplier development and growth, adversely affecting performance (Martadisastra, 2014). Based on previous research, this study aimed to determine the process's effectiveness between the company and its suppliers. This study found that 4 SRM keys, such as shared goals, trust, communication, and commitment, are essential components of successful supply chain management, especially this supplier relationship, to improve strategic performance (Kosgei & Gitau, 2016). In addition, the results of a study conducted by Paragony et al. (2020) show that SRM significantly influences supplier quality, and supplier quality significantly influences MSME performance.

Goal congruence in SCM is a process by which supply chain partners can understand their own goals (form) to fulfill by meeting supply chain objectives. It is considered a key element of a supply chain partnership. Based on research finding by Mukhsin (2017), goal congruence means how far the firm achieves common goals with its partners. Alignment of goals allows companies to be more open in exchanging information and other interactions to reduce distortions that hinder the effectiveness of cooperative relationships. In preparing business goals, companies can choose according to the characteristics of their respective organizations. The firm can select business objectives by defining the main business processes and the supporting business of the organization first so that performance can achieve together. Based on the research Yan & Dooley (2013), goal congruence can improve production quality at the distribution extremes to maintain stable performance.

Information is crucial for SCP because information becomes the basis for implementing supply chain processes and managers' decision-making. Ya'kob & Wan Jusoh (2016) involved similar companies by observing the supply chain activities of micro and small businesses in Sarawak, Malaysia. This research aims to achieve better performance among firms, especially in information sharing. The findings of this study reveal that information flow and program development have a significant and positive relationship with firm performance. Information sharing enables supply chain members to obtain, maintain, and convey the information needed to ensure effective decision-making and IS is a factor that can strengthen the collaboration of the elements so that the presence of IS can reduce industrial bottlenecks. Effective IS implementation can be seen in how companies exchange information about business planning and knowledge in business with supply chain partners. In addition, based on Lotfi et al. (2013), the study explains that information sharing brings changes to firm performance, such as inventory reduction and efficient inventory management, cost reduction, significant reduction of uncertainties, significant reduction or complete elimination of bullwhip effect, improved resource utilization, increased productivity, organizational efficiency, improved services, building and strengthening social bonds, early problem detection, quick response, the reduced cycle time from order to delivery, better tracing and tracking, earlier time to market, expanded network, and optimized capacity utilization.

According to Al-Shboul et al. (2017), flexible and efficient SCM practices can be said if the company can adapt to changes in its environment that occur, then maximizes supply chain integration such as cooperation, coordination, collaboration, and communication, and responsiveness for customer satisfaction. A good collaboration between the dimensions of SCM practice is the key to successful performance. Parameters on firm performance can be seen from net profit, return on assets, profit or investment, market share, sales growth, net profit growth, total production cycle time, cost savings, alternating inventory, productivity ratio, financial liquidity, and the overall competitive position of companies in the same industry. However, depending on the company, we can only see some of these parameters (Gandhi, 2016).

Performance measurement is the company's ability to create standards desired by customers by considering low production and maintenance costs, improving product quality, reducing work-in-process inventory, and decreasing material handling costs and delivery deadlines (Murtadlo & Hanan, 2018). The SCP parameters can be seen from the ability to fulfill orders, delivery performance, and conformity with quality standards that can affect the reliability value at the performance attribute level (Rakhman et al., 2018). In addition, order fulfillment cycles and order fulfillment lead times can affect the value of responsiveness. However, if this is done well, it will align with the firm performance.

Measuring and assessing SCP is needed to determine the current supply chain position relative to competitors against the goals to be achieved. In addition, it is helpful as a basis for determining the direction of continuous improvement. Companies need to monitor the performance of their supply chains to ensure that the entire SCM chain is in good condition. Based on Muhfiatun & Nugraha (2018), the supply chain can be maximized if there are mutually beneficial interactions and relationships between companies, suppliers, and customers so that the production and distribution process can be adequately completed both in terms of timeliness and quantity, adequate allocation, and minimized costs to encourage satisfaction for MSMEs customers. The proposed hypothesis in this research is as follows.
H1: CRM, SRM, GC, and IS significantly influence the firm performance.
H2: CRM, SRM, GC, and IS significantly influence supply chain performance.
H3: SCP can mediate the influence of CRM, SRM, GC, and IS on firm performance.

RESEARCH METHODS

The type of research used is quantitative research with descriptive analysis method. The data collection is a survey method, with target information such as the age of MSMEs, information on the implementation of SCM practices, and the monthly income obtained to determine the development of MSMEs performance. The criteria used in data collection are based on Law No. 20 of 2008 MSMEs which are used as job opportunities to earn a living, more commonly known as the informal sector.

Secondary data was obtained from the report of MSMEs. This data collection was obtained from interviews and questionnaires conducted in parallel. The population in this study is aimed at MSMEs totaling 76 MSMEs in certain areas in Klaten City, Indonesia. The sampling technique used is purposive sampling. The determination of the number of samples is based on the consideration of MSMEs that have implemented SCM practices to date; from these considerations, the sample in this study amounted to 50 samples, which were returned to questionnaires.

The research instrument used was a questionnaire using a Likert scale. According to Gandhi et al. (2015), Likert scale category for independent variables (CRM, SRM, GC, and IS), mediating variable (Supply chain performance), and dependent variable (Firm performance) with a scale score ranging from 1 to a score of 5.

The validity and reliability of the questionnaire were conducted on 30 respondents. All items on the questionnaire are valid and reliable. Because in the validity test with a significant value of 5%, all items have a significant value below 5%, and in the reliability test, each variable has a Cronbach's Alpha value > 0.700 .

The data analysis technique in this study uses a path analysis tool (path analysis). The regression model must first be tested with the F test when performing multiple regression analyses. The degree of confidence used by the F test is 5%. The results of the SPSS F test output can be seen in the ANOVA table. The path diagram model for the CRM, SRM, GC, IS, firm performance and supply chain performance variables in this study are presented in Figure 1.

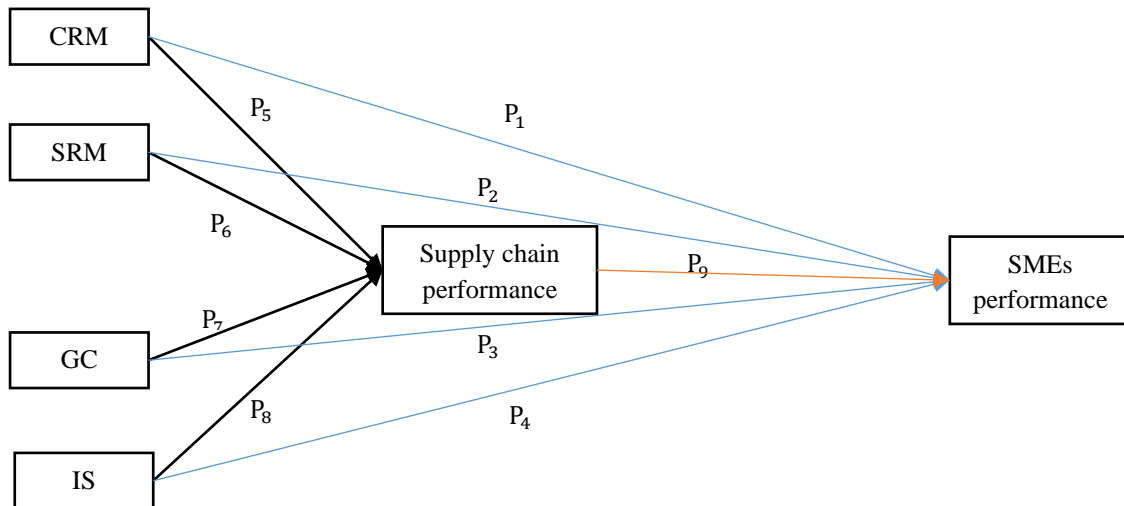


Figure 1. Theoretical framework
Source: Elaborated from many sources

The indicators used in this research for CRM variable are 1) Evaluation of customer complaints; 2) Customer satisfaction; 3) Responsive to customer needs; 4) Focus on customers; 5) Actively looking for ways for customer satisfaction. SRM variables are reliable suppliers, product/raw material quality cooperation, and supplier assessment system. Indicators for GC variables are involvement in standardizing SCM practices, knowing roles and responsibilities cooperatively, and knowing the activities of both parties in SCM. Indicators for IS variables are the exchange of information in business planning, information sharing about the ownership of the business unit of both parties, and information sharing about knowledge in business. Indicators for performance are 1) return on capital/assets; 2) Income level; 3) Profit rate; 4) Forecasting and accuracy of raw material planning; 5) Product delivery on time; 6) Reliability and consistency in delivery; 7) Proper supply chain knowledge and control; 8) Customer response speed; 9) Inventory management capability.

The hypothesis test used was the regression coefficient test with the T-test and the Sobel test on path analysis. Testing with the regression coefficient test with the independent variable T-test partially on the SPSS output can be seen in the coefficients table in the Sig column. The Sobel test can test the mediation hypothesis on path analysis. The Sobel test was conducted to determine the effect of the mediating variable, namely supply chain performance. The formula for the indirect effect with the Sobel test is as follows.

$$S_{ab} = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}$$

$$t = \frac{ab}{S_{ab}}$$

The indirect effect of dimensions on SCM practices on firm performance through supply chain performance with t_{count} statistics. The value of t_{count} is compared to the value of t_{table} , t_{count} is greater than t_{table} , then there can be a mediating effect.

RESULT AND DISCUSSION

Effect of dimensions SCM practices on firm performance

The regression coefficient with the t-test in Table 2 shows that CRM has a positive effect on the performance of MSMEs, with a significance value of 0.007; the better CRM is applied, such as evaluating complaints, measuring customer satisfaction, responsiveness, focus, and always looking for

ways to maintain customer satisfaction, will improve the firm performance both in terms of profits, income and the rate of return on assets in the company.

The regression coefficient with the t-test from the results of the regression analysis in Table 2 shows that SRM has a positive effect on firm performance in MSMEs with a significance value of 0.001, meaning that if the implementation of SRM in MSMEs is getting better, then their performance will be higher. Furthermore, it means that the better cooperation with suppliers in improving product quality and having a comprehensive assessment system for suppliers and reliable suppliers, the higher the firm performance in terms of company profits, company income, and the rate of return on assets to the company.

In Table 2, it can be explained that GC has a positive effect on firm performance in MSMEs, with a significance value of 0.011, meaning that if the implementation of GC in MSMEs is getting better, then their performance will be higher. It is proven that if the agreement on goals, knowing each other's roles and responsibilities cooperatively in SCM between supply chain partners, and involvement in standardization in SCM practices is getting better, it will lead to higher firm performance both in terms of company profits, company income and the rate of return on assets to the company.

From the results of the regression analysis in Table 2, IS has a positive effect on the performance of MSMEs companies, with a significance value of 0.000, meaning that if the implementation of IS in MSMEs is getting better, then their performance will be higher. Furthermore, it means that the better the management of information about business planning and knowledge in business, the higher the firm performance in terms of company profits, company income, and the rate of return on assets.

Table 2. Hypothesis testing of CRM, SRM, GC, and IS variables on firm performance

Variable	T _{count}	Sign. results	
CRM (X ₁)	2.798	.007	Significant
SRM (X ₂)	1.851	.001	Significant
GC (X ₃)	2.652	.011	Significant
IS (X ₄)	3.322	.000	Significant
Dependent variable: Firm performance (Y)			
F count:	6,118		
Sig. F:	0,001		
Adjusted R ² :	0,574		

Source: The results of SPSS data processing by the author

The regression analysis results in Table 2, the significance value of F is $0.001 < 0.05$. This shows that the multiple regression model is feasible for measuring/predicting the effect of CRM, SRM, GC, and IS variables on MSMEs firm performance. The coefficient of determination (adjusted R²) with the F test in Table 2 shows that CRM, SRM, GC, and IS on firm performance is 0.574. It means that the firm performance can be explained by 57.4% by CRM, SRM, GC, and IS. Then the remaining 42.6% is explained by other variables not included in the research. The results of this study are supported by previous research conducted, which states that good implementation of SRM, CRM, GC, and IS has a positive effect on firm performance (Gandhi et al., 2015).

Effect of dimensions SCM practices on supply chain performance

The results of the study in Table 3 show that CRM has a positive effect on supply chain performance in MSMEs, with a significance value of 0.003, meaning that if the implementation of CRM in MSMEs is getting better, the supply chain performance will be higher. This means that the better CRM implemented by MSMEs in evaluating customer complaints and measuring customer satisfaction, responsiveness, focusing on customers, and always looking for ways to maintain customer satisfaction will lead to high supply chain performance, reducing product costs and waiting times. And delays in delivery to customers.

Table 3 shows that SRM has a positive effect on supply chain performance in MSMEs, with a significance value of 0.019, meaning that if the implementation of SRM in MSMEs is getting better, the supply chain performance will be higher. This means that better cooperation with suppliers in improving

product quality and having a comprehensive assessment system for suppliers and reliable suppliers will lead to higher supply chain performance, reduce raw material costs, reduce delays in the delivery of raw materials, and improve quality.

Table 3 shows that GC has a positive effect on supply chain performance at MSMEs, with a significance value of 0.025, meaning that if the implementation of GC in MSMEs is getting better, the supply chain performance will be higher. Furthermore, it is proven that if the agreement on goals, knowing each other's roles and responsibilities cooperatively in SCM between supply chain partners, and involvement in standardization in SCM practices is getting better, it will lead to higher supply chain performance to achieve better coordination, reliability, and speed.

In table 3, it is explained that IS has a positive effect on supply chain performance in MSMEs with a significance value of 0.015, meaning that if IS implementation is better for MSMEs, the supply chain performance will be higher. This means that if the MSMEs are better at managing the smooth flow of information about business planning and knowledge, it will lead to higher supply chain performance and increase collaboration between supply chain elements.

Table 3. Hypothesis testing of CRM, SRM, GC and IS variables on supply chain performance.

Variable	T _{count}	Sign. results	
CRM (X ₁)	2.629	.003	Significant
SRM (X ₂)	2.012	.019	Significant
GC (X ₃)	2.324	.025	Significant
IS (X ₄)	2.533	.015	Significant
Dependent variable: Supply chain performance (Z)			
F count:	3,240		
Sig. F:	0,020		
Adjusted R ² :	0,470		

Source: The results of SPSS data processing by the author

The regression analysis results in Table 3 show that the significance value of F is $0.020 < 0.05$. This shows that the multiple regression model is feasible for measuring/predicting the effect of CRM, SRM, GC, and IS variables on supply chain performance in MSMEs. The coefficient of determination (adjusted R²) with the F test in Table 3 shows that CRM, SRM, GC, and IS on firm performance is 0.470. This means that the firm performance can be explained of 47% by CRM, SRM, GC, and IS, and the remaining 53% is explained by other variables that are not included in the research variables. The results of this study are supported by previous research, which states that CRM, SRM, GC, and IS positively affect supply chain performance (Gandhi et al., 2015).

Supply chain performance ability to mediate the effect of dimensions SCM practices on firm performance

Based on the hypothesis testing using the Sobel test, the significance of the indirect effect of the CRM variable on the firm performance variables through the supply chain performance variable, with a t-count value of 1.04, is smaller than the t-table value of 2.016 with a significance level of 0.05. So, it can be concluded that the supply chain performance variable cannot function as a mediator, meaning that CRM has no mediating effect on firm performance. Therefore, supply chain performance cannot mediate the relationship between CRM and firm performance at MSMEs. These results show that CRM in MSMEs will directly affect the firm performance without improving supply chain performance first. This means that supply chain performance is not a mediator but only an independent variable that directly affects the firm performance. Thus, CRM can be done before the success of supply chain performance, but CRM will directly affect how the rate of return on assets, the level of income, and the level of profit will be higher. If MSMEs have low or high supply chain performance, their performance will be higher if they already know and apply good CRM.

The Sobel test is calculated by testing the indirect effect of the SRM variable on firm performance through supply chain performance. The test results explained that the t-count value of 0.053 is smaller than the t-table value of 2.016 with a significance level of 0.05. Therefore, it is concluded that the supply

chain performance variable cannot function as a mediator. Therefore, there is no mediating effect between SRM on SMEs firm performance. These results show that SRM in MSMEs will directly affect the firm performance without improving supply chain performance first. This means that supply chain performance is not a mediator but only an independent variable that directly affects the firm performance. Thus, SRM can be done before the success of supply chain performance, but SRM will directly affect how the rate of return on assets, income, and profit levels become higher. If MSMEs have low or high supply chain performance, their performance will be higher if they already have the knowledge and apply good SRM.

The Sobel test calculation is carried out to test the significance of the indirect effect on the GC variable of firm performance through supply chain performance. These results indicate that the t-count value of 1.22 is smaller than the t-table value of 2.016 with a significance level of 0.05. It is concluded that the supply chain performance variable cannot function as a mediator. There is no mediating effect between GC on firm performance. Thus, supply chain performance cannot mediate the effect of GC on firm performance in MSMEs. These results show that goal congruence in MSMEs will directly affect the firm performance without improving supply chain performance first. This means that supply chain performance is not a mediator but only an independent variable that directly affects the firm performance. Thus, goal congruence can be done before the success of supply chain performance, but GC will directly affect how the rate of return on assets, income, and profit levels become higher. Therefore, if MSMEs have low or high supply chain performance, their performance will be higher if they already have the knowledge and apply good goal congruence.

The results of the Sobel Test on the indirect effect of the IS variable on firm performance through supply chain performance resulted in a t-count value of 0.98, which was smaller than the t-table value of 2.016 with a significance level of 0.05. Therefore, the supply chain performance variable cannot function as a mediator. Thus, supply chain performance cannot mediate the influence of IS on firm performance in MSMEs. These results can be stated that IS in MSMEs will directly affect the firm performance without improving supply chain performance first. This means that supply chain performance is not a mediator but only an independent variable that directly affects the firm performance. Thus, IS can be done before the success of supply chain performance but IS will directly affect how the rate of return on assets, income, and profit levels become higher. If MSMEs have low or high supply chain performance, their performance will be higher if they already know and apply good IS.

Unfortunately, the results of this study are not supported by previous research (Gandhi et al., 2015), which states that supply chain performance can mediate the influence of SRM, CRM, GC, and IS on firm performance. The results are different because the possible research object, condition, and time are different from previous research.

Table 4. Path analysis with Sobel test

Variable	T _{count}	T _{table}	Sign.	
Df = 45				
CRM → SCP → FP	1,04	2,016	.05	SCP cannot be a mediator
SRM → SCP → FP	0,053	2,016	.05	SCP cannot be a mediator
GC → SCP → FP	1,22	2,016	.05	SCP cannot be a mediator
IS → SCP → FP	0,98		.05	SCP cannot be a mediator
Mediating Variable: Supply chain performance (SCP)				
Dependent Variable: Firm performance (FP_				

Source: The results of the Sobel Test by author

CONCLUSION AND SUGGESTION

Based on the results of research and discussion, CRM, SRM, GC, and IS partially positively affect firm performance and supply chain performance. This proves that the independent variable strongly influences the firm performance in MSMEs. On the other hand, the results of the path analysis show

that supply chain performance variables cannot mediate the influence of CRM, SRM, GC, and IS on firm performance variables. Therefore, it can be said that such SCM practices will directly affect the firm performance in MSMEs without improving supply chain performance first. This is because supply chain performance is not a mediator but only an independent variable that directly affects the firm performance. In addition, based on the results of the study, goal congruence between partners and consumers is the variable that most influences the firm performance in the MSMEs, with an average respondent of 4.06. Based on the results of this study, it is hoped that it can be a reference for MSMEs in identifying how the problems in SCM practices and improve firm performance in MSMEs, especially in the operational field, by considering the dimensions of SCM practices such as CRM, SRM, GC and IS.

This research has limitations. Because the data of this study were obtained from interviews and questionnaires, the researcher can justify the information from informants because researchers can directly assess informants in managing supply chain management practices in MSMEs. However, interviews are only conducted once with each MSMEs manager. Therefore, the information obtained is still limited and needs to be elaborated again for future research.

The SRM variable is considered to have the lowest value among other variables. So that MSMEs are expected to work together better in implementing SRM (managing relationships with suppliers), such as working with suppliers to improve product quality, for example, evaluating or taking corrective action on the product's raw material from the supplier. In addition, they are continuously making product improvements to improve and maintain the quality of products owned by MSMEs to improve firm performance in MSMEs. These results can be a reference for further research related to SCM practices, especially regarding supply chain performance. Further research can develop this research by researching larger businesses, such as the manufacturing industry/other MSMEs that have implemented SCM practices to add broader knowledge.

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APPENDIX

List of Questions Indicator

1. Evaluation of customer complaints
2. Evaluate and measure customer satisfaction
3. Responsive in anticipating and responding to customer needs
4. Focus on customers
5. Actively looking for ways for customer satisfaction
6. Reliable supplier.
7. Cooperate in product/raw material quality
8. Have a supplier assessment system
9. Goal agreement in SCM
10. Involvement in standardizing SCM practices
11. Knowing roles and responsibilities cooperatively
12. Knowing the activities of both parties in SCM
13. Exchange of information in business planning
14. Information sharing about the ownership of the business unit of both parties.
15. Information sharing about knowledge in business
16. Return on capital/assets
17. Income level
18. Profit rate
19. Forecasting and accuracy of raw material planning
20. Product delivery on time
21. Reliability and consistency in delivery
22. Proper supply chain knowledge and control
23. Customer response speed
24. Inventory management capability