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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Improving Supply Chain Performance with Strategic Communications and Alliances**Lutfi Alhazami¹**¹ Universitas Media Nusantara Citra
Jl. Panjang, Kedoya, Jakarta, Indonesia.***Email:** Lutfi_alhazami@mncu.ac.id**ABSTRACT**

The purpose of this research is to see the effect of business communication and alliance strategy on improving supply chain management performance.. The supply chain at PT Aurora Cianjur does not have good performance so that with an increase in communication and alliance strategies it can improve supply chain performance. With the help of other companies in producing products at PT. Aurora World Cianjur, companies need to establish good communication. Communication is important in the success of cooperation. Strategic alliances have an impact on the quality of cooperation in the supply chain. This study uses a quantitative method with multiple linear regression calculations. The number of respondents used was 205 as a sample of supplier companies in Cianjur city. The results of this study indicate that there is an influence of business communication and alliance strategy on supply chain management performance.

Keywords: Business Communication, Alliance Strategies, Supply Chain Management Performance.

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INTRODUCTION

Competition in business today is getting tougher. Many companies need to make the flow of products and information faster. With the development of technology in the 4.0 era, there have been many new models of product and information flow, especially in the supply chain. Supply Chain Management (SCM) is an improvement over traditional logistics management that combines partners who have contributed to the flow of products and information (Juzer & Darma, 2019) According to (Heizer & Render, 2009) the effectiveness of supply chain management can make distributors as partners which assists the company in meeting dynamic and ever-changing market demands. The success of the supply chain cannot be separated from the strategy of distributors who are made strategic partners by the company.

In the era of the industrial revolution 4.0, companies that have utilized modern technology can be better at implementing SCM. Companies have been able to identify valuable customers through their online research, then meet their needs starting from delivery to after-purchase service. Companies that are able to offer special and specific services to each of their customers can make consumers more loyal, so that the company's business survival is longer and can improve supply chain performance (Ramadheena et al., 2020) .

Strong relationships and cooperation between various lines in the supply chain make the concept of supply chain management broader (Svensson, 2002) . Inter-company cooperation is one of the keys to increasing the value of a company in its business strategy and building trust in its partners. But the problem that occurs is how to maintain the cooperation that exists so that the relationship remains of high quality. The longer the company becomes research material for and the center of attention in analyzing how companies improve the continuity of cooperation with partners in the supply chain.

In previous research, the priority in building a business is to establish communication, by exchanging information and ideas that will support a company's supply chain strategy and performance (Suwandi et al., 2020) . Communication is the basic thing that humans do in sharing information every day, influencing each other and being influenced personally and in groups (Kushwaha, 2011) . Communication is also an important part of supply chain performance (Castorena & Enríquez, 2014; Kushwaha, 2011; Wardani et al., 2020) . The main element in establishing good relations and cooperation between companies is communication. This is because communication is seen as a way out in reducing conflicts resulting from misunderstandings between members in the supply chain. Based on this, good communication should be one of the many factors that affect the company's supply chain performance.

Alliance (cooperation) strategies between suppliers are important in improving supply chain performance ((Indradewa & Tjakraatmadja, 2016)). (Ghzaïel & Akrou, 2012) states that sellers assume the personality and behavior of customers is important to improve supply chain performance.

PT Aurora World Cianjur is a company that is in the manufacturing category by producing the best dolls in the world. This company has been established since 2011. The company is located on Jalan Raya Bandung - Cianjur, Kampung Garduh, RT. 02/RW. 01, Selajambe Village, Sukaluyu District, Cianjur Regency, Cianjur, West Java, is famous for its variety and product design, which was created because of the support from partners who

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supply the company's needs. However, there are still limitations in raw materials so that the company as a manufacturer makes requirements for local suppliers where goods purchased cannot be returned, while the suppliers themselves must continue to serve the return of goods from consumers so they can compete.

Problems arise at PT. Aurora with suppliers is the frequent delays in terms of delivery due to many access roads being closed due to the Pandemic Covid 19 regulations and indeed there are violations that indicate partnerships that do not work according to the expectations of partners and companies. Table 1 shows that the large number of violations that occurred during the Covid 19 pandemic.

Table 1. Partner Violation Data Report PT. Arora World Cianjur Year 2018-2022

| No | Year | Number of Violations |
|----|------|----------------------|
| 1 | 2018 | 7 |
| 2 | 2019 | 18 |
| 3 | 2020 | 25 |
| 4 | 2021 | 32 |
| 5 | 2022 | 16 |

Source: Data processed by researchers (2022)

Based on the violation reports in table 1, the number of violations has continued to increase since 2018-2022. The increasing number of violations committed has hampered production. Delays arise due to violations that create a bottle neck that makes the applied supply chain performance not optimal because the supply chain flow from upstream to downstream takes longer. Other problems also arise because of the conflict between PT. Aurora World with partners. This conflict arises because of a discrepancy between the information provided by partners so that there is an imbalance in production. Other violations such as delays in delivery by suppliers and distributors of replacement of defective products that take too long to arrive at the payment deadline are not timely. These problems result in the quality of cooperation between producers, suppliers and other partners becoming less qualified, thereby hampering supply chain performance.

In previous research, many have examined the factors that affect supply chain performance but only seen from different variables, as was done by (Kusmantini et al., 2020) who used information sharing variables to influence supply chain performance. Previous research on communication looked at how communication and business influence an organization (Wardani et al., 2020) . In the strategic alliance variable, not much has been researched in the supply chain so that it becomes an interesting thing to study. Previous research that is still related to strategic alliances is (Lee, 2021) whose research was conducted in China. This research is expected to help companies to improve communication and cooperation so that supply chain performance can be optimal. As a result, companies can contribute well to the country by exporting their products abroad and employing local people.

METHOD

This research method is quantitative. This research consists of 2 independent variables and 1 dependent variable. Business communication and strategic alliance variables become

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independent variables and supply chain performance variables become dependent variables. The type of data used in this study is primary data by distributing questionnaires to all suppliers of PT. Aurora World Cianjur as many as 205 suppliers taken by random sampling technique. Validity test is assessed from the corrected item total correlation which is greater than the r table. While the reliability test with Cronbach Alfa. Data were analyzed using multiple linear regression analysis with the fulfillment of classical assumptions. In this study the researchers used the indicators to be used, namely Business Communication Variables which were measured from several indicators (there were 6 indicators), namely having goals, exchange, ideas, using personal channels, using signals or symbols, achieving organizational goals (Kalogiannidis & Contest, 2021) . The alliance strategy variables that are measured are indicators of technology, manufacturing, and marketing (Kinderis & Jucevicius, 2013) while the supply chain management performance variables that are measured are indicators of product quality, responsiveness and efficient performance, (Simchi-Levi et al., 2009) . All variables were measured by a questionnaire using 4 Likert scales.

RESULT AND DISCUSSION

Before leading to regression analysis, researchers have tested the construct of the instrument by testing the validity and reliability. To measure the validity of a questionnaire/questionnaire in this study, a validity test was carried out on each of the variables studied. The questionnaire is considered valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire (Ghozali, 2013) . The results of the validity test calculation can be seen in table 2 below:

Table 2. Validity Test Results

| Variable | Indicator | R Count | R Table | validity |
|--|-------------------------------------|---------------|--------------|----------------|
| Business communication (Kalogiannidis & Kontsas, 2021) | Have goals | 1672 | 1652 | Valid |
| | Exchange | 1,773 | 1652 | Valid |
| | Idea | 1831 | 1652 | Valid |
| | Using personal channels | 1,757 | 1652 | Valid |
| | Using signals or symbols | 1,727 | 1652 | Valid |
| Alliance Strategy (Kinderis & Jucevicius, 2013) | Achievement of organizational goals | 1,706 | 1652 | Valid |
| | Technology | 1,665 | 1652 | Valid |
| | Manufacturing marketing | 1,798 1692 | 1652 1652 | Valid Valid |
| Supply Chain Management Performance (Simchi-Levi et al., 2009) | Product quality | 1,749 | 1652 | Valid |
| | responsive | 1835 | 1652 | Valid |
| | Performance efficiency | 1,703 | 1652 | Valid |

Source: Processed data (2023)

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Testing the reliability test phase serves to determine the level of consistency of the questionnaire answers, with the hope of providing the accuracy of a measuring instrument. Cronbach's Alpha test will be used in testing this stage. The instrument can be said to be reliable if the Cronbach's Alpha value is > 0.6 . In testing the normality of the data using the Kolmogorov-Smirnov, all data is normally distributed which is emphasized with the Kolmogorov-Smirnov value above 5%. Furthermore, the multicollinearity testing stage shows that the tolerance value of the variable is not fixed in this study has a value greater than 0.10, namely 0.919, while the VIF value is less than 10, namely 1.088. The conclusion obtained in the following test is that there are no symptoms of multicollinearity between each independent variable in the regression model. The heteroscedasticity test (Glejser test) shows that the Communication Business and Alliance Strategies variables in the study have a significance value greater than the α value (0.05), namely 0.717 for Communication Business and 0.274 for Alliance Strategies. In conclusion, the linear regression equation is free from heteroscedasticity.

Table 3. Multiple Regression Test Results

| Independent variable | Regression Coefficient | t-count | Sig-t (p-value) |
|------------------------|------------------------|---------|-----------------|
| Constanta | 2,352 | 3,467 | 0.001 |
| Communication Business | 0.089 | 1.575 | 0.018 |
| Alliance Strategies | 0.145 | 3,806 | 0.000 |
| F Count | 11,088 | | |
| Sig-F | 0.000 | | |
| R ² | 0.185 | | |
| Adj R ² | 0.168 | | |

Source: Processed data (2023)

Based on the table above, it shows that the coefficient β is a form of a regression equation which can be produced as follows:

$$\hat{Y} = 2.352 + 0.089X_1 + 0.145X_2 + e$$

The Business Communication variable obtained a p-value (0.018). Because the sig t value (0.018) < 0.05 , it can be concluded that H_a is accepted, which means that Business Communication has a significant effect on Supply Chain Management Performance. The Alliance Strategies variable obtained a p-value (0.000). Because the sig t value (0.000) < 0.05 , it can be concluded that H_a is accepted, which means that Alliance Strategies has a significant effect on Supply Chain Performance.

It is known that in simultaneous testing the p-value is 0.000. At a significance level of 5%, it can be seen that the result is significant because the p-value (0.000) < 0.05 so that H_0 is rejected which can be concluded that there is an influence from the Business Communication variable (X_1), and Alliance Strategies simultaneously on Supply Performance Chain Management (Y). From the table above (Adjusted R²) of 0.168, it can be interpreted that 16.8 percent of the variables Business Communication (X_1) and Alliance

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Strategies (X2) can explain Supply Chain Management (Y) performance. While the remaining 83.2 percent is explained by other variables not included in the research model.

DISCUSSION

Effect of Business Communication on Supply Chain Management Performance.

Communication in business is the glue that holds together supply chain distribution channels (Taiwo et al., 2022). Without effective communication, transactions between suppliers and companies will not be possible to last long. Besides being needed to complete inter-company transactions, communication can also reduce or eliminate uncertainty and ambiguity in relation to the performance of supply chain management. (Simchi-Levi et al., 2009) defines that communication in business is a set of tools, both in the form of hardware and software that are used to determine the existence of these communications to make the best decisions for supply chain performance. (Ramadheena et al., 2020) revealed that the implementation of supply chain performance cannot be separated from the development of communication in business. The better communication in business, the supply chain performance will improve. In line with the results of the study also that the communication improvement carried out by PT. Aurora World Cianjur will improve Supply Chain Management Performance.

The Effect of Alliance Strategies on Supply Chain Management Performance

The company's alliance strategy is the ever-changing market demands that suppliers (suppliers) really need as partners which are the key for effective supply chain managers (Lee, 2021). Seeing the importance of the quality of supplier and company alliances in realizing supply chain management performance. This means that the better the alliance strategy between suppliers and companies, the better the supply chain management performance of suppliers and companies. Based on the results obtained, it is in line with previous research that Alliance Strategies has an effect on Supply Chain Management Performance.

IMPLICATIONS

Based on the results and discussion in this study, the implications of the two variables examined in this study can have an impact on organizational performance. Companies can improve communication with partners so that problems such as conflicts can be avoided because communication will reduce conflicts that occur between companies and partners. The alliance strategy makes the company stronger and more trusted because a strong alliance will be able to meet changing customer demands.

CONCLUSION

This study concludes that business communication in the supply chain is very important in improving supply chain performance. When a company is able to communicate well with partners, supply chain optimization will be created. The addition of the alliance strategy makes existing commitments with partners make cooperation with partners more extensive and can trust each other. Supported by the results of this study which show that these two variables can affect supply chain performance. Researchers suggest to the company to improve commitment with partners and reduce existing problems, especially related to

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information and payments in alliances. In future studies, research will add other variables such as organizational culture that have not been added to this study.

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