

The Effect of Supply Chain Management, Competitive Advantage, and Good Corporate Governance Principles on Manufacturing Company Performance in South Sumatra

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Abstract

This study has a look at pursuits to determine the effect of Supply Chain, Competitive Advantage and Good Corporate Governance (GCG) Principles on Manufacturing Company Performance in South Sumatra. To check the speculation used Partial Least Square analysis. This check analyzes the effect of SCM variables, aggressive advantage, and financial overall performance. The consequences of the have a look at have been described statistically that deliver chain has a nice and now not extensive effect at the overall performance, aggressive benefit has a extremely good and brilliant impact on the performance, and the standards of Good Cooperate Governance have a terrific and huge effect on the performance of producing companies in South Sumatera.

I. INTRODUCTION

Today's enterprise opposition is experiencing unsure and increasingly aggressive adjustments. Increasing competition motives groups to try to continuously enhance the fee of products or services for customers whilst growing profits for the business enterprise. One control approach is Activity-based Management (ABM), that's the manner of organizing business enterprise activities to decorate the charge of products or services for customers that allows you to growth profits for the corporation (Vlocher, Chen, Cokins and Lin, 2007. ABM organizes sports with the useful resource of comparing the chain its cost (charge chain), every internal and outdoor Value chain assessment will type out activities that upload charge and which do not add charge.

The outside price chain (cost chain) in production companies is associated with uncooked fabric providers and vendors who marketplace the

enterprise's merchandise. To be capable of increase aggressive benefit organizations need to be able to have a look at every hobby that provides rate (price delivered) and which does no longer add fee (non value added) in the rate chain regarding the procurement of raw substances and marketing of its products.

One of the fee chain strategies that businesses can put in force to decorate competitiveness (competitive advantage) is to implement Supply Chain Management (SCM). According to (Christopher, 1998) Supply chain control is a community of organizations that include upstream and downstream relationships in remarkable strategies and sports that provide value in the shape of services and products to clients. By imposing Supply chain control, it is able to streamline the combination of providers, manufactures, warehouses, and garage, in order that items are produced and allotted inside the proper amount, the

right area, the proper time to lower fees and offer provider pride to clients.

Alexis Uwamahoro's research (2018) suggests that Integrated Supply Chain (SCI) has a dating with the employer's operations and overall performance. The consequences show that the combination of the price chain between groups and customers is stronger in improving employer universal overall performance than with providers. Furthermore Koh, Demirbag, Bayraktar, Tatoglu, and Zaim (2007) tested the connection amongst Supply Chain Management (SCM) practices, operational overall performance and Supply Chain (SCM) relationships to organizational overall performance with specific emphasis on small and medium scale agencies. The consequences of his research show Supply Chain Management (SCM) are grouped into , especially outsourcing with muti suppliers (OMS), and strategic collaboration with analyzing practices (SCLP) have a direct amazing relationship and a good sized affect on operational overall performance. In contrast, every (OMMS and SCLP) do now not without delay have an effect on the connection of Supply Chain (SCM) and organizational average overall performance.

Research through Regina Suharto and Devie (2013) succeeded in proving a great courting among Supply Chain Management to competitive benefit, Supply Chain Management to organization performance, and Competitive Advantage to Company Performance. This research have become carried out with a questionnaire survey of managers within the town of Surabaya. Lida Rahmasari (2011) research consequences on organizations in Central Java moreover show that deliver chain management (SCM) has a large have an impact on on performance and aggressive advantage. Furthermore, this studies will add an unbiased variable Principles of Good Corporate Governance as an unbiased variable that affects agency performance. Because numerous studies have additionally demonstrated that Good Corporate Governance has a massive affect on organisation

normal overall performance, together with research by Vincentius Randy and Juniarti (2013) whose consequences imply that Good Corporate Governance has a huge have an effect on and outstanding organisation rate.

II. RESEARCH CAPABILITIES

In accordance with what has been explained within the background, this observe will test:

1. Effect of Supply chain control on agency performance
2. The effect of competitive benefit on agency typical performance.
3. The effect of the thoughts of proper organization governance on organization standard performance.

III. SUPPLY CHAIN MANAGEMENT

Supply Chain Management as a time period for deliver chain control and purchasers, which incorporates all stages of processing from purchasing raw substances to the distribution of completed goods to forestall customers. Supply Chain Management is the mixture of material and provider procurement sports activities, conversion into semi-completed items and final merchandise, and transport to customers. The aim is to construct a sequence providers that target maximizing fee for clients. The key to effective supply chain control is to make suppliers a "partner" inside the agency's approach to satisfy an ever-changing market. Heizer and Render (2009).

Supply Chain Management is the combination of business strategies amongst networks which can be interconnected with suppliers, manufacturers, distribution facilities and shops to increase the float of products, services, and information from providers to quit clients, with the goal of reducing the price of the complete gadget and staying maintain issuer tiers. Li, Suhong et al ., (2006). Supply Chain Management is an interest of processing uncooked substances into approach items

or semi-finished items and finished goods then sending the product to clients thru a distribution device. This hobby consists of the buying characteristic associated with providers and vendors, Heizer and Render (2004) in Pambudi (2016).

Competitive Advantage

Competitive advantage is competitive gain is the ability of a business enterprise to gain economic blessings over the earnings that may be performed by competitors in the marketplace within the same enterprise (Rahmasari L, 2011). Competitive approach is supposed to keep the level of profits and lasting position while managing opposition. Competitive benefit develops from the fee that groups can create for customers or buyers.

The signs and symptoms used to degree a organisation's aggressive benefit are indicators which are moreover utilized by Suharto R and Devie (2013) that degree a employer's competitive advantage the use of signs and symptoms; fee, high-quality, transport dependability, product innovation, and time to market.

Good Cooperate Governance

Good Corporate Governance (GCG) is a concept that should be applied by means of each agency because of the fact GCG has a gadget that directs and controls all of the enterprise's business sports activities and does not have a single definition. In desired, the time period Good Corporate Governance (GCG) is a gadget of company manipulate and law which may be visible from the mechanism of family contributors among various events that manage the employer and in terms of the values contained within the manage mechanism itself. The BPKP GCG Team defines GCG in phrases of soft definition that is straightforward to digest, even normal humans, specially: "Commitment, rules of the sport, and the practice of venture enterprise in a wholesome and moral manner".

Theoretically, the software of GCG can increase the price of the organization, because by way of making use of top GCG can lessen the risk that can be accomplished by means of the board with alternatives that advantage themselves, and commonly business enterprise governance can boom the quantity of investor self guarantee (Newell and Wilson 2002 in Juniarti) and US Agnes, 2007). The prolonged level of take delivery of as real with is because of the high-quality implementation of GCG it really is considered able to presenting powerful safety to buyers in getting better their investments well (Tjager et al 2003).

Every company ought to make certain that GCG standards are completed in every issue of the organisation and in all ranges of the organisation. According to the General Guidelines for Good Corporate Governance (2006) in Indonesia, there are five (five) GCG thoughts, specifically:

1. Transparency

To maintain objectivity in accomplishing commercial employer, agencies need to provide fabric and applicable facts in a manner this is effortlessly accessible and understood through the usage of stakeholders. The employer need to take the initiative to reveal not nice the troubles which are required by using regulation, however moreover the matters that are important for choice making through shareholders, lenders and other stakeholders.

2. Accountability

The company ought to be able to account for its overall performance transparently and pretty. For this cause, the employer should be managed nicely, measured and according with the pastimes of the corporation on the same time as taking into consideration the pursuits of shareholders and different stakeholders. Accountability is a prerequisite had to reap sustainable overall performance.

Three. Responsibility

Companies should comply with laws and regulations and perform obligations to the community and the surroundings so that industrial organization sustainability can be maintained within the long time and be recognized as a incredible agency citizen.

4. Independency

To expedite the implementation of GCG, organizations have to be managed independently just so each agency organ does no longer dominate every other and can not be intervened thru other events.

Five. Fairness and Equality (Fairness)

In wearing out its activities, the corporation must constantly take note of the pursuits of shareholders and one of a kind stakeholders based totally on the principle of equity and equality.

The 5 ideas of GCG are essential for reaching commercial enterprise sustainability by the usage of considering stakeholders as stakeholders.

Financial overall performance

Performance is a picture of the extent of adjustment of the implementation of an activity in understanding the dreams, dreams, assignment and vision of the business enterprise as outlined in the strategic planning of an agency (Manalu, 2010). Company ordinary performance may be seen from profitability, pass again on funding (ROI), fundamental success of the corporation, growth, innovation, rate of go back on property (ROA / ROE (Drnison, et al, 1995). Profitability is meant to determine the business agency's capacity to generate profits and to discover how a long way the organisation is controlled efficiently, managers' perceptions of the organization's profitability can be a measure of proper standard performance (Dawes, 2000)

Prior Research

Research thru Regina Suharto and Devie (2013) which examines the massive influence among Supply Chain Management on aggressive advantage and business business enterprise overall overall performance. Supply Chain Management variables are measured from several signs, mainly Strategic Supplier Partnership, Customer Relationship, and Information Sharing. The variable aggressive advantage is measured from five symptoms, especially, rate, great, shipping dependability, product innovation, and time to market. While the business enterprise's average performance variable is measured from 2 signs specifically, economic overall performance and operational basic overall performance. Data collection is completed by means of dispensing questionnaires. The research analysis unit is a agency in Surabaya. Respondents had been sampled as many as ninety managers. The analytical method utilized in checking out hypotheses is Structural Equation Modeling (SEM) using Partial Least Square (PLS). This studies succeeded in proving a notable courting amongst Supply Chain Management to aggressive gain, Supply Chain Management to agency overall performance, and Competitive Advantage to Company Performance.

The cease end result of Lisda Rahmasari's research (2011) shows that supply chain management has fine have an effect on that is widespread inside the route of enterprise performance and aggressive benefit. This empirical quit result indicates that to be able to boom corporation normal overall performance of innovative industries in Central Java, the organization need to cognizance on the implementation of supply chain management because of the fact the ones elements had been shown to have an impact on in the direction of the degree of employer performance.

Supply Chain Management practices have a terrific and tremendous competitive benefit. Indicator of Supply that need to be faced and replied with the resource of the organization if it's going to exercise it. The first assignment comes from the macro surroundings and moreover the out of doors

surroundings. For example, the worldwide financial fashion that indicates the tendency of inflation, specially in Indonesia. This is because of the reality competition at the worldwide degree is certainly growing. Besides that, the tendency of clients is customer behavior which indicates too complex and demanding mindset. Another outdoor difficulty is technological improvement. Technological developments associated with facts era are as far as viable tailor-made via agencies that enforce SCM as a way to control information that moves very quickly to answer to product movement

The studies of Putu Krishna Aryastha Mahaendrayasa and I Gusti Ayu Made Asri Dwija Putri (2017) interests to determine the effect of the ideas of Good Corporate Governance (transparencycy, duty, obligation, independence, and equity) on the economic overall performance of the Village Credit Institution (LPD) in Denpasar City . The wide variety of samples used on this take a look at were 35 LPD with 70 respondents. Determination of the sample the usage of nonprobability sampling approach with saturated sample method. The assessment approach used is a couple of linear regression, and previously examined gadgets and conventional assumption checks for the accuracy of the results of the regression analysis. Based on the results of hypothesis finding out, it is recognized that the ideas of Good Corporate Governance: duty, independence, and equity have a exceptional and huge impact, while transparency and responsibility have a exceptional and now not notable effect on LPD's financial performance in Denpasar. The statistics evaluation technique on this observe uses more than one regression evaluation to gather a entire photograph of the affect of the variables of transparency, duty, responsibility, independence and equity on financial performance the use of the SPSS for home windows software.

Marlin Cristine Rahantoknam and Ratih Indriyani's (2014) studies results display that at the precept of transparency, the enterprise has furnished data to inner and out of doors events. The identical

coverage is stated verbally and in writing. In the principle of obligation, the agency has an inner manipulate machine, overall performance measures, and additionally the corporation's targets. In the principle of responsibility, the organization has completed business enterprise social obligation, and has complied with authorities suggestions. In the precept of independence, there may be no dominance of the commercial enterprise corporation from different activities and a General Meeting of Shareholders. In equity, each organisation organ gets the identical remedy. This research is a qualitative studies with records collection techniques the usage of interview and declaration strategies.

Vincentius Randy's and Juniarti's (2013) studies targets to look at the effect of implementing Good Corporate Governance at the Value of Companies listed at the Indonesia Stock Exchange inside the length 2007-2011. GCG measurements are measured using a GCG Score proxy. GCG Score is measured via the rights of shareholders, board of commissioners, unbiased commissioners, audit committee and inner audit, and disclosure to investors. The manipulate variables used are enterprise length, market percentage, and business sectors. The samples used have been 36 companies. The consequences of the take a look at prove that marketplace percentage does now not have a massive impact on corporation cost. Company size has a poor however now not considerable effect on firm rate. Industrial Sector influences Company Value. While GCG has a giant excellent effect on firm fee. This research uses quantitative facts. To take a look at the speculation the use of linear multiple regression evaluation. Sampling end up performed using the method of purposive judgment sampling with the following criteria: 1) All businesses went public which published annual evaluations from 2007 to 2011.

From the previous literature review, the hypothesis may be formulated as follows:

1. Supply Chain Management has a power on employer basic overall performance.
2. Supply Chain Management has a power on aggressive advantage three. Competitive advantage has a energy on employer overall performance
4. Principles of Good Corporate Governance have an influence on employer universal performance.

Research Data Sources

This look at will look at the impact of SCM on aggressive advantage and business business enterprise overall performance. This studies uses a quantitative paradigm. To take a look at the hypothesis used Partial Least Square analysis. This take a look at analyzes the impact of SCM variables, competitive gain, and monetary overall performance.

Population and Sample

The populace of this have a examine are all managers who paintings in production groups that placed into effect SCM in southern Sumatra. The sampling approach used is purposive sampling with sample standards are managers who work in manufacturing corporations in South Sumatra, who implement and recognize SCM, and function enjoy as a supervisor for at least 1 365 days. Data for this test will be obtained by means of distributing questionnaires to all pinnacle degree managers of manufacturing groups in South Sumatra.

IV. RESULTS AND DISCUSSION

Test Results Before Modifying Variable Indicators show the effects as in table 1 and table 2.

Table 1. Algorithm Testing Results Before Modification

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
KB	0.613681	0.938553		0.924516	0.613682	
KP	0.701850	0.965569	0.765168	0.960562	0.701850	0.238086
PGCG	0.573763	0.961284		0.956131	0.573764	
SCMS	0.681165	0.962168		0.956537	0.681165	

Source: Primary Data, processed, 2018

Notes: SCMS=Supply Chain Management Strategic, KB=Competitive Advantage, PGCG= Good Corporate Governance Principles , KP=Company Performance

"Convergent Validity. Based on Table 1. above shows that the AVE value and Communality of the Supply Chain Management Strategic variable (SCMS), (KB) Competitive Advantage, (PGCG) Good Corporate Governance Principles, and (KP) Company Performance is more than 0.5. So, it can be concluded that the variable (SCMS). (KB), (PGCG) and (KP) fulfill AVE and Communality requirements. To find out how much correlation between a variable with other variables, and to find

out how certain the indicator is to present only a certain variable. (Sarsted et al, 2014). The cross loading value of each indicator has higher on the intended variable. Discriminant variable based on the cross loading value of each indicator, which can be seen in Table 2. Based on Table 2. Following the results of cross loading shows that there are several indicators that have loading values <0.5, namely KB2 and PGCG17. Indicators that have a loading value <0.5 are considered not to adequately

represent the specified variable. Therefore, the indicator which has a loading value <0.5 must be deleted."

Table 2. Cross Loading before modification

	KB	KP	PGCG	SCMS
KB1	0.718925	0.398631	0.526135	0.567838
KB10	0.862950	0.773172	0.735447	0.753760
KB2	0.366574	0.209864	0.300036	0.301670
KB3	0.786628	0.706101	0.590340	0.576665
KB4	0.839481	0.568468	0.571315	0.662378
KB5	0.898706	0.574570	0.627888	0.695654
KB6	0.758380	0.576076	0.513992	0.540953
KB7	0.862431	0.614166	0.560803	0.577813
KB8	0.917562	0.735893	0.717382	0.723498
KB9	0.669975	0.586751	0.609462	0.627594
KP1	0.692353	0.781303	0.727866	0.739309
KP10	0.781697	0.849172	0.731703	0.733586
KP11	0.440320	0.709362	0.625286	0.641870
KP12	0.804571	0.882794	0.837492	0.824086
KP2	0.600479	0.893762	0.692356	0.619636
KP3	0.683510	0.928767	0.826465	0.805531
KP4	0.703556	0.880595	0.747182	0.705877
KP5	0.591104	0.871919	0.704518	0.665009
KP6	0.440268	0.790476	0.598314	0.604379
KP7	0.586515	0.716937	0.620515	0.653031
KP8	0.690259	0.916744	0.776000	0.692241

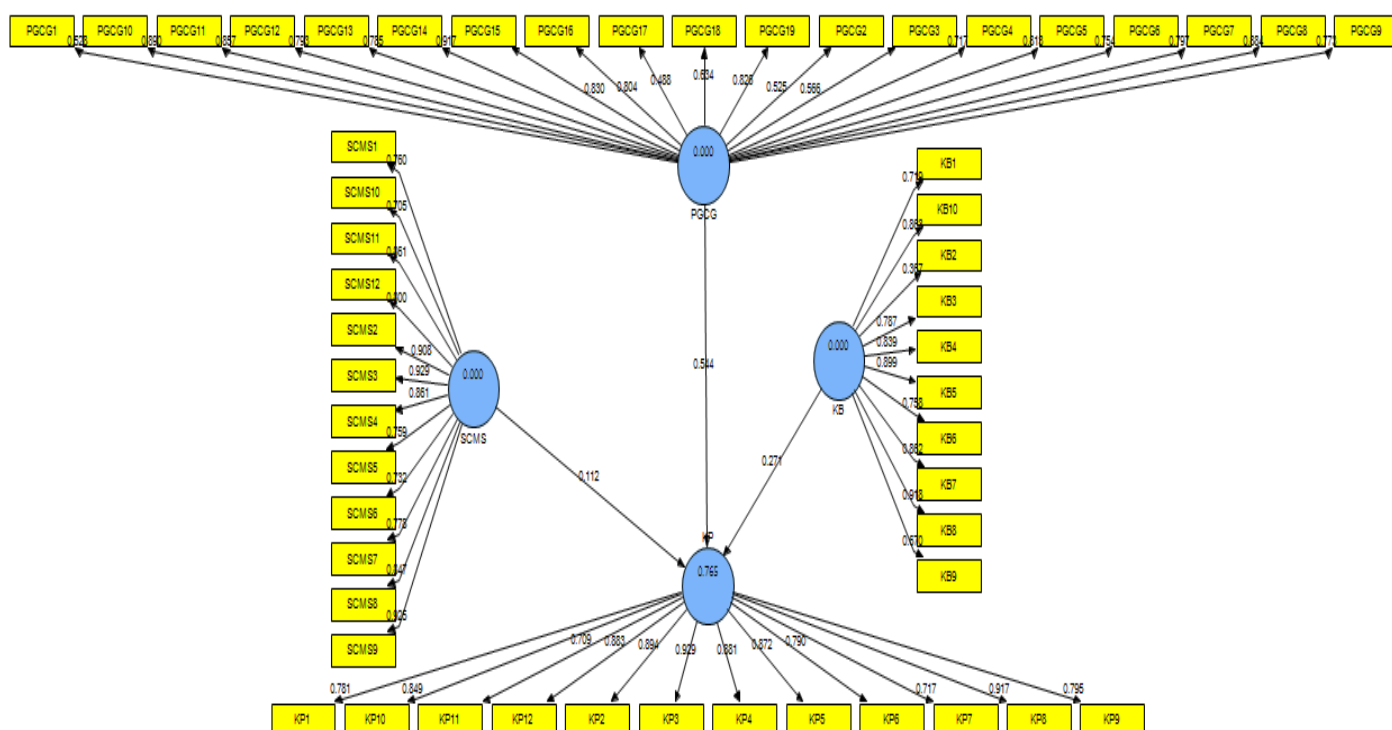
KP9	0.593449	0.794844	0.594164	0.563996
PGCG1	0.436791	0.452096	0.527610	0.412933
PGCG10	0.705121	0.851606	0.889830	0.785408
PGCG11	0.651729	0.790951	0.856574	0.791204
PGCG12	0.598512	0.687413	0.793433	0.719128
PGCG13	0.524348	0.727015	0.784728	0.696358
PGCG14	0.675068	0.756013	0.917027	0.843380
PGCG15	0.683956	0.715779	0.830349	0.761897
PGCG16	0.661858	0.593561	0.804213	0.833214
PGCG17	0.334372	0.337720	0.487543	0.516826
PGCG18	0.633810	0.586402	0.634308	0.583641
PGCG19	0.877971	0.762846	0.825532	0.878061
PGCG2	0.292018	0.395343	0.525491	0.493230
PGCG3	0.528079	0.367411	0.565822	0.489076
PGCG4	0.418867	0.575025	0.716888	0.621476
PGCG5	0.558381	0.678088	0.813214	0.791073
PGCG6	0.492588	0.603337	0.754291	0.664739
PGCG7	0.478860	0.659552	0.796748	0.672405
PGCG8	0.584693	0.700161	0.883964	0.846020
PGCG9	0.486778	0.670050	0.772566	0.673380
SCMS1	0.643646	0.659314	0.788867	0.759659
SCMS10	0.573412	0.669143	0.675708	0.704905
SCMS11	0.571061	0.667349	0.779246	0.860552
SCMS12	0.531212	0.566593	0.703362	0.799587
SCMS2	0.707859	0.799131	0.847381	0.908305

SCMS3	0.727247	0.806043	0.855826	0.928747
SCMS4	0.732570	0.773192	0.870823	0.860838
SCMS5	0.551562	0.654456	0.717612	0.759058
SCMS6	0.640523	0.445913	0.547891	0.732396
SCMS7	0.657807	0.572589	0.673793	0.778196
SCMS8	0.697985	0.663799	0.722637	0.847463
SCMS9	0.717389	0.777891	0.850035	0.924730

Source: Primary Data, processed, 2018

Notes: SCMS=Supply Chain Management Strategic,
KB=Competitive Advantage, PGCG= Good

Figurer 1. Diagram Algoritma Sebelum Modifikasi



Reliability. Setelah dilakukan uji validitas, maka selanjutnya dilakukan uji reliabilitas yang didasarkan pada nilai *Cronbach's Alpha* yang nilainya harus lebih besar dari 0,6 dan nilai *Composite Reliability* yang harus lebih besar dari 0,7. Berdasarkan Tabel 1 diketahui bahwa nilai *Cronbach's Alpha* all variables > 0.6 and *Composite Reliability* values of

Corporate Governance Principles , KP=Company Performance

"**Reliability.** After testing the validity, then the reliability test is based on the value of *Cronbach's Alpha* whose value must be greater than 0.6 and the *Composite Reliability* value must be greater than 0.7. Based on Table 1 it is known that the *Cronbach's Alpha* value of all variables > 0.6 and the *Composite Reliability* value of all variables > 0.7. Therefore, it can be concluded that the data and measurement results made are reliable. Based on the test results of convergent validity, discriminant validity and reliability can be summarized in Figure 1. below:"

all variables > 0.7. Therefore, it can be concluded that the data and measurement results made are reliable.

Based on the test results of convergent validity, discriminant validity and reliability can be concluded in Figure 5.1 below:

Testing After Modifying Variable Indicators

Based on the results of convergent validity testing, it is known to exist

Table 3. Algorithm Testing Results After Modification

	AVE	Composite Reliability	R Square	Cronbachs Alpha	0.667612	
KB	0.667611	0.947136		0.936573	0.701878	0.241357
KP	0.701879	0.965574	0.769566	0.960562	0.593174	
PGCG	0.593175	0.962497		0.957786	0.681164	
SCMS	0.681164	0.962168		0.956537	0.667612	

Source: Primary Data, processed, 2018

Notes: SCMS=Supply Chain Management Strategic, KB=Competitive Advantage, PGCG= Good Corporate Governance Principles , KP=Company Performance

Focalized Validity. In light of Table 3. above shows that the estimation of AVE and mutuality is more than 0.5. In this manner, the AVE and commonness esteems have met the general guideline used to test united legitimacy. This demonstrates the information is substantial for the following test.

Discriminant Validity. Discriminant legitimacy test results dependent on the estimation of cross stacking in Table 4. is the estimation of cross stacking of every marker variable has a higher incentive on the goal variable, contrasted with the benefit of stacking on different factors. In this way, it tends to be said that all markers have spoken to the proposed variable.

Table 4. Cross Loading After Modification

	KB	KP	PGCG	SCMS
KB1	0.711664	0.398224	0.529149	0.567837
KB10	0.852607	0.772932	0.735511	0.753761
KB3	0.792946	0.705857	0.589050	0.576662
KB4	0.839801	0.568086	0.576788	0.662372
KB5	0.893362	0.574151	0.630257	0.695649

KB6	0.764672	0.575911	0.512144	0.540953
KB7	0.863781	0.613811	0.564428	0.577810
KB8	0.920875	0.735626	0.715992	0.723499
KB9	0.681264	0.586667	0.608797	0.627598
KP1	0.695200	0.781156	0.728414	0.739314
KP10	0.779321	0.848856	0.731519	0.733582
KP11	0.444120	0.709824	0.632919	0.641880
KP12	0.807788	0.882541	0.833907	0.824082
KP2	0.610622	0.893933	0.694324	0.619644
KP3	0.684202	0.928619	0.825177	0.805533
KP4	0.704457	0.880428	0.747433	0.705878
KP5	0.589040	0.871997	0.709737	0.665015
KP6	0.441264	0.791011	0.608907	0.604393
KP7	0.590301	0.716762	0.619368	0.653022
KP8	0.693289	0.916886	0.780472	0.692249

KP9	0.595896	0.794951	0.598823	0.564003
PGCG1	0.436082	0.452408	0.540531	0.412956
PGCG10	0.710272	0.851377	0.887199	0.785408
PGCG11	0.645304	0.790830	0.857280	0.791198
PGCG12	0.604421	0.687151	0.791638	0.719124
PGCG13	0.510235	0.727003	0.788108	0.696356
PGCG14	0.682529	0.755788	0.914021	0.843381
PGCG15	0.686336	0.715445	0.828307	0.761899
PGCG16	0.657696	0.593294	0.800511	0.833217
PGCG18	0.625140	0.586076	0.628423	0.583641
PGCG19	0.877740	0.762468	0.822405	0.878058
PGCG2	0.289023	0.395483	0.536730	0.493244
PGCG3	0.527110	0.366971	0.565501	0.489078
PGCG4	0.402987	0.575216	0.721214	0.621486
PGCG5	0.561644	0.678060	0.813952	0.791077
PGCG6	0.498015	0.603216	0.752333	0.664739
PGCG7	0.485539	0.659525	0.798438	0.672409
PGCG8	0.582122	0.700136	0.884611	0.846029
PGCG9	0.480584	0.670249	0.777765	0.673391
SCMS1	0.646717	0.659066	0.788535	0.759661
SCMS10	0.562910	0.668923	0.672905	0.704898
SCMS11	0.570536	0.667275	0.774450	0.860553
SCMS12	0.524571	0.566376	0.698160	0.799583
SCMS2	0.708713	0.798832	0.843431	0.908300

SCMS3	0.732184	0.806060	0.856420	0.928757
SCMS4	0.738102	0.773098	0.873396	0.860848
SCMS5	0.540074	0.654270	0.708215	0.759057
SCMS6	0.637356	0.445688	0.546512	0.732386
SCMS7	0.652826	0.572537	0.675114	0.778205
SCMS8	0.702106	0.663385	0.715355	0.847451
SCMS9	0.717536	0.777819	0.849654	0.924732

Source: Primary Data, processed, 2018

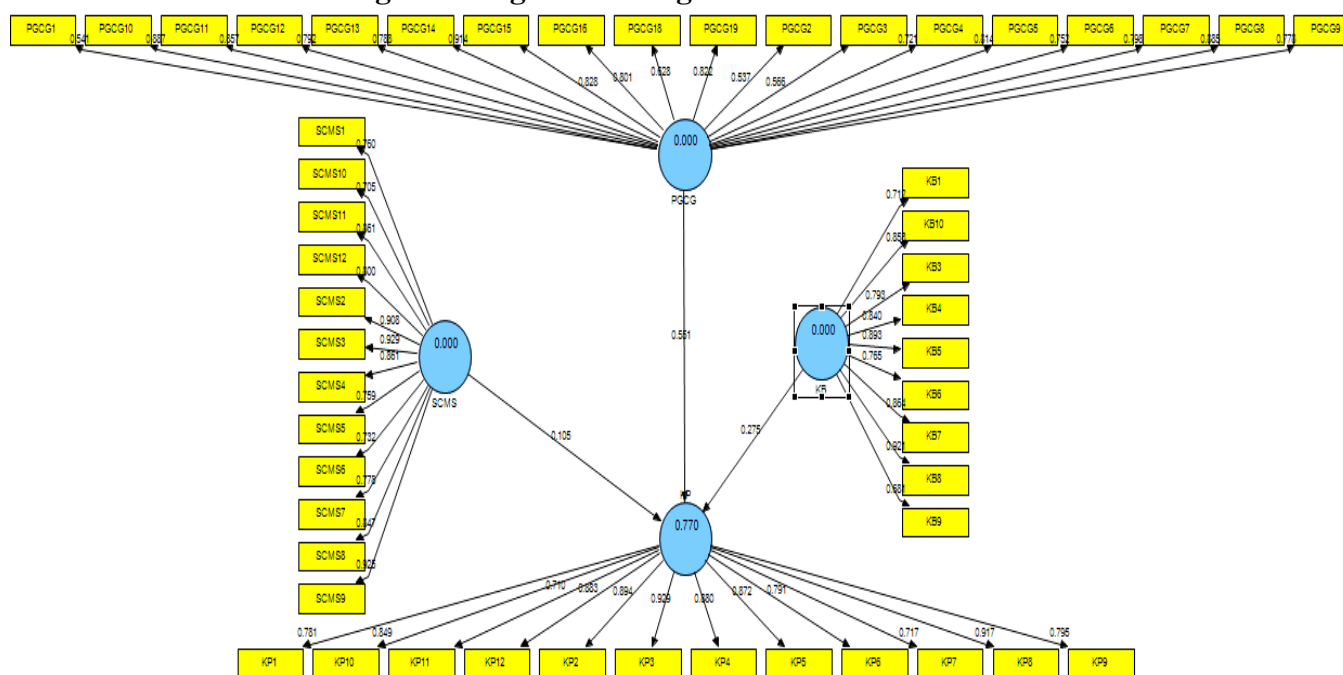
Notes: SCMS=Supply Chain Management Strategic, KB=Competitive Advantage, PGCG= Good Corporate Governance Principles, KP=Company Performance

Unwavering remarkable. In view of Table 4. Shows that the Cronbach's Alpha incentive on all variables > zero.6, and the composite unwavering terrific estimation of all variables > 0.7. In this manner, it has a tendency to be inferred that the facts and estimation results made are dependable.

R Square (R²). In mild of Table four. It has an inclination to be seen that the estimation of R² Supply Chain Management, Competitive Advantage and Good Cooperate Governance (GCG) Principles on Performance is 0. Seventy six. This clarifies the variable Supply Chain Management, Competitive Advantage and Good Cooperate Governance (GCG) Principles through seventy six% and the staying 24% are clarified via different factors outside the model.

In slight of the aftereffects of trial of focalized legitimacy, legitimacy of Supply Chain Management, Competitive Advantage and Principles of Good Cooperate Governance (GCG) and Performance, dependability may be outlined in Figure 2. Under:

Figure 2. Algorithm Diagram After Modification



Hypothesis Test Results

The results of testing the structural model (Inner Model) using PLS are measured using the

coefficient value of each path for the significance test through the path coefficient value. Hypothesis test results can be seen in Table 5. below:

Table 5. Hypothesis Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Keterangan
KB -> KP	0.274647	0.277625	0.059685	0.059685	4.601628	Accepted
PGCG -> KP	0.551494	0.561753	0.155894	0.155894	3.537617	Accepted
SCMS -> KP	0.104846	0.094259	0.165692	0.165692	0.632780	Rejected

Source: Primary Data, processed, 2018

Notes: SCMS=Supply Chain Management Strategic, KB=Competitive Advantage, PGCG= Good Corporate Governance Principles, KP=Company Performance

Trial of Significance. The hypothesis that became labored on this research utilizes observed concept trying out. For a five% actuality diploma, the concept support is met if the t-length is more noteworthy than 1.Ninety six (> 1.Ninety six). In moderate of Table five.6 it has a tendency to be presumed that H1 is not noted and H2, H3 are recounted. Coming up next is a portrayal of the concept checking out of every difficulty at the

presentation of modern-day corporations in South Sumatra.

Theory 1 (H1). H1 states that the test consequences display the t-dimension of manufacturing community the executives key to the exhibition of contemporary-day groups in South Sumatra is zero.632780, so it very well may be completed up H1 is brushed off. The aftereffects of attempting out the H1 speculation display that key inventory

community the executives has a notable and now not big impact on the exhibition of contemporary corporations in South Sumatra.

Theory 2 (H2). H2 states that the test consequences show the t-size estimation of higher hand in opposition to the presentation of mechanical companies in South Sumatra is 4.601628, so it thoroughly may be completed up H2 is acknowledged. H2 precept checking out results show that higher hand has a wonderful and huge effect on the presentation of mechanical businesses in South Sumatra.

Theory 3 (H3). H3 states that the check consequences display the t-size estimation of amazing organization administration requirements at the presentation of cutting-edge businesses in South Sumatra is to precise that the test consequences display the t-length esteem is three.537617, so it tends to be presumed that H3 is stated. The outcomes of principle attempting out H3 monitor that the usual of appropriate corporate management has a excellent and critical impact at the presentation of present day organizations in South Sumatra.

End

This examination expects to determine the effect of Supply Chain, Competitive Advantage and Good Corporate Governance (GCG) Principles on Manufacturing Company Performance in South Sumatera. The effects of the studies had been portrayed factually the use of the Smartpls rendition 2.0 M3 software with respondents of assembling organizations in South Sumatra. In view of the aftereffects of records getting ready, the accompanying ends can be drawn:

1. Based on have a observe led through analysts, maintain community has a effective and not vital impact on the presentation of assembling corporations in South Sumatra. The consequences of this exam display contrasts in consequences with the exploration of Regina Suharto and Devie (2013) prevailing almost

about demonstrating that there's a important connection amongst Supply Chain Management on company execution in assembling organizations that actualize SCM in Surabaya.

2. Based on discover led with the aid of scientists, top hand has a tremendous and noteworthy impact at the presentation of assembling businesses in South Sumetera.

Three. Based on test out directed via analysts, the necessities of Good Cooperate Governance have a top notch and important effect at the exhibition of assembling companies in South Sumatra.

Proposal

In view of the aftereffects of this examination, the accompanying proposals can be given:

1. Manufacturing companies in South Sumatra are relied upon to have the choice to add to the development of the manufacturing community, pinnacle hand and the standards of suitable employer management a great manner to moreover enhance execution and take an interest being evolved in South Sumatra
2. The next professional is needed to have the choice to research the assembling enterprise in South Sumatra with grade by grade entire company records so as to speak to the results of the examination.

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