Effect of Long Term Relationship, Strategic Partnership and Information Sharing on Competitive Advantage with Company Performance as Mediation

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Abstract

In the new normal, today's processing industry is becoming more competitive. This is shown by high consumer behavior in the midst of a pandemic that is felt in almost all parts of the world. One of the efforts that a company can do to increase its competitive advantage is to improve the company's operational performance through factors in supply chain management according to Chopra (2007) including information sharing (sharing information), long term relationship (partnership relationship), and strategic supplier partnership (partnership strategy).

Besides wanting to know the effect of the variables in the supply chain management concept on competitive advantage, the researcher also wants to test the validity of the research model related to the influence of the supply chain variables (supply chain) which the researchers only determined 3 variables, using the company performance mediating variable. Researchers consider this, because in general previous studies have shown that the company's performance variable is often used as an element in competitive advantage, not as one of the determining variables.

The results of the study indicate that the information sharing variable has a major contribution to the company's performance when it is associated with a competitive advantage strategy. It should be noted that all partnership relationships with suppliers, partnership strategies carried out by involving suppliers, all need to be communicated intensely and continuously to reach a mutual agreement in business activities carried out by suppliers and the company.

Keywords: Supply chain management, Consumer behaviour, Competitive advantage

I. Introduction

The fisheries industries in Indonesia has the potential to carry out export and import activities in order to increase competitiveness on an international scale. Octopus fisheries in Banggai Laut Regency are categorized as small scale fisheries. This is because fishermen still catch octopus using boats and simple fishing gear. Fishermen belonging to the category of small-scale fisheries are characterized by various limitations including limited time to go to sea, the type of vessel or fishing gear used (Salas et al, 2004).

In the new normal, today's processing industry is becoming more competitive. This is shown by high consumer behavior in the midst of a pandemic that is felt in almost all parts of the world. Consumers are more focused on getting services and products at a minimum cost.

To answer the demands of customers, the processing industry needs to realize that they need to improve productivity, efficiency, innovation, service, and create a more competitive supply chain strategy. In order for the processing industry to become more competitive, it is necessary to focus on supply chain practices (Sanjeepan, 2016). What needs to be focused on is strengthening the supply chain from the upstream sector to the downstream sector.

PT. Manage Mina Laut Luwuk unit purchases raw materials with the quantity and product specifications adjusted to the needs of the export contract to be carried out. The challenges faced by the unit itself in working on the needs of export contracts are constrained by the fishing season and weather. This has prevented fishermen from going to sea and the lack of raw material supplies received, resulting in an increase in prices and the supply chain of raw materials. Therefore, sometimes the delivery departure schedule is delayed from the estimated estimated date.

Supply chain practices are important to support performance in order to improve the company's ability to compete in the midst of such intense competition, both in terms of financial and operational advantages while maintaining the production process in the processing industry (Chopra, 2007). With the increase in the company's performance, this will make the company have a competitive advantage with other processing industries on a national scale.

By looking at the potential of the octopus in Luwuk, Banggai which is still high and promising, it is necessary to have good synergy and collaboration between the company and suppliers in maintaining the availability of the raw material supply chain through a partnership approach, partnership strategy, and information sharing so as to increase excellence. competitive company through the creation of excellent company performance. For this reason, researchers want to conduct research on "The Effect of Long Term Relationship, Strategic Partnership, and Information Sharing on Competitive Advantage with Company Performance as Mediation"

Besides wanting to know the effect of the variables in the supply chain management concept on competitive advantage, the researcher also wants to test the validity of the research model related to the influence of the supply chain variables (supply chain) which the researchers only determined 3 variables, using the company performance mediating variable. . Researchers consider this, because in general previous studies have shown that the company's performance variable is often used as an element in competitive advantage, not as one of the determining variables.

II. Theoretical Framework
Supply Chain Management
Supply chain management according to experts such as according to Frazelle, (2001) "supply chain management is the integration of the activities that procure materials and services, transform them into intermediate goods and final products, and deliver them to customers". From this understanding, it is explained that supply chain management is the integration of activities to obtain materials and services, turn them into semi-finished goods and finished goods and send

them to consumers. The concept of this emphasizes on the transformation of raw goods into finished goods that are sent to customers.

Meanwhile, according to the Council of Supply Chain Management professionals (CSCMP) in Jellouli, (2013) "Supply Chain Management includes the scheduling and the management of all activities Involved in sourcing and procurement, conversion and all logistics activities". From this understanding supply chain management determines scheduling and managing all activities including resources, procurement, change and overall logistics activities.

Company Performance Indicators
Company performance can be assessed from the company's financial performance and non-financial performance (Li, et all, 2006). Performance measurement from the non-financial side is marked by the increasing number of companies (competitors). Ventrakaman and Ramanujam, (1986) state that company performance can be measured using three indicators, namely financial performance, operational performance and market-based performance. Financial performance in general can be measured by profit and sales. Carton, (2004) states that the advantage of measuring operational performance with financial performance is the availability of information that creates an opportunity, but is not financially supported. Market-based performance (market share) will be affected when the market knows information about the company's operations but does not include the results of the company's performance.

Competitive Advantage
Urbancova, (2013) states that the competitive advantage obtained by the organization is very different from the performance of the organization. Researchers have conceptualized competitive advantage as a strategy implemented by an organization that has not been adopted by competitors. Competitive advantage plays an important role in reducing organizational costs in terms of producing a product, minimizing competitor threats, and maximizing opportunities.

According to Peter, (2010) explains that competitive advantage is a powerful idea but the main thing is to recognize meaningful competitive advantage as a means to achieve that goal in itself. Rouf and Trawneh, (2010) explain that competitive advantage as the ability of an organization to further increase value for customers compared to competitors has a relatively advantageous position. The challenge is to maintain every edge for an achievement. Competitive advantage is obtained when implementing strategies and creating value that are not carried out simultaneously by other existing and potential players (Agha and Alrubaiee, 2012).

According to Li et al (2006), competitive advantage is a factor that exists in an organization to create space that can withstand competitor attacks and includes what the company does to beat its competitors. Competitive advantage is an advantage over competitors that is obtained by providing greater profit value and better service by offering lower or higher prices (Porter, 1985).

Hypothesis

H1 = It is suspected that the long term relationship in the supply chain has a significant influence on the competitive advantage of PT. Manage the Mina Laut Luwuk unit by mediated by company performance variables.

H2 = It is suspected that strategic partnership in the supply chain has a significant influence on the competitive advantage of PT. Manage the Mina Laut Luwuk unit by mediated by company performance variables.

H3 = It is suspected that information sharing in the supply chain has a significant influence on the competitive advantage of PT. Manage the Mina Laut Luwuk unit by mediated by company performance variables.

H4 = It is suspected that the company's performance in the supply chain has a significant influence on the competitive advantage of PT. Manage the Mina Laut Luwuk unit.

H5 = It is suspected that the research model, namely the influence of long term relationship, strategic partnership, and information sharing variables in the supply chain has a significant influence on the competitive advantage of PT. Manage the Mina Laut Luwuk unit by mediated by company performance variables.

Based on the hypothesis described above, the research framework in the figure below is presented.
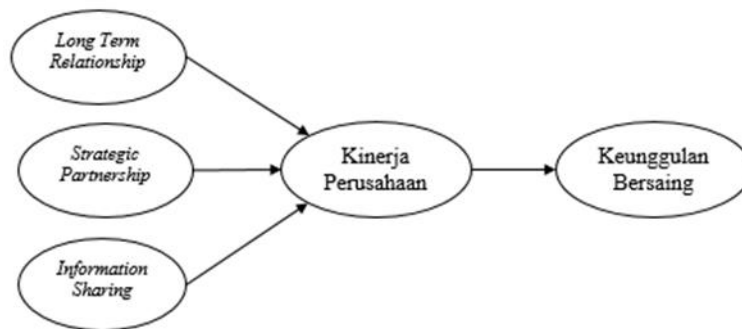
III. Methodology
Research Design
This study uses a quantitative data approach with the method of conducting a survey. The survey method was chosen as a reference for primary data sources by using or distributing questionnaires. This method is carried out with consideration because the research costs are relatively affordable and can be done in a relatively fast time. This study emphasizes the analysis of numerical data and processed using statistical methods. This research design is included in the causality research family, which in Ferdinand's opinion (2014:7) causality research is research

that wants to find an explanation in the cause-effect relationship model between several concepts or several relationship variables or the influence of exogenous variables (X), with the mediating variable (Z), to the endogenous variable (Y).

Population
The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are applied by researchers in a study to be studied and then drawn conclusions (Sugiyono, 2017). The population in this study is the PT. Manage Mina Laut which is involved in determining raw material purchasing decisions with a total of 150 samples.

Sample
The sample is part of the number and characteristics possessed by the population (Sugiyono, 2017). The number of samples that will be used in this study is 150 samples whose sampling uses saturated sampling. According to Sugiyono, (2017) the saturated sampling method is a sampling technique where all members of the population are sampled. This method is used because the population used is relatively small. Another term for saturated sample is census.

Structural Equation Modeling-Partial Least Square (SEM-PLS)
In this study, the analytical tool used to determine the relationship between the variables studied was using Structural Equation Modeling-Partial Least Square (SEM-PLS) using the smart PLS version 3.0 program.

Structural Equation Modeling (SEM) according to Solihin and Ratmono, (2020) is one type of multivariate analysis in social science. Multivariate analysis is the application of statistical methods to analyze several research variables simultaneously or simultaneously. These variables indicate the measurement of research objects such as individuals, organizations, event activities and so on. These measurements can be obtained based on surveys or observations used to collect primary data and sourced from secondary data databases.

Evaluation of Measurement Model Test or Outer Model
Based on the results of the PLS analysis in the PLS Argorithm for validity and reliability tests, the coefficient of model determination and the path coefficients for the equation model, have been shown based on the results of the PLS ArgorithmLisrel's PLS output, which can be observed in Figure 4.1 below:

Constructed Outer Model

calculated at : 15:55
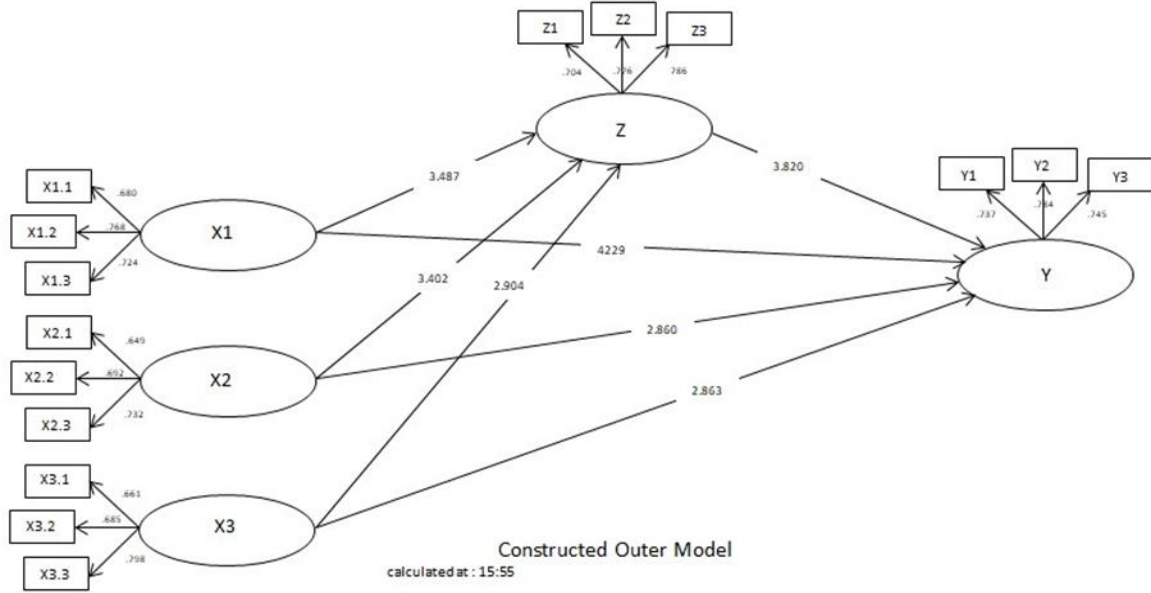
Convergent Validity Test

Below, the outer loading value of each indicator of the research variables can be explained in table below:

Table *Outer Loading* Convergent Validity Test (*Convergent Validity*)

	Information Sharing	Competitive Advantage	Strategic Partnership	LongTerm Relationship	Company performance
X1.1				0.680	
X1.2				0.768	
X1.3				0.724	
X2.1			0.649		
X2.2			0.692		
X2.3			0.732		
X3.1	0.661				
X3.2	0.685				
X3.3	0.798				
Y1.1		0.737			
Y1.2		0.784			
Y1.3		0.745			
Z1.1					0.704
Z1.2					0.776
Z1.3					0.786

Based on the data display in table above, it is known that each of the research variable indicators has a value of outer loading > 0.7. However, it appears that there are still some indicators that have an outer loading value of <0.7 (Ghozali & Latan, 2015). According to Chin as quoted by Ghozali, the outer loading value between 0.5 - 0.6 is considered sufficient to meet the requirements of convergent validity.
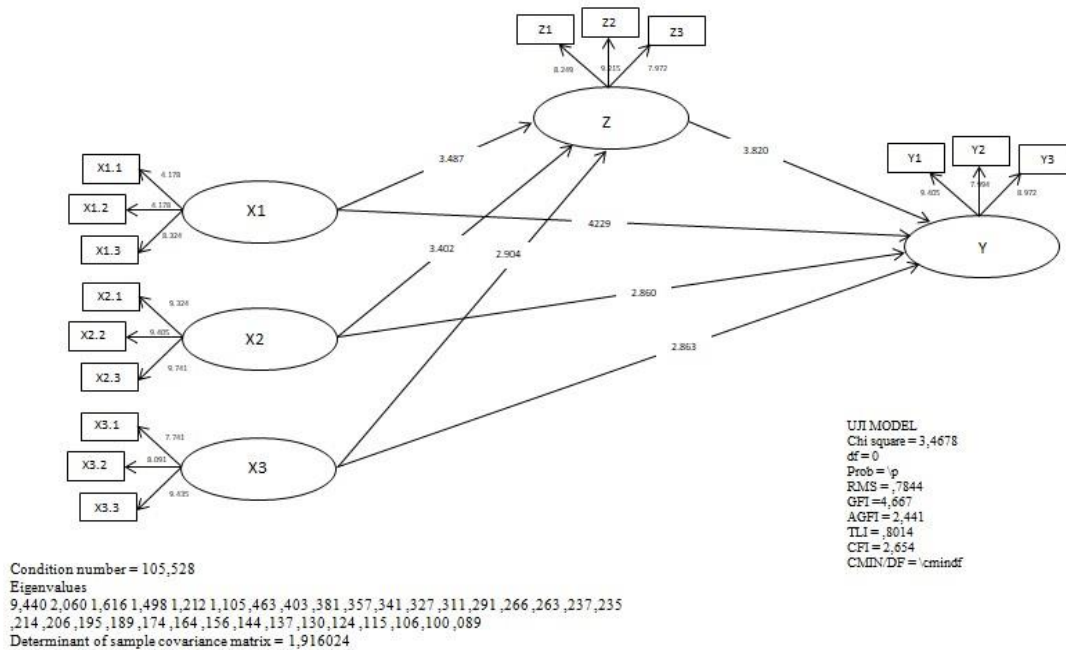
In Ghozali & Latan (2015) provides an explanation that other tests are carried out to determine the assessment of the validity of the construct through observing the *average variant extracted value* . The model is declared good if the *average variant extracted* (AVE) of each construct has a value greater than 0.50. Table 4.10 describes the *verbage variant extracted* (AVE) values as follows.

Table *Average Variant Extracted* (AVE) Values

Variable	Average Variant Extracted (AVE)
Long Term Relationship	0.614
Strategic Partnership	0.603
Information Sharing	0.701
Company performance	0.541
Competitive Advantage	0.533

Based on the data display in Table 4.10 above, it can be observed that each research variable has an *Average Variant Extracted (AVE)* value greater than 0.5. Thus it can be stated that each variable already has a good *discriminant validity* value.

In the Inner Evaluation of this test model, the results of the R-Square Test will be explained (R2), Q-Square Test (Q2) and Path Coefficient Test, Direct Effect Test and Indirect Effect Test. The following is each test in the following explanation:

Condition number = 105,528
Eigenvalues
9,440 2,060 1,616 1,498 1,212 1,105 ,463 ,403 ,381 ,357 ,341 ,327 ,311 ,291 ,266 ,263 ,237 ,235
,214 ,206 ,195 ,189 ,174 ,164 ,156 ,144 ,137 ,130 ,124 ,115 ,106 ,100 ,089
Determinant of sample covariance matrix = 1,916024

Model Goodness Test *(Goodness of Fit)* **or R-Square Test (R ^{2})**
Based on the data processing activities that have been carried out through the use of Lisrel's v 13 software. In assessing the structural model, first assessing the R-square or coefficient of determination can show the diversity of exogenous constructs that are able to show the results of endogenous constructs simultaneously. The results of R² of 0.67 including good models, 0.33 including moderate and 0.19 including weak, for endogenous variables in the structural model indicate that the model is good, moderate and weak, it is used to assess or see the real effect of certain independent variables on the dependent latent variable substantively (Ghozali & Latan, 2015). Here are the results of the R Square test:

Table 4 . 1 R-Square Nilai Value

Variable	R-Square
Company performance	0.609 _
Competitive advantage	0, 643

Based on the data presentation in Table above, it can be seen that the R-Square value for the *long term relationship*, *strategic partnership* and *information sharing variables* on the company's performance is 0.609. Obtaining this value explains that the percentage of the correlation coefficient of the *long. variable term relationship* , *strategic partnership* and *information sharing* can be explained by the company's performance of 60.9 % , which means that the variable indicates the moderate category. Then for the R-Square value obtained for the *long term relationship* , *strategic partnership* and *information sharing variable* on competitive advantage is

0.643 This value explains that *long term relationship* , *strategic partnership* and *information sharing* can be explained by competitive advantage of 64 , 3 % means that the variable indicates a moderate category.

IV. Results

In the research results shown in Table 4.14 related to the coefficient of determination (O) on the direct effect between variables, it is shown that the highest coefficient of determination of exogenous variables (X) against endogenous variables (Y) is the *long term relationship variable* (X1) to competitive advantage (Y). with a value of 0.409. The second highest value of the coefficient of determination of the exogenous variable (X) against the endogenous variable (Y) is the *strategic partnership variable* (X2) against competitive advantage (Y) with a value of 0.226. The third highest value of the coefficient of determination of the exogenous variable (X) against the endogenous variable (Y) is the *information sharing variable* (X3) on competitive advantage (Y) with a value of 0.150.

In the research results shown in Table 4.14 regarding the coefficient of determination (O) on the direct influence between variables, it is shown that the highest coefficient of determination of exogenous variables (X) on endogenous variables (Z) is the *strategic partnership variable* (X2) on company performance (Z) with value 0.347. The second highest value of the coefficient of determination of the exogenous variable (X) to the endogenous variable (Z) is the *long term relationship variable* (X1) to the company's performance (Z) with a value of 0.306. The third highest value of the coefficient of determination of the exogenous variable (X) against the endogenous variable (Z) is the *information sharing variable* (X3) on the company's performance (Z) with a value of 0.209. While the coefficient of determination of the endogenous variable (Z) against the endogenous variable (Y) is the company's performance variable (Z) against competitive advantage (Y) with a value of 0.316. All values of the determinant coefficients between variables indicate a positive direction.

In the research results shown in Table 4.15 regarding the coefficient of determination (O) on the indirect effect between variables, it is shown that the highest coefficient of determination of the exogenous variable (X) on the endogenous variable (Y) with the mediation of the endogenous variable (Z) is the information sharing variable (X3) to competitive advantage (Y) through mediation of company performance (Z) with a value of 0.288. The highest of the two exogenous variables (X) against endogenous variables (Y) with the mediation of endogenous variables (Z) is the strategic partnership variable (X2) on competitive advantage (Y) through the mediation of company performance (Z) with a value of 0.271. The highest of the three exogenous variables (X) to endogenous variables (Y) with the mediation of endogenous variables (Z) is the long term relationship variable (X1) to competitive advantage (Y) through the mediation of company performance (Z) with a value of 0.129.

V. Managerial Implications

In relation to the research results, several strategies that can be suggested by researchers to the top management of the company are shown in the variables that most influence the company's performance and competitive advantage are:

1. Long term relationship
2. Strategic partnership
3. Information sharing

In encouraging company performance and competitive advantage, it is necessary to provide guidance to suppliers in order to achieve a sustainable long-term relationship in the fulfillment of raw materials. Several cooperation model strategies need to be formulated together in order to provide trust and commitment between parties in carrying out raw material supply activities. This can be done starting from communication related to the purchase price of raw materials, payment terms, limits on the quality of raw materials to be sent, to the required target quantity.

The information sharing variable has a major contribution to the company's performance when it is associated with a competitive advantage strategy. It should be noted that all partnership relationships that exist with suppliers, partnership strategies that are carried out by involving suppliers, all need to be communicated intensely and continuously to reach a mutual agreement in business activities carried out by suppliers and the company.

Information sharing has an important contribution because every important process in supply chain management has a big role. All information in supply chain management must be distributed through a communication network that is successfully carried out together and its activities are synchronized by Aeus Information. Information sharing is the key to a successful partnership relationship. Information can be used by companies as a basis for making decisions at a time that is fast, precise and of good quality. The success of supply chain management is highly dependent on the information system. With the information, business partners in the supply chain can be taken into account. Information sharing also allows supply chain members to obtain, maintain and convey the information needed for effective decision making and is a factor that is able to strengthen the elements of collaboration as a whole (Huda, 2018).

Information sharing refers to the extent to which important information is communicated to the company's business partners (Monczka RM, et al. 2008). Sharing information between business partners can be in the form of strategic tactics, general market conditions, and information about customers. By exchanging information between members in the Supply Chain, the information can be used as a source of competitive advantage. According to Stein and Sweat, (2018) business partners in the Supply Chain Management chain who exchange information regularly can work as a unit and together they can understand the needs of end customers better and the company is able to respond to market changes more quickly.

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