

Market Orientation in Optimizing Supply Chain Strategy to Improve the Performance of Manufacturing Companies

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ABSTRACT

The study aims to examine the impact of supply chain strategy on the performance of manufacturing companies, incorporating competitive advantage and market orientation as mediating variables. In the competitive global market, manufacturing companies face significant challenges in improving their performance. One of the key factors influencing a company's success is an effective supply chain strategy. However, the interaction between supply chain strategy and other factors such as competitive advantage and market orientation in enhancing company performance remains underexplored. The research was conducted in the Province of DKI Jakarta, where the data was collected from 323 employees of manufacturing companies through a questionnaire using Likert-scale indicators (1-5). The data was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) software to test eight hypotheses. The results indicate that supply chain strategy has a positive and significant impact on company's performance. Competitive advantage and market orientation are shown to be strong mediators, reinforcing the impact of supply chain strategy on company's performance. These findings suggest that the supply chain strategy strengthens the company's competitive and responsiveness to the market. The implications of this study emphasize the importance of manufacturing company management focusing on the development of market orientation and competitive advantage.

Keywords: supply chain strategy, competitive advantage, market orientation, company performance, manufacturing companies

A. Introduction

In today's dynamic and highly competitive environment, companies are encouraged to comprehend and address the demands of their current customers and marketplaces (Bindi et al., 2023). Additionally, they must identify new markets and adjust to the changing needs of their customers (Ariadi et al., 2022). To achieve this, companies must

not only leverage their existing capabilities, products, and services but also innovate and develop new products or services (Sabara et al., 2019).

Competitive strategic factors that support organizational profitability and productivity include supply chain performance and supply chain strategy (Barnes & Liao, 2012; Shabbir & Kassim, 2018). Today, the development, analysis, and management of supply chains

are crucial. Despite the importance of supply chain performance in overall cost and profitability control, there remain gaps that need addressing, particularly for Indonesian-based manufacturing enterprises (Alahmad, 2021). Supply chain performance has a significant impact on both business and market performance (Adams et al., 2014).

Two major categories of research exist in this field. The first focuses on methods of measuring supply chain performance (Sundram et al., 2016; Mkumbo et al., 2019), while the second focuses on various criteria or indicators used to explain differences in performance across supply chains (Rajagopal et al., 2017; Selvaraju et al., 2017). Although supply chains have been extensively studied, the impact of human resource competency practices on supply chain performance has received relatively little empirical attention (Hendiani et al., 2022).

Human resource competencies and supply chain strategy, although closely related in nearly all business contexts, have traditionally been studied separately (Barnes & Liao, 2012). The importance of skilled human resources in operational areas is highlighted as a unique research issue (Jang & Ardichvili, 2020). For a supply chain strategy to succeed, companies must fully commit to promoting this human component (Asnordin et al., 2020). As many Indonesian manufacturing enterprises prioritize infrastructure and technology investment, supply chain managers and operators require equal attention. Skilled human resources are a crucial component of implementing supply chain strategies (Cheng & Chang, 2010).

Human resource competencies are now seen as a distinctive method of workforce management that seeks to achieve competitive advantage by strategically developing skilled and committed employees through a blend of cultural, structural, and human resource techniques (Barnes & Liao, 2012; Selvaraju et al., 2017). Enhancing the organization's human resource competency allows employees to contribute positively to the achievement of

its goals and objectives (Hua et al., 2020). This employee commitment translates into improved organizational performance effectiveness (Asnordin et al., 2020).

Market orientation helps businesses better understand customer needs and deliver products and services that surpass those of their competitors (Hult & Ketchen Jr., 2001). Strong market orientation capabilities enable businesses to quickly align with customer preferences, meet their needs, and seize market opportunities. These businesses are more proactive and responsive to market demands. The microfoundation of a company's capabilities lies in its dynamic capabilities, which enable efficient resource allocation and management processes (Helfat & Peteraf, 2014; Wilden & Gudergan, 2017). This, according to Teece, (2014) and Baden-Fuller & Teece, (2020), leads to sustainable competitive advantage.

Market orientation skills are critical to the success of a supply chain strategy, and the current level of market uncertainty has made it essential for businesses to understand the market and respond with relevant strategies (Handfield et al., 2015; Pettit et al., 2019). Effective coordination of supply chain activities allows businesses to create new networks of suppliers, distributors, and customers (Espino-Rodríguez et al., 2022).

The innovative idea presented in this study suggests that since supply chain strategy and market orientation are essential for achieving competitive advantage and improving business success, future research on manufacturing sector performance should incorporate these two elements. By integrating supply chain strategy and market orientation, researchers have enhanced studies on manufacturing companies' performance, providing new insights into these relationships.

B. Methods

The process of observing every phenomenon in the field was served as the initial step in this research study. Following

this, a comprehensive literature review was conducted to explore relevant theories and concepts, helping to identify the grand theory, middle-range theory, and variable theory. Additionally, findings from earlier research were examined to support the theoretical framework. Subsequently, the research variables were identified, each accompanied by specific indicators. The questionnaire was then developed as the research instrument for data collection.

The validity and reliability of each item in the questionnaire was assessed using statistical methods, particularly with SPSS version 26 and the Pearson product moment correlation test. If certain items were found to be invalid or unreliable, they were revised; if they were deemed valid and reliable, the research then moved on to the next stage, which involved designing the research model.

Related to the questionnaire, it included 33 Likert-scale indicators that measured various factors such as supply chain strategy, competitive advantage, and market orientation. Each question used a 5-point of Likert scale, that 1 indicated 'strongly disagree' and 5 indicated 'strongly agree.' The questionnaire was divided into sections based on these factors, ensuring comprehensive coverage of each research variable.

Reliability and validity testing was performed through SPSS. To ensure validity, the Pearson correlation coefficient was used to assess whether the items measured what they were intended to. Reliability was tested using Cronbach's alpha to determine internal consistency across the items. A Cronbach's alpha value of 0.7 or higher was considered acceptable for reliability. Items did not meet the necessary thresholds were revised before finalizing the questionnaire.

Referring to data from the Indonesian Manufacturing Industry Directory for 2022, it is known that the number of manufacturing companies in Indonesia, both medium and large scale, has reached around 29,000 businesses or companies. The medium and large industrial scale is determined based on several criteria

including the number of workers, the amount of accumulated investment value, and the amount of turnover obtained by the company and specifically in the rice milling industry using machine scale (BPS, 2022).

Medium-scale industries are manufacturing industrial companies that cater to less than 99 people or the accumulated value of investment/fixed capital since the establishment of the factory until 31 December 2022 is more than 5 billion rupiah and less than 10 billion rupiah or the company turnover in 2022 is more than 10 billion rupiah and less of 50 billion rupiah. Meanwhile, large-scale industry is a manufacturing industrial company that meets one of the criteria for a workforce of more than 99 people or the accumulated value of investment/fixed capital since the establishment of the factory until 31 December 2022 is greater than 10 billion rupiah or the company's turnover in 2022 is greater than 50 billion rupiah.

The manufacturing industry in Indonesia spans a wide range of subsectors, with the Food Industry and Beverage Industry representing significant components of this sector. The Textile Industry and Apparel Industry also play vital roles, particularly in Indonesia's export economy. Moreover, advanced industries such as the Pharmaceutical Industry and Computer, Electronic and Optical Goods Industry highlight Indonesia's growing involvement in high-tech manufacturing. This diverse range of subsectors indicates the broad capabilities of Indonesia's manufacturing base, positioning the country as a key player in both traditional and modern industrial sectors.

Outputs is the output value resulting from industrial activity processes in the form of goods produced, electricity sold, industrial services, buying and selling profits, increases in stock of semi-finished goods and other receipts. When it comes to the subsectors, the majority of businesses in them generate more than fifty billion rupiah in output in 2021. These include the basic metals industry, which generates 66.54% of the total; the electrical equipment industry, which generates

63.12%; the motor vehicle, trailer, and semi-trailer industry, which generates 57.82%; the pharmaceutical industry, chemical medicinal products, and traditional medicine generates 54.17%; the chemical and chemical goods industry generates 53.42%; and the computer, electronic, and optical goods industry generates 53.19%.

The province of DKI Jakarta's manufacturing industry is the exclusive focus of this study. The research focuses on certain manufacturing firms, specifically the 2 Digit KBLI Group, whose operations involve converting raw materials into completed goods. The number of manufacturing sector companies spread across the DKI Jakarta province is 1,683 companies, the following distribution is as presented below.

Meanwhile, the samples in this study were obtained using the proportionate stratified purposive random sampling technique, particularly selecting samples from each sub-population, with the number of samples being randomly adjusted to the number of individuals from each sub-population from heterogeneous and stratified populations (Cooper & Schindler, 2021). This technique is used to obtain a representative sample by looking at the stratified population of manufacturing companies, namely spread across six city areas in the DKI Jakarta province, which are heterogeneous (not similar). Therefore, researchers took samples that were representative of each city. The next step was to determine the number of samples using Slovin method.

The n value was 323.1877 and then

rounded to 323. Thus, referring to the calculation above, the sample that should be in this research was 323 respondents from medium to large companies that had implemented a supply chain strategy, where the sample for this research was at the level of supervisors and managers such as procurement managers, logistics managers, distribution managers, and factory managers. Furthermore, the sample size in each region can be calculated and was presented below.

A total of 323 respondents served as the foundation for the sample size in this study. This was in line with Hair et al., (2019) recommendation that a sample size between 100 and 500 is generally adequate. The research tools were tested using these 323 sample respondents to ensure accuracy and reliability. Although Hair suggests that valid findings could still be obtained with as few as 50 samples, an optimal sample size of 100 to 150 is recommended for stable maximum likelihood estimation. To enhance readability, it is important to mention tables or figures in the text before they appear. For instance, Table 1 summarized the demographic characteristics of the respondents, providing an overview of the sample composition in terms of age, gender, and professional background.

The determination of sample distribution in this study has taken into account the absence of homogeneity symptoms, because the differences that occur in parametric statistical tests actually occur due to differences between regions and not as a result of differences within groups (Sarmanu, 2017). On the other hand, researchers also ensure that the existing

Table 1 Distribution of Research Samples

Region Population	Number of Companies Manufacturing	Percentage (%)	Amount Respondent Sample
Thousand Islands	1	0.001	1
South Jakarta	118	0.070	23
East Jakarta	365	0.217	70
Central Jakarta	118	0.070	23
West Jakarta	638	0.379	121
North Jakarta	443	0.263	85
Total	1,683	100%	323

Table 2 Discriminant Validity Testing

Variable	Average Variance Extracted (AVE)
Competitive Advantage (KKOM)	0.654
Manufacturing Company	0.665
Performance (KINP)	0.612
Market Orientation (OPS)	0.668
Supply Chain Strategy (SSC)	0.668

sample is able to provide relevant research data and has linearity characteristics where exogenous and intervening variables have a linear correlation in explaining variations in their influence on endogenous variables (Amruddin, 2022).

C. Results and Discussion

1. Measurement Model (Outer Model)

The results of the validity testing for the variables is used in the study. The table shows that all the indicators for the four main variables, Chain Strategy (SSC), Competitive Superiority (KKOM), Market Orientation (OPS), and Company Performance (KINP), exhibit strong convergent validity, with

loading factors exceeding the threshold of 0.7. This confirms that the indicators used to measure each variable are valid, with values ranging from 0.702 to 0.888, ensuring reliable measurement across all factors.

The processing outcomes utilizing SmartPLS are displayed in the above table. The constructions for all variables are valid from the model because the total loading factor value is greater than 0.5, as indicated by the outer model value or correlation between constructs and variables. The outcomes of the first outer structural model are as follows.

The average variance extracted (AVE) value was used for discriminant validity testing following the validity test utilizing the outer loading value. The discriminant test

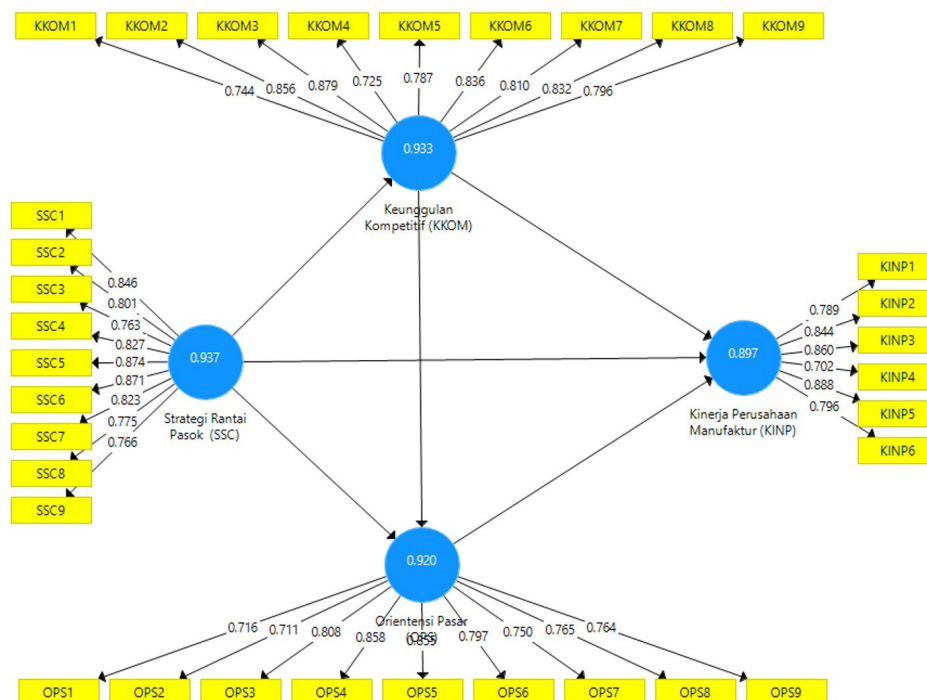


Figure 1 Outer Structural Model Discriminant Validity Testing (Discriminant Validity)

Table 3 Fornell-Larcker Criterion between Variables

	Competitive Advantage (KKOM)	Manufacturing Company Performance (KINP)	Market Orientation (OPS)	Supply Chain Strategy (SSC)
Competitive Advantage (KKOM)	0.809			
Manufacturing Company Performance (KINP)	0.680	0.815		
Market Orientation (OPS)	0.630	0.668	0.782	
Supply Chain Strategy (SSC)	0.687	0.703	0.569	0.817

yielded the following results.

Table 2 presents the results of the discriminant validity testing using the Average Variance Extracted (AVE) values for each variable. According to the established criteria, an AVE value greater than 0.5 indicates that the variable has adequate discriminant validity. As shown, all variables—Competitive Advantage (KKOM), Manufacturing Company Performance (KINP), Market Orientation (OPS), and Supply Chain Strategy (SSC)—exceed this threshold, confirming the strong discriminant validity of the measurement model.

Table 3 displays the Fornell-Larcker criterion for the variables in this study. According to this criterion, a variable should have a higher correlation with its own latent constructs compared to other variables. The diagonal values (in bold) represent the square root of the AVE for each variable, which is

higher than the off-diagonal correlations, further supporting the discriminant validity of the variables.

The cross-loading values show that each indicator correlates more strongly with its own variable than with others, reinforcing the discriminant validity of the indicators. For example, KINP1 has the highest loading (0.789) with its own variable (KINP) compared to other constructs. To determine the reliability of the variables utilized in this study, reliability testing was done. Composite reliability and Cronbach's alpha values are used in reliability testing. The outcomes of the reliability test are as follows.

Table 4 presents the results of the reliability testing using Cronbach's Alpha and Composite Reliability. Both indicators are used to assess the internal consistency of the measurement model. All variables exceed the recommended threshold of 0.70 for both

Table 4 Reliability Testing

Variable	Cronbach's Alpha	Composite Reliability	Rule of Thumb	Model Evaluation
Competitive Advantage (KKOM)	0.933	0.944		Reliable
Manufacturing Company Performance (KINP)	0.897	0.922	> 0.70	Reliable
Market Orientation (OPS)	0.920	0.934		Reliable
Supply Chain Strategy (SSC)	0.937	0.948		Reliable

Cronbach's Alpha and Composite Reliability, indicating that the constructs in the model are reliable. For instance, Supply Chain Strategy (SSC) shows a Cronbach's Alpha of 0.937 and a Composite Reliability of 0.948, both of which meet the reliability standards.

2. Structural Model (Inner Model)

The relationship between the study model's constructs, significant values, and R-square was assessed using an inner or structural model assessment. Fundamental evaluation involved the use of R-square for the construct dependent variable, t-tests, and the significance of structural path coefficients.

When evaluating the model using SmartPLS, it is started by examining each dependent latent variable's R-square and Q-square. The outcome of estimating R-square and Q-square with SmartPLS is shown.

The result of the R-square value for the competitive advantage variable (KKOM) is 0.472, which indicates that the percentage of

competitive advantage (KKOM) is 47.2%. This is why the R² computation results indicate that the value is fairly high. This indicates that 52.8% of competitive advantage (KKOM) is influenced by other variables, with the Supply Chain Strategy (SSC) variable having a direct influence on 47.2% of KKOM.

In the meantime, the manufacturing company performance variable (KINP) has an R-squared value of 0.625. These findings provide an explanation for the 62.5% manufacturing company performance (KINP) rate. This is the basis for the R² computation findings, which indicate a strong value. This indicates that 62.5% of the variation in manufacturing business performance (KINP) is directly controlled by the factors Supply Chain Strategy (SSC), Competitive Advantage (KKOM), and Market Orientation (OPS), with the remaining 37.5% being influenced by other variables.

The R-square value for the market orientation variable (OPS) is 0.432. This

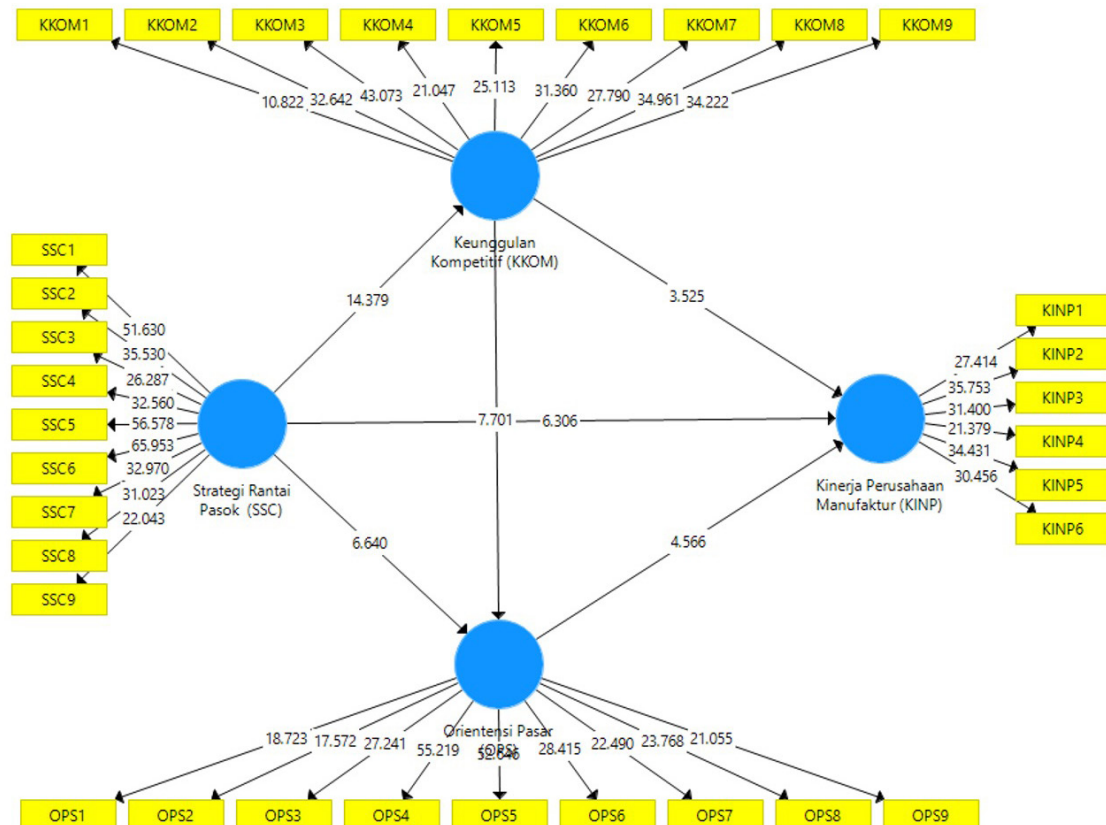


Figure 2 Inner Structural Model

indicates that the market orientation (OPS) percentage is 43.2%. This indicates that other variables have an influence on the remaining 56.8% of the OPS, with the Supply Chain Strategy (SSC) variable having a direct influence on 43.2% of OPS.

The manufacturing business performance variable (KINP) has a Q Square value of 0.631, while market orientation (OPS) has a value of 0.614. Because this value is greater than 0.1, this shows that the model has predictive relevance.

Additionally, the GoF value for the manufacturing business performance variable (KINP) was achieved at 0.794 based on the findings of the quality index calculation using Goodness of Fit (GoF), indicating that the model provides good predictions for this variable. The GoF for the market orientation (OPS) variable of 0.783 also shows that the model has good predictions for this variable. Thus, the model used in this research shows good prediction quality based on the GoF values obtained.

3. Research Hypothesis

The estimated parameters' significance offers valuable insights into the correlation between the research variables. The value found in the path coefficient output serves as the foundation for testing the hypothesis.

a. Direct Influence Analysis

The following explanation fits the direct influence mentioned above, based on the hypothesis testing.

1) Supply Chain Strategy Influences

Manufacturing Company Performance

The computed t-value for the Supply Chain Strategy variable is 6.306, which is higher than the crucial t-value of 1.96. It is determined to accept H1 and reject H0 since the estimated t-value, with an error rate of 5%, is greater than the crucial t-value. Thus, it can be said that supply chain strategy significantly and favorably affects manufacturing enterprises' performance. The performance of manufacturing companies and supply chain strategy have a positive correlation, meaning

that as supply chain strategy grows, so will manufacturing business performance and vice versa.

2) Competitive Advantage Influences

Manufacturing Company Performance

The computed t-value for the Competitive Advantage variable is 3.525, which is higher than the crucial t-value of 1.96. It was determined to reject H0 and accept H1 since the calculated t-value, with an error rate of 5%, is more than the critical t-value. Thus, it can be said that manufacturing enterprises' performance is positively and significantly impacted by competitive advantage. The correlation between competitive advantage and manufacturing firm performance is positive, meaning that when competitive advantage rises, manufacturing company performance will follow suit and vice versa.

3) Market Orientation Influences

Manufacturing Company Performance

The computed t-value for the market orientation variable is 4.566, which is higher than the crucial t-value of 1.96. It is determined to accept H1 and reject H0 since the estimated t-value, with an error rate of 5%, is greater than the crucial t-value. Thus, it can be said that market orientation significantly and favorably affects manufacturing companies' performance. The performance of manufacturing enterprises is positively correlated with market orientation, indicating that a rise in market orientation coincides with an increase in manufacturing company performance.

4) Supply Chain Strategy Influences

Competitive Advantage

The estimated t-value for the Supply Chain Strategy variable is 14.379 which is higher than the crucial t-value of 1.96. It is determined to accept H1 and reject H0 since the estimated t-value, with an error rate of 5%, is greater than the crucial t-value. Thus, it can be said that competitive advantage is positively and significantly impacted by supply chain strategy. Since there is a positive

correlation between supply chain strategy and competitive advantage, an increase in supply chain strategy will also result in a rise in competitive advantage.

5) Supply Chain Strategy Influences Market Orientation

The estimated t-value for the Supply Chain Strategy variable is 6.640 which is higher than the crucial t-value of 1.96. It is determined to accept H1 and reject H0 since the estimated t-value, with an error rate of 5%, is greater than the crucial t-value. Thus, it can be said that market orientation is positively and significantly impacted by supply chain strategy. The relationship between supply chain strategy and market orientation is positive in direction, meaning that if supply chain strategy increases, so will market orientation, and vice versa.

6) Competitive Advantage Influences Market Orientation

The computed t-value for the Competitive Advantage variable is 7.701, which is higher than the crucial t-value of 1.96. It is determined to accept H1 and reject H0 since the estimated t-value, with an error rate of 5%, is greater than the crucial t-value. Thus, it can be said that market orientation is positively and significantly impacted by competitive advantage. Because of the positive correlation between competitive advantage and market orientation, market orientation will rise in response to increases in competitive advantage and vice versa.

b. Mediation Effect Analysis

The following explanation fits the indirect influence mentioned above, based on the hypothesis testing.

7) Strategy supply chain influences company performance through competitive advantage.

The t-value for evaluating the intervening effect on this hypothesis is 3.414. Table $t = 1.96$ if $\alpha = 0.05$. With a significance level of 0.05, the t-count statistics (3.414) is

bigger than the t-table (1.96), according to the computation above. Thus, it can be said that the performance of manufacturing companies and supply chain strategy are positively correlated when a company has a competitive edge.

8) Strategy supply chain influences company performance through market orientation.

3.501 is the t-value needed to test the intervening effect for this hypothesis. Table $t = 1.96$ if $\alpha = 0.05$. With a significance level of 0.05, the t-count statistics (3.501) is bigger than the t-table (1.96), according to the computation above. Consequently, it can be said that a market-oriented approach can improve the correlation between supply chain strategy and the performance of manufacturing companies.

From the results of respondents' responses based on variables, dimensions, and indicators, it can be explained that:

Supply chain strategy: This variable has three divided dimensions, including preventive actions, customer service, and response time to problems. The assessment results from 323 respondents showed that the supply chain strategy as a whole received a good rating with an average score of 4.13. The preventive action dimension reached the highest value of 4.26, indicating awareness and caution in anticipating problems. However, the customer service dimension has the lowest value of 4.04, especially in the Problem Response Time indicator, which needs to be improved to increase customer satisfaction.

Competitive Advantage: This variable consists of three dimensions, namely effectiveness, responsiveness, and product or service quality. From the respondents' assessment, Competitive Advantage received a good rating with an average score of 4.12. The effectiveness dimension achieved the highest value of 4.24, while the responsiveness dimension had the lowest value of 4.03, especially in the Product or Service Quality and Effective Communication critical

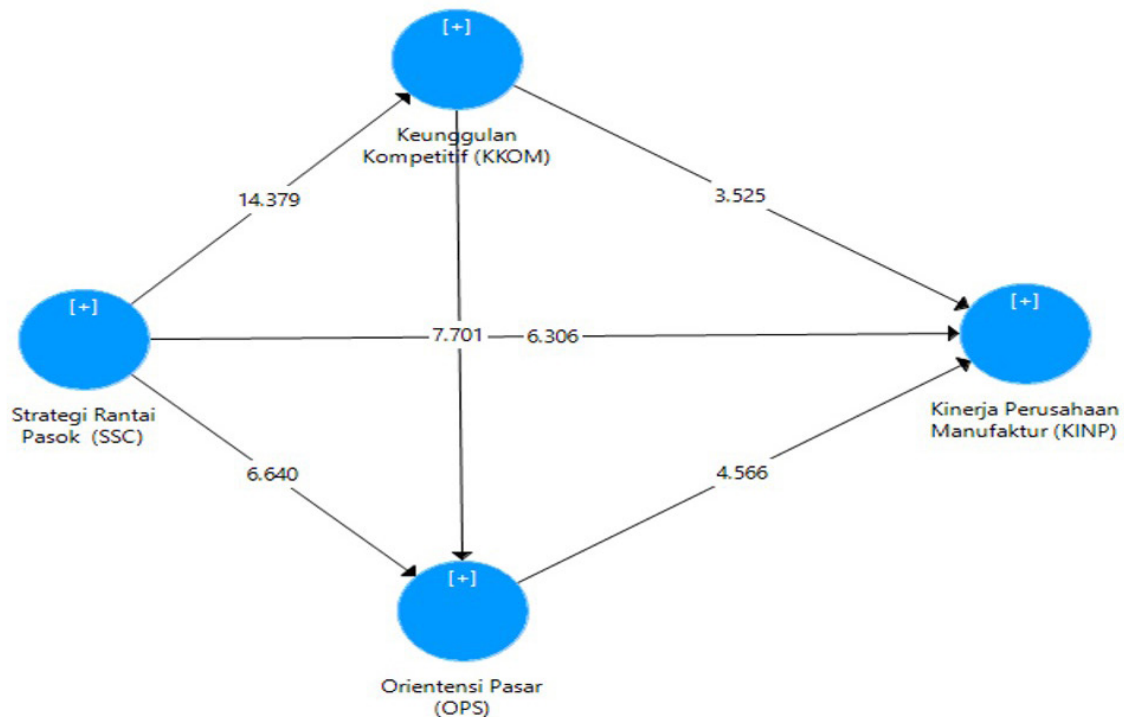


Figure 3 Bootstrapping Hypothesis Results

indicators, which shows a better expansion in the aspect of responsiveness to the market and customer needs.

Market Orientation. This variable includes the company's orientation towards the market, consisting of competitor orientation, customer orientation, and cross-functional orientation. The assessment from respondents shows that market orientation received a good rating with an average score of 4.10. The competitor orientation dimension obtained the highest value of 4.20, while the inter-functional orientation dimension had the lowest value of 4.04. This shows the need for improvement in understanding customer needs and providing superior customer service to customers.

Company performance: This variable is divided into two dimensions, namely non-financial aspects and financial aspects. From the respondents' assessment, the company's performance received a good rating with an average score of 4.14. The non-financial aspect dimension obtained the highest index, while the financial aspect dimension had the lowest value of 4.10. The emphasis on non-financial

aspects shows the importance of a more holistic performance evaluation, including aspects such as innovation, customer satisfaction, and company reputation to increase company sales.

The third equation, which is based on research data, demonstrates that there is a positive association (total influence of $R^2 = 0.625$) between supply chain strategy, competitive advantage, and market orientation and corporate performance. This demonstrates that 62.5% of the explanation for the performance of manufacturing organizations can be attributed to the factors of supply chain strategy, competitive advantage, and market orientation, while the remaining 37.5% may be attributed to variables not included in this study.

Specifically, the variable with the greatest influence on manufacturing company performance is competitive advantage, which has an R^2 of 0.472, indicating that 47.2% of the variation in competitive advantage can be explained by supply chain strategy. With an R^2 of 0.432, market orientation, on

the other hand, can be explained by supply chain strategy at 43.2%, while other factors account for the remaining 56.8%. Therefore, competitive advantage is the variable that has the biggest impact out of the three, even though all three of them together have a considerable impact on the performance of manufacturing organizations.

This confirms that the factors that make a company superior in the market, like product innovation, operational efficiency, product quality, or superior service, have a large influence on the overall performance of the business.

Thus, companies need to focus on developing and strengthening their competitive advantages to ensure long-term growth and sustainability. This can be done by continuously improving product or service quality, offering unique added value to customers, improving operational processes, and remaining innovative in the face of market changes and industry competition. By understanding the importance of competitive advantage, companies can direct their resources and strategies to achieve a stronger and more sustainable position in the market.

Competitive advantage is the foundation of organizational performance in a market that is highly competitive. It is a strength that a company possesses that opponents cannot match in terms of durability and ease of matching (Azhad, Seno & Nurul, 2019). The existence of differences in strengths that competitors do not have creates opportunities for companies to get better performance than competitors. The more effective and responsive a company is in analyzing environmental changes, the more competitive its performance will be.

A hypothesis test recapitulation table can be seen below, based on the research analysis results.

H1. The Influence of Supply Chain Strategy on Company Performance

The results confirm Hypothesis 1, showing a significant positive relationship

between supply chain strategy (SSC) and company performance (KINP). The path coefficient of 0.366 and t-value of 6.306 ($p < 0.05$) indicate that improvements in supply chain strategy are associated with enhanced performance. This finding aligns with Khan et al., (2012), who suggested that well-designed supply chain strategies lead to operational efficiencies that drive performance improvements. The strategy's role in balancing effectiveness, efficiency, and responsiveness highlights how changes in supply chain management can result in better alignment with business goals, leading to improved profitability and customer satisfaction. Similar results are echoed in the studies of Ali et al., (2023), reinforcing the critical role of supply chain strategy in driving company performance.

H2. The Influence of Competitive Advantage on Company Performance

The findings support Hypothesis 2, demonstrating that competitive advantage (KKOM) has a significant positive impact on company performance, with a path coefficient of 0.231 and t-value of 3.525 ($p < 0.05$). This suggests that companies with stronger competitive advantages—such as unique capabilities or differentiation—are more likely to experience higher performance. This aligns with Azhad et al., (2019), who noted that competitive advantage strengthens a company's market position, leading to increased profitability and market share. These findings are consistent with studies by Beigi et al., (2023) and Ghasemi et al., (2015), further validating the essential role competitive advantage plays in achieving superior performance outcomes.

H3. The Influence of Market Orientation on Company Performance

The results confirm Hypothesis 3, showing a significant positive effect of market orientation (OPS) on company performance, with a path coefficient of 0.314 and t-value of 4.566 ($p < 0.05$). This suggests that companies

with a strong market orientation—those that closely monitor customer preferences and market trends—perform better. As noted by Larney et al., (2020), companies with strong market orientation are more adaptable to customer needs, enhancing competitiveness and performance. The findings are consistent with studies by Ismail et al., (2019) and Larney et al., (2020), which demonstrate how market orientation allows firms to respond to market dynamics more effectively, leading to innovation and performance gains.

H4. The Effect of Supply Chain Strategy on Competitive Advantage

The results support Hypothesis 4, showing a significant positive impact of supply chain strategy (SSC) on competitive advantage (KKOM), with a path coefficient of 0.687 and t-value of 14.379 ($p < 0.05$). This demonstrates that effective supply chain management enhances a company's competitive advantage by reducing costs, improving efficiency, and accelerating response to market changes. Qrunfleh & Tarafdar, (2013) emphasize the role of supply chain strategy in creating cost-efficient processes and reducing lead times, which is corroborated by Shahadat et al., (2023) and Khaddam et al., (2020), who also found strong links between supply chain efficiency and competitive advantage.

H5. The Influence of Supply Chain Strategy on Market Orientation

The findings validate Hypothesis 5, indicating that supply chain strategy (SSC) significantly enhances market orientation (OPS), with a path coefficient of 0.259 and t-value of 6.640 ($p < 0.05$). This suggests that an effective supply chain strategy improves market responsiveness, shortens lead times, and boosts customer satisfaction, which strengthens market orientation. Riquelme-Medina et al., (2022) highlighted how supply chain efficiency leads to better market insights, allowing companies to meet customer demands more effectively. Research by Aslam et al., (2023) and Liu et al., (2013) further supports

this, showing that a well-implemented supply chain strategy enhances market orientation and competitiveness.

H6. The Influence of Competitive Advantage on Market Orientation

The results confirm Hypothesis 6, demonstrating that competitive advantage (KKOM) has a significant positive effect on market orientation (OPS), with a path coefficient of 0.452 and t-value of 7.701 ($p < 0.05$). This shows that firms with strong competitive advantages—such as unique products or services—are better able to align with market needs and strengthen their market orientation. This is consistent with Bodlaj & Čater, (2021) and Camisón & Villar-López, (2014), who found that competitive advantage enhances a firm's ability to meet market demands through better product differentiation and customer targeting.

H7. The Impact of Supply Chain Strategy through Competitive Advantage on Company Performance

The results support Hypothesis 7, showing that supply chain strategy (SSC), through competitive advantage (KKOM), has a significant positive impact on company performance (KINP), with a path coefficient of 0.159 and t-value of 3.414 ($p < 0.05$). This demonstrates that competitive advantage serves as a mediator, enhancing the link between supply chain strategy and company performance. This finding aligns with (Wisner, 2003), who noted that supply chain strategies focused on customer satisfaction and operational efficiency lead to sustainable competitive advantages, which in turn drive better performance outcomes. Research by Ali et al., (2023) and Noviyana et al., (2023) further supports these conclusions, confirming that competitive advantage strengthens the performance benefits derived from supply chain strategy.

H8. The Influence of Supply Chain Strategy through Market Orientation on

Table 5 Recapitulation of Hypothesis Testing

Alternative Hypothesis (H _a)	Direct Influence	Path Coefficient	Calculated t value (>1.96)	Null Hypothesis Conclusion (H ₀)
H1	Supply Chain Strategy (SSC) -> Manufacturing Company Performance (KINP)	0.366	6,306	Accepted
H2	Competitive Advantage (KKOM) -> Manufacturing Company Performance (KINP)	0.231	3,525	Accepted
H3	Market Orientation (OPS) -> Manufacturing Company Performance (KINP)	0.314	4,566	Accepted
H4	Supply Chain Strategy (SSC) -> Competitive Advantage (KKOM)	0.687	14,379	Accepted
H5	Supply Chain Strategy (SSC) -> Market Orientation (OPS)	0.259	6,640	Accepted
H6	Competitive Advantage (KKOM) -> Market Orientation (OPS)	0.452	7,701	Accepted
Indirect Influence				
H7	Supply Chain Strategy (SSC) -> Competitive Advantage (KKOM) -> Manufacturing Company Performance (KINP)	0.159	3,414	Accepted
H8	Supply Chain Strategy (SSC) -> Market Orientation (OPS) -> Manufacturing Company Performance (KINP)	0.081	3,501	Accepted

Company Performance
The results confirm Hypothesis 8, indicating that supply chain strategy (SSC), through market orientation (OPS), significantly and positively affects company performance (KINP), with a path coefficient of 0.081 and t-value of 3.501 ($p < 0.05$). This shows that market orientation mediates the relationship between supply chain strategy and

performance, with responsive supply chains better meeting market needs, thus improving performance. The findings are consistent with Förster et al., (2014) and Grinstein, (2008), who demonstrated that market-oriented supply chains lead to higher customer satisfaction and competitive positioning, ultimately boosting company performance.

D. Conclusion

An effective supply chain strategy has a significant effect on improving company performance. Good supply chain management can lower operational costs and increase production efficiency. A company's performance is significantly impacted by its competitive edge. The ability of a business to compete in the market can boost profitability and market share. A strong market orientation has a significant effect on company performance. Companies that focus on customer needs and preferences can increase customer satisfaction and loyalty. Competitive advantage is greatly impacted by an effective supply chain strategy. Effective supply chain management can boost responsiveness to market demands and offer cost benefits.

A good supply chain strategy has a significant influence on market orientation. A responsive supply chain can help companies meet market demand quickly. Competitive advantage has a significant effect on market orientation. Companies that have a competitive advantage can more easily adapt their marketing strategies to market conditions. Supply chain strategy's competitive edge has a major impact on business performance. A strong supply chain can boost a company's competitive advantage, which boosts productivity. Due to the fact that supply chain strategy is market-oriented, it significantly affects how well a company performs. Effective supply chain management can boost a company's market orientation, which in turn boosts performance.

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