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Analysis of The Role of Integrated Supply Chain Management and Cross-Functional Communication on Performance of Automotive Industries in Indonesia

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Abstrak

Studi ini bertujuan untuk meningkatkan kinerja industri otomotif dengan memperbaiki performa pada manajemen rantai pasokan. Aliran kordinasi informasi yang tidak efisien sering berdampak terhadap berbagai masalah dalam manajemen rantai pasokan. Untuk memperbaikinya, manajemen perusahaan harus memahami aliran informasi dan meningkatkan kualitas kordinasi komunikasi antar fungsi di dalam organisasi. Perusahaan harus Berfokus pada pelanggan dengan memprioritaskan efektivitas komunikasi dengan pelanggan dan menciptakan integrasi yang baik diantara departemen secara internal di organisasi. Tata kelola manajemen rantai pasok dan komunikasi yang efektif akan membantu perusahaan untuk dengan cepat mengidentifikasi permasalahan pada ketersediaan stok dan tentunya berdampak pada profitabilitas perusahaan. Untuk proyeksi penjualan yang akurat, penting bagi manajemen untuk memetakan kebutuhan dari pelanggan sedini mungkin serta menggunakan metode perhitungan yang presisi.

Kata Kunci: *Industri Otomotif, Informasi, Rantai Pasok, Profitabilitas*

Abstract

This study aims to improve the performance of the automotive industry by improving performance in supply chain management. Inefficient information coordination flow often has an impact on various problems in supply chain management. To fix it, company management must understand the flow of information and improve the quality of communication coordination between functions within the organization. Companies must focus on customers by prioritizing the effectiveness of communication with customers and creating good integration between departments internally in the organization. Effective supply chain management and communication governance will help companies quickly identify problems with stock availability and of course have an impact on company profitability. For accurate sales projections, it is important for management to map customer needs as early as possible and use precise calculation methods.

Keyword: Automotive Industry, Information, Supply Chain, Profitability

INTRODUCTION

Business world underwent a major change with the emergence of new opportunities in the market. At this time, the market was not yet saturated, and consumers were eager for new products and services, prompting companies to focus more on marketing as a primary strategy to reach consumers and meet market demand. This change marked a significant shift in industry dynamics, with marketing becoming a dominant element in company operations (Afifah et al., 2018). As more companies entered the market, competition became fiercer. Companies had to find ways to differentiate their products and services to remain relevant and attractive to consumers. Marketing became more important than ever, with companies devoting more resources to market research, promotions, and brand development, focusing on understanding consumer needs and wants. The relationship between marketing and production became more complex as companies had to negotiate frequently with production to ensure that production could meet market demand. Companies needed to develop production systems that could adapt quickly to variations in demand (Tannady & Filbert, 2018). To compete in an increasingly competitive market, companies had to focus on product differentiation, whether through innovation, improved quality, or better customer service. The market exerts increasing pressure on companies to continuously innovate and improve their offerings, and the inventory monitoring function transmits this demand to suppliers and other parts of the supply chain (Lois et al., 2017).

Systems whose efficiency depends on an environment characterized by stability and low market demand tend to optimize the price variable by setting limits on criteria such as quality and deadlines through the bargaining power of the parties (Tannady et al., 2023). In this context, the relationship between suppliers and customers changes from being a mere

business transaction to a mutually beneficial strategic partnership, where both parties work together to achieve a common goal, namely operational stability and efficiency (Koto et al., 2019). Both suppliers and customers, with strong bargaining power, can reach agreements that benefit all parties and ensure the quality of products and services meets expected standards. In the long term, this approach not only improves operational efficiency but also builds trust and loyalty between the company and its business partners, which are valuable assets in facing future market challenges (Sangadji et al., 2023).

Supply chain management has gained widespread acceptance. Initially, organizations used the term to refer to specific processes or aspects primarily related to logistics. At that time, the primary focus of supply chain management was on how to move goods from one point to another efficiently, ensuring that products reached consumers on time and in a cost-effective manner (Hendrawan et al., 2024). However, over time, the concept of supply chain management has changed and evolved (Sukmana & Hakim, 2023). Supply chain management has evolved from a focus solely on logistics to encompass a wider range of elements, including managing supplier and customer relationships, demand planning, inventory control, and coordinating production and distribution activities (Herdiyopie et al., 2020). These changes reflect the increasing complexity of business needs and the importance of an integrated approach to managing the flow of goods, information, and money in the supply chain. In addition, supply chain management has evolved into a more holistic strategic approach. This involves recognizing the importance of close relationships and collaboration between the various parties involved in the supply chain, including suppliers, manufacturers, distributors, and customers (Diposentono et al., 2023).

Technology has also played a significant role in the evolution of supply chain management. The development of information and communication technology has enabled companies to utilize data and analytics in supply chain management (Hakim, 2023). This technology helps companies with demand planning, inventory management, and logistics optimization, thereby increasing operational efficiency and reducing costs. Thus, companies can respond to market changes and consumer demand more quickly and effectively (Al Firdausi & Suprayitno, 2023). Furthermore, the concept of sustainability has become an integral part of modern supply chain management (Gani et al., 2024). Companies are now paying more attention to the environmental and social impacts of their supply chain operations. With a focus on environmentally friendly and ethical business practices, companies strive to reduce their carbon footprint and promote sustainable business practices throughout their supply chain. A variety of means, including education, academic research, and practical application in industry, have driven the promotion and use

of supply chain management concepts.

RESEARCH METHOD

This research employs a case study approach, concentrating on a small and medium enterprise involved in automotive distribution. This case study allows researchers to explore in depth how the industries manages its supply chain in the specific context of the automotive industry. With this approach, the study can provide detailed insights into the challenges and strategies implemented by industries in running their daily operations. We conducted the data analysis by implementing several key strategic steps. We first carried out supply chain restructuring to assess and redesign the flow of goods and information between various entities in the supply chain. The next step is supplier selection, which involves evaluating suppliers based on quality, cost, and ability to meet delivery deadlines. Additionally, we analyzed the integration of operations between suppliers and customers to enhance coordination and efficiency in the flow of goods and information.

RESULT AND DISCUSSION

Inefficient or disconnected information flow often causes supply chain management issues. Therefore, a deep understanding of how information flows through the supply chain is essential to identifying and resolving bottlenecks. Smooth and continuous communication allows all parties to better coordinate, respond more effectively to changing market demand, and minimize the risk of errors or delays. The ability to achieve this efficient communication is critical to ensuring that the supply chain remains responsive to consumer needs. In situations where consumer demand is changing rapidly, the ability to share information in real time can be a significant competitive advantage. By optimizing the flow of information, companies can ensure that they have full visibility into their supply chain, allowing for better and faster decision-making. Furthermore, good information flow in short supply chains allows companies to identify potential issues before they escalate.

The company is focusing on positioning itself to lead integration, especially by sharing this vision with customers. Customers are those who complete the sale to the end consumer, so the company's relationship with them is fully directed. This direct relationship allows companies to more effectively implement integration strategies that can increase efficiency and add value for all parties involved. However, as mentioned earlier, it would not be efficient to apply this approach to the entire customer base at once due to the complexity involved. Each customer may have different needs and characteristics, which can add layers of complexity to the integration process. Therefore, companies must conduct an analysis to

identify customers with whom they can carry out dialogues more quickly and efficiently. By prioritizing customers who are easier to work with, companies can create momentum and achieve faster results in the integration process. Companies can manage a consolidated work system once they successfully achieve the first integration.

The need to conduct an in-depth analysis of customer evaluations becomes very important, especially when the goal is to solve customer supply problems. Having a global vision alone does not allow us to find the root cause or focus on the organizational elements that affect stock movements. In this context, product line-based analysis becomes essential to identify customers who cause greater merchandise movement problems, even though some of them may not be very representative of the company's total sales. This enables us to understand that the variables considered in the analysis will change based on the desired outcomes. In this case, the primary focus is on finding customers who influence the largest stock movements for the most representative lines in the operation, so that they can work together to improve forecast accuracy and efficiency in the supply chain.

For clients, it is clear that they generally have less business training compared to suppliers. Therefore, we anticipate that introducing the supply chain management philosophy to them will be more challenging. In this context, a dialogue approach tailored to each retailer's characteristics becomes essential. Another relevant aspect to note is that as the company grows, companies like Focus have exclusivity for the brands they sell in their operating areas. This exclusivity creates a strong relationship with each brand, as the organization acts as the official representative of the products offered. This situation necessitates a strong bond, at least with suppliers' factories. As retailers, clients are often multi-brand, so they not only need to work hard in purchasing planning but also in understanding and strengthening the relationship with the products they sell in order to be considered as representatives of the brand. This not only allows them to strengthen their market position, but also to gain more space and recognition in an increasingly competitive market.

Mapping out agreements in detail and specifically for each supplier allows the company to better understand the time required for the various processes. This understanding is important because companies cannot always lead the planning process independently. Adapting to the dynamics of product production also requires conscious and strategic coordination activities. Realizing that historical data alone cannot serve as a reference for projecting future sales is crucial in the context of integrated planning. Instead, a deeper analysis of product trends and seasonality, events, competitive behavior, and the macroenvironment to detect opportunities and threats is very important. To support this

analysis, it is necessary to use calculation methods that reflect more realistic sales behavior. In product line analysis, there are often very striking market trends and seasonal patterns that organizations should not ignore. Understanding these trends allows companies to adjust their marketing and production strategies to be more in line with market demand.

Ultimately, the studied company has significant opportunities to improve its performance through better coordination with its business partners. Adopting the suggested working philosophy is crucial for supply chain organizations to establish a long-term vision, instead of focusing solely on current operational activities like product production and ordering. With this approach, the practices implemented will be more sustainable, even when there are changes in the supply chain, such as the addition of new actors or modifications to the marketed product lines. This approach, from a supply chain management perspective, also allows for a deeper understanding of the internal functioning of each organization in the chain. This not only improves decision-making at the strategic level but also encourages the active involvement of members of each organization. By understanding the role and contribution of each part in the supply chain, companies can implement more effective strategies and align long-term goals with day-to-day operational needs. This will help create a more responsive, efficient, and adaptive supply chain to changing market and business conditions.

CONCLUSION

Inefficient or disconnected information flows often root supply chain management problems. To address these issues, it is important for companies to understand how information flows through the supply chain, allowing for better communication and responsiveness to changes in market demand. Efficient communication not only improves coordination and reduces the risk of errors but also provides a competitive advantage in responding quickly to consumer demand. Companies should prioritize customers in the integration process, given the direct relationship they have with the end consumer. Although complexity increases with a broader customer base, prioritizing dialogue with customers who are easier to work with can create positive momentum for integration. Once the initial integration is successful, companies can expand the consolidated system to the entire customer base. In-depth analysis of customer evaluations, especially using a product line-based approach, is critical to identifying problems in stock movement and customer profitability. This way, companies can focus efforts on customers who have the greatest impact on stock movement, improving forecast accuracy and supply chain efficiency.

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