

THE INFLUENCE OF SUPPLIER RELATIONSHIP MANAGEMENT ON COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN INTEGRATION

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ABSTRACT

This study aims to analyze the effect of Supplier Relationship Management on Competitive Advantage, with Supply Chain Integration as a mediating variable, in medium- and large-scale manufacturing companies in East Java. The study uses an explanatory research approach with a non-probability sampling method through judgment sampling. Data were obtained by distributing questionnaires to 97 respondents and measured using a five-point Likert scale. Data analysis was performed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software. The results show that Supplier Relationship Management has a positive and significant effect on Supply Chain Integration ($\beta = 0.766$; $p < 0.001$) and Competitive Advantage ($\beta = 0.286$; $p = 0.034$). Supply Chain Integration also has a positive and significant effect on Competitive Advantage ($\beta = 0.341$; $p = 0.021$). Furthermore, the indirect effect of Supplier Relationship Management on Competitive Advantage through Supply Chain Integration was positive and significant ($\beta = 0.261$; $p = 0.027$). These findings indicate that Supply Chain Integration acts as a partial mediator in the relationship between Supplier Relationship Management and Competitive Advantage. Therefore, effective supplier relationship management needs to be supported by information integration, coordination, and involvement among supply chain actors so that companies can improve flexibility, delivery accuracy, the ability to meet customer needs, and competitive position.

Keywords: supplier relationship management, supply chain integration, competitive advantage, PLS-SEM, manufacturing companies.

INTRODUCTION

Increasingly fierce business competition requires companies to rely not only on internal resources but also on building effective relationships with all parties in the supply chain (Gunawan et al., 2025). These relationships are formed to synergize in addressing customer needs by developing suppliers and internal components. Changes in customer needs can lead to unstable company conditions, necessitating strong collaboration with suppliers (Jimenez-Jimenez et al., 2019). The use of technology in companies provides opportunities to build strong relationships with suppliers and customers, sharing information to overcome uncertainty (Doetzer & Pflaum, 2021). Pressure for cost efficiency has strengthened companies' ability to manage their supply chains effectively and remain resilient. Companies need to develop supply chains that can maintain business continuity and remain competitive. Companies need to create advantages that are difficult for competitors to imitate through integrated management of resources, information, processes, and business relationships. One of the parties that plays a crucial role in supporting the achievement of these goals is a strong relationship with suppliers.

Suppliers no longer merely serve as providers of quality raw materials but also play a role in helping companies run their operations effectively. Suppliers can provide production components that are well-managed to produce quality products. Suppliers can provide services needed in the production process (Gunawan et al., 2025). Suppliers have evolved into strategic partners that can support improvements in raw material quality for companies. Suppliers can participate in understanding existing product characteristics so they can adapt to industry needs. Companies need to involve suppliers in operational efficiency and adequate product innovation actively (Freije et al., 2022). Timely delivery and the company's ability to respond to market changes are crucial roles in supplier relationship management. Supplier performance affects the smoothness of the production process and the company's ability to meet customer demand. A supplier's ability to maintain quality, quantity, price, and delivery accuracy can significantly increase a company's competitiveness. Companies can maintain production accuracy to sustain supplier trust over time (Ahmad Amouei et al., 2023).

A company's dependence on suppliers indicates that the relationship between the company and its suppliers needs to be managed systematically. The approach used to manage this relationship is known as Supplier Relationship Management (SRM). Supplier relationship management is the process of managing interactions and collaboration between a company and its suppliers to create long-term mutual benefits (Jimenez-Jimenez et al., 2019). A company's ability to manage good relationships with suppliers can contribute to smooth operations. Supplier selection and performance evaluation activities carried out by the company can maintain consistency for a strong production process. Communication and coordination between the company and its suppliers can produce efficiency and effectiveness, fostering competitiveness. Companies can play an active role in supplier development and participate in resolving problems that arise within the company. Supplier Relationship Management in a company can shift relationships from short-term transactions to more strategic, collaborative relationships.

Implementing Supplier Relationship Management (SRM) can help companies obtain more consistent quality raw materials while effectively executing production processes. Companies can maintain competitive product prices and reliable delivery times. Good supplier relationships also allow companies to gain priority when there are supply constraints or sudden increases in demand. Supplier involvement in product planning and development can accelerate the innovation process and reduce errors in design and production (Freije et al., 2022). Therefore, the success of SRM is measured not only by a company's ability to reduce purchasing costs, but also by the relationship's ability to generate efficiency, flexibility, quality, innovation, and added value (Doetzer & Pflaum, 2021).

While supplier relationship management has the potential to improve company performance, these benefits are not always immediately apparent. Good supplier relationships need to be translated into integrated process coordination and decision-making (Basana et al., 2022). Companies that maintain close relationships with suppliers but still manage planning, procurement, production, and distribution separately may not achieve optimal benefits. Delayed information, inaccurate data, differing targets, and a lack of coordination can hinder the utilization of supplier resources. This situation demonstrates that supply chain integration is a crucial mechanism linking supplier relationship management to achieving competitive advantage.

Supply chain integration describes the level of interconnectedness and coordination between various internal company functions and between the company and external partners in the supply chain. This integration includes information exchange, business process alignment, joint planning, inventory coordination, product development, order fulfillment, and decision-making. In relationships with suppliers, supply chain integration enables companies and suppliers to share information regarding demand forecasts, production schedules, inventory levels, raw material requirements, quality standards, and changes in product specifications. The availability of timely information can reduce uncertainty and improve the accuracy of operational decisions.

Supply chain integration can also reduce various forms of waste that arise from weak coordination between organizations (Basana et al., 2022). Mismatched demand information, for example, can lead to excess inventory on one side and shortages on the other. Lack of coordination can also lead to repeat orders, long lead times, high transportation costs, and changes to production schedules. Through integration, companies and suppliers can develop more aligned plans, allowing for a more effective flow of goods, information, and finances. Thus, Supply Chain Integration is a crucial foundation for creating a responsive and efficient supply chain.

The relationship between supplier relationship management and supply chain integration can be seen in the level of trust, commitment, and openness established between a company and its suppliers. Integration cannot run optimally if both parties are reluctant to share information or fear that it will be used for one-sided interests. Good SRM can create mutual trust, increase communication intensity, and encourage commitment to shared goals. When trust and commitment are established, suppliers will be more willing to participate in planning, share knowledge, make specific investments, and adapt their operational processes to the company's needs (Al-Omoush et al., 2022).

Supplier relationship management also plays a role in enhancing a company's ability to manage supply chain risks. Supply disruptions can occur due to price changes, raw material shortages, quality issues, transportation failures, natural disasters, regulatory changes, or economic instability (Gunawan et al., 2025). Transactional relationships often lead companies and suppliers to act separately when faced with disruptions. Conversely, collaborative relationships enable both parties to identify risks, develop mitigation plans, explore alternative supplies, and adjust production together. These capabilities can be strengthened through the integration of information and processes throughout the supply chain (Tarigan, Siagian, et al., 2021).

On the other hand, a company's primary goal in building supplier relationships and integrating its supply chain is to create a competitive advantage. Competitive advantage is a company's ability to generate higher value than competitors through lower costs, better quality, faster delivery, greater flexibility, or superior innovation. Companies with a competitive advantage are better able to retain customers, improve their market position, and navigate changes in the business environment. This advantage needs to be built through sustainable and inimitable organizational capabilities, including the ability to manage relationships with supply chain partners (Ahmad Amouei et al., 2023).

Supplier relationship management can support cost advantages through more open negotiations, reduced transaction costs, simplified procurement processes, and more accurate demand planning. In terms of quality, collaboration with suppliers can help companies maintain raw material consistency and continuously improve quality (Jimenez-Jimenez et al., 2019). In terms of innovation, suppliers can provide knowledge about new technologies, materials, and production methods (Al-Omoush et al., 2022). Meanwhile, in terms of speed and flexibility, suppliers with close relationships tend to be more responsive to changes in volume, schedule, and specifications. These various benefits can strengthen a company's position against competitors.

However, achieving competitive advantage through supplier relationship management depends heavily on a company's ability to integrate supply chain activities (Tarigan, Mochtar, et al., 2021). Good supplier relationships are insufficient if information cannot be accessed on time by production, marketing, logistics, and finance (Panahifar et al., 2018). Similarly, supplier commitment will not yield optimal results if planning and decision-making processes remain siloed. Supply chain integration enables the benefits of supplier relationships to be applied to a company's operational processes. Thus, supply chain integration can act as a mediating variable explaining how SRM can generate competitive advantage.

The mediating role of supply chain integration is crucial because supplier relationship management is more concerned with relationship quality. At the same time, Competitive Advantage is concerned with the strategic outcomes achieved by the company (Sai et al., 2025). Relationship quality needs to be realized through operational mechanisms, such as information exchange, planning synchronization, inventory coordination, and joint problem solving. When supplier relationships enhance supply chain integration, companies can respond more quickly to customer demand, reduce costs, improve quality, and maintain product availability. This series of processes can ultimately yield a stronger advantage compared to companies that manage suppliers and supply chains separately. In practice, some companies still prioritize supplier selection based on the lowest price, neglecting long-term relationships. This pattern can lead to frequent supplier changes, low levels of trust, minimal information exchange, and limited supplier involvement in process improvement (Baah et al., 2022). Furthermore, some companies have established good relationships with suppliers but lack information systems and coordination procedures that support integration. This situation prevents suppliers from fully contributing to the company's competitiveness. This issue needs to be analyzed to understand the extent to which SRM can enhance integration and competitive advantage.

Numerous studies have examined the relationship between supplier management, supply chain integration, and firm performance. However, research findings vary depending on industry type, product characteristics, supply chain structure, level of supplier dependence, and firm technological capabilities. Furthermore, some studies primarily examine the direct influence of supplier relationship

management on performance or competitive advantage without explaining the processes linking the two variables. Testing supply chain integration as a mediating variable is necessary to gain a deeper understanding of the mechanisms by which competitive advantage is formed through firm-supplier relationships (Soesetyo et al., 2024).

Based on the above description, research on the influence of Supplier Relationship Management on Competitive Advantage through Supply Chain Integration has both theoretical and practical relevance. Theoretically, this research can explain the relationship between supplier relationship management, integration of supply chain activities, and the creation of competitive advantage. Practically, the research results can be a basis for companies in determining supplier management policies, building information exchange systems, improving process coordination, and developing long-term collaboration. Therefore, this research was conducted to analyze the influence of Supplier Relationship Management on Supply Chain Integration and Competitive Advantage, and to examine the role of Supply Chain Integration in mediating the influence of Supplier Relationship Management on Competitive Advantage.

LITERATURE REVIEW

Supplier Relationship Management

Supplier Relationship Management (SRM) is a comprehensive approach used by companies to manage, develop, and optimize interactions and collaborative relationships with suppliers of goods and services to support smooth operations and achieve company goals. This approach focuses not only on purchasing goods or services but also includes managing interactions, communication, coordination, and ongoing evaluation of supplier performance (Gunawan et al., 2025). Through SRM, companies can ensure that suppliers can meet operational needs in accordance with established standards of quality, cost, quantity, and delivery time. SRM creates an effective process between the company and its suppliers. Supplier involvement in product development will enable companies to utilize suppliers' capabilities, technology, and resources to create higher-quality and competitive products (Panahifar et al., 2018). The goal of implementing SRM is to build close collaboration between the company and its suppliers so that both parties can gain mutual benefits and advantages (Buranasiri et al., 2024). Relationships with suppliers are no longer viewed as short-term transactional relationships, but rather as strategic partnerships oriented towards sustainability (Amelia et al., 2024). These partnerships need to be built especially with critical suppliers who play a vital role in maintaining the smooth running of the company's production and operational processes. Good relationships can increase trust, commitment, openness of information, and the ability of companies and suppliers to solve problems together.

Implementing SRM requires a deep understanding of each party's needs, capabilities, and expectations. Companies need to continuously evaluate and improve processes, service quality, and supplier performance to ensure relationships add value (Li, 2021). Furthermore, the use of appropriate information technology can support more accurate monitoring, data exchange, performance evaluation, and decision-making. With this technological support, companies can manage supplier relationships more effectively, in an integrated manner, and in a way that is responsive to changing business needs.

Supply Chain Integration

Supply chain integration refers to the level of strategic collaboration between a company and its supply chain partners, including suppliers, internal units, distributors, and customers (Tarigan, Siagian, et al., 2021). This integration encompasses the management of both intra- and inter-organizational processes to ensure the effective and efficient flow of products, services, information, finances, and decision-making (Soesetyo et al., 2024). The goal is to create better coordination and deliver maximum value to customers (Tarigan, Mochtar, et al., 2021).

Implementing supply chain integration can reduce, or even eliminate, duplication of non-value-added processes. Aligning workflows, data, and communications enables companies to carry out

procurement, production, inventory, and distribution activities in a more coordinated manner. Good integration can also strengthen supplier relationships, increase negotiation effectiveness, and help companies obtain raw materials or services that meet established quality, cost, and time standards. In addition to improving operational efficiency, supply chain integration also contributes to improved product and service quality (Li, 2021). Better coordination enables companies to meet customer demand more accurately, thereby increasing customer satisfaction. Supply chain integration also helps companies respond more quickly to market changes and supply disruptions (Amelia et al., 2024). This allows companies to increase flexibility, responsiveness, and resilience in the face of various uncertainties in the business environment.

Competitive Advantage

Organizational performance refers to the company's level of success in achieving its marketing and financial objectives (Sai et al., 2025). Performance assessment can be conducted by comparing actual results with established targets through various indicators, such as sales growth, market share, profitability, product or service quality, competitive position, customer service, and delivery speed. These indicators can also be used to explain the contribution of supply chain management to the achievement of overall organizational performance.

Competitive advantage is a company's ability to build and maintain a superior position compared to its competitors. One strategy that can be implemented to win the competition is offering competitive prices by increasing operational effectiveness and efficiency. This efficiency needs to be applied throughout the supply chain process, from raw material procurement and production to inventory management and product distribution to customers. Effective supply chain management can help companies reduce costs, improve quality, accelerate delivery, and strengthen their market position.

Customer involvement in supply chain management can also increase a company's flexibility in meeting market needs (Amelia et al., 2024). Through effective communication and coordination, customers can understand the company's challenges when demand fluctuates suddenly, production volume changes, or product specifications change. Customer involvement, particularly in implementing environmentally friendly supply chains, can contribute to improved operational performance, product quality, flexibility, delivery accuracy, and cost efficiency. Maintaining strong customer relationships can ultimately improve company satisfaction, loyalty, and performance.

METHODOLOGY

The study used inferential analysis to test the influence between variables established in the research model. This analysis was used to assess the direction, magnitude of influence, and level of significance of the relationship between variables based on the proposed hypothesis. The unit of analysis in this study was medium- and large-scale manufacturing companies located in East Java, with the criteria of having at least 20 employees. Data collection in this study was conducted using a questionnaire method containing statements related to the research variables, which were given to respondents to obtain answers. Each statement was measured using a five-point Likert scale, namely a score of 1 for Strongly Disagree (STS), a score of 2 for Disagree (TS), a score of 3 for Neutral (N), a score of 4 for Agree (S), and a score of 5 for Strongly Agree (SS). This scale was used to measure the level of respondents' agreement with each statement asked in the questionnaire.

The sampling technique used in this study was a non-probability sampling method with a judgmental sampling approach. Non-probability sampling is a sampling technique that does not provide an equal opportunity for each member of the population to be selected as a respondent. Sample selection was based on the researcher's considerations, adapting the respondents' characteristics to the research objectives and needs.

Judgment sampling was used because not all members of the population have information and experience relevant to the variables being studied. Therefore, respondents were selected based on specific criteria predetermined by the researcher. These criteria were used to ensure that the

selected sample possessed sufficient knowledge, experience, or involvement to provide relevant data and support the research model testing process. This study employed an explanatory research approach, which aims to explain causal relationships between variables and test formulated hypotheses. This approach was used because the study not only describes a phenomenon but also analyzes the influence of one variable on another based on a predetermined research model. The research model is shown in Figure 1.

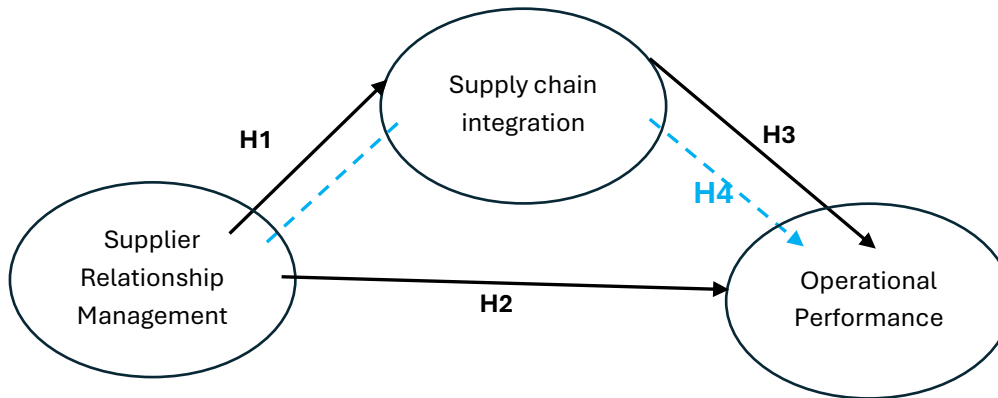


Figure 1. Research Model

The data analysis technique in this study used the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with the assistance of SmartPLS software. This method is used to test the measurement model and the structural model simultaneously, so that the direction, magnitude of influence, and level of significance of the relationship between variables in the research model can be determined. The analysis using the Partial Least Squares (PLS) method in this study was carried out in two stages. The first stage is the evaluation of the measurement model or outer model used to assess the relationship between the construct and its constituent indicators. This evaluation aims to ensure that each indicator accurately measures the research construct through validity and reliability testing.

The second stage is the evaluation of the structural model, or inner model, which aims to analyze the relationships and influences between latent variables in the research model. Testing at this stage is conducted by examining the path coefficient values and t-test results obtained through the bootstrapping procedure in PLS. These test results are used to determine the direction, magnitude, and significance of the relationships between variables in accordance with the formulated hypotheses.

ANALYSIS AND DISCUSSION

Based on gender profile, the respondents in this study were predominantly male, amounting to 87 people or approximately 89.7%, while female respondents numbered 10 people or approximately 10.3%. This composition indicates that the representation of male respondents is much greater than that of female respondents. This condition can describe the characteristics of the population or work environment that is the object of the study, where most of the workforce comes from the male group. Based on age group, many respondents were aged 31–40 years, amounting to 46 people or 47.4%. Furthermore, respondents aged 41–50 years numbered 35 people or 36.1%, while respondents aged 50 years and above numbered 15 people or 15.5%. Respondents aged 17–30 years were the smallest group, namely only 1 person or 1.0%. The data show that most respondents were in the 31–50 years age range, so it can be said that the study respondents were dominated by individuals in the productive age group and relatively mature in work experience.

The analysis in this study was used to examine the relationship between variables using the Partial Least Squares (PLS) method. Before conducting the structural relationship test, an evaluation of the measurement model was first conducted to ensure that the research instrument met the validity and reliability criteria. Indicator validity was assessed based on the factor loading value, with a minimum

value of 0.50. Indicators with factor loading values above this limit were deemed capable of adequately representing the construct being measured. In addition to validity, reliability testing was conducted to determine the level of internal consistency of the measuring instrument used in the study. Reliability indicates the extent to which an instrument can provide accurate, consistent, and reliable measurements results in measuring the same construct. By meeting the validity and reliability criteria, the indicators used can be deemed suitable for use in the structural model testing and research hypothesis development stage.

Table 1. Validity and Reliability Test of Research Instruments

Statement Items	Outer Loading	Mean
Supplier Relationship Management (Composite Reliability = 0.918; Cronbach's alpha = 0.892; AVE = 0.650)		
The company builds long-term relationships with key suppliers (SRM1)	0.801	4.103
Companies and suppliers share the necessary information on time (SRM2)	0.846	4.186
The company has a high level of trust in suppliers in carrying out cooperation (SRM3)	0.862	3.918
Companies and suppliers work together to resolve supply-related issues (SRM4)	0.822	4.186
The company involves suppliers in planning related to supply requirements (SRM5)	0.752	4.103
The company involves suppliers in decision making related to supply needs (SRM6)	0.748	4.103
Supply Chain Integration (Composite Reliability = 0.899; Cronbach's alpha = 0.867; AVE = 0.601)		
The company has good coordination between the departments involved in supply chain activities (SCI1)	0.825	4.196
The company has a system that can integrate information between departments to support operational activities (SCI2)	0.601	4.485
The company shares relevant information with key suppliers on time (SCI3)	0.812	4.402
Key suppliers are involved in activities related to product requirements planning (SCI4)	0.726	4.649
The company actively shares information with customers regarding market needs and conditions (SCI5)	0.891	4.309
The company carries out joint planning with Key customers (SCI6).	0.646	4.557
Competitive Advantage (Composite Reliability = 0.875; Cronbach's alpha = 0.827; AVE = 0.543)		
The company can offer products at competitive prices (CA _{d1})	0.592	4.175
The company can produce products with quality (CA _{d2})	0.613	4.454
The company can meet customer needs (CA _{d3})	0.835	4.526
Companies can respond to changes in market demand more quickly (CA _{d4})	0.762	4.474
The company can deliver products on time (CA _{d5})	0.827	4.639
Companies have better flexibility (CA _{d6})	0.757	4.588

The results of the measurement model evaluation show that all Supplier Relationship Management (SRM) indicators have outer loading values between 0.748 and 0.862. The highest value is found in the SRM3 indicator, which is the company's level of trust in suppliers in carrying out cooperation, with an outer loading of 0.862. These results indicate that trust is a relatively strong indicator in representing Supplier Relationship Management. Meanwhile, the mean value of all SRM indicators is in the range of 3.918–4.186. These values indicate that respondents tend to give a positive assessment of the company's relationship with suppliers, especially in terms of information exchange and cooperation in resolving supply problems.

For the Supply Chain Integration (SCI) variable, the outer loading value ranges from 0.601 to 0.891. Indicator SCI5, indicating that the company actively shares information with customers regarding market needs and conditions, has the highest outer loading of 0.891. This indicates that information exchange with customers is a strong aspect in shaping the company's supply chain integration. The mean value of the SCI indicator is also relatively high, ranging from 4.196 to 4.649. The highest mean of 4.649 is found in the involvement of key suppliers in product requirements planning. This indicates a tendency for companies to involve suppliers in supply chain planning activities actively.

The Competitive Advantage variable also showed acceptable measurement results. The outer loading values of the six indicators were between 0.592 and 0.835, with the highest value in CAd3, which is the company's ability to meet customer needs, at 0.835. From the respondents' perspective, all indicators had a mean value above 4.00. The highest means was found in CAd5, which is the company's ability to deliver products on time, at 4.639, followed by the company's flexibility at 4.588. These results indicate that delivery accuracy and flexibility are relatively prominent aspects of Competitive Advantage in the companies being studied.

Based on the PLS processing results in Table 1, the validity test results are shown in the outer loading results with a minimum value of 0.601 for the supply chain integration item, indicating that the company has a system that can integrate information between departments to support operational activities. The outer loading value is above 0.50, indicating validity. For composite reliability, the lowest value is obtained for competitive advantage at 0.875 and is above 0.70, so it can be said to be reliable. The outer model submission has met the requirements. The next stage is to test the inner model to determine the results of the relationship between variables as mentioned in the research hypothesis. The relationship between the variables for each research hypothesis has a positive influence, as seen from the positive original sample value and the t-statistic value, which is greater than the t-table, namely 1.960.

Table 2. Research hypothesis testing

Hypothesis	Original sample	T statistics	P values
SRM -> SCI (H1)	0.766	14.359	0.000
SRM -> CAd (H2)	0.286	2.121	0.034
SCI -> CAd (H3)	0.341	2.305	0.021
SRM -> SCI -> CAd (H4)	0.261	2.208	0.027

The results of the hypothesis testing indicate that Supplier Relationship Management has a positive and significant effect on Supply Chain Integration with a path coefficient of 0.766, a t-statistic of 14.359, and a p-value of 0.000. Thus, H1 is accepted. The coefficient of 0.766 is the largest direct influence in the research model. These results indicate that the better a company manages its supplier relationships through trust, communication, supplier involvement, and long-term cooperation, the higher the level of supply chain integration that can be built. Good supplier relationships provide conditions that support information exchange, coordination, and supplier involvement in the company's planning process.

Supplier Relationship Management also proved to have a positive and significant effect on Competitive Advantage with a coefficient of 0.286, a t-statistic of 2.121, and a p-value of 0.034. Therefore, H2 is accepted. These results indicate that managing relationships with suppliers can improve a company's ability to create an advantage over competitors. Good supplier relationships enable companies to obtain materials or components with quality, quantity, price, and delivery time that better suit their needs. Although the direct effect of SRM on Competitive Advantage is significant, the coefficient of 0.286 is lower than the effect of SRM on Supply Chain Integration. This indicates that the benefits of SRM on competitive advantage do not occur entirely directly, but are partly mediated through supply chain integration mechanisms.

Supply Chain Integration has a positive and significant influence on Competitive Advantage with a coefficient of 0.341, a t-statistic of 2.305, and a p-value of 0.021. Thus, H3 is accepted. These results indicate that increased integration between a company's internal functions, suppliers, and customers can enhance a company's competitive advantage. Better information exchange and coordination of supply chain activities enable companies to adjust product needs, respond to changes in demand, maintain timely delivery, and increase flexibility. Thus, a company's ability to integrate processes and information along the supply chain is one of the mechanisms that supports the formation of Competitive Advantage.

The results of the indirect effect test indicate that Supplier Relationship Management has a positive and significant effect on Competitive Advantage through Supply Chain Integration. The indirect effect

value of 0.261 with a t-statistic of 2.208 and a p-value of 0.027 indicates that H4 is accepted. This means that Supply Chain Integration has a mediating role in the relationship between Supplier Relationship Management and Competitive Advantage. A good relationship with suppliers encourages the integration of information and processes in the supply chain, which in turn improves the company's ability to create competitive advantage. Because the direct effect of Supplier Relationship Management on Competitive Advantage remains significant ($\beta = 0.286$; $p = 0.034$), while the indirect effect through Supply Chain Integration is also significant ($\beta = 0.261$; $p = 0.027$), Supply Chain Integration can be categorized as a partial mediator. Based on the available coefficients, the total effect of SRM on Competitive Advantage is approximately 0.547, which is the sum of the direct effect of 0.286 and the indirect effect of 0.261. Thus, approximately 47.7% of the total impact of SRM on Competitive Advantage occurs through Supply Chain Integration. This calculation strengthens the argument that supplier relationships do directly contribute to competitive advantage. Still, a company's ability to integrate these relationships into its supply chain activities is a critical mechanism in enhancing SRM's benefits.

Overall, the research results show a consistent mechanism: better supplier relationship management improves supply chain integration, which then contributes to increasing competitive advantage. The relatively strong influence of SRM on SCI ($\beta = 0.766$) indicates that the quality of relationships with suppliers is an important factor in shaping supply chain integration. At the same time, the significance of the direct and indirect influence of SRM on competitive advantage indicates that it is not enough for companies to build good relationships with suppliers. These relationships need to be translated into information exchange, planning coordination, supplier involvement, internal process integration, and coordination with customers to make a greater contribution to the company's competitive advantage.

Theoretically, this study contributes to clarifying the relationship mechanism between supplier relationship management, Supply chain integration, and competitive advantage. The results show that supplier relationship management not only directly influences competitive advantage but also provides an indirect influence through supply chain integration. This finding broadens the understanding that the quality of a company's relationship with suppliers needs to be translated into the integration of processes, information, and supply chain coordination to produce a stronger competitive advantage. The role of supply chain integration as a partial mediator indicates that relationships with suppliers are a strategic resource. At the same time, supply chain integration becomes an operational mechanism that transforms these relationships into the company's ability to increase flexibility, delivery accuracy, customer needs fulfillment, and competitiveness.

Practically, the research results provide implications for manufacturing companies to not only focus on selecting suppliers based on price and quality, but also build long-term relationships based on trust, information exchange, supplier involvement, and collaborative problem solving. The strong influence of supplier relationship management on supply chain integration indicates that companies need to integrate supplier relationships into planning, information exchange, and coordination of operational activities. At the same time, companies need to strengthen internal integration and coordination with suppliers and customers because supply chain integration has been proven to have a positive influence on competitive advantage. With this approach, companies can improve their ability to meet customer needs, respond to changes in demand, maintain delivery accuracy, and increase flexibility, thereby strengthening the company's position in facing competition.

CONCLUSIONS

Based on the research results, supplier relationship management has a positive and significant influence on supply chain integration and competitive advantage. The better a company builds relationships with suppliers through trust, information exchange, involvement in planning, and collaborative problem solving, the higher the level of supply chain integration that can be achieved. Furthermore, supply chain integration has also been shown to have a positive and significant influence on competitive advantage, indicating that internal coordination, information integration, supplier involvement, and customer relationships play a role in improving a company's ability to meet

market needs, maintain timely delivery, increase flexibility, and strengthen its competitive position. This study also found that supply chain integration acts as a mediator in the relationship between supplier relationship management and competitive advantage. This is demonstrated by the direct influence of supplier relationship management on competitive advantage, which remains significant, while the indirect influence through supply chain integration is also significant. Therefore, good relationships with suppliers not only provide direct benefits for competitive advantage but also need to be translated into the supply chain integration process to optimize these benefits. Overall, the study results confirm that supplier relationship management and supply chain integration are two interrelated aspects in building competitive advantage in manufacturing companies.

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