

Supply Chain Management in Service Companies (Case Study in Indonesia)

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Abstract: This study want to explore supply chain management in service companies in Indonesia in term of qualitative approach use case study method. Data collection were using interview to 4 managers that were represented for 4 service companies; telecom company, construction company, rental company and logistic company. Data analysis were using Weft QDA Software for data reduction, data display and data verification. Findings were classified into 3 themes are supply chain partnership, supply chain capabilities and supply chain performance.

Key words: Supply chain, service company, case study, Indonesia, management

INTRODUCTION

Supply chain management research were dominated by manufacturer sectors and trading sectors and little bit of research were conducted in service sectors. Study about supply chain management have been developing from process approach to system approach. Supply chain management is strategic process in managing relationship of multi companies that cooperate together to deliver products/services to the end customers. There are products/service flow, money flow and information flow, in the supply chain. There are 3 types of supply chain; the direct supply chain, consistings of supplier-company-customer; extended supply chain, consisting of supplier's supplier-supplier-company-customer-customer's customer and the ultimate supply chain, consisting of many suppliers, many distributors, many customers also involving finance companies and other third parties (Mentzer *et al.*, 2000).

Supply chain management is an interfunctional dan interfirm process that depends on effectiveness in coordinating all management functions and making standards for performance measurement. Supply chain performance can be measured by supply sides, demand sides production, logistic and finance (Brewer and Speh, 2000; Gunasekaran *et al.*, 2001). There are supply chain effects in the business and industries; integration across fuction and across companies, efficiency in mediating market, supply focus to demand focus, modular system

and collabotared between companies, minimizing cost to business reengineering, mass production to customized production (Kopczak and Johnson, 2003).

Akintoye *et al.* (2000) conducted case study of supply chain research in construction sector and found that supporting factors in supply chain management are trust, commitment, integrated business plan, supply closeness, demand closeness, information system and top management support. Morash (2001) conducted supply chain research in logistic sector and found that supply chain capabilities such as supply sides and demand sides are related to supply chain performance such as supply focused and demand focused. Heikkila (2002) conducted case study of supply chain research in telecommunication rolling out project and found that good relationship contribute to good partnership and contribute to higher efficiency. Tracey *et al.* (2005) stated that there are 3 types of supply chain capabilities; outside-in is capability in managing cooperative relationship with supplier and distributor; inside-out is capability in exploring opportunities to grab outside and spanning is capability in supporting the need of all related parties.

Supply chain was involving many parties in all stages of chain; supplier, manufacturer, distributor, retailer and customers (Chopra and Peter, 2007). Supply chain orientation is viewing the supply chain as an integrated entity, supported by supplier orientation, operation, logistic orientation, customer orientation, competitor analysis and value chain coordination (Hult *et al.*,

2008). Supply chain has interdependences to suppliers, operators, distributors, customers and other parties (Rejman *et al.*, 2012). Mena *et al.* (2013) conducted case study of supply chain research and found that the dynamics of supply chain related with power balance, structure, interdependence and relationship stability. Carter *et al.* (2015) suggested future research in term of qualitative approach for exploring trust and commitment between partners in the supply chain.

Based on explanation above, then we propose a research question; how is the supply chain management of the service companies in Indonesia? The focus of this case study is supply chain management of service companies in Indonesia. The service companies were chosen because the uniqueness when comparing to manufacturer or trading companies as well as in procurement function (supply side), operational function (operating side) and sales function (demand side). In this case study, the service companies are telecommunication company, construction company, rental company and logistic company. Each company was represented by 1 manager as informant for interview.

MATERIALS AND METHODS

Case study allow researchers to maintain a holistic and meaningful characteristic of a real-life events such as an organizational and managerial process. In selection of cases, there are 8 types of cases; individual, group organization, partnership, community, relationship, decision and project. In collecting the data, there are 4 important principles; using multiple sources and triangulation, building a database of case study, understand the relationship between the evidence obtained and be careful in using the data from these multi sources (Yin, 2015).

In analyzing data, there are many steps: organizing relevant files, reading of the entire text and make notes as required, describe the data into the appropriate code, using aggregation categorical to form a theme, interpret the data carried by using a straightforward interpretation and develop generalizations about the important lessons that can be drawn (Solomon *et al.*, 2014).

Data collection were using interviews to 4 managers representing of 4 service companies; telecommunication company, construction company, rental company and logistic company. Data were analyzed use Weft QDA Software, following the steps of data analysis such as data reduction, data display and data verification. Then, we did the categorization and coding to obtain the general theme of the case.

RESULTS AND DISCUSSION

Based on data collection and data analysis, then we have several findings as follows.

Supply chain partnership in services companies: In managing the supply chain, it is necessary cooperative relationships with suppliers in the supply side and the demand side of the distributor that can run in the long term. Cooperation between the company and suppliers performed to improve the productivity, quality and flexibility. The company's cooperation with distributors performed to improve the delivery and customer satisfaction. Long-term cooperation relationship with suppliers can improve company operations. Long-term cooperation relationship with the distributor is able to provide added value to customers. In this cooperative relationship occurs integration in the company, integration with suppliers and integration with distributors. Supply chain should be able to understand that the interests of the partners, preferably consistently.

Supply chain capabilities in services companies: In managing the supply chain, required the capabilities to achieve superior performance. Supply chain must be capable to gain speed, low cost, differentiation and provide the best value to customers. Companies must be able to manage the supply side such as quality and the demand for such delivery. Supply chain should be able to react quickly to unexpected changes in supply and demand. Supply chain should be able to adapt to reshape the supply chain when needed without being tied to the legality or the way it was operated previously. Supply chain should be able to take appropriate measures such as the removal, modification and outsourcing.

Supply chain performance in services companies: In managing the supply chain, requires the measurement to work together effectively. The measurement of supply chain performance includes performance planning, performance production, delivery performance, customer service performance and financial performance. Supply chain performance that focuses on demand such as customer service and quality. Then the performance that focuses on supplies such as costs and productivity. Network performance (network outcomes) consists of the satisfaction level (network satisfaction) and the level of continuity (network continuity). Satisfaction level network (network satisfaction) is a partner in the satisfaction levels of the feel of processes and interactions in excess of what has been set. The level of sustainability of the network (network continuity) is a level of desire for continuous cooperation between the partners to the future.

CONCLUSION

We conclude that there are 3 themes are related with supply chain management in service companies in Indonesia; supply chain partnership, supply chain capabilities and supply chain performance.

LIMITATIONS

Limitation of this case study was only conducted in a single supply chain of service companies. Another limitation is the data source that is focused only on interviews and has not been much use multi sources data such as observation, documentation, archives and physical artifacts due to make triangulation.

SUGGESTION

Future research may do multiple cases study for many supply chain and across sectors and mixed method will be preferred in order to obtain a better finding.

IMPLICATIONS

In theoretical implications, supply chain management is important process that should have to be well managed, related with interdependence and relationship stability as manifested by supply chain partnership theme. Also, commitment between partners in the supply chain as manifested by supply chain capabilities theme. And then all parties would work together to achieve operationa excellence as manifested by suplly chain performance theme.

In practical implications, supply chain management need to be understood by the managers. They have to pay attention to the supply chain partnership, supply chain capabilities and supply chain performance.

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