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Supply Chain Management Practices and Supply Chain Integration on Organizational Performance: The Mediation Role of Competitive Capabilities

ARTICLE INFO

ABSTRACT

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15 mpetitive Capabilities; Supply Chain Management Practices: Supply Chain Integration; Organization Performance.

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- Viewpoint
- Technical paper
- Conceptual paper
- Case study
- Literature review
- General review

Purpose 24 his study's goal is to ascertain how competitive capabilites, through supply chain management and supply chain integration, affect organizational performance.

Design/Methodology/Approach- Strugural Equation Modeling, assisted by the Smart PLS program, is the data processing technique utilized in this study to examine the impact of the 12 icators of each of the aforementioned variables on Batik Micro, Small and Medium Enterprises in the Special Region of Yogyakarta. By distributing questionnaires, the researchers were able to collect data from up to 65 respondents.

Findings- The findings of this study demonstrate that supply chain management and supply chain integration have a favorable impact on organizational performance, and that competitive skills can mediate that effect.

Research limitations/implications- The study's findings are anticipated to serve as a guide and source of knowledge for business players, particularly Batik Micro, Small, and Medium Enterprises in Special Region of Yogyakarta, who are expected to understand that in order to enhance the performance of their enterprise, attention must be paid to elements that may have a14 impact. This study demonstrates that competitive competencies, supply chain integration, and supply chain management techniques are all elements that can impact a company's performance.

Originality/value- There are still v53 few studies on supply chains and organizational performance in micro, small, and medium-sized businesses, particularly Batik. In this study, characteristic 12 hat are thought to have an impact on the number of Batik Micro, Small, and Medium Enterprises in a Special Region of Yogyakarta are revealed.

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1. The Introduction

Business competition in the current era of globalization is very dynamic and this makes every organization required to maximize the performance of its organization in order to compete competitively in the market (Nisa, 2018). Organizational performance is a process of a single or measuring various indicators in a certain time, including assessments made against goals, and predetermined objectives. The purpose of the assessment is to determine the condition of the organization and help determine future strategies because business competition in the world is







very dynamic and always changes and improvements. In general, every organization has a goal that is to increase profits and minimize expenses. Some organizations face these challenges with huge expenditure costs in various things such as production, storage, distribution, marketing, and other processes. This raises the demand for a new strategy in managing production flows and information called supply chain management (Walenna, 2021).

The process of managing raw materials from suppliers, transforming them into finished or semi-finished products, and then distributing them to consumers is known as supply chain management. Value chain management, which is now influenced by consumer needs, has developed from supply chain management. Increasing efficiency, understanding the significance of consumer wants, and making attempts to capture the nuances of consumer value are all areas in which supply 55 ain management plays a part (Sucahyowati, 2011). Previous studies, such as those by Khalil et al. (2019) and Hashim et al. (2020), have demonstrated the beneficial effects of supply chain management methods on organizational performance. In other words, the more effective supply chain management is, the better off the organization's performance and will be. Therefore, in order to increase performance both financially and operationally, companies, particularly Micro, Small, and Medium-Sized Enterprises (MSMEs), should give consideration to supply chain management (Ilmiyati & Mu 37 waroh, 2016).

According to Stevenson et al. (2014), supply chain man (32) ment is a strategic coordination of business functions in business organizations that aims to integrate supply and demand management. Then instead of that, supply chain management also aims to maintain the existence of organizations where each organization has a system periodically to review its performance (Ilmiyati & Munawaroh, 2016). Results from earlier studis that demonstrate a positive impact on organizational performance include both the positive impact of supply chain management practices without competitive capabilities as a mediating variable and the positive impact of supply chain management practices with competitive capabilities as a mediating variable (Ploenhad et al., 2019; Javid & Amini, 2023). Competitive capabilities positively affect organizational performance. That is, when competitive capabilities increase, organizational performance also increases, and vice versa if competitive capabilities decrease, then organizational performance also decreases (Adiputra & Mandala, 2017).

Implementing supply chain integration must be paid attention to in addition to supply chain management methods' effects on organizati⁴⁵ll performance. One of the best strategies for businesses to boost their competitiveness is supply chain integration. Supply chain integration denotes the realization of interdependence across all components of the supply chain management series (Barney, 2015). Agyabeng-Mensah et ²⁴ (2019) and Khanuja & Jain's (2022) earlier studies demonstrated the beneficial effects of supply chain integration on organizational performance. The more the supply chain is integrated, the better off the organization is. The findings of earlier research by Armistead & Mapes (1993), which suggested that stronger supply chain integration can enhance organizational quality and performance, lend credence to this.

Internal integration, which includes cross-functional integration, and external integration, which includes suppliers and consumers, should both result in an improvement in the supply chain integration process. This integration can be accomplished by formalizing and centralizing the organizational structure, introducing new technology, and continuously monitoring performance for each internal logistical function. A company's performance, particularly that of MSMEs, can be improved by employing supply chain management strategies that function smoothly from upstream to downstream (Srimindarti, 2004).

Competitive advantages also aid supply chain management techniques in enhancing corporate effectiveness. For supply chain management methods to function and be effectively integrated, the competitive capability of the company must be at a high level (Widagdo et al., 2019). The findings of studies by Hoiron (2019) and Adiputra & Ploenhad et al. (2019) demonstrate the beneficial impact of competitive qualities on organizational performance. Capabilities positively affect organizational performance. This means that when competitive capabilities increase, organizational performance also increases, and vice versa if competitive capabilities decrease, then organizational performance also decreases (Adiputra & Mandala, 2017).

Competing effectively is being able to attract more attention than other parties who carry out similar tasks (Pranita, 2016). The strategy is used to build long-term cooperative relationships with partners and compare them in large or small scale organizations because large or small scale organizations have different activity roles, as well as MSMEs must have their own roles (Pranita, 2016). Strategic partnership relationships and consumer relationships have a positive influence on competitive capabilities, while information sharing and delays have no competitive capabilities, according to research by Javid and Amini (2023) on the relationship between supply chain management practices and competitive capabilities. In a separate study, Li et al. (2006) found that supply chain management practices' indicators of strategic partnership partnerships, customer interactions, information sharing, and delays have a favorable impact on competitive capabilities and organizational performance.

Today MSMEs are developing a lot in Indonesia and become one of the supporters of the Indonesian economy because MSMEs have a very important function in terms of employment, overcoming poverty levels, and means to revive the community's economy. MSMEs have an important role in improving the Indonesian economic sector, including in the Special Region of Yogyakarta. The object taken in this study is Micro, Small and Medium Enterprises (MSMEs) engaged in the Batik sector in Special Region of Yogyakarta. The reasons for the researchers to take the context of the study are: First, data published by the Central Statistics Agency (CSA) in 2021 showed that economic growth in Special Region of Yogyakarta in the second quarter reached 11,81% due to the increase in export levels. In Special Region of Yogyakarta, MSMEs control 98,4% of the total business units, absorb 79% of the workforce, and support export performance. MSME players in Special Region of Yogyakarta have an important role in increasing exports, which are dominated by clothing products (fashion) included in the batik sector. Special Region of Yogyakarta is known to be strong in the creative economy in the fashion sector in which there are Batik MSMEs. The number of Batik MSME players in Special Region of Yogyakarta in 2021 was recorded at 1,536 business units, so this is quite interesting to be investigated further, especially related to supply chain management practices, supply chain integration, competitive capabilities, and organizational performance in the batik sector MSMEs that have never been studied by researchers before.

Second, researchers took the context of research on MSMEs in the batik sector in Special Region of Yogyakarta because in 2009 UNESCO recognized Indonesian Batik as a form of wealth of human civilization, and then in 2014, Special Region of Yogyakarta received recognition from the World Craft Council (WCC) as a world batik city, so that Special Region of Yogyakarta became a center of information or entrance for the world about batik spread throughout Indonesia (Report of the Government of the Special Region of Yogyakarta, 2016). In the current pandemic era, Batik MSMEs also feel the impact because in the midst of efforts by various parties to end this pandemic by reducing the level of mobilization, Batik MSME actors are required to continue to survive the situation. This can happen considering that batik products are tertiary needs that are not included in primary needs, so that MSME players must also strive to continue to maintain their performance by improving supply chain management practices, supply chain integration, and competitive capabilities.

2. Literature Review and Hypotesis D 29 lopment

Supply chain management is the coordination of all supply chain activities, from the procurement of raw materials to the delivery of happy customers. Suppliers, manufacturing firms or service providers, distributor businesses wholesalers, or retailers who distribute goods or services to fir 12 consumers are all included in the supply chain management (Barney, 2015). In order to gain a competitive edge in a sustainable way, supply chain management integrates and optimizes linkages between supply chain networks. To ensure that goods are produced and distributed in the proper quantity, at the proper time, and in the proper location in order to reduce costs and give customers the services they want, supply chain management management is a collection of techniques. Prior studies have shown that a number of organizational performance factors are influenced by several dimensions of supply chain management strategies, including information quality, customer interactions, and strategic supplier partnerships. According to

Ilmiyati and Munawaroh (2016), employing the best supply chain management strategies can boost output, market share, and customer growth. According to Khalil et al. (2019), the more 49 ply chain management practices used, the better the organization's performance will be. Supply chain management factors should be taken into account by MSMEs in order to enhance both the financial and operational success of their businesses. To ensure that suppliers' products are of higher quality and that the organization as a whole performs better in terms of both production and sales, the organization should periodically make ongoing improvements to its 13 ply chain management processes (Devie, 2013).

H₁: Supply Chain Management Practices has a Positive Effect on Organizational Performance

According to Heizer et al. (2017), the supply chain is a worldwide network of businesses and activities that provide products and services to other businesses. Increasing customer value is one of the supply chain tasks that is coordinated as part of supply chain management (Heizer et al., 2017). According to Ilmiyati & Munawaroh (2016), supply chain management techniques enhance competitive capacities. Javid and Amini (2023), who assert that improved supply chain management methods can result in stronger competitive capacities, likewise support this. Supply chain management techniques have a favorable impact on competitive skills since they can help producers or organizations compete if they are successful in the agribusiness of a particular modity (Storer et al., 2014).

H₂: Supply Chain Management Practices has a Positive Effect on Competitive Capabilities

Sin et al. (2016) assert that an organization has competitive competence if it is successful in focusing on a sufficiently wide market sector. Porter (2008) claims that a company's competitive competence is its capacity to generate earnings that are higher than those that rivals in the same market can generate. Therefore, it may be said that a company's competitive competence is its capacity to generate profits that are higher than those that rivals in the same market can generate. Organizational performance is 17 sitively impacted by competitive competencies (Baah & Jin, 2019). Competitive capability is a factor that exists in an organization to create a space that can withstand the attacks of competitors and includes what the organization does to defeat its competitors and organizational performance.

H₃: Competitive Capabilities has a Positive Effect on Organizational Performance

By implementing effective supply chain management practices, it is possized to improve organizational performance. Better customer satisfaction will result from the successful application of 14 upply chain management practices, which will in turn improve financial performance. On the other side, techniques for supply chain management have two goals: improving both organizational and overall supply chain performance. According to this viewpoint, it was stated that the application of supply chain management practices is not only focused on improving the effectiveness of the company 14 dividual performance but also requires increasing effectiveness related to the performance of supply chain partners as a whole. This is necessary in order to remain competitive in the marketplace. According to Pramana (2016), competitive capacity increases the influence of supply chain management strategies, which can boost organizational performance. These findings validate the capacity hypothesis's claim that supply chain management's impact on organizational performance can be mediated. Competitive capabilities are used as one way to achieve organizational performance goals in the form of competitive advantage to be able to win market competition (Devie, 2013). Supply chain management practices can enhance organizational competitive capabilities through indicators of price, quality, and product innovation. 32

H₄: Competitive Capabilities Mediate The Positive Influence of Supply Chain Management Practices on Organizational Performance

11 cording to a collection of theories known as supply chain integration, ever 11 ganization in the supply chain has an impact on the performance of every other organization, which in turn

has an impact on the performance of the supply coin as a whole (Cooper et al., 1999). In order to use operational and competitive capabilities as a competitive force and innovation in the context of competition for a large mar st share, supply chain integration is a reference for an organization (Mentzer et al., 2001). Supply chain integration has a positive influence on competitive capabilities (Lii & Kuo, 2016). From upstream to downstream, a well-coordinated supplies chain integration will benefit the business and improve its competitiveness.

H₅: Supply Chain Integration has a Positive Effect on Competitive Capabilities

According to a set of ideas known as supply chain integration, every 11 ganization in the supply chain has an impact on the performance of every other organization, which in turn has an impact on the performance of the supply chain as a whole (Wibisono, 2009). Integration denotes a state of oneness and awareness of interdependencies across all components of the supply chain management chain. Kim (2006) contends that effective links between supply chain activities are necessary to reap the benefits of supply chain integration, and that these linkages should be subject to the development and use of diverse supply chai strategies for integrated and successful supply networks. According to studies done by Tarigan et al. (2021) and Pakurár et al. (2019), supply chain integration improves organizational performance. Krajewski et al. (2010) propose that the development of effective coordination, cooperation, and collaboration in the supply chain integration process can promote competitiveness and help the improvement of organizational performance. According to Armistead & Mapes (1993), increasing supply chain integration can enhance organizational quality and performance. Supplier integration can assist businesses in developing, providing, producing, and providi 35 services on schedule, which will speed up deliveries and enhance business performance (Flynn et al., 2010). According to Droge et al. (2004), customer integration boosts market share and organizational effectiveness. A key factor iffuencing organizational success is the widespread integration of suppliers and customers (Flynn et al., 2010).

H₆: Supply Chain Integration has a Positive Effect on Organizational Performance

Integration denotes a state of oneness and awareness of interdependencies across all components of the supply chain management chain. Kim (2006) contends that effective links between supply chain activities are necessary to reap the benefits of supply chain integration, and that these linkages should be subject to the development and use of diverse su 1/21 y chain strategies for integrated and successful supply networks. Competitive capability can be a mediating variable on the effect of supply chain integration on organizational performance when the organization is able to implement supply chain integration well so that the organization is able to develop supply chain strategy capabilities, determine supply chain results and this will increase the organization competitive capabilities (Storer et al., 2014). The existence of high competitive capabilities will result in competitive advantages for the organization and ultimately can improve organizational performance.

H₇: Competitive Capabilities Mediate The Positive Effect of Supply Chain Integration on Organizational Performance

This study uses a questionnal deployment and Smart PLS testing to analyze relationships between independent variables (supply chain management practices and supply chain integration), dependent variables (organizational performance), and mediator variables (competitive capabilities). Based on this, figure 1 below depicts the conceptual framework for this investigation.

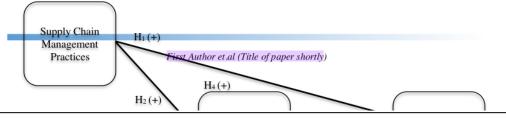


Figure 1. Research Framework

3. Research Methodology

MSMEs in the bat industry in the Special Region of Yogyakarta, with a total of 1,549 units registered with the Special Region of Yogyakarta Cooperative and SME Office in 2021, make up the population of this study. The limitation of respondent sample size is the rule of thumb in determining sample size by Roscoe et al. (1975) who said that sufficient sample sizes generally range from 30-500. And for multivariate analysis, the recommended sample size is equal to or more than 10 times the number of variables used. Based on the opinions of the experts above, the researchers used samples ranging from 30 to 500. Purposive sampling is the sample strategy used in this investigation. Choosing samples based on criteria that are thought to have a connection to previously known population characterizes is known as purposeful sampling. The sample criteria in this study are as follows: 1) MSMEs in the Special Region of Yogyakarta engaged in the batik sector, 2) Batik craft MSMEs that are restatered with the cooperative and SME office and have attended training or worskhop re 2ed to supply chain management and competitive capabilities for the industry, and 3) MSMEs in the Special Region of Yogyakarta engaged in the economic sector of batik crafts that have been operating for more than three years. The assumption used by researchers when choosing MSMEs that have been operating for more than three ears is that the manager or party of the MSME owner already knows about the condition of supply chain management, competitive capabilities, and good organizational performance.

Data collection is carried out online and contains questions about supply chain management practices, supply chain integration, competitive capabilities, and company performance which will later be generated quantitative data (in the form of numbers) then processed by researchers with the Smart PLS. Each respondent's answer to each variable was measured using a likert scale with 5 points. Supply chain management practices (SCMP) variables are measured by 7 indicators sourced from Simchi-Levi (2003), supply chain integration (SCI) variables are measured by 19 indicators sourced from Said (2006), competitive capability (CC) variables are measured by 20 indicators sourced from Kim (2006), and organizational performance (OP) variables are measured by 5 indicators sourced from Kim (2006).

If an indicator's loading factor value is less than 0.4, it can be eliminated from the research model; if it is greater than 0.7, the indicator is deemed to be good. The reflective measure is expressed as high and it is highly recommended if it correlates more than 0.7 with the construct to be measured, however, the loading factor value > 0.5 is considered sufficient (Ghozali, 2014). Compositie reliability, according to Ghozali (2014), is use 26 o gauge the importance of consistency between indicators of the constructs that make it up. If the composite reliability value is less than 0.7 and the cronbach's alpha value is recommended over 0.6, a variable is considered to be good. Furthermore, to assess the design of hypothesis testing, direct influence testing is

required. The bootstrap resampling method is used to test research hypotheses. If the hypothesis has a p value of less than 0.5, then the hypothesis is said to be accepted or supported (Ghozali, 2014).

4. Findings and Discussion Validity Test

Table 1. Validity Test Result

	Table 1. Validity Test Result				
Item	Supply Chain Management Practices (SCMP)	Supply Chain Integration (SCI)	Competitive Capabilities (CC)	Organizational Performance (OP)	
SCMP1	0.757				
SCMP2	0.853				
SCMP3	0.737				
SCMP4	0.850				
SCMP5	0.849				
SCMP6	0.877				
SCMP7	0.775				
46 [1	0.775	0.813			
SCI2		0.840			
SCI3		0.724			
SCI4		0.719			
SCI5		0.704			
SCI6		0.845			
SCI7		0.869			
SCI8		0.877			
SCI9		0.743			
SCI10		0.804			
SCI11		0.840			
SCI12		0.815			
SCI13		0.788			
SCI14		0.782			
SCI15		0.800			
SCI16		0.802			
SCI17		0.791			
SCI18		0.829			
\$2219		0.811			
CC1			0.770		
CC2			0.814		
CC3			0.837		
CC4			0.731		
CC5			0.778		
CC6			0.807		
CC7			0.825		
CC8			0.871		
CC9			0.832		
CC10			0.859		
CC11			0.723		
CC12			0.735		
CC13			0.834		
CC14			0.791		
CC15			0.803		
CC16			0.814		
CC17			0.835		
CC18			0.760		
CC19			0.788		
CC20			0.819		
OP1				0.855	

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Item	Supply Chain Management Practices (SCMP)	Supply Chain Integration (SCI)	Competitive Capabilities (CC)	Organizational Performance (OP)
OP2				0.839
OP3				0.886
OP4				0.805
OP5				0.860

Source: Primary Data Processed (2021)

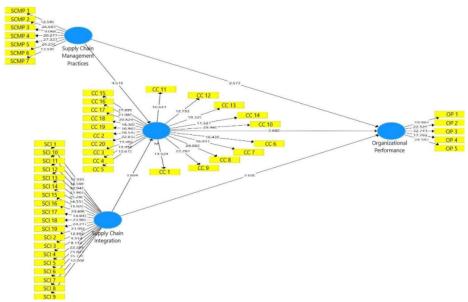


Figure 2. Measurement Model

Each indicator has a loading factor value above the suggested value of more than 0.7, as shown in Table 1 and Figure 2 above. This means that all indicators for each variables deemed legitimate and can be used in this study. The factors of competitive capabilities, supply chain management strategies, supply chain integration, and organizational performance are deemed valid when their loading factor values are greater than 0.7 for each variable.

Reliability Test	44					
Table 2. Reliability Test Result						
7 Variable	Cronbach's Alpha	Composite Reliability	Conclusion			
Supply Chain	0.915	0.933	Reliable			
Management Practices						
Supply Chain	0.969	0.971	Reliable			
Integration						
Competitive	0.971	0.973	Reliable			
Capabilities						
Organizational	0.903	0.928	Reliable			
16 Performance						

Source: Primary Data Processed (2021)

Fron table 2 above, it can be seen that the composite reliability value shows that each varibael has a value of more than 0.7, so it can be concluded that all variables meet the reliability

test or all relia 16 variables. Apart from the value of composite reliability, reliability testing is also seen from the value of cronbach's alpha where all variables show numbers above 0.6.

Hypothesis Test

Table 3. Hypothesis Test

Sample Mean Deviation	50 Table 3. Hypothesis Test						
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Competitive Capabilities Supply Chain 0.355 0.373 0.136 2.600 0.010 Hypothesis Integration \rightarrow Accepted	Supply Chain	0.423	0.424	0.111	3.804	0.000	Hypothesis
Capabilities Supply Chain Integration \rightarrow 0.355 0.373 0.136 2.600 0.010 Hypothesis Accepted	Integration \rightarrow						Accepted
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Integration → Accepted	Capabilities						
	Supply Chain	0.355	0.373	0.136	2.600	0.010	Hypothesis
Oncomination of	Integration \rightarrow						Accepted
	Organizational						
Performance							
Supply Chain 0.142 0.138 0.062 2.302 0.022 Hypothesis		0.142	0.138	0.062	2.302	0.022	
Integration \rightarrow Accepted							Accepted
Competitive							
Capabilities	•						
→ Organizational							
Performance							

Source: Primary Data Processed (2021)

Practices in supply chain management have a positive impact on organizational reformance, supporting the first hypothesis. According to earlier research by Murtadlo (2018), supply chain management strategies have a favorable impact on organizational performance. The performance of these batik MSMEs is more favorable the more value supply chain management strategies. In addition, Storer et al. (2014) shows that when supply chain management practices are implemented and implemented by organizations, it will increase organizational effectiveness in producing and managing the distribution of Batik MSME products so as to increase organizational profits. This shows that to improve the organizational performance of MSMEs in the batizoector, it is necessary to implement a strategy of supply chain management practices (Storer et al., 2014).

Supply chain management practices positively affect competitive capabilities, which means that the second hypothesis is accepted. With supply chain management practices that work well, this becomes a competitive advantage for organizations and ultimately can increas 27 ompetitive capabilities. This implies that more competitive capabilities will increase as supply 2 hain management strategies improve. The findings of this study are consistent with Thatte et al.'s (2013) research, which demorates that supply chain management methods significantly improve competitive capacities. According to Storer et al. (2014), when supply chain management procedures are put into place and followed by every link in the chain, the organization will be able to use resources in a way that works with the strategy to accomplish the desired end result, boosting the organization's competitive capabilition. Devie (2013) also found that practices for supply chain management emphasize ways to streamline the integration of suppliers, manufacturing, warehouses, and storage so that goods are produced and distributed in the right quantity, the right location, and the right time, to reduce costs and provide service satisfaction while boosting the organization's competitive capabilities.

Competitive capabilities positively affect organizational performance, which means that the third hypothesis is accepted. With competitive capabilities that run well in a business or commodity, this can improve organizational performance. The results of this study are consistent with the research of Devie (2013) who explained that competitive capabilities have a positive effect on organizational performance. Budiastuti & Versia (2011) revealed that competitive capabilities affect organizational performance absolutely. Organizations that have competitive capabilities such as product innovations that are distinctive and better known in the market, as well as the support of more advanced technology, are unique organizations that distinguish them from competitors are factors that greatly affect organizational performance. To improve organizational performance, MSMEs in the batik sector need to focus on competitive capabilities by continuing to strive to instill the values adopted and improve the application of quality management.

The fourth hypothesis is supported because competitive capabilities operate as a mediator between supply chain management strategies and improved organizational performance. The fourth hypothesis test results demonstrate that the hypothesis is accepted, indicating that supply chain management practices used by MSMEs will enhance cost control, quality, flexibility, responsiveness, and ability to clearly articulate vision and mission. These practices will also provide support within the organization in order to foster a professional work environment through pretitive capabilities, which will ultimately improve organizational performance. The findings of this study are in line with those of Li et al.'s (2006) study, which found that supply chain management methods have a considerable impact on organizational performance through the mediation of competitive capacities. The application of supply chain management principles to retail operations or these MSMEs prod 17 ng batik will result in all of the actions that can enhance competitive capacities, which will have an impact on organizational performance.

Supply chain integration positively affects competitive capabilities, which means that the fifth hypothesis is accepted. Supply chain integration consists of eight sub-variables namely relationship with customers, exchange of information through networks, use of computerized systems, sharing market information, sharing of product availability information, order management processes, customer complaint rates and custo satisfaction evaluation and this will increase the competitive capabilities of the organization. The satisfaction evaluation and this with those of Mbuthia & Rotich's (2014) study, which found that supply chain integration has satisfavorable impact on competitive capabilities. Effective supply chain integration can become a key component of the supply chain in the future, and this can develop competitive capabilities for the company. Organizations that can operate strategically and in harmony with suppliers can avoid waste of time and effort.

Since supply chain integration improves organizational performance, the sixth hypothesis is supported. This will result in a good MSME processing effect with good supply chain integration in its implementation, which will boost organizational performance. Good supply chain integration substitutional substitutional performance in order for an organization to perform well. This study demonstrates that supply chain integration has a favorable impact on organizational performance,

which is consistent with earlier research by Kim (2006) that found a favorable impact of supply chain integration on organizational performance. The performance of MSME firms will improve with better supply chain integration because a more integrated supply chain will raise the total value produced by the supply chain. MSMEs that successfully integrate their supply chains can actually increase organizational performance by working to produce affordable and suppliers, delivering on schedule, and providing high-quality products. Additionally, this study is in line with research by Storer et al. (2014), which demonstrates that supply chain integration will systematically speed up information flow, production outcomes, and payment and ordering systems that are useful for enhancing organizational performance.

The seventh hypothesis is suggested because competitive capacities mitigate the beneficial effects of supply chain integration on organizational performance. The findings of this study are consistent with earlier research, which found that supply chain integration enhances an organization's ability to compete (Storer et al., 2014). An industry will benefit from strategic supply chain capabilities when its supply chain members can be integrated strategically. This can boost the industry's competitive capacities. According to the findings of statistical analysis carried out by the academics mentioned above, both organizational competencies and supply chain inte 30 tion have a favorable impact on organizational performance. This study demonstrates that, via the use of competitive competencies, supply chain integration also has a favorable impact on organizational performance. The findings of this study demonstrate that clear, methodical, and coordinated supply chain integration will produce operation 52 success and give firms a competitive advantage that impacts organizational performance. Integration of the supply chain includes integration of the processes, which entails close coordination between customers and providers. MSMEs must successfully integrate into a supply chain in order to make the necessary 25 diffications to maintain their competitiveness. The seventh theory proposes that the beneficial impact of supply chain integration on organizational performance might be mediated through competitive capacities. Consequently, supply chain integration influences organizational performance see it creates operational effectiveness and a competitive competency for MSMEs. The findings of this study are consistent with earlier research by Storer et al. (2014), which demonstrated that systematic and coordinated supply chain integration will result in operational effectiveness as a competitive capability, which in turn influences the enhancement of organizational performance.

5. Conclusion

All of the study's hypotheses have proven to be supported by or accepted based on the findings of other investigations. It has been demonstrated that supply chain management techniques enhance competitiveness and organizational performance. Competitive capabilities have additionally been demonstrated to sive a favorable impact on organizational performance, demonstrating their ability to mediate the impact of supply chain management strategies on organizational performance. Then, given that supply chain integration has successfully been shown to improve both organizational performance and competitive capabilities, it follows that competitive capabilities have also successfully served to mediate this effect.

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