The Effect of Supply Chain Dynamism and Supply Chain Disruption Orientation on Supply Chain Resilience in Indonesian Manufacturing Industry

M. Jihadi¹, Indrianawati Usman², Asrini³, Musnaini⁴, Lutfi⁵, Sigit Indrawijaya⁶, Dahmiri⁷

¹Economic and Business Faculty Muhammadiyah Malang University, Malang, Indonesia.
²Economic and Business Faculty Airlangga University, Surabaya, Indonesia.
³Economic and Business Faculty Muhammadiyah Jambi University, Jambi, Indonesia.
⁴,⁵,⁶,⁷Economic and Business Faculty Universitas Jambi, Jambi, Indonesia.

Corresponding author: E-mail: bindrianawati-u@feb.unair.ac.id

Abstract- Supply chains are starting to be more and more powerful in reaction to transforming company atmosphere as well as innovation. This has produced issues in coping with the flow of resources as well as produced increased probability of interruption. As such this particular analysis evaluates the effect of dynamism on interruption orientations, financial performance, and resilience. Whereas, an incorporated theoretical model is designed and afterwards analyzed utilizing survey information from a cross section of 345 workers from Indonesian manufacturing industry and partial least squares - structural equation modelling (PLS-SEM). The outcomes belonging to the research show that supply chain dynamism possesses a substantial favorable impact on supply chain disruption orientation and also supply chain resilience. Supply chain resilience also is afflicted with supply chain disruption orientation.

Keywords: Supply chain dynamism, Supply chain disruption orientation, Supply chain resilience

1. Background

Setting up the flow of organizational resources is now more and more difficult for supervisors, within aspect because of elevated ecological dynamism in business environment [11]. It is the fact that companies are developing items much faster to affect the atmosphere whereby they actually do operations [27, 40]. Therefore, owning an increased “supply chain dynamism” (SCD) because these exact companies depend upon trading associates to assist provide the latest goods [44]. While doing so products or services development is limited as well as new products release ratio to enhance, supply chains are stretching geographically as well as by outsourcing to keep price competitiveness. Nevertheless, extension on the supply chain reveal the organization to a much better opportunity of the interruption on the flow of supplies; interruptions becoming unexpected functions busting the standard flow of services or goods [6, 12]. Interruptions, must they happen, could cause damaging monetary effects for all the companies concerned [13]. As a result, in the benefit of keeping high end, administrators are encouraged to execute a variety of alleviation [35], i.e. nurturing a “supply chain disruption orientation” (SCDO) as well as reinforcing “supply chain resilience” (SCR), in order to enhance the company’s potential to take in interruptions as well as quickly go back to consistent positions [24]. Thus, it's crucial for supervisors to recognize the way to eliminate the consequences of SCD.

So far, research that is published has mostly centered on determining predictor variables impacting resilience to supply chain interruptions, things like supply chain perceptibility, virtuousness tendencies and also supply chain protection strategies [33], source reconfiguration as well as risk control mechanism, supply chain effort, supply chain alleviation abilities as well as supply chain design and style attributes [12], anxiety, regulatory level and focus of threats, as well as organizational uniqueness [10]. Although, there's an insightful and interesting research coming from the business studies which views the distinctions in between robust transformation approaches and adaptation to ecological adjustment within businesses [31], minimal focus has been dedicated towards the consequences of SCD [8]. For that reason, this particular analysis is designed to create and empirically evaluate an incorporated conceptual research model grounded within the “Dynamic Capabilities View” (DCV) which assesses the impact of SCD on SCR and SCDO; as well as the associations among Financial performance, SCR, and SCDO, much more particularly the mediating impact of SCR.

According to [44] the SCD is "the pace of changes in both products and processes", is now progressively more essential for companies to control [30] since it is able to effect dexterity amongst supply chain actors [44]. In addition, considering the intricacy as well as powerful dynamics of supply chains in modern business [43], each task which a supply chain associate performs comes with a natural chance of unforeseen interruptions somewhere else within the supply chain that could result in economic losses as well as, in some instances, company dissolution [38]. Now this implies that the environment and the firm whereby its establishment happen to be in a dependent
elements impacting the market [14]. Such modifications or volatility of modifications within a market or maybe volatile market situation, supply chains might come across [32]. When it comes to extremely unsure as well as services and products, innovation; and requirement for organization's primary units; unforeseen modifications in are able to come up by using numerous resources, which alteration within each processes and product s [44]. It may the existing research SCD is described as the speed of big impact on supply chain business [44]. Furthermore, various pace of transition, that are proven to possess a a association [40]. In this case subsequently it's essential to recognize the associations of green inputs including supply chain dynamism as well as organizational characteristics including disruption orientation as well as resilience. Supervisors as well as scientists are knowledgeable that a clear knowledge of SCD is required [30]. Thus, a contribution of the present research is definitely the exploration of immediate impacts of SCD over the setup of supply chain activities (like disruption orientation as well as resilience) and also efficiency.

Lately there's been growing curiosity from equally practitioners and academics to come down with comprehending the handling of supply chain interruptions with the improvement of a SCR and SCDO [7, 39]. Therefore, the SCDO is recognized as the company’s awareness and recognition of impending interruptions and just how companies assess as well as find out in response to previous interruptions [2]. Moreover, SCR appears being a powerful ability theorized as allowing companies to much better deal with interruptions and consequently keep better functionality with the continuity of services and product distribution to consumers [28, 9]. The SCR and SCDO association as well as ramifications for fiscal efficiency is examined by the present study.

With this research, we look for understanding of the intervening part of SCR within the interactions involving financial performance and SCDO, and that setup a bridge among the theoretical findings of ours on SCR as well as the implications of theirs for training. To endure in a progressively unsure company atmosphere, businesses might concentrate on creating SCR effectiveness to alleviate the destructive influence of interruptions [2, 13, 42]. SCR happens to be realized being a powerful ability allowing companies to deal with unquantifiable and unforeseen situations. Nevertheless, the existing analysis is going to illuminate whether or not there's a mediating function for SCDO. Comprehending the connection has ramifications for source distributions.

2. Literature Review
Supply Chain Dynamism (SCD)
Work ecological dynamism describes unpredictability or volatility of modifications within a market or maybe elements impacting the market [14]. Such modifications are able to come up by using numerous resources, which includes the amount of innovation and change inside the organization's primary units; unforeseen modifications in services and products, innovation; and requirement for products that are new and services within the marketplace [32]. When it comes to extremely unsure as well as volatile market situation, supply chains might come across various pace of transition, that are proven to possess a a big impact on supply chain business [44]. Furthermore, the existing research SCD is described as the speed of alteration within each processes and products [44]. It may be assessed through the tiny proportion of earnings produced from products that are new, the amount on the development frequency for services and products, as well as the originality number of running procedures [44]. Getting a clear comprehension of the amounts of supply chain dynamism is now more and more essential for companies to cultivate more efficient supply chain activities [30].

Supply Chain Disruption Orientation (SCDO)
Supply chain interruptions are activities which are indicated by significant volatility as well as disrupt the standard flow of services and goods inside the supply chain system [7]. Whenever experiencing supply chain interruptions, companies might act in response by renewing or perhaps realigning threat control system as well as understanding out of previous interruptions to eliminate risks as well as take advantage of fresh possibilities, that will allow the companies to produce a solid SCDO [2]. Moreover, the existing analysis described SCD as "a firm’s general awareness and consciousness of, concerns about, seriousness toward, and recognition of opportunity to learn from supply chain disruptions" [8]. Within an extremely powerful atmosphere, companies having a SCDO are knowledgeable that interruptions are able to happen and therefore are driven to discover by using previous interruptions [2]. Much more particularly, [8] mentioned that in extremely cut-throat atmosphere supply chain disruption oriented companies are able to master through the disruption experiences of theirs as well as proactively create abilities to control supply chain interruptions.

Supply Chain Resilience (SCR)
In the current uncertain and turbulent atmosphere, it's crucial for companies to construct SCR to control unquantifiable and unanticipated issues [1]. Based on prior research the existing analysis describes SCR as being an "adaptive capability of the supply chain to prepare for unexpected events, respond to disruptions, and recover from them by maintaining continuity of operations at the desired level of connectedness and control over structure and function" [34]. Resilience will be the power to react to sudden disruptions and disturbances [29]. Previous investigation has looked at SCR like a powerful ability allowing the supply chain to properly adjust, react, as well as get over interruptions [7]. A SCR assimilates unforeseen interruptions as well as reinstates the supply chain to a strong condition of functionality which can result in competitive edge [36].

3. Theoretical Framework
While prior studies have looked at resilience as the crucial element to a company’s potential to control supply chain interruptions, there's minimal exploration on exactly
how companies acquire resilience to SCD as well as interruptions [7]. The current analysis attracts upon the DCV to suggest an incorporated theoretical model and empirically evaluate the associations among SCD, SCR, SCDO, along with monetary results.

**Dynamic Capabilities View (DCV)**

The DCV expands the RBV [4] by thinking about the rejuvenating of the present inventory of materials [15]. The DCV implies that an organization trying to find renewable cut-throat edge must acquire fresh or renew pre-existing resources and capabilities to deal with emergent possibilities [15]. Moreover, a dynamic capability is "the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" [41]. It is lodged as a procedure or maybe group of procedures related to source exploitation [15]. Much more particularly, a dynamic capability is a design of actions whereby the company alter functioning regimes for objectives of enhanced usefulness [45]. Earlier studies have placed SCR like a dynamic capability to get ready for inescapable threat functions and also to react to as well as get over sudden interruptions [13, 34, 37]. Being a dynamic capability, companies are enabled by SCR to take in the unwanted effects through a selection of various threats [40].

**The Effect of Supply Chain Dynamism on SCR and SCDO**

Items which are more and more differentiated for a growing speed [26] is being developed by companies. Actually, it's been found that 1.7 products that are new upgrading each one particular item go off [25]. In addition, this's located in the area of minimizing merchandise developments [21] which are highlighting the problems experienced by companies. The unveiling of products that are new and also the higher number of uniqueness need which companies react within tactics which are special for this ecological aspect [17]. Creating an interruption orientation as well as resilience abilities are couple of likely helpful organizational abilities for reacting towards the dynamism because of its supply chain to that a company is subjected. We theorized the features as systems of strong alteration since the adjustments within the workplace [31].

Organizational regimes which may be utilized as equipment to (re)configure materials of the firm [15] is required by equally SCR and SCDO. The materials might be manufacturing products, stock, perhaps the procedures related to alliances as well as components buying. These skills might be well considered consistent procedures or even in extremely compelling situations might actually be experimental within the natural world. Either way, an essential facet is definitely the organizational learning which comes about linked to the reconfiguration of property [5].

SCDO contains surveillance pursuits. Surveillance provides the advantage of enhancing the point in time an organization must react to a transformation; it acts within a first caution sort of potential. There are numerous kinds of surveillance which includes yet not restricted towards the controlling of patents or maybe business advancements, overseeing news happenings to come down with certain geographic areas, or perhaps executing on-site visits and audits. Significantly, from a dynamic ability perspective, the strategies to as well as technologies for checking are within a continuous status of instability. An additional aspect of an interruption orientation will be the evaluation of an interruption right after it's happening. The main reason for doing these kinds of an examination is definitely the organizational understanding which may be acquired.

SCR requires quickly realign activities immediately after an interruption has expired. SCR likewise can certainly involve reacting to quantity surges [3]. Whichever implies that functions might be realigned within a variety of methods with respect to the requirements of the business. An additional facet may be the monetary readiness to deal with an interruption. The capacity to become resilient, as shown by the characteristics, probably takes an extremely huge amount of varieties as well as might not function as the identical each time. Thus, SCR is simply by the nature of its a powerful ability.

Thus, it could be observed as a result of the reasoning provided earlier that particular SCR along with an interruption orientation are possible business replies to SCD. As it's been recommended that getting a clear comprehension of SCD is now essential for companies to create efficient supply chain edge [30], it is theorized that:

H1. There is a significant relationship of SCD and SCDO.

H2. There is a significant relationship of SCD and SCR.

**The Effect of SCDO on SCR**

Earlier studies have recommended that companies which discover through the outside company atmosphere are a bit better in the position to get the dynamic abilities which boost responding ability [22]. In the current global and extremely cut-throat atmosphere companies with an impressive SCDO, that is recognized as the company’s awareness and recognition of impending interruptions and exactly how companies evaluate as well as understand by using previous interruptions, tend to be more apt to construct SCR abilities [8]. The SCDO oriented companies make an effort to discover through their previous supply chain interruption goes through as well as proactively create SCR abilities which allow efficient replies to supply chain interruptions [2]. Further, [8] described that nurturing an effective SCDO, that also includes a concern with avoiding breakdown, constant
enhancement procedures, along with a dedication to understand from interruptions will result in a more powerful inspiration to react within the wake of an interruption. This particular argument implies that companies with an impressive SCDO is able to make use of much more hands-on ways to rebuilding balance faster [8]. Appropriately, we anticipate that SCDO functions as a crucial predictor of SCR and thus provide the following hypothesis:

H3. There is a significant relationship of SCDO and SCR.

H4. SDCO mediates the relationship between SCD and SCR.

4. Methodology

The information was gathered from the respondents at one time via personally administered questionnaires. Therefore, the current study is cross-sectional and quantitative. The respondents of the analysis had been the employees working in manufacturing industries of Indonesian land. Using simple random sampling, six hundred and fifty surveys were sent out in Indonesian manufacturing industries. The information was collected through questionnaires. A period of seven days was provided to complete the surveys, and also, afterward, the surveys had been gathered from the relationship office of the company. The 345 questionnaires have been obtained out of the absolute that established a 53.1% rate of response. The 3-items scale adopted from the study of [44] was utilized to assess the supply chain dynamics (α = 0.93). The construct of supply chain disruption orientation was assessed by 4-items scale with reported reliability of 0.86 [8]. Finally, supply chain resilience was assessed with 6-items scale [18]. All the Items were evaluated on a Likert scale of 5 from 1 ("not at all") to 5 ("completely agree"). The collected data were analyzed using SmartPLS 3.2.8 by adopting PLS-SEM approach.

5. Data Analyses

Construct Reliability and Validity

The construct reliability, as well as validity, is essential to set prior to evaluating the study design [16]. Thus, to begin with, the convergent validity, as well as discriminant validity on the measurement design, were assessed. The measurement design of the research is explained in table 1. For that external design, all of the loadings had been above 0.5 that's necessary for setting up the reliability of all elements. Each construct has “Cronbach's alpha value,” i.e. greater than 0.70 and “average variance extracted (AVE)” is greater than 0.5 as well as “composite reliability (CR)” is higher than 0.60 which established the convergent validity on the research framework [19]. Likewise, to make certain the “convergent validity” of internal design, all of the “standardized loadings” have been squared as well as divided by their overall quantity to have the AVE of higher order variables. In the “Fornell and Larcker criterion,” the diagonal values clearly show the square of AVE that has got to be bigger compared to the constructs' correlation with other variables as well as “Heterotrait Monotrait Criterion” values should be much less than 0.85 for setting the discriminant validity of research framework [20]. Likewise, Table 2 and Table 3 revealed the outcomes of the “Fornell and Larcker criterion,” as well as the Heterotrait Monotrait Criterion, that has determined the discriminant validity of the construct.

Table 1. Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loadings</th>
<th>Cronbach's Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Dynamics</td>
<td>SCD 1</td>
<td>0.771</td>
<td>0.701</td>
<td>0.8</td>
<td>0.600</td>
</tr>
<tr>
<td></td>
<td>SCD 2</td>
<td>0.730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCD 3</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain Disruption Orientation</td>
<td>SCD O1</td>
<td>0.680</td>
<td>0.706</td>
<td>0.8</td>
<td>0.529</td>
</tr>
<tr>
<td></td>
<td>SCD O2</td>
<td>0.771</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCD O3</td>
<td>0.730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCD O4</td>
<td>0.725</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain Resilience</td>
<td>SCR 1</td>
<td>0.729</td>
<td>0.803</td>
<td>0.8</td>
<td>0.503</td>
</tr>
<tr>
<td></td>
<td>SCR 2</td>
<td>0.729</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCR 3</td>
<td>0.717</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCR 4</td>
<td>0.756</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCR 5</td>
<td>0.662</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SCR 6</td>
<td>0.659</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Fornell and Larcker Criterion for Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Supply Chain Disruption Orientation</th>
<th>Supply Chain Dynamics</th>
<th>Supply Chain Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Disruption</td>
<td>0.727</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3. Heterotrait-Monotrait Criterion for Discriminant Validity

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Supply Chain Disruption Orientation</th>
<th>Supply Chain Dynamics</th>
<th>Supply Chain Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Dynamics</td>
<td>0.359</td>
<td>0.775</td>
<td></td>
</tr>
<tr>
<td>Supply Chain Resilience</td>
<td>0.622</td>
<td>0.429</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Table 4. Hypotheses Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>S. E.</th>
<th>T Value</th>
<th>P Value</th>
<th>CI BCA Low</th>
<th>CI BCA High</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCDO -&gt; SCR</td>
<td>0.5</td>
<td>0.0</td>
<td>13.21</td>
<td>0.00</td>
<td>0.46</td>
<td>0.65</td>
<td>Supp</td>
</tr>
<tr>
<td>SCR</td>
<td>40</td>
<td>40</td>
<td>13.21</td>
<td>0.00</td>
<td>0.46</td>
<td>0.65</td>
<td>Supp</td>
</tr>
<tr>
<td>SCD -&gt; SCR</td>
<td>0.3</td>
<td>0.0</td>
<td>5.93</td>
<td>0.00</td>
<td>0.2</td>
<td>0.4</td>
<td>Supp</td>
</tr>
<tr>
<td>SCD</td>
<td>59</td>
<td>61</td>
<td>13.03</td>
<td>0.00</td>
<td>0.2</td>
<td>0.4</td>
<td>Supp</td>
</tr>
<tr>
<td>SCD -&gt; SCR</td>
<td>0.2</td>
<td>0.0</td>
<td>4.46</td>
<td>0.00</td>
<td>0.3</td>
<td>0.3</td>
<td>Supp</td>
</tr>
<tr>
<td>SCR</td>
<td>33</td>
<td>52</td>
<td>55.34</td>
<td>0.00</td>
<td>0.32</td>
<td>0.34</td>
<td>Supp</td>
</tr>
<tr>
<td>SCD -&gt; SCR</td>
<td>0.1</td>
<td>0.0</td>
<td>5.75</td>
<td>0.00</td>
<td>0.1</td>
<td>0.2</td>
<td>Supp</td>
</tr>
<tr>
<td>SCDO -&gt; SCR</td>
<td>94</td>
<td>34</td>
<td>19.75</td>
<td>0.00</td>
<td>0.11</td>
<td>0.51</td>
<td>Supp</td>
</tr>
</tbody>
</table>

Note: SCD = Supply Chain Dynamics, SCDO = Supply Chain Disruption Orientation, SCR = Supply Chain Resilience
* Significance level < 0.05

Discussion and Conclusion
This particular analysis gives various authentic theoretical ramifications for the results of the associations...
between SCD, SCR and SCDO. Particularly, the examination of research model gives empirical assistance of the significance of creating resilience functions within the existence of greater amounts of SCD [2, 28] therefore expanding the “supply chain management” (SCM) research as well as getting a clear comprehension of the effect of SCD along with techniques for alleviate most likely harmful consequences.

The discovering associated with a substantial favorable impact of SCD on SCR and SCDO results in fresh comprehension of the way the outside atmosphere impacts supply chain activities. In the present fast-paced and turbulent atmosphere, companies have to recognize the characteristics as well as potential threats immanent in supply chains of enterprise. The inference is the fact that not adequately maintained, uniqueness as well as fresh production might not supply far better monetary benefits. Confronted with SCD, it’s crucial that companies spend some time checking in addition to understanding out of the atmosphere to be able to easily adjust as well as reply to adjustments. The outcomes of this particular research recommend, in line with the DCV, which synchronize among the degree of SCD as well as the advancement of SCR and SCDO is crucial. This particular outcome therefore stretches the research of [44] that evidenced that SCD has considerable favorable impact on knowledge sharing amongst supply chain associates.

Authentication of substantial favorable impact of SCDO on SCR is one more crucial ramification of the present research. The results are in line with the studies of [2] and [8] that observed the significance of SCDO in boosting organizational response and SCR (i.e. bridging and buffering). As a result, this research supports the significance of SCDO in enhancing the SCR. Since interruptions are rising in numbers, an SCDO company is a lot more apt to get better revelation of interruptions and exposure controlling interruptions, and also it's therefore a lot more prone to have the ability to construct resilient supply chains which allow the company to attain cutthroat benefits [2].

One more primary ramification with this research is that it comes out from evaluation of theoretical framework stands out as the intervening function of SCDO that addresses demand for additional exploration in generating dynamic abilities for dealing with supply chain interruptions [2, 34]. Particularly, SCDO enables companies functioning within increased dynamism atmosphere to efficiently deal with potential threats which could be unquantifiable and unforeseen, retrieve rapidly from interruptions, as well as boost organizational efficiency [34]. A particular possible reason is the fact that the organization's orientation in the direction of supply chain interruptions drives the motivation of its to accurately and swiftly react to modifications within the company atmosphere [8] observed that SCDO companies acquire through the prior disruption experiences of theirs and keep a comprehension of outside business atmosphere letting them perform an effective and quick reaction to minimize the chance as well as effect of potential supply chain interruptions. When these reactions are suitable towards the situation, better monetary efficiency succeeds. As a result, unveiling an intervening function for SCDO has highlighted the basic systems impacting monetary efficiency.

Managerial implications
The results through this particular research lead to a number of useful ramifications. In the present unsure atmosphere, each company within the supply chain is subject to SCD. Nevertheless, essentially subjected to SCD just isn't always risk but possibly a chance for companies that develop a deep SCDO and also build SCR. Acquiring strong supply chain activities for example SCR and SCDO is able to offer supervisors with a good technique to cope with threat as well as get over supply chain interruptions. The results likewise indicate that SCR and SCDO perform various functions within the handling of SCD. In order to boost monetary results, companies frequently decide to often develop a SCDO or even build SCR since resources that are limited stop them by going after each technique concurrently. The results on the benefits on the job of SCR supplies assistance for blowing attempts and also small assets to make use of each SCR. and SCDO. Accordingly, supervisors are able to improve their company's SCR ability by creating a top SCDO; however, companies developing a good SCDO might simply be in a position to attain monetary advantages via improving SCR, hinting that SCR and SCDO is able to do the job along with SCR becoming much more important to enhanced monetary overall performance. To sum up, this particular analysis offers an incorporated theoretical model which will help supervisors much better comprehend the associations amongst SCD, SCR and SCDO. To make it through as well as flourish a company need to discover through the external environmental conditions of its then allot materials properly to different supply chain activities, e.g. SCR or SCDO, that allow companies to attain exceptional monetary results.

REFERENCES


111–122, 2015.


