The Effect of HR Relational Strategy and Transactional Strategy on Supply Chain Performance: The Moderating Role of Environment Orientation

Djoko Roespinoedji\(^1\), Adam Faritzal\(^2\), Asep Sudrajat\(^3\), Umair Ahmed\(^4\) Sari Dewi Oktari\(^5\)

\(^1,2,3,5\) Widyatama University
\(^4\) Arab Open University, Bahrain
umairahm@gmail.com

Abstract—The purpose of this study is to examine the effect of relational strategies and transactional strategies in order to determine the performance of supply chain management of Indonesian servicing sector through the moderating role of environment orientation. This research was done quantitatively. Questionnaire were Adapted to collect the data and random sampling technique was used. The sampling size was of 200. PLS3 software was applied to analyze the data. The findings of the study showed that the association of the basic strategies in terms of relational and transactional has a tendency to affect the performance of “supply chain management” significantly and positively. The HRM organization adds to the assurance of practices inside the supply chain, both operationally and deliberately through the moderating role of “environment orientation”. Reconciliation of environmental issues in the supply chain assumes extremely noteworthy job in deciding the productivity and viability inside the supply chain management.

Key words—Relational strategies, transactional strategies, environment orientation, supply chain management

1. Introduction

The idea of “supply chain management” (SCM) has increased critical consideration from experts and scholastics since around 2000 [1]. It is characterized as “the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain for the purposes of improving the long-term performance of the individual companies and the supply chain” as a whole [1]. In the “supply chain” setting, human performance mentions to workers' performance level in meeting anticipated dimensions, or performance objectives, on different SCM-related tasks and exercises. This idea was created first in an increasingly broad setting by [2], who indicated that the normal performance in the working environment by workers is commonly managed by a lot of legitimate and suitable desires and is accomplished through appropriate instruction and preparing. At the point when real work environment performance sticks reliably to social desires, at that point magnificent human performance is accomplished [2]. At the point when human performance veers off from anticipated performance, at that point the performance disparity must be researched, causes distinguished, and fitting restorative move made. The meaning of human performance recognizes circumstances in which an individual may not be performing sufficiently because of an absence of expertise and when there is an absence of satisfactory performance because of insufficient consistence with known systems [3]. By and large, human performance is essential to “supply chain” practices. An organization may have sound “supply chain” systems set up yet problematic performance from its workers can without much of a stretch damage the accomplishment of objectives. In spite of the difficulties that the organization may confront [3], the rules of the “supply chain” should be adjusted to the way of life and procedures of the organization. Identified with the situation of this paper is meant to contribute in the “human resource management and
“supply chain management” as far as the methodologies of HRM (relational strategies and transactional strategies) must be joined with the organizations inside and outside environment to get “supply chain” benefits [4].

Research Objectives

- To determine the implications of relational strategies on the supply chain management
- To determine the implications of Transactional strategies on the supply chain management
- To determine the moderating effect of environmental orientation among the relationship between relational strategies and supply chain management.
- To determine the moderating effect of environmental orientation among the relationship between Transactional strategies and supply chain management.

Model

2. Literature Review

2.1 Relational Strategies

The Relational View (RV) clarifies and gives hypothetical establishments to understanding why organizations build up and create distinctive structures of relations [5]. The underlying pattern of research on RV focused on conceal organizational participation and after that, it has developed towards concentrates on key unions [6], accomplice organizations, informal communities, and inside organizational systems [7]. Exchange cost financial matters and resource-based view (RBV) are central hypotheses used to clarify why organizations work together and build up the inside organizational relations [8], however RV is additionally clarified based on different assumptions, including : modern promoting, “supply chain management”, gaining hypothetical viewpoint, partners hypothesis, learning based view, and system organization hypothesis. As a rule, the relational way to deal with a procedure is
based on the will to coordinate with others so as to get an extra monetary lease, called a relational lease, which is characterized as “a supernormal profit jointly generated in an exchange relationship that cannot be generated by either organization in isolation and can only be created through the joint idiosyncratic contributions of the specific partners” [9]. The RV shows that inside organization participation in dyads and relational systems empowers organizations to have some expertise in center organizations, to redistribute esteem chain stages, to act speedier than opponents, lastly to accomplish a supported upper hand [9]. Numerous investigations demonstrated that building and creating inside organizational relations bring a ton of advantages. Among them, the accompanying components are everywhere and again recorded [3]: cost decrease, including exchange costs; access to the accomplices’ resources; specifically, to information; common learning and inspiration of creativeness, including enhancement and making of new innovative arrangements; an increasingly entire utilization of market openings; development of the size of tasks and access to new markets; more prominent productivity. Then again, tying down in relational frameworks is identified with specific dangers, for example, [3]: loss of freedom; spillage of information and know-how; irregularity in the stream of resources; appearance of insightful practices; debilitating of dishonor and market position; low productivity of together executed procedures and targets. Then again, through receiving this kind of system, the organization’s goal is to build up long term collaboration with the mainstream share of collaborators (clients, providers and merchants) and its very own workers [10]. A relationship arranged organization endeavors to guarantee intelligibility and complementarity among merchant and wholesaler’ goals regarding human and advertising connections, in this manner treating clients, providers and wholesalers alike prompts accomplish an uncharacteristic state of social intelligence that encourages common trust between the different ambitious parts (organization, representative and diverse individuals from the “supply chain”. If there should arise an occurrence of joined relational system, workers are viewed as speculations where the significance of shared duty and the "worker" factor rule the human resource management (lifetime occupations, preparing, high wages and so on.). Choi and Joung directed an examination based on the idea of consolidated HRM and “supply chain management” strategies [5].

2.2 Transactional Strategies

The possibility of transactions giving a base to financial investigation was first given in 1931 by John R. Hall. A transactions is characterized as the exchange of a service or goods over detachable substances. He stated this “These individual actions are really trans-actions instead of either individual behavior or the ‘exchange’ of commodities”, spreading communications to the multifaceted zone. Share acknowledge the effect of associations in marketplace, and the effect of concentrate how to coordinate associations between distinct elements [11]. This matter had been additionally investigated in the traditional part of the idea of the organization, transcribed in 1937 by the author Ronald Coase. He watched the importance of exercises in procedures of creation. In contrast to numerous factors, he featured the limit of the organization as a choice variable which required planned development, though others brought up out as a set parameter. The decision making to utilize the value component available or to inside deliver the advantage in an organization (likewise purchasing choice) is in this manner based on the dealings costs that emerge [11]. These expenses start from data seeking, bargaining and expenses of writing the agreement. [12] implied that the expense of utilizing the value instrument is the primary motivation behind why organizations exist in any case: to copy the influential market at a minor cost than the real market. Then again, bigger organizations have extra deal costs, neglecting to imitate the economic situations. This is given as the purpose for the presence of market transaction. [12]. [13] further stated transaction that have three main dimension portraying the various dimensional character of transaction: "uncertainty, frequency and investment idiosyncrasy eccentricity". Uncertainty indicates to risk related to a transaction, on the other hand frequency manages the issue of time between transactions. The focus is investment idiosyncrasy eccentricity” on which he depicts as the most effective criteria. The principal question to be asked “to what degree are transaction-specific
(nonmarketable expenses) incurred” [13]. At the point when resources are unspecified towards the purchaser, the provider can undoubtedly give away the output to the market with no troubles. By and large, when a purchaser initiates their provider to put resources into specific physical money to more readily accommodate their own criteria, the estimation of the benefit is by definition bring down available than the incentive for which it was proposed to utilize. This kind of transaction is by [13] related to as idiosyncratic (determined towards a person), where the purchaser and provider successfully gets 'locked into' one another. The supplier may not locate a similar esteem moving it somewhere else, while the purchaser can't discover progressively positive terms on elective sources. Based on trust relations, these transactions will profit the two sections if effectively executed, changing into a two-sided monopoly infrastructure that originates from better creation chains thought about than competitors. In any case, the particular idea of explicit resources opens up for risk as opportunistic practices can be mishandled. As contracts are fragmented (by the thinking of limited rationality), the issue to properly adjust to the consistently changing environments and markets emerge. "Although both have a long-term interest in effecting adaptations of a joint profit-maximizing kind, each also has an interest in appropriating as much of the gain as he can on each occasion to adapt” [13]. Transaction idiosyncrasy is likewise characterized by the particularity of an advantage, indicated in three distinctive ways; “site specificity geographical location” is creating benefits by managing on stock and transportation: “physical asset specificity:” items are physically intended to fit in the generation of a segment; “human resource specificity” : the rational capital and specialization adjust according to the task. In this situation, an organization can likewise receive a transactional approach with respect to a few or the majority of its “supply chain” stakeholders and also in regards to its very own workers. In this design, the devotion of the worker towards the organization and the individuals from the “supply chain” is less considered [14]. In this specific situation, devotion between an organization and its providers or wholesalers is less requested as well.

2.3 Supply Chain Management

The idea of "supply chain" is settled in the research and is by and large indicated to as the arrangement of organizations that put up items or administrations for sale to the public [15]. The “supply chain” incorporates producer, providers, transporters, stockrooms, wholesalers, retailers, different delegates and even clients themselves. Any item exchanged on the shopper merchandise market, in its development from crude material to completed items, experiences a progression of progressive transactions on the B2B market. According to [16] stated that when a last customer buys a of Coca Cola, he/she doesn't purchase straightforwardly from Coca Cola, however from a mediator (for instance the hypermarket or neighborhood store) and the item experiences a few transaction on the B2B market on the circuit Coca-Cola – distributor – retailer – last buyer. This is a “supply chain”.

A “supply chain” consists of all parties involved, directly or indirectly, in fulfilling a customer request. Within each organization, such as a manufacturer, the “supply chain” includes all functions involved in receiving and filling a customer request [17]. These functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service”.[18] expressed that a runs a “supply chain” is a system of materials, data, and administrations preparing joins with the attributes of supply, change and demand

A SC as “a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer” [15]. As indicated by [15] discussed there is three degrees of “supply chain” multifaceted nature: a "direct supply chain," an "extended supply chain," and an "ultimate supply chain". The direct "supply chain" comprises of a focal organization, its providers and its clients. What's more, the extended "supply chain" incorporates providers of the instant provider and clients of the immediate client. The ultimate "supply chain" incorporates all organizations that are associated with all streams of items, administrations, fund, and data from a definitive providers to a definitive clients. Additionally, the ultimate “supply chain” includes useful delegates, for
example, market surveying organizations, budgetary and logistics services suppliers [18] and [32-40].

2.4 Environmental Orientation as a Moderator

The term “environmental orientation” (EO) is utilized to portray this ethic as an environmental rationality and how much environmental qualities are incorporated inside the association’s values and beliefs [19]. In particular, an (EO) is characterized as “the recognition by managers of the importance of environmental issues facing their organizations” [20]. Experimental study has discovered that an EO stays in the organization from two essential measurements [19]. The first is inside emphasized and it has been the inside culture the organization, its benchmarks of moral conduct, its duty to environmental obligation, and it has been business mission statement(s) [19]. An inside engrossed EO shows a company’s inner qualities, gauges of moral conduct, and responsibility to environmental beliefs over every various leveled dimension of the organization [19]. Organizations with an inside focused (EO) impart moral conduct toward the environment over the distinctive zones of the organization and think about environmental destinations as innate to their monetary objectives [19]. Subsequently, an inside focused EO is strengthened by corporate management and includes choices identified with the generation and spread of environmental data all through the organization, communication of environmental statements of purpose, the arrangement of environmental administrators, and the usage of environmental tasks [19].

The second measurement is based on directors' impression of outer powers and the need to react to partner interests. An externally engaged (EO) is an organizational culture that endeavors to simultaneously make a constructive culture and financial corporate picture to partners. The catalyst of a externally engaged (EO) is a piece of the bigger objective of authenticity according to partners, thought about one of the most grounded helpers of corporate activity toward enhancing its environmental duty. Administrative view of the outer corporate atmosphere decide how resources are recognized, obtained, and utilized in the organization [21]. Upper management that see environmental questions as circumstances, instead of dangers, will distinguish explicit strategic resources to make an incentive for the organization through environmental policies and practices. The RBV view clarifies that an EO is a strategic resource on the grounds that an (EO) is both profitable and non-substitutable; it is based on implicit learning and abilities, reliant on gatherings of individuals, and it is explicit to a specific organization [8]. Organizations that embrace this orientation recognize the significance of environmental obligation in meeting monetary objectives and destinations [19]. The formation of an environmentally sensitive business culture as basic to taking care of partner inclinations and demands.[22] found that an (EO), as showed by the components of an inner and an outside (EO), is decidedly identified with the formation of important promoting and corporate policies and abilities. [19] Connected (EO) to higher business performance, with connects to higher operational performance and financial performance. These proof recommends that an (EO) may form organization performance.

Hypothesis

H1: There is a significant relationship between relational strategies and supply chain management

H2: There is a significant relationship between Transactional strategies and supply chain management

H3: There is a significant moderating effect of environmental orientation among the relationship between relational strategies and supply chain management

H4: There is a significant moderating effect of environmental orientation among the relationship between Transactional strategies and supply chain management

3. Methodology

The research method has been the most vital part of the study. The high-quality of appropriate method for the analysis must be accordance with the kind of problematic. The current research is based on quantitative study method. However, accordance with the nature of the research, cross sectional design has been designated. A survey has been conducted to
gather the data from an employee of Indonesia. The 5-point Likert scale has been used to assemble the data. Questionnaires has been dispersed by using simple random sampling method. Though, the sample size has been designated based on [23] series for inferential statistics. Accordance with this series, “sample with less than 50 members will perceive to become a weaker; a sample of 100 sizes would be weak; 200 will be satisfactory; a sample of 300 would be measured as good; 500 very good whereas 1000 would be outstanding.” Thus, three hundred sample sizes have been chosen in this study. Firstly, questionnaire has been filled to gain direct access to the respondents who are dealing “supply management system”. The response rate has been given in below Table 1. Moreover, Smart PLS 3 (SEM) has been used to examine the composed data.

4. Data Analysis and Results

Smart partial least square has been used to analyze the data.

### 4.1 Structural Model Assessment

SmartPLS 3 has been employed to measure the model. Factor internal consistency in this process, Cronbach's alpha, “average variance extracted, and composite reliability” were observed. The results of measurement model assessment are given in Table 1. The results show that all the items had a factor loading more than 0.70. However, only two items had the factor loading value below 0.70. Factor loading should be more than 0.50 and all those items must be erased with factor loading having value less than 0.50. Factor loading is more than 0.50 internal consistency has been attained as which organization the convergent validity. AVE and composite reliability have been also more than satisfactory range 0.70 and 0.50, corresponding. Furthermore, to make the discriminant validity utilized to organization the external consistency, Discriminant validity results have been shown in Table 1.

### Table 1 Cronbach’s alpha, Factor Loading, AVE and Composite reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicators</th>
<th>Loading</th>
<th>Cronbach's alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational Strategies</td>
<td>RS1</td>
<td>0.67</td>
<td>0.76</td>
<td>0.75</td>
<td>0.53</td>
</tr>
<tr>
<td></td>
<td>RS2</td>
<td>0.71</td>
<td>0.78</td>
<td>0.81</td>
<td>0.57</td>
</tr>
<tr>
<td></td>
<td>RS3</td>
<td>0.70</td>
<td>0.79</td>
<td>0.79</td>
<td>0.51</td>
</tr>
<tr>
<td></td>
<td>RS4</td>
<td>0.69</td>
<td>0.81</td>
<td>0.76</td>
<td>0.59</td>
</tr>
<tr>
<td></td>
<td>RS5</td>
<td>0.68</td>
<td>0.75</td>
<td>0.78</td>
<td>0.52</td>
</tr>
<tr>
<td>Transactional Strategies</td>
<td>TS1</td>
<td>0.61</td>
<td>0.71</td>
<td>0.76</td>
<td>0.56</td>
</tr>
<tr>
<td></td>
<td>TS2</td>
<td>0.79</td>
<td>0.78</td>
<td>0.78</td>
<td>0.53</td>
</tr>
<tr>
<td></td>
<td>TS3</td>
<td>0.76</td>
<td>0.74</td>
<td>0.74</td>
<td>0.51</td>
</tr>
<tr>
<td></td>
<td>TS4</td>
<td>0.73</td>
<td>0.77</td>
<td>0.77</td>
<td>0.56</td>
</tr>
<tr>
<td></td>
<td>TS5</td>
<td>0.72</td>
<td>0.76</td>
<td>0.71</td>
<td>0.50</td>
</tr>
<tr>
<td>Environmental Orientation</td>
<td>OE1</td>
<td>0.71</td>
<td>0.78</td>
<td>0.71</td>
<td>0.51</td>
</tr>
<tr>
<td></td>
<td>EO2</td>
<td>0.74</td>
<td>0.79</td>
<td>0.79</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td>EO3</td>
<td>0.69</td>
<td>0.73</td>
<td>0.73</td>
<td>0.52</td>
</tr>
<tr>
<td></td>
<td>EO4</td>
<td>0.77</td>
<td>0.71</td>
<td>0.71</td>
<td>0.56</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>SCM1</td>
<td>0.81</td>
<td>0.76</td>
<td>0.77</td>
<td>0.53</td>
</tr>
</tbody>
</table>
Management | SCM2  | 0.79  | SCM3  | 0.75  | SCM4  | 0.74  | SCM5  | 0.82  | SCM6  | 0.78  | SCM7  | 0.83  |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2 Discriminant Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational Strategies</td>
</tr>
<tr>
<td>Transactional Strategies</td>
</tr>
<tr>
<td>Environmental Strategies</td>
</tr>
<tr>
<td>Supply Chain Management</td>
</tr>
</tbody>
</table>

4.2 Structural Model Assessment

Table 2 displays the measurement model assessment for the direct effects. It has been originated that all the direct relations have t-value more than 1.96 at 0.05 at the level of significance. So, all the relations have been important. Furthermore, β-value displays a positive association. Therefore, all the direct hypotheses (H1, H2,) have been acknowledged as revealed in Table 2. Furthermore, Table 3 displays the effect size (f2). By the subsequent the endorsements, it has been originated that Relational Strategies and Transactional strategies had strong effect.

<table>
<thead>
<tr>
<th>Table 3. Direct Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>H1</td>
</tr>
<tr>
<td>H2</td>
</tr>
</tbody>
</table>

Table shows the direct effect of Relation Strategies and SCM, Transaction Strategies and SCM. The results of the direct effect show that for both hypothesis, the t-value is above 1.96 and p-value is below 0.05 which accept both H1 and H2 hypothesis. Results are shown in Table 4.
Moreover, the moderation effect is shown in Table 4. The moderation results indicate that EO has significant role in the relationship of Relation strategies and SCM and the relationship of Transactional Strategies and SCM. As the t-value for moderation effect is above 1.96.

5.1 Findings

The literature discloses that there have been many variables manipulating “Supply Chain Management”. However, the most conclusive variables are EO and TS. The t-value has been greater than the threshold value of 1.96 with significance value at 0.05 is satisfactory. The path between Relation strategies and “Supply Chain Management” (β=0.108, t-value=6.75, p<0.05), shows a positive noteworthy association. So, the present study found an important positive association between EO and “Supply Chain Management”, supportive H1. It proves that rise in one variable would also rise in another variable towards the similar direction.

In respect of TS and “Supply Chain Management” (β=0.140, t-value=4.49, p<0.05), values display a positive noteworthy association between two variables, additional β representative that 14% influence of Accounting Management. Thus, there is a significant positive association between TS and “Supply Chain Management”, therefore by providing provision for H2. Thus, it is revealed that rise in one variable would also rise in another variable with the similar way.

Similarly, the moderating effect of EO on the association between RS and “Supply Chain Management” (β=0.199, t-value=4.853, p<0.05), the values show a positive noteworthy association between two variables, additional β representative that 19% influence of TS. Thus, there is a significant moderating effect on the association between RS and “Supply Chain Management”, therefore by providing provision for H3.

Similarly, the moderating effect of EO on the association between TS and “Supply Chain Management” (β=0.222, t-value=1.983, p<0.05), the values show a positive noteworthy association between two variables, additional β representative that 22% influence of TS. Thus, there is a significant moderating effect on the association between TS and “Supply Chain Management”, therefore by providing provision for H4.

5.2 Discussion

The connection between organization size and structure of its HR work was not surprising. The more an organization is large the more one talk about controlling boards of trustees, the more practical divisions enhanced. In this manner countless working in a similar office requires some organizing to guarantee the smooth advancement of work.

On the base of findings, obviously the organization is giving more significance to the authoritative issues than to the administrative ones. The job of “workers' champion” too stays restricted because of the impact of corporate culture which is close much of the time. In such setting, numerous organizations will keep on confronting difficulties since they will be opened up monetarily yet at the same time dealing with their HR as indicated by outdate practices. For this situation, the arrangement stays in looking for the harmonization among the HR so as to lead the “supply chain” to perform adequately in light of the fact that explores demonstrated that "No dominance among supply chain members leads to the highest profit for the entire supply chain” [1].

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>(β)</th>
<th>SD</th>
<th>T-Values</th>
<th>P-Values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td>RS*EO &gt; SCM</td>
<td>0.199</td>
<td>0.041</td>
<td>4.853</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>TS*EO &gt; SCM</td>
<td>0.222</td>
<td>0.112</td>
<td>1.983</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>
5.3 Conclusion

Taking everything into account, through this investigation, researcher concentrate on HRM Indonesian servicing sector and discussed from the perspective of the top supervisors [24, 25, 26]. In particular, researcher have not just focused the evaluation of the HR work as far as structure and development, however researcher likewise focused on the depiction of the set-up management styles. Investigations of results for organization a few suppositions [27]. Subsequently, associated with accomplishing the basic strategies in terms of relational and transactional that has a tendency to affect the performance of “supply chain management” significantly and positively [28, 29,]. The HRM organization adds to the assurance of practices inside the supply chain, both operationally and deliberately through the moderating role of “environment orientation”. Reconciliation of environmental issues in the “supply chain” assumes extremely noteworthy job in deciding the productivity and viability inside the “supply chain management” [30, 31]

References


