

Supply Chain Management in Indonesia: A Literature Review

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ABSTRACT

Supply chain management is very critical for organizations and national economic development. Researchers and practitioners need to assess where nations are in terms of their supply chain management maturity level by identifying gaps in both practices and research. This paper aims to analyze the supply chain body of knowledge in the Indonesian context to contribute to the collection of knowledge of supply chain management in Indonesia. A structured content analysis was used to assess research papers published in English and Indonesian in peer-reviewed and accredited journals. The results proved the lack of research in the supply chain management area within the Indonesian context. Future research guidelines were also presented as a result of this study.

KEYWORDS

Impact of SCM, Indonesia, Risk Identification in SCM, SCM Challenges, SCM Performance Measurement, SCM Strategy, Sustainable SCM, Technology Application in the SCM, Transportation Management

INTRODUCTION

The supply chain is not a chain of simple relations between organizations, but a broader network consisting of multiple entities with intricate work of planning, controlling, and executing flow of products, services, and cash flow from the acquisition of raw material to distribution to the customer (A. M. Aamer, 2018; A. M. Aamer & Sawhney, 2004). Supply chain management (SCM) practices in Indonesia are still maturing. Indonesia is the largest archipelago in the Southeast Asian region, with more than 13,466 islands. To that extent, Supply chain management has a vital role in supporting trade, both domestic and international, for economic growth and competitiveness.

Logistics Performance Index (LPI) is one of the common logistical performance indicators. Countries with low per capita Gross Domestic Product (GDP) tend to have lower LPI (Bîzoi & Sipos, 2014). In the 2018 edition, Indonesia ranked 46th, up from 63rd in 2016 (The World Bank, 2018), but the logistic cost of Indonesia is still high with lower LPI compared to South Asian countries in Singapore, Thailand, Malaysia, and Vietnam. Several factors are affecting the efficient implementation of supply chain management in Indonesia. One of the main factors is the lack of understanding of the principles and concepts of Supply Chain Management (A. M. Aamer et al., 2021; Pujawan, 2005). Besides, the implementation of Supply Chain Management concepts in Indonesia is hindered by various impediments, including unreliable logistical and technological infrastructures as well as supply uncertainties (A. Aamer et al., 2020; Ibrahim & Zailani, 2010; Sitompul, 2012). Some of the supply uncertainties include, but not limited to, raw materials issues and suppliers' inability to meet

production quotas (A. M. Aamer & Sahara, 2021; Affia & Aamer, 2021; Chakraborty & Mandal, 2014). Therefore, it is crucial first to explore the current supply chain model application in Indonesia and review what has been discussed and addressed in the literature to be able to direct future research and address some of the current supply chain management issues in Indonesia.

The objective of this study is to review the current status of supply chain practices in Indonesia as well as giving recommendations for future research. This research adds to the supply chain management body of knowledge in the context of developing countries by enriching the paucity of research on supply chain management in the context of Indonesia. It also contributes to local practitioners in the Supply Chain Management industry in giving insights to the current issues and challenges that need to be addressed.

LITERATURE REVIEW

Figure 1 depicts the frequency of SCM research output in the Indonesian context since 2004. It is evident that there is limited research on the topic of SCM, but more focus has been placed since 2015. Supply chain studies are also limited in other Asian countries, such as Malaysia. As stated by Ali et al. (2008), there is only a few published research in logistics and supply chain areas in Malaysia. On the other hand, number of supply chain studies globally is high and Hohenstein et al. (2014) predicts it to grow in the future.

In this paper, the reviewed studies on supply chain practices in Indonesia covered a wide range of variant issues. Systematic literature review is applied as described by (Tranfield et al., 2003) as the main methodology to capture the recent literature. Firstly, we used exploratory search to get the literature related to supply chain in Indonesia written in English. The search includes a combination of several words to gather research papers published in peer-reviewed journals. Search terms are applied to titles, abstracts, and keywords of the articles to obtain the most relevant studies. We used character “*” at the end of some search terms to expand the scope of the search since different words may be used for the same concept such as “collaborati*” to gather research on both collaboration and collaborative.

For the context of this research, in order to cover supply chains concept, “supply chain” OR “value chain” OR “procurement” terms are used. Terms “Indonesia” OR “Asia” OR “Developing countries” are used to cover Indonesia. To gather collaborative activities in supply chains, we used the terms “collaborati*” OR “relation*”. Secondly, it is also vital to search articles in Indonesian language to capture the current research on supply chain in Indonesia which may be written in the local language since researchers are bilingual and they speak the local language. For that search we used “rantai pasokan” OR “logistik” for covering supply chain and “Indonesia” OR “Asia” to cover Indonesia.

As a result of the search using all combinations of search terms we found 97 papers. After removing duplicates based on title, 49 papers remained. After that we read those 49 papers and examined whether they are in line with our study scope and objective which forms the final assessment step. After the final assessment step based papers relevance with our study, there remained 38 papers to be included in this study. The construct validity and reliability were addressed in our research by involving multiple researchers and employing the coding of SCM research topics (Duriiau et al., 2007).

We categorized the supply chain management research in Indonesia based on their scope, theme, and content. We devised ten categories, namely, Sustainable supply chain management, Impact of supply chain management, Supply chain management performance measurement, Supply chain management challenges, Risk identification in supply chain management, Supply chain management strategy, Transportation management, Technology application in the supply chain management, Alliance and relationship, and Production planning. Research papers under each category are presented in the following sub-section.

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