

The Impact of Equity Financing Moderation on Global Supply Chain Management and Corporate Performance Relationship

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ABSTRACT: The main urban environmental problems are poor air quality, the urban heat island effect, water quality deterioration and flooding, environmental biodiversity needs, increased waste flows, and excessive carbon emissions levels. Many of these issues, especially the urban heat island effect and stormwater runoff, have a greater impact and stronger influence on post-industrial cities more emphatically influence post-industrial cities, because of their specific development patterns. Cities face many environmental challenges, including air and water quality problems, the need for adequate green space, excessive heat gain, contaminated stormwater runoff and lack of biodiversity ecosystem. Urban agriculture offers a unique opportunity to utilize vacant or idle land and rooftops throughout cities for the production of oxygen and healthy pesticide-free food. Adding residential green space to a neighborhood, including community gardens and urban farms, is known to provide a number of social, health, economic, and environmental benefits. Despite the challenging global trends, some citizens believe that Indonesia presents the resilience trend as displayed across the region, and we are ready to keep moving forward together for the years. In 2021 President of the Republic of Indonesia, Bpk Joko Widodo, officially established National Food Agency in Indonesia. This agency is ministered under the Ministry of Agriculture Food Security Agency, led by Bpk Arief Prasetyo Adi, and the Ministry of Economy, led by Bpk Airlangga Hartarto. The need for food and the market is very large and will continue to grow. However, the development of the food sector requires innovative methods based on modern technology, which will be able to increase the efficiency of the production process and the quality of food that is affordable and able to improve the carrying capacity of the environment, as well as the welfare of farmers and their supporting sectors. The purpose of this research is to provide information for executives to contribute to the development of the supply chain management talent, including the primary drivers, benefits, barriers, and bridges. The challenging macroeconomic and political environment is also putting pressure on the global business sector. Large companies have reported shrinking profit margins due to rising costs. Among small businesses, bankruptcy rates have begun to rise as borrowing costs rise and financial support dwindles. Emerging markets face many risks related to a strong US dollar, high external borrowing costs, persistently high inflation, volatility in commodity markets, increased uncertainty on the outlook for economic conditions in global economies, and pressure from tightening policies in advanced economies.

Keywords - Financial ratio, supply chain management, green projects

I. INTRODUCTION

During the improvement of Indonesia's economic growth, the government of the Republic of Indonesia informed that the national economy is already on a positive path. The agriculture, forestry, and fisheries sectors (besides healthcare and information and community sectors) are sectors that are always growing positively despite the current covid-19 pandemic. At the 5th Jakarta Food Security Summit, the President of the Republic of Indonesia, Bpk Joko Widodo, said that the export value of the agricultural sector, which was quite good, was in line with significant developments in food worldwide and also in line with the increasing populations worldwide. In supporting the economic sector, Bpk Airlangga Hartarto, as the Minister of the Economy the Republic of Indonesia, has launched the national recovery program as a stimulus on helping the business work

in MSMEs and Corporations. “Green Projects” will be promoted in Indonesia to mitigate change and promote Indonesia’s transition towards a low-emission economy and climate-resilient development, taking into account climate regulation, adjustment, and biodiversity according to the criteria and plans set out in this framework.

II. HEADINGS

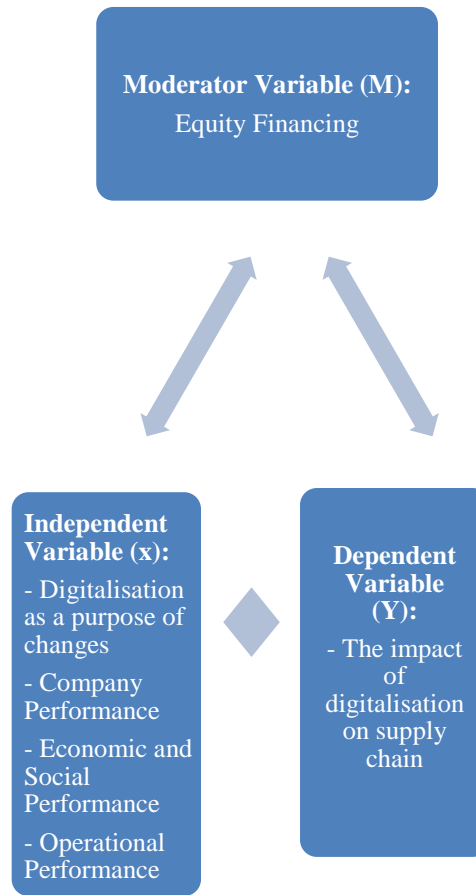
Debt is money provided in exchange for the owner’s promise (sometimes backed up by tangible assets as collateral as well as the owner’s personal guarantee) that the initial investment plus interest at a predetermined fixed or variable rate will be repaid in its aggregate over a set period of time. Financial development can be a measure of the country’s prosperity expressed through business activities. Various industries participate in playing an important role especially in the manufacturing sector. The food and beverages industry, which is part of the manufacturing industry, is committed to contributing to the improvement of the Indonesian national economy. The presence of the food and beverage industry, especially those listed on the Indonesian Stock Exchange, has also directly contributed to the development of the food and beverage industry nationwide. The global economy faces persistently high inflation, a challenge it has not faced in decades. After the global financial crisis, when inflationary factors subsided, interest rates remained extremely low for many years, and investors became accustomed to low volatility. The easing of financial conditions has supported financial development but also contributed to the accumulation and buildup of financial vulnerabilities. In Fig. 1, you will find a map of the Financial Stability growth map from 2013 to 2022, sourced by the IMF.(IMF,2022).



Fig. 1. Financial Stability Growth Map

III. INDENTATIONS AND EQUATIONS

The food industry is not cyclical. Demand is inelastic due to the fundamental nature of productivity. Innovation is gradually being used to design global food supply agreements and solutions. A number of forward-thinking companies are developing solutions to replace traditional farms and factories with scientifically designed raw materials and finished products. The food and beverage markets are vulnerable to sudden downside risks such as fluctuating commodity prices, epidemics, and unpredictable weather conditions. When such problems occur, the profitability of a business can immediately deteriorate. Consumer habits are changing as end customers increasingly demand complete transparency. Doubt has increased the need for food and beverage manufacturers to be more transparent about their ingredients, production processes, and supply chains. As an object of research, namely, 35 food industries from seven countries are listed on the stock exchange board for the period 2018–2022.



3.1 Conceptual Framework

What defines supply chain management is the necessary coordination of the entire chain to achieve overall performance. This overall performance includes a long-term collaborative perspective of cooperation to create win-win situations, regardless of the role of each actor in the chain, collaborating to create win-win conditions (Carlos Raul Arredondo, Jose Antonio Alfaro Tanco.(2019). Typically, the entire chain involves multiple organizations, and the degree of vertical integration within the chain can influence the implementation of the supply chain management strategy but not the supply chain management concept.

This efficiency must be found or achieved through different areas of the organization and through a positive chain (usually, a blog chain should be avoided). Subsequently, decreasing the supply chain management to a fully facilitated logistic approach, including vendors and customers, is a narrow view, far from what supply chain management strives to be. Supply Chain Management focuses on social rather than value-based components rather than transactional factors (Xiaoran Shi, Weihua Liu, Ming K Lim. (2023). Furthermore, supply chain management includes areas such as research and development, product design, and factory location in all aspects (Murilo Zamboni Alvarenga, Marcos Paulo Valadares de Oliveira, Helio Zanquetto Filho, Washington Romao dos Santos.(2018), as well as any other sectors that need to be managed in combination. With the objective of making the final product or service cheaper or providing a better level of service to final customers. There is certainly a need for the integration of business operations into the supply chain that goes beyond logistics (Steven Rogers, third edition. (2014).

The MSME's (Micro, Small and Medium Enterprises) presence was critical in terms of national political stability. Indonesia's MSMEs had made a big economic contribution to the country, as their presence had reduced the cost that should have been spent on national security and stability. The incorrect perception of tasks was evident in the bureaucratic attitude in viewing the issues of small economic actors; the government officials assigned to such a task only viewed it as a mere program implementation.

Therefore, the hypotheses proposed are as follows:

- H1: The Global Supply Chain Management practices are positively correlated with the company performance.

- H2: The Global Supply Chain Management practices are positively correlated with economic and social performance.
- H3: The Global Supply Chain Management practices are positively correlated with operational performance.
- H4: The Global Supply Chain Management practices are positively correlated with the Digitalisation performance.
- H5: The Global Supply Chain Management practices are negatively correlated with the Age of an Individual.
- H6: Equity Financing practices are positively correlated with the company performance.
- H7: Equity Financing practices are positively correlated with economic and social performance.
- H8: Equity Financing practices are positively correlated with operational performance.
- H9: Equity Financing practices are positively correlated with Digitalisation performance.
- H10: Equity Financing practices are negatively correlated with the Age of an Individual.

Linear regression model calculation:

$$(Y = \alpha + \beta_1 X_1it + \beta_2 X_2it + \beta_3 X_3it + \beta_4 X_4it + \beta_5 X_5it + \beta_6 X_1 * Mit + \beta_7 X_2 * Mit + \beta_8 X_3 * Mit + \beta_9 X_4 * Mit + \beta_{10} X_5 * Mit + \epsilon)$$

where

Y – digitalisation on Supply Chain

X1 – digitalisation as Purpose of Changes

X2 – company Performance

X3 – economic and Social Performance

X4 – operational Performance

X5 – age of an Individual

β_1, β_{10} – regression coefficient

M – equity Financing

α – constant

ϵ – error term

i – company

t = year

IV. FIGURES AND TABLES

The objects used in this research are 35 food industries from 7 countries that are listed on the stock exchange board for the period 2018 – 2022. The minimum value is the least value for each variable. Otherwise, the maximum value is the highest value for each variable in this research. The mean value are the compound value from each variable in this research. Standard deviations are data spreading, which are used in the research, whether the data is heterogenic or homogenic, which is very fluctuative. Table I shows the statistics descriptive from several companies that were taken as samples for this research.

Table I: Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
X1	35	21939	303663448	52014725.07	82716246.034
M1	35	1	207	16.43	37.531
M2	35	0	23	3.14	6.067
M3	35	3	207	17.79	37.364
M4	35	1319	82808	32704.48	27431.832
M5	35	1	83	32.53	27.621
Y (supply chain)	35	-7821504	21538311	2455411.54	6259120.630
Valid N (listwise)	35				

Source: Trisakti Data Service Centre.

The method used in this research is Ordinary Least Square; when using this method to answer a question, the so-called classical assumption tests, or autocorrelation tests, consisting of error normality, multicollinearity, and heteroscedasticity, must be passed.

V. CONCLUSION

Our study examined the performance implications of adopting global supply chain management approaches and the potential implications of supply chain ecocentricity and traceability. Results from a survey of 35 food manufacturing companies in seven countries suggest that global supply chain management practices are associated with improvements in cost and environmental performance, despite the ecocentricity and supply chain traceability moderate the impact (see Fig. 2 for the ratio). The remainder of this section considers the theoretical and managerial implications of each finding in more detail. The world of supply chain management is undergoing a transformation shift, driven by the rapid advancements in technology and the growing demand for efficiency, transparency, and sustainability. The traditional linear supply chain model is evolving into a dynamic, interconnected network powered by digital solutions. A revolution is happening by exploiting the technologies and concepts of Industry 4.0, the 4th industrial revolution.

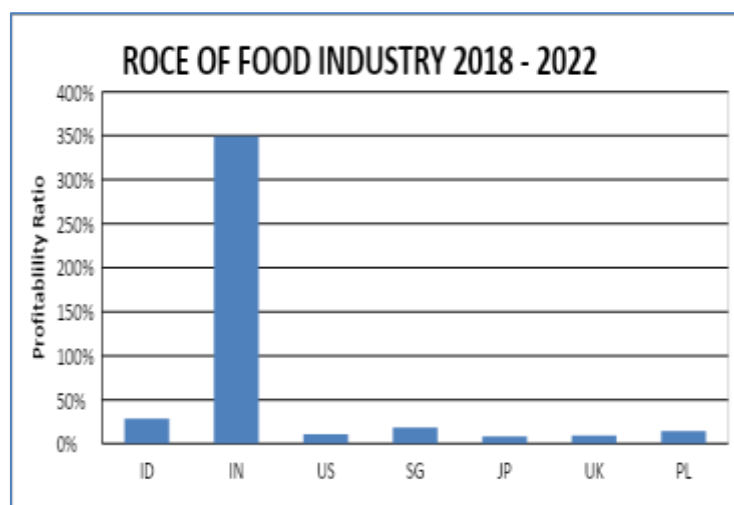


Fig. 2. Traceability Moderation effect of supply chain traceability on GSCM practices and environmental performance improvement

5.1 Future Research and Limitations

This study is survey-based and cross-sectional to contain the global pandemic situation. Future studies should explore the possibility of using more comparable data from different sectors, especially since the impact of global supply chain management efforts may have different implications on performance varies over time. It may be useful to test and extend this theoretical framework beyond the Indonesian food industry to other contexts, such as the role of public sector procurement requirements (Ruoqi Geng, PhD Candidate, S. Afshin Mansouri, PhD, Emel Aktas, PhD.(2016) and consider social responsibility in the supply chain. The supply chains must also consider the customer experience (focusing on improvements in three areas: cash, cost, and service). Consider how improvements and strategic changes will impact the customer experience.

5.2 RECOMMENDATION

Creating value from sustainability-related activities in the supply chain is a major challenge for most companies. Our research contributes to the field by investigating the potential impact of global supply chain management practices on operational and environmental cost performance, including through verification and testing appropriate experience. Built: Fair Finance in Digitalized Supply Chain Traceability. Consistent with previous literature, Global Supply Chain Management practices lead to improved environmental and financial performance and lower operating costs as companies improve traceability and accountability supply chain. In particular, it has been shown to have significant benefits.

From a supply chain perspective, this includes non-traditional businesses. We emphasize the importance of managers focusing on collaboration, supply chain monitoring, and collaborative activities to reap the benefits of sustainable practices. Success is measured by whether the goals for the distribution of funds were met quantitatively, whether the program was completed as planned, and whether the goals of the recipients of

the funds were aligned with the plan. To the extent that these questions can be answered, the program will be considered an administrative success.

The supply chain management market for small and medium enterprises is expected to grow in importance as it provides flexibility, scalability, and cost reduction. Implementing supply chain management solutions and services can lead to increased sales, desired outcomes, and improved business efficiency for the Small Medium Enterprises.

In the digital era, the use of new technologies and processes shrinks supply networks and reduces the supplier base. Rapidly evolving technology opens the door to automation, and Industry 4.0 plays a key role in supply chain management. The subject of this study is the reconfiguration of supply chain design and its integration into supply chain risk management.

While businesses themselves are best placed to assess supply chain risks and take steps to mitigate them, public policies can play an important role in enhancing their resilience. Legal certainty in trade and investment and support for a strong rules-based international trading system also contribute to a stable environment; as such, they increase the resilience of global supply chains.

In addition, public funding will be made to help companies in strategic sectors monitor their supply chains, improve transparency, assess risks, and develop disruption scenarios potential as well as how to minimize them. Stress-testing the supply chain in partnership with the private sector could prove very useful in this regard. Governments and authorities can also develop risk management strategies and industry guidance as well as monitor risks using common vulnerability indicators and early warning indicators. Right now, we are dealing with tighter border controls, complex customs regulations, and reduced capacity for critical processes such as long transit times and expedited processing. Between market surge and contraction, technology hurdles, remote workers, and business closures, our supply chain has been thrown several wrenches. You can identify which agencies address specific risks and regularly review different management roles to make the system more agile and resilient. A healthy supply chain is the foundation of a functioning society.

Disruptive technologies are transforming the core competencies of many companies and the business models of many industries in Indonesia and other developing countries. In the era of the Fourth Industrial Revolution, the digitalization of production processes and the rapid development of information technology have had a significant impact on the supply chain. Management must understand these emerging technologies to develop a strong strategic roadmap for the future.

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Conflict of Interest

The authors declare that they do not have any conflict of interest.

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PROFILE



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