

The Effect Of Application Of Good Corporate Governance (GCG) Principles On Supplier Satisfaction Level In The Procurement Of Goods/Services Pt Indonesia Asahan Aluminium With Environmental Factors As Moderating Variables

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Abstract: PT Indonesia Asahan Aluminium (Persero) Kuala Tanjung Batu Bara Regency is one of the State Owned Enterprises (SOEs) that produce aluminum in Indonesia which requires the carrying capacity of facilities and facilities to support operational activities. Therefore, the procurement of goods / services plays an important role for the availability of facilities and infrastructure performance of the company. In the success of the procurement process, Inalum must cooperate with the organization or partner in this case the supplier. To know the level of success of cooperation between organizations can be seen from the performance measured from the level of satisfaction. Supplier satisfaction will also be obtained if the suppliers are expected or required. In addition, the procurement process of goods / services in PT Indonesia Asahan Aluminium as one of the SOEs in accordance with the Minister of SOEs Regulation no. PER-15 / MBU / 2012 concerning general guidance on the procurement of goods and services of State-Owned Enterprises is required to be transparent, fair and reasonable, accountable and still pay attention to effective, efficient and competitive factors which are basically the principles of Governance Good or Good Corporate Governance (GCG). The purpose of this research is to know and analyze the influence of the implementation of Good Corporate Governance (GCG) Principle on supplier satisfaction level in the process of procurement of Goods / Services in PT Indonesia Asahan Aluminium with Environmental Factor as moderating variable. The data collection in this research was done through survey approach with quantitative descriptive research type by distributing questionnaires to 100 suppliers. Data analysis method used is Moderated Regression Analyzed (MRA). The result of the research shows that there are positive and significant influence of environmental variable to strengthen the influence of GCG principle to supplier's satisfaction in PT Inalum procurement process. In partial there is positive influence and significant transparency to supplier's satisfaction, there is no significant effect of accountability to supplier's satisfaction, There are positive influence and significant of accountability to supplier's satisfaction, there is no significant influence of independent to supplier's satisfaction and there is influence of not significant fairness to supplier's satisfaction.

Index Terms: Inalum, GCG Principle, Supplier's Satisfaction, Procurement Process, Environmental's Factor. Moderating variable, Sumatera

1 INTRODUCTION

This study wanted to find out how the effect of applying GCG principles to the level of supplier satisfaction with environmental factors as a moderating variable in the process of procurement of goods/services so that PT Inalum can know what things can succeed the supplier in an effort to provide Inalum's needs. At present the level of satisfaction of 453 (four hundred fifty three) suppliers registered in Inalum is not yet known, so studies are needed to explore the satisfaction aspects of suppliers towards the factors of Accountability, Responsibility, Independence and Fairness Transparency and Environmental Factors in order to succeed procurement activities at PT Inalum. The survey conducted by the Inalum Procurement Unit is a supplier satisfaction survey of the procurement process in Inalum. Based on the supplier satisfaction survey conducted by Inalum to 9 (nine) suppliers in April 2015 presented in table 1 as follows.

Table 1. PT Inalum Supplier Satisfaction Survey

No	Prinsip GCG		Tingkat Kepuasan Pemasok										Keterangan	
	Prinsip	Indikator	SP		P		CP		KP		TP			
			Jlh	%	Jlh	%	Jlh	%	Jlh	%	Jlh	%		
1	Transparansi	Prosedur Pengadaan	0		9									
		Proses Pengadaan	1	7.41%	8	85.19%		7.41%						
		Tepat Waktu	1		6		2							
2	Akuntabilitas	Peraturan telah dilaksanakan	0	-	9	100%		-		-		-		
3	Pertanggungjawaban	Komplain keluhan telah ditindaklanjuti	2	22.22%	7	77.78%		-		-		-		
4	Kewajaran	Mendapat Perlakuan yang sama	0	-	9	100%		-		-		-		
Total			4	7.41%	48	88.89%	2	3.70%						

Source: PT Inalum Supplier Satisfaction Survey Data in April 2015

Information:

SP : Very Satisfied
P : Satisfied
CP : Quite satisfied
KP : Dissatisfaction
TP : Dissatisfied

Research Purposes

- To find out and analyze whether accountability has a positive and significant effect on supplier satisfaction
- To find out and analyze whether accountability has a

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- positive and significant effect on supplier satisfaction
- 3. To find out and analyze whether independence has a positive and significant effect on supplier satisfaction
- 4. To find out and analyze whether reasonableness has a positive and significant effect on supplier satisfaction
- 5. To find out and analyze whether environmental factors strengthen the influence of GCG on supplier satisfaction
- 6. To find out and analyze whether accountability, accountability, independence, and fairness simultaneously have a positive and significant effect on supplier satisfaction

β1, β2, β3, β4, β5 = Regression coefficient
 X1 = Transparency
 X2 = Accountability
 X3 = Responsibility
 X4 = Independence
 X5 = Fairness
 X6 = Environmental Factors
 X1-X6 = Interaction between X1 and X6
 X2-X6 = Interaction between X2 and X6
 X3-X6 = Interaction between X3 and X6
 X4-X6 = Interaction between X4 and X6
 X5-X6 = Interaction between X5 and X6
 e = Error

Hypothesis

- 1. H1: Transparency has a positive and significant effect on Supplier Satisfaction
- 2. H2: Accountability has a positive and significant effect on Supplier Satisfaction
- 3. H3: Accountability has a positive and significant effect on Supplier Satisfaction.
- 4. H4: Independence has a positive and significant effect on Supplier Satisfaction
- 5. H5: Fairness has a positive and significant effect on Supplier Satisfaction
- 6. H6: Environmental factors strengthen the influence of GCG on supplier satisfaction
- 7. H7: Transparency, accountability, accountability, independence and fairness simultaneously have a positive and significant effect on supplier satisfaction

2. METHODOLOGY

The research method used by researchers is a quantitative method. The population in this study is a company that becomes a supplier at PT Indonesia Asahan Aluminum (Persero), which amounts to 453 suppliers. In this study, the classic assumption test that will be used is the data normality test, linearity test, multicollinearity test and heterosensity test. The Model of Multiple Linear Regression Analysis based on the hypothesis proposed in this study can be formulated as follows:

First Model

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Where:

Y = Supplier Satisfaction
 β0 = Constants
 β1, β2, β3, β4, β5 = Regression coefficient
 X1 = Transparency
 X2 = Accountability
 X3 = Responsibility
 X4 = Independence
 X5 = Fairness
 e = Error

Second Model:

Stage I : $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$
 Stage II : $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$
 Stage III: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6 |X_1-X_6| + \beta_7 |X_2-X_6| + \beta_8 |X_3-X_6| + \beta_9 |X_4-X_6| + \beta_{10} |X_5-X_6| + e$

Where:

Y = Supplier Satisfaction
 β0 = Constants

3. RESULTS AND DISCUSSION

3.1. Inferential Statistical Analysis

Results of the Moderating Regression Analysis (MRA) Equation

A. First Model

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e \dots\dots\dots (1)$$

Based on equation (1), the results obtained are as seen in the table 2 below:

Table 2 Results of Model One Regression Equations

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	2,258	1,252
Transparancy	,299	,104
Accountability	,004	,070
Accountability	,349	,099
Independence	,031	,092
Fairness	,099	,098

Source: Data Processed (SPSS, 2017)

Then based on Table 2 above, we get the mathematical equation like the following:

$$Y = 2,258 + 0,299X_1 + 0,004X_2 + 0,349X_3 + 0,031X_4 + 0,099X_5 + e \dots\dots\dots (2)$$

B. Second Model

Stage 1

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e \dots\dots\dots (3)$$

Based on equation (3), the results obtained are as shown in the table 3 below.

Table 3. Results of the Second Stage Model Regression Equation

Model	Unstandardized	Coefficients
	B	Standard Error
Constant		
Transparency	1,682	1,185
Accountability	,235	,099
Accountability	-,004	,066
Independence	,262	,095
Fairness	-,081	,091
Environmental factors reinforce the influence of GCG on supplier satisfaction	-,038	,099
	,378	,102

Source: Data Processed (SPSS, 2017)

Then based on Table 3 above, we get the mathematical equation like the following:

$$Y = 1,682 + 0,235X_1 - 0,004X_2 + 0,262X_3 - 0,081X_4 - 0,038X_5 + 0,378X_6 + \dots (4)$$

F-statistic test

The following is Table 4 which shows the results of the significance of the F test for this study:

Table 4. Simultaneous Test Results (Test F)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	110,284	2	55,142	47,947	0.000b
Residual	111,556	97	1,150		
Total	221,840	99			

Source: Data processed by SPSS, 2017

Based on the above criteria by referring to Table 4, it can be stated that simultaneously the GCG variable can explain the variable of supplier satisfaction, or there is a significant effect of GCG variables on supplier satisfaction.

Partial Hypothesis Testing Results

Table 5 Significance Test (t Test)

Model	Standardized Coefficients		
	B	t	Sig
Constant			
Transparency		1,420	,159
Accountability	,218	2,376	,020
Accountability	-,004	-,054	,957
Independence	,294	2,741	,007
Fairness	-,106	-,894	,374
Environmental factors	-,040	-,385	,316
reinforce the influence of GCG on supplier satisfaction	,465	3,711	,000

Source: Data Processed (SPSS, 2017)

Based on the above criteria by referring to Table 4.16, it can be stated that partially there is a positive and significant influence on the variables of transparency, accountability, accountability, independence, fairness and environmental factors to strengthen the influence of GCG on supplier satisfaction

4. DISCUSSIONS

Discussion of Equation Model 1

Based on the results of the one model equation using multiple regression analysis Table 6, the results show that GCG variables consisting of transparency, accountability, accountability, independence, and fairness do not all have a significant effect on supplier satisfaction.

Table 6. Results of Model One Regression Equations

Model	Unstandardized Coefficients			t	Sig
	B	St. Error	B		
(Constant)	2,258	1,252			
Transparency	,299	,104	,277		
Accountability	,004	,070	,005		
Accountability	,349	,099	,392		
Independence	,031	,092	,040		
Fairness	,099	,098	,105		

Source: Data Processed (SPSS, 2017)

The determinant of GCG that has a positive and significant influence (with a significance level of 5%) on supplier satisfaction is transparency and accountability. So in this case it can be stated that other variables do not significantly affect supplier satisfaction. The increase in one unit of transparency factor will increase supplier satisfaction by 0.29 units. The meaning is that if PT Inalum wants to increase supplier satisfaction, then Inalum needs to provide openness in carrying out the decision-making process and openness in presenting material and relevant information about the company. Although the transparency system sometimes raises concerns the company's strategy can be emulated by competitors if the principle of transparency is too open. In principle, the transparency factor provided by PT Inalum to increase supplier satisfaction is mostly in the form of providing sufficient, accurate, and timely information and publication of information to interested parties. One of the things related to information that makes the significance of the transparency factor to supplier satisfaction is that the parties can access financial information and other information related to PT Inalum's material accurately and on time. One of the benefits felt by suppliers related to the application of the transparency principle is that suppliers can find out the possible risks when they decide to join as PT Inalum's partners. Another thing is that when information from PT Inalum is accurate, timely, clear and consistent, it is possible for market efficiency to occur and suppliers avoid unilateral conflicts of interest in the management of PT Inalum. This is consistent with the results of the study (Ruangviset et al., 2014) which states that the principle of transparency can increase the impact on partner satisfaction and as an indicator to make company profits grow. The responsibility factor has the greatest significant influence compared to other GCG factors. This shows that, there is conformity (compliance) in the management of PT Inalum towards the principle of the corporation and PT Inalum has complied with all applicable laws and regulations. The influence of the significant accountability factor on supplier satisfaction, clearly shows that PT Inalum's integrity to comply with all applicable regulations is an important factor in increasing supplier satisfaction. Supplier satisfaction can be measured from the need for procurement rules and responsiveness and anticipatory attitudes towards procurement of suppliers.

B. Discussion of Equation Model 2

The discussion of research results for model two is to include moderating variables of environmental factors. Moderating variables are included in the model two equation, to measure whether environmental factors have a significant positive effect on supplier satisfaction. To see whether environmental factors are rightly used as moderating variables, moderating regression analysis is used as shown in Table 4.14. In Table 4.14, it can be seen that environmental factor variables have a significant positive effect on supplier satisfaction. The meaning is environmental factors have a role to strengthen the influence of GCG on supplier satisfaction. If PT Inalum wants to strengthen the influence of GCG on supplier satisfaction, then PT Inalum must also focus on the company's non-physical environmental conditions. The influence of the non-physical environment on increasing supplier satisfaction in the form of a good legal system, support for the implementation of GCG from the public sector, the establishment of a social value system and the formation of an anti-corruption spirit. The

application of GCG principles has a significant influence on supplier satisfaction and is strengthened by taking into account environmental factors, this is consistent with research (Joshi, 2012). A good legal system, procedures that are in accordance with the regulations and policies of the government will increase partner satisfaction and have an impact on the growth of profit. Suppliers at PT Inalum not only want PT Inalum to be transparent and responsible in the procurement process, but also in the procurement process, the principles of GCG must be carried out with reference to the legal system and supporting values. The spirit of anti corruption will also strengthen the influence of GCG on consumer satisfaction. The release of the procurement process at PT Inalum from fraudulent practices will also increase supplier satisfaction.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the results of research and discussion, the conclusions in this study are as follows:

1. Simultaneously there is a positive influence and significant influence of GCG on supplier satisfaction is moderated by environmental factors
2. Partially there is a positive and significant effect of the transparency variable on supplier satisfaction
3. Partially there is a negative influence and no significant variable accountability to supplier satisfaction
4. Partially there is a positive and significant effect of the variable accountability on supplier satisfaction
5. Partially there is a negative effect and there is no significant independence variable on supplier satisfaction
6. Partially there is a negative influence and no significant reasonableness variable on supplier satisfaction
7. Partially there is a positive and significant influence of environmental factor variables to strengthen the effect of GCG on satisfaction

5.2. Suggestion

1. Transparency is related to convenience, clarity, and transparency in the delivery of information that is generally considered good by suppliers, so the company deserves to maintain it by improving the integrated information system.
2. Accountability is also generally considered good by suppliers, meaning that suppliers are satisfied in Inalum's procurement process and internal control, for this reason Inalum's party should make the system more relevant to this variable.
3. Responsibility can be dealt with by compliance with laws and regulations that have been agreed upon.
4. Independence should prioritize the implementation of the procurement process by adhering to the principles of regulations that have an impact on whether or not potential suppliers pass as Partners of Inalum.
5. Fairness focuses on a professional work system
6. Environmental factors related to the company's external non-physical environment.
7. Supplier satisfaction is generally of good value, so to increase supplier satisfaction what is the supplier's expectation regarding the 6 (six) variables above must be realized so that suppliers are loyal to Inalum.

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