

ABSTRACT

This study examines the effect of supply chain management on competitive advantage and business performance (empirical study on craftsmen's center in Magelang). This study became the development of a study conducted by Li et al. (2006) examining the relationship between SCM to competitive advantage and seeing its impact on business performance. From the initial interview, the problem of this study is the existence of the phenomenon that the number of tofu craftsmen in Sentra Pengkajin Tahu Magelang increased but the amount of tofu production and sales decreased from year to year. This is because the tofu traders (who buy tofu from the tofu craftsmen) press the selling price of tofu from the tofu craftsmen that the tofu craftsmen decreasing the amount of production and sales also declining year by year. In addition, tofu craftsmen look for suppliers of soybean traders who can be indebted and one craftsman can have many suppliers of soybean traders.

The research gives conclusions, first, there is a significant positive influence between strategic supplier partnership on competitive advantage. Second, there is no significant influence between customer relationship and the level of information sharing on competitive advantage. Third, there is a significant positive influence between competitive advantage, strategic supplier partnership and customer relationship on business performance. Fourth, there is no significant influence between the level of information sharing on business performance.

Keywords: *business performance, competitive advantage, strategic supplier partnership, customer relationship, level of information sharing*