
THE INFLUENCE OF DIGITAL INNOVATION AND REPUTATION ON BUYER-SUPPLIER RELATIONSHIP MEDIATED BY SUPPLY CHAIN FLEXIBILITY

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ABSTRACT

This research aims to determine and analyze the influence of digital innovation and reputation on the buyer-supplier relationship mediated by supply chain flexibility. Empirical study: PT vendors. Astra Daihatsu Motor. The method used in this research is quantitative research. The population in this research is the buyer-supplier of the Automotive Manufacturing Company Vendor PT. Astra Daihatsu Motor. The sample required for this research is around 222 respondents from 500 employees. So, the research results show that digital innovation positively impacts buyer-supplier relationships and supply chain flexibility. Likewise, company reputation also has a positive influence on these two variables. In addition, the results of the analysis show that supply chain flexibility mediates the relationship between digital innovation/reputation and buyer-supplier relationships. The practical implication of this research is the importance of investing in digital innovation and maintaining a company's reputation to strengthen business relationships and increase flexibility in dealing with changing markets and customer needs. This research provides insight for managers in managing supplier relationships, improving their supply chain performance through technology, and building a strong reputation.

Keywords: Digital Innovation, Reputation, Buyer-Supplier Relationship, Supply Chain Flexibility.

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INTRODUCTION

Major transformations in global business have created new challenges and opened up opportunities across the supply chain. One of the most important aspects of supply chain management is the buyer-supplier relationship, namely, the relationship between buyers and suppliers. This relationship is key to the continuity of company operations and a major factor in increasing competitiveness and response to market changes (Lee Park et al., 2023).

Modern companies must build strong strategic partnerships to face an uncertain and ever-changing business climate. Purchasing is no longer just a simple transaction but is also an effort to create added value for the Company (de Menezes et al., 2021).

Changing dynamics in global markets, including changes in trade policies, geopolitical uncertainty, and global crises, have complicated relationships between buyers and suppliers. Companies must evaluate and adapt their buyer-supplier relationship management strategies to respond to these changes. (Jeon et al., 2023).

The impact of technology, especially in digitalization and analytics, has created major changes in how companies interact with their suppliers. Strategic partnerships between buyers and suppliers are becoming increasingly recognized as a key element in successful buyer-supplier relationships. Close collaboration and value exchange are the primary focus in achieving success in this relationship. (Sacco & Magnani, 2023).

Flexibility in the supply chain buyer-supplier relationship is the key to adapting to market changes. Close collaboration enables more flexible operations that are responsive to changing market needs (Conti et al., 2023).

Trust remains an irreplaceable foundation in the buyer-supplier relationship. This trust is built through transparency, integrity, and openness, all of which positively impact communication, shared risk management, and innovation in the supply chain (Tukamuhabwa et al., 2023).

As an integral part of the production process, the purchasing department has a strategic role in building effective relationships with suppliers. A multi-supplier targeting strategy is an approach to achieving profits through cost savings (Brookbanks & Parry, 2022).

Supplier reputation, as the image or perception held by the purchasing company, also influences the dynamics of the relationship between buyers and suppliers. A good reputation impacts overall business relationships positively (Li et al., 2022).

Reasons for research on buyer-supplier relationships with PT vendors. Astra Daihatsu Motor is important in the context of changing global business dynamics, the need for strategic partnerships, and the impact of digital technology on the supply chain. This research is expected to provide valuable insights to improve the quality of relationships between buyers and suppliers in the Indonesian automotive industry.

The following is automotive data in the context of research on buyer-supplier relations with PT Astra Daihatsu Motor vendors.

Table 1. Top 10 Automotive Companies in Indonesia

No	Company name
1	Astra International
2	Toyota Motor Manufacturing Indonesia (TMMIN)
3	Honda Prospect Motor
4	Daihatsu Astra Motor
5	Nissan Motor Indonesia
6	General Motors Indonesia
7	Suzuki Indomobil Motor
8	Isuzu Astra Motor Indonesia
9	Mitsubishi Motors Krama Yudha Sales Indonesia (MMKSI)
10	Mercedes-Benz Indonesia



Figure 1. Car Sales in Indonesia

The Association of Indonesian Automotive Industries (Gaikindo) reported that car sales from factories to dealers (wholesales) in the domestic market amounted to 80,271 units in October 2023. The number fell slightly by 0.4% compared to the previous month (month-to-month/m-to-m), which is 79,919 units. Compared to the same period last year, car sales in the domestic market fell 13.9% (year on year/year).

In October 2022, car sales in the domestic market were recorded at 93,194 units. Meanwhile, retail car sales in the domestic market were 79,351 units in October 2023. The number fell 1.9% (m-to-m) monthly and 11.4% annually (yoy). The decline in car sales in the market was caused by slowing economic growth in Indonesia in the third quarter of 2023. Credit interest rates have also increased due to Bank Indonesia (BI) raising its benchmark interest rate by 25 basis points (bps) to 6% in October 2023. Meanwhile, based on the brand,

Toyota will still dominate wholesale car sales in the domestic market in October 2023. This Japanese car recorded sales of 27,438 units last month. Daihatsu followed his position because he sold 14,099 cars. Then, Honda and Suzuki recorded car sales of 11,938 units and 5,990 units, respectively.

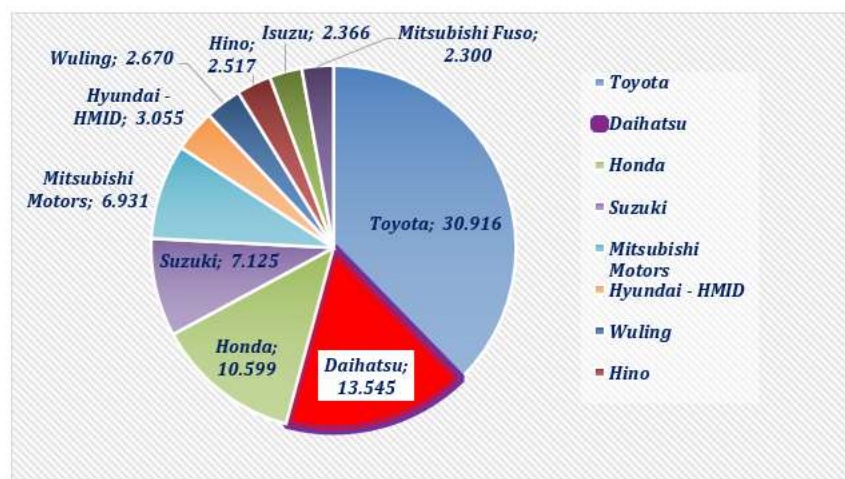


Figure 3.

Source: reprocessed data from the Association of Indonesian Automotive Industries (Gaikindo)

Table 2. Previous Research

No	Articles & Journals	Hypothesis	Keywords	Results
1	(Perano et al., 2023) Embracing supply chain digitalization and unphysicalization to enhance supply chain performance: a conceptual framework	The influence of digital innovation on buyer-supplier relationships.	artificial intelligence; Big data; Blockchain; Digital technologies; Supply chain digitalization; Supply chain management; Supply chain performance; Unphysicalization	Digital innovation has a positive influence on the relationship between buyer-supplier relationships.
2	(Malyavkina et al., 2019), Blockchain technology as the basis for digital transformation of the supply chain management system:	The influence of digital innovation on buyer-supplier relationships.	blockchain; digital technology; digital transformation; focused on transparency; in this; integration strategy; intended for; management;	Digital innovation has a positive influence on the relationship between buyer-

No	Articles & Journals	Hypothesis	Keywords	Results
	benefits and implementation challenges		mutual trust and being; supply chain; supply chain ecosystem; use throughout the global	supplier relationships.
3	(Alamäki & Korpela, 2021) , Digital transformation and value-based selling activities: seller and buyer perspectives	The influence of digital innovation on buyer-supplier relationships.	Buyer–supplier relationship; digital transformation; Sales ecosystem; Sales management; Value-based selling	Digital innovation has a positive influence on the relationship between buyer-supplier relationships.
4	(Kazemargi et al., 2022) Managing open innovation within supply networks in mature industries	The influence of digital innovation on buyer-supplier relationships.	Exploration; Mature industries; Open innovation; Strong ties; Supply network; Weak ties	Digital innovation has a positive influence on the relationship between buyer-supplier relationships.
5	(Alamäki & Korpela, 2021) Digital transformation and value-based selling activities: seller and buyer perspectives	The influence of digital innovation on buyer-supplier relationships.	Buyer–supplier relationship; digital transformation; Sales ecosystem; Sales management; Value-based selling	Digital innovation has a positive influence on the relationship between buyer-supplier relationships.
6	(Hautala-Kankaanpää, 2022) The impact of digitalization on firm performance: examining the role of digital culture and the effect of supply chain capability	The influence of digital innovation on supply chain flexibility	digital culture; Digital platforms; Operational performance; Supply chain capability	Digital innovation has a positive influence on supply chain flexibility.
7	(Marrucci et al., 2022) , "Connected we stand, disconnected we fall." Analyzing the importance of digital platforms in transnational supply chain management	The influence of digital innovation on supply chain flexibility	Coronavirus pandemic; Digital ecosystems; Digital platforms; Global supply chain; International trade	Digital innovation has a positive influence on supply chain flexibility.
8	(Pizzichini et al., 2023) , The role of digital knowledge servitization in supply chain management	The influence of digital innovation on supply chain flexibility	Digital knowledge servitization; Digital servitization; Digital supply chain ecosystem; Manufacturing; Open innovation; Supply chain management	Digital innovation has a positive influence on supply chain flexibility.
9	(Saunila et al., 2021) , Managing supplier capabilities for buyer	The influence of digital innovation on supply chain flexibility	Innovation; Supply chain services	Digital innovation has a positive influence on

No	Articles & Journals	Hypothesis	Keywords	Results
10	innovation performance in e-business (Garay-Rondero et al., 2020) , Digital supply chain model in Industry 4.0	The influence of digital innovation on supply chain flexibility	Digitization; Industry 4.0; Supply chain management; Supply networks; Technological change; Value chain	supply chain flexibility. Digital innovation has a positive influence on supply chain flexibility.
11	(Vijayakumar et al., 2019) , Investigation of supplier selection criteria that lead to buyer-supplier long-term relationships for the semiconductor industry	The Influence of reputation on buyer-supplier relationships	Buyer-supplier long-term relationship; Buyer satisfaction; Malaysia; Semiconductor industry; Supplier selection criteria	Reputation has a positive effect on buyer-supplier relationships.
12	(Khan et al., 2019) , Information technology outsourcing: Influence of supplier firm size and reputation on Buyers' A priori perceptions of opportunism and uncertainty	The Influence of reputation on buyer-supplier relationships	Opportunism; Outsourcing; Reputation; Transaction costs; Uncertainty	Reputation has a positive effect on buyer-supplier relationships.
13	(Vijayakumar et al., 2019) , Investigation of supplier selection criteria that lead to buyer-supplier long-term relationships for the semiconductor industry	The Influence of reputation on buyer-supplier relationships	Buyer-supplier long-term relationship; Buyer satisfaction; Malaysia; Semiconductor industry; Supplier selection criteria	Reputation has a positive effect on buyer-supplier relationships.
14	(Manello & Calabrese, 2019) The influence of reputation on supplier selection: An empirical study of the European automotive industry	The Influence of reputation on buyer-supplier relationships	Automotive; Corporate reputation; Supplier selection; Tier 1 suppliers	Reputation has a positive effect on buyer-supplier relationships.
15	(Habib et al., 2020) Treat me well, and I may leave you kindly: A configurational approach to a buyer's relationship exit strategy	The Influence of reputation on buyer-supplier relationships	Buyer-supplier relationships; Configurations; Relationship exit; Social exchange theory; Transaction cost economics; fsQCA	Reputation has a positive effect on buyer-supplier relationships.
16	(Steiner & Brandhoff, 2020) , An analysis of configurations of relationship quality dimensions to explain sources of behavioral outcomes in globalized manufacturing	The influence of reputation on supply chain flexibility	B2B customer value; Customer satisfaction; Global business; Innovation; Loyalty; Manufacturing industries; Mechanical engineering; Perceptual customer constructs; Share of wallet; fsQCA	Reputation has a positive effect on supply chain flexibility.

No	Articles & Journals	Hypothesis	Keywords	Results
17	(Brookbanks & Parry, 2022) The impact of a blockchain platform on trust in established relationships: a case study of wine supply chains	The influence of reputation on supply chain flexibility	Blockchain; Information asymmetry; Supply chain; Trust; Trust ecosystem; Visibility	Reputation has a positive effect on supply chain flexibility.
18	(Forslund et al., 2022) , Challenges in extending sustainability across a transport supply chain	The influence of reputation on supply chain flexibility	Agency theory; Case studies; Communications; Communications; Goal congruence; Logistics service industry; Relations; Sustainability; Sweden; Transport operations; Transport supply chain	Reputation has a positive effect on supply chain flexibility.
19	(Lepistö et al., 2022) By combining traditional and new views, enhancing customer satisfaction, personnel satisfaction, and company reputation with total quality management.	The influence of reputation on supply chain flexibility	Company reputation; Customer satisfaction; Performance; Personnel satisfaction; Total quality management	Reputation has a positive effect on supply chain flexibility.
20	(Koporčić & Halinen, 2018) , Interactive Network Branding	The influence of reputation on supply chain flexibility	business networks; corporate branding; interpersonal interaction; paper type conceptual paper; process; small- and medium-sized enterprises	Reputation has a positive effect on supply chain flexibility.

Based on the background above, this research aims to determine and analyze the influence of digital innovation and reputation on the buyer-supplier relationship mediated by supply chain flexibility. Empirical study: PT vendors. Astra Daihatsu Motor So, the benefit of this research is to provide insight for academics about the complexity of buyer-supplier relationships in global business, emphasizing operational sustainability and adaptation to market changes. The benefit lies in understanding the role of strategic partnerships in improving the quality of buyer-supplier relationships amidst business uncertainty. The analysis of the impact of technology in this research provides useful information for academics to understand opportunities for efficiency and collaboration in buyer-supplier relationships as well as the effective application of value in a business context. Also provides important benefits for the manufacturing industry with a focus on Buyer Supplier Relationships (BSR). In facing challenges and opportunities in a dynamic global supply chain, research emphasizes the importance of strategic partnerships in improving the quality of BSR. Utilization of technology, such as digitalization and analytics, opens up opportunities for efficiency and collaboration in BSR. Strategic partnerships are a key element in successful BSR, emphasizing collaboration, value exchange, operational flexibility, and building trust through transparency. In

addition, the vital role of the purchasing department is discussed in achieving profits through multi-supplier targeting strategies focusing on competitive prices and building trust.

METHOD

Cross-sectional approach, where data will be collected at one point to analyze the influence of digital innovation and reputation on supply chain flexibility and buyer-supplier relationships (Nyagadza et al., 2021). Initially, a Likert scale survey will be developed based on relevant research variables and theory, with items designed to measure digital innovation, company reputation, supply chain flexibility, and the quality of buyer-supplier relationships. The sample will consist of professionals and managers in the relevant industry. After data collection, Equation Modeling-Partial Least Square (SEM-PLS) structural analysis will be conducted using the SmartPLS version 3.0 program to test the proposed conceptual model and related hypotheses. SmartPLS visual features will build a structural model and estimate the relationship between latent variables. These features will help in model validation, with various fit indices used to assess how well the data fits the proposed model. The results of this analysis will provide in-depth insight into the dynamics between these variables and provide empirical evidence that supports or challenges the research hypothesis (Santoso, 2021). The population in this research is the buyer-supplier of the Automotive Manufacturing Company Vendor PT. Astra Daihatsu Motor. The sample target is the purchasing supplier of the Automotive Manufacturing Company Vendor PT. Astra Daihatsu Motor has around 500 people using the Slovin formula. So, the sample size required for this research is around 222 respondents from 500 employees of the Automotive Manufacturing Vendor Company supplier PT. Astra Daihatsu Motor. This research uses data from respondents, namely questionnaires, called primary data, and books, journal articles, and websites, called secondary data, are used to build theories. The analysis techniques used in this research are validity, reliability, and hypothesis testing.

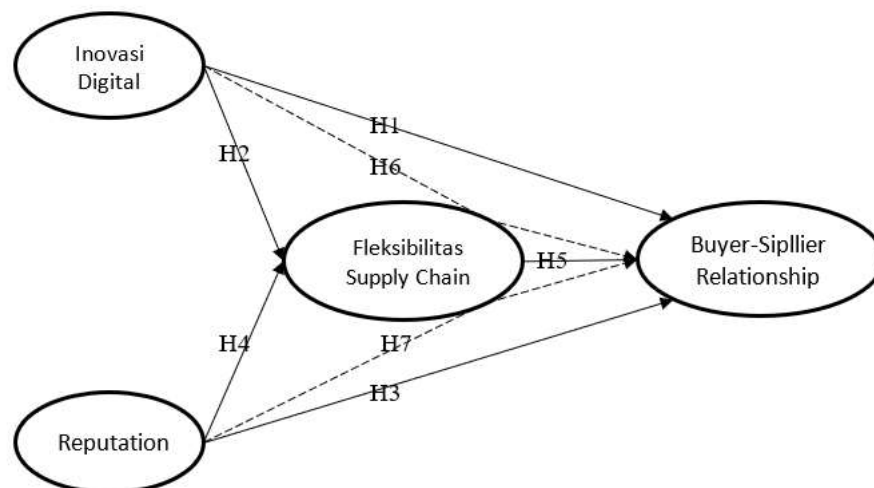


Figure 3. Research Model

RESULTS AND DISCUSSION

Hypothesis Testing Results

Hypothesis testing using the Bootstrapping method produces coefficient values, t statistics, and p values, as presented in the following model.

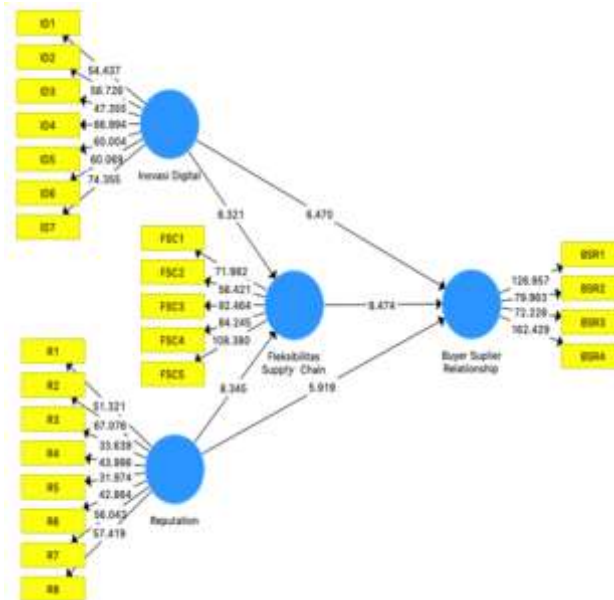


Figure 4. PLS Bootstrapping

Source: Data processed with SmartPLS version 3 (2024)

The provisions for making hypotheses based on the t-statistical value at a significance level of 5%, the t-statistical value > 1.96 , and the p-value < 0.05 are said to have a significant influence (Hair, Black, Babin, & Anderson, 2014). Complete hypothesis testing is as follows.

Direct Effect Test

The results of testing the hypothesis of direct variable influence are as follows.

Table 3. Direct Effect Test

	Original Sample	TStatistics	PValues
Supply Chain Flexibility -> Buyer-Supplier Relationship	0.413	8,474	0,000
Digital Innovation -> Buyer-Supplier Relationship	0.347	6,470	0,000
Digital Innovation -> Supply Chain Flexibility	0.456	8,321	0,000
Reputation -> Buyer-Supplier Relationship	0.254	5,919	0,000
Reputation -> Supply Chain Flexibility	0.468	8,345	0,000

Source: Data processed with SmartPLS version 3 (2024)

Based on the results of the direct influence test can be explained further in the following hypothesis testing.

a. Hypothesis Test (H_1)

H_1 : Digital innovation has a positive influence on buyer-supplier relationships

The results of the t-statistical test obtained a calculated t-value of 6.470 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_1 is declared accepted, meaning that digital innovation has a positive influence on the buyer-supplier relationship.

b. Hypothesis Test (H_2)

H_2 : Digital innovation has a positive influence on supply chain flexibility.

The results of the t-statistical test obtained a calculated t-value of 8.321 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_2 is declared accepted, meaning that digital innovation has a positive influence on supply chain flexibility.

c. Hypothesis Test (H_3)

H_3 : Company reputation has a positive influence on buyer-supplier relationships.

The results of the t-statistical test obtained a calculated t-value of 5.919 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_3 is declared accepted, meaning that reputation has a positive influence on the buyer-supplier relationship.

d. Hypothesis Test (H_4)

H_4 : Company reputation has a positive influence on supply chain flexibility.

The results of the t-statistical test obtained a calculated t-value of 8.345 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_4 is declared accepted, meaning that reputation has a positive influence on supply chain flexibility.

e. Hypothesis Test (H_5)

H_5 : Supply chain flexibility has a positive influence on buyer-supplier relationships.

The results of the t-statistical test obtained a calculated t-value of 8.474 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_5 is declared accepted, meaning that supply chain flexibility has a positive influence on the buyer-supplier relationship.

Indirect Effect Test

The results of testing the hypothesis of indirect variable influence are as follows.

Table 4. Indirect Effect Test

	Original Sample	T Statistics	P Values
Digital Innovation -> Supply Chain Flexibility -> Buyer-Supplier Relationship	0.188	6,831	0,000
Reputation -> Supply Chain Flexibility -> Buyer-Supplier Relationship	0.193	5,489	0,000

Source: Data processed with SmartPLS version 3 (2024)

Based on the results of the direct influence test can be explained further in the following hypothesis testing.

a. Hypothesis Test (H_6)

H_6 : Digital innovation positively influences buyer-supplier relationships mediated by supply chain flexibility.

The results of the t-statistical test obtained a calculated t-value of 6.831 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 ,

so H_6 is declared accepted, meaning that digital innovation has a positive influence on buyer-supplier relationships mediated by supply chain flexibility.

b. Hypothesis Test (H_7)

H_7 : Reputation has a positive influence on buyer-supplier relationships mediated by supply chain flexibility

The results of the t-statistical test obtained a calculated t-value of 5.489 with a significance probability of 0.000. It can be seen that the calculated t-value is > 1.96 , and the p-value is < 0.05 , so H_7 is declared accepted, meaning that reputation has a positive influence on the buyer-supplier relationship mediated by supply chain flexibility.

c. Mediation Effect Test

The results of testing the mediation effect that connects the independent variable to the dependent variable are as follows.

Table 5. Mediation Effect Test

	Direct	Indirect	Note.
Digital Innovation -> Buyer-Supplier Relationship	0.347	0.188	Partial Mediation
Reputation -> Buyer-Supplier Relationship	0.254	0.193	Partial Mediation
Reputation -> Buyer-Supplier Relationship	0.254	0.193	Partial Mediation

Source: Data processed with SmartPLS version 3 (2024)

The direct and indirect effects can be interpreted as follows based on the coefficient values.

- 1) The coefficient value of the direct effect of digital innovation on the buyer-supplier relationship is 0.347, and the influence is significant, while the coefficient value of the indirect effect of digital innovation on the buyer-supplier relationship is 0.188, and the influence is significant. It can be seen that there is a decrease in the coefficient value; this shows that supply chain flexibility is only able to partially mediate (partial mediation) the influence of digital innovation on the buyer-supplier relationship.
- 2) The coefficient value of the direct effect of reputation on the buyer-supplier relationship is 0.254, and the influence is significant, while the coefficient value of the indirect effect of reputation on the buyer-supplier relationship is 0.193, and the influence is significant. It can be seen that there is a decrease in the coefficient value; this shows that supply chain flexibility is only able to partially mediate (partial mediation) the influence of reputation on the buyer-supplier relationship.

The Influence of Digital Innovation on Buyer-Supplier Relationships

The results of the hypothesis test stated that H_1 was accepted, meaning that digital innovation had a positive influence on buyer-supplier relationships. This finding is supported by a positive coefficient value (0.347), meaning that every increase in digital innovation will align with an increase in the buyer-supplier relationship. This hypothesis is acceptable because digital innovation often introduces systems and technology that help monitor product or service quality in real-time and increase efficiency in business processes. This helps increase customer satisfaction and reduce the risk of losses, strengthening the relationship between buyers and suppliers. With digital collaborative platforms, buyers and suppliers can collaborate on new product development, process improvements, and increased efficiency. Such collaboration allows for a more equitable sharing of

risks and benefits and creates closer relationships between the two parties. Digital innovations, such as e-procurement and e-invoicing, can also reduce administrative and operational costs associated with business transactions between buyers and suppliers. This can lead to greater mutual benefits and increased satisfaction for both parties.

The Influence of Digital Innovation on Supply Chain Flexibility

The hypothesis test results stated that H_2 was accepted, meaning that digital innovation positively influenced supply chain flexibility. This finding is supported by a positive coefficient value (0.456), meaning that every increase in digital innovation will align with an increase in supply chain flexibility. This hypothesis is accepted because digital innovation allows for faster and more responsive adaptation to changing market conditions and customer demands. Digital technology enables real-time monitoring of the entire supply chain, including inventory, production, and delivery. With accurate and up-to-date information, companies can respond quickly to changes in demand and market conditions. Digital innovation enables closer collaboration between various partners in the supply chain, including in distributing PT products. Astra Daihatsu Motor. Improved collaboration facilitates better coordination and information sharing, which is necessary to address uncertainty and change in the supply chain. Digital innovation enables supply chains to become more responsive, adaptive, and flexible to changes in the business environment. This allows companies to meet customer demands more efficiently and overcome challenges that may arise in the supply chain.

The Influence of Reputation on Buyer-Supplier Relationship

The results of the hypothesis test stated that H_3 was accepted, meaning that reputation has a positive influence on the buyer-supplier relationship. This finding is supported by a positive coefficient value (0.254), meaning that every increase in reputation will align with an increase in the buyer-supplier relationship. Acceptance of this hypothesis is because a good reputation builds trust between buyers and suppliers; when a company has a good reputation for quality, reliability, and integrity, suppliers will be more inclined to trust it with sensitive information, such as cost details or production schedules. This reputation leads to better collaboration and closer relationships. Companies with good reputations tend to maintain long-term relationships with their suppliers. Suppliers will feel more comfortable and secure investing in the relationship because they know the company is reliable and will likely provide sustainable business opportunities. Companies with a strong reputation tend to attract high-quality suppliers. Good suppliers will also want to engage with companies with a good reputation, as this can improve their image. Therefore, a good reputation can help companies to attract the best suppliers in their industry. Collaboration between companies and suppliers becomes more efficient in a flexible supply chain. A good reputation can facilitate more effective collaboration, including sharing information, identifying opportunities, and overcoming obstacles.

The Influence of Reputation on Supply Chain Flexibility

The results of the hypothesis test state that H_4 is accepted, meaning that reputation has a positive influence on supply chain flexibility. This finding is supported by a positive coefficient value (0.468), meaning that every increase in reputation will align with an increase in supply chain flexibility. This hypothesis is acceptable because a good reputation can strengthen the relationship

between the company and partners in the supply chain, increasing flexibility and adaptability in facing market challenges and changes. A good reputation makes suppliers feel more satisfied and engaged in the relationship with the company. This can encourage suppliers to be more willing to collaborate to meet changing needs or support necessary changes in the supply chain. Companies with a good reputation can also attract innovative suppliers and partners who can help them adapt to market and technological changes. Collaboration with innovative partners enables companies to develop new solutions and innovate business processes and products. A good reputation in a rapidly changing business environment can help a company respond to market changes, or customer demands more quickly and effectively. Flexibility in the supply chain allows companies to adjust production, distribution, and logistics strategies more quickly and without significant disruption.

The Effect of Supply Chain Flexibility on Buyer-Supplier Relationships

The hypothesis test results stated that H5 was accepted, meaning that supply chain flexibility positively influences the buyer-supplier relationship. This finding is supported by a positive coefficient value (0.413), meaning that every increase in supply chain flexibility will align with an increase in the buyer-supplier relationship. This hypothesis is acceptable because supply chain flexibility allows buyers and suppliers to collaborate better to address changes in market demand, customer needs, or production challenges. When buyers and suppliers can adapt quickly and efficiently to changing market conditions, this strengthens engagement and collaboration between them. The ability to adapt operations in the supply chain demonstrates the reliability and commitment of each party. Buyers and suppliers can depend on each other to respond quickly to market changes, building stronger trust in their relationship. Flexibility in the supply chain allows the creation of sustainable partnerships between buyers and suppliers. When both parties feel that they can adapt to changes in the business environment, this encourages the formation of long-term, mutually beneficial partnerships. Flexibility in the supply chain also allows buyers and suppliers to be more responsive to customer demands or sudden market changes. By speeding up response times, it can increase customer satisfaction and generate a positive impact on the relationship between buyers and suppliers.

The Influence of Digital Innovation on Buyer-Supplier Relationships through Mediating Supply Chain Flexibility

The hypothesis test results stated that H6 was accepted, meaning that digital innovation positively influenced buyer-supplier relationships through the mediation of supply chain flexibility. This finding is supported by a positive coefficient value (0.188), meaning that every increase in digital innovation will change supply chain flexibility, ultimately increasing the buyer-supplier relationship. Acceptance of this hypothesis is due to digital innovation enabling greater openness and transparency in supply chains. With technology enabling real-time inventory, production, and shipping tracking, buyers and suppliers can access relevant information quickly. This creates a more transparent environment, which strengthens trust between both parties. Digital innovation allows for more flexibility in production scheduling, shipping, and other needs, allowing buyers and suppliers to be more responsive to market or customer needs changes. Such flexibility helps prevent disruptions in the supply chain and strengthens the partnership between the two parties. Digital innovation enables better responsiveness to changes in market demand or customer needs. With

technology enabling rapid changes in production, distribution, and logistics, buyers and suppliers can adapt their operations more efficiently. This helps reduce response cycle times and improve customer satisfaction, strengthening the relationship between buyers and suppliers.

The Effect of Reputation on Buyer-Supplier Relationships through Mediating Supply Chain Flexibility

The results of the hypothesis test stated that H_7 was accepted, meaning that reputation positively influences buyer-supplier relationships through the mediation of supply chain flexibility. This finding is supported by a positive coefficient value (0.193), meaning that increasing company reputation will change supply chain flexibility, ultimately increasing the buyer-supplier relationship. This hypothesis is acceptable because a good reputation creates trust between buyers and suppliers. When there is strong trust between both parties, they are more likely to work together flexibly in the face of changing market conditions or customer needs. This trust forms a strong foundation for effective collaboration and coordination. Companies with a good reputation tend to attract more reliable and high-quality suppliers. In ongoing relationships, buyers and suppliers feel more comfortable investing in the flexibility and customization necessary to meet mutual needs. A good reputation helps build long-term, mutually beneficial relationships between both parties. Companies with a good reputation tend to be more responsive to changes in market demand or other external conditions. Flexibility in the supply chain allows buyers and suppliers to adapt their operations quickly and efficiently to meet changing needs. This greater responsiveness strengthens the relationship between buyers and suppliers by demonstrating that both parties can be relied on in dynamic situations.

CONCLUSION

The conclusion of this study is that digital innovation and corporate reputation have a significant influence on the relationship between buyers and suppliers as well as supply chain flexibility. Findings indicate that digital innovation has a positive impact on buyer-supplier relationships, with an increase in digital innovation correlating with an improvement in these relationships. This is attributed to the ability of digital innovation to introduce systems and technologies that enable real-time monitoring of product or service quality, improve business efficiency, and facilitate collaboration between buyers and suppliers. Similarly, corporate reputation also has a positive impact on buyer-supplier relationships, with a good reputation building trust and facilitating better collaboration between both parties. Furthermore, both factors contribute to increased supply chain flexibility, allowing companies to be more responsive to changes in the market and customer needs.

The implications of this study underscore the importance for companies to invest in digital innovation and build a good reputation to strengthen relationships with suppliers and enhance flexibility in their supply chains. Company managers need to recognize the importance of adopting new technologies and make efforts to maintain a good reputation, as both can have a positive impact on supply chain performance and business relationships with suppliers. By leveraging digital innovation and a good reputation, companies can improve customer satisfaction, reduce the risk of losses, and strengthen long-term relationships with suppliers. Therefore, efforts to develop and

maintain digital innovation and a good reputation should be a priority for companies in managing their supply chains.

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