

# The Influence of Suppliers and Perception of Raw Material Price on Procurement Performance through Organizational Commitment as an Intervening Variable at PT. KML

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**Abstract:-**This research is to find out that Suppliers have an indirect effect on Procurement Performance through Organizational Commitment as an Intervening variable and also Perceived Raw Material Prices have an indirect effect on Procurement Performance through Organizational Commitment as an Intervening variable. This research uses quantitative methods. The results of this study indicate that Suppliers (X1) can directly influence Procurement Performance (Y) and must go through Organizational Commitment (Z) as an Intervening Variable. Perceived Raw Material Prices (X2) can have a direct effect on Procurement Performance (Y) and must go through Organizational Commitment (Z) as an Intervening Variable.

**Keywords:-** Suppliers, perceptions of raw materials, prices, procurement performance, organizational commitment.

## I. INTRODUCTION

In the current era of globalization and the business world, companies engaged in the fishing industry are very competitive in the business world. Companies especially those engaged in the fishing industry experience several problems in their production business due to many factors that affect smooth production such as support from stakeholders, consistency from suppliers.

Fishery in Sorong City is included in the category of small-scale fisheries because fishermen still catch fish using boats and simple fishing gear. Fishermen who belong to the small-scale category are characterized by various limitations including limited time to go to sea, the type of vessel or fishing gear used. Fishermen from Sorong City catch fish using fishing rods and longline nets. The vessels used for fishing are quite simple, namely with vessels measuring 3-5 GT. In order for the processing industry to become more competitive, it is necessary to focus on supply chain practices (Sanjeevan, 2016). What needs to be focused on is strengthening the supply chain from the upstream sector to the downstream sector.

Fishery industry companies certainly work with suppliers to ensure the availability of raw materials. Some companies certainly have several alternative suppliers, where these suppliers have their respective advantages and disadvantages. Supplier selection is one of the factors that must be considered by the company because the supplier's

role is very important in ensuring smooth production through the fulfillment of raw materials. Deswati (2020) says that supplier relationships with capital have an effect on competitive advantage. Some of the main factors that determine supplier performance in a modern way to become integrated are commitment, conflict, conflict resolution, cooperation, trust (Dedie, 2017).

Companies must be careful in making decisions in selecting suppliers because the role of suppliers will participate in determining the success of the company. If the quality of raw materials from suppliers is poor, of course it will affect the quality produced. And if the supplier cannot provide the amount of raw materials according to the company's request, it is certain that the production schedule will be disrupted. Selection of effective suppliers can help companies achieve the desired production results.

Quality raw materials from suppliers greatly affect the level of product quality that can be produced by the company. Several previous researchers stated that good supplier performance can affect the success of company performance. However, in each study there are different variables that affect supplier performance. The existence of suppliers greatly determines the smooth running of the production process and the products to be produced (Akbar et al., 2015).

One of the important purchasing decisions is the selection and maintenance of a competent supplier group. Selecting a good set of suppliers to work with is very important for the success of a company (Ilyas Masudin, 2018).

Akbar (2020) says that measuring supplier performance is very important in supply chain activities. Decisions in the selection of suppliers is an important component of production and logistics management for most companies. With regard to this decision, supplier selection must be carried out to carry out the work and determine the number of orders given to the selected supplier (Ilyas Masudin, 2018).

PT. KML, the Sorong unit purchases raw materials with the amount and type of product adjusted to the needs of the export contract to be executed. The challenges faced by the unit itself in working on export contract requirements are constrained by the fishing season and weather as well as the

presence of new competitors. This keeps fishermen from going to sea and the lack of supply of raw materials received, which has an impact on rising prices and the supply chain of raw materials. Therefore, sometimes the delivery departure schedule experiences a delay from the estimated date that has been determined. In addition, the factor of speed and accuracy of payment for the purchase of raw materials is also not on target. The payment system is carried out according to the agreement, but sometimes there are still delays in payment, which has an impact on the raw material supply chain.

In the last 3 years, there has been a decrease in the amount of production due to a decreasing number of suppliers. And this shows the performance at PT. KML unit Sorong is not optimal.

Shows that the amount of fulfillment of raw materials is not met in the amount that has been targeted by the company. The highest number of unfulfilled orders was in 2020, resulting in a reduction in production capacity. In addition to the inappropriate amount of raw materials, the raw materials received were not fully in accordance with the company's quality standards because there were raw materials that did not meet specifications.

From these data it shows that the importance of production performance is highly dependent on the presence of suppliers, and PT. Manage Mina Laut, the Sorong unit tries to minimize the problems caused by these suppliers, the company is faced with making a decision to choose the best supplier with the potential to establish a long-term partnership relationship.

And the importance of suppliers in production is also supported by the results of research conducted by AprilianaIlmiyati & Munjiati Munawaroh (2016) which states that supply chain management has a significant effect on competitive advantage and organizational performance, and competitive advantage has a significant effect on organizational performance. Competitive advantage is able to mediate the impact of supply chain management on organizational performance.

Asamoah et al. (2012) who said that supplier selection uses three criteria, namely; quality, price, and reliability/capacity. Quality measures suppliers based on supplier reputation with respect to FDB standards, supplier certifications, quality of raw materials, and proven record of world-class service. Cost measures suppliers based on competitive prices from suppliers, credit terms, value-added services, and methods of payment. And reliability/ capacity measures suppliers based on delivery time, ease of communication, ability to manage risk, production facilities, and financial health.

From the problems above, PT. It is felt necessary to manage Mina Laut, the Sorong unit, to immediately look for ways on how the company can fulfill the raw materials that have been targeted every year in large quantities, precisely, quickly and at competitive prices so as to get good quality raw materials so that they can meet the targets every year.

Perception of price (price perception) is the value contained in a price related to the benefits and owning or using a product or service (Kotler and Armstrong 2008). Peter & Olson (2008) argues that price can provide a functional competitive advantage, where high prices can be known for high quality for some products and it is often stated that consumers feel a relationship between price and quality.

Perception of price concerns how price information is understood by consumers and made meaningful to them. In cognitive processing of price information, consumers can compare the stated price with a price or price range that they imagine for the product.

The price that is in the mind as a material for making comparisons is called the internal reference price. The internal reference price is the price considered appropriate by consumers, prices that have existed historically or that consumers imagine are high or low market prices. Basically, the internal reference price becomes a kind of guide to evaluate whether the stated price is acceptable to consumers (Peter & Olson 2008).

PT. Manage Mina Laut, Sorong unit is a private company engaged in fisheries. In implementing the vision and mission as well as company goals PT. Manage Mina Laut, the Sorong unit carries out one of the implications of the decision-making process. The operational strategy implemented is to increase or meet the target raw material needs at competitive prices in achieving targets.

In price perception, PT. Manage Mina Laut, the Sorong unit can decide where to position its products based on quality and price, because there may be competition between various quality and price segments. The challenge faced by the unit itself is that there are frequent changes in price increases for raw materials so that companies follow these prices so that production continues. can run smoothly because the price is not optimal. Likewise, there are new competitors who enter and these competitors want to get raw materials, so these competitors raise existing prices to get raw materials. As stated by Hanisah (2018) who said that raw material prices, selling prices and production had a very significant effect on sales results in tofu businesses in Langsa Kota District.

PT. Manage Mina Laut, Sorong unit, has suspected that apart from supplier issues, price is an important key in business, especially the perception of product prices formed by the company towards consumers which will support the success and success of the company's business. By providing good and appropriate price perceptions to consumers, companies can survive in the face of competition and can also maximize the profits earned by the company.

With a wide market share and large profits, the survival of the company can be guaranteed. Therefore, activities related to price perceptions must be carefully planned and periodic evaluations carried out to determine the effectiveness of price perceptions in relation to perceived quality of the company's products.

From the explanation above, it can be concluded that price perception is a consumer's understanding of how big or small the amount of money will be used to buy a desired product with a value that is in accordance with the value obtained from the product.

In the last 3 years, raw material prices have increased and decreased due to competitors buying higher raw material prices. And this shows an increase and decrease in prices at PT. Management of Mina Laut unit Sorong is not optimal, shows that raw material prices from 2018 to 2020 have experienced increases and decreases in prices. These fluctuations in prices are caused by competitors who buy at high prices, resulting in a decrease in production capacity.

Price problems that exist in PT. The management of the Mina Laut unit in Sorong is a problem that needs attention so that with the existing prices, it greatly affects production performance because with high raw material prices sometimes it cannot be reached and production will not be optimal.

Sapitri, R., & Suryalena, S. (2016) said that human resources in an organization are a very important factor for the effectiveness of activities within an organization. Every company, regardless of its shape and type, will require human resources who have the ability to think, act and be skilled in dealing with the success of a company. For this reason, companies are required to improve the quality of resources so that there is an increase and can contribute to improving company performance.

Procurement (procurement) is the purchase of goods and services by companies (Turban, 2010: 231). Fiasinta, F., & Purwantini, S. (2019) said that the company has procurement procedures in its safety management guidelines. This procurement procedure aims to describe the responsibilities and actions needed, to ensure that the goods, tools, materials or services purchased are in accordance with the company's specific provisions and that suppliers/sub-contractors are supervised, approved and evaluated by the company. Meanwhile, according to Moekijat in the management dictionary (2009: 128) states that the Department shows a field, part or a certain branch of a company, on behalf of a manager who has the power to carry out certain activities.

In the last 3 years the selling price has increased and decreased. And this shows a decrease in prices at PT. The management of the Mina Laut unit Sorong is not optimal.

shows that the selling price from 2018 to 2020 has increased and decreased in price. This fluctuation in prices was due to an increase in the price of raw materials and other additions that were included in the production costs.

The main task of the Procurement Department is to receive a list of requests for goods or services that have been checked and approved by the manager or supervisor. Sending requests for goods (Requisition) according to a list of at least three suppliers, asking for their availability, delivery time and pricing.

The challenge faced by the unit itself is that it often happens that Procurement cannot maximally bring in the raw materials needed by the company to be produced. This is because there are new competitors who buy raw materials above the company's price so that suppliers look at prices that are more expensive than the company's price. As stated by Mardiyono (2015) says that every business actor is required to understand and understand every condition or situation in the market, understand what his customers want, and also changes in the business environment, this drives the competitiveness of companies.

Approach suppliers or sub-contractors on the list of companies as a basis for selection based on the quality and availability of goods, spare parts or services, expertise, price, availability and delivery time and location of delivery. Prepare "Purchase Orders" or documents made to state the goods that will actually be purchased according to the agreed price and specifications. Then cross checked and signed by the Procurement Manager, Technical Fleet Manager, and Technical Director. Sending the approved "Payment Voucher" to the Accounting Department.

A conducive organizational life is the dream of every personnel in an organization, both those holding positions as leaders and as employees. However, to create a conducive organizational atmosphere is not easy to achieve, considering that the attitudes and behavior of each personnel in the organization are different. Therefore it is commonplace that there are differences in the attitudes of organizational personnel Arifudin, O. (2020).

Commitment is one of the foundations as well as a valuable asset owned by the company. Where commitment is one of the basic determinants of the future direction of the company where it will be taken. Will it be used as an advanced and developing company or vice versa. One of the keys to organizational success in the current era of globalization is the extent to which people or members of the organization can synergistically contribute positively, both in planning and in the process of implementing duties and responsibilities as members of the organization to achieve organizational goals.

Organizational commitment includes elements of loyalty to the organization, involvement in work, and identification of organizational values and goals. Meanwhile, low commitment reflects a person's lack of sense of responsibility in carrying out their duties (Cahya et al, 2019).

The challenge faced by the unit itself is the lack of response from company leaders. When there is self-planning to purchase raw materials and changes in raw material prices, the old company leadership responds, while these conditions must be carried out quickly. Likewise with the payment of raw materials where the speed and accuracy of payment for the purchase of raw materials is also not on target. The payment system is carried out according to the agreement, but sometimes there are still delays in payment, which has an impact on the raw material supply chain. And suppliers will have less trust in the company because they

are not committed to payment. As stated by (Hadi Gunawan, 2013) Decisions mean choices (choices), namely choices from two or more possible decision-making, almost not a choice between right and wrong, but the right choice after being evaluated and considered according to existing situations and conditions, and intuition, another aspect of decision making with an administrative model is intuition. Intuition (intuition) is a quick understanding of a precarious situation based on past experience but without conscious thought.

Cormick (2019) says that there is an indication of attitude as a condition so that it better shows the level of a person's subjective feelings towards an object (work). The result is an assessment of the pros and cons of the object from a certain point of view. When a company begins to form an organizational culture, it also means putting human resource criteria in a strategic position through top leaders or managers to secure shared norms of behavior, values and beliefs for the company. As well as being a vital tool for management if you want to achieve high performance, which in turn creates a positive work attitude that encourages increased employee and management performance, embodied in all company activities and policies.

The meaning of decision making is the suitability of one's actions in determining the choice of a decision from a number of alternative actions of the leader as a whole with the steps and consideration of certain factors in the current reform era, which aims to produce the right decision.

Intuitive decision-making is not arbitrary or irrational because it is based on years of active experience which makes it possible to determine solutions quickly without having to go through very careful calculations. In today's fast-paced business environment, intuition plays an increasingly important role in decision making.

With a high organizational commitment from decision makers will be able to simplify and expedite the decision-making process in line with the goals and objectives of the organization.

## II. LITERATUREREVIEW

### A. Supplier

Suppliers are one part of the supply chain which is very important and influences the survival of a company. Inappropriate supplier selection can disrupt the company's operational activities, while selecting the right supplier can significantly reduce purchasing costs, increase market competitiveness and increase product end-user satisfaction (Fatimatuz Zahra, 2015). (Rahayu Ningsih, 2016) If the availability of raw materials experiences problems, this will of course affect the production process in a company. To ensure the availability of raw materials, of course, affects the selection of suppliers of these raw materials.

### B. Price Perception

Price perception is about how price information can be fully understood and can provide a deeper meaning for consumers. Perceived price can also be interpreted as the amount of money that has certain uses needed by consumers to obtain a product or service (Tjiptono and Chandra 2020: 412). Schiffman and Kanuk (2008: 186) state that price perceptions are opinions or perceptions about prices and how customers perceive these prices: high, low, and fair which can have a strong influence on purchase intentions and purchase satisfaction.

Peter and Olson (2010) explain price perceptions related to price information that can be fully understood by consumers and can provide a deep meaning for consumers. When consumers evaluate and examine the price of a product, it is very much based on the behavior of the consumers themselves. He further explained that price perceptions can be measured according to each customer's perception by asking consumers about what variables are very important in choosing a product.

### C. Procurement Performance

Procurement (procurement) is the purchase of goods and services by companies (Turban, 2010: 231). Fiasinta, F., & Purwantini, S. (2019) said that the company has procurement procedures in its safety management guidelines. This procurement procedure aims to describe the responsibilities and actions needed, to ensure that the goods, tools, materials or services purchased are in accordance with the company's specific provisions and that suppliers/sub-contractors are supervised, approved and evaluated by the company. Meanwhile, according to Moekijat in the management dictionary (2009: 128) states that the Department shows a field, part or a certain branch of a company, on behalf of a manager who has the power to carry out certain activities.

The main task of the Procurement Department is to receive a list of requests for goods or services that have been checked and approved by the manager or supervisor. Sending requests for goods (Requisition) according to a list of at least three suppliers, asking for their availability, delivery time and pricing.

### D. Organizational Commitment

Sapitri, R., & Suryalena, S. (2016) said that high commitment makes individuals care about the fate of the organization and try to make the organization a better direction. With a high commitment, the possibility of a decrease in performance can be avoided. Organizational commitment plays an important role in improving company performance. The purpose of organizational commitment is to correct mistakes that occur so that they do not occur continuously. Organizational commitment that is carried out properly will be able to improve company performance, always be responsible for the work carried out.

### III. METHOD

Research on this uses a quantitative approach. Sugiyono (2016), defines the quantitative method as research data in the form of numbers and performs data analysis using statistical procedures, while the purpose of this study is causality research which has the aim of examining the relationship between the variables to be studied, as stated Misbahuddin and Iqbal (2014), explained that causality research is a form of research variable (data) analysis to determine the degree or strength of the relationship between the variables to be studied, the shape or direction of the relationship between the variables studied, and the magnitude of the influence of one variable. to other variables. In this study the relationship between variables is causal.

The population of this study are employees with procurement positions, totaling 100 people (Source: Human Resource Department). Procurement is spread in several

areas, namely Sorong 2 people, Jayapura 2 people, Manokwari 2 people, Makassar 10 people, Luwuk 4 people, Kendari 10 people, Lombok 5 people, Labuan Bajo 5 people and Java 60 people. While the sample is part of the number and characteristics possessed by the population, if the population is large, it is impossible for the researcher to study all that is in the population, for example due to limited funds, manpower, time, the researcher uses samples to be taken from the population. The sample used must be truly representative (P. Sugiyono, 2015).

### IV. RESULTS

Based on the results of the PLS analysis in the PLS Algorithm for validity and reliability tests, the coefficient of determination of the model and the path coefficient for the equation model, it has been shown based on the results of the output of the PLS Algorithm Smart PLS, which can be observed in Figure below:

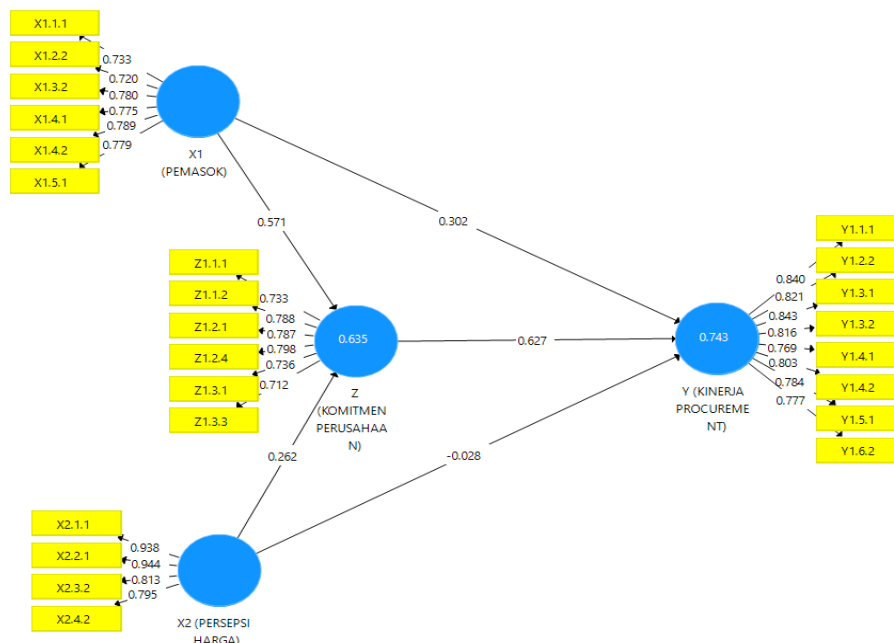


Fig. 1: PLS Algorithm Smart

Based on table 1, it can be concluded that the averageHypothesis Effect of T-Statistics and P-Values Results Based on the data presented in the table above, it can be seen that the hypothesis proposed in this study can be formulated. Following are the details of the influence between variables:

#### A. Hypothesis 1: Influence of Suppliers (X1) on Procurement Performance (Y)

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Procurement Performance (Y), a T statistics value of 2.571 is obtained with a p-value of 0.010 with a coefficient value of 0.302 indicating a positive direction. Because the T statistics value is 2.571 above 1.96 and the p-value is smaller than  $\alpha$  ( $0.010 < 0.05$ ) then H1 can be accepted thus there is a positive and significant influence of the Supplier variable (X1) on Procurement Performance (Y).

Based on the results of the regression it can be concluded that the first hypothesis is accepted.

#### B. Hypothesis 2: The Effect of Perceived Raw Material Prices (X2) on Procurement Performance (Y)

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Procurement Performance (Y), a T statistics value of 0.224 is obtained with a p-value of 0.823 with a coefficient value of -0.028 indicating a negative direction. Because the T statistics value is 0.224 below 1.96 and the p-value is greater than  $\alpha$  ( $0.823 > 0.05$ ) then H2 cannot be accepted thus there is no effect of the Perceived Raw Material Price variable (X2) on Procurement Performance (Y).

Based on the regression results it can be concluded that the second hypothesis is rejected.

*C. Hypothesis 3: Influence of Suppliers (X1) on Organizational Commitment (Z)*

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Organizational Commitment (Z), a T statistics value of 5.565 with a  $p$ -value of 0.000 with a coefficient value of 0.571 indicates a positive direction. Because the T statistics value is 5.565 above 1.96 and the  $p$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ) then H3 can be accepted thus there is a positive and significant influence of the Supplier variable (X1) on Organizational Commitment (Z).

Based on the regression results it can be concluded that the third hypothesis is accepted.

*D. Hypothesis 4: The Effect of Perceived Raw Material Prices (X2) on Organizational Commitment (Z)*

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Organizational Commitment (Z), a T statistics value of 2.513 is obtained with a  $p$ -value of 0.012 with a coefficient value of 0.262 indicating a positive direction. Because the T statistics value is 2.513 above 1.96 and the  $p$ -value is smaller than  $\alpha$  ( $0.012 < 0.05$ ) then H4 can be accepted thus there is a positive and significant effect of the Perceived Raw Material Price variable (X2) on Organizational Commitment (Z).

Based on the regression results it can be concluded that the fourth hypothesis is accepted.

*E. Hypothesis 5: Effect of Organizational Commitment (Z) on Procurement Performance (Y)*

Based on the table above, it can be seen that for testing the variable Organizational Commitment (Z) on Procurement Performance (Y), a T statistics value of 5.905 with a  $p$ -value of 0.000 with a coefficient value of 0.627 indicates a positive direction. Because the T statistics value is 5.905 above 1.96 and the  $p$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ) then H5 can be accepted thus there is a positive and significant influence of Organizational Commitment variable (Z) on Procurement Performance (Y).

Based on the regression results it can be concluded that the fifth hypothesis is accepted.

*F. Hypothesis 6: Influence of Suppliers (X1) on Procurement Performance (Y) through Organizational Commitment (Z) as Intervening*

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Procurement Performance (Y) moderated by Organizational Commitment (Z), a T statistics value of 4.113 is obtained with a  $p$ -value of 0.000. Based on the T statistics value of 4.113 above 1.96 and the  $p$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ) then H6 can be accepted thus Suppliers have a direct influence on Procurement Performance through Organizational Commitment. Based on these results it can be concluded that the sixth hypothesis is accepted.

*G. Hypothesis 7: The Effect of Perceived Raw Material Prices (X2) on Procurement Performance (Y) through Organizational Commitment (Z) as Intervening*

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Procurement Performance (Y) moderated by Organizational Commitment (Z), a T statistics value of 2.171 is obtained with a  $p$ -value of 0.030. Based on the T statistics value of 2.171 above 1.96 and the  $p$ -value is smaller than  $\alpha$  ( $0.030 < 0.05$ ) then H7 can be accepted thus the Perception of Raw Material Prices has a direct influence on Procurement Performance through Organizational Commitment. Based on these results it can be concluded that the seventh hypothesis is accepted.

## V. DISCUSSION

*A. Influence of Suppliers (X1) on Procurement Performance (Y)*

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Procurement Performance (Y), a T statistics value of 2.571 is obtained with a  $p$ -value of 0.010 with a coefficient value of 0.302 indicating a positive direction. Because the T statistics value is 2.571 above 1.96 and the  $p$ -value is greater than  $\alpha$  ( $0.010 < 0.05$ ) then H1 can be accepted thus there is a positive and significant influence of the Supplier variable (X1) on Procurement Performance (Y).

Based on the analysis above, Suppliers have an effect on Procurement Performance. This is because procurement can be assessed as working by the company if it can bring in raw materials from suppliers in the maximum amount according to the company's raw material needs so that they are processed to finished products. Procurement must be able to maintain the supply chain between suppliers and the company so that the company's targets are achieved. It is hoped that Procurement Performance is required to always increase, by improving and maintaining good communication so as to create a harmonious working relationship between the Supplier and the company.

These results agree with previous research conducted by Mafin et al. (2020) said that procurement can help improve quality, process time, and cost savings. Procurement systems can increase the effectiveness of operating processes and supply chain transparency. This was also carried out by Fernandes et al. (2015) in his research said that procurement helps save overall costs in the purchasing process and facilitates supply chain transparency in terms of product specifications, prices, contract details, and faster decisions on issues through real-time information.

*B. Effect of Perceived Raw Material Prices (X2) on Procurement Performance (Y)*

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Procurement Performance (Y), a T statistics value of 0.224 is obtained with a  $p$ -value of 0.823 with a coefficient value of -0.028 indicating a negative direction. Because the T statistics value is 0.224 below 1.96 and the  $p$ -value is greater

than  $\alpha$  ( $0.823 > 0.05$ ) then H2 cannot be accepted thus there is no effect of the Perceived Raw Material Price variable (X2) on Procurement Performance (Y).

Based on the analysis above, price perception has no effect on procurement performance. This is because the price of fish is in accordance with market prices which are influenced by the season. During the southern season, fish are expensive because fish are hard to find for fishermen. The south season is the season when in the middle of the sea the wind is strong and the waves are high so that fishermen are afraid to find fish in the ocean. Procurement cannot control market prices. The hope is that when fish prices are low, Procurement should buy as much fish as possible to meet raw material storage capacity so that when fish prices are high, companies can still produce with raw materials that do not exceed the predetermined price limit/HPP (Cost of Purchase Price).

These results agree with research (Weenas, 2013) which explains that price has a positive influence on consumer purchasing decisions, with affordable prices felt directly by consumers will have an impact on purchasing decisions. This also agrees with research from Røkenes et al, (2015) which explains that a business will set prices in accordance with consumer references which aim to find price perceptions that are considered reasonable or appropriate for customers, because price is important in making a purchase decision.

#### C. Effect of Supplier Influence (X1) on Organizational Commitment (Z)

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Organizational Commitment (Z), a T statistics value of 5.565 with a  $\rho$ -value of 0.000 with a coefficient value of 0.571 indicates a positive direction. Because the T statistics value is 5.565 above 1.96 and the  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ) then H3 can be accepted thus there is a positive and significant influence of the Supplier variable (X1) on Organizational Commitment (Z).

Based on the analysis above, suppliers have an effect on Organizational Commitment. This is because suppliers need assurance that the fish they own are purchased by the company with certainty at competitive prices (not too cheap). This purchase certainty is needed by suppliers for the continuity of their business. It is hoped that suppliers can work with the company in the long term with mutually beneficial cooperation patterns. The company is committed to suppliers who have high loyalty to the company.

These results agree with previous research by Sholihah, N. D. R., Illah, M. T., &Widyaratna, L. (2022) which says that there is a significant influence between supplier variables on material organizational commitment at PT. Natura Plastindo, Gempol District, because suppliers can maintain work commitments by meeting the raw material requirements required by PT. Natura Plastindo. so that it can be stated that supplier satisfaction can be built through increasing the commitment of material suppliers at PT. Natura Plastindo. This means that commitment is an

important factor in the success of good and long-term relationships between suppliers and PT. Natura Plastindo satisfaction will be achieved. This also agrees with research by Asri, C. P., Sari, U. T., &Insani, R. (2019) which says that there is a positive influence between suppliers and organizational commitment and shows that the level of supplier relations is quite high.

#### D. Effect of Perceived Raw Material Prices (X2) on Organizational Commitment (Z)

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Organizational Commitment (Z), a T statistics value of 2.513 is obtained with a  $\rho$ -value of 0.012 with a coefficient value of 0.262 indicating a positive direction. Because the T statistics value is 2.513 above 1.96 and the  $\rho$ -value is smaller than  $\alpha$  ( $0.012 < 0.05$ ) then H4 can be accepted thus there is a positive and significant effect of the Perceived Raw Material Price variable (X2) on Organizational Commitment (Z).

Based on the analysis above, Price Perception influences Organizational Commitment. This is because the company sees the price as something very important or critical in purchasing raw materials. The hope is that the company can get cheap and high-quality raw material prices. In purchasing these raw materials, the company expects to get convenience, such as raw materials delivered directly to the company so that the company does not incur transportation costs and labor costs. The company can also minimize the decline in the quality of raw materials if the raw materials are received at the company, this will be different if the raw materials are received outside the company (PPI / Fish Landing Base). The company has the right to refuse the raw materials received if the quality of the raw materials has decreased or does not conform.

These results agree with previous research conducted by L. Hakim (2019) saying that there is a simultaneous influence between brand image, perceived price, and product quality on consumer purchasing decisions in the 58 samples studied. This also agrees with Ida Ayu's research (2018) which states that price perceptions have a positive and significant effect on organizational commitment, so that the better the product's perceived price, the higher customer satisfaction will be.

#### E. Effect of Organizational Commitment (Z) on Procurement Performance (Y)

Based on the table above, it can be seen that for testing the variable Organizational Commitment (Z) on Procurement Performance (Y), a T statistics value of 5.905 with a  $\rho$ -value of 0.000 with a coefficient value of 0.627 indicates a positive direction. Because the T statistics value is 5.905 above 1.96 and the  $\rho$ -value is smaller than  $\alpha$  ( $0.000 < 0.05$ ) then H5 can be accepted thus there is a positive and significant influence of Organizational Commitment variable (Z) on Procurement Performance (Y).

Based on the analysis above, organizational commitment influences procurement performance. This is because a procurement requires certainty from the leadership of the company. Company leaders must be able to ensure procurement in the purchase of raw materials, prices, purchasing strategies, payments and fulfillment of needs for the raw material purchasing process. A procurement requires its own planning to carry out execution in the field in purchasing raw materials after obtaining a decision from the company leadership, bearing in mind that if it is not in accordance with its commitments, it will be difficult for the procurement to obtain these raw materials because suppliers will sell these raw materials to other parties/competitors so that it will reduce a sense of trust in procurement in the future for the purchase of further raw materials.

These results agree with previous research by Andreas Wijaya (2017) who said that there is a positive and significant influence on the variable organizational commitment to procurement. This also agrees with the research of Salim, M., & Syarifuddin, S. (2016) who said that organizational commitment to the implementation of e-procurement has a significant effect. The expected effect of this effect on the implementation of e-procurement is an effort to prevent acts of fraud in the procurement of goods/services.

#### *F. Influence of Suppliers (X1) on Procurement Performance (Y) through Organizational Commitment (Z) as Intervening*

Based on the table above, it can be seen that for testing the Supplier variable (X1) on Procurement Performance (Y) moderated by Organizational Commitment (Z), a T statistics value of 4.113 is obtained with a  $p$ -value of 0.000. Based on the T statistics value of 4.113 above 1.96 and the  $p$ -value is smaller than  $\alpha$  (0.000 < 0.05) then H6 can be accepted. Thus suppliers have a direct influence on procurement performance through organizational commitment.

When compared to the original sample values between H1 and H6, namely suppliers on performance, it is worth 0.302, less than suppliers on performance through organizational commitment, which is worth 0.358, this shows that suppliers can directly influence performance through motivation.

Based on the analysis above, the Supplier variable (X1) has an effect on the Procurement Performance variable (Y) mediated by the Organizational Commitment variable (Z). Suppliers have full confidence in the commitments given by the company in the form of payment certainty and purchase of raw materials. Improvement in procurement performance must be maintained in line with the commitment of company leaders. Suppliers must be maintained with clear commitments from the company so that procurement performance is increasing.

#### *G. Effect of Perceived Raw Material Prices (X2) on Procurement Performance (Y) through Organizational Commitment (Z) as Intervening*

Based on the table above, it can be seen that for testing the variable Perception of Raw Material Prices (X2) on Procurement Performance (Y) mediated by Organizational Commitment (Z), a T statistics value of 2.171 is obtained with a  $p$ -value of 0.030. Based on the T statistics value of 2.171 above 1.96 and the  $p$ -value is smaller than  $\alpha$  (0.030 < 0.05) then H7 can be accepted. Thus the variable price perception of raw materials has a direct effect on procurement performance through Organizational Commitment.

When compared to the original sample value between H2 and H7, namely the Perception of raw material prices on Procurement performance is worth 0.028 less than the Perception of raw material prices on performance through organizational commitment, which is worth 0.165, this shows that Perception of raw material prices can directly affect performance through organizational commitment.

Based on the analysis of Perceived Raw Material Prices (X2) it influences Procurement Performance (Y) mediated by Organizational Commitment (Z). This is because the prices given by suppliers are more affordable and cheaper. The company expects raw material prices to be obtained more competitively by providing certainty to procurement of raw material purchase prices, so that procurement is more enthusiastic about finding raw materials and making purchases at the right price.

## VI. CONCLUSION

Based on the results of testing the seven hypotheses that have been proposed in this study, it can be concluded that:

- Suppliers (X1) have a direct effect on Procurement Performance (Y).
- Perceived Raw Material Prices (X2) have no direct effect on Procurement Performance (Y).
- Suppliers (X1) have a direct effect on Organizational Commitment (Z)
- Perceived Raw Material Prices (X2) has a direct effect on Organizational Commitment (Z)
- Organizational Commitment (Z) has a direct effect on Procurement Performance (Y).
- Suppliers (X1) can directly influence Procurement Performance (Y) and must go through Organizational Commitment (Z) as an Intervening Variable.
- Perceived Raw Material Prices (X2) can have a direct effect on Procurement Performance (Y) and must go through Organizational Commitment (Z) as an Intervening Variable.



## VII. MANAGERIAL IMPLICATIONS

It is hoped that the company can maintain and pay more attention to the quality of raw materials and increase the company's commitment so as to gain the trust of suppliers, this will determine future sustainability improvements to improve procurement performance in the future.

The results of this study also prove that organizational commitment as moderation can prove the hypothesis tested, meaning that the influence of suppliers and price perceptions can be moderated by organizational commitment to procurement performance, based on the results of the analysis it is recommended that companies provide more commitment to suppliers so that maintain stock or supply chain to keep it smooth.

It is hoped that the results of this study can be used as a reference for future researchers who will examine the same concept, namely the influence of Suppliers, Price Perceptions on Procurement Performance through organizational commitment as an intervening variable. For future researchers it is recommended to use samples that have the same characteristics and characteristics by minimizing errors/errors so as to make it easier to clarify to get accurate research results and conclusions.

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