

## ABSTRACT

*In the current era of globalization that require free trade, the fierce competition will always occur. Competition now starting to lead to competition between the performance of the Supply Chain company, which is the dominant factor to gain a competitive advantage. Companies that can implement Supply Chain Management (SCM) is appropriate and better, would be likely to win the competition. Condition management Supply Chain Management (SCM) in Telkom today that still need to be improved, with some indications, among others: 1. The low realization of planning; 2. The low utilization of production equipment (assets) that have been built; 3. IT Support (applications) are still not optimal and not integration in SCM. And at the regional level, the function of SCM in Telkom is also done by Witel unit within the coverage area of its operations.*

*The purpose of this study was to determine the influence of Supply Chain Management (SCM) Practices in unit Witel for Competitive Advantage and Organizational Performance. In accordance with the purpose of research, the kind of research is descriptive and verification. Field data collection is done by the method explanatory survey by distributing questionnaires to the respondents throughout GM Witel in Telkom (as many as 58 people). By the time dimension, this study belong to the cross-sectional study that data retrieval is only performed one time only. Methods of data processing is done by the analysis of Structural Equation Modelling (SEM) with the approach of partial least square (PLS) using software SmartPLS 2.0.*

*From the research we concluded that the independent variables SCM Practices, and Competitive Advantage positive and significant impact on Organizational Performance. The direct effect on the Competitive Advantage SCM Practices at 0.498. And the direct influence of the SCM Practices on Organizational Performance of 0,425, while the indirect effect through the Competitive Advantage of 0.162. The direct influence on Organizational Performance Competitive Advantage of 0.324.*

*With these results, some recommendations for the management Witel (Telkom), among others: Aspects of SCM Practices, should improve further the integration of systems and applications - applications that have been held in support of Supply Chain Management, in order to benefit more leverage in the SCM Practices in Witel (Telkom); Aspects of Competitive Advantage, service / product quality and reliable, to be supported by efforts to accelerate the development of services / products and the process of launching it to the customer, as well as customization of services / products according to the needs of its customers; Aspects of Organizational Performance, need to make an effort to increase sales, such as advertising (including via social media), cooperation with sales agencies and the community. It also needs to be evaluated on a periodic basis against sales targets are set so that the target though still challenging, but more realistic and achievable.*

**Keywords:** Supply Chain Management, competitive advantage, company's performance.