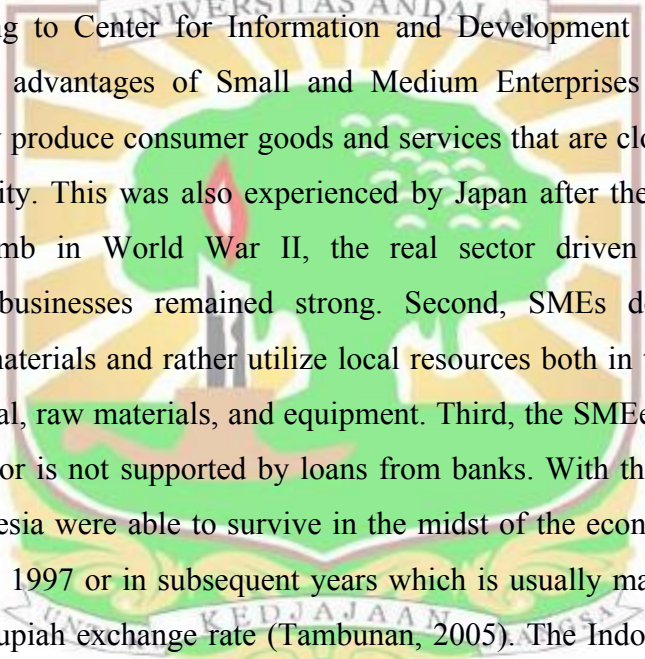


CHAPTER I

INTRODUCTION

This chapter contains the background of the research, problem formulation, the objectives of the research, research scopes and the outline of the research.

1.1 Background



According to Center for Information and Development Studies CIDES there are three advantages of Small and Medium Enterprises (SMEs). First, SMEs generally produce consumer goods and services that are close to the needs of the community. This was also experienced by Japan after the destruction by the atomic bomb in World War II, the real sector driven by small and medium-sized businesses remained strong. Second, SMEs do not rely on imported raw materials and rather utilize local resources both in terms of human resources, capital, raw materials, and equipment. Third, the SMEs business uses its own capital or is not supported by loans from banks. With these advantages, SMEs in Indonesia were able to survive in the midst of the economic crisis that hit Indonesia in 1997 or in subsequent years which is usually marked by a deep decline in the rupiah exchange rate (Tambunan, 2005). The Indonesian business world is currently still dominated by Small and Medium Enterprises (SMEs). From the results of SE2016-Advanced edition of *Badan Pusat Statistik* (BPS), the number of these businesses reached more than 26 million businesses or 98.68 percent of the total non-agricultural businesses in Indonesia.

Home industry or Small and Medium Enterprises (SMEs) in Indonesia has increased to reach 4,466,222 according to the results of the 2016 economic census by *Badan Pusat Statistik* (BPS) for food and beverage SMEs in Indonesia (BPS, 2016). Along with consumer demand that is increasing every year, based on 2015 *Badan Pusat Statistik* (BPS) data, it can be seen that the amount of

consumption production in Indonesia has increased from year to year. This shows that in this modern era, Indonesian people have demand for practical, healthy and instant food patterns to be used as complementary foods in every activity in daily life. The data on the amount of bread production and consumption in Indonesia is shown in **Table 1.1**.

Table 1.1 Number of bread production and consumption in Indonesia

Year	Amount of Production (Tons)	Average Consumption (kg/capita)
2009	27.908	0,121
2010	29.656	0,125
2011	31.514	0,13
2012	33.488	0,137
2013	35.586	0,144

(Source: Badan Pusat Statistik (BPS), 2015)

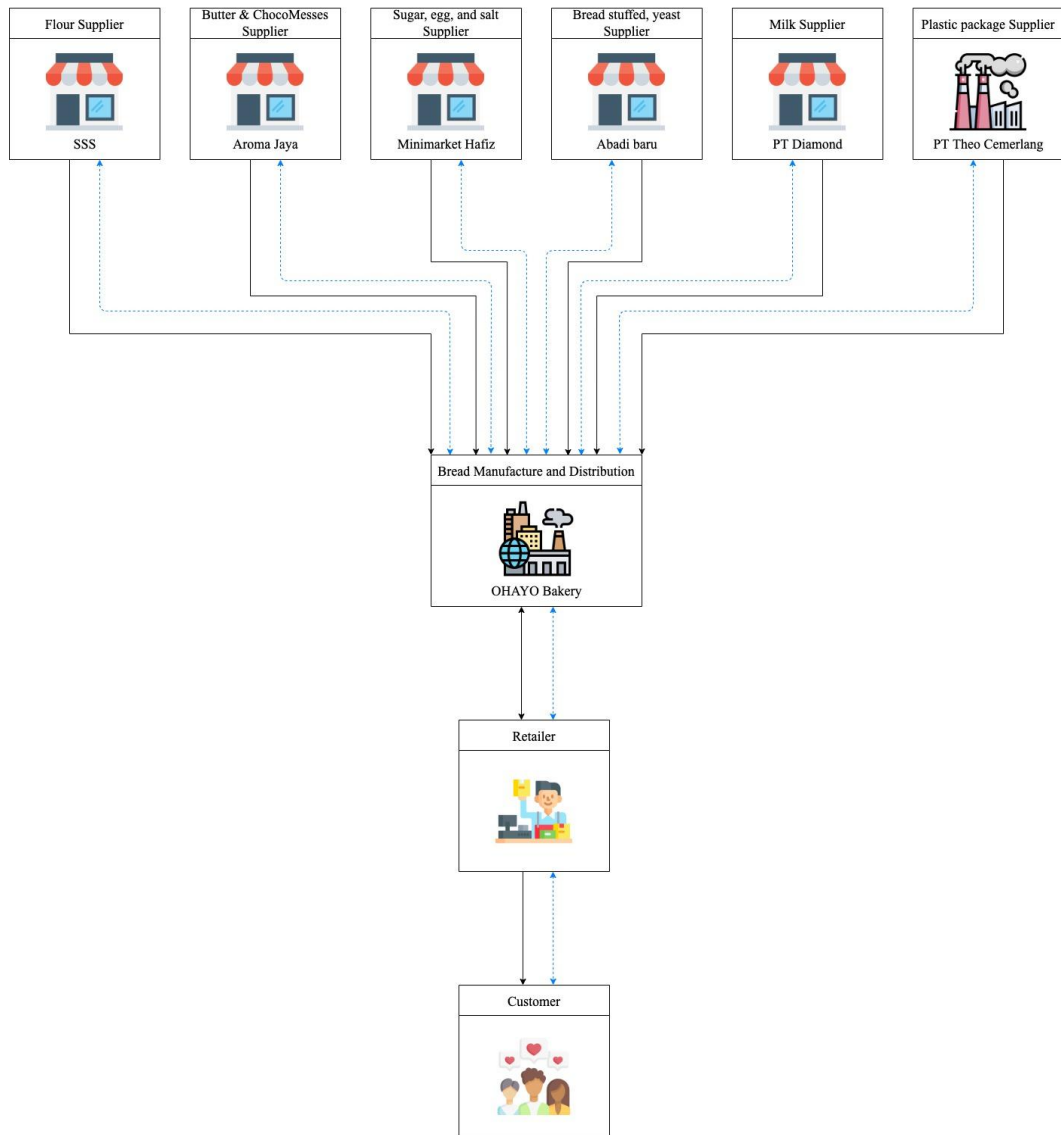
The increasing consumer demand for complementary foods such as bread shows that small and medium industries, especially bread production in Indonesia, have increasingly fierce competition each year, so companies are required to compete to become superior companies. Supply Chain Management (SCM) is an important thing to consider because it involves all elements participating in the business movement, from suppliers, manufacturing companies, retailers, to customers.

In general, all activities related to material flow, information flow, and financial flow along the supply chain flow are activities within the scope of SCM. Some of the main activities included in the SCM classification are: product design activities, activities to obtain raw materials, procurement and production planning activities, production activities, and distribution activities. The classification of these activities is usually reflected in the form of division of departments or divisions in a manufacturing company (Pujawan, 2005).

Every business activity of a company has a risk. According to Walters, 2006 risk is a threat that might occur to disrupt normal activities or stop something that has been planned. Based on research by Hendricks and Singhal (2003) it is known that supply chain disruptions have a long-term negative impact on companies and many companies are unable to recover quickly from these negative impacts. Every business activity of a company has a risk. According to Walters, 2006 risk is a threat that might occur to disrupt normal activities or stop something that has been planned.

Ohayo Bakery is a manufacturer and distributor of industrial players with various bread filling products in Padang, West Sumatra. A preliminary study was carried out in September 2019 through interviews and direct observation with Ohayo Bakery's head of production, Mr. Joko Alfiandi, and obtained data on supply chain activity pathways which shows the supply chain flow of Ohayo Bakery there are three major parts of the supply chain flow, namely suppliers, manufacturers, and distribution dams.

Ohayo Bakery has six suppliers which supplies all the raw material for bread production. The suppliers are PT Theo Cemerlang which supplies plastics to package the bread, PT Sukanda Djaya (Diamond) which supplies milk, SSS grocery which supplies flour, Aroma Jaya grocery which supplies butter and chocolate meses, Abadi Baru grocery which supplies bread yeast and some bread stuffing variant, another supplier is Hafiz mini market which supplies sugar, salt, and eggs. All of Ohayo Bakery product distributed into throughout West Sumatra by canvasser and also by other retailer. The canvasser spread to all over West Sumatra.



Information:

- > = Materialflow
- ←—————> = Materialflow
- ←-----> = Information flow

Figure 1.1 Supply Chain Flow of Ohayo Bakery

Risks cannot be avoided but can be minimized or eliminated by taking appropriate risk management. Usually, one cause of risk can stimulate more than one risk event (Pujawan et al, 2009). Therefore this study aims to assess the risk that occurs in Ohayo Bakery supply chain flow based on traceability system information. To find out the processes related to traceability activities, first

design a business process which in this study uses the SCOR (Supply Chain Operation Reference) method. Whereas food supply risk assessment in obtaining risk level uses the FMEA (Failure Mode and Effects Analysis) technique. Efforts are made in knowing the risks that can be handled with a traceability system using the House of Risk (HOR) method by Pujawan, et al, (2009) which is the development of the Quality Function Deployment (QFD) method.

Based on the supply chain flow the results of a preliminary study conducted by researchers, several problems were found in the Ohayo Bakery supply chain flow. These problems have the potential to pose risks to supply chain activities.

1.2 Problem Formulation

The problem examined in this study is the need to identify the potential risks that arise in the Ohayo Bakery supply chain and the importance of determining preventive measures to reduce the risks that arise in the Ohayo Bakery supply chain.

1.3 Research Objectives

The objectives to be achieved in this study are:

1. Identifying risks in supply chain activities at Ohayo Bakery.
2. Evaluate potential risks in supply chain activities at Ohayo Bakery.
3. Determine preventive measures to reduce the possibility of potential risks arising from supply chain activities at Ohayo Bakery.



1.4 Research Scopes

Respondents in this research are the employees and the consumer of Ohayo Bakery.

1.5 Outline of Research

Outline of this final project are as follows:

CHAPTER I INTRODUCTION

This chapter contains the background of the study, problem formulation, research objectives, research scopes, and outline of the report.

CHAPTER II LITERATURE REVIEW

This chapter contains a literature review related to final project research. Theoretical foundation contains the theories and related tools used during the writing of the final project.

CHAPTER III METHODOLOGY

This chapter explains the steps to solve the problem of final project research. The steps are shown through the flowchart.

CHAPTER IV DATA COLLECTING AND CALCULATING

This chapter contains the data collecting, data processing, result and recommendation for improvement.

CHAPTER V ANALYSIS

This chapter contains an analysis of the results of data processing as well as an analysis of the preventive actions that have been determined. The analysis carried out is in the form of an in-depth explanation of the results that have been obtained.

CHAPTER VI CONCLUSION AND SUGGESTION

This chapter contains the conclusion of the research and the suggestion for further research.

