

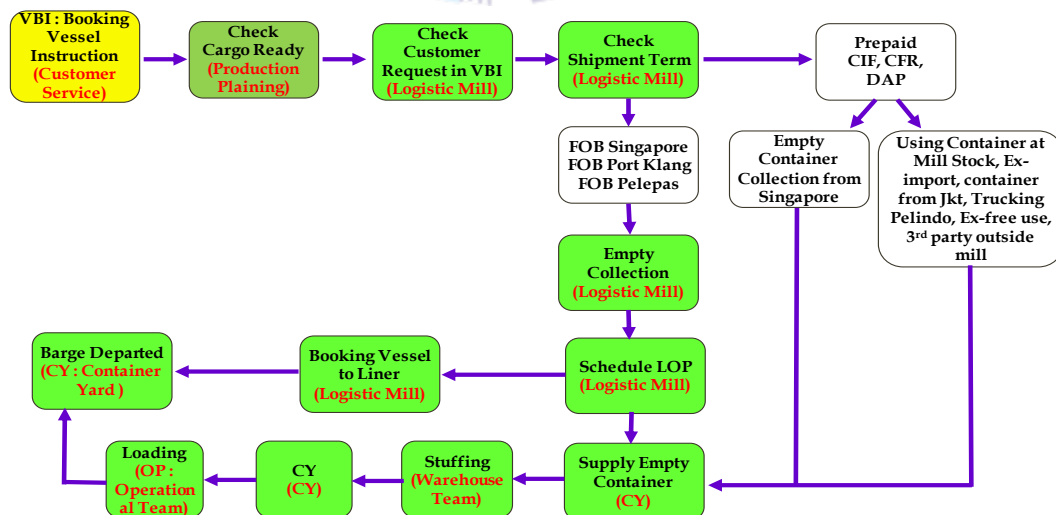
# CHAPTER I

## INTRODUCTION

### 1.1 Background

The development of the industrial sector in the current era of globalization continues to grow, both in the fields of science and technology. Certainly many aspects that have an important influence in determining the success and progress of the industry, One of these aspects is the Supply Chain Management aspect. Supply Chain Management (SCM) supports the fulfillment of consumer needs by manufacturing companies. Activities in the manufacturing industry include converting various raw materials and their supporting materials into finished goods and distributing them to consumers.

Supply chain management as described by Heizer and Render (2011) is an integrated series of activities from the process of procuring material goods and services and then turning them into semi-finished goods and finished goods, and distributing them to consumers. Supply chain management exists to integrate parts within logistics, so that they have the appropriate flow and structure with corporate management planning.



**Figure 1.1 logistics Process**  
*Source: PT. Indah Kiat Pulp & Paper Perawang*

Activities in supply chain management involves many parties who synergize and coordinate with each other. With a good cooperation between business actors in the supply chain, it will produce more optimal added value in the supply chain. The implementation of supply chain management in the business world will help business entities such as in terms of reducing raw material costs, inventory costs and distribution costs as well as encouraging efficiency in terms of production time to product delivery time.

PT. Indah Kiat Pulp & Paper is a manufacturing company engaged in the paper supply industry which was established in 1976 and is one of the largest companies in Indonesia. The scope of this company is in the fields of industry, trade, mining, and forestry. However, the main business activity of PT. Indah Kiat is engaged in the cultural paper, pulp and paper industry (Warman, 2019). Can be categorized for Supply Chain actors at PT. Indah Kiat Pulp & Paper is divided into 4 categories, namely raw materials, manufacturers, distributors and consumers (Sari and Nugraha, 2019).

Over time, competition in the business world is getting tougher, due to increasingly global and ever-changing market conditions. Manufacturing companies must have a strategy to maintain their existence in order to overcome the increasingly fierce level of competition as it is today. In meeting customer needs, companies are required to know what customers want, to fulfill the need for goods quickly, precisely, and efficiently which can be one of the key factors determining the company's success in running the company.

Paper is a daily need of society, one of its uses is in newspapers, magazines, packaging, printing paper, and others. This encourages PT. Indah Kiat Pulp & Paper participates in trying to meet the need for this paper together with other parties. In order for the purpose of meeting the need for this paper to be achieved, a structured and organized inventory planning and management is needed so that the inventory carried out can meet consumer needs.

PT. Indah Kiat Pulp & Paper is a company that has supply chain management which is an approach concept to find out the problem of fulfilling consumer demand. In the supply chain there is a regulatory system related to

product flow, financial flow, and information flow. The supply chain management system on paper is very important to know the distribution carried out by PT. Indah Kiat Pulp & Paper to the community so that it can meet the community's need for paper in Bengkalis.

Based on the above background, researchers are interested in conducting a research entitled “ANALYSIS OF SUPPLY CHAIN MANAGEMENT OF PAPER AT PT. INDAH KIAT PULP & PAPER PERAWANG”.

## **1.2 Formulation of the Problem**

Based on this background, the researcher formulates the problem to be studied is "How is supply chain management in the flow of paper products at PT. Indah Kiat Pulp & Paper Perawang".

## **1.3 Purpose of the Study**

Based on the formulation of this research problems, the objectives of this research are as follows:

1. To find out the Supply Chain of Paper at PT. Indah Kiat Pulp & Paper Perawang
2. To find out the obstacles during the supply chain process of paper at PT. Indah Kiat Pulp & Paper Perawang
3. To find out the solutions are taken in the event of supply chain obstacles at PT. Indah Kiat Pulp & Paper Perawang

## **1.4 Significance of the Study**

This proposal is expected to provide benefits for all parties involved and need it. The benefits that can be obtained are as follows:

1. The benefits for students are increasing the ability to apply the theory obtained during lectures and increasing insight in analyzing and solving problems before entering the world of work, especially in terms of Supply Chain Management.

2. The benefit for the company is that the company can use this research as input for the company regarding Supply Chain Management which can be used to improve the process of Supply Chain Management.
3. The benefit for universities is to strengthen the cooperative relationship between the company and the State Polytechnic of Bengkalis campus.

### **1.5 Scope and Limitation of the Problem**

Limitation of the problem is very necessary so that the discussion on research is focused and does not expand from the discussion, thus the author limits the scope and limitations of the problem in this thesis proposal, namely focusing research only on the flow of paper products at PT. Indah Kiat Pulp & Paper Perawang.

### **1.6 Writing System**

The systematics writing of this research refers to the Guidelines for Writing the Final Project as follows:

#### **CHAPTER 1 : INTRODUCTION**

Chapter 1 describes the background of the problem, problem formulation, research objectives, research benefits, research scope and problem boundaries and research systematics.

#### **CHAPTER 2 : LITERATURE REVIEW**

Chapter 2 explains the theory that generates ideas and underlies the chosen topic or thesis title, where the literature review contains previous research, theoretical foundations, and frameworks of thought.

#### **CHAPTER 3 : METHODOLOGY OF RESEARCH**

Chapter 3 will explain the research implementation plan starting from the location, time and object of research, types and sources of data, data analysis methods, types of research schedules and budgets.

#### **CHAPTER 4 : RESULT AND DISCUSSION**

In chapter 4 this will explain the results and discussion of the research.

#### **CHAPTER 5 : CONCLUSION AND SUGGESTION**

In chapter 5 this will explain the conclusions and suggestions of the research.

#### **REFERENCES**

#### **APPENDICES**

