

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role both economically and socially politically. Economically, small businesses provide goods and services for consumers with low to medium, purchasing power, and make a major contribution to the acquisition of foreign exchange. Micro, Small, and Medium Enterprises (MSMEs) need to have good management of every business activity they do, one of which is logistics management.

Logistics has a very important role in the continuity of company activities effectively and efficiently. Logistic activities affect the movement of goods and materials in company activities. Therefore, without the existence of logistics activities, the company will be hampered and result in a decrease in the company's production.

According to Bowersox in Susanto et al (2014) logistics is defined as a strategic management process for the transfer and storage of goods, spare parts, and finished goods from suppliers, between company facilities and by customers. According to Gitosudarmoin Firdaus (2018), logistics activities include location selection, placement of raw materials, spare parts for finished goods. Use of facilities available from the organization concerned. Preparation of transportation and means of transporting goods.

Bengkalis is one of the areas that have the most Micro, Small, and Medium Enterprises (MSMEs) in Riau Province. Many MSMEs in Riau do not yet understand what logistics is and how the logistics system works and how to manage the logistics as an important activity in running their business effectively and efficiently. In fact, as mentioned above, logistics is one of the important activities in the business that must be managed properly for the company's productivity and sustainability.

One of the MSMEs in Bengkalis that has been operating for a long time that is interesting to research about its logistics is the Barokah MSMEs located in Air Putih Village, Bengkalis Regency. This MSMEs Barokah uses the main raw material, namely sago. What they got was around Bengkalis Regency and Meranti Islands. The Micro, Small, and Medium Enterprises (MSMEs) owned by Mr. Rahmad were established 15 years ago in 2005. They produce several products such as sago noodles, sago crackers, sago flour, sago gobak, and sago rendang. The marketing of this processed sago product has spread widely in regencies/cities of Riau Province. The processed products from MSMEs Barokah have received permission from the Bengkalis Health Office in the form of P-IRT no 206140801031720.

MSME Barokah always finds it difficult to control the raw material logistics system in the manufacture of MSMEs Barokah products. They do not produce because they do not get raw materials to carry out the product production process at MSMEs Barokah.

From the explanation above, the authors are interested in conducting research with the title "*Analysis Logistic of Raw Material on Product Small Medium Enterprise (SME) BarokahBengkalis*"

## **1.2 Formulation Of The Problem**

Based on the background of the problem described, the writer can formulate the following problems:

1. How is the logistics of raw materials on product MSMEs BarokahBengkalis?
2. How is the financial flow of raw materials on product MSME BarokahBengkalis?
3. How is the information flow of raw materials on product MSME BarokahBengkalis?
4. How are the logistical constraints of raw materials in barokah MSME productsBengkalis?

5. How is the logistics solution for raw materials in barokah MSME productsBengkalis

### **1.3 Purpose Of The Study**

Based on the formulation of the problem above, it can be seen that the objectives of this study are as follows:

1. To find out the logistics of raw materials on product MSMEs BarokahBengkalis.
2. To find out the financial flow of raw materials on product MSME BarokahBengkalis.
3. To find out the information flow of raw materials on product MSME BarokahBengkalis.
4. To find out the logistical constraints of raw materials in barokah MSME productsBengkalis
5. To find out logistical solutions for raw materials in barokah MSME productsBengkalis

### **1.4 Significance Of The Study**

The research conducted will provide several benefits and uses, including:

1. For the company  
As input and material for consideration to improve the logistics of raw materials in MSMEs Barokahproducts so that they are more effective and efficient in the decision-making process in selecting raw materials.
2. For the community  
This research is expected to add insight and as a reference for the same research object regarding the logistics of raw materials in MSMEs Barokah products.
3. For researchers  
To gain knowledge for writers, especially regarding the logistics of raw materials in MSMEs Barokah products.

## **1.5 Scope And Limitation Of The Problem**

The problem boundary is the scope of a problem or an attempt to limit the scope of the problem that is too broad or wide so that the researcher focuses more on one object to do. This is done so that the discussion is not too broad on aspects that are much more relevant. So that in this study the authors member the limitations of the scope under study, namely:

1. This research was only conducted at MSMEs Barokah
2. This research focuses on the products of MSMEs Barokah, namely sago noodles, sago crackers, sago flour, sago gobak and sago rendang.

## **1.6 Writing System**

The systematic writing of the research carried out for the research of Logistic Analysis of Raw Materials on product MSME Barokah in Air Putih Village, Bengkalis Regency is as follows:

### **CHAPTER 1 : INTRODUCTION**

In this chapter, the researcher describes the background, problem formulation, research objectives, research benefits, scope and limitations of the problem, and research systematics.

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

This chapter describes previous research and the theoretical basis that will be used in the completion of research, both general and specific, consisting of advanced research and theoretical foundations.

### **CHAPTER 3 : METHOD AND ACCOMPLISHMENT PROCESS**

This chapter describes the research implementation method, which consists of the location, time and object of research, types and sources of data, data analysis methods, types of research, and research schedule and budget.

### **CHAPTER 4 : RESULTS AND DISCUSSION**

In this chapter, the author will describe the discussion of the results of the analysis of research that has been carried out by means of interviews, observations, and other sources.

## CHAPTER 5 : CONCLUSIONS AND SUGGESTIONS

In this chapter, there are conclusions and suggestions as to the final description of the report.

REFERENCES

APPENDICES

WRITER BIOGRAPHY

