

CHAPTER I

INTRODUCTION

1.1 Background

Oil is one of the world's most important raw materials. It has been the world's leading source of energy since the mid 1950's. The oil industry is one of the most important components of the world economy and has a significant impact on the development of other industries. This energy source is what fuels cars, provides electricity to heat homes and water, is used in modern medicine, processes extract the chemicals used for household cleaning products, and much more. The oil and gas industry play a critical role in driving the global economy. The products that this industry makes support many other vital industries like the automotive industry and manufacturing industry (Lisitsa et al., 2018).



Figure A.1: Public Fuel Filling Station in Air Putih Bengkulu
Source: Processed data 2022

Gas Station is a distributing institution built on a piece of land and has Gas Station facilities with designs, designs and technical specifications that have been approved by Pertamina. Gas Station are used to distribute and market fuel and or other products using the Pertamina trademark and can be used for NFR (Non Fuel Retail) business management. Pertamina markets retail fuel for the transportation sector, households and fishermen through Gas Station spread throughout Indonesia. For the retail fuel market, Pertamina Gas Station provide several types of fuel,

namely gasoline-engined fuel: Pertamina Racing, Pertamina Turbo, Pertamina, Peralite and Premium. And diesel-engined fuels: Pertamina Dex, Dexlite and Diesel. Diesel is a diesel fuel with a cetane number of 48 suitable for diesel-engined vehicles with old technology with a sulfur content of 2500 ppm. Generally, this vehicle is used for public transportation such as buses in the city. For private vehicles fueled by diesel, you can use Dexlite and Pertamina Dex products. (Pertamina,2022)

Diesel fuel is a brownish yellow petroleum used for diesel engines. All types of diesel engine vehicles will use diesel fuel. Diesel fuel is one of the sources of energy needed to meet the needs of life, both among industry and households.

Supply chain management is defined as the integration of activities along the supply chain linking customer orders, distributor orders, inventorial orders, manufacturer orders, supplier orders and ultimately related cash flows (Tien et al., 2019: 5).

Supply Chain Management is very necessary in an industry because it can help in further development techniques (Yuristia and Husnarti, 2019 in Jamaludin, 2022). Supply chain management is a technique for determining suppliers, planning or determining logistics and distributing supplies to end customers (Kasengkang et al., 2016 in Jamaludin, 2022). In determining the supplier one of the success factors for a corporate. Determination of suppliers that are fast and on target will provide a guarantee of speed in supplying the flow of goods and services that are specific to raw materials in regulating the continuity of the production process (Jannah et al., 2020 in Jamaludin, 2022). Determination of suppliers is a very urgent activity in the supply department to gain a competitive advantage (Widianto, 2012 in Jamaludin, 2022).

A belief that something is felt today, especially in the era of free trade in foreign countries, that competition is not just a product competing with another product or even a company competing with other companies, but rather a supply chain competing with other supply chains (Hayati, 2014 in Jamaludin, 2022). Because supplying consumers by sending the right commodities to the right target, at a minimum price and at the right time requires the right collaboration and

synchronization of all resources (both human resources, technology, production skills and others) in each segment in the supply chain to respond to consumer desires. Skilled supply chain and logistics management is something that is most urgent in the future and that's why the characters are forced to always have the ability in supply chain and logistics in the present and must master the trends in that field. Logistics companies in Indonesia are growing very fast, even though the world crisis that began in 1998 caused many business actors to stop production, resulting in a decline in supply including Delivery Orders (Manambing et al., 2014 in Jamaludin, 2022). However, logistics companies in Indonesia are still developing quite well. At a time when the country has not been able to avoid external threats to create a market, attention is paid to the world's logistics companies that continue to grow. The government is more aware of the crucial task of global logistics companies that can support the wave of cross-border trade.

Logistics management is the part of supply chain management that plans, implements and controls the efficient and effective flow and storage of the flow and storage of goods, services and related information between points of origin and points of consumption to meet customer requirements (García and Hernández, 2013 in the research of Bastuti et al., 2019: 3). Logistics management is an application of management principles in logistics activities as control, planning, and implementation of the effectiveness and efficiency of storage and flow of materials, finished goods, and information related to the business field. Logistics management and supply chain management are interconnected because in logistics there is planning and control of the flow of goods from factories or producers to consumers.

The industrial world realizes that logistics has a very important role in decisions regarding logistics and determining logistics distribution routes. The result of logistics management will get a number of goods or services at the right place and time on the target and the desired conditions by making a major contribution to the company (Ballou, 2004 in the research of Kurniawan et al., 2019). Logistic distribution is likened to a set of facilities, each of which consists of a production plant with a connected warehouse and a set of customers, with each factory with a known capacity and limited (Agung Chandra, 2012 in the research

of Kurniawan et al.,2019). Also said supply chain management is the management of activities procurement and services, transforming them into semi-finished goods and final products and deliver the product through the distribution system (Haizer and Rander 2006 in Kurniawan et al., 2019).

In Indonesia, supply chain management and logistics management play an important role such that marketing activities run smoothly and on time in accordance with the planning, implementation and control of the flow of goods from the factory or producer to the consumer. Supply chain play an important role in achieving its goals, namely achieving certain marketing targets. Marketing activities are very important such that goods or services companies can maintain business continuity because they are closely related to consumers. Along with the times, the need for consumers to use fuel and as a source of energy is so great in carrying out supply chain and logistic activities to meet consumer needs.

Currently, the main problem facing the oil industry is to minimize the cost of production and supply of finished products to consumers. Effective supply chain management can increase the efficiency and competitiveness of a petrochemical plant and its supply as a whole. In a supply chain, a company is linked to its upstream suppliers and downstream distributors as materials, information, and capital flow through the supply chain. The problem of supply chain management is very popular, essentially in oil industry, because despite the importance of supply chain management and its growing complexity, the oil industry is still in the development stage of efficiently managing their supply chains. (Lisitsa et al., 2018).

Based on the above background, research and analysis of supply chain management and logistics management were carried out. In this problem, the researcher is interested in submitting a research for the community in Bengkalis District, entitled **"SUPPLY CHAIN MANAGEMENT AND LOGISTICS MANAGEMENT OF DIESEL FUEL IN BENGKALIS DISTRICT"**

1.2 Formulation of the Problem

Based on the background that has been described, the problem is able to formulated as follows:

How is the supply chain management and logistics management of diesel fuel in Bengkalis District?

1.3 Purpose of the Study

The objectives to be achieved from the existing problems are:

1. To find out the supply chain management of diesel fuel in Bengkalis District.
2. To find out the logistics management of diesel fuel in Bengkalis District.

1.4 Significance of the Study

The benefits obtained from this research are:

1. For Researchers

The benefits obtained for researchers are that they can develop knowledge obtained from lectures as well as new knowledge that is not obtained from lectures.

2. For Students

The benefits for students are knowing the activity in supply chain management and logistics management of diesel fuel in Bengkalis District.

3. For Other Parties

The benefit for other parties is to provide more knowledge to other agencies as a result of the research conducted. And as a reference for further research.

1.5 Scope and Limitation of the Problem

In order to this research be able to carried out more effectively and efficiently, the researchers set a problem boundary related to "Supply Chain Management and Logistics Management of Diesel Fuel in Bengkalis District".

1.6 Writing System

The systematics of writing was carried out for research on supply chain management and logistics management of diesel fuel in Bengkalis district.

CHAPTER I : INTRODUCTION

This chapter explain the background of the problem, formulation of problem, purposes of study, significance of the study, scope limitations of the problem and writing a systematic undergraduate thesis.

CHAPTER II : LITERATURE REVIEW

This chapter explain the theories relevant to the main material and the undergraduate thesis, namely explaining supply chain management and logistics management of diesel fuel.

CHAPTER III : RESEARCH METHODOLOGY

This chapter explain the research methods that will be carried out by researchers in the development of information systems. The research methods chapter covers the selection of location and object, types and sources data, population and sample, sampling technique, data collection technique, data processing technique, research model, types of the study.

CHAPTER IV : RESULT AND DISCUSSION

This chapter consists of a description of the research results, analysis, and results and discussion of the research carried out.

CHAPTER V : CONCLUSIONS AND SUGGESTIONS

This chapter consists of conclusions and suggestions from all research that has been carried out.