

CHAPTER I

INTRODUCTION

1.1 Background

Indonesia, which stretches from Sabang to Merauke, has abundant natural resources, both marine and land-based. The resources on land are very abundant and consist of various types, ranging from minerals to plants and animals. One way to take advantage of existing resources is to process and increase the yield of plants that can thrive in all places. The gift that belongs to the land of Indonesia is not wasted by the people of Indonesia; the high number of Indonesian people who utilize natural resources in agriculture has made this country an agricultural country.

Agriculture is a type of production activity based on the growth processes of plants and animals. Agriculture in the narrow sense is called people's agriculture, while agriculture in the broad sense includes agriculture in the narrow sense, forestry, animal husbandry, and fisheries. Broadly speaking, the notion of agriculture can be summarized into production processes, farmers or entrepreneurs, land for business, and agricultural business (farm business).

Plantations have an important and strategic role in national development, especially in increasing the prosperity and welfare of the people, earning foreign exchange, providing employment, obtaining added value and competitiveness, meeting domestic consumption needs, providing industrial raw materials, and optimizing resource management. Nature in a sustainable manner. The focus on plantation development is intended to further accelerate the achievement of targets by increasing the role of plantation development, particularly in supporting foreign exchange earnings, employment, regional development, the supply of raw materials for domestic industries, and the provision of biofuels.

One of the plantation commodities that contributes significantly to agricultural development in Indonesia is coffee. Coffee is a mainstay product for Indonesian exports. The number of Indonesian coffee exports has fluctuated,

according to data obtained from the Indonesian Coffee Exporters Association (AEKI), but the difference in the amount of exports from year to year is not too large. Indonesia's coffee export volume averages around 350 thousand tons per year, including robusta coffee (85%) and 2ransfo coffee (15%). There are more than 50 destination countries for Indonesian coffee exports, with the USA, Japan, Germany, Italy, and England being the main destinations (AEKI 2020).

Table 1. 1 Area Development and Production of Mandailing Natal Coffee by Regency in 2019

No	Regency	Immature Plants	Immature Plants	Non-Producing Plants
1.	Pakantan	35,49	251,01	48,59
2.	Panyabungan	5,00	10,24	3,76
3.	East Panyabungan	260,10	545,81	95,54
4.	North Panyabungan	0,00	4,67	2,12
5.	South Panyabungan	0,79	49,99	33,55
6.	West Panyabungan	1,02	9,69	22,17
7.	Siabu	140,77	16,31	81,69
8.	Puncak Sorik Marapi	3,50	165,42	6,75

Source: Central Bureau of Statistics

Based on the data shown in the table above, we can conclude that if there are no serious problems related to farming activities, then every increase in planting area will be followed by an increase in production and productivity, especially in North Panyabungan. The decline in production is not only caused by climate change but also by a decrease in the area of coffee cultivation due to land conversion.

The product studied by this author, particularly in the city of Mandailing Natal, is one that manufactures and sells coffee products. These products require activities in the form of supply chain management that are applied to the flow of goods from upstream to downstream. The author intends to conduct research on how to implement supply chain management in the CV. Madina Kopi.

The product under study is coffee. CV. Madina Kopi has been running its business for a long time it is owned by Dedy Aswandi. The business is producing coffee and selling coffee products in the city of Mandailing Natal. CV. Madina Kopi, in its supply activities, is referred to as a producer. So, the company produces coffee in several villages, and one of them is Pagur Village, Kec. East

Panyabungan, Kab. Mandailing Natal, which has become one of the largest coffee producers in Mandailing Natal Regency.

In the activities of supplying goods in Madina Kopi in connection with suppliers, suppliers are providers of products for many needs, which are then resold to entrepreneurs or traders. The relationship with the supplier must be smooth in order for the supply of activities to be smooth. So, with a supplier, Mandailing Kopi gets various ingredients to make coffee.

According to Heizer et al. (2017), supply chain management is an integration process in the procurement of raw materials and services, which are then converted into semi-finished goods and final products that will be sent to final customers. Supply chain management is part of operations management. Supply chain management works to assist the operational activities of a company, especially in the flow of goods from upstream to downstream. The flow of these goods comes from the producer to the hands of the final consumer, who ultimately feels satisfied with the goods that have been obtained.

Based on the above background, researchers are interested in conducting research entitled **“Analysis of Coffee Supply Chain Management in CV. Madina Kopi.”**

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 Coffee at CV. Madina Kopi”.

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 application of supply chain management at CV. Madina Kopi.
2. To find out the factors that affect Supply Chains Management at CV. Madina Kopi.

3. To find out the obstacles which faced by CV Madina Kopi in implementing the supply chain process of coffee product of CV. Madina Kopi.
4. To find out the solution in accordance with the problems that occurred during the supply chain process of coffee product at CV. Madina Kopi.

1.4 Significant of the Study

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

1. For Companies (CV)

The benefit of this research for the company is that it is expected that the company can implement Supply Chain Management well, and it is useful for the development of the company in managing sales.

2. For Institutions

The benefit of this research for the Bengkalis State Polytechnic is that it is expected to be a reference and add to the literature collection of the Bengkalis State Polytechnic.

3. For Students

The benefits of this research for students are expected to be the development of knowledge in future research, as well as reference materials, especially in the field of management regarding supply chain management.

1.5 Scope and Limitation of the Problem

Limitation of the problem is very necessary so that the the discussion on research is focused and does not expand from the discussion, this the author limits the scope and limitations of the problem in this thesisl, namely focusing only on product flow in coffee production at CV. Madina Kopi.

1.6 Writing System

In order for the writing of this thesis to be systematic and well organized, it is necessary to write a systematic report. The following is a systematic thesis proposal writing, namely:

CHAPTER 1 : INTRODUCTION

Chapter 1 describe 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 contain previous research, theoretical foundations basis that will be used in completing the research.

CHAPTER 3 : RESEARCH METHODOLOGY

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 DISCUSS

Chapter 4 explain the results of the study, discuss the results of the research obtained and the limitations of the study.

CHAPTER 5 : CONCLUSION AND SUGGESTION

Chapter 5 the author will explain the conclusions and suggestions of the research conducted.