

# CHAPTER I

## INTRODUCTION

### 1.1 Background

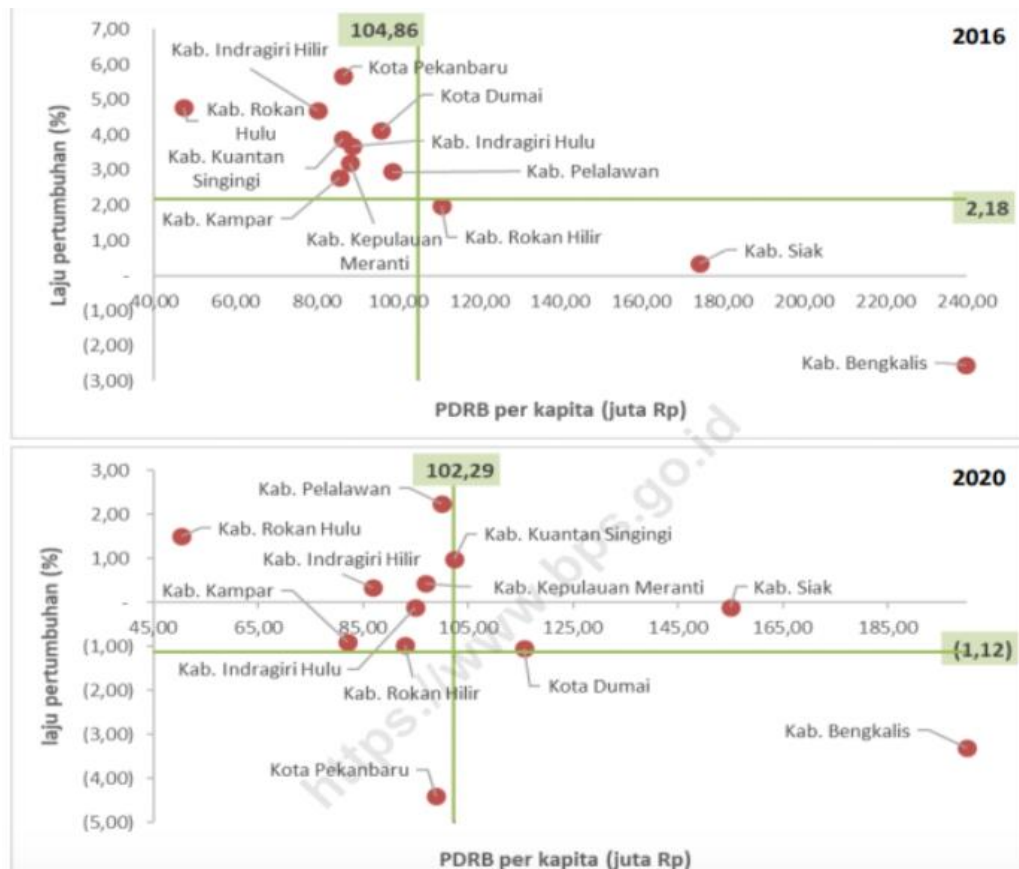
Today's business development is increasingly rapid and it affects the economic development of people around the world. With a business, it can create a lot of jobs and reduce unemployment in a region including Indonesia. However, in the current situation, there is a lot of competition between businesses, many companies are competing to gain market share and dominate the market, so that it triggers companies to continue to advance and innovate. In addition, a business should change its view from being product or service oriented, to a supplier oriented view. One strategy that a business can use is to build good relationships with suppliers.

A supplier is one of the most critical or important chains for the profit and survival of most companies. Suppliers are parties that supply raw materials to factories. When meeting the needs of factories, companies may have more than one supplier, which can lead to conflict, so companies must be selective in choosing suppliers and be able to work with them. Suppliers intensively support the company's operating processes, usually in the form of unfinished raw materials, so that the quality of the suppliers can be seen in the final product that the company will sell to customers. The price given by the supplier has an impact on production costs and will have an impact on the price that is given to the customer.

In 2016 and 2020, the economy of Riau Province is dominated by Bengkalis Regency, Pekanbaru City, Siak Regency, Kampar Regency, and Rokan Hilir Regency. In 2020, these five regencies and cities will contribute 61.44 percent to the total economy of Riau Province. The economic structure in Bengkalis Regency and Rokan Hilir Regency is more influenced by the mining and quarrying business field, especially oil and gas mining, while in Siak Regency the manufacturing industry business field dominates the economy, especially the food and beverage industry and the paper and paper goods industry. Meanwhile, the

business fields that have a major influence on Pekanbaru City are the construction business field and the wholesale and retail trade business field.

Position of Regencies and Cities in Riau Province According to GRDP Per Capita and Growth Rate, 2016 and 2020.



**Figure 1.1 GRDP in Riau Province**  
 Source: <https://www.beritadaerah.co.id>

Based on the results of the Klassen typology analysis, none of the regencies or cities in Riau Province belong to the regional group with a growth rate and GRDP per capita above Riau Province in 2016. Meanwhile, in 2020, there will be 2 regencies or cities that belong to these groups, namely Siak Regency and Dumai City. Even though they experienced a growth contraction in 2020 due to the COVID-19 pandemic, the two regions still recorded higher economic growth rates than Riau Province because they were still helped by increased agricultural and processing industry activities. On the other hand, the city of Pekanbaru

experienced a shift to the low growth group due to the implementation of the Large Scale Social Restrictions policy, which caused a decrease in transportation activities, especially sea and air transport. So it is possible that with so many economic activities in the province of Riau, there are still many entrepreneurs who do not maintain good relations with suppliers so that it has an impact on the development and continuity of their business.

According to Fauzi, a supplier is a company or individual that provides the resources needed by the company and its competitors to produce certain goods and services in support of the success of a business. Suppliers are one of the main elements in a modern marketing system. Suppliers form an important relationship in the company's overall value delivery system. The existence of suppliers is one of the keys to the sustainability of a business if you want to increase the value of the business.

According to Whitehead (2001) in Lukito and Ellitan (2021), Explains how cooperation is a precursor to long-term relationship values and how cooperation can arise from both parties' temporary interests without having to start with trust and commitment. Long-lasting relationships will be more valuable if the parties involved try to maintain each other. The formation of good relationships with suppliers will build a business's competitive advantage. A good form of cooperation will be beneficial for both parties, and it will greatly affect the development of the business going forward.

Lings (2000) in Lukito, and Ellitan (2021). Explains that humans are social creatures who need other individuals, members of other groups, associations, or institutions. So, the nature of mutual cooperation is a human need as a social being, where no one can avoid "needing the other party." Good cooperation between two or more entities (people or organizations) will achieve one or more common goals.

A large company requires a strong distribution network, as do small and medium-sized companies. The company needs a strong distribution network throughout Indonesia. To succeed in achieving a goal, companies need a

distribution strategy to increase sales and the number of customers needed to support sustainable business growth.

According to Harland and Knight (2000) in Lukito and Ellitan (2021). Define the role of the supplier network for the company as a medium where the company will be able to play a more active and optimal role in the management and operation of the supplier network, which includes product design, production, suppliers, marketing, and distribution. All these elements are then coordinated and adapted to environmental and market conditions.

Based on the background above, it is important to know how important it is to maintain good relations with suppliers by proposing a project for students, young entrepreneurs, and the people of Bengkalis entitled “**Seminar on the Importance of Good Relationship with Suppliers for Business Development and Continuity (Case Study on Promotion)**”.

## **1.2 Identification of the Project**

Based on the explanation of the background above, the identification of project problems to be discussed by the author is as follows: “Seminar on the Importance of Good Relationship with Suppliers for Business Development and Continuity (Case Study on Promotion).”

## **1.3 Purpose of the Project**

### **1.3.1 General Purpose of the Project**

The general objective of the project to be achieved in this final project is to conduct or organize a seminar on the importance of good relations with suppliers for business development and continuity.

### **1.3.2 Project Specific Purpose**

The specific project objectives that are expected to be achieved in writing this final project are as follows:

1. To find and determine the criteria for sponsors and donors at seminars on the importance of good relations with suppliers for business development and continuity.

2. To make promotion tools such as brochures, advertisements, banners and others.
3. To find out the planning and realization of the budget for promotion costs at seminars on the importance of good relations with suppliers for business development and continuity
4. To find out the obstacles that occur when promoting seminars on the importance of good relations with suppliers for business development and continuity.
5. To find solutions to the obstacles faced
6. Evaluate seminar activities on the importance of good relations with suppliers for business development and continuity through feedback from participants.

#### **1.4 Significance of the Project**

This project is expected to be useful for interested parties or related parties where the benefits of this project are:

1. For Author

This thesis can be used as additional experience, insight and as a guide in completing the Final Project which is one of the requirements for completing an Applied Bachelor degree in the Department of International Business Administration. To find out and solve problems related to the author's project. Useful as a way to apply the knowledge that has been obtained.

2. For Students

This thesis can be used as a form of increasing student creativity in the business world. By knowing more deeply the importance of good relationships with suppliers for business development and continuity and making students one of the goals of the project so it is easy to understand and apply the knowledge that will be obtained.

3. For Other Parties

This thesis is expected to provide more knowledge to the public and other institutions. This project can also be used as the output of the project to be

implemented and as a reference for other research that will raise the same problem but with a different point of view.

### **1.5 Time and Place of Project Implementation**

Project Implementation The Seminar on the Importance of Good Relationship with Suppliers for Business Development and Continuity was held at the Bengkalis State Polytechnic Campus on October 15, 2022 in the third floor of the ADM Building.

### **1.6 Writing System**

The systematic writing for the project “Seminar on the importance of good relations with suppliers for business development and continuity is as follows:

#### **CHAPTER I : INTRODUCTION**

In this chapter, the author explains the background of the ation of the project, the objectives and benefits of the project, the time and place of the project, and the systematics of writing project reports in the thesis.

#### **CHAPTER II : LITERATUR REVIEW**

In this chapter, the author describes theories that are ain material in the Final Project, namely explaining the seminar on the importance of good relationships with suppliers.

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

In this chapter, the author will describe the plan with a project implementation diagram, then proceed with the implementation plan and implementation process, implementation plan, and project implementation report. Then proceed with the schedule and estimated costs incurred during the project period, to the estimated cost of the thesis.

#### **CHAPTER IV : RESULT AND DISCUSSION**

In this chapter, the author will describe the profile of project activities and reports on the implementation of project

activities which include project preparation, project implementation, project completion, project reporting and financial reports of project activity implementation.

#### **CHAPTER V : CONCLUTION AND SUGESTION**

This chapter contains a summary of the results of writing in the previous chapters which are included in the conclusions and suggestions for improvement at the author's place.

#### **REFERENCES**

#### **APPENDICES**

#### **WRITER BIOGRAPHY**