ANALISA MANAJEMEN LOGISTIK PADA USAHA KECIL MENENGAH DI MANADO

ANALYSING LOGISTIC MANAGEMENT OF CULINARY SMALL AND MEDIUM ENTERPRISES IN MANADO

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Abstract: Small and Medium Enterprises have significant roles in developing Indonesia’s economy. That is why developing SMEs is crucial to do and developing the whole power of SMEs should start from every single SME in Manado including empowering the core business process of SMEs including in culinary SMEs. In culinary SMEs, providing the food is the most critical aspect to do. This is where the logistic management became crucial as a business activity that supports the Production and Operation Management. Logistic Management key activities considered as the indicators in determining the current logistic management performance and strategies applied by the culinary SMEs to reach the satisfying level of logistic management performance which are the purpose of this research. Using Qualitative research methodology, nine culinary SMEs owner represented each of nine districts in Manado were being interviewed and the result showed that the logistic management performance of culinary SMEs in Manado is in proper condition and the culinary SMEs in Manado also have particular strategies that applied to their businesses and there are total of 10 logistic management strategies that generated from this research.

Keywords: logistic management, small and medium enterprises.
INTRODUCTION

Research Background

Indonesia is a developing country which has many sectors to develop and one of those is economic sector. Talking about economic sector in Indonesia, one sector that absolutely attached and has big efforts in Indonesia’s economy is SMEs or Small Medium Enterprises (Tambunan, 2005) in journal of Agusetyaningrum, Mawardi dan Pangestuti (2016) SME is the prior key to the development of a country. From the data served by Department of Cooperation and SMEs in 2016 retrieved from Cnnindonesia.com, SMEs have important roles in national economic structure which held 99,9% contribution from the total business unit and held 97,2% contribution in absorbing the workforce in Indonesia, SMEs also contributed 60,3% in the GDP not only the contribution of SMEs that are important but also the fact that in Indonesia the total unit of SMEs are rapidly growing in early 2016 data showed by the Central Bank of Indonesia there are total of 56.539.560 units of business in Indonesia are SMEs. These reasons concluded SMEs position in this country as vital including in Manado which Trading and Services Sector hold the biggest part. SMEs in Manado role an important part as economic motorcycle for the development of the city and data showed that SMEs are rapidly growing based on the total of units, in 2016 the total units of SMEs in Manado are 16.689 (Sixteen thousand, six hundred and eighty nine).

Culinary business sector might not be the biggest sector of SMEs in Manado, but the government tend to pay serious attention towards this sector shown by how the government and Lion Group develop the Windows of Indonesia as Kawasan Wisata UKM. The citizen of Manado showed similar tendency regarding with their attraction towards the culinary business, showed by how the culinary businesses in Manado rapidly growing day by day and Manado known as the city of culinary. Although SMEs hold important roles in Manado and the government have conducted policies and regulations to develop the SMEs including in culinary sector, there are still many issues that issuing the SMEs in Manado like limited human resources, technological issues, financial problems, till unclear business prospect and objectives.

In culinary SMEs, providing the food is the most critical aspect to do. This is where the logistic management became crucial as a business activity that supports the Production and Operation Management. The logistic management becomes connector of every part of the business, from the procurement of goods and services until connecting the enterprise with its supplier to the consumer and inside the logistic management all of the business activities happened. All the activities inside the logistic management must be done properly in order to maximize the function of logistic management, since the function of logistic management not only ensuring the logistic activities done properly but also ensuring that all the logistic functions are integrated with other functions in a business, like the marketing, human resources, financial, sales manufacturing, information technology. Overall, in order to minimize the issues appear in business activities and developing the business, maximizing the logistic management performance is critical to SMEs especially in culinary sector, because we realized that in culinary sector the important of products (foods and beverages) or services quality are the main priority and this is why if the logistic of the product and material flow failed, it might impact the whole business of the SMEs in culinary sector.

Therefore, logistic management has proven to become the critical aspect in maintaining the SMEs development which led to an understanding that by noticing the logistic management in business process in this case Small Medium Enterprises also important to elevate the economic growth and this becomes the foundation of establishing the title of this journal which is “Analysing Logistic Management Of Culinary Small And Medium Enterprises in Manado”.

Research Objectives

There are objectives that purposed to achieve by doing this research, which are:
1. To find out about the current Logistic Management Performance of culinary Small and Medium Enterprises in Manado.
2. To explain the strategies of culinary Small and Medium Enterprises in Manado in order to reach satisfying level of Logistic Management Performance
THEORETICAL FRAMEWORK

Logistics Management

Logistic is a continuously developing science. The Council of Logistics Management defines logistics as the process of planning, implementing, and storage of raw materials, in-process inventory, finished goods and related information from point of origin to point of consumption for the purpose of confirming the customer requirements. Bowersox, Vloss and Cooper (2013:37) define that Logistic Management consists of five key activities as follows:

a. Facility Network Design: Plant, warehouse, depot location, cross-dock operations, and retail stores. The facility network creates a structure from which logistical operations are performed, it is also specify the work tasks related to processing customer orders, warehousing inventory, and materials handling.

b. Inventory Management: Procurement and storage of raw material, components, work-in-progress, and finished goods. The objective in inventory strategy is to achieve desired customer service with the minimum inventory commitment.

c. Order Processing: Information management and exchange, communication, data transmission, and data processing, import/export documentations. In most supply chains, customer requirements are transmitted in the form of orders and the processing of these orders involves all aspects of managing customer requirements from initial order receipt, delivery, invoicing and collection.

d. Warehousing, Material Handling and Packaging: storage, cargo handling equipment, loading and unloading, containerization. Also include break-bulking, repackaging and quality inspection. This functionality of logistics also represent and integral part of a logistics operating solution.

e. Transportation: Physical movements of inventory from one place to another uses various type of carriers, cost of delivery. Three factors are fundamental to transportation performance:

1. Cost. The cost of transport is the payment for shipment between two geographical locations and the expenses related to maintaining in-transit inventory.

2. Speed. Speed of transportation is the time required to complete a specific movement.

3. Consistency. Consistency of transportation refers to variations in time required to perform a specific movement for over a number of shipments. Consistency reflects the dependability of transportation.

Small and Medium Enterprises

There are several definitions of small and medium enterprises (SMEs) which commonly used in Indonesia prior to the enactment of Law no. 20 of 2008. While the Ministry of Cooperatives, Small and Medium Business Enterprises, defines an SME based merely on annual sales, the Central Statistics Agency uses number of employees as the main criterion to define an SME. The Central Bank employs different criteria to define SMEs, which include not only the value of assets and annual sales, but also the amount of loan funding they have received. The 1995 Small Enterprise Act No. 9 is due to be amended in 2008 as the “Micro, Small and Medium Enterprise Act” The proposed definitions under this revision as of February 2008 were as follows:

1. A micro enterprise is based in a traditional industry and is managed privately, and has net assets of no more than 50 million rupiah (not including land or buildings) and annual sales of no more than 300 million rupiah.

2. Small enterprises are managed privately or by a corporate entity, but are independent from and are not the subsidiary or branch office of a medium or large enterprise. They have net assets of at least 50 million rupiah, and no more than 500 million rupiah (not including land or buildings), and they have annual sales of between 300 million and 2.5 billion rupiah.

3. Medium enterprises have net assets of between 500 million and 10 billion rupiah (not including land or buildings), and have annual sales of between 2.5 billion and 50 billion rupiah. Note that the net asset and annual sales figures defined herein are subject to change according to conditions by directive from the President.

Previous Research

Seung (2011) has conducted a research about Supply Management in Small and Medium-Sized Enterprises Role of SME Size and the result showed that there are different results between the Small and Medium-Sized Enterprises regarding with the purchase development and performance. This study had correlation in current research to strengthen the background which is the logistic management not only important to big industry but also important to SMEs, and also became benchmark in analyzing the result of
current research. Abdullah, Yaakub and Subhan (2016) used qualitative method and conducted a study about Logistics and Supply Chain Related Issues Faced by Malaysian SMEs: A Case Study and the result showed that the most common issues identified are customer service issues and inventory management issues. There are theories and findings in this study, that have correlation to help current research to explain more about logistic management especially variables of logistic management activities that becoming reference for questions to the informants, and this is also conducting the same method with the current research which is qualitative method. Pattanawasanporn (2014) conducted the research in Thailand with the title Logistic and Supply Chain Management Approach to SMEs in Noodle Factory Industry – Lean and Six Sigma Tool, the researcher found out that Logistic and Supply Chain Management are very important in business process especially in noodle factory, the good logistic and Supply Chain Management massively became a key to compete in the market since it affect all the business and manufacturing process for SMEs in Thailand and the overall process turned out to affecting the customers through the quality of the services that can be controlled and improve by improving the logistic and supply chain management. Six Sigma Method can apply thought the organization for solving problem and decrease defect and control of variation, Lean Method can identify problem and current state process, eliminate delay, and reduce waste such as reduce defect and reduce of deviation.

RESEARCH METHOD

Type of Research
This research used qualitative research methodology According to Punch (1998:4) Qualitative Research is empirical research where the data are not in the form of numbers. The type of this research is descriptive According to Burns and Grove (2003:201), descriptive research is designed to provide a picture of a situation as it naturally happens.

Place and Time of Research
The place chosen as research location are the SMEs in Culinary Sector that spread in Manado City, while the interviews were conducted in different places according to the informant’s places. The time of the research were conducted during April 2017.

Research Procedure
The procedure of this research in order to analyze the logistic management of culinary SMEs in Manado are as follows:
1. Explore the theory about logistic management.
2. Do the observation towards the culinary SMEs in Manado.
3. Arranging the questions for the interviewing process.
4. Execute the interview.
5. Analyzing and comparing the result.
6. Presenting the result.

Population and Sample
Sekaran and Bougie (2010:37) define Population is the entire group of people, events, or things which a researcher desire to research. While Sugiyono (2007:285) stated that in qualitative research does not use form population instead using term “social situation” which consist of three elements: place, actors and activity. The social situation in this research is all elements related to logistic management of Culinary Small and Medium Enterprises in Manado especially the places, actors, and activities. Sample in qualitative research is not called as respondent but instead a source, participant or informant (Sugiyono, 2007:390-391). And the sampling size are the 9 culinary SMEs represented each of nice districts of Manado.

Data Collection Method
Data collection method that used in this research are primary data and secondary data. The primary data are taken from unstructured one-to-one interview with the informants and the secondary data taken from books, journal, and relevant literature from library and internet to gain more of supportive information regarding with this research.

Data Analysis Method
According to Bogdan and Biklen (1982:145) Data analysis is the process of systematically searching and arranging the interview transcripts, fieldnotes, and other material that you accumulate to increase your own understanding of them and to enable you to present what you have discovered to others.

RESULT AND DISCUSSION

Result
The researcher has interviewed the nine culinary SMEs owner that represented each of nine districts of Manado, to analyse the current logistic management performance of the Culinary SMEs and the strategies conducted by the SMEs to maximize their logistic management performance.

Informant 1
The first informant is the owner of Warung Suroboyo. He hold the opinion that the speed and consistency in procuring their product is as crucial as others because if there is any delayed or shortage in procuring their raw materials it might impact to their whole business. They trigger to always ensure that their suppliers are reliable to minimize the issues that might appear as the effect of unreliable supplier. Always sprier in facing issues that appeared in inventory management become their effective way in keeping up their logistic management performance, even though it might cost higher in the transportation aspect but that worth their income. Assure that they had reliable supplier also became their strategy in ensuring their business succeed.

Informant 2
The second informant is Mrs. Syultje Karaseran. Mrs. Syultje said that the speed and consistency in procuring their product is crucial but does not really impact their whole business, this happened because their target market is all people in Manado which although they late opening the restaurant the customer will still wait for their favorite food because the length time of the operational for this restaurant is quite long-time every day, they only ensure that every supplier of raw materials, beverages and even other small parts of product is controllable so if there are problems with one supplier, they quickly had to substitute with other supplier. Another important factors for them also the process of ordering regarding with their customer, they teach their employee to thoroughly note and check the order. To avoid mistaken regarding with customer’s order, they realized that making notes is important to their business and also show customer that their restaurant is trustworthy. Running their business for almost 12 years, every activities happened inside the business have met their standard of doing business.

Informant 3
The third informant is the owner of RM. Padang Duo Sakato, Mr. Khairul. From what the owner said, the everyday cycle of logistic always the same because their product always sold out in the evening. So, based on the answers their inventory management is as good as what they expect. The transportation and order processing inside their restaurant also went well, they said that arranged and noted their availability of stock, until the income are the best way to avoid misunderstanding in exchanging information between workers in this case each of their family members are the workers, and in order to exchange the information between them and their customers the strategy is they had to be polite in serving their customer. Regarding to the transportation aspect, Mr. Khairul said that they had to be consistent in procuring their raw materials, everything must be on time from the purchasing of raw materials until opening their restaurant, because if they open their restaurant overdue they might lose their customer since their market are the office’s employee. So overall, their logistic management performance is categorized in satisfying level according to what the owner has elaborated.

Informant 4
The fourth informant is Mrs. Erni Hamzah owner of Coto Makassar restaurant in district Malalayang. Mrs. Erni realized the importance of procuring their raw material consistently to their business also the main key in this business, they always ensure to procure beef’s stock every morning for one day requirement. The main problem occured in this restaurant came from this aspect, they do not have any back-up suppliers or substitute that can supply their needs in particular situation where their stocks are shortaged while the demand or orders from customer still high (commonly happened regarding with the stock of beef) this incident happened because the availability of beef in traditional market is limited and they sometimes end up with closing their

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restaurant earlier than estimated opening time because they could not re-supplied the requirement of beef. They noted and recorded every kind of information regarding with their stock of raw materials and the condition of their equipment. Their main strategy in maintaining their restaurant is the original taste of Coto Makassar to cover all of their weakness in procuring the raw materials.

Informant 5
The fifth informant is the man that own RM. Mas Topan which is located in district Wanea, they sell national food and has established their business for at least 7 years. Mr. Galih realized that the importance of good transportation’s cycle must be noted in every culinary business, because if the consistency of procuring the raw material reduces it might impact to their whole business and even to their income. Mr. Galih also said that inside their restaurant in order to coordinate all the information regarding with the data of stock, he had another trick or strategy which is giving the employee different duties regarding to procuring stock of raw materials. This restaurant do not rely on making notes in recording the stocks, they do not make any specific notes as their financial record and this is what they had been applied for the 7 years of their business.

Informant 6
The sixth informant is one of the famous restaurant located in district Mapanget. Mie Ba Kilper Tante Eny, named according to the owner’s name. Tante Eny, stated that having supplier makes the procurement of the raw material faster but influence the cost of procurement, but she said that it did not influence whole business because the cost for delivery is not too expensive. As long as they can serve the customer well and did not disappoint them all is well. In ensuring their information exchange inside their business happen properly, Tante Eny always makes notes regarding with their stock, what to buy and what is still enough for their restaurant. Not only ordering from supplier that has its own note but to make sure they input the right order from customer, they also provide notes to record customer’s order and make sure that their employee noted the order well to avoid mistakes in serving order. Based on this, Mie Ba Kilper’s activities in logistic management is overall running properly according to what the owner has expected.

Informant 7
The seventh informant is also own a famous pork dish restaurant located in district Paal Dua, people who loved pork meat certainly knew this hidden restaurant. Tante Embo realized that in procuring her food she had to be consistent with the time especially in the morning at breakfast time. She always makes sure that her food is ready before 09.00 am in the morning to fulfill her customer’s needs. And this indicator is proven to influence the whole business if ignored by her. She did not mention any specific strategy in her order processing. She always ensure that Tante Embo herself note everything regarding with the needs to supply and make sure every order from customer is serve correctly to always please the customer.

Informant 8
The eighth informant is a married couple that run a meatball’s restaurant in district Singkil, and their restaurant is located at Jl. Wonasa. Ci Susan explained about the process of procuring all the components and raw materials inside their business she did not need to prioritize the speed in procuring the raw materials, she thought that as long as the raw materials supplied everyday all will be fine. She also claimed that the indicators in order processing are also important to her business, although that will not impact significantly to the whole business but still the defect cannot be ignored. She herself ensures that every kind of information regarding with their stock are controlled and known by her to avoid problems or mistakes resulted by negligence of her and her husband as the owner. They also claimed that in order to avoid mistakes in customer’s order they always ensure that their employee accurately note customer’s order.

Informant 9
The last informant came from one of the famous grilled fish restaurant that located in Karang Ria in district Tuminting. He explained that procuring fresh fish every day is quite difficult and if there are issues regarding with the procurement of fish that will definitely influence the whole business. Another important aspect in their logistic activities is also the order processing, they explained that every indicators are important to them started from their information exchanging management between the owner and his wife to the supplier and also between the employee. Another important activity that they claimed to have is regarding with the
supply’s transportation, the cost he spent in transportation of raw materials procurement do not influence their business at all and the main problem that might influence the whole business is the consistency of his supplier in procuring the raw materials. To avoid the issues Ko Pao stated that he had to order in a large number of fish supply to assure that their order give their suppliers more benefits than other restaurants, it does not matter the cost because as long as their fish stock is available they assure that the income will be equitable.

Discussion

Logistic Management Performance of Culinary SMEs in Manado

Gulenc and Karagoz (2008) defined the general description of logistic is in 7R’s which the ability to deliver the Right products to the Right customer in the Right quantity, in the Right condition, at the Right place and the Right time, at the Right cost. This becoming the standard in analyzing the logistic management performance of the nine culinary SMEs in Manado and based on interview that had been conducted. The most important key of logistic management activities of a restaurant is the inventory management which stated by Informant 1. Ensure the procurement of raw materials are enough for daily requirement becoming a prior to them, all because if any failure occurs in this activities might become failure in actualizing the purpose of logistic management according to the definition above in the previous chapter which define the purpose of logistic management is to fulfill the customer’s requirement. The answers that stated by Informant 1 shows the similarity with the previous research on the theoretical framework by Abdullah, Yaakub and Subhan (2016) the result from this research stated that the main problem that occurred in SMEs logistical activities are came from customer’s service and inventory management, the customer’s service that we discussed here aimed to the terms of customer’s requirement as the demand to their product/services. This statement not only elaborated by Informant 1 but also elaborated by Informant 2, and Informant 8.

The importance of managing the inventory management approved to become one crucial thing in doing business by the three culinary SMEs which are Informant 1, Informant 2 and Informant 8. Different opinion regarding with the logistic performance is elaborated by Informant 3. Transportation aspect which is consistency and speed are the most crucial to the culinary SMEs owner which is Informant 3, this situation appeared because the target market of Informant 3 are the employee around their restaurant which have fixed work-hour every day from Monday to Friday and if they failed in consistency and speed in procuring their material they might loss the customer, the same opinion also declared by Informant 6 and Informant 7. What differentiate them from Informant 3 is only on the matter of reason, to make sure the restaurant consistency and speed in procuring their raw material from supplier early in the morning also considered important by Informant 6 and 7 all because the product that they provide categorized as breakfast food for Manado Citizen and if the food or product providing time delayed the customer might end-up leaving the restaurant and Informant 6 and 7 tried hard to handle this issue. This made the Bowersox, Vloss and Cooper (2013:37) theory above regarding with the transportation also approved to become crucial in the practice and reality of logistic management activity of culinary SMEs in Manado.

The important aspect of activites in logistic management that prominent from the next business is how they maintain the component of their cooking process or the equipment which occurred to the business owned by Informant 4 and Informant 7. Running the Coto restaurant always deal with the risk that related to the component in providing food. The component must be observed all the time to avoid defect in providing the food. The fact that occurred with Informant 4 and Informant 7 also proved that the key activities that Bowersox et al. (2013:37) stated in the previous research is supposed to be implemented properly to pursue the maximal performance in logistic management. Pattanawasanporn (2014)’s theory that elaborated in the previous research which is about the storage of raw material that becoming the important key in logistic management also proved by what Informant 3 and Informant 9 have been stated, storing the raw material is crucial in the business because if not properly applied the impact will be significant to their business according to Informant 3, the same argument regarding with how crucial storing is in the business also stated by Informant 9, differentiate storages for different raw materials to make sure the quality of their product is well maintained are applied by Informant 9.

The theory about order processing as key activities in logistic management by Bowersox et al. (2013:37) also implemented in every culinary SMEs that have been interviewed, especially to Informant 9 and Informant 5 with different kind of implemented strategies. Ensure to note their order from customer and all the notes regarding with their stock are well controlled by Informant 9 all because failing in recording the logistic process, might resulted in failing to provide customer’s need and if happened often, the whole business will be
impacted. Different way of controlling the order processing conducted by Informant 5, using the employee’s skill to conducting the order processing activities and gave each of the employee responsibility to take care of the stock become the strategy of Informant 5. The Journal in the previous research from Abdullah et al. (2016) which stated the inventory management issues is one of the common most issues appeared in the research, similar situation also appeared in the logistic activities of Informant 4. Common issues that often issuing the next culinary SMEs came from the supplier that seems to cannot properly provide their requirement of the daily raw material while the demand of the product is high, like what appeared to Informant 4.

The result of conducting the interview with the nine culinary SMEs owners have showed the logistic process from the procurement of the raw materials regarding with the transportation and inventory until the exchanging information and communication process that becoming the key activities (Bowersox et al., 2013:37) indicators in current research that validated in their restaurants have met their point of satisfying level.

Culinary Small and Medium Enterprises Strategies to Reach Satisfying Level of Logistic Management Performance

There are three logistic management keys activities according to Bowersox et al. (2013:37) that becoming the indicators in evaluating the logistic management performance of culinary SMEs in Manado which are the Inventory Management, Order Processing and the Transportation. The result from the nine SMEs generated 10 strategies to reach the satisfying level of logistic management performance as follows:

1. Cooperate with more than one supplier.
2. Control and monitoring the supplier (including remind the supplier through calls or texts)
3. Be consistent in supplying raw material (regarding with the quality of product and time needed to prepare the product)
4. Daily supply to minimize spaces in storage and to avoid exceeded stock of raw material
5. Differentiate the raw material storing (to avoid damaged in stock of raw material; rotten)
6. Keep the equipment clean and in good condition
7. Thoroughly noted the orders from customers (to avoid mistakes in serving food and as the sale’s record)
8. Accurately note the stock of raw material (in and out stock)
9. Divide the employee’s responsibilities into: raw material procurement, maintaining the components or equipment.
10. Owner had to accurately control the process of logistics (including with the goods and services and also with the employee).

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the result and discussion that has been elaborated in the previous chapter, there are several things can be concluded regarding with the logistic management of the SMEs in Manado:

1. Reviewing the Current Logistic Management Performance of Small and Medium Enterprises in Manado that represented by the nine culinary SMEs from each districts that previously has been observed using interviewing method, showing that culinary SMEs logistic management performance on present day are in the satisfying level.
2. The Strategies that used to reach the Logistic Management Performance derived from the three indicators of logistic management key activities which anytime issues came up and interrupt the activities of logistic management, the culinary SMEs always learn from their mistakes and level up their logistic management performance.

Recommendation

1. For the culinary SMEs and upcoming SMEs that interested in opening a new culinary business, it is crucial for the owner to understand about the logistic management. Knowing the aspects and key activities in logistic management help culinary SMEs to become professional in procurement of the raw material until professional in controlling and calculating the whole business performance. The findings also crucial if the SMEs want to prosper by minimizing their inventory while maximizing the customer’s demand that showed by the few strategies in the previous chapter.
2. For the government, it is also crucial for the government to develop and support the culinary SMEs by help them in finding the channels of suppliers that related with their restaurant or business. The government also hopefully can help provide the needs of raw materials in certain situations where the price of raw material suddenly increase or the stock of the raw material become scarce due to particular reasons.

3. For the university, current research hopefully can give the students, lecturers and other parties in university knowledge and additional information regarding with the logistic management of the culinary SMEs and also to enhance the theories about logistic management and its aspects.

4. For the future researcher, this research hopefully will help them in doing their research using the findings regarding with the topic, and even help them as guidance in selecting their method of research.

REFERENCES


