

CHAPTER 1

INTRODUCTION

1.1 General Profile Of Cigondewah MSME(Micro, Small and Medium Enterprises)

Based on the previous article, Cigondewah is a textile industry area that developed in the early 1990s in the southern Bandung region, originating from residential areas and over time it developed into an industrial area until now one of the large textile industry areas and is considered Bandung city government (www.bedanews.com, 2013).

Until now, Cigondewah has been widely known by the people of Bandung, domestic tourists to foreign tourists as one of the textile sales places at a fairly affordable price. The big-name of Cigondewah can make entrepreneurs who set up and run businesses in the Cigondewah area, until April 2018, there are 113 units of outlets that operate in the textile sector along the cigondewah. Based on the article, every store in the region of Cigondewah has varied sales distribution channels for the domestic market to Tanah Abang and for buyers who come from abroad are Malaysian, Afghan, and Yemeni businessmen. In terms of the sale of this region has a large amount of a store in a month able to sell approximately 20 rolls of textiles and increase up to 30 rolls when approaching holidays. (www.jabar.antaranews.com, 2018)

1.2 Research Background

In early September 2015, the Indonesian Government through the Ministry of Finance issued a package of economic policies to encourage the economy, in the policy package there are several points, one of which is the empowerment of MSME micro, small and medium enterprises. The facilities provided by the government in this policy package are interested subsidies in export financing through the Indonesian Export Financing Institution (IEFI) and the People Business Credit Program (PBCR) program,

which means subsidies allow entrepreneurs to get the lowest interest in previous loans of 22-23% to 12 %.

The ASEAN Economic Community (AEC) in 2015 brought an opportunity and challenge for the economy in Indonesia. With the enactment of the MEA at the end of 2015, countries belonging to ASEAN members will experience free market flows in the form of goods, services, investments, and labor from and to each country.

Through MEA integration will occur in the form of "free trade area" (free trade area), elimination of trade tariffs among ASEAN member countries, as well as free labor markets and capital markets, which will greatly affect the growth and economic development of each country. To face the 2015 MEA era, the business world in Indonesia certainly must take strategic steps to face competition with other ASEAN member countries, including the Micro, Small and Medium Enterprises (MSMEs) sector.

Former Minister of Cooperatives and SMEs Syarif Hasan said that the preparation of the National Cooperatives and SMEs (KUKM) to deal with MEA was quite good. In preparation, the government has carried out several strategic efforts by establishing a National Committee for the Preparation of 2015 MEA, which functions to form anticipatory steps and conduct socialization to the public and SMEs regarding the implementation of the MEA at the end of 2015. The anticipatory steps have been prepared by the Ministry of Cooperatives and SMEs. KUKM players face the ASEAN free-market era, including increasing the insights of KUKM players towards MEA, increasing production efficiency and business management, increasing the absorption of the market for local KUKM products and creating a conducive business climate (www.antaranews.com, 2014).

In most MSMEs in Indonesia, the problems faced in the face of 2015 AEC will include human resources for MSMEs, production technology, packaging technology, product standardization, branding, promotion and marketing, capital access support, and lack of public/domestic market education about MEA 2015 (m.kompasiana.com,

2014). Based on the results of research by Hamid and Susilo (2011) regarding the strategy of developing MSMEs which suggested that the development of MSMEs was not only carried out by MSMEs but also had to be supported by all stakeholders. Support is expected to come from business associations, universities, and related institutions. Government policies are also needed to encourage the development of MSMEs. And if it was withdrawn behind the city government of Bandung in 2009, it issued a Decree of the Mayor of Bandung No. 530 / Kep. 195 - DISKUKM. PERINDAG / 2009, based on the decision, the following are the regions and types of industries listed;

Table 1.1 Profile of the Bandung Industry

Region	Industry
Cibaduyut	Shoe Industry
Cihampelas	Jeans Industry
Suci	T-Shirt Industry
Binong jati	knit fabric Industry
Cigondewah	Fabric industry and trade
Cibuntu	Tahu dan Tempe Industry
Sukamulya	Doll industry

based on the Mayor's decision

The existence of business activities in the Cigondewah region has an important role related to the lives of workers and the development of the regional economy. Cigondewah is said to have several advantages, the first one – textile and fabric market place in Bandung, which has two business fields, namely the Textile and Textile Industry trade, the second unique is the existence of kilos in the sale of cloth such as groceries, besides the Cigondewah Fabric industrial area region chosen by the Bandung city government as location of UPT (Technical Service Unit), namely entrepreneurial / managerial UPT and Industrial UPT, in addition to the existence of a promotion and training center building equipped with a hall for MSME needs in Bandung City, and the second oldest industrial area in Bandung.

The definition of *Supply Chain Management* according to Heizer and Render (2011:452) is the integration of activities to obtain the materials- and services, turning them into intermediate goods and finished goods, and send it to the consumer. These activities include the buying activity, the activity also Asia, which, coupled with other functions that are essential for the relationship between suppliers and distributors.

1.3 Problem Statement

Cigondewah Industrial Area is one of the economic regions in the city of Bandung. With the development of the region the Bandung government through the mayor's decision made Cigondewah one of the focuses in economic development.

In the process becoming one of the central Cigondewah enough cloth in the market consider the domestic and overseas markets, the arrival of customers from Malaysia and several other countries to be one aspect. The existence of fabric sales outside the cigondewah and makes entrepreneurs must be able to meet market needs quickly and responsively, in the production or trade process Supply chain becomes very important to regulate how the process of distribution of raw materials until the goods are ready to sell.

Based on the statement above, the process of implementing this research was carried out to find out how influential *Supply Chain Management Practices* (SCMP) have on *Supply Chain Management Practices* (SCMP) in the Cigondewah fabric industry center.

1.4 Research Question

1. How Implementation of *Supply Chain Management* on Industrial fabrics Cigondewah
2. How the application of *Supply Chain Management Practice (SCMP)* influence on the *Supply chain Management Performance Measurement (SCPM)*?

1.5 Research Objective

To analyze the effect of the implementation of *Supply Chain Management Practice* (SCMP) to *measuring Supply Chain Management Performance* (SCPM)

1.6 Research Purpose

1.6.1 Theoretical aspects

The results of this study can be used as a reference for academics who want to do research using variable *Supply Chain Management Practices, and Performance Supply Chain Management*, methods that are similar to different objects so that they can be used for the advancement of academic science

1.6.2 Practical Aspects

1. To develop economics at the Economic Development Study Program at the Faculty of Economics and Business, Telkom University
2. Understanding in theory and the application of *Supply Chain Management Performance* in the Cigondewah textile industry center.
3. As additional information that is useful for each party that is related and interested, as well as the results of this study, can be used as a reference or reference to conduct further research.

1.7 The scope of research

This research was conducted at the Cigondewah industrial center in the city of Bandung. The research is specifically designed to find out how the *Supply Chain Management* practice (SCMP) is implemented and its effect on the measurement of *Supply Chain Management* performance (SCPM) in the Cigondewah Fabric industry center.

1.7.1 Time and Period of Research

This research was conducted at the end of 2018 until the early semester of 2019

1.7.2 Systematics Writing

Latest system information about discussion Each chapter is arranged so that it can provide a clear picture of this research. As systematic writing is as follows:

1. CHAPTER I Introduction

This chapter explains the general description of the object of research, the background of the research, the formulation of the problem, the purpose of the research, the usefulness of the research and the systematic writing.

2. CHAPTER II Literature Review and Research Scope

This chapter presents the results of the literature review relating to the topic and research variables.

3. CHAPTER III Research Methods

This chapter confirms the approaches, methods, and techniques used to collect and analyze data that can answer or explain research problems.

4. CHAPTER IV Research Results and Discussion

This chapter explains the results of the research conducted and the discussion of the results of the research.

5. CHAPTER V Conclusions and Suggestions

This chapter explains the conclusions of the research conducted and the suggestions given by the author on the problems that occur in the study.