

# Supply Need Analysis of Strategic Commodities in Supply Chain Management Development in Surabaya

*by* Nuruni Ika Kusumawardhani

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## Supply Need Analysis of Strategic Commodities in Supply Chain Management Development in Surabaya

Ignatia Martha Hendrati<sup>a</sup>\*, Nuruni Ika Kusuma Wardhani<sup>b</sup>, Hery Pudjo Prastyono<sup>b</sup>, Sishadiyati<sup>a</sup>

<sup>a</sup> Economics Department, Faculty of Economic and Business, University of Pembangunan Nasional “Veteran” Jawa Timur

<sup>b</sup> Management Department, Faculty of Economic and Business, University of Pembangunan Nasional “Veteran” Jawa Timur

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### ABSTRACT

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The problem of food sufficiency is a basic human need so that the availability of food for the people of Surabaya City must always be guaranteed. Law Number 7 of 1996 concerning Food, mandates that the government and the community are responsible for realizing Food Security. The Government organizes the regulation, guidance, control and supervision of sufficient food availability, both in quantity and quality and safety and nutritious, evenly distributed and affordable by the purchasing power of the people. The rate of increase in food demand is faster than the rate of increase in production capacity. Surabaya as a city of trade and services does not have sufficient agricultural land so that the supply of strategic commodities highly depends on supplies from outside the region which cause vulnerability to supply availability and price instability. Based on the description above, intensive monitoring of food price volatility in several markets and food wholesalers in the city of Surabaya is needed in order to maintain supply stability and price stability. One alternative to overcome the problems as above is with the development of the Supply Chain Management logistics city. In the long run according to the results that will be obtained in this study, it is expected to increase the role of PD. Pasar Surya in maintaining supply availability and price stability.

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\* Corresponding author

E-mail address: [ignatia.hendrati.ep@upnjatim.ac.id](mailto:ignatia.hendrati.ep@upnjatim.ac.id)

## **INTRODUCTION**

Population growth and economic and industrial development have resulted in degradation, transfer of functions, and fragmentation of food agricultural land which can ultimately threaten national food security and even city level. The city of Surabaya as the largest city, currently has a relatively high growth rate. Based on this data it is known that the average population growth period 2008-2017 was recorded at 0.47%, where in 2008 the population growth rate was 4.25%, in 2011 it was 3.24% and in 2012 it was 3.35% %, and in 2017 was recorded at 1.19%. Population movement is a factor that contributes greatly to the increase in the population in Surabaya, this is due to the attractiveness of Surabaya as a center of government activities, trade and services, offices, industry in the province of East Java. Surabaya as a city of trade and services does not have sufficient agricultural land so that the supply of foodstuffs depends highly on supplies from outside the region which cause vulnerability to supply availability and price instability. Based on the description above, intensive monitoring of food price volatility in several markets and food wholesalers in the city of Surabaya is needed in order to maintain supply stability and price stability.

One alternative to overcome the problem as above is to start implementing a city-scale Supply Chain Management. Supply chain logistics for city development starts with 3 stages, stage Mapping of Supply Need conditions for basic and strategic commodities; institutional and node management center of city logistics activities and management of city logistic hub. City scale. At the initial stage, identification of the supply of goods is carried out for the main food commodities, namely rice, eggs, shallots, garlic, chili, and meat. The identification is very important because it is related to the identification of Supply Need in Surabaya which is related to food availability in general and also useful in analyzing Supply Chain. In the long run according to the results that will be obtained in this study, it is expected to increase the role of PD. Surya Market so that not only as an institution that only plays a role in renting out stands, but also as an institution that can play a role in maintaining supply availability and price stability. In the end PD Pasar Surya will be able to increase income and raise the PAD of Surabaya.

The final target expected from this activity is the compilation of documents containing the results of the related analysis: Details of the volume of food supply in Surabaya; Origine Destination Mapping (OD) food delivery in Surabaya City; Details of appropriate institutional alternatives as city-scale hub logistic management organizations in Surabaya. Benefits of Supply Need Analysis Strategic Commodities in Surabaya City in the Context of Supply Chain Management Development In Surabaya City is expected to be the basis for development planning considerations related to meeting the food supply needs in Surabaya as an effort to control prices and stabilize regional economies.

## **LITERATURE REVIEW**

A food security must be seen as a system. From an economic perspective, food security consists of three interrelated subsystems. The three subsystems are supply, distribution and consumption. In terms of institutions, food security is achieved through synergy between individual or family subsystems, community subsystems, and government subsystems. This subsystem mechanism is linked to various other aspects of development such as agriculture, transportation, technology, natural resources and the environment, trade, health, and education. Therefore, food security is not just a fulfillment of food production, but is a more complex issue, which has a development perspective and political economy. Heizer and Render (2008), defining supply chain management is the integration of material and service procurement activities, conversion into semi-finished goods and end products, and delivery to customers. Supply chain management is a process by which products are created and delivered to consumers from a structural angle. A supply chain refers to the intricate network of relationships that maintains an organization with its business partners to obtain production resources in conveying to consumers (Kalakota dan Robinson, 2001). Supply Chain Management (SCM) is a system in which an organization distributes production goods and services to its customers. This chain is also a network of various organizations that are interconnected and have the same goal, which is as good as possible to carry out procurement or goods, the term supply chain also includes the process of changing the goods, for

example from raw goods to finished goods (Indrajit and Djokopranoto, 2003).

Probowati (2011) in a study entitled Strategy for Selecting Suppliers in Supply Chain Management in Retail Business, stated that supply chain management is a process in the traffic of goods used to regulate a road plan from raw materials to finished goods produced until the last consumer. Logistics Management is a process that strategically regulates procurement, transfer and storage of materials, components and deviations of finished goods (and related information) through its marketing organizations and networks in a certain way so that profits can be maximized both for the current and future periods through order fulfillment with a cost effective (Christopher, 2011). Logistic management are prioritize management, including the flow of goods within the company and oriented on planning and framework that produces a single plan for the flow of goods and information throughout the company. While, supply need management are prioritizing the flow of goods between companies, from the most upstream to the most downstream and on the basis of this framework, seek relationships and coordination between processes from other companies in business pipelines, from suppliers to customers.

#### Aggregate Demand Curves is Derived of the IS-LM Curve

Aggregate demand (AD) is formed through two curves namely the IS curve and the LM curve. The IS curve is a curve that reflects conditions in the goods market while LM is a condition of the money market (Blanchard, 2006). According to Dornbusch (2001), the balance in the goods market must describe that production is the same as the demand for goods. Production equations are the same as the demand for goods can be formulated as follows:

$$Y = C(Y-T) + I(Y,r) + G + X(Y^*, \epsilon) - M(Y, \epsilon)$$

#### Production = Request for Goods

The above equation describes the relationship between output (Y), consumption (C) which is a function of income (Y) and tax (T), investment expenditure (I) which is a function of income and interest rate (r), government expenditure (G), export (X) function of foreign income (Y \*) and real exchange rate ( $\epsilon$ ) and import (M) income function and real exchange rate. Balance in the goods market must illustrate that the left side of the

equation (production) must be the same as the right side of the equation (demand for goods). From the equation above, the IS curve can be derived.

#### IS Curve is Derived from Production Equations and Demand for Goods

While the balance in the money market can be derived from money demand and supply. Money demand is calculated through the following equation:

$$M_d = \$Y L(r)$$

Where, Md is the demand for money, \$ Y shows nominal income. Md money demand is equal to nominal income a certain time which is influenced by the interest rate function (r), its function is indicated by L (r). The negative sign below (r) in L (r) shows the interest rate has a negative effect on the demand for money. An increase in interest (r) reduces the demand for money because people save their wealth in bonds. Balance in the money market is obtained from money supply equal to the demand for money, Ms = Md. From the previous money demand equation can be written:

$$\text{Money supply} = \text{Money demand} \\ M = \$Y L(r)$$

#### METHOD

This research was carried out in Surabaya City, East Java Province. Data collection for this study was conducted from April 2018 to August 2018. The data used in this study were primary data and secondary data. Primary data was obtained through questionnaires. Secondary data is obtained from the local government and literature study, namely by looking for literature such as; journals, relevant books and articles related to research. The sampling method was conducted in this study so that a study could provide the right results, it is necessary to do a research with the ability to understand the problem and conduct an adequate analysis, so that the analysis process can be carried out simultaneously with the process of data/information retrieval. This study will use two basic research designs, namely exploratory and descriptive research which are carried out in stages. Exploratory research aims to make researchers more familiar with the research environment by exploring theories based on available data so that a framework of thought can be developed. Descriptive research tries to understand and explain

how an event occurs based on a framework of thought that has been compiled so that a conclusion can be drawn.

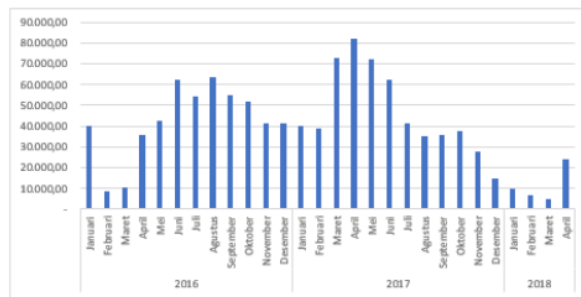
In data processing, qualitative analysis and quantitative analysis were used. Qualitative analysis was used to describe the characteristics of respondents and patterns of food distribution in the city of Surabaya, especially in PD Pasar Surya. Qualitative analysis method with simple tabulation was intended to provide information about the characteristics of respondents and demand for food in household consumers in the city of Surabaya. Quantitative approach (especially through limited surveys and processing of secondary data that is already available); whereas in the Qualitative approach (through in-depth interviews with key informants and related stakeholders, by using guidelines that are flexible enough to stimulate discussion, observation and also through interviews with community groups); The complete identification results will then be processed in data compilation and processing, namely by organizing data and sorting data into patterns, categories, and descriptions so that they can be sorted between relevant data.

**RESULT AND DISCUSSION**

The most basic need for a nation's human resources is food. The availability of food in sufficient quantity and quality is needed in achieving food security. Another factor that is considered as stock an important factor in achieving food security is the availability and distribution of affordable food in terms of price and safe for consumption by the public to meet energy needs in daily activities. The development of food availability in Surabaya City is generally quite stable, but for certain commodities fluctuate. Based on data from the City Food and Agriculture Security Service of Surabaya, fluctuating

availability of foodstuffs is beef and chicken meat. In April 2018 the availability of Beef was recorded at 941,200 kg, the availability of Ras Chicken was 357,158 kg, the availability of domestic chicken meat was 155,582 kg, while the availability of duck meat was 68,256 kg. This amount of availability is relatively increased compared to the previous months. In December 2017 the availability of Beef was 928,200 kg, the availability of Ras Chicken was 337,326 kg, the availability of Kampong chicken was 154,358 kg, and the availability of duck meat was 72,738 kg. These fluctuations are caused by several conditions including market demand and some food commodities that depend on the current season.

The amount of rice availability monitored in the 2016-2018 period tends to fluctuate, with a downward trend. The amount of this availability comes from data obtained from the Food and Agriculture Security Agency of Surabaya (2018) which is monitored from several traditional markets, production in the City of Surabaya, Bulog stock, Raskin and Non-Cash Food Aid (BPNT). Traditional markets monitored include the Bendul Merisi Market, Tembok Dukuh Market, Nyamplungan Market, Tambahrejo Market, Simo Market, Pecindilan Market, Wonokromo Market, Asemrowo Market, Kendangsari Market. In general, the amount of availability in the 2017 and 2016 periods is greater than in 2018. This shows that the pattern of society is beginning to shift where the purchase of rice is no longer carried out in traditional markets but also in modern markets. In addition to factors and comfort and safety, the price factor that is not too large the difference further encourages people to shop at the Modern Market. The amount of rice availability in 2018 is as follows: in January it was 10,014.30 tons, in February it was 6,767.70 tons, in March it was 4,975.40 tons and in April it was 23,818.70 tons.



Source: Food and Agriculture Security Service of Surabaya, 2018

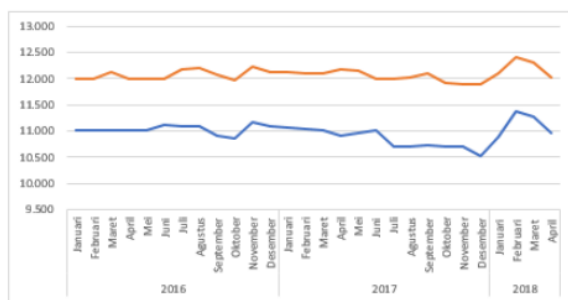
Figure 1. Availability rice in Surabaya (Tons)



The development of food prices in the city of Surabaya showed a fairly fluctuating movement pattern, and even some commodities experienced a significant price increase, although some other commodities had relatively stable prices. Commodities with relatively stable price development are rice, soybeans, flour, beef, and yams. While commodities with fluctuating price developments are cooking oil, red onion, cayenne pepper. The following is an analysis of the complete price development for each commodity under study.

Especially for staple food rice during the period of 2016-2018, the development of rice prices

is relatively stable for both IR 64 (Second Quality) and mentik rice. The average price of rice in the position of April 2018 for the type of IR 64 (Second Quality) is Rp. 10,971 / kg while for the type of rice mentik is Rp. 12,007 / kg. This price development is relatively increasing compared to December 2017 where for this type of IR 64 (Second Quality) is Rp. 10,525 / kg while for this type of rice mentik is Rp. 11,900 / kg. The development of the average price of rice IR64 second quality (blue) and rice mentik (red) during the 2016-2018 period can be seen in the figure below.



Source : Food and Agriculture Security Service of Surabaya, 2018

Figure 2. Average Growth Price of Rice in Surabaya (Rupiah/Kg)

Monitoring of rice commodities is carried out in several traditional markets which are rice centers. These markets include Bendul Merisi Market, Tembok Dukuh Market, Nyamplungan Distributor Market, Tambahrejo Market, Simo Market, Pecindilan Market, Wonokromo Market, Asemrowo Market, Kendangsari Market. The rice commodities in Surabaya are almost all from outside Surabaya. The survey results show that the location of the origin of rice originated from the following cities: Lamongan, Sidoarjo, Kediri, Jember, Madiun, Situbondo, Lumajang and other districts/cities.

Furthermore, for marketing locations, everything is marketed in the city of Surabaya, namely throughout the city of Surabaya, including Ampel, Nyamplungan, Rungkut, Pucang, Manyar, Wonokromo, Gubeng, Mulyosari and Pacarkeling. Furthermore, Nyamplungan Market is marketed in Ampel, Nyamplungan, Rungkut, Pucang, Manyar, Wonokromo, Gubeng, Mulyosari and Pacarkeling.

The loading and unloading location for rice commodities is carried out in their respective markets, namely at Bendul Merisi Market, Tembok Dukuh Market, Nyamplungan Distributor Market, Tambahrejo Market, Simo Market, Pecindilan Market, Wonokromo Market, Asemrowo Market, Kendangsari Market. With regard to loading and unloading, the results of the field survey indicate that the loading and unloading area is limited so that the expedition that will unload the cargo must be alternated (each trader has a 30-60 minute loading and unloading duration) and when finished has to leave the area immediately. This is what the traders complained about because this also had an impact on the high cost of porters because they had minimal deadlines.

The average percentage of damaged goods as a whole for rice commodities is 1.05% for each shipment transaction, while goods of good quality are 98.95%. The low percentage of damaged goods indicates that the shipping process has been going well. Another advantage is that traders can make

returns / returns in the event of damaged goods to be exchanged with new goods, so that losses at the merchant level can be reduced.

**Table 1.** Origin and Destination Market of Rice Commodities

No	Market Name	Commodity type	Origin	Destination
1	Bendul Merisi	Rice	Lamongan, Sidoarjo, Kediri, Jember, Madiun, Situbondo, Lumajang	Surabaya
2	Tembok Dukuh	Rice	Bojonegoro, Ngawi, Banyuwangi, Jember, Lumajang, Lamongan, Sidoarjo, Kediri,	Surabaya
3	Distributor Nyamplungan	Rice	Bojonegoro, Tuban, Lamongan, Jember, Sidoarjo, Lumajang, Kediri	Surabaya
4	Tambahrejo	Rice	Ngawi	Surabaya
5	Simo	Rice	Jember, Bojonegoro, Babat	Surabaya
6	Pecindilan	Rice	Lamongan, Jember, Surabaya	Surabaya
7	Wonokromo	Rice	Jombang, Lamongan, Kediri	Surabaya
8	Asemrowo	Rice	Ngawi, Kediri, Jombang, Kediri, Bojonegoro, Madiun	Surabaya
9	Kendangsari	Rice	Surabaya	Surabaya

Source: Food and Agriculture Security Service of Surabaya, 2018

Basically, rice demand can be calculated based on energy requirements of 2200 Kcal / person. The results of the analysis indicate that the ideal requirement of gram intake / day / ingredients for rice commodities is 171.33 grams / person / day or 5.14 kg / person / month. With a population of 2,896,600.00 (in 2017), the need for rice in one year is projected to reach 188,047.27 tons of rice. Furthermore, assuming that the population continues to increase despite the insignificant growth, the projection of annual rice demand also increases as shown in table 6.2 below. In 2020 predicted the need for rice in the city of Surabaya is 202,968.76 tons and by the end of 2040 it is predicted to penetrate 244,831.71 ton of rice.

**Table 2.** Projection Need for Rice 2013 to 2040

Year	Number of Population	Number of Rice Needs (Ton)
2013	2.821.900,00	183.197,75
2014	2.853.661,00	185.259,67
2015	2.870.200,00	186.333,38
2016	2.883.800,00	187.216,30
2017	2.896.600,00	188.047,27
2020*	3.126.444,31	202.968,76
2025*	3.302.387,82	214.391,02
2030*	3.398.086,28	220.603,76
2035*	3.478.592,82	225.830,25
2040*	3.771.283,28	244.831,71

Source: Central Statistics Board of Surabaya, 2018 \*projection

Furthermore, for the purchased demand based on the 2017 availability data is as much as 187,216.30 tons per year, while the total rice demand reaches 559,651.09 tons, it can be concluded that the current purchase of rice is not only concentrated in traditional markets but starts to penetrate the markets modern like minimarkets, supermarkets and hypermarkets. It was proven that the availability of rice monitored in several traditional markets and also the production in the City of Surabaya, Stok Bulog, Raskin and Non-Cash Food Aid (BPNT) only met 33.45% of the total rice needs as a whole.

Based on the above analysis, SCM policy in Surabaya City needs to be done. in order to shorten the distribution chain of goods, especially in the city scale :

- a. Realizing a logistics system that can improve the competitiveness of local products both in the domestic market, regional markets and in the global market.
- b. Ensuring the availability of goods, the ease of obtaining goods at affordable and stable prices, and narrowing the price disparity between regions in the city of Surabaya.
- c. Streamlining the flow of goods distribution from outside the city into the City of Surabaya.
- d. Reduce the cost of distribution of goods with an efficient logistic hub system.

To guarantee the realization of SCM in the city of Surabaya, it is necessary to conduct an institutional analysis related to who will serve as

management or the main actors. This analysis is quite important considering that the regional government as the responsibility holder also has a significant role in taking action to improve the food system so that input from this study will be an important input in the policy making process. The establishment of the institution in question aims to: Provide services to the community in accordance with the scope of its business, namely the field of business marketing; Increase local revenue; Increase the guarantee of food availability, especially for strategic and staple commodities; Able to guarantee price stability especially for strategic and principal commodities; Participate in carrying out regional development.

In order to achieve the purpose and objective above, the logistic institution in question is expected to carry out business activities as follows: Establish, build and / or manage the market; Implement SCM in order to ensure the availability of strategic goods and maintain price stability through a series of activities in accordance with effective and efficient supply chain principles; Cooperating with third parties; and / or conduct other businesses that are not contrary to the purpose and objectives of the institution in question.

In detail, the management that will be involved in the logistics management agency has the following capabilities:

1. Leading, managing and managing the organization in accordance with the goals of the company by always striving to improve the usability and usability of the company.
2. Control, maintain and manage organizational assets;
3. Establish organizational policies in accordance with the guidelines for operational activities established by the Regional Head;
4. Conduct business cooperation, establish branches and conduct equity participation in other business entities with the approval of the Regional Head;

5. Representing the organization both inside and outside the court;
6. Receiving, appointing, hiring, dismissing and imposing employee sanctions based on applicable personnel regulations;
7. Establish salaries, pensions or old age benefits and other income for employees and manage all other personnel matters in accordance with applicable personnel regulations;
8. Submit work plans to the Regional Head through the Supervisory Board for approval;
9. Conduct and maintain bookkeeping and administration in accordance with the norms that apply to a company;
10. Submit periodic reports on all organizational activities to the Regional Head through the Supervisory Board;
11. Formulate and submit the work plan and organizational budget to the Regional Head through the Supervisory Board;
12. Submitting changes in the financial budget that occur in the year concerned to the Regional Head through the Supervisory Board for approval;
13. Submitting an annual financial report that has been audited to the Regional Head through the Supervisory Board; and
14. Establish the distribution of production services for Directors, Supervisory Bodies and Employees.

Based on the grand design, there are 3 institutional alternatives that can carry out the Surabaya City supply chain management activities, mainly for strategic commodities, including:

1. Priority 1: PD Pasar Surya;
2. Priority 2: UPT / Regional Technical Implementation Unit;
3. Priority 3: Private Sector.

Based on these three alternatives, the results of institutional analysis will be presented in table 3.



**Table 3.** SWOT Analysis (Strength, Weakness, Opportunity, and Threats) Institution of Logistics Management New Business Entity in Surabaya

1. Priority 1: PD / Surya Market

Aspect	Superiority / Opportunity	Weakness / Threat
Ability of Human Resources (HR)	<p>1. Very Experienced in the Field of Business Marketing, which is among others in terms of establishing, building, and / or managing the market, as well as cooperating with third parties, especially in the field of market services.</p> <p>2. The amount of Human Resources that can be involved is now available, which involves Pd. Surya Market</p>	Resources currently do not have the skills in terms of supply chain management of basic and strategic goods, considering the personnel involved are in accordance with the needs based on the authority, duties and functions of Pd. Surya market as stated in regional regulations.
Organization	In terms of institutional organization, the existing organization has been formed so there is no need to establish a new organization.	-
Possibility to achieve the goals set by the Surabaya City Government	<p>As a BUMD, PD. The market is to provide services for public benefit by obtaining benefits based on the principles of company management. This means that in addition to having a service side, Pd Pasar must also be able to provide benefits for the Surabaya City Government in the form of dividend distribution. However, considering that one of the goals of the organization is to achieve the development goals of Surabaya City, Pd. Surya Market as a BUMD owned by the Surabaya City Government must be able to achieve the stated goals, which are among others:</p> <ol style="list-style-type: none"> <li>1. Providing services to the community in accordance with the scope of its business, namely the field of business marketing;</li> <li>2. Increase local revenue;</li> <li>3. Increase the guarantee of food availability, especially for strategic and basic commodities;</li> <li>4. Able to guarantee price stability especially for strategic and principal commodities; and</li> <li>5. Participate in carrying out regional development.</li> </ol>	-
The budget needed for the establishment of new institutions / divisions	Cheap, because the existing organization already exists with all its components	-
Regulation	Existing regulations governing the BUMD Organization already exist, namely referring to the Surabaya City Regulation Number 6 of 2008 concerning the Regional Market Company of Surya.	Requires revision of local regulations for the implementation of organizational devices in accordance with the authority of new tasks and functions.
Time needed to form a new organization	Fast, because it only needs to revise local regulations and then can immediately run because the existing organization already exists.	-

2. Priority 2 (Alternative 1): UPT / Regional Technical Implementation Unit;

Aspect	Superiority / Opportunity	Weakness / Threat
Ability of Human Resources (HR)	Availability Human resources can be fulfilled from the Civil Servants / State Civil Apparatus owned by the City Government of Surabaya, and if necessary can be added by involving contract workers.	Resources currently do not have the skills in terms of the supply chain management of basic and strategic goods. Currently the personnel involved in each regional apparatus are in accordance with the needs based on the authority, duties and functions of the regional apparatus as stated in the regional regulations and mayor regulations related to the composition of the regional apparatus in the city of Surabaya.
Organization	The City Government has a regional apparatus that can be adjusted according to the needs of a new institution to handle supply chain (city logistic) activities, such as the Food and Agriculture Security Service, the Trade Office and the Cooperative and Micro Enterprises Office.	In terms of institutional organization, the existing organization has not yet been formed so that it is necessary to establish a new organization through the revision of the Regional Regulation concerning the formation and composition of the municipal government equipment
Possibility to achieve the goals set by the Surabaya City Government	The possibility of achieving the goals set by the Surabaya City Government is quite high, because as part of the regional apparatus, the UPT is obliged to carry out its duties and functions in line with the objectives set by the Surabaya City Government without being profit oriented, because its nature is public service.	
The budget needed for the establishment of new institutions / divisions		It is quite expensive because it has to establish a new UPT so that it requires substantial funds to meet the needs of the UPT both for personnel expenditure, facilities and infrastructure as well as for other operational needs.
Regulation		The regulation that covers the UPT regional organization is currently not available so it is necessary to amend regional regulations / mayor regulations for the implementation of organizational devices in accordance with the authority of new tasks and functions.
Time needed to form a new organization		Long enough because it is necessary to revise local regulations and then form the UPT in question, including the fulfillment of budget requirements, labor up to the operational techniques

3. Priority 3 (Alternative 2): Private Sector

Aspect	Superiority / Opportunity	Weakness / Threat
Ability of Human Resources (HR)	1. The private sector that will collaborate has the potential to have sufficient experience and credibility both in the retail and logistics fields. 2. The number of Human Resources is sufficient in terms of both quality and quantity.	
Organization		In terms of institutional organization, the existing organization has not been formed so that it is necessary to establish a new organization
Possibility to achieve the goals set by the Surabaya City Government		Low. Considering as a private company, the principle adopted is Profit Oriented. Thus the demand to guarantee price stability and the availability of adequate supply is quite difficult to do.
The budget needed for the establishment of new institutions / divisions	It is quite expensive because it has to do a new formation, but the funds can be shared with the private sector, so that not all or even may not use APBD funds at all.	
Regulation		The overarching regulation on the establishment of this new organization is not currently available, so it is necessary to have a cooperation agreement between the Government of Surabaya and the Private Party related to cooperation in the strategic commodity supply chain.
Time needed to form a new organization	Fast, because only need to make a cooperation agreement between the City Government of Surabaya and the Third Party and then all activities will be carried out by a third party.	

Based on the results of the analysis as above, some of the strategy proposals that must be carried out by the Surabaya city government are as follows: The establishment of PD Pasar Surya institution as the Management of Logistics in Surabaya City by reviewing the main tasks and functions of PD. Pasar Surya, because PD Pasar Surya already has a good experience in managing traditional markets, but in PD Pasar Surya's duties and functions it is not specific to manage the distribution of goods from planning to product distribution to the end-user (Supply Chain Management). Until now PD. Pasar Surya has managed at least 67 markets and the Surabaya City Government has also built several that can be utilized in the Supply chain process in the City of Surabaya as a distribution channel.

**CONCLUSION**

Based on the results and discussion described in the previous chapter, some conclusions from this study are as follows:

1. The results of the analysis of the general condition Supply Need of the main and strategic commodities in the City of Surabaya are as follows:
  - a) The development of food availability in Surabaya City is generally quite stable but for certain commodities fluctuate. Furthermore, the development of food prices in the City of Surabaya shows a fairly fluctuating movement pattern, and even some commodities experienced a significant price increase.
  - b) Judging by origin, almost all of the commodities studied came from outside the city of Surabaya which caused Surabaya to rely heavily on external supplies. This is quite vulnerable if at any time there are obstacles to sending in the City of Surabaya, such as a famine, flood disaster or other technical obstacles in the area of origin.
2. The results of the analysis of institutional alternatives that are suitable as city-scale

hub logistic management organizations in the City of Surabaya are:

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- a. There are 3 institutional alternatives that can be chosen in terms of supply chain management (City Logistics), that is:
  - (i) Priority 1 : PD /Pasar Surya
  - (ii) Priority 2 : UPT / Regional Technical Implementation Unit;
- b. Priority3: Private Sector.Attention to strengths, weaknesses, opportunities and threats, PD Pasar Surya is an ideal institution to become a city-scale logistics management agency in the City of Surabaya. This is because PD Pasar Surya already has a fairly good experience in managing traditional markets, but in PD Pasar Surya's duties and functions are not specific to managing the distribution of goods ranging from planning to product distribution to the end-users (Supply Chain Management).

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