

Logistic Hub Mapping at PD Pasar Surya

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Logistic Hub Mapping at PD Pasar Surya

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Abstract:

Population growth and the increase of economic development lead to degradation of expert function and fragmentation of agricultural land that can ultimately threaten national food security, even on a city/country level.

Not to mention the distribution of goods from and out of Surabaya, meant to ensure the availability of enough strategic commodity supply as the fulfillment of the needs of the community. This needs a model that is in line with the target of the regional development planning in Surabaya.

From the business process (origin destination (OD) of strategic commodity delivery, mapping, loading and unloading, strategic commodities location mapping in Surabaya City) we can identify the supply chains of strategic commodities in accordance with the demand and the establishment of Logistics Hub for strategic commodities in Surabaya.

Keywords: Origin destination, supply chain, logistic hub, PD Pasar.

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1. Introduction

Integrated, effective and efficient logistics systems improve competitiveness, and ensure the existence of strategic commodities for the basic needs of the community evenly and affordably. The main pillar of the logistics system is to ensure the smooth flow of goods, effectively and efficiently as reflected in satisfactory responsive costs. Efficient and effective logistics management will enhance national economic growth and improve the welfare of the people.

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Surabaya as the center of inter-island and international trade and service as an interconnection that becomes a network for trading activities and facilitating access while establish a good relationship between stakeholders who support investment activities, trade and industry, is expected to take strategic steps in providing adequate food price stability at a certain level that can be accessible to the

community. One of the policies that fits the conditions of Surabaya, as a service and trading city, is Supply Chain Management (SCM). The concept of supply chain management is a new concept that sees all corporate activities as an integrated part. In this case, the upstream enterprise integration in providing raw materials and downstream integration in the process of product distribution and marketing. SCM is a set of approaches applied to efficiently integrate suppliers, entrepreneurs, warehouses and other storage areas until products are produced and distributed with the right quality, location and timing to minimize costs and satisfy customer needs (Simchi Levi, et al., 2003).

The Surabaya City Government provides support in ensuring the availability and stabilization of prices, as well as supporting distribution and logistics. On the other hand, the cost of accommodation is increasing. That desperately needs a coordination forum between the Surabaya City Government and the Local Government on producing and distributors of foodstuffs. Further, the Role PD. Pasar Surya is as a Regional Owned Enterprise of Surabaya City. This traditional market can be utilized as a distribution center within SCM. In line with Regulation of the Minister of Trade No. 48 / M-DAG / PER / 8/2013 on Guidelines for Development and Management of Trade Distribution Facilities under the shape of traditional markets and regional distribution centers, the city scale is more appropriate to optimize existing traditional markets. Based on the above description, then, that Logistics Hub is expected to maintain the supply chain partnership between each market while providing existing commodities PD Pasar Surya Surabaya. Research purposes:

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 - Streamlining the flow of goods distribution from outside the city into the city of Surabaya;
 - Reducing the burden of the road due to the entry of large vehicles in the city of Surabaya. Thus, with the depot, it is expected large vehicles can enter into Logistics Hub and then the distribution within the city can be done with smaller vehicles;
 - Reducing the cost of distribution of goods in the presence of an efficient logistic hub system.

2. Literature review

Logistics:

Logistics in the blueprint of the Arrangement and Development of the Logistics Sector of Indonesia (2008) can simply be defined as the provision of a required item whose procurement can be made directly by a party in need or performed by another party. In its development, perceptions about logistics change, logistics perceived is no longer a required item but the process of holding the necessities is perceived as logistics.

The logistics process is basically directed to optimize the production factor, which is to optimize the cost, time and quality. Safe delivery of goods and people are

essential to the economy and the pressure to deliver faster, further and always be available in there when needed. Therefore, location determination greatly affects the economics of the logistics system. Depot location is affected by: Production costs, especially in relation to the availability of labor, labor costs, fuel, and production areas. Quality factors of production and transportation. Opportunities to use various modes of transportation including the cost and time required.

Logistic Activity:

In general, logistics activities consist of two activities: dynamic movement and static storage. The two main activities are broken down into several activities: Order processing, transportation, inventory, goods handling, facility structure, and information and communication system. These activities are also referred to as a mix of logistics activities in which all activities cannot be avoided in a supply chain.

Logistic Management:

Strategic management process in terms of purchasing, moving & placing of materials, finished goods inventory through organizations and marketing channels to gain profit in the present & future through an effective cost maximization on order fulfillment (Christoper, 1998).

Supply Chain Theory:

Various previous studies have suggested that SCM is more effective when applied to large-scale business units (Rahmasari, 2011). While Ariani & Dwiyanto (2013) Effectiveness of SCM implementation on large-scale business units can be achieved due to technological support, human resources and capital. However, in terms of concept, the implementation of SCM in business organizations, is a form of business partnership. The business partnership is meant to be a condition of mutual need between business units, a thing that is needed by small and medium industries, so that the application of SCM is expected to meet the supply of raw materials and delivery of products to consumers, even for small and medium industries. SCM is also an integrated process for the industry to be assured of receiving raw materials and auxiliary supplies so that it can produce continuously. In addition, SCM guarantees that the goods produced by an industry can be delivered to consumers in exact quantity, quality, on target, on time, at minimal cost and meet customer expectations.

Supply Chain Identification:

The implementation of SCM includes the introduction of Supply Chain members with whom they relate, what processes need to be associated with each core member and what type of incorporation is applied to each process of the relationship. The goal is to maximize competition and profit for the company and all its members, including end customers. Supply Chain members including all corporations and organizations that deal with core companies either directly or indirectly through suppliers and customers from point of origin to the point of consumption. Primary members (primary members) are all companies or business unit strategies that carry

out operational and managerial activities in business processes designed to produce a particular outcome for the customer or the market. Secondary members are companies that provide resources, knowledge, utility or assets to the primary members. Through the definition of primary members and secondary members is obtained the sense of the point of origin of the supply chain is the point where there is no primary supplier. All suppliers are secondary members, while the point consumption is the point where there are no major customers (Miranda and Tunggal, 2003). In this study in the core members of the supply chain are:

1. Importer is an entrepreneur who purchases overseas goods to be distributed to consumers to meet domestic demand.
2. Importer's agent (Function) Persons / entrepreneurs as representatives of importers located in a market location in charge of providing goods supply information.
3. Individual Farmers who undertake the cultivation of cultivated land to produce more products.

Collectors (Functions):

Collectors are traders who market farmers' harvests or look for merchandise for market distributors and market traders. Collector traders usually look for farmers who are harvesting, then bargain in price.

Distributor:

The distributor is a trader who receives goods from farmers or importers, with large capital capability. Large capital owned by this Distributor can bring goods from various regions, according to market demand.

Retailers are merchants who make purchases from farmers and distributors for resale to end consumers. Business consumers are individuals or legal entities that use them in the production process into final products.

Price Policy:

Levy et al. (2004) mentioned that pricing strategy is caused by several things such as cost structure, competition, communication strategy with consumer and marketing strategy in general. The oligopoly market can encourage the disparity of profit sharing between intermediary institutions and producers. Prices at the consumer level may be higher due to the information disparity. Ferreira and Ferreira (2010) point out in their study that the oligopoly market structure can benefit those with information to take more advantage in a distribution channel.

3. Methodology

The research designs used in this research are quantitative survey and qualitative research design with interview.

4. Result and Discussion

(Logistic Hub) Commodities Goods:

Preparation of the development plan based on the loading and unloading needs works on the approach of capacity assessment of trade and ports by taking into-account the development scheme for each place. Government policies that are the main basis in the alternative use of logistic hub are:

1. Production costs, especially in relation to the availability of labor, labor costs, fuel, and production areas.
2. Quality factors of production and transportation.

Opportunities to use various modes of transportation including the cost and the required time. Based on the results of the analysis, the location of the loading and unloading development plan is recommended in the outskirts of Surabaya and becomes the center of the entrance and exit of goods flow from outside the city. For the food commodities studied, the origin cities are Bojonegoro, Blitar, Lamongan, Mojokerto, Banyuwangi, Tulungagung (Rice); Pare, Kediri, Blitar, Malang (Egg); Probolinggo and Brebes (Onions), and Lumajang and Kediri (Chili) as shown in table 1. below:

Table 1: *Origin of Food Goods*

Nama Komoditas	Asal Barang
Rice	Bojonegoro
	Blitar
	Lamongan
	Mojokerto
	Banyuwangi
	Tulungagung
Egg	Pare, Kediri
	Blitar
	Malang
Onion	Probolinggo
	Brebes
Chili	Lumajang
	Kediri

When it is viewed from the spatial aspect, the flow of goods comes from the west, south, north and east of Surabaya as shown in figure 1. Thus, the knots of entrance and exit from inside and outside of Surabaya City are very suitable for places to build or logistic hub.

Figure 1. *Flow of Food Supply Distribution in Surabaya City*



In order to maintain the stability of food and supply prices, PD. Pasar Surya should contribute to the depot's operations. Thus, the activities of PD. Pasar Surya are not just limited to:

2.
 1. Establish, build, and / or manage the market;
 2. Conduct business in the property field;
 3. Cooperate with third parties;
 4. To engage in capital participation in other business entities;
 5. Undertake other ventures that are not inconsistent with the purposes and objectives of PDPS. But it also includes price and supply stability efforts.

5. Conclusion

1. Considering that food prices are relatively unstable and tend to rise sharply, it is recommended that the Surabaya City Government should undertake strategic measures to handle supply and price stability issues such as: In order to maintain the price and supply stability, PD. Pasar can sell food commodities below market prices when the price increases significantly.
2. The logistic hub is used to smooth the flow of goods distribution at once to reduce distribution costs. Given the issue of loading and unloading activity is one of the strategic aspects that must be considered by the Government of Surabaya, especially PD. Pasar, where the survey results show that the loading and unloading areas are limited enough so that the expedition that will unload their cargo must take turns (each trader has a loading and unloading duration of 30-60 minutes) and when it is done, they must immediately leave the area. This is what the traders complain about since it also affects the high cost of porters because they have limited amount of time. Thus, it is suggested that PD. Pasar can revitalize the loading and unloading area in each traditional market, and if it is not possible, then it

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