

RAW MATERIAL PROCUREMENT PROCESS IN AUTOPARTS COMPANY

Sofyan Ali Mukmin

Management, College of Administrative Sciences, Jakarta, Indonesia

Article Info

Corresponding Author:

Sofyan Ali Mukmin,
Management, College of
Administrative Sciences,
Jakarta, Indonesia
Email:
sofyanalimukmin@gmail.com

ABSTRACT

The purpose of this study was to determine the process of procuring raw materials at the Autoparts company, to find out the obstacles faced in the process of procuring raw materials at the Autoparts company, and to find out the solutions that were carried out to overcome the obstacles in the process of procuring raw materials at the Autoparts company. The research methodology used is descriptive qualitative which aims to describe the conditions and analyze the production administration process at the Autoparts company. In this study, data related to the author's study are sourced from literature studies, field studies, documentation techniques. The results of the research on the Raw Material Procurement Process at the Autoparts Company are as follows: The raw material procurement process at the Autoparts Company is the user submits the procurement of raw materials. Then the specifications are reviewed by PPIC. After that, the user makes a Purchase Request (PR) and submits it to PPIC for signature. Then, the approved Purchase Request (PR) is submitted to the Purchasing section for a Purchase Order (PO). After that, submit the PO to the supplier for ordering raw materials. Then, the supplier sends the raw materials to the warehouse and is received by the warehouse. After that, the warehouse informs the arrival of raw materials to the user. Barriers found in the process of procuring these raw materials. First, there is a discrepancy between the requested raw materials and the actual condition of the raw materials sent. Second, there is unclear information from the supplier regarding the arrival of raw materials to the company. Third, there is damage to the forklift vehicle which is a means of transporting raw materials to the production area. The solutions to the obstacles that occur. First, before the purchase request is submitted to the purchasing department, the user checks again so that there is no incomplete raw material specification data. Second, the company asks the supplier for confirmation regarding the departure time and estimated arrival of the requested raw materials. The third, borrowing a forklift from another part that is not in use.

Keywords: process, procurement, raw materials

1. INTRODUCTION

In this era of globalization, the development of the automotive industry is running fast along with the advancement of sophisticated technology. The company is able to run its business by improving the quality of good products to achieve its business goals. These activities are carried out properly, regularly, with precise and continuous calculations, so that the quality of the products distributed is according to plan.

Industrial growth is marked by the ability to progress in the field of production, both in the type of industry, increasing the quality and volume of production activities. In addition, an industry is required to have good planning. The efficiency and effectiveness of the company's operational activities should be the main concern of the company's management in order to be able to survive in the face of possibilities that will occur.

In general, the company's goal is to make a profit, which is used to maintain survival and develop its business, as well as improve employee welfare. For this reason, the company and all employees can manage and utilize production factors, work methods, and funds by using management techniques in such a way as to produce goods/services effectively and efficiently, in terms of quantity, quality, and expected cost.

The procurement of raw materials is one of the most important activity factors to support the smooth running of a production process. The procurement is in accordance with the request allocation agreed by the company for distribution. That is by collecting data on the availability of raw materials on a regular basis so that the use of raw materials can be monitored according to production needs. Thus, it will facilitate the process of determining the raw materials to be purchased.

Procurement of raw materials has the task of planning raw materials, to fit the planned time. As for the procurement of raw materials needed by company agencies, available in sufficient quantities, and of good quality. Therefore, the purpose of procuring these raw materials is to obtain raw materials at an accountable price, in the right quality, at the right time and in the right place.

Weaknesses usually occur in the process of procuring these raw materials. This will be used as a benchmark to find a solution in dealing with these weaknesses. Basically, consumers expect to get raw materials that have benefits at an acceptable price level. To realize these consumer desires, each company tries optimally in fulfilling the procurement of raw materials for the production process. Through the implementation of good raw material procurement, the possibility of a lack of raw material availability that will occur can be reduced, so that production can run smoothly. So it is necessary to apply the purchase of raw materials on a regular basis and purchases erratically (urgent), which can be used to support the activities of the production process.

The process of procuring raw materials for production needs is very important to support the activities of the production process in order to produce products with good quality. The activities carried out by this production generally require raw materials in accordance with the standard requirements in the field. And refers to product specification procedures and work instructions for the implementation of production in the field.

From the description above, it can be seen that the raw material procurement process requires an accurate estimate. Taking into account the importance of procuring raw materials in the production section, it is necessary to have a procedural set by the company regarding the procurement of raw materials. Therefore, the researcher raised the title "The Process of Procurement of Raw Materials at Autoparts Companies".

2. LITERATURE REVIEW

a. PROCESS

According to Siswanto (2015: 23): "A process is a series of activities that follow each other. A process is a systematic way of doing a job."

According to Inu Kencana Syafie and Welasari (2015: 21): "The process is a collection of work activities that should be structured, systematic, harmonious and orderly in accordance with space and time that are interrelated to process and how to solve certain problems which then produce an output or certain services in accordance with the expertise and available resources.

According to Richardus Eko Indrajit (2014: 216): "Poses are ways or by what inputs are converted into outputs. It is also how the company combines all its resources in such a way that it produces the output that the customer needs."

According to Sofjan Assauri (2016:179): "A process is a series of activities carried out to produce a product, in the form of goods or services or ideas, in a way, or approach, or method. The implementation of a process is often referred to as a work system, which is carried out with a reflection as a management commitment in an effort to achieve organizational goals."

b. PROCUREMENT

1) Definition of Procurement

According to Willem Siahaya (2016: 1): "Procurement is the activity of organizing the procurement of goods (products) and services (services), which include procurement of goods (products), procurement of construction work, procurement of consulting services (consultants) and procurement of other services (other services).)."

2) Procurement Philosophy

According to Willem Siahaya (2016:7) the philosophy of procurement is an effort to obtain goods and services needed and carried out based on logical and systematic thinking, following norms and ethics and according to standard procurement methods that are applied as procurement guidelines.

3) Procurement Paradigm

According to Willem Siahaya (2016:8) the procurement paradigm means that procurement is a mechanism to realize an investment program that is implemented strategically in order to increase the economy and income.

Broadly speaking, the procurement paradigm includes:

- a) Having a target and being strategic in nature through optimizing the utilization of resources, accelerating the process and speeding up decision making.
- b) Improving competitiveness and fair business competition.
- c) Flexible and innovative according to the era of technology and business development.

4) Procurement Model

According to Willem Siahaya (2016: 9) the procurement model indicates that it is integrated with supply chain management, innovates and has good relations between institutions, providers and industry/producers. The procurement model is able to reduce procurement risks and costs.

Broadly speaking, the procurement model includes:

- a) Focus on business.
- b) Integrated with supply chain management.
- c) Adaptive to the latest procurement trends.
- d) Based on information technology system.
- e) Continuous process transformation.
- f) Strategic partnership.
- g) Development of HR competence in procurement.
- h) Continuous innovation.
- i) Environmentally based.
- j) Involving the provider from the beginning of the work plan (early vendor/contractor involvement).

5) Purpose of Procurement

According to Willem Siahaya (2016:17) the purpose of procurement (procurement goal) for the implementation of procurement activities is to achieve the target:

- a) Realizing integration to obtain goods and services of the right quality, quantity, source, time and place at optimal costs to meet the needs of institutions and society.
- b) Realizing a procurement system that is beneficial to the community, prioritizes national interests and is able to develop national potential and increase the use of domestic products.
- c) Realizing a strategic procurement system oriented towards optimizing results and benefits, fair business competition and long-term contracts.
- d) Providing open access for the public to participate in providing information in the procurement process to obtain good procurement governance, in accordance with the principles and rules.
- e) Provide guarantees, protection and legal certainty as well as business certainty for the parties in procurement activities.

6) Procurement Process

According to Willem Siahaya (2016:61) the procurement process includes the following activities:

- a) Determination of procurement targets, strategies and planning.
- b) Determination of procurement sources and evaluation of market conditions.
- c) Determination of provider selection method.
- d) Self-assessment pricing.
- e) Determination of the type and method of bid evaluation.
- f) Determination of the type of contract.
- g) Contract making.
- h) Monitoring and supervision of work.
- i) Handing over of the work.
- j) Performance evaluation.

According to Willem Siahaya (2016:62), the procurement process fulfills the following conditions:

- a) Conducted strategically and comprehensively to ensure the achievement of procurement objectives.
- b) It is carried out based on real needs, not based on the wishes of certain parties.
- c) Meet technical specifications and quality standards.
- d) In accordance with optimal and competitive or competitive costs and prices.
- e) In a reasonable time for delivery or completion of work.
- f) Standard goods and services are carried out using e-Catalog.
- g) Routine maintenance work is carried out through performance-based and long-term contracts.
- h) The procurement process must use domestic products and are prohibited from importing, if:

- (1) The said goods have been produced domestically.
- (2) Specifications as needed and minimum technical requirements.
- (3) The amount of domestic production to meet the needs.
- i) The procurement process will continue to be carried out if it is believed and proven that there is only one source of procurement according to the specifications for goods and services.

c. RAW MATERIAL

1) Definition of Raw Materials

According to Mulyadi (2014: 275) raw materials are materials that make up the overall part of the finished product. According to Danang Sunyoto (2015: 77) raw materials are industrial goods that are used for actual spare parts for the final product, for example engine blocks.

2) Characteristics of Raw Materials

According to Danang Sunyoto (2015: 77), the characteristics of the material are as follows:

- a) Price per unit is low.
- b) The product life cycle depends on the final product.
- c) Great need.
- d) Standardization of high product competition.
- e) Supply is not a problem.

3) Raw Material Purchase Request Procedure

According to Mulyadi (2014: 276) if the inventory of raw materials in the warehouse has reached the minimum level of reordering (reorder point), the warehouse section then makes a purchase requisition (purchase requisition) to be sent to the purchasing department.

4) Raw Material Purchase Order Procedure

According to Mulyadi (2014:277) the purchasing department makes purchases on the basis of a purchase request letter from the warehouse. For supplier selection, the purchasing department sends a letter of request for a price quotation (purchase price quotation) to the suppliers, which contains a request for price information and terms of purchase from each supplier. After the supplier that is considered good is selected, the purchasing department then creates a purchase order letter to be sent to the selected supplier.

5) Raw Material Receipt Procedure

According to Mulyadi (2014: 278) suppliers send raw materials to the company in accordance with the purchase order they receive. The receiving department is in charge of receiving goods, matching the quality, quantity, type and specifications of raw materials received from suppliers with a copy of the purchase order. If the raw materials received are in accordance with the purchase order, the receiving department makes a goods receipt report to be sent to the accounting department.

6) Procedure for Recording Receipt of Raw Materials in the Warehouse Bagian

According to Mulyadi (2014: 278) the receiving department submits raw materials received from suppliers to the warehouse. The warehouse department stores these raw materials and records the amount of raw materials received in the stock card in the "incoming" column. This warehouse card is used by the warehouse department to record the mutation of each type of warehouse goods. The warehouse card only contains information on the quantity of each type of goods stored in the warehouse and does not contain information about the price. The records in this warehouse card are supervised by records maintained by the accounting department in the form of inventory cards (as inventory subsidiary accounts). The accounting department in addition to recording the mutation of warehouse goods in the warehouse card, also records the goods in the goods card (inventory tag), which is affixed or hung on the storage area of each type of goods.

3. RESEARCH METHOD

The type of research used is descriptive qualitative research. Descriptive qualitative research is research that is used to analyze data by describing or describing the data that has been collected properly without intending to make generally accepted conclusions or generalizations (Sugiyono, 2012). According to Mukhtar (2013:10) descriptive qualitative research method is a method used to find knowledge of research subjects at a certain time. The author in this study uses descriptive qualitative research because researchers want to know and get depth of information related to the topic (Sugiyono, 2012).

Data collection techniques in this study are observation and interviews. Observations in this study are participant observation. Interviews in this study, namely through semi-structured interviews, the interviewer has prepared a topic and a list of interview guide questions before the interview activity is carried out, researchers need to explore further a topic based on the answers given by participants. Data collected from interviews with informants.

The data analysis model in this study follows the concept of activities in qualitative data analysis carried out interactively and continuously at each stage of the research until it is complete. The components and data analysis in this study are:

a. Data reduction.

The data obtained from the report is quite large for that it needs to be recorded carefully and in detail. Reducing data means summarizing, choosing the main things, focusing on the things that are important, looking for themes and patterns.

b. Data Presentation

After the data is reduced, the next step is to display the data. In qualitative research, the presentation of data can be done in the form of a short, chart, relationship between categories, and with a narrative text. By displaying the data, it will be easier to understand what happened and plan further work based on what has been understood

c. Verification or Data Inference

The initial conclusions put forward are still tentative, and will change if strong evidence is found to support them at a later stage. However, if the conclusions put forward at the initial stage are supported by valid and consistent evidence when the researcher returns to the field to collect data, then the conclusions put forward are credible conclusions.

4. RESULTS AND DISCUSSION

a. Raw Material Procurement Process at Autoparts Company

The process of procuring raw materials for production needs is very important to support the activities of the production process in order to produce products with good quality. The activities carried out by this production generally require raw materials in accordance with the standard requirements in the field. And refers to product specification procedures and work instructions for the implementation of production in the field. Thus, each product that will be made will be in accordance with the composition of the product and the existing material needs with the provisions set by the company.

Procurement of raw materials is carried out at the beginning of each month, based on the remaining inventory of raw materials from the previous month in the warehouse. Therefore, Autoparts Company requires a good process to facilitate procurement and to achieve the main goal, namely user satisfaction. The parties involved in the procurement of raw materials are: users, PPIC (Production Planning Inventory Control), purchasing, suppliers and warehouses.

b. Explanation of Raw Material Procurement Process at Autoparts Company

Explanation of the Raw Material Procurement Process at the Autoparts Company, which is as follows:

1) Submission of Procurement of Raw Materials

The user (Coordinator / Production Supervisor) submits a request for the procurement of raw materials by filling in the Material Requirement Planning (MRP) data and providing information regarding its use and the purpose of procuring raw materials. Material Requirement Planning (MRP) is a schedule for the plan to purchase goods. The MRP data is submitted to PPIC for further analysis regarding capacity supply and balance using capacity requirements planning.

2) Specification Review

PPIC (Production Planning Inventory Control) reviews the submission of raw materials in accordance with the needs of the production process. Review of raw material specifications includes: size, quantity, type, material and color. If appropriate, the user issues a Purchase Request (PR). However, if it is not appropriate, the user starts from the beginning, namely submitting the procurement of raw materials.

3) Purchase Request (PR)

After reviewing the raw material specifications, the user issues a Purchase Request (PR) and submits it to PPIC for approval. If approved, the Purchase Request will be submitted to Purchasing. If it is rejected, it will be reviewed from the beginning, namely submitting the procurement of raw materials. Purchase Request (PR) is a request for approval for the purchase of goods.

4) Purchase Order (PO)

After the Purchase Request (PR) is approved, the Purchasing department makes a Purchase Order (PO) according to the request for raw materials. And submitted to the supplier. Purchase Order (PO) is the process of purchasing goods based on an approved Purchase Request (PR).

5) Raw Material Delivery

The supplier receives the Purchase Order (PO) and prepares and sends the raw materials. This Purchase Order (PO) becomes a reference for suppliers in the process of sending raw materials.

6) Raw Material Receipt

Raw materials from suppliers are received by the warehouse. Once received, the warehouse checks all raw materials according to the Purchase Order (PO) that has been submitted. The inspection includes: No. PO, raw material specifications (name of raw material, size, quantity, type, and material)

7) Daily Receiving Reports

After being received and checked by the warehouse department, the warehouse then inputs the data into the Daily Receiving Reports program. Daily Receiving Reports are reports from the warehouse that contain all types of raw materials/goods received from suppliers. This report is made at the time of each receipt of raw materials so that everything is recorded.

8) Raw Materials Brought to Work Area

After input by the warehouse, then the warehouse informs the user that the raw materials are ready to be used. The warehouse party submits the raw materials to the user and the user signs the Material Receiving Slip (MRS) document as proof of handover that the raw materials have been received.

CONSTRAINTS IN THE PROCUREMENT OF RAW MATERIALS AT AUTOPARTS COMPANIES

- a. There is a discrepancy between the requested raw materials and the actual condition of the raw materials sent. This error arises because the user does not provide complete information.
- b. Unclear information from the supplier regarding the delivery of raw materials to the company.
- c. The existence of damage to the forklift vehicle which is a means of transporting raw materials from the warehouse to the production area so that the production process is hampered.

SOLUTIONS DONE TO OVERCOME OBSTACLES IN THE PROCUREMENT OF RAW MATERIALS FOR AUTOPARTS COMPANIES

- a. To deal with the discrepancy of the requested raw materials with the actual condition of the raw materials sent, the solution is that before the purchase request is submitted to the purchasing department, the user checks again so that there is no incomplete raw material specification data.
- b. The solution to the unclear information from the supplier regarding the delivery of raw materials is that the company asks the supplier for confirmation regarding the departure time and estimated arrival of the requested raw materials.
- c. In overcoming damage to forklift vehicles, the solution is to borrow forklifts from other parts that are not in use.

5. CONCLUSION

From the results of observations that have been made by the author regarding the Process of Procurement of Raw Materials at the Auoparts Company, which are as follows:

- a. The process of procuring raw materials at the Autoparts company is the user submits the procurement of raw materials. Then the specifications are reviewed by PPIC. After that, the user makes a Purchase Request (PR) and submits it to PPIC for signature. Then, the approved Purchase Request (PR) is submitted to the Purchasing section for a Purchase Order (PO). After that, submit the PO to the supplier for ordering raw materials. Then, the supplier sends the raw materials to the warehouse and is received by the warehouse. After that, the warehouse informs the arrival of raw materials to the user.
- b. Barriers found in the process of procuring these raw materials. First, there is a discrepancy between the requested raw materials and the actual condition of the raw materials sent. Second, there is unclear information from the supplier regarding the arrival of raw materials to the company. Third, there is damage to the forklift vehicle which is a means of transporting raw materials to the production area.
- c. The solutions to the obstacles that occur. First, before the purchase request is submitted to the purchasing department, the user checks again so that there is no incomplete raw material specification data. Second, the company asks the supplier for confirmation regarding the departure time and estimated arrival of the requested raw materials. The third, borrowing forklifts from other parts that are not in use.

REFERENCES

- Assauri, Sofjan. 2016. *Manajemen Operasi Produksi*. Jakarta: Rajawali Pers.
- Mukhtar. 2013. *Metode Praktis Penelitian Deskriptif Kualitatif*. Jakarta Selatan: Referensi (GP Press Group)
- Mulyadi. 2014. *Akuntansi Biaya*. Yogyakarta: Sekolah Tinggi Ilmu Manajemen YKPN.
- Siahaya, Willem. 2016. *Manajemen Pengadaan Procurement Management*. Bogor: In Media.
- Siswanto. 2015. *Pengertian Manajemen*. Jakarta: PT. Bumi Aksara.
- Sugiyono. 2012. *Metode Penelitian Kuantitatif Kualitatif dan R&B*. Bandung: Alfabeta
- Sunyoto, Danang. 2013. *Dasar-dasar Manajemen Pemasaran*. Yogyakarta: CAPS.
- Syafiie, Inu Kencana dan Walesari. 2015. *Ilmu Administrasi*. Yogyakarta: Pustaka Pelajar.