**SUPPLY CHAIN ​​MANAGEMENT STRATEGY**

**IN SMALL AND MEDIUM ENTERPRISES (SMEs) IN THE CITY OF BANDUNG, WEST JAVA**

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**Abstract**

 The purpose of this study is to analyze supply chain management strategies that have been implemented by SMEs in Bandung, analyze supply chain management strategies used by SMEs and examine various problems and factors that support successful implementation.

This research method uses qualitative methods, namely expressing the problems of this research completely and objectively in accordance with the actual facts. The focus in this study is the supply chain management (SCM) strategy, in this case the determination of the supply chain management (SCM) strategy in Small and Medium Enterprises (SMEs) in the city of Bandung.

 The results showed that the supply chain management strategy used by SMEs in the city of Bandung in determining suppliers, namely SMEs in the city of Bandung which used a strategy of few suppliers with 1 supplier, namely 69.66%, which used a strategy of few suppliers with 2 suppliers, namely 18.73%, which uses a strategy of few suppliers with 3 suppliers that is 6.74%, which uses a strategy of many suppliers with 4-10 suppliers that is 4.86%. In the supply of raw materials for their products, almost all SMEs in the city of Bandung buy their own raw materials. SMEs obtain their raw materials from markets, shops and stalls around their homes. The supply chain management strategy for SMEs in Bandung City is that similar SMEs form cooperatives and will obtain raw materials directly from the company then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors, agents, then to new retailers to consumers. .

Keywords: Strategy, Supply Chain Management, SMEs, Supply Chain Management Strategy.

**INTRODUCTION**

Small and Medium Enterprises (SMEs) play a very large role in advancing the Indonesian economy. Apart from being an alternative for new employment opportunities, SMEs also play a role in encouraging the pace of economic growth after the 1998 monetary crisis when large companies experienced difficulties in developing their businesses. Currently, SMEs have contributed greatly to regional income and Indonesian state revenue

 SMEs must be recognized as a strategic and important force to accelerate regional development, so that the growth of SMEs is increasing every year. The Small and Medium Enterprises (SME) sector contributes a lot to economic growth in the city of Bandung. This sector creates many jobs and reduces poverty. The number of SMEs in Bandung City from 2016 to 2019 is as shown in table 1

Table 1

Data on the number of SMEs in Bandung for the last 5 years

|  |  |
| --- | --- |
| **Year** | **Number of SMEs** |
| 2016 | 410 |
| 2017 | 431 |
| 2018 | 454 |
| 2019 | 477 |

Source: Department of Cooperatives and SMEs, 2019

 Research conducted by (Dawanto, 2015) states that one of the characteristics of good economic dynamics and performance with high economic growth rates in East Asian countries is the performance of their SMEs which are very efficient, productive and have a high level of competitiveness. . SMEs in these countries are very responsive to government policies in private sector development and increasing export-oriented economic growth.

The results of the study conducted (Ariani & Utomo, 2017) obtained several problems faced by SMEs, including: (1) marketing, (2) capital and funding, (3) innovation and utilization of information technology, (4) use of raw materials, ( 5) production equipment, (6) labor absorption and empowerment, (7) business development plans, and (8) readiness to face external environmental challenges. In connection with the various problems faced by SMEs, a strategy is needed to overcome them. To develop SMEs, of course, it is not only burdened by SMEs themselves but must obtain the support of all stakeholders. Support is expected to come from associations of entrepreneurs, universities, related agencies/agencies within the district/city and provincial governments (Hamid & Susilo, 2015). In addition, government policies are needed that encourage the development of SMEs (Ndu et al., 2014).

The main problem of SMEs in the city of Bandung is the readiness of SMEs to face competition in free trade. Currently, SMEs in Bandung City have not received much attention to be developed and managed by the Bandung City government. Then, there are many human resources (HR), but lack of quality and have a high entrepreneurial spirit, lack of innovation in producing products, limited business capital, lack of clear goals to be achieved by SMEs, and lack of expertise and knowledge to develop businesses. . The consumptive nature of the community, causing the underdevelopment of SMEs because they cannot compete with foreign products.

 In the Era of Globalization and the era of Information and Communication Technology in the 21st century it has been running so fast. Indonesia as one of the major countries in Southeast Asia, which is located in a very strategic geographical location, is between the continents of Asia and the continents of Africa, the Indian Ocean and the Pacific Ocean, trading gateways and transcontinental transit points. Thus, Indonesia is a country that is experiencing the impact of all changes in the world (Kuswanto, 2013).

Currently, SMEs have to face global competition in order to survive in the market. One strategy that can be applied is supply chain management (Tetty Yuliaty, 2020). Supply chain management is a complete cycle chain management starting from raw materials from suppliers, to operational activities in the company, continuing to distribution to consumers (Jamaludin et al., 2020). This concept is a key business process in integrating from suppliers to end customers. Managing the supply chain enables organizations to provide fast service with differentiated and high-quality products (Jamaludin et al., 2021). The application of supply chain management in SMEs is expected to increase productivity and have competitiveness (Muhfiatun & Rudi Nugraha, 2019).

Competitive SMEs are SMEs that can survive and thrive in a global competitive market.

Based on the above problems, it is necessary to conduct research on supply chain management strategies for SMEs in Bandung, so that in dealing with all problems in SMEs in Bandung, such as the readiness of SMEs to face competition in free trade, readiness to face global competition in order to survive in the market. One strategy that can be applied to SMEs in Bandung is supply chain management.

**THEORITICAL REVIEW**

**Supply Chain Management Concept.**

The concept of supply chain management is able to integrate the management of various management functions in a relationship between organizations to form an integrated and mutually supportive system (Mutakin, 2011). Supply Chain Management (SCM), or Supply Chain Management is a series of approaches applied to effectively and efficiently integrate suppliers, entrepreneurs, warehouses and other storage places (Jamaludin et al., 2020). The resulting product can be distributed in the right quantity, place and time to minimize costs and satisfy consumers (Jamaludin et al., 2021).

 Supply Chain Management aims to make the entire system effective and efficient, minimizing transportation costs, distribution costs to raw material inventories, materials in process and finished goods. There are several main actors who have an interest in SCM, namely suppliers, manufacturers, distributors, retailers and customers (Richardus et al., 2015). Supply Chain Management is also a set of approaches applied to achieve efficient integration of suppliers, manufacturing, warehouses, and storage, so that goods produced can be distributed in the right quantities, to the right locations, at the right time to minimize costs and provide satisfactory service to consumers. for the needs of the final consumer (David, 2018).

 According to (Heizer et al., 2014) supply chain management is the integration of material and service procurement activities, conversion into semi-finished goods and final products and delivery to customers through the distribution system.

(Richardus et al., 2015) revealed that supply chain management is a system in which an organization distributes its production goods and services to its customers. This chain is also a network of various organizations that are interconnected and have the same goal, namely as best as possible to organize the procurement or goods, the term supply chain also includes the process of changing these goods, for example from raw goods to finished goods (Siagian, 2005).

 Supply chain management is the network management of all business processes and activities involving the procurement of raw materials, manufacturing and distribution management of finished goods (Heizer et al., 2014). Supply chain management is also called the art of management providing the right product, at the right time, in the right place at the right place and at the right price for consumers (Porter, 2005).

 Based on the concepts of supply chain management according to several experts, it can be concluded that supply chain management is all activities related to the flow of material, information and money along the supply chain path.

**Main Actors In Supply Chain Management**

The main actors in supply chain management are:



Picture 1

Main Actors In Supply Chain Management

(Source: (Heizer et al., 2014).

The main actors with an interest in the flow of goods can create a supply chain strategy, which is a picture of the linkages of these actors which can be in the form of links that are connected to one another. suppliers have been included to denote the complete relationship of a number of companies or business organizations that together collect or locate, convert, and distribute goods and services to final customers. One of the key factors for optimizing the supply chain is to create a flow of information that moves quickly and accurately between the network or link and the movement of goods that is effective and efficient to produce maximum customer satisfaction (Richardus et al., 2015).

**Supply Chain Management Strategy Concept**

 Strategy is the process by which plans are formulated to position the company to achieve its objectives. Strategy begins with a clear statement of the company's goals. Every company that wants to win or survive in the competition must have the right strategy. Strategy will direct the organization to the long-term goals to be achieved. Strategy is needed by an operating unit within a company, by a company as a whole, or by a supply chain. Strategy is not a single decision or action, but rather a collection of decisions and actions taken by an organization or by several organizations together. These decisions and actions are taken to achieve the long-term goals that have been determined. In the context of the supply chain, this decision can be in the form of establishing a new factory, increasing production capacity, designing new products, transferring inventory management responsibilities to suppliers, reducing the number of suppliers, implementing a new quality control system and so on. Supply chain strategy is a collection of strategic activities and actions along the supply chain path that creates a reconciliation between what the end customer needs and the capabilities of the resources available in the supply chain (Heizer et al., 2014).

 **Supply Chain Strategy Goals**

According to (Ariharti, 2017) “the supply chain has a strategic goal, namely to make the supply chain win or at least survive in the competition. To be able to win market competition, the supply chain must be able to provide cheap, quality, timely and varied products.

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According to (Heizer et al., 2014), “ stated that there are five strategies that companies can choose to make purchases from suppliers, which are as follows”:

**1. Many Suppliers (Many Suppliers)**

 The multi-supplier strategy, in this strategy, plays a role between one supplier and another and charges the supplier to meet the buyer's demand. Suppliers compete with each other aggressively. Although many ways of negotiating are used in this strategy, long-term relationships are not the goal. In this approach, the onus is on the supplier to maintain technology, expertise, predictability, cost, quality and delivery.

**2. Few Suppliers (Few Supplier).**

 Few suppliers strategy In this strategy, the company maintains long-term relationships with committed suppliers. Because in this way, suppliers are more likely to understand the broader goals of the company and the end consumer. Using only a few suppliers can create added value that allows suppliers to have economies of scale and a learning curve that results in lower transaction and manufacturing costs. With these few suppliers, the costs of replacing large partners, suppliers and buyers run the risk of being held captive by others. Poor supplier performance is one of the risks faced by buyers so that buyers must pay attention to the trade secrets of suppliers who do business outside the joint business

**3. Vertical Integration**

 Vertical integration, in this strategy the development of skills to produce goods or services that were previously purchased. This vertical integration can be in the form of: (a). Backward integration which means control over resources, for example a Car Company acquires a Steel Factory. (b). Forward integration which means control over its consumers, for example a car company acquires a dealer who was originally the distributor.

**4. Kairetsu Network**

 Keiretsu Network (Kairetsu Network), In this strategy most manufacturing companies take a middle ground between buying from a few suppliers and vertical integration by financially supporting suppliers through ownership or loans. The suppliers then become part of a coalition of companies better known as kairetsu. Its membership in a long-term relationship is expected to serve as a partner, transmitting technical expertise and stable production quality to manufacturing companies. These kairetsu members can operate as smaller supply chain subcontractors.

**5. Virtual Company (Virtual Company).**

 Virtual company (Virtual Company), In this strategy virtual companies rely on various supplier relationships to provide services when needed. Virtual companies have an organizational concept that is not fixed. The creation of this unique company in order to meet market demands that tend to be dynamic. The formed collaboration can provide services that include salary payments, employee appointments, product design or distribution networks. Relationships can be short term or long term, true partners, suppliers or subcontractors. Whatever the form of the relationship is expected to produce a sleek world-class performance. Benefits include: specialized management expertise, low capital investment, flexibility and speed. The expected result is efficiency.

**Supply Chain Management Model**

According to (Nainggolan, 2019) the physical form of an item in the supply chain can be seen as a stage of the value added network of processing materials, each of which is defined by input supply, material transformation and demand output. The following provides a supply chain model for product products:



Figure 2

Supply Chain Management Model Source: (Nainggolan, 2019).

 Supplier, manufacturing, distribution, retailing, and recycling / remanufacturing connected with arrows represent the flow of material with stock stocks between each stage. The transmission of information in the opposite direction is shown as a dotted line and includes activities performed by the supplier, the product design process, and customer service. The manufacturing stage represents the traditional operation where raw materials arrive from an external supplier of materials changing in some way to add value, creating a finished goods inventory. Other downstream stages such as distribution and retail also add a value to the material.

**Small and Medium Enterprise (SME) Concept**

 The theme of small and medium enterprises (SMEs) has become the main subject of several references. Many researchers have tried to classify SMEs as a business category. many researchers classify SMEs based on business size, venture capital and worker skills, others measure SMEs based on formal legal status and production methods (Abor et al., 2010).

In addition, The United Nations Industrial Development Organization (UNIDO) also defines SMEs based on the number of workers by assigning groups to industrialized and developing countries. In industrialized countries, the criteria for SMEs are defined as follows:

1. Large Companies : businesses with more than 500 employees.

2. Medium Company : a business with 100-499 employees.

3. Small Enterprises : businesses with fewer than 99 workers.

Meanwhile, the classification of SMEs for developing countries is:

1. Large Companies : businesses with more than 100 employees.

2. Medium company : business with 20-99 workers.

3. Small Enterprises : businesses with 5-19 employees.

4. Micro Enterprises : businesses with less than 5 employees.

Based on this, it is clear that a wide variety of definitions have evolved, there is no general agreement on the basis of SMEs, and definitions vary widely across industries and countries (Abor et all., 2010).

**The Role of Small and Medium Enterprises (SMEs)**

 Small and medium enterprises (SMEs) have become the backbone of economic growth (Gherghina et. & All, 2020). SMEs as actors in economic growth, are described as creators of jobs that are efficient and easy to develop, the seeds of big business and the driving force of the national economy (Nursini, 2020). The development of small and medium enterprises can develop inter-regional and intra-regional decentralization processes as well as a cushion against the economic power of large corporations (Abbrey et. All, 2015). In addition, the potential of SMEs to increase domestic market growth in existing and new industries and increase economic resilience in a competitive situation (Surya et. all, 2021). Overall the development of SMEs can be seen as a means of accelerating performance in the broad economy and including poverty reduction..

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 Moreover, the contribution of SMEs in ASEAN is to create 80-90% of business, provide more than 60% of individual sector jobs, absorb 50-80% of the workforce, contribute about 50% of sales and value addition, and 30% of total exports (Badar et., 2015).

 Seeing the importance of SMEs in developed and developing countries, it encourages governments in all countries to take initiatives in promoting the growth of SMEs (Bayraktar et all, 2019). The SME strategic development process carried out by the government is aimed at all SME sectors through the adoption of standard definitions and specifications of SMEs based on activities, creation and maintenance of a national SME database, as well as support for programs and facilities to improve financial access and export markets (Badar et., 2015).

**RESEARCH METHODS**

**Research Objects and Subjects**

 The object of this research is UKM in Bandung City. While the subjects in this study were the owners of SMEs in the city of Bandung.

This research method uses a qualitative method, which is to reveal the problems of this research as a whole and objectively in accordance with the actual facts. In addition, this method has more depth and sharpness of analysis in uncovering facts and meanings or revealing hidden phenomena regarding the determination of supply chain management (SCM) in SMEs in Bandung City so that the objectives of this research can be achieved. The nature of this research is the descriptive analysis method, which is to explore the problems of this research and to articulate the findings or facts that occur in the form of descriptive data as a whole and objectively.

**Research focus**

The focus of this research is the supply chain management (SCM) strategy, in this case the determination of the supply chain management (SCM) strategy in Small and Medium Enterprises (SMEs) in Bandung City.

**Type of Data**

The types of data processed in this study are primary data and secondary data. Primer data is data that is directly obtained from the field through in-depth interviews with a number of research informants and which is obtained through observations made by the researcher himself. Meanwhile, secondary data is data obtained from (a). Literature, as a source of data in the form of books, papers, research reports, scientific journals and bulletins related to theories or data on supply chain management strategies. (b). The document, as a source for researchers, takes data or materials from several official sources, including national and regional laws and regulations related to supply chain management strategies.

**Data collection technique**

Data collection techniques in this study are (a). Documentation Studies; (b). Observation ; (c). in-depth interview

**Key Informants**

In this study using key informants (key informants) are the owners of Small and Medium Enterprises (SMEs) in the city of Bandung.

**RESULTS AND DISCUSSION**

**The results achieved.**

Based on the results of telephone interviews with 108 SME owners in Bandung City, more than 85% of SMEs owners in Bandung City responded to the researchers' answers quickly.

Exploration and Identification of SMEs that have implemented supply chain management.

Supply chain management is a set of approaches to streamline supplier, manufacturing, warehouse and storage integration, so that goods are produced and distributed in the right quantity, to minimize costs and provide service satisfaction to consumers (David, 2018).. Based on the results of interviews with SMEs owners, the results obtained with the number of suppliers used by SMEs can be seen in table 2.

Table 2

Number of Suppliers / Suppliers Used by SMEs

|  |  |  |
| --- | --- | --- |
| Number of Suppliers / Suppliers | Amount | Percentage |
| 1 | 70 | 64,81% |
| 2 | 18 | 16,66% |
| 3 | 6 | 5,55% |
| 4 | 5 | 4,62% |
| 5 | 4 | 3,70% |
| 6 | 1 | 0,92% |
| 7 | 1 | 0,92% |
| 8 | 0 | 0% |
| 9 | 0 | 0% |
| 10 | 2 | 1,85% |
| Total | 108 | 100% |

The largest percentage of SMEs in Bandung is 64.81% using only 1 supplier / supplier for 1 raw material. Meanwhile, most of the suppliers / suppliers used by SMEs were 10 suppliers (1.85%). The next activity carried out in supply chain management is to carry out the production (manufacturing) process from raw materials to finished products.

The next chain in supply chain management is to carry out marketing activities by distributing or distributing goods to consumers or customers. Product marketing carried out by SMEs in Bandung City through various distribution channels can be seen in table 3.

Table 3

Distribution Channels Used by SMEs in the City of Bandung

|  |  |  |
| --- | --- | --- |
| Distribution channel | Amount | Percentage |
| Direct to the consumer | 61 | 56,48% |
| Manufacturers - retailers - consumers | 15 | 13,88% |
| Manufacturers - agents - retailers - consumers | 11 | 10,18% |
| Manufacturers - distributors - retailers - consumers | 2 | 1,85% |
| Manufacturers - distributors - agents - retailers - consumers | 3 | 2,77% |
| Direct to the consumerManufacturers - retailers - consumers | 6 | 5,55% |
| Direct to the consumerManufacturers - distributors - retailers - consumers | 1 | 0.92% |
| Direct to the consumerManufacturers - agents - retailers - consumers | 2 | 1,85% |
| Manufacturers - retailers - consumers Manufacturers - agents - retailers - consumers | 3 | 2,77% |
| Manufacturers - agents - retailers - consumers Manufacturers - distributors - retailers - consumers | 1 | 0,92% |
| Direct to the consumerManufacturers - retailers - consumers Manufacturers - agents - retailers - consumers | 2 | 1,85% |
| Direct to the consumerManufacturers - retailers - consumersManufacturers - distributors - retailers - consumers Manufacturers - agents - retailers - consumers | 1 | 0,92% |
| **Total** | **108** | **100%** |

56.48% of SMEs in the city of Bandung use direct distribution channels to consumers. Meanwhile, the largest percentage of SMEs using the 3 distribution channels, namely 5.55%, used direct distribution channels to consumers and producers - retailers - consumers.

Based on the identification results, the supply chain management strategies that have been implemented by SMEs in Bandung are:

**1. Strategy 1: 1 Suppliers - Manufacturers - Consumers**

The first supply chain management strategy is that SMEs only use 1 supplier then carry out the manufacturing process by making products and selling them directly to consumers.



Figure 3

Strategy 1 Supply Chain Management

**2. Strategy 2: 2 Suppliers - Manufacturers - Retailers - Consumers**

The second supply chain management strategy is that SMEs use 2 suppliers then carry out the manufacturing process by making products and selling them directly to consumers or selling them to new retailers to consumers.



Figure 4

Strategy 2 Supply Chain Management

**3. Strategy 3: 3 Suppliers - Manufacturers - Agents - Retailers - Consumers**

 The third supply chain management strategy is that SMEs use 3 suppliers then carry out the manufacturing process by making products and selling them directly to consumers or selling them to agents, then to new retailers to consumers.



Figure 5

Strategy 3 Supply Chain Management

**4. Strategy 4: 4 Suppliers - Manufacturers - Distributors - Agents - Retailers - Consumers**

The fourth supply chain management strategy is that SMEs use 4 suppliers then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors, agents, then to new retailers to consumers.



Figure 6

Strategy 4 Supply Chain Management

**5. Strategy 5: 5 Suppliers - Manufacturers - Distributors - Agents - Retailers - Consumers**

 The fifth supply chain management strategy is that SMEs use 5 suppliers then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors, agents, then to new retailers to consumers.



Figure 7

Strategy 5 Supply Chain Managemen

**Supply chain management strategy that has been implemented by SMEs.**

 According to (Heizer et al., 2014) there are five strategies that companies can choose to make purchases from suppliers, namely as follows:

1. Many suppliers (many suppliers)

2. Few suppliers (few suppliers)

3.Vertical integration, namely backward integration means control of resources and forward integration means control of consumers

4. Kairetsu network.

5. Virtual company.

 Based on the analysis as in table 2, it can be identified the supply chain management strategy used by SMEs in Bandung City in determining suppliers, namely:

1. SMEs in Bandung that use a few suppliers strategy with 1 supplier, namely 64.81%

2. SMEs in Bandung that use a few suppliers strategy with 2 suppliers, namely 16.66%

3. SMEs in Bandung that use a few suppliers strategy with 3 suppliers, namely 5.55%.

4. SMEs in Bandung that use a few suppliers strategy with 4 suppliers, namely 4.62%.

5. SMEs in the city of Bandung that use a few suppliers strategy with 5 suppliers, namely 3.70%.

6. SMEs in the city of Bandung that use a few suppliers strategy with 6 suppliers, namely 0.92%.

7. SMEs in the city of Bandung that use a few suppliers strategy with 7 suppliers, namely 0.92%.

8. SMEs in the city of Bandung that use a few suppliers strategy with 8-9 suppliers, namely 0%.

9. SMEs in the city of Bandung that use the strategy of many suppliers with 10 suppliers, namely 1.85%.

**Various supply chain management problems that have been implemented by SMEs.**

The characteristics of SMEs in Bandung in general are:

1. In the supply of raw materials, the produ`cts are obtained from markets, shops and stalls in the vicinity of his residence.

2. Knowledge of product manufacture is inherited from family members or the neighbors.

3. Collaboration depends on the model / type of business being undertaken.

4. Entities involved in increasing the competitiveness of SMEs are the government, facilitators in industrial clusters, SMEs, retailers / distributors / suppliers, and other institutions related to funding and coaching.

The problems faced by SMEs in order to survive and compete are inseparable from SME's access to resources related to their business ventures. Based on the research results, there are several accesses that must be owned by SMEs in Bandung, namely:

1. Access to sources of funds, markets, sources of raw materials, technology and information as well as management is important for SMEs.

2. Collaboration between business clusters can increase the competitiveness of SMEs.

3. Open access to raw material sources and markets is one of the determining factors for product success.

4. The business communication center is one of the facilities that can be used to conduct transactions and expand its network.

5. Increased knowledge is a source of innovation for SMEs to be competitive.

While the weaknesses faced by SMEs are:

1. Marketing difficulties

2. Financial limitations

3. Raw Material Problems

4. Technology limitations

**Supply chain management strategy for SMEs in Bandung City**

Supply chain management is the integration of activities starting with the procurement of goods and services, converting raw materials into work in progress and finished goods, and delivering these goods to customers in an efficient manner. While the objectives of supply chain management are:

1. Delivery / delivery of products in a timely manner to satisfy consumers.

2. Reducing costs.

3. Reduce time.

4. Focusing planning and distribution activities.

So that SMEs can reduce costs, one way that can be done is to get raw materials directly from companies as suppliers without going through agents or traders. Therefore, to establish direct partnerships with companies, similar SMEs must form groups by establishing cooperatives. By establishing direct partnerships with companies, it is hoped that the chain for obtaining raw materials will be shorter. So that the supply chain management model for SMEs in Bandung is:

Figure 8

SMEs Supply Chain Management Strategy in Bandung City.

The supply chain management strategy for SMEs is that similar SMEs form cooperatives and will obtain raw materials directly from the company then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors, agents, then to new retailers to consumers.

**Bandung City Department of Cooperatives and SMEs**

SMEs must be well managed, and get guidance from related government agencies so that they can get raw materials easily, access financing easily, and do not experience problems in marketing. Government agencies related to the empowerment of SMEs are the Office of Cooperatives and SMEs. The 2019 Cooperatives and UKM Service Programs are:

1. Program for creating a conducive climate for small and medium enterprises. Activities undertaken include strengthening the capacity of SME partnerships

2. Entrepreneurship development program and SME competitive advantage. Activities undertaken are developing new entrepreneurs.

3. Program to improve the quality of cooperative institutions

The activities carried out are strengthening cooperative capacity and fostering SMEs in 2019, namely:

1. Consumer protection program and trade security The activities carried out are protection of the domestic market

2. Export improvement and development program.

 The activities carried out are cooperation and marketing of export products

3. Program to improve the efficiency of domestic trade The activities carried out are:

a. IPR management and services

b. Domestic trade marketing

c. Fostering and developing domestic trade

d. Business development services. The 2019 industrial section programs are:

 The empowerment of SMEs through mentoring is a strategic step to promote SMEs to grow and develop properly. There is not a single SME that does not experience obstacles in its growth. However, every obstacle should be used as a challenge to make improvements in all aspects of management in it. So to solve these problems, there are several things that need to be done:

1. The government through the Office related to the empowerment of SMEs, namely the Office of Cooperatives and SMEs, should provide reliable assistants who have the capacity to handle and resolve any problems that arise in SMEs, as well as increase the capacity of SMEs mentors through continuous training and guidance. Because over time, there will be more and more different levels of difficulty and problems that will be faced in the field.

2. Support from the government is urgently needed to provide a special program for empowering SMEs by preparing a special budget to promote SMEs,

3. In each region, it is necessary to provide a maximum service platform to help SMEs to develop better. A forum better known as SENTRA SERVICES UKM as a center for SME consultation and assistance, which aims to facilitate SMEs who have difficulty in marketing their products, as well as an integrated center for capacity building and empowerment of SMEs.

**CONCLUSION**

1. Supply chain management strategies used by SMEs in Bandung City in determining suppliers are:

a. SMEs in the city of Bandung that use a strategy of few suppliers with 1 supplier that is 64.81%

b. SMEs in the city of Bandung that use a strategy of few suppliers with 2 suppliers, namely 16.66%

c. SMEs in the city of Bandung that use a strategy of few suppliers with 3 suppliers is 5.55%.

d. SMEs in Bandung City that use a strategy of few suppliers with 4 suppliers, namely 4.6%.

e. SMEs in Bandung City that use a strategy of few suppliers with 5 suppliers is 3.79%.

f. SMEs in Bandung City that use a strategy of few suppliers with 6 suppliers is 0.92%.

g. SMEs in Bandung City that use a strategy of few suppliers with 7 suppliers is 0.92%.

h. SMEs in the city of Bandung that use a strategy of few suppliers with 8-9 suppliers, namely 0%.

i. SMEs in the city of Bandung that use a strategy of many suppliers with 10 suppliers is 1.85%.

 2. Supply chain management strategies that have been implemented by MSEs in Bandung are:

1) Strategy 1: 1 Supplier – Manufacturing – Consumer

 The meaning of this strategy is that SMEs only have 1 supplier and then carry out the production process manufacturing) by making products and directly marketing them to end consumers.

2) Strategy 2: 2 Suppliers – Manufacturing – Retailers – Consumers

 The meaning of this strategy is that SMEs only have 2 suppliers and then carry out the production process (manuf acturing) by making products and directly selling them/marketing them to consumers or selling them to retailers.

3) Strategy 3: 3 Suppliers – Manufacturing – Consumers/Agents – Retailers – Consumers.

 The meaning of this strategy is that SMEs only have 3 suppliers and then carry out the manufacturing process/production process by making products and directly marketing them to consumers or agents, then to retailers and then to final consumers.

4) Strategy 4: 4 Suppliers - Manufacturers - Distributors - Agents - Retailers - Consumers.

 The meaning of this strategy is that SMEs only have 4 suppliers and then carry out the manufacturing process/production process by making products and directly marketing/selling them to consumers or distributors, then to agents, then to retailers and then to final consumers.

5) Strategy 5: 5 Suppliers - Manufacturers - Distributors - Agents - Retailers - Consumers.

 The meaning of this strategy is that SMEs only have 5 suppliers and then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors then to agents, then to retailers and then to final consumers.

3. Supply chain management strategy for SMEs, namely similar SMEs to form cooperatives and will obtain raw materials directly from the company then carry out the manufacturing process by making products and selling them directly to consumers or selling them to distributors, agents, then to new retailers to consumers.

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