

# CHAPTER I

## INTRODUCTION

This chapter contains the background of problem, the problem formulation, the purpose of research, the research scope, and the outline of research writing.

### 1.1 Background

Today company or industry become one of the larger contributor to the state revenue. One of the supports of the country's economy that comes from the most basic place of a country is the village through the organization of cooperatives that have various business units. Development of a cooperative had a very complex component to made a best system that running and business especially the cooperative which produced goods during the cooperative carrying out its economic activities. With the rapid development of technology today, every cooperative or small and medium-scale business should take advantage of this to solve data management problems. Therefore, today many companies from small to large scale combine Information and Technology (IT) with business management practices and specific business goals (Yoo & Kim, 2021).

The importance of discussions about cooperative development recently is because cooperatives are often the initial focus in developing creative businesses. The government through its flagship program has recently tried to make the development of micro-businesses through cooperatives whose purpose is to become a tool for the economic development of communities starting from the bottom level and from locations that are difficult to reach. This was conveyed by the minister of Cooperatives and SMEs at the 2022 Planning Technical Coordination Meeting (Rakortekcan) for Cooperatives, MSMEs and Entrepreneurship in Bali. This is also in accordance with the objectives of cooperatives listed in the objectives of cooperatives in pasal 3 Undang-Undang

No. 25 Tahun 1992. Cooperatives have also become one of the main focuses of the government in recent years for the improvement of the creative industry. This is the total contribution of cooperatives as an institution and members to GDP is 24.70% (Kemenkop dan UKM, 2016).

As the important thing of cooperative, resource playing the important role for made a business on company succes (Kiran & Reddy, 2019). Managing resource became important because the problem occured to cooperative when resource didn't manage is big affect for the production and business process (Milošević et al., 2022). Cooperative was so hard to made a better system which is had updated and nomiss information about resources. Often, On the business form documents pertaining to the sale, creation, and acquisition of products are still handwritten and there is no direct access to the document (Wrestra Saridewi et al., 2021). So there is no trusted data to run the production and business. The other problem occured is cost for job didn't accurate, untidy schedulling, the product quality is low and the inventory duplication may be the result of a poorly constructed number structure (Prifti et al., 2020).

As a form of cooperative, KUD (Village Cooperative) which in its daily activities is to carry out the economy of the village community with economic programs planned with the village community. KUD Sarasah is one of the village cooperatives that located in Nagari III Koto. In carrying out its business program, KUD Sarasah runs several program units which include UKM Mart, Pertashop, PI Mart, Savings-Loans Business, and the business unit that runs the production is Citronella Oil Business. The problems faced by the KUD Sarasah currently do not have a comprehensive data and report system.

However, in running the business, KUD Sarasah is still unable to answer the problem of managing resources through accurate and real-time information. Until now, each business unit does not have a report record that can be shown when needed. For Savings-Loans Business, It is very difficult to get a recap of how much member savings, member debts, and member credits are in the KUD.

In fact, there is no clarity on how the savings and loans business system run by KUD has an impact on the sluggish flow of money that occurs in the Savings-Loans Business. As the same with Saving and Loans Business, PI Mart the name of fertilizer business that carried out by KUD. The recording of each fertilizer product in the KUD is carried out traditionally so that if at any time it is asked about the condition of stock or sales, the KUD has not been able to explain it.

The same in general for Pertashops. However, additional problems that occur in the shop are also influenced by business processes that are not too clear. For example, the size of the numbers used is certainly sometimes less than the actual number. So that in recording reports, sometimes the cumulative amount of sales results is different from the amount that has been issued.



**Figure 1.1** UKM Mart application

So far, only UKM Mart is enough to have sales data and an information system that is able to directly recap information that explains the course of business processes. But often there are differences in data and functions of such system information only for sales. The information system used by UKM Mart is a store recording application that has not been able to recap all records according to the business processes of each business unit. So that the integration of systems that are able to recapitulate and manage resources by the KUD still cannot be realized.

It's just that it doesn't stop there, other problems that are also faced by the KUD in holding annual meetings often also occur. As a result of the lack of recording the information needed in the preparation of the year report, there is often a result of delays and procurement of meetings. In addition, KUD finances are recorded manually and only reported periodically in the period of the year, making the evaluation of the course of the KUD business very slow (Adiasih et al., 2020).

Based on the information received from the chairman of the KUD, the course of the KUD's business now still cannot be said to be good. Many of the members who run the KUD business unit do not yet have a wage amount that matches expectations. The KUD is only able to provide wages based on the amount of profit which in its calculations also fluctuates according to the size of the profit. This condition explains that in the process of regulating resources and clarity of the business process of KUD Sarasah needs to be completed because it has caused quite a lot of impact on the development process and the course of daily KUD activities.

The problem experienced by KUD Sarasah in synchronizing data and every resource owned is one important thing to solve. Given the absence of this, decision-making in carrying out business processes and decision making is hampered. Previously, KUD already had a citronella oil production facility but was forced to stop the production due to the absence of clarity in resource planning and the fall in the selling price of products. The above problems should be overcome if the KUD has a system that can evaluate the performance for each business unit.

It is important for KUD to form an information system because it will be very helpful in the business activities carried out. KUD needs a system that can integrate finances, standardize reports, and standardize business unit operational processes. An information system that can be developed by KUD in solving

resource management problems is ERP (Enterprise Resource Planning). It has been determined that ERP installation in KUD is appropriate. Additionally, adhering to industry best practices is crucial. When a business utilizes the full spectrum of an ERP solution's offerings, it is considered to be more beneficial (Kiran & Reddy, 2019). With ERP, the company will be able to answer the problem of lack of information needed in every business and production process. In addition, another important thing created from solving the problems faced by KUD is as a way of business development and technological development that will be able to be used to support competition that occurs in this globalization (Mahmood et al., 2020).

KUD needs to design an ERP that can be adjusted to the KUD. Considering that the business units and the course of business processes in KUD cannot be confused with companies in general. Because direct design with customized business processes will have a good impact on KUD. ERPs enable firms to easily access the data they require, improve response and accuracy rates, reduce production costs, and help with decision-making (Dinh, 2021). Because of that, KUD needs a system that is able to integrate every production need and the course of the business through information suggested on one data also can visualization to a report.

In addition, it is important for KUD to design the ERP needed by itself because of the limited costs that KUD has. With the advancement of technology today, there are many ERP provider companies. However, it is worth considering that the ERP provided often does not meet the needs of the company. Especially small and medium-sized companies like KUD. Therefore, the design of the ERP system is needed in solving KUD problems but still paying attention to aspects related to the course of the KUD Sarasah business process.

## **1.2 Problem Formulation**

The formulation of the problems raised in this study is how the design of an ERP (Enterprise Resource Planinng) system for the KUD Sarasah?.

## **1.3 Research Objective**

The objectives expected to be achieved in this study are the design of an ERP system that will help business affairs and development for the KUD Sarasah.

## **1.4 Research Scope**

In achieving the research objectives, this research is limited to the following:

1. The ERP system is designed for 5 business units of KUD Sarasah, namely UKM Mart, Pertashop, Citronella Oil Business, Savings-Loans Business and PI Mart.
2. The ERP system is designed on web based system.

## **1.5 Outline of Final Project Report**

The outline of this final project report are as follows:

### **CHAPTER I INTRODUCTION**

This chapter includes the research background, problem formulation, research objectives, research scopes, and outline of the report

### **CHAPTER II LITERATURE REVIEW**

The literature that was used to support the research is presented in this chapter. The literature review discussed about Village Cooperatives; Information System Design; ERP (Enterprise

Resource Planning); Object Oriented Analysis and Design; Tools and Applications to create ERP and Previous Research.

### **CHAPTER III RESEARCH METHODOLOGY**

The phases of research are methodically described in this chapter. The steps of this research are preliminary study, literature study, formulation of the problem, method selection, design of ERP system, conclusions and suggestions for further research.

### **CHAPTER IV DESIGN OF ERP SYSTEM**

Design of ERP System contains every need and design result of the ERP system for KUD Sarasah. This section consists of system description, ERP system needs, object oriented analysis and design, code and construction, testing, analysis and discussion.

### **CHAPTER V CONCLUSION**

The conclusions and suggestions from the research's findings are presented in this chapter. There are suggestions made for future research.

