

AGGREGATE PLANNING STRATEGY ANALYSIS OF MANGLI DJAYA RAYA LIMITED LIABILITY COMPANY

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ABSTRACT

Aggregate planning is used to adjust the production capabilities to face the market uncertainty by optimizing existing labor and available production equipment in reducing the production costs to a minimum. Mangli Djaya Raya (MDR) Limited Liability Company is an Indonesian tobacco company established in 1960, located in Jember, East Java. MDR Limited Liability Company committed to preserve the tobacco heritage that was introduced in the Dutch colonial period which exported Besuki Na-Oogst. This study aims to find out the alternative strategies used by Mangli Djaya Raya Limited Liability Company due to the fluctuation of tobacco demand. 3 Alternative Strategies tested are Level Workforce Inventory, Labor Rate Variance, and Sub-contract. The result of the study shows that the alternative strategy which is recommended to be used in the next production planning by the company is Labor Rate Variance Strategy with the minimum total production cost of at least Rp 2.861.100.000.

Key word: Aggregate Planning, Level Workforce Inventory, Labor Rate Variance, Sub-contract, and Mangli Djaya Raya Limited Liability Company