

ABSTRACT

The research wants to explain about how to build supplier satisfaction for the agenda of increasing company production quality. The object of this research is UD. INDO ARIA Batang. The problem refers to business phenomenon which is showed by the raising level of rejected products and the declining number of supplier of UD. INDO ARIA Batang. As the result, the level of order fulfillment is decrease. From these facts, this research wants to answer the question on how to increase the company production quality through managing supplier satisfaction and what are factors that build supplier satisfaction. A model has been built and four research hypotheses have been formulated for this research.

This research applies Sensus method that uses overall suppliers of UD. INDO ARIA Batang as respondent in the number of 101 suppliers. Data analysis utilizes *Structural Equation Modeling* (SEM) and *Impotance and Performance Analysis* (IPA) by means of SPSS and Amos 4.01 computer programs.

The result of this research shows that commitment, trust and communication positively influence supplier satisfaction. As the result, supplier satisfaction positively influences company production quality. Supplier satisfaction is formed by commitment, trust and communication.

Keyword: Commitment, trust, communication, satisfaction of supplier and company production quality