

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Project

Indonesia is a country that has a majority Muslim population. Along with the times, human resources are increasingly needed and of course the mindset of the Indonesian people will think it is very important that a product's legality as a consideration for making purchasing decisions. Every human being will definitely innovate and create something that can produce a good or service that is more efficient than the previous time. As we all know, Indonesia consists of several islands. One of them is the island of Sumatra whose source of production is petroleum. Sumatra Island also has several provinces, especially Riau Province which is located in the middle of the east coast of Sumatra Island, namely along the coast of the Strait of Malacca. The capital of Riau province is Pekanbaru City which has major cities such as Dumai, Bengkalis, Selat Panjang, Bagansiapi-api, Bangkinang and Rengat. In the business sector, developments or innovations that occur are very fast and varied, with the ease of internet access making economic actors begin to evolve and utilize local potential, especially in the Micro, Small and Medium Enterprises (MSMEs) sector.

Based on Data Statistics Indonesia Bengkalis Regency (2023). Bengkalis is one of the districts in Riau province, Indonesia. The capital is Bengkalis Kota. The district covers the eastern mainland of Sumatra Island and the archipelago, with an area of 6,973.00 km<sup>2</sup>. The population of Bengkalis in 2020 was 276.019 soul. The indigenous population consists of the Malay tribe, the *Sakai* tribe and the Akik tribe. The district capital is located in Bengkalis sub-district, precisely on Bengkalis Island, which is separated from Sumatra Island. Kuala Alam Village is an expansion village from Sungai Alam in 2014 which is located in Bengkalis District, Bengkalis Regency. Based on the Population Statistics of the Kuala Alam Village Government (2023), it has a population level of around 1,360 people. Overall, Bengkalis Island itself is located right at the mouth of the Siak River, so it is said that Bengkalis Island is the Siak river delta. The largest city in the district

is Duri, which is located in Mandau sub-district. The biggest source of income for Bengkalis Regency is petroleum, which is the largest source of its regional budget along with gas. Bengkalis Regency has a very strategic location, because it is traversed by an international shipping route to the Strait of Malacca. Bengkalis is also included in one of the Indonesia Malaysia Singapore Growth Triangle (IMS-GT) and Indonesia Malaysia Thailand Growth Triangle (IMT-GT) programs.

Kuala Alam Village is an expansion village from Sungai Alam in 2014 which is located in Bengkalis District, Bengkalis Regency. Based on Data statistics of the *Pemerintah Desa Kuala Alam* (2023) has a population level of around 1,360 people as a whole with various potentials including agricultural potential, fishery potential, industrial potential and tourism potential. With the potential that exists in the village, *BUMDes Kuala Alam Bandar Jaya* seeks to improve human resources, business skills, improve product quality, and market product legality for MSMEs and the surrounding community. Some of the products produced by the community have not yet obtained legality so that it will affect sales that will be marketed widely.

In the business sector, developments or innovations that occur are very fast and varied, with the ease of internet access making economic actors begin to evolve and utilize local potential, especially in the MSMEs sector. Every MSMEs is established based on the needs of the community itself. Bengkalis Island is an area located in Riau Province which has established many MSMEs products. However, MSMEs are often unable to last long in the world of marketing, this is due to a lack of unprofessional management, and it is often difficult to determine marketing strategies to increase sales. This marketing strategy is important as a way to pave the way for business ventures in achieving their goals so that they can survive or even master the competition in the market. Therefore, literacy on the legality of halal products is very important knowledge for a person or society in understanding a product that they want to consume. Especially in this day and age, there are so many MSMEs business products that do not use halal certificates, therefore MSMEs business owners should take more weight on how to take care of the legality process for the products they sell which will add public confidence

in purchasing products, so that it will affect sales revenue. Strong legality not only provides legal protection for business owners, but also creates trust among stakeholders such as investors, customers and business partners. This trust becomes the basis for a good and sustainable relationship. In addition, understanding and adhering to legal regulations is key to avoiding legal issues that can harm the business. Thus, strengthening business legality and literacy is not only an obligation, but also a strategic investment to build a solid foundation for long-term growth.

Based on the description above, there are MSMEs entrepreneurs in Bengkalis district, especially in *BUMDes Kuala Alam Bandar Jaya*, which is located in Kuala Alam Village, which still does not have legal product legality as a whole. Therefore, the researcher wants to make every Micro and Medium Enterprises (MSMEs) product in *BUMDesa Kuala Alam* as the object of research. And researchers will raise the issue with the title "Product Legalization Literacy in the Framework of Increase Sales in MSMEs (Case Study: BUMDesa Kuala Alam)".

## **1.2 Identification of the Project**

Starting from the background of the phenomenon that occurs, the seminar Product Legalization Literacy in the Framework of Increase Sales in MSMEs expects how business owners can carry out the process of making product legality, so that with this literacy, the MSMEs business owners can handle difficulties on the legality process of a product in increasing sales.

## **1.3 Purpose of the Project**

In accordance with the problems attached above, this research has a General purpose and Specific purpose, namely:

### **1.3.1. General of Purpose**

The general purpose of this project seminar is to provide an understanding of the legality literacy of a product in can carry out the process of making

product legality to MSMEs business owners so that it thereby increasing human insight by following applicable regulations.

#### 1.3.2. Specific of Purpose

The specific objectives of this project that are expected to be achieved in writing in this final project are as follows:

1. To increase the awareness of MSMEs business owners of the importance of product legality
2. To provides an understanding for MSMEs owners regarding in to fulfill the legality aspects of MSMEs products in accordance with applicable regulations.
3. To provide solutions to problems faced by MSMEs business owners.

#### 1.4 Significance of the Project

Everything that is done will certainly provide the expected benefits, while the benefits of this research can be explained according to several aspects both in the theoretical and practical fields. The following are the expected benefits of the research conducted:

##### 1. Benefits of Theoretical

The theoretical benefits expected by the author so that this research theory can be used as reference material and become a reference for students who conduct further studies.

##### 2. Benefits of Practical

###### a. Benefits for educational institutions

The results of this study it can be used as a medium for providing useful information in tertiary institutions as well as adding to collections in the library. In addition, this research can also provide information about legal literacy in MSMEs products.

###### b. Benefits for village owned enterprise (VOE)

For this research it can be used as material for evaluation and innovation in increasing sales of MSMEs products so that they are more optimized and generate maximum profits. By knowing the

process of making legality of a product of micro, small and medium enterprises (MSMEs) in Kuala Alam Village, it is a reference for developing sales turnover.

c. Benefits for writers

This research can be used as an additional understanding and can develop ideas from the theories that have been obtained. With this research it is also useful to bring up an overview of legalization product literacy in order to increase MSMEs sales in Kuala Alam Village, Bengkalis Regency.

### **1.5 Time and Place of Project**

Based on the identification the implementation of this project was carried out in the period November to December 2023 and the place located in Kuala Alam Village while for the implementation of socialization to MSMEs business owners using the *BUMDesa Bandar Jaya* hall in Kuala Alam village, Bengkalis Regency.

### **1.6 Writing System**

In order for this thesis report to be systematic and neatly structured. A systematic report writing is needed. The following is a systematic thesis report writing:

#### **CHAPTER I: INTRODUCTION**

In this chapter, the authour describes the background of the project, the formulation of the project, the project objectives, benefits of the project, the time and place of the project and as well as implementation systematic report writing.

#### **CHAPTER II: LITERATURE REVIEW**

In this chapter, the author explains the literature review and the basis of the previous theory that will be used in the completion of the project.

**CHAPTER III: METHOD AND ACCOMPLISHMENT PROCESS**

In this chapter, the author will explain the plan with a project diagram, the continue with the implementation plan and implementation process, implementation plan, and project implementation report. Then continue with the schedule and estimated costs incurred during the project period, to the estimated cost of the undergraduate thesis.

**CHAPTER IV: RESULT AND DISCUSSION**

In this chapter, the author will explain the project profile, activity implementation report consisting of project preparation, activity implementation, implementation report and activity implementation report.

**CHAPTER V: CONCLUSION AND SUGGESTION**

In this chapter will explain the conclusion and suggestion of the project carried out.