

CHAPTER 1

INTRODUCTION

1.1 Background of the Project

In the current era of globalization, business competition is getting tougher. Therefore, in order to develop and compete with other businesses, business people in both large and small organizations must have a competitive advantage. Of course, good resources are needed to achieve excellence and high competitiveness. One very important resource is human resources. Every company needs resources, and reliable, high-quality people play a role in helping achieve business goals effectively and efficiently. Human resources determine the existence of an organization. Increased product and service innovation, development of human and technological resources, and growth in the field of marketing are just a few of the world's difficulties that MSMEs must be able to handle as a result of empowering them in the midst of globalization and its fiercest competition. Considering that MSMEs are a significant economic sector capable of absorbing the majority of Indonesian workers, their selling value needs to be increased in order to be able to compete with foreign goods which are increasingly saturating industrial and manufacturing centres in Indonesia. (Sudaryanto, 2011)

MSMEs generally function as productive micro-enterprises run by people or business entities. In addition, MSMEs are one type of company that is resistant to financial crises, as happened in Indonesia. It is undeniable that a strategy is needed so that MSMEs can be more advanced and developed, especially by increasing their position in the economy so that they are able to fight unemployment effectively.

MSMEs face various significant challenges, which can be categorized as internal or external. Internal problems affecting small and medium enterprises relate to substandard human resources, weak business networks and competencies, inadequate

market penetration, insufficient capital, technological disruptions, and organizational and management issues.

In Mandau sub-district, especially around the Duri area, there are several MSMEs that face similar problems, including MSMEs established by PT Pertamina Hulu Rokan. One of them is *Rumah Jahit Lestari* MSME, located on Hangtuh Street No. 4 in Bathin Solapan Sub-district. Although fostered by its parent company, this MSME still experiences ongoing financial management and reporting problems. The increase in the number of business units results in an increase in financial transactions that make the management in the UMKM fostered by PT Pertamina Hulu Rokan-Duri. They have difficulty keeping accurate financial records due to limited knowledge and understanding of financial reporting standards that must be in accordance with the Financial Statements of each MSME. This has a negative impact on the effectiveness and financial performance of the MSMEs fostered by PT Pertamina Hulu Rokan-Duri. Therefore, it is necessary to improve the recording and management of financial reports of MSMEs Assisted Partners of PT Pertamina Hulu Rokan Duri.

In addition, the use of digital marketing also needs to be done so that the products resulting from the *Rumah Jahit Lestari* can be marketed. Digital marketing needs to be done because in this era of globalization the use of smartphones is increasing every day. By digitizing products, products can be marketed to a wider target audience and have a positive effect on business profits.

Activities related to financial management and community service, this proposal aims to provide knowledge and insight that will encourage MSMEs to utilize internet technology and social media as a means of doing business. Based on the situation analysis above, it has been determined that the main challenges faced by *Rumah Jahit Lestari* are the lack of expertise and knowledge in managing finances and preparing financial reports for their MSMEs and the use of technology that has not yet been utilized to increase sales of MSMEs.

Based on the explanation of the problems described above, the project that will be carried out is: "revamping financial reports and digital marketing to increase MSMEs sales (Case Study of MSMEs *Rumah Jahit Lestari Duri*)."

1.2 Identification of the Project

Based on the background description above, it can be seen that the problems solved in this study are as follows: "How to Improve Financial Reports and Utilize Digital Marketing in Increasing MSMEs Sales (Case Study of MSMEs *Rumah Jahit Lestari Duri*)."

1.3 Purpose of the Project

Based on the formulation of the problem above that has been stated, the objectives of this project are:

1.3.1 General Purpose

The general objective of this project is to plan and implement successful Financial Statement Improvement and Utilization of Digital Marketing in Increasing MSMEs Sales, developing strategies and increasing the entrepreneurial spirit of MSMEs actors to compete competitively.

1.3.2 Specific Purposes

In this project there are specific goals to be achieved by the author, namely:

1. Through the presentation of comprehensive financial statement data, we disclose financially related information of *Rumah Jahit Lestari*, providing a detailed overview of the entity's financial aspects, including expense reports.
2. Ensure transparency and accuracy in recording and reporting all company financial transactions, including expenses, to support informed decision-making and financial sustainability.
3. Helping MSMEs market products on social media for effective and efficient digital marketing, including interacting through social media to support business growth and build overall brand awareness.

1.4 Significance of the Project

Based on this identification, the significance of the project that the author will raise is:

1.4.1 Benefits for MSMEs:

The results of this project are expected to provide input and evaluation of materials to improve, apply, and create competitive advantage through appropriate mentoring for MSMEs actors. Through this activity, it is hoped that the business activities carried out by MSMEs actors can develop more quickly and be able to compete in the market. With the provision of direction and understanding to MSMEs business actors, it is hoped that they can increase the sales results of the products they market.

1.4.2 For Authors:

The results of this project are additional knowledge in applying theoretical knowledge gained during lectures in specific practices in the field of entrepreneurship and knowing the factors that increase customer satisfaction.

1.4.3 For Universities:

The results of this project are expected to be used as additional references for research on the same topic and provide an understanding for further research regarding the same scope in the future.

1.5 Time and Place of Project Implementation

Based on the identification, time and place of the implementation project that the author will appoint is:

1.5.1 Project Implementation Time

The project will be implemented over four months, starting in July, August, September and October.

1.5.2 Place of Project Implementation

The place for implementing PHR-Polbeng-assisted MSME assistance in Bathin Solapan District is carried out at the place of the business actor whose address is Hangtuh Street No. 4 Duri. Meanwhile, the implementation of mentoring and coaching is carried out directly to MSME actors.

1.6 Writing System

In order for the writing of this thesis report to be systematic and neatly structured, it is necessary to write a systematic report. The following is the systematics of writing a thesis report:

CHAPTER 1: INTRODUCTION

Chapter 1 explains the background of the project, namely identification of the project, purpose of the project, significance of the project, time and place of project implementation and writing system.

CHAPTER 2: LITERATURE REVIEW

Chapter 2 describes the literature review, the general theory of the project, the special theory of the project and framework of the project. The theoretical basis in question is the previous theoretical basis that will be used in completing the project.

CHAPTER 3: METHOD AND ACCOMPLISHMENT PROCESS

Chapter 3 will explain the project preparation plan, project implementation plan, project accomplishment plan along with the schedule and estimated cost of making the final project.

CHAPTER 4: RESULTS AND DISCUSSION

Chapter 4 will explain the results and discuss the project in detail regarding the approach to be used, the tools and instruments to be used, as well as the procedures to be followed during the project.

CHAPTER 5: CONCLUSIONS AND SUGGESTION

Chapter 5 contains conclusions and proposed projects that explain the expected results of the projects that have been implemented.

REFERENCES

APPENDICES

WRITER BIOGRAPHY