

CHAPTER I

INTRODUCTION

1.1 Background

According to Suparwo (2018) building an advanced industrial sector starts with the right coaching to get the results you want to achieve. Currently, the number of small industries that are growing and developing in the community greatly affects the economic climate in the community, but if the developing industry is not fostered, it will be difficult to grow rapidly and stay afloat. Therefore, the importance of developing business management in the industrial environment so that it becomes something that must be considered both by the government and by academics, especially universities. Small businesses have clearly helped increase economic growth in the country, because it is known that small businesses are more profitable than large businesses that already have names. The proof is that there are still many small companies that are still standing today.

According to Suparwo (2018) Businesses in small industries are in great demand by ordinary people, because small industries have a special attraction for anyone who wants to start a job, from the young to the old. Especially now that there is business new and unique and easy to imitate. With the advancement and sophistication of technology, one can easily access through the internet to seek intensive business inspiration. However, the community's initial steps to start a business are still constrained by problems. The problems faced by small industrial entrepreneurs in fostering business capabilities are very complex and include indicators one another, including lack of capital both in quantity and source, lack of managerial ability and limited operational capabilities in organizing and marketing.

According to Hendrawan (2011) Micro, Small and Medium Enterprises (MSME) are business activities that are able to expand employment opportunities, become the backbone of the people's economic system in the process of equity and

increase people's income, which contributes a lot in accelerating regional economic development and the national economy. The development of Micro, Small and Medium Enterprises (MSME) will expand the economic base and can make a significant contribution in accelerating structural development, namely increasing the regional economy and national economic resilience.

The purpose of establishing a business is to make a profit so that the business can be sustainable. Sustainable profits are obtained by being competitive and increasing sales volume. In facing competition, Micro, Small and Medium Enterprises (MSME) need an integrated strategy that can anticipate the impact of an event and be innovative to maintain and improve their competitive ability. The number of MSME actors who cannot survive long in carrying out activities is because the business strategy that is carried out is not appropriate.

According to The Central Statistics Agency (BPS) Riau is the largest coconut producer in Indonesia in 2020. The Central Statistics Agency (BPS) noted that coconut production in the province reached 387.9 thousand tons last year. The estimated area of coconut plantations in Riau is 418,270 ha in 2020. The largest coconut producing area in Riau is the area of coconut plantations in Riau located in Indragiri Hilir Regency in Jambi Province. This district is the only one in Indonesia which is a hybrid coconut farming business with the People's Core Plantation Pattern (PIR) as an effort to increase production, income, and people's welfare. Coconut commodity contributes significantly as a source of foreign exchange for the country in terms of plantation exports. Its position is in fourth place after palm oil, rubber and cocoa. Referring to BPS data, Indonesia's coconut exports reached 1.53 million tons or US\$ 819.26 million as of the third quarter of 2020. The countries that are the destination for coconut exports include the United States, the Netherlands, South Korea, China, Japan, Singapore, Philippines and Malaysia.

According to Lay (2012) Coconut fruit has a by-product in the form of a shell which can be processed into charcoal. However, so far coconut shells are only used as fuel for cooking or left as waste. To increase the added value of coconut products, it is

necessary to make efforts to utilize coconut shells to be processed into charcoal, considering the need for coconut shell charcoal tends to increase as a raw material for making activated charcoal.



Figure 1.1 Coconut Shell Charcoal
Source: Documentation, 2021

MSME in Bantan Timur Bengkalis is a place for charcoal production from the initial process of collecting coconut shells to the delivery process. The coconut shell charcoal business was pioneered in 2007 and has been in production for approximately 15 years. Coconut shell charcoal business is a Micro, Small and Medium Enterprise (MSME) which is managed jointly and has developed until now. The production capacity from 5 tons of coconut shells to 1 ton of charcoal per week is one of the biggest productions in Bantan District. However, over time the industry has not been able to develop large due to factors that hinder the progress of the industry including limited capital, weak human resources and marketing access that has not been optimized. However, the problem of capital dominates the progress and development of the industry so that a business development strategy is needed so that these problems can be overcome. Therefore, this paper seeks to provide input on strategies for developing small and medium enterprises related to business capital which is expected to be used

as input for the development of small and medium enterprises in the village of Bantan Timur Bengkulu, especially for the coconut shell.

From the background described above, the author is interested in making a study with a title **“Alternative Business Model Canvas (BMC) Through SWOT Analysis Design as a Development Strategy For Coconut Shell Charcoal Product of MSME in Bantan Timur Bengkulu”**.

1.2 Formulation of the Problem

Based on the study discussed from the background above, the formulation of the problem can be obtained as follows:

1. What is the description of the current coconut shell charcoal business model when viewed with the Business Model Canvas approach?
2. How to design a business model as a form of business development strategy that is appropriate and recommended to be applied in Bantan Timur MSME using the Business Model Canvas approach?

1.3 Purpose of the Study

Based on the formulation of the problem above, the research objectives to be achieved are:

1. To design business model of the coconut shell charcoal in Bantan Timur MSME based on the Business Model Canvas approach.
2. To find out alternative business development strategy of the coconut shell charcoal in Bantan Timur MSME through SWOT Analysis of each Business Model Canvas elements.

1.4 Significance of the Study

Each research is carried out in order to obtain useful benefits for all parties concerned. The benefits that are expected by the author in conducting this research are as follows:

1. For the Universities

The results of this research are expected to be academic documents that are useful as a reference for activities especially in the International Business Administration Study Program.

2. For the MSME Actors

The results of this study are expected to provide input or consideration for MSME actors, related to business development strategies through the Business Model Canvas approach.

3. For the Authors

The results of this study are expected to provide knowledge and insight to future researchers regarding business development strategies with models that are more complex than previous research.

1.5 Scope and Limitation of the Problem

Based on the background that has been described previously, the authors make problem boundaries so that problems do not occur, the researchers limit the problems in this study are: This study only analyzes the design of coconut shell charcoal business development strategies for MSME in Bantan Timur Bengkalis.

1.6 Writing System

The systematics of writing the research “Alternative Business Model Canvas (BMC) Through SWOT Analysis Design as a Development Strategy for Coconut Shell Charcoal Product of MSME in Bantan Timur Bengkalis” are as follows:

CHAPTER 1: INTRODUCTION

In CHAPTER 1, this will explain the background, problem formulation, problem objectives, research benefits, the scope and boundaries of the problem and the systematics writing of the final report.

CHAPTER 2: LITERATURE REVIEW

In CHAPTER 2, this will explain the previous research, theoretical basis, and framework of thought.

CHAPTER 3: METHOD AND ACCOMPLISHMENT PROCESS

In CHAPTER 3, describes the research implementation method which consists of the location and object of the study, the types and sources data, data collection techniques, data analysis methods, and types of research.

CHAPTER 4: RESULTS AND DISCUSSION

In CHAPTER 4, describe the result of the test, discussion and limitations of the research result. A discussion of the result obtained is made in the form of a theoretical explanation either qualitatively, quantitatively or statistically.

CHAPTER 5: CONCLUSION AND SUGGESTION

In CHAPTER 5, the writer will provide conclusions and suggestions from the results of the research and discussion of the author’s title so that this will be closing for the preparation of a thesis.

REFERENCES

APPENDICES