

CHAPTER I

INTRODUCTION

This chapter presents an overview of the research background, the urgency of research from the scientific perspective of Industrial Engineering, and the position of the problems raised in the context of MSME development. The preparation of Chapter I is intended to provide a logical and systematic basis for thinking about the reasons for choosing topics, methods, and research contributions. In addition, this chapter is an initial introduction to understanding the relationship between research problems and the methodological approach used in the following chapters.

1.1 Background

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in the national economy, especially in job creation, income equity, and strengthening the local economy. However, various studies show that MSMEs, especially those that are still in the early stages of operation, have a relatively high level of vulnerability due to limited resources, instability of operational systems, and immature strategic decision-making processes (OECD, 2023; Hokmabadi et al., 2024).

MSMEs engaged in the sale of office stationery (ATK) and correspondence services—such as *printing*, copying, binding, and document filing services—have considerable market opportunities, especially in educational, office, and residential environments. However, the sector also faces increasingly fierce competition and consumer demands for service speed, product quality, and flexibility of operating hours. Changes in consumer behaviour and the digitalization of service processes require MSMEs to be able to adapt systematically to remain competitive (Koporcic et al., 2025).

Toko Hazila, which is located in Kibing subdistrict, Batu Aji district, Batam

City, is a business engaged in the sale of office stationery and stationery services, such as printing, photocopying, and document filing. This business has only been running for five months, so it includes MSMEs that are still in the early stages of operation. This business faces various limitations, including a limited number of workers, inconsistent operating hours, and a variety of products and services that are still limited. This condition requires adaptive business management and appropriate decision-making so that the business can develop sustainably. International research shows that new MSMEs are very vulnerable to uncertainty in the business environment and have a high risk of failure if they are not accompanied by clear development planning and strategies (Williams et al., 2023).

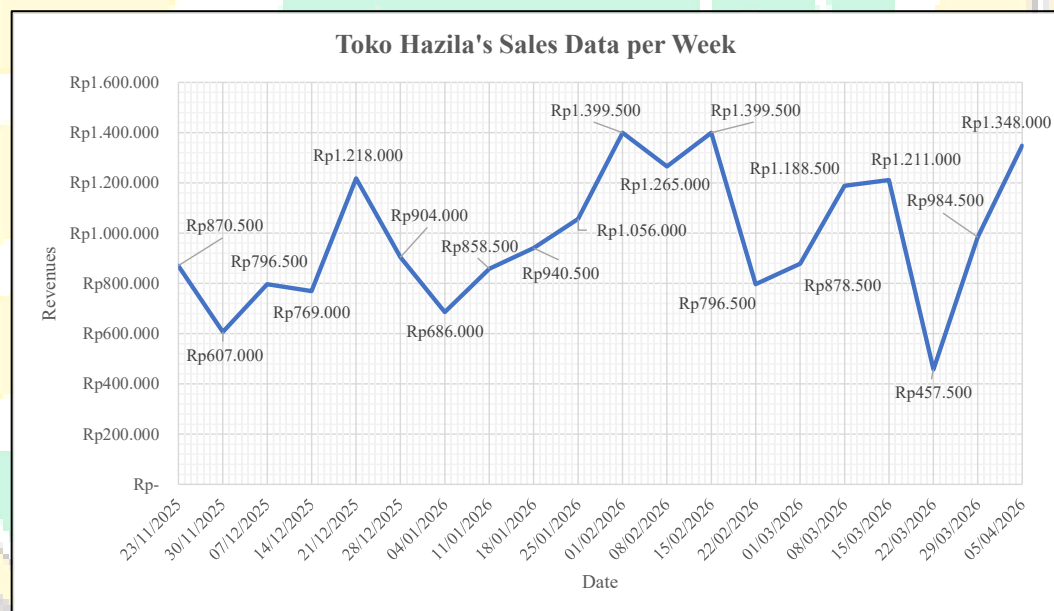


Figure 1.1 Toko Hazila's Sales Data Graph by Week in the Last 5 Months

Based on weekly sales data as shown in **Figure 1.1**, the sales value of MSMEs shows significant fluctuations between periods. This condition indicates that business performance is still unstable and is greatly influenced by internal and external factors. These sales fluctuations reflect the common challenges faced by MSMEs in the early stages of operations, particularly in managing market demand and limited resources.

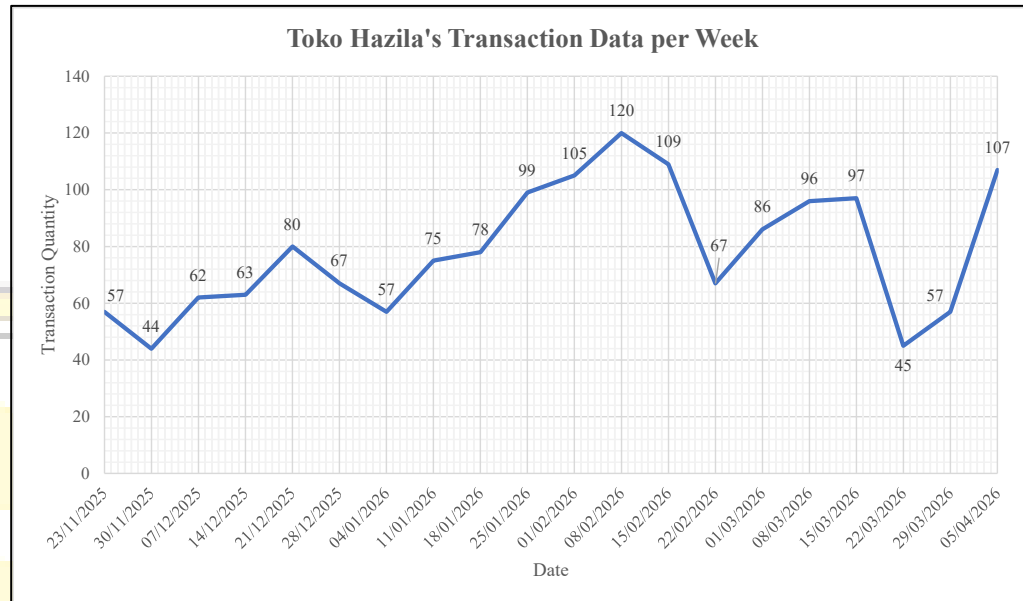


Figure 1.2 Toko Hazila's Transaction Data Graph per Week in the Last 5 Months

In addition, the data on the number of weekly transactions in **Figure 1.2** shows considerable variation between weeks, with a spike in transactions in a given period but not followed by a consistent pattern of increase. This shows that customer demand is still volatile and cannot be sustained sustainably. From the perspective of Industrial Engineering, this condition reflects the high variability of demand that has the potential to cause imbalances in the operational system, such as labour utilization, operating hours management, and service capacity planning.

Based on sales data and the number of transactions that have been presented previously, it can be seen that business activities have been running and show demand from customers. However, the data does not fully explain the factors that affect business performance and its potential for future development. Therefore, it is necessary to understand the field conditions in a more in-depth manner through direct observation of the business environment.

The results of observations show that correspondence services such as printing, photocopying, and photo printing are still not widely available around the business location. Some customers said that to get these services, they had to leave the residential complex area and even go to other urban areas. This condition shows

that there are potential market opportunities, especially in services. However, on the other hand, office stationery (*ATK*) products have a relatively high level of competition because they have been widely sold by grocery stores, minimarkets, and larger shopping centres.

In addition, observations show that the variety of products and services provided by Toko Hazila is still limited. The addition of products or services tends to be done after a request from customers, so it is not based on a structured development plan. Some services that have the potential to provide added value, such as laminating services and binding of theses or books, have also not been provided due to limited resources and supporting facilities. In terms of location, the business is located in a shopping complex area that is not directly on the main route of traffic, so the visibility of the business is relatively limited and has the potential to affect the level of new customer visits.

Based on sales data, the number of transactions, and the results of these observations, it can be concluded that MSMEs have considerable market opportunities, but still face various internal limitations and external challenges. This condition shows the need to conduct a strategic analysis that is able to systematically identify internal and external factors, as well as determine the most appropriate development strategy priorities.

In practice, business development decision-making in new MSMEs is often still intuitive and reactive, without being supported by a structured analytical approach. This approach has the potential to result in biased and sub-optimal decisions, especially in a dynamic and uncertain business environment. Van Wyk (2023) emphasized that the absence of a systematic strategic decision-making process for MSMEs can reduce decision consistency and negatively impact business performance in the long term.

The goal of this study is to prioritize business growth strategies for the selling of office stationery and communication services based on this description. Through

a scientific approach to industrial engineering utilizing the SWOT-AHP method, this research seeks to help Toko Hazila develop the market, improve the variety and quality of services, and optimize the operating system.

1.2 Problem Formulation

Based on this background, the formulation of the identified problems is as follows:

1. What are the strengths, weaknesses, opportunities, and threats that Toko Hazila has?
2. What development strategies can be formulated based on SWOT analysis?
3. How is the priority of the MSME development strategy determined using the Analytical Hierarchy Process (AHP) method?
4. What is the most prioritized development strategy to implement on Toko Hazila?

1.3 Research Objectives

The objectives of this study are as follows:

1. Identify internal and external factors of the business of selling office stationery and stationery services.
2. Formulate alternative business development strategies based on SWOT analysis.
3. Determine the priorities of business development strategies using the AHP method.
4. Providing recommendations for business development strategies at Toko Hazila.

1.4 Problem Limitations

To focus the research and avoid overly broad coverage, the following limitations were set for this study:

1. The research was conducted on one MSME selling office stationery and writing services, namely the Toko Hazila.
2. Research focus on business development strategies at Toko Hazila.

1.5 Research Outline

The writing systematics in this final project are as follows:

CHAPTER I INTRODUCTION

This chapter discusses the research background, problem formulation, research objectives, scope of research, and outline of the final project report.

CHAPTER II THEORETICAL FOUNDATIONS

This chapter contains the theoretical foundations related to and supporting this research and the methods used to solve the problems in this study.

CHAPTER III RESEARCH METHODOLOGY

This chapter discusses the steps used in research to solve problems systematically.

CHAPTER IV DATA COLLECTION

This chapter presents the profile of Toko Hazila and the data collected through observations, interviews, and questionnaires used in the SWOT and AHP analyses.

CHAPTER V DATA PROCESSING AND ANALYSIS

This chapter discusses the processing and analysis of research data using SWOT and AHP methods to formulate and prioritize business development strategies.

CHAPTER VI CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the conclusions of the research and recommendations based on the results of the SWOT and AHP analyses.

