



THE ROLE OF HR COMPETENCE IN IMPROVING THE PERFORMANCE OF MSMEs IN PEMATANG SERAI VILLAGE, LANGKAT REGENCY

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Abstract: The role of HR Competence in developing Micro, Small and Medium Enterprises (MSMEs) is very important in improving MSME performance. This study aims to: determine the role of HR competencies in MSME actors, determine the driving factors for improving MSME performance; and knowing the inhibiting factors in improving the performance of MSMEs in Pematang Serai Village. This research is a qualitative descriptive research. The subjects of the study are MSME owners, MSME employees and customers. Data collection techniques use interviews, observations and literature studies. Data analysis techniques use qualitative descriptive analysis. The results showed that: the role of HR competence in developing MSMEs is needed who have the ability and expertise as well as good skills and innovation, so it requires special training for MSME actors. In addition to MSME owners, the government and related agencies participate in training to improve HR competence in improving MSME performance

Keywords: *Human Resources Competence, Improving MSME Performance, Pematang Serai Village*

INTRODUCTION

Micro, Small and Medium Enterprises or MSMEs play a very large role in advancing the Indonesian economy. Because MSMEs contribute to providing employment, play a role in income equality and the socio-economic order of the community. MSMEs have a strategic role in supporting the national economy, because they have enormous potential to drive people's economic activities as well as being the basis for the livelihood of some people to improve welfare.

According to Adhari Nugraha et al., (2022) Micro, Small and Medium Enterprises or MSMEs play a major role in economic progress in Indonesia. MSMEs are also an alternative in new jobs, MSMEs have a significant impact in encouraging the pace of economic growth after the economic crisis due to the impact of the Covid 19 pandemic, many large companies are affected in developing their businesses, but there are some MSMEs that are able to survive and MSMEs have a contribution to regional income and state income.

In general, SMEs or commonly known as small and medium enterprises is a term that refers to a type of business established by

individuals and has a net worth of at most IDR 200,000,000.00 (excluding land and buildings) (Akifa P. Nayla, 2014). With Indonesia's population currently reaching approximately 265 million people, some of whom are in productive age, this can become a giant productive engine if we are able to create a competitive and productive Indonesian workforce. For this reason, increasing the competitiveness and productivity of Indonesian workers must be carried out systematically and integrated, through improving the quality of labor by involving all ministries, government institutions, industries/companies, and professional associations.

According to Adamy, (2016) Competent human resources are needed to meet organizational expectations. But it must be based on value, so that the goal of the organization is not only to achieve high labor productivity, but also the process of achieving it. Therefore, competent human resource management (HR) plays an important role in the success of the organization. According to Adhari Nugraha et al., (2022) considering the importance of human resources in an organization, competence is one aspect that can determine the success of an organization or company. High HR competence in an organization or company certainly determines the quality of human resources involved and ultimately also the competitiveness of the company itself. Similarly, in Micro, Small and Medium Enterprises (MSMEs), HR competence also has an important role in the development of these MSMEs.

Competency is the ability to carry out or perform a job or task based on expertise and knowledge and support by the work attitude required by the job. According to Siregar et al., (2022) competence is a person's ability and competence to do work in a directed way. The skill referred to here is a person's competence to perform various tasks. If a person does not have good skills, it is difficult to achieve organizational goals because skills have a significant influence in the organization. Because the skills of an employee can affect the progress of the organization / company. Because of these mutual influences, the organization / company must help its employees to improve their skills. The development of this competency must continue to be carried out to facilitate the achievement of the vision and mission of the organization / company.

Performance is a set of administrative activities that provide an overview of outputs that have succeeded in fulfilling their duties and responsibilities in the form of success or failure in the field of public responsibility. According to Kurniawati (in Putri et al., 2022), employee performance is a work product of quality and quantity achieved by employees in fulfilling their duties in accordance with the responsibilities assigned to them, and individual performance is a combination of abilities, efforts, and opportunities that can be assessed from their work. The performance of MSMEs can be measured in two ways, namely financial and non-financial performance. According to Rudianto (in Hosmiyati & Ashar, 2019), financial performance is the result or achievement achieved by the company's management in effectively managing the company's wealth for a certain period of time.

Based on data collected on MSME development data in Indonesia, MSMEs have become the backbone of the Indonesian and ASEAN economies. Around 88.8-99.9% of business forms in ASEAN are MSMEs with employment reaching 51.7-97.2%. MSMEs have a proportion of 99.99% of the total business actors in Indonesia or as many as 56.54 million units.

Therefore, cooperation for the development and resilience of MSMEs needs to be prioritized. Based on this, how important is the competence of MSME human resources in creating entrepreneurs who can compete in this industrial era 4.0. Where in the industrial era using and utilizing digital technology systems. Of course, this is the biggest challenge for MSME actors. With professional HR competencies and able to compete, it is expected to improve the performance of MSMEs. Based on the description above, the problem in this study is how the role of MSME HR competence in improving the performance of MSMEs in Pematang Serai Village, Langkat Regency. This paper aims to describe and analyze the importance of the role of MSME competence in improving the performance of MSMEs in Pematang Serai Village, Langkat Regency.

RESEARCH METHODS

The type of research in this study is qualitative descriptive method research and explanatory survey using case study strategies. According to descriptive research is research conducted to find out the value of independent variables, either one variable or more (independent) without making comparisons, or linking with other variables. (Sugiyono, 2019)

Data collection techniques used in this study include; (1) Observation, namely directly observing each MSME Actor in carrying out daily tasks. (2) Interviews, namely conducting direct interviews and questions and answers to MSME actors. (3) Literature Study is to examine theories and points of thought contained in print media, especially books that support and are relevant to the problems discussed in the research

This research was conducted in Pematang Serai Village, Tanjung Pura District, Langkat Regency.

RESULTS AND DISCUSSION

Analysis of MSMEs in Pematang Serai Village, Tanjung Pura District, Langkat Regency

Pematang Serai Village, Tanjung Pura District, Langkat Regency has a variety of local resources and local wisdom that is a potential in the development of the creative industry. One significant local resource is traditional arts and crafts. The people of Pematang Serai Village have unique and valuable skills in weaving, weaving, and other handicrafts. By developing these skills through training and coaching, as well as promoting local handicraft products, the potential of these resources can be used as a basis for the development of the creative industries. In addition, local wisdom related to culture and tradition is also an important resource. Pematang Serai village has a rich cultural heritage, including dance, music, traditional ceremonies, and folklore. The incorporation of cultural elements and traditions in creative products can be an attraction for tourists and consumers. By utilizing this local wisdom, the creative industry can create unique and high-value products. The characteristic of MSMEs in Indonesia and in other developing countries, is that usually the same industrial group, located close to each other in a region. Geographical groupings according to this group, in the literature industry or MSMEs, are called clusters. In Indonesia, many MSME activities, especially MSMEs spread across regions have indeed been going on for generations, and generally each region has a specialization. Especially in Pematang Serai Village can be categorized as a village that is able to make its own village handicrafts,

one of which is the name of the MSME group in Pematang Serai Village, namely UMKM Pucuk Serai is a community of MSME actors in Pematang Serai village there are several MSMEs in the village, including vegetable plantations, handicraft businesses from water hyacinth plants to be made into bags, MSMEs food products such as Cassava chips, purple sweet potato chips, savory and sweet banana chips, onion cakes, Peep Beans.

Based on the background conditions of MSMEs in Pematang Serai village, it is more diverse for small entrepreneurs than micro entrepreneurs, where economic background is also the main reason, but some others have a more realistic background by looking at future business prospects with limited capital constraints. Most small entrepreneurs have a reason to do business because of the business opportunity and a safe and large market share. There are also a number of small entrepreneurs who argue that it is due to heredity/inheritance, equipped with skills and opening up new jobs for local residents. Although there are still a number of entrepreneurs who reason because there are no opportunities in other fields for various reasons, such as low formal education, or physical conditions that do not allow it.

Analysis of the Role of Human Resources Competition in Improving MSME Performance in Pematang Serai Village, Tanjung Pura District, Langkat Regency.

MSME players in Pematang Serai village, most MSME players in the village are still dominated by high school / vocational graduates (45%), S1 (17%), S1 (8%) and the rest are below high school. For this reason, in order to grow and develop, MSMEs must be able to manage internal and external factors of their business environment adequately. One of the internal factors that require managerial skills and abilities is related to human resources in MSMEs. Human resources are the main key, generally started by the owner and the workforce around the MSME owner. Similar to large companies, human resource management in MSMEs and includes recruitment, selection, placement, development, rewards (salaries), retention, evaluation, promotion and termination of employment.

Determining the quality or expertise of HR is success in an organization /company. therefore, HR competency needs must be qualified. MSME actors must select and select prospective employees to match the competencies needed to support the performance of the MSMEs they run. MSME actors also receive coaching from lecturer groups in providing training and counseling related to MSMEs to improve MSME performance. Training and counseling provided by village officials and cannot be separated from the participation of the Head of Pematang Serai Village who pays attention to his residents who have MSME businesses to improve and maintain MSMEs so that MSME performance is good and production results increase.

The role of HR competencies needs to make various efforts to overcome problems that are obstacles in improving MSME performance. The efforts made are as follows:

Lack of Business Capital

MSMEs tend to use personal capital in developing their business. However, the capital used tends not to be too large. Therefore, so that this then becomes an obstacle for MSME actors in developing. Because the capital is limited, MSME players find it difficult to realize their business ideas. So that

MSME players ask the government to open access to capital, in order to get around this capital problem, what MSME owners have done so far is to find ways to reduce spending.

Marketing difficulties

One of the factors that reduce sales of goods for MSMEs is that MSME players have not done online marketing. To maximize online marketing, the most important thing for MSMEs is to choose the right type of online marketing, then focus on that marketing and optimize it more.

Raw material difficulties

MSME actors in producing are required to use quality raw materials, but often MSMEs use raw materials that do not meet production standards. The solution carried out by MSMEs is to collaborate with farmers so that farmers do not sell to other MSME players and supply good quality raw materials to their MSMEs.

Lack of technical production knowledge and expertise

MSME actors still carry out the production process manually as well, so MSMEs must conduct training for employees to improve production technical knowledge and expertise.

Lack of management (HR) skills

Human resources are one of the obstacles often faced by MSMEs. Employers often don't have good skills to manage a company for their employees. This most basic HR limitation can be overcome by actively expanding knowledge and attending business training.

Lack of financial management knowledge

Many MSMEs do not have financial books, so MSME finances are often not taken into account.

Taking into account the above, MSME actors need to increase awareness of knowledge and skills in HR management. This certainly needs to be balanced with strong intentions, where good human resources will certainly improve the performance of MSMEs themselves. The following are some of the basic knowledge and skills that MSMEs need to have in connection with HR management;(a) Training and Development, Training refers to the skills and abilities that employees need to do their jobs. Training aims to improve the quality of human resources, increase productivity, improve individual morale and encourage the development of employee skills and competencies. (b) Education, Improving the quality of MSME human resources in improving MSME performance is not only with formal education but with informal education, for example through guidance and training activities to improve MSME performance. (c) Work Experience, Work experience MSME owners prefer someone who is experienced in accepting employees at their place of business. In particular, work experience in work such as the business he is running.

MSME actors must equip themselves with various knowledge and HR functions such as recruiters, mediators, developing employees. From the beginning, MSME actors need to carry out business planning, including

planning in the field of HR (how many employees need to be with what competencies, etc.) and gradually business owners also transmit this knowledge to trusted employees, until the time comes when the owner will really function as a business owner and all aspects of the business are carried out by employees (HR). Overall, the better the competence of human resources, it will improve the performance of MSMEs.

CONCLUSION

Based on this presentation, it can be concluded that the role of HR competencies has a significant impact on improving the performance of MSMEs. Evidence shows that there are many MSMEs that survive for a long time by maintaining their products. MSME owners are also very concerned about the quality of goods and are innovative in selling their business products. Not separated from that, MSMEs have a qualified workforce, MSME owners are very concerned about the performance of their employees and the welfare of their employees, and the response from interviewed buyers is very friendly and influential in promoting MSMEs in Pematang Serai Village, Tanjung Pura District, Langkat Regency. Meanwhile, efforts to improve employee performance in MSMEs there are factors that need to be considered, namely MSME owners must pay attention to employees in everything so that employees work and produce good MSME performance as well. Not all MSME owners in Pematang Serai Village have very good knowledge in order to improve the performance of human resources in MSMEs they live, therefore increasing HR competence can certainly improve the performance of MSMEs in Pematang Serai Village.

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