

## **The Influence of Human Resource Competence on the Performance of Micro Enterprises in Alewadeng Village**

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### **ABSTRACT**

This study aims to examine and analyze the effect of HR competence on the performance of micro-enterprises in Alewadeng Village. The source of data in this study is primary data obtained by distributing questionnaires to respondents. The population is 49 micro business actors in Alewadeng Village which is also a sample (saturated sampling). The analytical method used is simple regression analysis with SPSS (Statistical Product and Service Solutions) tools. The results of the study indicate that the competence of human resources has a positive and significant effect on the performance of micro-enterprises, which means that the better the competence of human resources, the better the business performance.

**Keywords :** HR competency; micro business performance; MSMEs

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### **INTRODUCTION**

In the last few decades, micro, small and medium enterprises (MSMEs) have become a business sector that makes a major contribution to the national and global economy in dealing with various economic dynamics. MSMEs are a very important part in realizing various realities related to national development, especially to open businesses and create new jobs. Seeing this reality, the development of MSMEs and their transformation into a people's economic base will have a direct impact on achieving economic stability and independence. In addition, MSMEs can also strengthen the economic base, because most of the country's economic activities in almost all sectors are carried out by MSME-scale economic units.

The existence of human resources (HR) in an organization is a valuable asset for the organization itself. The success of an organization depends on the quality of the people in the organization. To create employees who are competent in carrying out their duties professionally and responsibly in carrying out their duties, adequate competence is needed according to the field of work and the responsibilities they carry out (Bukit, et al. 2017).

Alewadeng Village is one of the villages located in Sajoanging District, Wajo Regency, South Sulawesi Province, which has a population of 1,594 people, with a total of 3 Hamlets, namely Aluppange Hamlet, Benteng Luwu Hamlet and Toduma Hamlet. There are 49 micro-business units that are carried out by the community both as main and additional livelihoods other than as farmers and laborers. This type of business is still in the form of a household business.

The list of Micro Enterprises in Alewadeng Village is presented in table 1.

**Table 1.**  
**Micro Business Data in Alewang Village**

No.	Type of business	Number of Effort
1.	Coffee shop	1
2.	Sell Mix	36
3.	Salon	2
4.	Tailor	3
5.	Selling poison	1
6.	Carpenter	2
7.	Welder	1
8.	Workshop	3

*Source: Alewadeng Village Government*

Based on table 1, there are 8 types of micro businesses in Alewadeng Village which are dominated by mixed selling businesses. Of the 49 micro business units, 14 of them are in Aluppange Hamlet, 18 are in Benteng Luwu Hamlet, and 17 are in Toduma Hamlet.

The survey results show that one of the obstacles in micro-enterprises in Alewadeng Village is the lack of knowledge and skills of micro-entrepreneurs, because the level of education is still low. The average business actor in Alewadeng Village is SMA/SMK (8.2%), SMP (26.5%), SD (55.1%), and S1 (10.2%). This shows that the level of education of business actors is still low which is dominated by the elementary education level/equivalent. Based on the results of a survey conducted, the level of education has an effect on the performance of micro-enterprises in Alewadeng Village. Micro business actors who have a higher level of education are able to innovate in their business,

Innovation is the intentional introduction and application of new ideas, processes, products, or procedures for work, work teams/organizations with the aim of benefiting work, work teams/organizations. According to Zwell in Sedarmayanti (2017) innovation is a competency with which people generate new ideas, methods, solutions, and products. Innovation involves an orientation towards creativity and invention. The ability of creative attitude and innovation is a very important individual competence needed by the organization. Human resources who have high creativity will always think and act to improve the quality of the organization by finding new ways of working and not looking for changes for the better. In response to this, To grow and develop, MSMEs must be able to manage both internal and external factors in their business environment. One of the internal factors that require management knowledge and skills is about human resources in MSMEs (Widjaja, et al. 2018).

Menurut Spencer (dalam Moeheriono 2010:8) menyatakan bahwa hubungan antara kompetensi dengan kinerja sangat erat sekali, hal ini tampak pada hubungan dari keduanya, yaitu hubungan sebab akibat. Oleh karena itu, menurut Spencer, hubungan antara kompetensi karyawan dengan kinerja adalah sangat erat dan penting sekali, relevansinya ada dan kuat akurat, bahkan mereka (karyawan) apabila ingin meningkatkan kinerjanya, seharusnya mempunyai kompetensi yang sesuai dengan tugas pekerjaannya (the right men on the right job). Ia juga menambahkan bahwa kompetensi mempunyai hubungan sebab-akibat (causally related) jika dikaitkan dengan kinerja seorang karyawan serta kompetensi, yang terdiri atas: motif (motive), sifat (trait), konsep diri (self concept) dan keterampilan (skill), serta pengetahuan (knowledge), which is expected to predict a person's behavior so that in the end it can predict that person's performance.

Several previous studies by Widjaja, et al. (2018), Utami & Desnormasari (2018), Paraswati and Laily (2018), and Suindari & Juniariani (2020) who examined HR competence on business performance showed that HR competence had a positive and significant effect on MSME performance. The higher the competence of human resources, the higher the performance of the business being carried out. However, research conducted by Kristanto, et al. (2021) shows the opposite result, there is no influence between the variables of human resource competence on the performance of MSMEs, meaning that human resources who work in their business do not need to increase the expertise of high HR competencies.

Based on the problems and conditions described above, the researchers conducted a study entitled "The Influence of Human Resource Competence on Micro Business Performance in Alewadeng Village".

## **METHOD**

The type of research used is quantitative research which aims to explain the form of influence between variables. Sources of data in this study are primary data and secondary data. Primary data is the type of data obtained directly from respondents by distributing questionnaires to respondents. Secondary data is the type of data obtained not directly from the respondents, namely through documentation and library materials related to the research title. The location of this research is in Alewadeng Village, Kec. Sajoanging, Wajo Regency. The population in this study are micro business actors in Alewadeng Village, Kec. Sajoanging, Kab. Wajo. Considering the total population of 49 people, this study determines the sample at once from the existing population. The data analysis technique used is descriptive statistical analysis. Then to find out the relationship between HR competence and business performance, simple regression analysis was used.

## **RESULTS AND DISCUSSION**

### **Respondent Description**

The instrument used in this study was a questionnaire distributed to micro business actors in Alewadeng Village, amounting to 49 respondents. Based on gender characteristics, 6 people (15.2%) were male and 39 (84.8%) were female. Then the age characteristics showed 2 people 25-31 years, 32-38 years 12 people, 39-45 years 12 people, 46-52 years 12 people, 53-59 years 5 people, and 60-66 years 2 people. Furthermore, based on the level of education, namely elementary school (SD) as many as 24 people, junior high school (SMP) as many as 13 people, high school (SMA) with 4 people, and the last Strata 1 (S1) as many as 5 people.

### **Validity test**

The research data that has been collected will then be processed to test the quality of the data in the form of validity and reliability tests.

**Table 2.**  
**Instrument Validity Test Results**

No. Items	HR Competence	Micro Business Performance	Information
1	0.692	0.826	Valid
2	0.699	0.698	Valid
3	0.431	0.792	Valid
4	0.621	0.705	Valid
5	0.631	0.750	Valid
6	0.619	0.844	Valid
7	0.711	0.745	Valid
8	0.793	0.770	Valid
9	0.533	0.694	Valid

*Source: Processed primary data (2022)*

Based on the results of the validity test carried out with the help of the SPSS version 25 program, it shows that the Pearson correlation coefficient for each statement item with a total score of HR competency variables (X) and micro business performance (Y) is significant at a significance level of 5%. In this study, 46 samples were taken with an r table of 0.291. So that it can be interpreted that each item indicator of the competency instrument of HR and performance of micro-enterprises is valid. In summary, the results of the validity test can be seen in table 11 above.

The table above shows the results of the calculation of the validity test which shows that all  $r_{count} > r_{table}$  at a significant value of 5%. Therefore, it can be concluded that all items in this study are valid, so they can be used as research instruments.

### Reliability Test

In this study, the results of the reliability test calculation show that the Cronbach Alpha ( $\alpha$ ) value for each variable is greater than 0.50. The instrument can be said to be reliable if the Alpha value is greater than the r table value (0.291). The results of the reliability test in this study can be seen in the following table.

**Table 3.**  
**Reliability Test Results**

No. Items	HR Competence	Micro Business Performance	Information
1	0.909	0.897	Valid
2	0.901	0.903	Valid
3	0.908	0.894	Valid
4	0.903	0.900	Valid
5	0.903	0.899	Valid
6	0.901	0.895	Valid
7	0.896	0.899	Valid
8	0.897	0.901	Valid
9	0.905	0.902	Valid

*Source: Processed primary data (2022)*

Based on the table of reliability test results above, it shows that all Cronbach's alpha > r table. So based on the value of the reliability coefficient, it can be concluded that all the questionnaires in this study are reliable or consistent, so they can be used as research instruments.

### Simple Regression Analysis

The simple regression model in this study is to examine the effect of the independent variable HR competence (X) on the dependent variable of micro business performance (Y). The following is a description of the results of a simple regression test and the output of the test results using the help of the SPSS version 25 program in the form of a summary model output, and the coefficient (t test) in the following table.

**Table 4.**  
**Results of the Coefficient of Determination**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795a	.632	.624	1.91187

*Source: Processed primary data (2022)*

Based on table 13 above, it shows that the value of the correlation or relationship (R) is 0.795. From the output, the coefficient of determination (R square) is 0.632, which implies that the influence of the independent variable (HR competency) on the dependent variable (micro-enterprise performance) is 63.2%.

**Table 5.**  
**Partial Test Results (t test)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.032	2,949		3.062	.004
	HR Competence	.897	.103	.795	8,697	.000

*Source: Processed primary data (2022)*

Basically, the t-test explains how much influence one independent variable has which individually explains the variation of the dependent variable. In table 14 the output results of the hypothesis test above show that the value of constant (a) is 9.032 while the value of HR competence (b / regression coefficient) is 0.897 which states that for every 1% addition to the value of HR competence, the performance value of micro enterprises increases by 0.897. The regression coefficient is positive, so it can be said that the direction of the influence of the X variable on the Y variable is positive.

Based on the significance value from the table above, it is obtained a significance value of  $0.000 < 0.05$  so it can be concluded that the HR competency variable (X) has an effect on the micro business performance variable (Y). Furthermore, these results are confirmed from the results of the calculation of t-count and t-table. The value of t table at the significance level and

df (degrees of freedom)  $n_k - 1 = 44$  is 2.015. Thus, the value of  $t$  arithmetic is  $8.697 > t$  table is 2.015. So that through this test it can be seen that the competence of HR has a positive and significant effect on the performance of micro-enterprises or in other words  $H_0$  is accepted. The results of this study are in line with the results of research conducted by Paraswati & Laily (2018) which shows that HR competence has a positive and significant effect on the performance of MSMEs.

### Discussion

This study examines the effect of HR competence on the performance of micro enterprises. The results of hypothesis testing using simple regression analysis show that HR competence has a positive effect on micro business performance. If the competence of human resources is getting better, then the performance of micro businesses is also getting better. This is evidenced by the regression coefficient value of 0.897 at a significance of 0.000. The resulting R Square coefficient value of 0.632 shows that the performance of micro enterprises is influenced by the competence of HR by 63.2% and the remaining 36.8% is influenced by other factors outside of this study. The results also show  $t$  arithmetic  $> t$  table ( $8.697 > 2.015$ ) and a significance of  $0.000 < 0.05$ , which means that HR competence has a positive and significant effect on micro business performance so that the hypothesis can be accepted.

This study supports the theory used, namely Attribution theory, which according to Heider contains two meanings, namely attribution as a process of perception and attribution as an assessment of causality. This theory is used because it explains the cause and effect of an action. Here the performance of micro business is as a result of a cause or action that is measured by the competence of human resources of micro business actors. Human resource competencies possessed by a person can be used to assess and predict the level of performance of a business. In this case, the competence of human resources for micro business actors in Alewadeng Village. Therefore, the attribution theory used in this study is in line with the results of the study, namely the competence of human resources for micro-enterprises in Alewadeng Village can be used to measure the performance of these micro-enterprises.

The results of this study are supported and strengthened by the results of several previous studies conducted by Paraswati & Laily (2018), Widjaja, et al. (2018), and Suindari & Juniariani (2020) who conclude that HR competence has a positive and significant effect on the performance of micro-enterprises, which means that the better the competence of human resources, the better the business performance.

This shows that improving the competence of human resources in terms of knowledge, skills, and abilities for micro business actors in Alewadeng Village is very necessary. So that micro business actors will continue to develop and innovate, this will also help especially the MSME sector in Indonesia to continue to develop and be of higher quality.

### CONCLUSION

The results showed that there was a positive and significant influence between HR competencies on the performance of micro businesses in Alewadeng Village. So that the better the competence of human resources, the better the performance. The progress of various MSME sectors is inseparable from the competence of quality human resources. HR competence is one of the keys to advancing the MSME sector, so it is necessary to develop the human resources (HR)

sector. With sufficient HR competence, it will help a business to continue to develop and innovate, especially in the MSME sector.

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