



(RESEARCH ARTICLE)



Strengthening the competitive advantage of MSME actors through the human resources competency development program (skill, knowledge and attitude)

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International Journal of Science and Research Archive, 2024, 13(02), 186–192

Publication history: Received on 24 September 2024; revised on 30 October 2024; accepted on 02 November 2024

Article DOI: <https://doi.org/10.30574/ijrsra.2024.13.2.2119>

Abstract

This research focuses on strengthening the competitive advantage of Micro, Small, and Medium Enterprises (MSMEs) through human resource competency development programs, which include three main aspects: skills, knowledge, and attitudes. The purpose of this study is to identify the positive impact of human resource development programs on the competitiveness of MSME actors in an increasingly dynamic market. In the context of globalization and digital transformation, adaptability and innovation are crucial elements that support the growth of MSMEs. This study uses a quantitative method with a survey of 100 MSME actors from various economic sectors, and qualitative through in-depth interviews with business actors and HR development program organizers. The results of the study show that practical skills training, increasing business knowledge, and forming a positive attitude significantly improve the competitiveness of MSMEs. MSMEs that participate in human resource development programs tend to be more innovative in terms of products and services, have more efficient management, and are better able to face market challenges compared to those who do not. In particular, the aspect of proactive attitude and openness to change strongly supports the adaptation of digital technology in business management. Thus, this study recommends the implementation of a holistic human resource development program as one of the strategies to strengthen the competitiveness of MSMEs in the domestic and global markets.

Keywords: Competitive Advantage; MSMEs; Human Resource Development; Skill; Knowledge; Attitude

1. Introduction

The most developed business sector is small industry. One of the small industries that plays the most role in the pace of the economy is Micro, Small, and Medium Enterprises (MSMEs). The number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or 8,573.89 trillion rupiah. MSMEs are also able to absorb 97% of the total existing workforce [1]. [2] concerning Micro, Small, and Medium Enterprises Article 3 states that Micro, Small, and Medium Enterprises have the purpose of growing and developing their businesses in order to build the national economy. MSMEs are the most important pillar in Indonesia's economy both in terms of the number of businesses, job creation, and national economic growth [3]. MSMEs are a forum for community skills with the hope that these skills can become creative businesses that are beneficial to the economy of the community and their families. Micro, small and medium enterprises (MSMEs) are business units that play an important role in encouraging Indonesia's economic growth. Because MSMEs contribute to providing jobs, they play a role in the equal distribution of income and the socio-economic order of the community. MSMEs have a strategic role in supporting the national economy, because they have great potential to drive people's economic activities as well as become the basis for the livelihood of some people to improve their welfare.

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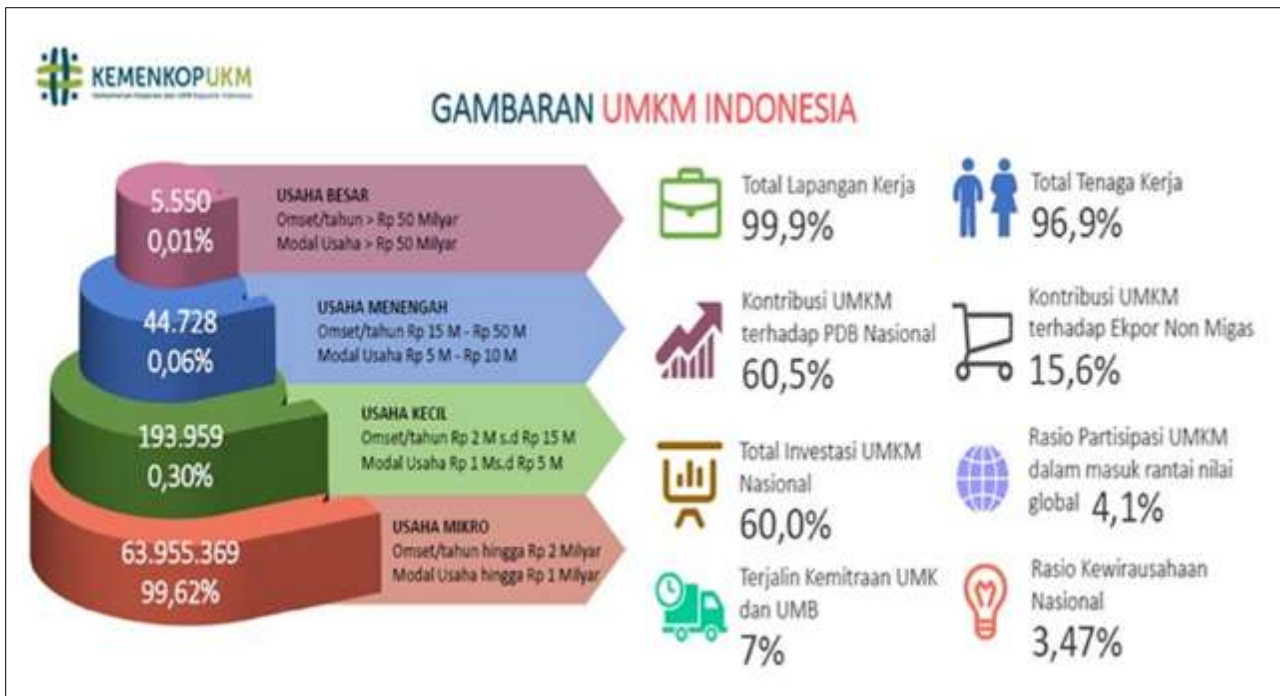


Figure 1 Overview of MSMEs in Indonesia's Economy

Based on data from the Ministry of Cooperatives and SMEs, it shows the large contribution of MSMEs to the national economy. MSMEs are able to absorb up to 96.9 percent of the total workforce in Indonesia, contributing 60.5 percent of the total national GDP, contributing 15.6 percent of the total exports of Non-Oil and Gas MSMEs and contributing 60.0 percent of total investment. The data shows that MSMEs are one of the backbones of the national economy.

The development of the number of small and medium business units that continue to increase, of course, will be able to open up large job opportunities. However, this small business is still seen as a weak business. Based on the results of the survey and calculations of the Central Statistics Agency (BPS), the contribution of SMEs to GDP (without oil and gas) in 1997 was recorded at 62.71 percent and in 2002 the contribution increased to 63.89 percent [4]. Comparison of GDP composition by business group in 1997 and 2003 [5].

This has received attention from economic observers in Indonesia, and even the populist economy and government agencies as well as all parties who have concerns about the survival of the populist economy, after experiencing the failure of the conglomerate economic system during the monetary crisis in Indonesia. So that currently attention is more focused on small, medium and cooperative entrepreneurs who are able to show their existence by surviving in the face of changes in the business world. Good competence comes from competent Human Resources (HR). The low quality of human resources has an impact on low levels of productivity and participation in the world of work and in the production process. Competence is the ability to carry out or perform a job or task based on expertise and knowledge and support by the work attitude demanded by the job. According to [6] competence is a person's ability and competence to do work in a targeted 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. Because of this mutual influence, organizations must help their employees to improve their skills. This competency development must continue to be carried out to facilitate the achievement of the organization's vision and mission. The development of SMEs must be accompanied by the development of human resources (Human Resources) in various aspects. One of the developments that needs to be improved is the skills, knowledge and attitude of human resources.

Skills are the ability of humans to use their thoughts, ideas and creativity, change or make something more valuable so that something has more meaningful value. In organizations or MSMEs, the skills of employees or employees can affect the performance of these MSMEs, with the skills possessed by the employees, will help MSMEs to achieve their goals. According to [7] Skill can indicate in the special action performed or in the nature in which the skill is performed. Many activities are considered a skill, consisting of several skills and degrees of mastery achieved by a person describing their level of skill. It can be concluded that the skills possessed must be appropriate and must be at a good stage, for the pace

of MSMEs to become better. And a person's skills certainly have differences between each other because they have different skill specifications.

HR knowledge and attitudes are not distilled from HR training itself. According to [8], [9] the training needs, the training will be successful if the process of filling the training needs is correct. The need is basically there to cover up the lack of knowledge, improve skills, or attitudes to deal with the peroblematics that occur. Training needs can be divided into; a) The needs meet the demands now. Needs can be known through employee achievements that are not in accordance with the standards of the position demands. b) Meet the needs of other positions. In companies where there is often a rotation of positions. With the reason, to overcome boredom and there is also to form generalist people. c) To meet the demands of change. Changes that occur both internally such as changes in systems, organizational structures, management and external such as changes in technology, changes in the company's business orientation require new knowledge that must be mastered. Although there is no problem between the ability of the person and the demands of the position, in the face of these changes can be anticipated through the procurement of potential training.

According to [10] the report [11], human resources are not only a means of production, but also play a role as a driver and determinant of the production process and all organizational activities. The progress and development of an organization determines the role of Human Resources which has the greatest contribution. Therefore, the quality and capacity of human resources in an organization determine the progress of an organization. According to [12] an organization, both large and small-scale, human resources are the most important asset. However, in its implementation, it is not easy for organizations or companies to make human resources a useful asset. In fact, there are still many organizations or companies that view human resources only as a means of production. According to [11] competent human resources are needed to meet the expectations of the organization. However, it must be based on values, so that the organization's goal is not only to achieve high labor productivity, but also the process of achieving it. Therefore, competent human resource (HR) management plays an important role in the success of the organization. According to [13] considering the importance of human resources in an organization, competence is one of the aspects that can determine the success of an organization or company. High HR competence in an organization or company certainly determines the quality of the human resources involved and ultimately the competitiveness of the company itself. Likewise in Micro, Small and Medium Enterprises (MSMEs), human resource competencies also have an important role in the development of these MSMEs.

2. Methods

The method in this study uses a descriptive using a qualitative approach. The qualitative descriptive research method in this study is a method with the aim of describing or solving problems systematically, factually, and accurately regarding the facts and characteristics of a certain population or region. According to [14] in [15] the explanation that the qualitative research method is a qualitative research method is a research method based on philosophy, which is used to research on scientific conditions (experiments) where the researcher is an instrument, a data collection technique and in qualitative analysis that emphasizes more on meaning. Qualitative research can show community life, history, behavior, organizational functionalism, social movements, and kinship relationships. The purpose of qualitative research is to preserve the form and content of human behavior and analyze its characteristics, not to turn them into quantitative elements, Mulyana in [13] Through this study, the researcher conducted an analysis on strengthening the competitive advantage of MSME actors through the Human Resources competency development program (skills, knowledge and attitude).

3. Results and discussion

3.1. The Effect of Skill Development on Competitive Advantage

Research shows that improving skills in MSMEs has a significant impact on competitive advantage. Skills include technical, managerial, and information technology abilities in business processes. MSMEs that are able to consistently develop the skills of their workers can respond to the market faster, adapt to technological changes, and improve the quality of products and services offered.

MSMEs, like other businesses, must always strive to achieve a competitive advantage (competitive advent-age) that is sustainable or continuous in order to remain the best in their business. For this reason, the right achievement strategies are needed, because sustainability depends on the ability to be one step ahead of competitors, and the ability to adapt to various changes in the environment, both the internal position related to the specific resources available in the MSME (financial, technology, reputation, and structural) and the external side refers to the specific market position/focus of

the MSME assets. For this reason, competitive advantage can be achieved by having valuable, rare, inimitable, non-substitutable resources and capabilities, especially the value possessed by MSME resources that cannot be owned by other businesses or competitors, so that it is not easy to imitate them. For this reason, it is necessary to identify factors that affect the existence of resources, whether from limited supply or continuous innovation efforts. To achieve what is stated, the capabilities of MSMEs are needed in achieving sustainable competitive advantage. These capabilities should not be static, because market demands and the environment are undergoing very dynamic changes. In other words, these changes require MSMEs to always carry out learning stages that are ultimately able to create dynamics in business, namely being able to beat competitors and still get superior returns.

Research on MSMEs in the handicraft sector in Yogyakarta revealed that improving technical skills in production and the use of simple technologies improves production efficiency and quality. This contributes to the competitiveness of their products in the local as well as international markets.

3.2. Increasing Knowledge as the Key to Innovation

The knowledge aspect is also an important factor in a business. Of course, in managing capital as described above, you must use knowledge. Entrepreneurs are required to have enough knowledge to start and run their business. In a business, entrepreneurs must be able to think starting from the initial planning, management, to financial management. There are still many MSME actors who do not have qualified knowledge about entrepreneurship. There are still many who have not been able to make the correct financial statements. The calculation between expenses and income is still written manually. This can make a business not run optimally. In research [9] it was shown that knowledge has a positive and significant effect on the success of MSME business performance. This shows that when the formal education of business owners is high and supported by training, the success of business performance also increases and vice versa. The results of this study are in line with research [16] where human resource competence consisting of knowledge has a positive influence on business performance. In addition, the results of this study are also in line with the theory of Human Resource management where the higher a person has education, the better a person's ability to solve problems in the organization and the ability to see business opportunities is also higher. Innovation also determines the success of a business because innovation is one of the company's efforts to maintain its existence in company management activities. According to [17] that innovation is creativity in creating new products, services, ideas or new processes as an effort to improve the quality and sustainability of products, services or organizations. According to [18], innovation is a person's ability to create something new, either in the form of ideas or real works, which is relatively different from before. Everyone with talent and skills in a particular field may be more creative than others. MSME actors are creative thinkers, accomplished thinkers do not follow an established way of thinking and practice what people do in general.

Extensive knowledge of markets, industry trends, and analytical skills are the foundation for innovation in products and business processes. Research that focuses on MSMEs confirms that business actors who have a deeper knowledge of marketing strategies, financial management, and consumer trends have a higher ability to innovate. These innovations contribute to the development of new products, improved process efficiency, and better market penetration. Research on MSMEs in the culinary sector in Bandung shows that those who take part in training and educational programs related to digital marketing strategies have experienced a significant increase in terms of market reach and customer loyalty.

3.3. The Role of Attitude in Increasing Competitiveness

The development of a conducive business environment for Micro, Small and Medium Enterprises (MSMEs) is intended to increase the competitiveness of MSMEs by creating the widest possible business opportunities, as well as ensuring a healthy market mechanism. In order to grow a conducive business environment for MSMEs, a series of macroeconomic policies, sectoral policies and regional development policies that complement each other, harmonize and synergize in order to empower MSMEs. For this reason, integrated efforts are needed to increase competitiveness for MSMEs. These efforts must reduce the weaknesses owned by MSMEs. Building Indonesia's industrial competitiveness needs to begin by strengthening its competitiveness in the domestic market through strengthening domestic industrial business actors and providing a conducive business climate. Strengthening competitiveness in the domestic market requires the involvement of business actors, the government, consumers, and the people of Indonesia. Strengthening competitiveness begins with strengthening the business vision of business actors. Business vision is defined as insight and views about what business wants to achieve in the future and is able to determine where the direction must be taken, then the orientation needs to be accompanied by a proactive attitude (proactive), creative (search for new options), and quick and appropriate action (prompt action). There are seven characteristics that are the identity inherent in an entrepreneur, which is the vision of the business in running his business.

First, leadership. This is a key factor for an entrepreneur. With excellence in the field of leadership, an entrepreneur will pay great attention to orientation to goals, work/personal relationships and effectiveness. Leaders who are oriented to the three factors above, always appear warm, encourage the career development of their staff, are liked by subordinates, and always remember the goals to be achieved. Second, Innovation. Innovation always brings economic development and change, said Joseph Schumpeter. Schumpeter's theory stimulates a person to innovate. The innovation in question is not an extraordinary finding, but a finding that leads to the utilization of economic resources in a more productive direction. Third. How to Make a Decision. According to cutting-edge medical experts, there is a significant difference between the function of the left brain and the right brain. The left brain functions to analyze or answer questions of what, why, and how. The right brain functions to do creative thinking without being preceded by an argument. The left brain and right brain are always used together. Everyone will have a different pressure to use the two brains. Some tend to be dominated by the left brain and vice versa, there are people who are dominated by the right brain. Fourth. Responsive attitude to change. Entrepreneurs' responsiveness to change is relatively higher than that of others. Every change by an entrepreneur is considered to contain opportunities that are inputs and references to decision-making. Fifth. Work Economically and Efficiently. An entrepreneur conducts his activities in a smart style (smart, smart, wise) not in the style of a foreman. He works hard, economically and efficiently, in order to achieve maximum results. Sixth. Vision of the Future. Vision is like an invisible common thread that is pulled from the beginning to the last. Vision is essentially a reflection of commitment, competence and consistency. Seventh. Attitude to Risk. An entrepreneur is a determinant of risk and not a risk bearer. As stated by Drunker, those who when making a decision, have consciously understood the risks that will be faced, in the sense that the risks have been limited and measured. Then the possibility of the emergence of the risk is minimized. In this case, the application of innovation is a creative effort to minimize the possibility of risk.

Positive attitudes and mentalities, such as the desire to continue learning, openness to change, and the ability to collaborate, are also important factors in maintaining the competitive advantage of MSMEs. The study found that MSME owners who are proactive in adopting new technologies and open to input tend to adapt faster to changes in the business environment, so they are able to survive in the long term. A study conducted on MSMEs in the fashion sector in Bali revealed that business owners who actively follow trends and are open to business training are able to increase competitiveness and even expand their markets abroad.

3.4. Implementation of Human Resource Development Programs and Their Results

Training and human resource development programs designed specifically for MSMEs have been widely implemented by the government and the private sector, with a focus on improving technical, financial, and managerial skills. Research shows that these programs directly impact increasing productivity, operational efficiency, and the innovation ability of MSMEs. In MSMEs that are members of the development program under the Ministry of Cooperatives and SMEs, it was found that program participants experienced a significant increase in terms of market access, better financial management, and the ability to use digital platforms to market products.

The human resource (HR) development program for MSME actors focuses on improving skills, knowledge, and attitude as the main key in building a sustainable competitive advantage. The implementation of this program is carried out through several approaches, such as technical training, management coaching, and entrepreneurial attitude development. Each approach is designed to address the specific needs of MSMEs in the face of rapid economic, social, and technological change.

3.4.1. Technical Skills Training (Skill)

This program involves training that focuses on practical skills that are directly related to the daily operations of MSME actors, such as improving production skills, mastering digital technology, and online marketing techniques. Examples of implementation include training in the use of simple accounting software, e-commerce management, and more efficient production training using modern technology. The results of the implementation of this training show an increase in business productivity, where MSME actors are able to increase output with better quality and more efficient time.

3.4.2. Increasing Business Knowledge

The knowledge aspect includes training and workshops that strengthen the understanding of MSME actors regarding business strategies, financial management, and risk management. By increasing knowledge in this field, MSMEs are expected to be able to make more rational and planned decisions. The results of the knowledge improvement program show that there is a significant improvement in business financial management, where MSME actors are better able to

manage cash flow, understand taxes, and make long-term business plans. In addition, knowledge related to digital marketing also helps MSMEs expand their market reach to the national and even international levels.

3.4.3. Attitude Development

This program aims to form a resilient and adaptive entrepreneurial mentality among MSME actors. A positive entrepreneurial attitude includes proactivity, innovation, openness to change, and resilience to business challenges. The program involves hands-on mentorship by experienced business mentors who provide motivation and real-life examples of how to behave in the face of crises and opportunities. As a result, MSME actors who have participated in this attitude development program have become more proactive in pursuing new market opportunities, more open to the implementation of digital technology in business management, and more resilient in facing economic challenges, such as the pandemic and market uncertainty.

The implementation of human resource development programs provides positive results for MSME actors in various aspects. Research shows that business actors who participate in this program have better abilities in adapting to market changes, improving operational efficiency, and expanding business reach. Increased productivity and innovation are one of the main impacts, where MSME actors are able to create more quality products and services by using the technology that has been learned during training.

The entrepreneurial attitude development program has a significant impact in terms of the mentality of business actors. They are more daring to take risks and explore new opportunities that were not previously considered. Innovative attitudes and openness to change also make it easier for MSME actors to integrate technology into their business processes, such as using digital platforms for marketing and business management. The increase in business knowledge has encouraged MSME actors to be more planned in financial management, make a mature business plan, and understand the importance of risk management. As a result, MSMEs that participate in this program tend to have better financial stability and are better prepared to face business challenges, both in the domestic and global markets.

4. Conclusion

Based on various studies, human resource development through increasing skills, knowledge, and attitude has proven to be an effective strategy in strengthening the competitive advantage of MSMEs. The improvement of these three aspects makes MSMEs more prepared to adapt to market dynamics, more innovative in product development, and more competitive in facing competition in the global market. Research in general emphasizes that the three factors of skills, knowledge, and attitude cannot be separated from each other in human resource development. A comprehensive training program, which includes improving technical skills, business knowledge, as well as the formation of a positive attitude, will have a greater impact on the competitive advantage of MSMEs. Studies on MSMEs in the West Java region show that a comprehensive human resource development program, which involves improving practical skills, technical knowledge, and the formation of a positive attitude in the face of change, has been proven to improve the ability of MSMEs to compete, both in local and global markets. MSME actors who invest in sustainable human resource development tend to have higher competitiveness and are able to survive and develop in the long term.

Compliance with ethical standards

Acknowledgments

The author would like to express his deepest gratitude to various parties who have supported the completion of this research. The author is grateful to the Ministry of Cooperatives and SMEs and the Department of Industry and Trade for providing access to very valuable data and information about MSME actors as well as the various human resource development programs that they have initiated.

The author also expressed his gratitude to MSME actors who have been willing to take the time to participate in surveys and interviews, as well as provide in-depth insight into the challenges and opportunities faced in running their businesses. Their participation and shared experiences greatly contributed to the success of this research. The author expresses his appreciation to his family and colleagues who have provided moral support during this research process. Hopefully, the results of this research can make a positive contribution to the development of MSMEs in Indonesia and become the basis for more effective policies in the future.

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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