

# The Influence of Human Resource Competence and Financial Aspects on the Performance of MSMEs in the Cirendeu Village Area, South Tangerang

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## Abstract

Along with the development of MSMEs in Indonesia, small and medium enterprises are required to survive in the face of competition. This can trigger MSMEs to create new businesses and be different from other SMEs with better performance. MSMEs have a strategic role in realizing national economic development because MSMEs can absorb labor and contribute to economic growth in Indonesia. According to data from the Ministry of Cooperatives and Small and Medium Enterprises (MSMEs), in 2019 there were 119.6 million workers, an increase of 2.21% compared to the previous year. Many MSMEs lack insight and knowledge so they lack a long-term orientation. Lack of knowledge in the field of management makes efforts to improve performance tend to be conventional. This study aims to determine how the influence of human resource competence on the performance of MSMEs, and the influence of financial aspects on the performance of MSMEs. This research is a comparative causal research which is a research with the characteristics of the problem of a cause and effect relationship between two or more variables. The sample from this study were 30 MSME respondents located in the Cirendeu sub-district. The data analysis used in this study included validity tests, reliability tests, classic assumption tests and partial hypothesis testing (t) with the help of SPSS version 23. The results of this study indicate that HR competence has no significant effect on MSME performance. that the first hypothesis is rejected. The accounting aspect has a significant effect on the performance of SMEs. Accounting knowledge has a smaller significance and t count is greater than t table.

**Keyword:** HR Competence, Financial Aspect, MSME Performance.

## A. INTRODUCTION

Micro, small and medium enterprises are types of businesses that can absorb a large number of workers in Indonesia. Various factors that often develop the competitiveness of MSMEs include technological factors, production processes, finance and there are important sources, namely skills, information, creativity and intellectual capital/assets (Sedyastuti et al., 2021; Muda & Rahman, 2016; Asah et al., 2015). The development of MSMEs in Indonesia requires MSMEs to survive and be ready to compete with other MSMEs. This can encourage them to be active in their business and performance. The lack of knowledge possessed by SMEs results in a lack of long-term orientation. For example, in terms of determining the cost of products, they are still oriented towards the existing conditions in the industrial environment and rarely take into account the workforce.

MSMEs often make mistakes in measuring business productivity which ultimately has an impact on business performance (Yusni, et al, 2009; Suryana et al., 2023). One other factor that is also able to influence the performance of MSMEs is the

competence of human resources. HR is a factor that can be used as the main capital to make SMEs more professional. This is because business units are influenced by individual involvement in managing the business within them (Anggadwita & Mustafid, 2014; Cerrato & Piya, 2012). Business development must be able to improve the performance of MSMEs and this is supported by human resource development in various aspects. HR quality is needed, especially in the field of HR competence such as expertise, knowledge and ability in entrepreneurship.

Mangkunegara (2017) stated that performance is the result of work in quality and quantity achieved by an employee in carrying out the duties and responsibilities given to him. In this case, it is reinforced by According to Simamora (2015), Bismala (2016), and Dewi (2013), Performance refers to the level of achievement of the tasks that make up an employee's job. Performance reflects how well the employee meets the requirements of a job. Often misinterpreted as effort, which reflects the energy expended, performance is measured in terms of results. This emotional attachment means employees are really involved and care about the job and responsibilities to the company.

Employees work not only for salary or just for promotion, but work on behalf of the company's goals, it can be concluded that employee performance is the employee's individual attitude towards a good quality level of work and provides positive value to the company's progress as shown by professionalism, loyalty to the company, and adaptation to good co-workers (Yusuf et al., 2022, Afriani et al., 2019; Nurcahyanti & Ruscitasari, 2022). And in terms of performance, there are factors that influence the performance of MSMEs, namely internal factors and external factors. Where the indicators used to measure performance are: sales growth, capital growth, additional workforce each year, market and marketing growth, profit growth/operating profit (Hernita et al., 2021; Mustaqim, 2016; Arifin & Haryanto, 2021).

Of the several factors that can be used to assess the performance of a company are human resources and financial aspects. According to Khalique et al (2013) HR competence is also highly considered by an organization which is a resource that aims to innovate and develop an organization. Competence is defined Mitrani et.al, (1992) suggests that the characteristics that form the basis of a person are closely related to the effectiveness of that person in doing his job.

Meanwhile, according to Spencer in Moeheriono (2011) states that capability is a trademark that underlies an individual related to the adequacy of individual implementation in his work or the essential qualities of individuals who have a causal relationship or as a condition also coherent results with steps used as a kind of point of view, interesting or fantastical execution or on the other hand unmatched at work or under certain circumstances. Various factors that influence the competence of human resources include beliefs, values, experience, skills, personality, emotional, organizational culture and intellectual. The indicators are abilities, skills and knowledge.

Finance according to Lawrence J. Gitman in his book *Principles of Managerial Finance* suggests that: "Finance can be defined as the art and science of managing money. Virtually all individuals and organizations earn or raise money and spend or invest money. Finance is concerned with the processes, institutions, markets, and instruments involved in the transfer of money between and between individuals, businesses, and governments".

The meaning of the statement above is that finance can be interpreted as a science or art in managing money. Someone in the organization can make money and then spend or invest that money (Gunawan et al., 2021; Atmaja, 2018).

Ahmad Safik and Yohana Kus Suparwati (2013) in their research on HR competence, financial aspects and MSME performance suggested that there was a significant influence between HR competence, information quality and locus of control on MSME performance. This provides evidence that the decisions of MSME actors that are taken appropriately and accurately will have an impact on the better performance achieved, one of which can be seen from the increase in profits and assets. Indicators in the financial aspect include own capital, loan capital, profit levels and capital accumulation, as well as being able to manage and differentiate between personal and family expenses.

Cireundeu is an area of MSME scale industrial area. In that area there are many home industries that become the community's macro economy, for example the small food and fashion industries. Ciputat Timur District, which is a sub-district in the city of South Tangerang, is considered successful in developing the community's economy through empowering Micro, Small and Medium Enterprises (MSMEs). Every year, MSMEs in the East Ciputat sub-district experience positive developments in terms of quantity and productivity so that they have a positive influence on the growth and development of MSMEs in South Tangerang (Department of South Tangerang Cooperatives and SMEs, 2017).

## **B. METHOD**

This research is a comparative causal research which is research that shows causation of two or more variables. The advantages of this research make researchers conduct research on variables that cannot be examined experimentally and this makes it easy to identify variables (Mudrajat Kuncoro, 2013). There are two variables in this study, namely the dependent variable (Y) and the independent variable (X). The population is all MSME actors in the Ciputat area. The data collection technique is a field survey by distributing questionnaires to MSME actors. The questionnaire is a data collection tool that is carried out by compiling written lists of questions and then distributing them to respondents to obtain data. Research instruments are tools for measuring natural events or instruments for observing social events (Sugiyono, 2014: 102). In this study the instrument used was a questionnaire. The tests carried out in this study were validity tests, classic assumption tests to test the hypothesis. This study uses multiple linear regression analysis, and partial testing (t test).

**C. RESULTS AND DISCUSSION**

Cirende Village is an industrial area for micro, small and medium enterprises, part of the movement of the macroeconomic community of the Cirende Village can be seen from several home industries in the area including F&B and Fashion. According to the South Tangerang Cooperatives and UMKM Service, in 2017 the growth and development of UMKM in the Cirende Village which increases every year both in terms of quantity and productivity, and the impact of its development affects the performance of MSMEs.

The number of questionnaires submitted to respondents was 45 questionnaires, 30 returned questionnaires, of which 15 questionnaires were not returned due to the lack of participation from business owners in filling out the research questionnaire. Therefore, the number of questionnaires processed in this study was 30 questionnaires. the questionnaire returned can be seen in table 1.

**Table 1. Respondent Questionnaire Data**

No	Information	Number of Questionnaires	Percentage
1	The number of questionnaires distributed	45	100%
2	Unreturned questionnaires	15	33%
3	Returned questionnaire	30	67%
4	Processed questionnaires	30	67%

Testing research instruments that can be used as a basis for making decisions and solving problems in research, 1) Research Instrument Testing Results a) Validity test.

**Table 2. HR Competency Validity Test Results**

Questionnaire	r-count	r-table	Information
1	0.806	0.361	Valid
2	0.705	0.361	Valid
3	0.813	0.361	Valid
4	0.843	0.361	Valid
5	0.949	0.361	Valid
6	0.805	0.361	Valid
7	0.708	0.361	Valid
8	0.696	0.361	Valid
9	0.613	0.361	Valid
10	0.805	0.361	Valid
11	0.806	0.361	Valid
12	0.705	0.361	Valid
13	0.813	0.361	Valid
14	0.806	0.361	

Source: Data processed with SPSS version 23

Based on table 2 it can be concluded that all statement items on the HR Competency variable it has been proven valid because all the r count points are greater than the r table, which is equal to 0.361.

**Table 3. Financial Aspect Validity Test Results**

Questionnaire	r-count	r-table	Information
1	0.672	0.361	Valid
2	0.762	0.361	Valid
3	0.612	0.361	Valid
4	0.429	0.361	Valid
5	0.625	0.361	Valid
6	0.560	0.361	Valid
7	0.512	0.361	Valid
8	0.47	0.361	Valid
9	0.470	0.361	Valid
10	0.413	0.361	Valid

Source: data processed with SPSS version 23

Based on table 3 above, it can be concluded that the statement items describing the financial aspect variables are valid because all items r count is greater than r table, which is equal to 0.244.

**Table 4. Validity Test Results of MSME Performance Aspects**

Questionnaire	r-count	r-table	Information
1	0.878	0.361	Valid
2	0.724	0.361	Valid
3	0.797	0.361	Valid
4	0.801	0.361	Valid
5	0.931	0.361	Valid
6	0.933	0.361	Valid
7	0.858	0.361	Valid
8	0.609	0.361	Valid
9	0.907	0.361	Valid
10	0.732	0.361	Valid

Source: Data processed with SPSS version 23

Based on table 4 above, it can be concluded that for all statement items on MSME performance variables it proves to be valid because all items of r count value produced are greater than r table, which is equal to 0.244.

Reliability is the extent to which test scores are consistent, with respect to one or more sources of inconsistency – the selection of specific questions, the selection of raters, the day and time of testing.

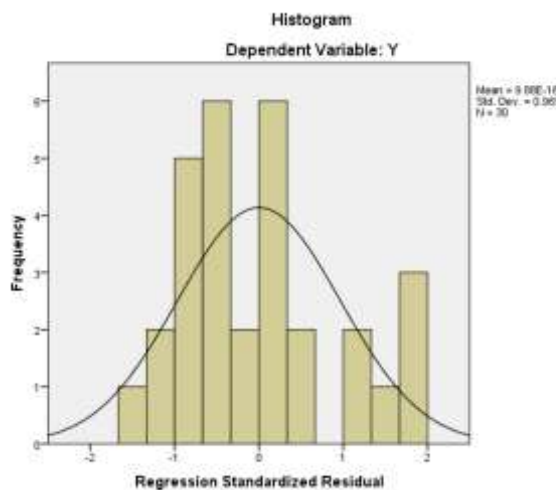
**Table 5. Reliability Test Results**

Variable	Cronbach's Alpha	Information
HR Competence	0.944	Reliable
Financial aspect	0.743	Reliable
Performance	0.939	Reliable

Source: Data processed with SPSS version 23

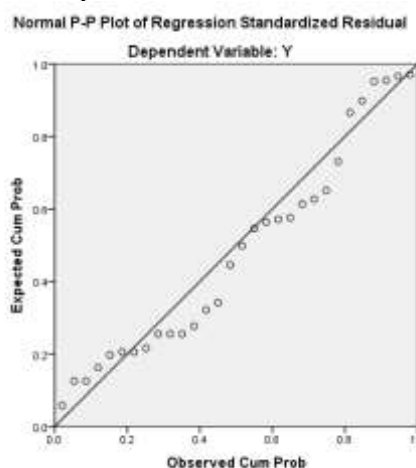
Based on table 5 the value of Cronbach's Alpha is more than 0.6, namely the HR Competency variable is 0.944, the Financial Aspect is 0.743, and the Performance is 0.939. this shows that each independent and dependent variable is proven reliable.

A Normality test is used to determine whether sample data has been drawn from a normally distributed population (within some tolerance). A number of statistical tests, such as the Student's t-test and the one-way and two-way ANOVA, require a normally distributed sample population.



**Figure 1. Normality Test Result**

Source: data processed with SPSS version 23

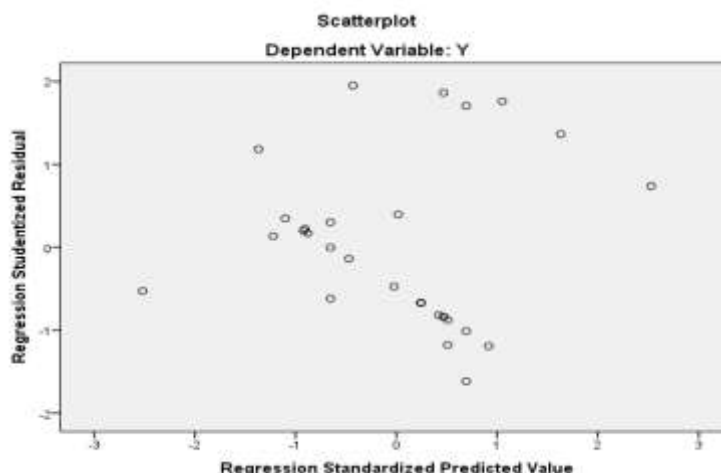


**Figure 2. Normality Test Result**

Source: data processed with SPSS version 23

Based on the graph above, it can be concluded that the data meets the normality assumption because the points spread along the diagonal line.

Heteroscedasticity refers to a specific type of pattern in the residuals of a model, whereby for some subsets of the residuals the amount of variability is consistently larger than for others. It is also known as non-constant variance.



**Figure 3. Heteroscedasticity Test Result**

Source: data processed with SPSS version 23

Based on the graph above, it can be concluded that there is no Heteroscedasticity because the dots do not form a certain pattern.

Multicollinearity is a statistical concept where several independent variables in a model are correlated. Two variables are considered perfectly collinear if their correlation coefficient is +/- 1.0. Multicollinearity among independent variables will result in less reliable statistical inferences.

**Table 6. Multicollinearity Test result**

<b>Coefficients<sup>a</sup></b>			
<b>Model</b>		<b>Collinearity Statistics</b>	
		<b>Tolerance</b>	<b>VIF</b>
<b>1</b>	<b>(Constant)</b>		
	<b>Kompetensi SDM</b>	<b>0,968</b>	<b>1,033</b>
	<b>Aspek Keuangan</b>	<b>0,968</b>	<b>1,033</b>

a. Dependent Variable: Kinerja UMKM

Source: data processed with SPSS version 23

Based on Table 6 it can be seen that the data does not experience symptoms of multicollinearity. This is made clear by the results of the VIF value not having more than 10 and the tolerance above 0.1 for these two variables.

Multiple linear regression is a regression model that estimates the relationship between a quantitative dependent variable and two or more independent variables using a straight line.

**Table 7. Multiple Linear Regression Test**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	37,925	12,989		2,920	0,007
	Kompetensi SDM	-0,330	0,16	-0,322	-2,064	0,049
	Aspek Keuangan	0,556	0,191	0,456	2,920	0,007

a. Dependent Variable: Kinerja UMKM

Source: data processed with SPSS version 23

Description:

$Y = \text{UMKM performance}$   $\alpha = \text{constant}$   $\beta = \text{first regression coefficient}$   $X_1 = \text{HR Competence}$   $X_2 = \text{Financial Aspect}$   $\epsilon = \text{regression error}$  From the results of table 7, the multiple regression equation can be obtained as follows:  $Y = 37.925 - 0.330X_1 + 0.556X_2$

A constant value of 37.925 indicates that the Y (MSME performance) value is 37.925 assuming the independent variables (HR Competence and Financial Aspects) are considered constant or fixed.

HR competence (X1) provides an indication that the regression coefficient has a negative direction, which is equal to 0.330. This implies that if the X1 variable increases by 1% and the other variables remain the same, the Y variable decreases by 33%, which means that the higher the competence of HR, the performance of MSMEs decreases and vice versa.

The financial aspect (X2) shows a positive regression coefficient of 0.556, which means that if the financial aspect variable increases 1% and the other variables remain constant, the dependent variable increases 55.6%. This means that the higher the financial aspect, the higher the performance of MSMEs and vice versa.

Based on table 7 in above can be concluded that HR competence has a value of  $t_{count} < t_{table}$  ( $-2.064 < 2.051$ ) with a *sig value*  $0.07 > 0.05$ . These results indicate that  $H_0$  is accepted and  $H_a$  is rejected, which means that the HR aspect does not have a significant influence on MSME performance. The financial aspect has a  $t_{count} > t_{table}$  ( $2.290 > 2.051$ ) with a *sig value*  $0.007 < 0.05$ . These results indicate that  $H_0$  is rejected and  $H_a$  is accepted, which means that the financial aspect has a significant influence on MSME performance.

#### D. CONCLUSION

Based on the results of the study it can be concluded that: 1) HR competence has no significant effect on MSME performance. This means that the first hypothesis is rejected. This means that HR competence does not affect the performance of MSMEs in the Cirendeu sub-district. The higher the competence of HR is not able to influence the performance of MSMEs in the Cirendeu village; 2) The financial aspect has a significant influence on the performance of SMEs. This means that the second hypothesis is accepted. This means that the financial aspect affects the performance of MSMEs in the Cirendeu sub-district. The higher the financial aspect, the higher the performance of MSMEs in the Cirendeu village.

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