

ANALYSIS OF THE INFLUENCE OF HUMAN RESOURCES SKILLS, EXPERIENCE, AND ABILITIES ON UMKM PERFORMANCE

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Abstract

Micro and small Medium Enterprises (MSMEs) have contributed and played a fundamental strategic role in economic growth. The performance of Micro, Small, and Medium Enterprises (MSMEs) in the regional and national economy is critical. MSMEs are very important to promote inclusive economic development and poverty reduction. Therefore, this study aims to 1) determine the effect of skills on the performance of MSMEs; 2) know the effect of experience on the performance of SMEs; 3) Understand the influence of human resources on the performance of SMEs; 4) Understand the effect of the skills, experience, and abilities of Human Resources simultaneously on the performance of SMEs. This study used a quantitative approach to the type of research with multiple linear regression analysis. This study used a questionnaire data collection technique (questionnaire). The type of data used in this research is primary data. Based on the results of research conducted at the PLUT-KUMKM office, Ngantru District, Tulungagung Regency, it can be concluded that skills do not have a significant effect on MSME performance, experience has a significant and positive influence on MSME performance, the ability has a significant and positive influence on MSME performance. Simultaneously, all skills, experience, and ability variables significantly affect SMEs' performance.

Keywords: *MSMEs, Skills, Experience, Ability*

Abstract

Micro, small, and medium enterprises (MSMEs) fundamentally contribute to economic growth. The performance of micro, small, and medium enterprises (MSMEs) in the regional and national economies is critical. MSMEs are very important to encourage inclusive economic development and poverty reduction. Therefore, this study aims to 1) determine the effect of skills on MSME performance; 2) determine the effect of experience on MSME performance; 3) Determine the effect of human resources on MSME performance; 4) Determine the effect of skills, experience, and abilities of Human Resources simultaneously on MSME performance. This study used a quantitative approach with a multiple linear regression analysis research type. This study uses a questionnaire data collection technique method. The type of data used in this study is primary data. Based on the results of research conducted at the PLUT-KUMKM office, Ngantru District, Tulungagung Regency, it can be concluded that skills do not have a significant effect on MSME performance,

experience has a significant and positive effect on MSME performance, ability has a significant and positive effect on MSME performance. Simultaneously, all variables of skills, experience, and abilities significantly influence MSME performance.

Keywords: UMKM, Skills, Experience, Ability

1. Introduction

The performance of micro, small, and medium enterprises (MSMEs) in the regional and national economies is critical. MSMEs are very important to drive inclusive economic development and poverty reduction (Alfattama, 2023). MSMEs are also important for inclusive economic development because they can provide basic goods and essential services for the poor and marginalized (Sartono, Subagyo, and Nurani 2021). Micro, Small, and Medium Enterprises that grow and develop in Indonesian society can drive economic growth (Prasetyo, 2022). MSMEs are components of all economic and social structures that can contribute and positively impact national income, labor absorption, production, employment, decentralization, and social coherence to increase income for low-income people (Suryanto & Bustomi, 2021).

Efforts to improve business performance have given rise to several factors that are thought to influence it, including human resources' ability, experience, and capabilities (Isro'iyah, 2024). According to (Zhaviery, Anisah, and Faidah 2019), Skills are the ability to operate a job easily and accurately that requires basic skills (Rahmawati, 2023). Skill indicators in the study include communication, supervision, finance, administration and accounting, production, cooperation, and organization. A person's experience will significantly influence their expertise and skills (Eldon, 2021). Experience indicates good workability and attitude to build cooperative relationships at work. Ability is a combination of theory and experience gained in practice in the field, including increasing work productivity and an individual's capacity to do a job (Subagyo, 2022). Ability indicators in this study are the ability to make decisions, manage a business, control, lead, innovate, situations, and changes in the business environment (Nurani, 2021).

The performance of Human Resources determines MSME performance. MSME's performance in achieving results lies in the scale of production, which includes all existing elements, one of which is individuals (Sartono, 2024). Individual performance is an achievement or effectiveness influenced by job objectives, design, management, and characteristics. So, performance influences the amount of labor production that is directed. Performance is a measure of the success of a business entity in achieving its goals.

To overcome the performance of MSMEs so that they are good, of course, MSMEs need the development of quality human resources. Human resources (HR) occupies the most important position (Prasetyo, 2022). Management utilizes all organizational resources to achieve predetermined goals (Nurani, 2018). Human resources in the organization are carried out through human resource planning, recruitment and selection, career planning and development, compensation, work environment, and industrial relations. Improving the

quality of human resources is very necessary, especially in entrepreneurship skills, knowledge, and abilities (Sartono, 2023).

Micro, Small and Medium Enterprises (MSMEs)

MSMEs (Micro, Small, and Medium Enterprises) cannot be eliminated or avoided from today's society because their existence is very useful in distributing people's income. On the other hand, MSMEs can absorb labor on a large scale to reduce the unemployment rate. MSMEs that are labor-intensive use easy-to-understand and straightforward technology can become a place for people to work (Rahmawati, 2022). The development of MSMEs is strategic in driving the national economy, considering that their business activities cover almost all business fields. Hence, the contribution of MSMEs is substantial in increasing people's income (Purnomo et al., 2022).

According to Law Number 20 of 2008, the potential of MSMEs is to realize economic growth, equalization, and increase in people's income, job creation, and poverty alleviation. The potential of MSMEs according to the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 07/Per/M.KUKM/VII/2015 concerning the Strategic Plan of the Ministry of Cooperatives and Small and Medium Enterprises for 2015-2019 states that "The potential of MSMEs is shown by its role as a source of income for the community, fulfillment of domestic goods and services needs, job creation, and increasing added value which has an impact on reducing poverty rates and economic growth."

Skills

One thing that must be mastered in society is having skills or abilities for life (skills). Skills are divided into hard and soft skills (Isro'iyah, 2023). Hard skills are the ability to train psychomotor skills, such as skills and training in creating a product. Skills are the capacity needed to carry out a series of tasks that develop from training and experience results (Subagyo, 2020). Based on the understanding above, skills mean the ability to operate a job easily and carefully, which requires basic skills.

Skills can be classified into three types: functional skills, self-management skills, and exceptional knowledge skills. The three types of skills can be detailed as follows (Indriayu et al., 2022):

1. **Functional Skills (Functional/Transferable)**

Functional skills are abilities that are already present in a person since birth and then developed through experience and learning. These skills include decision-making skills, repairing machines, and specific calculations.

2. **Self-Management/Personal/Attitude Skills**

Self-management skills are a behavior developed to cope with the surrounding environment. For example, relying on oneself to cope with existing environmental conditions.

3. **Special Knowledge Skills (Special Knowledge/Knowledge-Based)**

Specific knowledge skills are skills related to a particular type of job, education, or activity tasks. For example, administrative skills, accounting, and so on.

Experience

Experience is very much needed in an activity because experience is the best teacher. Experience can be interpreted as something that has been experienced or lived, felt, responsibility, and so on (Depdiknas, 2016). The main factors that influence work experience are as follows (Handoko, 2018):

1. Analytical and manipulative skills to study assessment and analysis.
2. Technical skills and abilities to assess the ability to carry out the job's technical aspects.
3. My background includes education, courses, training, and work. It is to realize what someone has done in the past.
4. Interest and talent to estimate a person's interests and capacities or abilities.
5. Attitudes and needs to predict a person's responsibilities and authority.

Several things determine whether an employee is experienced or not, including work experience factors, as follows:

1. Mastery of work and equipment.
2. Length of time or period of work.
3. The level of knowledge and skills possessed.

Performance

A person's performance is based on understanding the knowledge, skills, expertise, and behavior needed to do a job well. Mitrani can interpret ability as a fundamental characteristic of a person who is related to the implementation of a job efficiently or successfully (and underlying characteristic of an individual which is casually related to effective and superior performance in the job) (Armstrong, 2014).

Performance in an agency is the answer to the success or failure of the agency's goals that have been set. Leaders often do not pay attention to this unless it is awful or everything goes wrong. Too often, leaders do not know how bad the declining performance is. Hence, the agency faces a serious bad situation—a deep negative view of the agency results in a decline in performance (Eldon, 2023).

Performance is how much work results have been achieved by an employee/group of employees per the responsibilities and authorities assigned to them within a specific period (Nurani, 2021). Performance is the real behavior shown by each employee as a result of their work based on their role in an organization—performance results from activities carried out by employees, which are influenced by the skills and support received.

The hypotheses in this study are: (1) It is suspected that skills have an influence on micro, small, and medium enterprises (Case Study at the Plut-Kumkm Office, Ngantru District, Tulungagung Regency), (2) It is suspected that experience influences micro, small and medium enterprises (Case Study at the Plut-Kumkm Office, Ngantru District, Tulungagung Regency), (3) It is suspected that human resource capabilities have an influence on micro, small and medium enterprises (Case Study at the Plut-Kumkm Office, Ngantru District, Tulungagung Regency), (4) About skills, experience and human resource capabilities, they influence the performance of micro, small and medium enterprises.

2. Method

This study uses a quantitative approach with the type of multiple linear regression analysis research. Quantitative research is research in the form of numbers and analysis to determine the direction and how much influence the independent variable has on the dependent variable. This study uses a questionnaire data collection technique method. The sample in this study used non-probability sampling. Non-probability sampling is a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as a sample. The sample in this study was taken randomly, with 90 respondents. The location of this research was the PLUT-KUMKM Office, Ngantru District, Tulungagung Regency. This research was conducted from May 2, 2023, to May 27, 2023.

3. Results and Discussion

Based on the research results, the distribution of questionnaires with male and female characteristics obtained the following results:

		Jenis_Kelamin			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Laki-laki	32	35.6	35.6	35.6
	Perempuan	58	64.4	64.4	100.0
	Total	90	100.0	100.0	

Table 1. Descriptive Test Results Based on Gender

Table 1 shows that the number of men in this study was 32 respondents, or 35.6%, while the number of women was 58, or 54.4%. This shows that the majority of MSME owners are women.

		Usia			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Usia 19-24	25	27.8	27.8	27.8
	Usia 25-30	22	24.4	24.4	52.2
	Usia 31-36	9	10.0	10.0	62.2
	Usia 37-42	8	8.9	8.9	71.1
	Usia 43-48	9	10.0	10.0	81.1
	Usia 49-54	7	7.8	7.8	88.9
	Usia 55-60	6	6.7	6.7	95.6
	Usia 61-66	4	4.4	4.4	100.0
	Total	90	100.0	100.0	

Table 2. Descriptive Test Results Based on Age

Based on Table 4.2, it can be seen that most MSME actors are in the 19-24 age range, which is 25 or 27.8%, then in the 25-30 age range, which is 22 or 24.4%, then in the 31-36 age range, which is nine respondents or 10%, then in the 37-42 age range, which is eight respondents or 8.9%, for the 43-48 age range, there are nine people or 10%, for the 49-54 age range, there are 7 people or 7.8%, then for the 55-60 age range, there are 6 people or 6.7%, and finally for the 61-66 age range, there are 4 respondents or 4.4%. This means that the least respondents who do MSME business are in the 61-66 age range.

The influence of skills (X1) on MSME performance (Y), namely the test results, obtained a significance value of X1 of $0.567 > 0.05$, meaning that X1 skills do not have a significant effect on MSME performance (Y). This may be due to the lack of training provided to MSME actors so that skills do not influence MSME performance. This is by research conducted by (Viviani, Mufidah, and Fibriyani 2020), which shows that the skill variable does not significantly affect MSME performance.

The influence of experience (X2) on the performance of MSMEs (Y) obtained a significance value of X2 of $0.000 < 0.05$, meaning that experience (X2) has a significant effect on the performance of MSMEs, and the influence of experience on MSMEs has a positive effect. This shows that if the experience possessed by MSME actors is better, the performance of MSMEs will be better. Experience is something that someone has experienced. In running an MSME business, the actors and the running of MSMEs use experience as a consideration. The failures experienced by MSME actors in running their businesses are used as lessons for the future to improve the business run.

The influence of ability (X3) on the performance of MSMEs (Y) shows a significance value of X3 of $0.011 < 0.05$, which means that ability has a significant effect on MSME performance, and the influence of ability on MSMEs has a positive effect on MSME performance. This shows that the ability to run MSMEs owned by MSME actors will improve MSME performance. Ability is an important aspect of carrying out activities. Ability provides an overview of the potential of MSME actors in running their businesses. With the ability possessed by MSME actors, MSMEs will continue to develop innovations to maintain the continuity of MSMEs.

The influence of skills (X1), experience (X2), and (X3) together on the performance of MSMEs is that MSME performance is a benchmark in measuring the success of MSMEs. The success of MSMEs does not just happen. Several things affect the performance of MSMEs, including skills, experience, and abilities. The running of MSMEs fostered by the PLUT-KUMKM office in Ngantru District, Ngantru Regency, is also supported by the government's performance, which strives to improve MSMEs. The existence of cooperation between governments and factors from the actors themselves makes MSMEs run well.

4. Conclusion and Suggestions

Based on the research results obtained, it can be concluded that: (1) Skills do not significantly affect the performance of MSMEs at the PLUT-KUMKM Office, Ngantru District, Tulungagung Regency. (2) Experience significantly and positively affects the performance of MSMEs at the PLUT-KUMKM Office, Ngantru District, Tulungagung

Regency. (3) Ability significantly and positively affects the performance of MSMEs at the PLUT-KUMKM Office, Ngantru District, Tulungagung Regency.

MSMES need to pay attention to the factors that affect the performance of MSMEs. Because these factors can be used to consider the sustainability of MSME businesses. Then, there is a need for more synergy and cooperation between the community and the government to continue to develop MSMEs, as well as the need for action for the sustainability of MSMEs.

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