MODEL OF MSME PERFORMANCE BASED ON BUSINESS DIGITALIZAT ION, HUMAN RESOURCES, CAPITAL AND CRM COMPETENCE

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ARTICLE INFO	ABSTRACT
Keywords: MSME performance Business digitization Human resources Capital CRM competencies	The biggest challenge in facing this new era is how businesses must start over with capital that can be said to be minus the results of business operations that had died during the Covid-19 outbreak. Important points that must be considered to face the new normal phase in business are crisis management, labor, supply chain, tax and trade finance and liquidity, as well as strategy and brand. This study aims to examine the effect of business digitalization, human resources, capital and customer relationship marketing (CRM) competencies on the performance of wedding souvenir craft MSMEs in the New Normal Era. This research includes quantitative research with a survey approach. The population in this study were employees in MSMEs crafting wedding souvenirs in Banjarnegara Regency totaling 42 people spread across 5 MSMEs. The results concluded that both partially and jointly there was a positive and significant effect of business digitalization, human resources, capital and CRM competencies together on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era. The variable that has the dominant effect is CRM competence.
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1. INTRODUCTION

The outbreak of the Corona or Covid-19 virus has an impact on global socio-economic problems. The economic sector is one of the sectors that directly feels the impact of the appeal for people to reduce activities in crowded places. The government has instructed the public to carry out social distancing, during the COVID-19 emergency period based on the Decree of the National Disaster Management Agency (BNPB) stated in BNPB Decree Number 13.A of 2020. During this time, economic activity also decreased dramatically. The Covid-19 outbreak over the past 2 years has changed the world order, including the business world. Changes in markets, work systems, workplaces, and work processes in the business world have experienced significant changes. With these conditions there are only two choices for business people at that time, innovation or stop.

The ability of each business management will be the spearhead for business sustainability. Conventional business methods must be abandoned immediately. The use of technology and optimizing the use of social media must be carried out immediately. However, this is less relevant to small and medium-sized businesses because they have to rack their brains again in the absence of large capital. Therefore, innovation must be done quickly and precisely. These two words are vital for business people in restarting a business in the new normal era. The biggest challenge in facing this new era is how businesses must start over with capital that can be said to be minus the results of business operations that had died during the Covid-19 outbreak. The key to success to get through the new normal phase in business is preparation, agility, accurate data, and willingness to generate good ideas from every layer and division of the company. Important points that must be considered to face the new normal phase in business are crisis management, labor, supply chain, tax and trade finance and liquidity, and strategy and brand.

Related to the above, the author wants to try to examine the performance of MSMEs in the new normal era by limiting it to business digitalization, human resources, capital and customer relationship marketing (CRM) competencies, where the four variables are considered to play an important role in supporting the existence of MSME performance, especially wedding souvenir handicraft MSMEs that had

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fallen asleep during the Covid-19 pandemic along with the loneliness of the wedding organizer business due to the social distancing policy.

Research by Slamet [1] concluded that the adoption of digital technology is proven to improve the performance of SMEs, especially in increasing access to new customers in the country and increasing sales. The difficulty of SMEs in expanding market reach can be solved by encouraging SMEs to adopt digital technology through the provision of managed service operational e-commerce service solutions and accelerating the development of advertising so that SMEs obtain promotional tools through effective and efficient social media marketing. Research by Hanum & Sinarasri [2] states that e-commerce has a positive and significant influence on improving the performance of MSMEs. The performance of MSMEs often experiences obstacles, such as the ability to survive, grow and develop. Some of the causes include problems with human resource capabilities, product ownership, financing, marketing and other problems that make MSMEs unable to compete, especially with large companies [3]–[6].

The performance of MSMEs is also strongly influenced by the quality of their human resources. In an era of increasingly fierce competition, and environmental changes including information technology, of course, it really requires good quality human resources in order to adapt to these changes [7]–[9]. Government support such as capital, access to capital, infrastructure, information, marketing, licensing or regulations and training related to information technology will help in encouraging the performance of MSMEs in Indonesia [10], [11].

Previous research by Wiyadi [12] on the implementation of relational marketing strategies and their effect on customer satisfaction and Lisnawati [13] on the effect of customer relationship management on customer loyalty where both studies resulted in findings that the CRM concept affects company performance, especially in terms of customer satisfaction and loyalty. From the background description, this study aims to examine the effect of business digitalization, human resources, capital and customer relationship marketing (CRM) competencies on the performance of wedding souvenir craft MSMEs in the New Normal Era.

2. METHOD

This research includes quantitative research with a survey approach. According to Sugiyono [14] quantitative methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical with the aim of testing predetermined hypotheses. The survey approach was carried out by distributing questionnaires to collect data on MSME performance variables, business digitalization, human resources, capital and customer relationship marketing competencies.

Population and Sample

According to Sugiyono [14] population is a generalization area consisting of objects / subjects that have certain quantities and characteristics set by researchers to study and then draw conclusions, while the sample is part of the number and characteristics possessed by the population. The population in this study were employees in MSMEs crafting wedding souvenirs in Banjarnegara Regency totaling 42 people spread across 5 MSMEs. Because the population is less than 100, the authors use the census technique or as termed the total sample by Sugiyono [14], which is a sampling technique when all members of the population are used as samples.

Analysis Method

Data analysis was carried out with a quantitative approach using multiple linear regression. The basic equation of the regression model used can be formulated (Suliyanto, 2018):

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \qquad (1)$$

Description:
Y : MSME performance
a : constant
b_1 : business digitalization regression coefficient
X_1 : business digitalization
b_2 : regression coefficient of human resources
X_2 : human resources
b_3 : capital regression coefficient
X_3 : capitalization

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b4   : CRM competency regression coefficient
X4   : CRM competency
e : residual value

Testing the significance of the partial effect on the performance of MSMEs using the t test using SPSS. The test criteria used are that the effect is said to be significant if the tcount value has a probability smaller than α or sig. <0.05, then testing the effect together on the performance of MSMEs using the Anova test / F test where the effect is said to be significant if the Fcount value has a probability smaller than α or sig. < 0,05.

3. RESULT AND DISCUSSION

Classical Assumption Test Results

In this study, the normality test was carried out using the Kolmogorov-Smirnov (K-S) non-parametric statistical test. The test results are as follows:

Table 1. Normality test results

		Standardized Residual
N		42
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.94996791
Most Extreme Differences	Absolute	.062
	Positive	.061
	Negative	-.062
Kolmogorov-Smirnov Z		.401
Asymp. Sig. (2-tailed)		.997
a. Test distribution is Normal.		
b. Calculated from data.		

Source: SPSS Output

The Kolmogorov-Smirnov Z coefficient is 0.401 at a probability of 0.997>0.05, so it is interpreted that the standardized residual value is normally distributed. To detect the presence or absence of heteroscedasticity, the Spearman rank correlation approach is used. If each independent variable is statistically insignificantly correlated (probability / Sig. 1-tailed> 0.05) or negatively correlated, it means that the regression model does not occur heterogeneity.

Table 2. Heteroscedasticity test results

			Business Digitalization	Human Resources	Capital	CRM Competencies	ABRES
Spearman's rho	Business Digitalization	Correlation	1.000	.753**	.644**	.690**	.111
		Sig. (1-tailed)	.	.000	.000	.000	.241
		N	42	42	42	42	42
	Human Resources	Correlation	.753**	1.000	.673**	.717**	.144
		Sig. (1-tailed)	.000	.	.000	.000	.181
		N	42	42	42	42	42
	Capital	Correlation	.644**	.673**	1.000	.664**	.133
		Sig. (1-tailed)	.000	.000	.	.000	.201
		N	42	42	42	42	42
	CRM Competencies	Correlation	.690**	.717**	.664**	1.000	.147
		Sig. (1-tailed)	.000	.000	.000	.	.177
		N	42	42	42	42	42

ABRES	Correlation	.111	.144	.133	.147	1.000
	Sig. (1-tailed)	.241	.181	.201	.177	.
	N	42	42	42	42	42

**. Correlation is significant at the 0.01 level (1-tailed).

Source: SPSS output

The results of the Spearman rank correlation analysis obtained the correlation value between the independent variables of business digitalization (X1), HR (X2), capital (X3) and CRM competence (X4) with absolute residuals (ABRES) is not statistically significant (probability / Sig. 1-tailed> 0.05). Thus, the regression model is homogeneous or there is no heterogeneity. A good regression model should not have a correlation between the independent variables. The criterion for determining multicollinearity is if the Varian Inflation Factor (VIF) < 10 then there is no multicollinearity problem in the regression model. The following are the test results:

Table 3. Multicollinearity test results

	Collinearity Statistics	
Model	Tolerance	VIF
1 (Constant)		
Business Digitalization	.384	2.603
Human Resources	.317	3.159
Capital	.420	2.383
CRM Competencies	.355	2.818

a. Dependent Variable: Kinerja UMKM

Source: SPSS Output

The Variance Inflation Factor (VIF) coefficient on each independent variable is less than 10, which means that the model is free from multicollinearity problems, so the use of multiple regression models is justified.

Multiple Linear Regression Analysis

Table 4. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901a	.813	.792	.27958

a. Predictors: (Constant), Business Digitalization, Human Resources, Capital, CRM Competencies

Source: SPSS Output

The multiple correlation of business digitalization, human resources, capital and CRM competencies together with MSME performance is 0.901, which means that the relationship is very strong positive. The acquisition of the R Square value is 0.813 with a determination level of 81.30%, which means that business digitalization, human resources, capital and CRM competencies are very strong in explaining variations in MSME performance by 81.30%. The remaining 18.70% is explained by other variables outside the research model.

Table 5. Regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.042	.301		.141	.888
	Business Digitalization	.208	.097	.246	2.139	.039
	Human Resources	.244	.119	.259	2.048	.048
	Capital	.236	.106	.244	2.220	.033
	CRM Competencies	.279	.122	.274	2.293	.028

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Model		Unstandardized Coefficients		Standardized Coefficients		
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	Human Resources	.244	.119	.259	2.048	.048
	Capital	.236	.106	.244	2.220	.033
	CRM Competencies	.279	.122	.274	2.293	.028

a. Dependent Variable: Kinerja UMKM

Source: SPSS Output

Through the data in the unstandardized coefficients column, the regression equation can be made as follows:

$$\hat{Y} = 0{,}042 + 0{,}208X_1 + 0{,}244X_2 + 0{,}236X_3 + 0{,}279X_4 + \varepsilon \qquad (2)$$

The constant number (0.042) indicates that if the four independent variables, namely business digitalization, human resources, capital and CRM competence, are considered absent (zero), the performance of MSMEs will be 0.042. The regression coefficient on the business digitalization variable is 0.208 which is positive. The positive effect in question is the existence of a unidirectional and linear relationship where if the human resources, capital and CRM competency variables are assumed to be constant, then each increase of 1 score on the business digitalization variable will be able to increase the performance of MSMEs by 0.208. But also vice versa, every decrease of 1 score on the business digitalization variable will be able to reduce the performance of MSMEs by 0.208.

The acquisition of the t1 = 2.139 value and the results of the significance test obtained a probability value of 0.039 <0.05, which means that there is a positive effect of business digitalization on the performance of MSMEs. The regression coefficient on the human resource variable is 0.244 which is positive. The positive effect in question is the existence of a unidirectional and linear relationship where if the business digitalization, capital and CRM competency variables are assumed to be constant, then each increase of 1 score on the human resource variable will be able to increase the performance of MSMEs by 0.244. But also vice versa, every decrease of 1 score on the human resource variable will be able to reduce the performance of MSMEs by 0.244.

The acquisition of the t2 = 2.048 value and the results of the significance test obtained a probability value of 0.048 <0.05, which means that there is a positive influence of human resources on the performance of MSMEs. The regression coefficient on the capital variable of 0.236 is positive. The positive effect in question is the existence of a unidirectional and linear relationship where if the business digitization, human resources and CRM competency variables are assumed to be constant, then each increase of 1 score on the capital variable will be able to increase the performance of MSMEs by 0.236. But also vice versa, every decrease of 1 score on the capital variable will be able to reduce the performance of MSMEs by 0.236.

The acquisition of the value of t3 = 2.220 and the results of the significance test obtained a probability value of 0.033 <0.05, which means that there is a positive effect of capital on the performance of MSMEs. The regression coefficient on the CRM competency variable is 0.279 which is positive. The positive effect in question is the existence of a unidirectional and linear relationship where if the variables of business digitalization, human resources and capital are assumed to be constant, then each increase of 1 score on the CRM competency variable will be able to increase the performance of MSMEs by 0.279. But also vice versa, every decrease of 1 score on the CRM competency variable will be able to reduce the performance of MSMEs by 0.279. This variable is the variable that has the dominant influence, because seen from the standardized coefficients this variable has the largest regression coefficient when compared to business digitalization, human resources and capital.

The acquisition of the t4 = 2.293 value and the results of the significance test obtained a probability value of 0.028 <0.05, which means that there is a positive effect of CRM competence on the performance of MSMEs.

Table 6 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.538	4	3.135	40.104	.000a
Residual	2.892	37	.078		
Total	15.430	41			

a. Predictors: (Constant), Business Digitalization, Human Resources, Capital, CRM Competencies

b. Dependent Variable: MSME Performance

Source: SPSS Output

The ANOVA test results obtained F = 40.104 with the results of the significance test obtained a probability value of 0.000 <0.05, which means that there is an effect of business digitalization, human resources, capital and CRM competencies together on the performance of MSMEs.

Discussion

Performance according to Ardiana [15] is the result of work that can be achieved by a person or group of people in the organization and is a means of determining in a process to achieve organizational goals. Baswir in Ardiana [15] states that there are 4 main factors causing the low performance of small and medium enterprises (SMEs) in Indonesia, namely: 1) Almost 60% of small businesses still use traditional technology; 2) Market share tends to decline due to lack of capital, weak technology and managerial; 3) Most small businesses are unable to meet administrative requirements to obtain assistance from the Bank; 4) The level of dependence on government facilities tends to be very large. This study concludes that both partially and jointly there is a positive and significant effect of business digitalization, human resources, capital and CRM competencies together on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era. The variable that has the dominant effect is CRM competence.

The results of this study support several previous studies such as research by Slamet [1] which concluded that the adoption of digital technology is proven to improve the performance of SMEs, especially in increasing access to new customers in the country and increasing sales. The difficulties of SMEs in expanding market reach can be solved by encouraging SMEs to adopt digital technology through the provision of managed service solutions operational e-commerce services and accelerating the development of advertising so that SMEs get a means of promotion through effective and efficient social media marketing. Research by Hanum & Sinarasri [2] states that e-commerce has a positive and significant effect on improving the performance of MSMEs.

The performance of MSMEs often experiences obstacles, such as the ability to survive, grow and develop. Some of the causes include problems with human resource capabilities, product ownership, financing, marketing and other problems that make MSMEs unable to compete, especially with large companies [3]–[6]. The performance of MSMEs is also strongly influenced by the quality of their human resources. In an era of increasingly fierce competition, and environmental changes including information technology, of course, it really requires good quality human resources in order to adapt to these changes. [7]–[9].

Government support such as capital, access to capital, infrastructure, information, marketing, licensing or regulations and training related to information technology will help in encouraging the performance of MSMEs in Indonesia [10], [11]. Similarly, research by Wiyadi [12] on the implementation of relational marketing strategies and their effect on customer satisfaction and Lisnawati [13] on the effect of customer relationship management on customer loyalty where both studies produce findings that the CRM concept affects company performance, especially in terms of customer satisfaction and loyalty.

4.   CONLUSION

Based on the findings of the research results and hypothesis testing, it can be concluded that there is a positive effect of business digitalization on the performance of MSMEs Crafted Wedding Souvenirs in

Banjarnegara Regency in the New Normal Era. There is a positive influence of human resources on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era. There is a positive influence of capital on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era. There is a positive influence of CRM competence on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era. There is an influence of business digitalization, human resources, capital and CRM competencies together on the performance of Wedding Souvenir Craft MSMEs in Banjarnegara Regency in the New Normal Era.

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