


Human Resource Competency Development as A Strategy In Improving the Performance of Micro, Small and Medium Enterprises in Kupang City, East Nusa Tenggara

Maria C. B. Manteiro¹, Amram Rohi Bire², Maria B Ringga³, Sascia D Hipir⁴
^{1,2,3,4}Politeknik Negeri Kupang, Indonesia

Article Info	ABSTRACT
<p>Keywords: MSME Performance Development strategy Competence</p>	<p>The problem in the study is that the competence of human resources in the MSME industry sector is still lacking, this can be seen from the lack of knowledge, skills and abilities of employees, such as lack of knowledge of management skills, lack of work skills such as mastery of automation system technology and e-commerce in the field of marketing, there are still limited employee abilities in terms of creativity and innovation, lack of communication and skilled service. This has an impact on the performance of MSMEs. In facing the above problems, an appropriate competency development strategy is needed while the strategies carried out are training programs, leadership development, access to technology, networking, access to capital, monitoring and evaluation. The objectives of this study are 1) To know the competence of human resources in small and small businesses in the city of Kupang .2) To find out how the right strategy is to develop human resource competencies in improving the performance of small and small businesses. This research uses a qualitative descriptive method and formulates the right strategy in developing human resource competencies. The determination of samples in this study was carried out in 4 sub-district clusters, namely Oebobo District, Kota Raja, Kelapa Lima and Oesapa with a purposive <i>non-probability sampling</i> sampling technique, namely selecting human resources for MSMEs in accordance with the set criteria. Data collection uses interview, observation, questionnaire and documentation techniques. The result of this study is the concept of human resource development strategies for MSMEs in improving MSME performance.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Maria C. B. Manteiro, Politeknik Negeri Kupang, Indonesia, Lasiana, Kec. Klp. Lima, Kota Kupang, Nusa Tenggara Tim. 85258 Email: chendymanteiro6@gmail.com</p>

INTRODUCTION

One of the strategies that can be used for the development of MSMEs is to increase the competence of human resources (HR) from MSMEs, because humans (HR) are the main factor and the main driving factor in the management function (Hasibuan, 2013). The development of HR competencies in terms of knowledge, skills and abilities can realise an increase in the performance of MSMEs, so that they can continue to exist in business and contribute to the economy of a country and be able to compete on an international scale.

According to BPS data for NTT Province (2022) the number of MSMEs in Kupang city has fluctuated in the last 4 years, this can be seen from 2020 the number of MSMEs in Kupang city was 4682, while in 2021 it decreased to 3585, in 2022 it rose again to 8702, in 2023 it decreased by 2% and rose again with the emergence of new star ups. One of the things that causes some of the MSMEs to close their businesses or switch to other businesses is due to the low performance of MSMEs.

From preliminary data, the author found several problems related to the performance of MSMEs in Kupang City, namely that many MSMEs cannot exist or survive in running their businesses, this is due to several factors including the entry of competitors with the same industry market share (26%) from inside and outside Kupang city, mistakes in management (38%), and limited access to labour with competence in the relevant business field (36%).

One of the main causes of these failures is the human resource factor due to the lack of knowledge of MSME owners in managing existing resources, limited mastery of technology & information, limited knowledge related to financial management and marketing, and lack of soft skills related to individual attitudes and business ethics.

There are several problems related to the competence of human resources, namely knowledge, skills and abilities in MSMEs in the 4 clusters of the Kupang city area, including limited knowledge of managing organisational management, lack of employee skills in applying technology, such as lack of knowledge in application-based administrative & financial management, administration and marketing of products that are still carried out in a conventional way rather than through automation and e-commerce systems and still lacking employee abilities in terms of work attitudes, work behaviour and communication.

METHODS

The method used in this research is descriptive qualitative. This research was conducted to examine how the competence of MSME human resources in improving the performance of MSMEs in Kupang. The research time began in May 2024 until the time was adjusted to the field conditions and the object of research. The samples in the study were MSMEs in Kupang City in 4 (four) clusters with the following criteria 1) MSMEs that have a workforce of more than 10 people with a minimum turnover of Rp.100,000,000-Rp.500,000,000/year 2) The respondents are owners and employees in MSMEs with top level to middle level 3) HR who have worked for at least more than 2 years. Of the number of MSMEs according to criteria 1, 2 and 3, only 120 samples were taken proportionally.

The main source of data is by conducting in-depth interviews with respondents and questionnaires related to this research. Secondary data in this study are journal articles, books, government websites related to the research conducted.

In analysing the data, researchers used a qualitative descriptive method, which is a method that tries to describe and interpret the object of research as it is. The results of the report describe the state of the object or subject under study or describe systematically the facts and characteristics of the objects and subjects studied precisely.

RESULTS AND DISCUSSION

Discription of Research Results

Respondents' Knowledge

This research was conducted to find out how the competence of HR SMEs in Kupang City and to what extent HR competence can affect the performance of SMEs.

When viewed from the level of HR competence consisting of knowledge, skills and abilities can be seen in Table 2.

Category	Total	Percentage
Very High	13	10,83
High	36	30,11
Fair	63	52,5
Low	8	6,66
Very Low	-	-
Total	120	100

From Table 2. it can be seen that the largest number is in the high enough category with a percentage of 52.5, indicating that around 52.5 in the high enough category.

This shows that the level of knowledge of Kupang city MSME employees still needs to be improved, through training programmes or workshops, internships, online learning, monitoring and coaching. With these programmes, it is expected that owners and employees can increase their knowledge so that it has an impact on improving business performance.

Employee Skills

The second variable as an indicator of measuring the Competency variable is Skills where this variable has been described in 8 (eight) question items submitted to respondents. While the results of respondents' answers after tabulation analysis can be seen in Table 3.

Category	Total	Percentage
Very High	20	16,66
High	42	35
Fair	31	25,83
Low	27	22,5
Very Low	-	-
Total	120	100

The results of respondents' answers to the level of employee skills, the highest number is in the high category with a percentage of 35%. This shows that MSMEs need to improve employee skills by conducting structured training that focuses on the specific skills needed, such as technical, managerial, or production/marketing/service skills, besides that it can also provide training directly in the workplace so that employees can learn while doing their daily tasks (on the job training) so that employees can be improved

Employee Ability

The ability variable is the third indicator of competence, where in this study the results of data analysis from respondents' answers to several question items can be seen in Table 4 below.

Category	Total	Percentage
Very High	22	18,33
High	36	30
Fair	65	54,16
Low	8	6,66
Very Low	-	-
Total	120	100

From Table 4, it shows that the average respondent's answer to the ability variable is the highest located in the sufficient category of 54.16%. To be able to improve the ability of MSME employees, it can be done by attending training, project-based learning, job rotation, strengthening teamwork and improving communication skills and excellent service.

MSME Performance

The recapitulation of the results of respondents' answers to the performance of MSMEs in Kupang City can be seen in Table 5 below

Category	Total	Percentage
Very High	21	17,5
High	30	25
Fair	68	56,66
Low	4	3,33
Very Low	-	-
Total	120	100

Aspect that influence the performance of MSMEs in Kupang City are as follows:

Human Resources Aspect

Human resources are the potential contained in humans to realise their role as adaptive and transformative social beings who are able to manage themselves and all the potential contained in nature to achieve prosperity

Financial aspects

Business capital is money used as a basis for trading, which can be used to produce something that increases wealth. Limited business capital makes it difficult for some MSMEs to expand their business to a wider market area and limitations in fulfilling consumer desires.

Technical and operational

which are a series of activities that produce value in the form of goods and services by converting inputs into outputs.

Marketing Aspects

The marketing aspect is the process of identifying, creating and communicating, and maintaining relationships that satisfy customers to maximise MSME profits.

Aspects of Government Policy

Government policy is a set of actions legally chosen and allocated by the government to all members of society. Central and local government regulations and policies can affect the performance of MSMEs in Kupang city.

Socio-cultural and economic aspects

Values, norms and ethics can influence the way MSMEs conduct business, and social connections and networking in local communities can open up access to new customers, suppliers and business opportunities.

SWOT analysis of HR competencies in Kupang city MSMEs

The following is a SWOT analysis for Human Resource (HR) competencies in Micro, Small and Medium Enterprises (MSMEs) in Kupang city:

Strengths

1. Creativity and Innovation: Many MSMEs in Kupang have unique and creative products, which can be attractive to the market. Products produced by Kupang's MSMEs such as ikat/otis weaving are made with a variety of images and colours in accordance with the characteristics of local regions in NTT, as well as local food products that have their own taste image, such as sei sapi and bose corn.
2. Local Engagement: Human resources in MSMEs often come from local communities, so they better understand the needs and preferences of local consumers. Products from MSMEs are tailored to market wants and demands, such as woven fabric products modified into unique clothes, pants and accessories following the trend of the times.

3. Government support: There are government programmes that support the development of MSMEs, including training and access to financing. There is local government support for the development of local MSMEs in Kupang City, such as providing training for owners and employees related to marketing (4P), providing revolving fund assistance and so on.

Weaknesses

1. Limited Education and Training: MSME employees in Kupang City have an average education level of senior high school and there is still a lack of training attended by employees. The knowledge and skills of the employees in question are in terms of finance, marketing and technology.
2. Weak Management: Many MSMEs have not implemented good management practices, resulting in less efficient operations. Most (60 per cent) of MSMEs in Kupang city still run family businesses, resulting in less effective business development.
3. Limited Resources: There are often insufficient human resources to fulfil market demand, especially during peak times. Some MSMEs that are already well known and have an outside market share are sometimes unable to fulfil consumer demand due to limited resources.

Opportunities

Threats 1. Increased Market Demand: The increasing interest in local and organic products opens up opportunities for MSMEs to grow. There is increasing interest from the people of NTT as well as people from outside NTT and abroad for local MSME products, such as ikat woven fabrics that have penetrated and competed in the international arena by following world fashion. This has increased the market demand for NTT's woven ikat fabrics at relatively high prices.

2. Digitalisation: The adoption of digital technology can improve marketing and sales, as well as access to information and training. The development of information flows and digitalisation through the internet and social media makes it easier for small and medium-sized enterprises (MSMEs) to promote and sell their products with a wider regional reach.

3. Cooperation with government, educational institutions, NGOs, entrepreneurs, investors: Opportunities to collaborate with educational institutions or non-governmental organisations for HR capacity building. Collaboration between MSMEs and educational institutions can help improve HR competencies, such as training in management, finance, marketing, digitalisation-based archives. Cooperation activities with other institutions/organisations in the form of internships and comparative studies in large companies engaged in the same business.

Threats

1. Tight Competition: The number of MSMEs and products from other regions entering the local market can increase competitive pressure. The number of competitors with the same industry such as the culinary and fashion industry has caused local products to experience a decrease in revenue.

2. Economic Crisis: Unstable economic conditions can have a negative impact on people's purchasing power.

3. Regulatory Changes: Sudden changes in government policy can affect the sustainability of MSME businesses

The strategies carried out to develop HR competencies in MSMEs in Kupang include:

1. Training Programme

Skills Training: Provide technical training relevant to the industry, such as business management, digital marketing, and production. With the right training programme for owners and

employees of MSMEs in the Kupang city area, it will increase competence and will have an impact on improving the performance of MSMEs.

2. Leadership development

Top-level leaders and middle managers in MSMEs need courses or workshops on management and leadership for MSME owners, so that they can manage their businesses more effectively.

3. Access to Technology

There are several ways to improve access to technology, among others:

Digital Education: Provide training on the use of digital technology and platforms for marketing and sales.

Implementation of Management System: Encourage MSMEs to adopt management software that can assist them in business management.

4. Collaboration and Networking

Networking: Establish associations or communities of MSMEs to share experiences, knowledge, and resources and build co-operation with the Government, educational institutions and NGOs.

5. Promotion of Local Products

Organise exhibitions or fairs to promote local products, as well as provide marketing training to MSME players and assist MSMEs in building a strong brand and product identity to increase competitiveness.

6. Funding and Capital Access

Mendukung Access to Finance: Helping MSMEs gain access to loans or grants from government and financial institutions, with low interest rates, can help MSMEs in Kupang to grow their businesses. Program Incubation: Establish an incubation programme that provides seed funding and support for MSME startups.

7. Monitoring and Evaluation

Monitor the progress of training and the development of human resources, so that necessary adjustments can be made to the programme.

CONCLUSION

Based on the results of the study of HR competency development in MSMEs in Kupang city, it can be concluded:1. From the research results, it can be concluded that HR competencies in the form of knowledge are in the good enough category, skills are good, and the ability and performance of MSMEs are in the good enough category.2) Improving the performance of MSMEs in Kupang city is influenced by various aspects, both internal and external, including human resources, financial, technical and operational aspects, marketing, government policies and socio-cultural and economic.3).From the results of the SWOT analysis study on MSMEs in Kupang city, a strategy was formulated to improve the performance of MSMEs through the development of HR competencies with programmes including education and training, leadership development, access to technology, collaboration, funding and monitoring/evaluation.

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