

HUMAN RESOURCES AS A DETERMINING FACTOR FOR THE COMPETITIVENESS OF THE MSME SECTOR

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Abstract. The human element is the most significant of all the components that go into making up an organization, and as a result, it is also the most difficult to govern. This is due to the fact that everyone's ideas and points of view are quite distinct from one another. In the same way, organizational culture enables members of a company to develop positive working relationships among themselves and collaborate in an organizational climate that is beneficial to them and, in turn, to the dynamics of the organization, the organizational structure guides the way people act, providing the formalism and complexity of the process. The purpose of the research proposal is to shed light on how the performance of human resources gives quality to processes and consequently results in actions that encourage companies to be more efficient; it is dependent on the human resource strategy that members of a company are a competitive factor and strengthen the position of the company in the market, in this case MSMEs.

1. INTRODUCTION

In the development of the national economy, MSMEs should also be a priority because MSMEs are the backbone of a people's economic system that is able to reduce poverty problems and their development is able to expand the economic base and provide a significant contribution in improving the economy (Marlinah, 2020). Moreover, in the midst of globalization and high competition, MSMEs must also be able to face global challenges such as increasing product and service innovation, developing human resources and technology and expanding marketing access so that they can increase the selling value of MSMEs in competing with foreign products that are increasingly dominating (Soleha, 2008). 2020).

Micro, Small and Medium Enterprises (MSMEs) play a very strategic role in driving Indonesia's economic activities by providing 97.3% of the population's job opportunities and producing 57.0% of the national goods and services needed. Meanwhile, in terms of foreign exchange, the export value of Micro, Small and Medium Enterprises (MSMEs) contributed 19.0%, and contributed 2% - 4% for national economic growth (Nugraha et al, 2019). The role of MSMEs is so large and significant that it must continue to be maintained and developed to be able to compete in the era of global competition (Meliala et al., 2014). Therefore, MSMEs need to be developed with the aim of increasing the income of entrepreneurs and overcoming unemployment.

In the development of the Industrial era which emphasizes aspects of production and real time communication at any time and is directly related to digital technology and the internet today (industry 4.0), Indonesia should have a plan for developing MSMEs and anticipating matters relating to what steps Indonesia will take. based on a careful reading of the identification of opportunities and challenges, so that Indonesia can reap the positive benefits (Nirwana & Biduri, 2021). Do not let Indonesia only position as a spectator and become the object of a massive market for the products of other countries. Especially when viewed in terms of the potential and capital that Indonesia has with the richest natural resources and the largest human resources in ASEAN (Idih & Pinilih, 2020).

Among the various contributions of MSMEs to the national economy, there are also a number of weaknesses that are still being faced by MSMEs in Indonesia today. MSME institutionalization is an important aspect that needs to be observed in dissecting MSME problems in the future. (Tambunan, 2000). With individual business entities, most businesses are managed in a closed manner, using business legality and very inadequate institutional administration. Efforts to empower MSMEs are increasingly complicated because the number and reach of MSMEs are so large and wide, especially for disadvantaged, isolated, and border areas (Hubeis et al, 2015). MSMEs also face problems with the low quality of human resources. Most of the human resources in the MSME sector are staff with relatively low levels of technical expertise, competence, entrepreneurship and management. This needs

to be realized early on, because as a support for the creation of new entrepreneurs and increasing business scale to a certain level, more adequate development is needed from various aspects that are the weaknesses of MSMEs themselves (Tyas & Safitri, 2014).

Particular attention should be paid to the development of MSMEs, apart from economic factors, it is the human resource factor which is responsible for developing and implementing the processes necessary for its operation, but also for its sustainability in the market. It should be noted that there is a Ministry of Cooperatives and Small and Medium Enterprises, it was created with the aim of designing, fostering and promoting programs and tools that have the goal of creating, strengthening and developing Micro, Small and Medium Enterprises). This shows the importance of MSMEs in the economy of a country like Indonesia (Herlyansah, 2016).

It is important to mention that the economic problems in MSMEs affected them in such a way that it led to the closure of their businesses, the support they received was minimal and in some cases they did not have it. While it is true that lack of financial resources has negative consequences, human resources are also important for the functioning of an organization (Aryani, 2019). At present, there are concerns about collaboration between employees and employers, human resource management and its orientation to entrepreneurial attitudes have made more and more scholars on this issue. Human factors directly influence organizational behavior, in strengthening organizational culture and thereby enhancing organizational dynamics.

2. METHOD

This study uses a qualitative approach with a descriptive method. A qualitative research approach is a process of research and understanding based on methods that investigate social phenomena and human problems (Sugiyono, 2010). In this research the researcher makes a complex picture, examines words, reports in detail from the respondents' views and conducts studies in natural situations. Qualitative research is used if the problem is not clear, to find out hidden meanings, to understand social interactions, to develop theories, to ensure the truth of data and to examine the history of development. Data collection techniques using document studies. For literature study, primary sources are taken from official government publications as well as primary data from research institutions and information centers from both government and non-government circles. while secondary sources come from the analyzes of experts and practitioners in books, journals, working papers, writings in the mass media and so on.

3. RESULT AND DISCUSSION

Organizational Behavior in the MSME Sector

Organizational behavior is an important aspect that must be considered in the implementation of MSMEs, because understanding the behavior and way of working of collaborators in the organization is a difficult task, they arrive at the company with the values and principles they have. has been nurtured since childhood, so adapting to the company's organizational culture can be difficult (Aziz & Shofawati, 2014). Human resources have an impact on the organizational behavior of SMEs and in this aspect, human relations should be considered. Having a working environment not only benefits the staff, but also generates real dividends for the company (Maarif & Kartika, 2021). This produces quality human resources and creates an organization with strengths that position it in the market and recognize it as a competitive company.

The role that each person takes depends on the circumstances in which they find themselves and even on the people around them, that is, obeying the context in which they operate. This can lead to inefficient organizational dynamics for the development of a company, especially MSMEs, because large organizational structures are very different from small companies, therefore communication, relationships, authority, management and formalization among others, limit organizational momentum if not implemented properly. . On the other hand there is also commitment, namely the responsibility that the human factor has for the activities it carries out, in some cases it may be more than what the company demands and on the other hand there is definitely not, which creates problems in

organizational behavior and consequently in the dynamics of the company, which results in the company's goals and objectives were not achieved (Prihartini & Kartika, 2019).

In organizational behavior attitudes can be influenced in a favorable or unfavorable way, because the characteristics of people are different and how to adapt to the environment and how to solve problems depend on elements that are mostly outside the company. That is, it also depends on the skills, talents and knowledge of the individual. An important part of organizational behavior is communication and cooperation between employees and employers. But that is only part of it, because other aspects such as motivation, decision making and incentives are also elements that influence the actions of employees in a company (Duha, 2018).

Something that is very true and must be considered is that organizational behavior varies according to the type of organization and also the community, but MSME actors need to know the characteristics of their personnel and the company to guide them. their activities and strategies to achieve their goals. The organizational structure guides the way people act, providing the formalism and complexity of the process; Likewise, it enables company members to develop good working relationships among themselves and collaborate in an organizational climate that is beneficial for themselves and, in turn, for the organization (Helmawati et al, 2017).

Various elements such as motivation, leadership, culture, communication, conflict, organizational design, among others participate in shaping the organizational structure which is translated into organizational behavior and culture. The structure of organizational behavior can be based on environmental influences that affect the company, or on an open system (Utaminingsih, 2014).

The human resource process is very important, because organizational performance depends on it and the perceptions, capacities, needs, feelings and values are embedded. Group and interpersonal processes are interactions between individuals within the organization, here it should be noted that organizational goals are generally achieved by working as a team and not alone. For its part, organizational processes focus on the dynamics generated by decision making, organizational functions and structures that define the authority and responsibility of each individual. Finally, the problem of organization is all involved in every activity carried out in the company, SMEs must take it into account if they want to improve processes and become a competitive organization.

Organizational Culture in the MSME Sector

Next, another important and fundamental aspect for an organization and especially for the growth of MSMEs is organizational culture and its strengthening. It is true that workers must carry out their activities to fulfill company goals, but personal goals are also embedded in the daily actions of every employee. Culture is an organizational variable that forms corporate identity (Aziz & Shofawati, 2014). In some ways, this is what gives workers a sense of belonging and what results in greater commitment to the organization.

The human factor may feel only used by the company to fulfill organizational goals, overriding the fulfillment of its own needs and, on the other hand, feeling excluded or neglected in certain processes, and even in situations that require decision making. decisions, the reasons why workers do not feel the motivation to perform their activities in the best way and on the other hand, do not identify with the organization. Setiawati et al (2021) show that employers or managers use organizational culture to apply their own ideas to workers and in some ways manipulate their actions within the company to achieve goals. The development of organizational culture needs to be considered from two points of view, or rather, in two types of environments, internal and external.

In the internal environment, the relationship between company personnel is integrated, what they believe, think and perceive about the organization; the external environment focuses on the company's adaptation to the environment and the image it presents to the competition, such as mission, vision, values, goals and objectives; These same elements also guide staff in their actions during their stay in the organization (Alpianita, 2019).

Organizational climate is the internal environment of the organization and strengthens the organizational culture. Members of an organization greatly determine its culture, by being part of a company, staff share ideologies, ways of thinking, attitudes, beliefs, values, principles and behavior, as well as the way they perceive various situations that influence decision making, generate organizational

environment and strengthen organizational culture. Organizational climate consists of patterns of behavior, beliefs, and values that are shared by members of the organization in turn, this directly produces or affects organizational culture (Luthfi, 2017).

Organizational culture represents a complex pattern of beliefs, expectations, ideas, values, attitudes, and behaviors that are shared by organizational members. It is important to mention that organizational culture should motivate staff and generate a sense of integration and identity with the company. It can be said that this is what will give structure and life to the organization itself. Organizational culture is a variable that can be controlled, because through it the behavior of workers can be manipulated. In this regard, it is considered that, in essence, in an organization one can intervene in the actions of the individuals who shape it, because the development of key strategies such as mission, vision and goals marks the path that collaborators should follow. so that the company fulfills its goals, however, they are not always related to personal goals (Hadiwijaya, 2020). The elements that make up organizational culture are as follows:

1. Member identity. It is important that collaborators feel part of the organization.
2. Group emphasis. Team work is very helpful for achieving goals but also for carrying out solidarity and outreach activities.
3. Decision Profile. Decision making by personnel must be in line with organizational goals, without forgetting personal satisfaction in carrying out their duties.
4. Integration. Resource integration is very important, in terms of human resources need to be structured in such a way that supports the company in achieving its goals.
5. Control. Control based on self-control, i.e. learning on your own and believing that you have the capacity to perform activities.
6. Risk tolerance. Motivation is part of organizational behavior and drives the action of human factors that support organizational dynamics.
7. Award criteria. Rewards may or may not be material, but they must be for all staff and also serve to reinforce the work done by human resources.
8. Tolerance to conflict. Conflicts can arise at different levels and circumstances, but there should always be mediation or negotiation and trying to find the best solution to the benefit of the company.
9. A destination or means profile. It is necessary to prioritize goals and objectives, both corporate and personal, in this way there will be harmony but also interest in finding means that help fulfill what is desired.
10. Organizational focus. Organizations must consider internal and external expectations, because it also depends on the type of environment that develops the most appropriate organizational culture for the company.

These elements of organizational culture help to integrate organizational members but also to adapt to the circumstances that surround them. On the other hand, the process by which workers begin to feel part of the company is the socialization process. This usually happens to new employees, but MSMEs don't always have this process, which is very helpful to know the culture of the organization.

Organizational Dynamics in the MSME sector

The human factor has a direct influence on improving the dynamics of the organization, because of its work, but also depends on its strengths and how to use it to carry out its activities with good performance; These weaknesses must also be considered by MSME managers, because they are opportunities for workers and the results can be positive for the company. In the dynamics of the organization, it is stated that the quality of human resources affects the competitiveness of the company, causing organizational behavior and culture to become a key element for worker integration. People with specialized knowledge and skills become the competitive advantage of the organization.

The human factor is the intellectual capital of the organization and it is what gives it added value so that it works in the best way, generates profit and achieves a position in the market. MSMEs can definitely benefit from the acquisition and integration of human resources with characteristics that benefit the organization. Carrasco and Rubio (2007:20) show that the success of MSMEs is due to the human resources that make up an organization. Good human resource performance in an SME is

reflected in increased productivity, increased profits, increased profitability, market positioning, improved organizational image, greater customer satisfaction and on the other hand increased employee motivation (Santosa & Setiawan, 2007).

There are two important elements so that organizational dynamics can develop well and provide positive results for the company, namely quality and innovation that integrates the skills and knowledge of the people who work in the company. For this, the participation of all the members who make up the organization is necessary, as the result depends on the involvement of people in this process. It should be noted that innovation is very important for the growth of SMEs, the market is increasingly competitive, without forgetting the aspects of globalization, so companies must develop strategies to stay afloat and achieve competitive advantage, in fact, In their strategy objectives, they must develop plans to generate competence in resources. human resources that make up the company (Hadiyati, 2011).

Companies such as MSMEs can turn their human resource skills into a competitive advantage, by strengthening their skills and capacities, which they apply in the processes in which they participate to develop their work, thereby increasing the level of quality of human resources. On the other hand, human factors include a series of elements that integrate their motivation, emotions, personality and knowledge, but it is also important to include an ergonomic section as proposed by Szalma (2009) which describes three theories that support the approach, This is the theory of self-determination, appraisal theory, and cognitive adaptation theory.

The former focuses on human factor motivation, the latter is based on their emotions and the latter on personality. In all three theories, ergonomic principles are integrated, focusing on the well-being that organizational structures must provide to workers, but that they must result in productivity. That is why it is also important to train the human factor, its knowledge and skills, because the members of the organization will be better equipped to be competent in whatever situation arises, they will be effective in decision making and in solving problems. , which describes three theories that support this approach, namely self-determination theory, evaluation theory and cognitive adaptation theory. Today's human resource policies need to be done more than ever to ensure the resilience of human capital.

Likewise, part of the dynamics of the organization is to train human resources in accordance with the needs of the company. Training can be of two types: reactive and proactive. The first training needs focuses on current and concrete problems and the second is based on the future, on anticipating events and how to respond to them. Another important aspect that MSMEs must pay attention to to produce organizational dynamics is training. Finally, the training, motivation and knowledge of human resources are partly generated by the support provided by the organization. Small and medium-sized companies do not always have sufficient capital to invest in this type of action, but human resource practices can perform the management activities necessary to cover these areas of organizational opportunity.

4. CONCLUSION

It is considered that the study of human factors and their response to organizational behavior, their participation in organizational climate and their actions in organizational dynamics is very important for the functioning of MSMEs. Organizational culture is a variable that can be manipulated, namely manipulating individual behavior to meet company goals, regardless of personal goals. The results to be achieved by the human factor through the development of his work, oriented or guided by the leader concerned. Other theories that support organizational behavior, culture and organizational dynamics can be mentioned, but the most important is that MSMEs must take into account the design of their work processes, trying to use the intellectual capital of the human factor to achieve organizational goals. Since these types of companies are the main generators of jobs and they carry out economic processes that have an important impact on our economy, further studies should be carried out on the subject, on the importance of the human factor, on the organizational dynamics that stem from organizational behavior and culture and the outcomes that can develop the proposal is definitely positive for the company.

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