The Effect of Human Resource Skills and Capabilities on SMEs Performance

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ABSTRACT

This study aims to investigate more deeply the impact of skills and abilities on the performance of Small and Medium Enterprises in Kota Pariaman. The population of this research is 4,281 Small and Medium Enterprises located in Pariaman City where the number of samples is 98 SMEs. The technique used in collecting data for this research is to use Field Research, then the technical data analysis used is factor analysis. Hypothesis testing is carried out using Statistical Program Social Scence (SPSS) 24.0 for Windows by using factor analysis, among others instrument test, classical assumption test, Goodness of Fit test, multiple linear regression analysis. The results of this study indicate that a) There is a positive influence of skills on the performance of small and medium enterprises of 13.2%. b) There is a positive effect of ability on the performance of small and medium enterprises of 30.8%. c) There is a positive influence of skills and abilities on the performance of small and medium enterprises of 34.1%.

INTRODUCTION

Small and medium enterprises (SMEs), in recent years, have attracted great interest as objects of study because they are characterized as the key to stability, wealth and economy of a country.(Pearce et al., 1983). SMEs play a major role as engines of economic growth and they contribute to social wealth through the creation of new businesses and jobs. Each stage of a company's growth is the result of the two environments in which the company does business, namely the internal and external environments (Crijns, 2000).

There is a lot of literature that discusses the factors that affect the performance of small and medium enterprises and shows the importance of paying attention to internal and external factors in improving the performance of small businesses in various sectors, both services and manufacturing.(Al-mahrouq, 2010;Kemayel, 2015). Improving the quality of human resources is very much needed, especially in the field of human resource competencies such as knowledge, skills, abilities and entrepreneurial attitudes. Human resource development is beneficial not only for SME business owners but also for improving the standard of living of workers(Purwidianti et al., 2015)

In general, the existence of small and medium enterprises in the city of Pariaman shows an increase from year to year. Based on data from the Office of Cooperatives and Small and Medium Enterprises in the city of Pariaman(2021)there are 1,414 MSMEs in Central Pariaman District, 1,476 MSMEs in North Pariaman District, East Pariaman District as many as 823 MSMEs and South Pariaman District as many as 568 MSMEs. On the other hand, the increasing number of SMEs in Pariaman City certainly has an impact on competition among SMEs themselves. Interestingly, the phenomenon shows that the performance of SMEs in the city of Pariaman has decreased significantly as seen from the growth in sales turnover. Thus, it is hoped that every SME will be able to find accurate ways to face the business competition, not only in terms of marketing strategy but also from the presence of human resources.

Empirically, the variable that can affect the performance of SMEs is the competence of human resources.Sudarmanto, (2009)defines competence as knowledge about individual skills, abilities, or personal characteristics that directly affect job performance. Furthermore, competence is concluded as a characteristic inherent in a person that causes a person to be able to predict his surroundings in a job or situation(Beni Agus Setiono et al., 2021)

Based on the background of the research above, this study is interested in investigating more deeply the impact of skills and abilities on the performance of SMEs in Kota Pariaman. Currently, research that discusses the influence of skills and knowledge on the performance of small and medium enterprises is very limited to contribute empirically. If you refer to the object of research on SMEs in general, but research is still very limited in the culinary sector, then in terms of variables, a lot of research on the performance of SMEs has been carried out but is still very limited in investigating the impact of knowledge and skills variables simultaneously on the performance of SMEs, especially the culinary sector. This research is expected to be used as a reference for future researchers,

Formulation of the problem :

1. Does knowledge affect the performance of SMEs in Pariaman City?
2. Do skills affect the performance of SMEs in Pariaman City?

Research purposes :

1. Testing the effect of skills on the performance of SMEs in Kota Pariaman
2. Testing the effect of knowledge on the performance of SMEs in Pariaman City

LITERATURE REVIEW

Skill is also translated to a person's ability to operate work easily and carefully.(Gordon and Guiltinan., 1994). In addition, every organization is not a specialist in anything but requires multiple skills that make more grip on the revenue task(Mamabolo et al., 2017).

Furthermore, research conducted by(Ardiana & Brahmayanti, 2010; Mamun & Fazal, 2019)explained that skills have a positive and significant effect on the performance of small and medium enterprises. From this explanation, the first hypothesis can be developed

H1: Skills have a positive effect on the performance of small and medium enterprises

According toKristen et al., (2013)Work ability is a condition that exists in workers who are truly efficient and successful in working according to their field of work. Based on previous research, it is explained that Ability is the capacity of an individual to do various tasks in a job

Furthermore, research conducted byViviani et al., (2020)has proven that ability has a positive effect on the performance of small and medium enterprises. So the second hypothesis can be developed

H2: There is a positive effect of ability on the performance of small and medium enterprises

Besides that, researchRiani (2021)state thatThe variables of skills and work ability together have a positive and significant effect on employee performance at Nadira Hijab.

H3 : There is a positive influence of skills and work ability on the performance of small and medium enterprises

METHOD

The population of this research is all SMEs in Pariaman City as many as 4,281 SMEs. While the number of samples in this study was 98 SMEs wheresampling technique using proportionate area random sampling.

Table 1. Population and Sample

Subdistrict	Total Population	Number of Samples
Central Pariaman	1,414 SMEs	32 SMEs
East Pariaman	823 SMEs	19 SMEs
North Pariaman	1,476 SMEs	34 SMEs
South Pariaman	568 SMEs	13 SMEs
Amount	4,281 SMEs	98 SMEs

The technique used in collecting data for this research is to use Field Research, namely distributing questionnaires or questionnaires to obtain the required data. The questionnaire itself is a data collection technique that is carried out by giving a set of questions to respondents to be answered in order to obtain the required information.

Technical analysis of the data used is factor analysis. Hypothesis testing is carried out using Statistical Program Social Scence (SPSS) 24.0 for Windows by using factor analysis, including instrument testing, classical assumption test, Goodness of Fit test, multiple linear regression analysis, and hypothesis testing.(Ghozali, 2011)

Variable Definition and Operation

Small and Medium Enterprise Performance
The performance of SMEs is the extent to which the ability of SMEs to carry out work in order to achieve goals in accordance with the capabilities, programs, policies, as well as the vision and mission that has been set (Darmanto & Yuliari, 2018). This variable was measured using 5 item statements (Muniz, 2010)namely increasing sales growth, increasing capital growth, increasing workforce every year, market and marketing growth getting better, operating profit/profit growth getting better

Skills
Skill is a person's ability to operate work easily and carefully(Gordon & Guiltinan, 1994). The skill variable is measured using 6 statement items(Ardiana & Rahmayanti, 2010)coversproduction skills, communication, cooperation and organization, supervision, finance, administration and accounting.

Ability
Ability is conceptualized as a condition in a worker who truly completes his work so that it provides an efficient aspectKristen et al., (2013). This variable is measured using 6 item statements(Ardiana &

Brahmayanti., 2010)which includes the ability to manage business, make decisions, lead, control, innovate, situations and changes in the business environment

Table 2. The operational and definition of variables

No	Variables	Definition	Indicators/Items
1	Small and Medium Enterprise Performance	The extent to which the ability of SMEs to carry out work in order to achieve goals in accordance with their capabilities, programs, policies, and vision and mission. has been declared(Darmanto, 2018)	1. Sales growth increased 2. Capital growth increases 3. Additional workforce every year 4. Market growth and marketing 5. Profit growth/operating profit is getting better (Munizu, 2010)
2	Skills	Skills also translate to a person's ability to operate work easily and carefully.(Gordon and Guiltinan, 1994)	1. production skills, 2. communicate, 3. cooperation and organization, 4. supervision, 5. finance, 6. administration and accounting (Ardiana & Brahmayanti, 2010)
3	Ability	Ability is conceptualized as a condition in a worker who truly completes his work so that it provides an efficient aspect. (Kristen et al., 2013)	1. business management skills, 2. make decisions, 3. lead, 4. control, 5. innovate, 6. situations and changes in the business environment.(Ardiana & Brahmayanti, 2010)

RESULT AND DISCUSSION

Test Instrument Data

Based on the validity test, the KMO and Bartlett's Test table above shows very good results with the resulting coefficient value of 0.728 > 0.70 which means the data is suitable for principal component analysis. In addition, the significance value generated by Bartlett's test is 0.000 < 0.05, so we can reject the null hypothesis which states that there is insufficient correlation between indicators. Based on the Reliability Statistics table, Cronbach's Alpha value of 0.785 states that the coefficient value is quite good, which means that all the variables tested have a fairly good level of reliability.

Table 3. Validity Test Results
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.728
Bartlett's Test of Sphericity	Approx. Chi-Square		329,610
	df		105
	Sig.		.000

Source: processed data, 2022

Classic assumption test

The classical assumption test is a prerequisite for multiple regression analysis, this test must be met so that the parameter and regression coefficient estimates are not biased. This classical assumption test includes normality test, autocorrelation test, multicollinearity test and heteroscedasticity test. The results of the classical assumption test in this study can be explained as follows:

1. Normality Test
In this study, the normality of the data was tested using the Kolmogorov-Smirnov test (Kolmogorov-Smirnov Test) by looking at the significance of the resulting residuals and the normal probability plot graph approach. Detection of normality by looking at the spread of data (points) on thethe diagonal axis of the graph. The results of the normality test of the residual data obtained are as follows:

Table4.Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		98
Normal Parameters	mean	.0000000
	Std. Deviation	2.92040389
Most Extreme Differences	Absolute	.070
	Positive	.038
	negative	-.070
Kolmogorov-Smirnov Z		.695
asymp. Sig. (2-tailed)		.720

Source: processed data, 2022

Based on the results in Table 4 above, it shows that the significance value is above 0.05, which is 0.720. This means that the residual data is normally distributed. This can also be explained by the results of graphical analysis, namely the Normal Probability plot graph as follows:
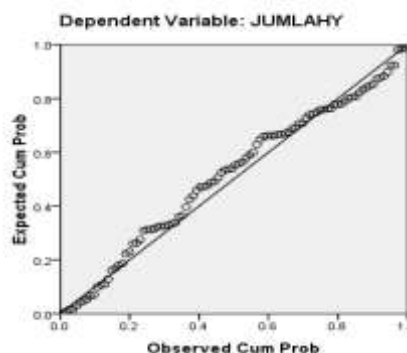

Figure 1. Normal Probability Plot Graph

2. Autocorrelation Test
The autocorrelation test is to see whether there is a correlation between a period t and the previous period (t -1). In simple terms, regression analysis is to see the effect of the independent variables on

the dependent variable, so there should be no correlation between observations and previous observation data. A good regression model is a regression that is free from autocorrelation or there is no autocorrelation. To find out by comparing the DW value with the d value from the DurbinWatson table. If the results of the Durbin-Waston test cannot be concluded whether there is autocorrelation or not, then it is continued with a run test. The results of the autocorrelation test in this study are shown in table 5 below:

Table 5.
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.541a	.292	.277	2.95098	2.376

Source: processed data, 2022

3. Multicollinearity Test

This test is intended to see whether there are two or more independent variables that are linearly correlated. If this situation occurs, we will face difficulties in distinguishing the effect of each independent variable on the dependent variable. To detect the presence of multicollinearity symptoms in the research model, it can be seen from the tolerance value or the Variance Inflation Factor (VIF) value. Tolerance limit > 0.10 and VIF limit < 10.00, so it can be concluded that there is no multicollinearity between the independent variables. The results of the multicollinearity test in this study are shown in table 6 below:

Table 6. Multicollinearity Test Results
Coefficientsa

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	5.420	1,965		2,759	.007		
	Skills	.185	.085	.193	2.175	.032	.879	1.138
	Ability	.510	.093	.488	5.494	.000	.879	1.138

Source: processed data, 2022

4. TestHeteroscedasticity

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance of the residual from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is a model that does not occur heteroscedasticity (Ghozali, 2013)

Table 7. Heteroscedasticity Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541a	.292	.277	2.95098

Source: processed data, 2022

Test results using the method*arch*the results obtained Obs*R-squared value of 0.292, with a probability value of 2.95098> 0.05. It means that the results of the heteroscedasticity test show that there is no heteroscedasticity problem in performance.

The results of multiple linear regression analysis using SPSS

H1: There is a positive effect of skills on the performance of small and medium enterprises

Table 8.
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.363a	.132	.123	2.229

Source: processed data, 2022

Table 9.
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	11,870	1,799		6.598	.000
	Skills	.348	.091	.363	3.818	.000

Source: processed data, 2022

Based on table 9 above, the skill variable has a regression coefficient of 0.348 and a significance of 0.000 (smaller than 0.05) so it can be interpreted that skills have a positive and significant effect on the performance of SMEs in Pariaman City. Furthermore, the value of R square obtained is 0.132 which means that the magnitude of the effect of skills on performance is influenced by skills of 13.2%, the rest is influenced by other factors. In line with research conducted byQamariah, (2019)which explains that one of the variables that affect the performance of SMEs in Medan, Indonesia is skills.

H2: There is a positive influence of ability on the performance of small and medium enterprises

Table 10
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555a	.308	.301	1989

Source: processed data, 2022

Table 11
Coefficientsa

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
	B	Std. Error	Beta	t	Sig.
(Constant)	7.719	1,688		4.572	.000
Ability	.580	.089	.555	6.542	.000

Source: processed data, 2022

Based on table 11 obtained a significant value of 0.000 which means it is small from 0.05, then Ho is rejected, meaning that there is a positive influence on the performance of small and medium enterprises. The magnitude of the influence given can be seen from the output of B, which is 0.580, so the regression equation is Y= 7.719 + 0.580 X2 + e. If the ability increases, the performance will get better. The value of R square can be seen in the Model Summary table with a value of 0.308, meaning that 30.8% of performance is influenced by ability of 30.8%, the rest is influenced by other factors. This is reinforced by research conducted byArdiana & Brahmayanti, (2010)that ability is the most dominant competency in influencing the performance of SMEs

H3: There is a positive influence of skills and abilities on the performance of small and medium enterprises

Table 12.
Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.584a	.341	.327	1,952

Source: processed data, 2022

Table 13.
Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.420	1,965		2,759	.007
	Skills	.185	.085	.193	2.175	.032
	ability	.510	.093	.488	5.494	.000

Source: processed data, 2022

Based on table 13 obtained a significant value of 0.000 which means it is small from 0.05 then Ho is rejected, meaning that there is a positive influence on skills and abilities on the performance of small and medium enterprises. The magnitude of the effect given can be seen from the output of B, which is 0.185 for skill influence and 0.510 for ability effect, so the regression equation is Y= 5.420 + 0.185 X1+0.510 X2 + e. If the skills and abilities increase, the performance will get better. The value of R square can be seen in Table 8 Model Summary with a value of 0.341 which means 34.1% of performance is influenced by skills and abilities of 34.1%, the rest is influenced by

other factors. The results of this study are in line with research conducted byAuthority,(2018)which states that the skills and knowledge variables have a positive and significant impact on the performance of SMEs

CONCLUSION

Based on the data analysis that has been carried out on the formulation of the problem and research objectives in the previous chapter, some conclusions can be formulated as follows: a) There is a positive effect of skills on the performance of small and medium enterprises by 13.2%. b) There is a positive effect of ability on the performance of small and medium enterprises of 30.8%. c) There is a positive influence of skills and abilities on the performance of small and medium enterprises of 34.1%.

SUGGESTIONS

From the results of the research, it is expected to be able to make a practical contribution to SMEs in Pariaman City to improve the performance of SMEs, such as improving skills and abilities to run better business processes in the hope of winning the competition. Furthermore, for the relevant authorities, in order to provide convenience for SMEs in carrying out activities such as providing training in various forms of partnership. For further researchers, it is recommended to add and look for other factors or variables that can improve the performance of SMEs and use a larger number of samples or use the population as respondents to get better results.

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