



Effect of Human Resource Competence and Entrepreneurial Orientation on Product Development Capability in Improving the Performance of Micro, Small, and Medium Enterprises in Serang City

Banati Nurushiam Junita Asidah^{1*}, Muhammad Suparmoko², Uli Wildan Nuryanto³

^{1*,2,3}Master of Management, Universitas Bina Bangsa, Indonesia

Corresponding Email: ^{1*}banatinurushiamjunitaasidah@gmail.com

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Abstract: The purpose of this research is to analyze effect of human resource competence and entrepreneurial orientation on product development capability in improving the performance of Micro, Small, and Medium Enterprises in Serang City. This research uses quantitative research. Data collection techniques using a questionnaire. Population in this study of Micro, Small, and Medium Enterprises in Serang City is 9, 484. This study uses an error rate of 5% with a total sample of 316 respondents. Data analysis used SMART-partial least square (SMART-PLS). The results of the study show that human resource competence has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. Human resource competence has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Product development capability has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Human resource competence has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City.

Keywords: Human Resource Competence, Entrepreneurial Orientation, Product Development Capability, Improving the Performance.



1. INTRODUCTION

In order to improve the performance and sustainability of Micro, Small, and Medium Enterprises in the long term, it is necessary to establish strategic efforts, such as enriching the knowledge of Micro, Small, and Medium Enterprises actors regarding financial management and accountability. This needs to be done so that Micro, Small, and Medium Enterprises can be accountable for their finances in a better and orderly way like big companies. So far, many Micro, Small, and Medium Enterprises have paid little attention to managing their business finances by combining their personal and business funds. This is one of the factors that hinders the development of Micro, Small, and Medium Enterprises. Performance is an important issue in human resource management and is even a key requirement for a successful organization (Hasibuan, 2013). Performance management is a process of objectives, performance evaluation, and development to improve employee capabilities. In this case, the company's goals can be fulfilled. Performance management is an ongoing process of improving performance by setting goals that are aligned with the strategic goals of the organization, planning performance to achieve goals, reviewing progress, and developing people's knowledge, skills, and abilities (Robbins, 2015).

In Law Number 20 of 2008, the criteria for Micro, Small, and Medium Enterprises are differentiated into micro, small and medium enterprises respectively. Micro-enterprises are businesses that have a net worth of up to Rp50,000,000 and do not include buildings and land where the business is located, with a maximum income of Rp300,000,000 per year. Small business is a productive economic enterprise that stands alone and is owned by an individual, or a group and is not a branch of the main company, owned and is part of either directly or indirectly from medium-sized businesses, with a net worth of Rp50,000,000 to Rp500,000,000 million and income per between Rp300,000,000 to Rp2,500,000,000 annually. Medium business is a productive economic business and is not part of a branch or subsidiary of the central company and is part directly or indirectly of small or large businesses with total assets reaching Rp500,000,000 to Rp10,000,000,000 and does not include buildings and land for business premises with a total income of Rp2,500,000,000 to Rp50,000,000,000 (Nuryanto et al., 2020).

Given the importance of human resources in an organization, competence is an aspect that can determine the success of an organization or business. With a large human resource capacity of an organization, a business will certainly determine the quality of its human resources and ultimately determine the competitiveness of the business itself. Likewise in Micro, Small, and Medium Enterprises, human capacity



also plays an important role in developing Micro, Small, and Medium Enterprises (Sopiah, 2008).

The purpose of this research is to analyze effect of human resource competence and entrepreneurial orientation on product development capability in improving the performance of Micro, Small, and Medium Enterprises in Serang City.

2. RESEARCH METHODS

This research uses quantitative research, based on the philosophy of positivism, which is used to examine certain populations or samples, data collection uses research measurement tools, data analysis is statistical, with the aim of testing and proving the hypotheses that have been made (Creswell, 2003). Quantitative research is carried out by conducting problem analysis with various background problems and forming a statement in the form of a hypothesis and based on a review of the literature with quantitative data analysis in experiments and also surveys carried out used to employ an investigative strategy to produce quantitative and statistical data through research instruments (Sekaran, 2013).

Data collection techniques using a questionnaire. The process of distributing questionnaires was carried out online and offline. Distributing questionnaires online using the Google form application which then links the questionnaire to be distributed via social accounts to respondents who match the sample criteria specified by the author (Sugiyono, 2016).

Population is a generalization area consisting of subjects or objects that have certain quantities and characteristics determined by the researcher to be studied and then conclusions drawn (Ferdinand, 2006). Population in this study of Micro, Small, and Medium Enterprises in Serang City is 9,484. In this sampling method, each unit included in the sample will have a certain pre-assigned chance of being included in the sample. This sampling provides better parameter estimates in the study compared to purposive sampling (Husein, 2013). Each individual in the sampling frame has a known, non-zero chance of being selected into the sample. This is the ideal and recognized one-stage random sampling. After determining the research model and related variables, the authors designed a questionnaire to collect research data and distribute it to a predetermined population or sample. This study uses an error rate of 5% with a total sample of 316 respondents.

Data analysis used SMART-partial least square (SMART-PLS). SMART-PLS as a tool and hypothesis uses a bootstrap technique that finds each variable that



needs to be improved and uses it as a recommendation for improvement (Ghozali, 2015; Siswoyo, 2017).

3. RESULTS

Hypothesis Testing

The hypothesis testing criteria used is if the p value < 0.05 then the independent variable has an effect or significant effect on the dependent variable and variable z is able to moderate the independent variable has a significant effect on the dependent variable.

Table 1. Results of Hypothesis Testing

Variable	P Value	Result
Human Resource Competence ->Product Development Capability	0.000	Significant
Entrepreneurial Orientation ->Product Development Capability	0.000	Significant
Human Resource Competence ->Improving the Performance	0.000	Significant
Entrepreneurial Orientation ->Improving the Performance	0.000	Significant
Product Development Capability ->Improving the Performance	0.000	Significant
Human Resource Competence ->Product Development Capability ->Improving the Performance	0.000	Significant
Entrepreneurial Orientation ->Product Development Capability ->Improving the Performance	0.000	Significant

Source: Data Processing Results

The results of the study show that human resource competence has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. This is if Micro, Small, and Medium Enterprises actors want good product development, then it must be in line with the competence of human resources in it in terms of product development for Micro, Small, and Medium Enterprises so that business opportunities will emerge and develop with product variants that are generated and will ultimately achieve the expected success of Micro, Small, and Medium Enterprises.



Entrepreneurial orientation has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. If all Micro, Small, and Medium Enterprises actors have a good entrepreneurial orientation, the development of Micro, Small, and Medium Enterprises products will also be in synergy with the needs of the product variants needed by the customer based on the analysis of the entrepreneurial orientation carried out. Micro, Small, and Medium Enterprises will run well and provide maximum benefits.

Human resource competence has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. If Micro, Small, and Medium Enterprises actors want to improve performance in Micro, Small, and Medium Enterprises activities, it is very necessary to make efforts to improve the competence of human resources in it so that all Micro, Small, and Medium Enterprises activities can run well in accordance with the expectations of the actors Micro, Small, and Medium Enterprises.

Entrepreneurial orientation has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. It is said that when Micro, Small, and Medium Enterprises actors want to increase performance in Micro, Small, and Medium Enterprises activities, they must make efforts to equip all Micro, Small, and Medium Enterprises actors involved to foster thinking in entrepreneurial orientation on the Micro, Small, and Medium Enterprises so that Micro, Small, and Medium Enterprises can run optimally until they produce the expected results.

Product development capability has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. If the product being developed is carried out optimally, the performance productivity of Micro, Small, and Medium Enterprises will automatically increase so that there will be a balance between supply and demand which will ultimately improve the performance of Micro, Small, and Medium Enterprises actors in it.

Human resource competence has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City. If Micro, Small, and Medium Enterprises actors have sufficient human resource competence, there will be an increase in the performance of Micro, Small, and Medium Enterprises actors in terms of developing Micro, Small, and Medium Enterprises products. This is due to the very significant link between human resource competency in product development and performance improvement.



Entrepreneurial orientation has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City. In this case it is very logical that when Micro, Small, and Medium Enterprises actors have a good entrepreneurial orientation they will be able to develop products with good variants according to market demand and therefore when market demand in product development can be fulfilled in accordance with market analysis the entrepreneurial orientation carried out will automatically increase the performance of Micro, Small, and Medium Enterprises actors to the maximum.

4. CONCLUSION

The results of the study show that human resource competence has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on product development capability of Micro, Small, and Medium Enterprises in Serang City. Human resource competence has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Product development capability has a significant effect on improving the performance of Micro, Small, and Medium Enterprises in Serang City. Human resource competence has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City. Entrepreneurial orientation has a significant effect on improving the performance through product development capability of Micro, Small, and Medium Enterprises in Serang City.

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