

The significance of human resource competence development in enhancing the income of Silk Craftsmen's SMEs

Anis Anshari Mas'ud

Manajemen, Fakultas Ekonomi, Universitas Sulawesi Barat

¹Corresponding author's email: anisanshari177@gmail.com

Abstract. *Competence development outlines the fundamental knowledge and work standards that must be possessed by a Mandar silk weaver to successfully increase their income. Hence, this research aims to investigate how human resource competence development can influence the income of Silk Craftsmen's SMEs in the West Sulawesi province. This research adopts a quantitative approach, collecting data through questionnaire distribution to research participants. The research is conducted in the West Sulawesi province, Indonesia, with a population of 65 Silk Craftsmen SMEs as respondents. The results of this study indicate that (1) employee skills significantly impact SME income, and (2) the government's role significantly affects SME income. The findings from this research make a significant contribution to Silk Craftsmen's SMEs by preparing them to implement sustainable human resource development*

Keywords: *human resource competence development; employee skill; government's role; SME Income*

Abstrak. Pengembangan kompetensi menguraikan pengetahuan dasar dan standar kerja yang harus dimiliki oleh penenun sutera Mandar untuk meningkatkan pendapatan mereka. Oleh karena itu, penelitian ini bertujuan untuk mengetahui bagaimana pengembangan kompetensi sumber daya manusia dapat mempengaruhi pendapatan UKM pengrajin sutera di provinsi Sulawesi Barat. Penelitian ini menggunakan pendekatan kuantitatif, dengan mengumpulkan data melalui penyebaran kuesioner kepada partisipan penelitian. Penelitian ini dilakukan di provinsi Sulawesi Barat, Indonesia, dengan populasi 65 UKM Pengrajin Sutera sebagai responden. Hasil dari penelitian ini menunjukkan bahwa (1) keterampilan karyawan berpengaruh signifikan terhadap pendapatan UKM, dan (2) peran pemerintah berpengaruh signifikan terhadap pendapatan UKM. Temuan dari penelitian ini memberikan kontribusi yang signifikan bagi UKM Pengrajin Sutera dengan mempersiapkan mereka untuk menerapkan pengembangan sumber daya manusia yang berkelanjutan

Kata kunci: Pengembangan SDM; Keterampilan Karyawan; Peran Pemerintah; Pendapatan UKM

1. Introduction

Human resources play a paramount role in any organization. Even with abundant resources, facilities, and infrastructure, the successful completion of organizational activities is unattainable without reliable human resources. Human resources serve as a fundamental key that can determine the success of an organization's activities. Consequently, focusing on human resources is of utmost importance in achieving an organization's vision, mission, and objectives. In an organization, achieving optimal performance is a common expectation, enabling entrepreneurs to realize their goals. Performance, or job performance, refers to the actual results or achievements of an individual. It encompasses both the quality and quantity of work

accomplished in line with the responsibilities assigned. Employee performance is the ability of employees to execute their tasks effectively and achieve success in their work.

Performance is the measure of an individual's success in task execution, reflecting the quality and quantity of work accomplished. Competence, on the other hand, outlines the fundamental knowledge and work standards required by a silk sarong weaver to successfully produce silk sarongs. Identifying competence is often based on behavioral outcomes, and competence is vital in improving a woman's performance in silk weaving. Competence entails personal characteristics such as knowledge, skills, and personal behaviors like leadership. It represents an individual's ability to execute a job, supported by skills, knowledge, and the attitude demanded by the job. Competence is the capability to perform a job correctly, based on knowledge, skill, and attitude. In the process of weaving, there are both successes and failures. One of the reasons behind a craftsman's failure to carry out their tasks effectively is their skills in the work. Therefore, fundamentally, an artisan's success in performing their tasks is significantly determined by their work skills. Skills encompass one's attitudes and core values, influencing their actions or inactions (Sudarman, 2004:2). It can be described as a concept that outlines the strengths within employees that initiate and guide their behavior (Gibson et al., 1996:94).

The government plays a crucial role in controlling economic activities to maintain economic stability and the well-being of the people. The well-being of the population in various aspects, including the economic field, is a responsibility of the government. One policy issued by the government urges the entire population to work, study, and worship from home. The implementation of policies that distort the social fabric can create economic inequality. Prior studies have found that policies that distort the social fabric have a negative impact on the economy, especially for Micro, Small, and Medium Enterprises (MSMEs). A study conducted by Riyanti et al. (2020) on the Sustainability of MSMEs: The Impact of the Covid-19 Pandemic, Tax Incentives, and Government Assistance Stimulus, revealed that the Covid-19 pandemic significantly affected MSMEs. Current effects include a decrease in revenue for business owners and reduced purchasing power in society due to reduced outdoor activities. In response to the pandemic, business owners have made efforts to increase their income by learning about technology, providing excellent service, maintaining hygiene, and adhering to health protocols, as well as ensuring the quality of the goods they sell to consumers. The government has issued various policies to support MSMEs during the Covid-19 pandemic, including infrastructure assistance, product expos, training, promotional facilitation, small incubator programs, business meetings, enhanced online services from PLUT, technical guidance to improve MSME human

resources, and improved access to KUR financing to support the development of Mandar silk weavers' businesses.

2. Methods

This research is an associative causal study that employs questionnaires and survey research methods, which are part of quantitative research. The quantitative research method is a survey method used to gather data from a specific natural location, with the researcher intervening in data collection, for instance, by distributing questionnaires, tests, structured interviews, and so on (Sugiyono, 2019:15). Associative causal research aims to understand the relationship between two or more variables (Sugiyono, 2016:15). The data used in this study are primary data. Primary data are obtained directly from the research subjects or objects (Sugiyono, 2017:225). The data source is the questionnaire (survey). According to Sugiyono (2015:148), a population is a generalization that consists of subjects/objects with specific quantities and characteristics defined by the researcher for study and conclusion-drawing purposes. In this study, the population comprises the Silk Craftsmen's SMEs in West Sulawesi, totaling 65 businesses. Data collection in this study is done using questionnaires. According to Sugiyono (2017:142), a questionnaire is a data collection technique where a set of written questions or statements is presented to respondents for them to answer. The validity test is conducted to determine the validity of data or the suitability of the questionnaire used in the research for gathering data from respondents. If the calculated "r" value is greater than the table "r" value, the questionnaire item is considered valid, while if the calculated "r" value is less than the table "r" value, the questionnaire item is considered not valid. The reliability test assesses the consistency or reliability of the questionnaire used by the researcher. If the Cronbach's Alpha value is greater than 0.60, the questionnaire item is considered reliable or consistent, while if the Cronbach's Alpha value is less than 0.60, the questionnaire item is considered not reliable or consistent. The normality test aims to determine whether the data follows a normal distribution or not. It is performed using the Kolmogorov-Smirnov statistic on the unstandardized residuals or regression results. Data is considered normal if the Kolmogorov-Smirnov probability (sig) is greater than 0.05 (Ghozali, 2011). The multicollinearity test is used to identify whether there is a correlation among independent variables. If the tolerance value for each independent variable is above 0.1 and the variance inflation factor (VIF) for each independent variable is below 10, then there is no multicollinearity (Alvi, 2012:65). The heteroskedasticity test examines the regression coefficients of each independent variable against the absolute value of the residuals (e). If the probability value is greater than the alpha value (0.05), it can be assumed that the model does not exhibit

heteroskedasticity, or the t-value is less than the t-table value at alpha 0.05 (Alvi, 2012:64). Multiple linear regression analysis is performed to determine the extent to which the independent variables, employee skills (X1) and the government's role (X2), affect the dependent variable, SME income (Y). This analysis technique is employed to measure the influence of multiple independent variables on a dependent variable (Sugiyono, 2010). The multiple linear regression equation is as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + e$$

Description:

<i>Y</i>	: <i>SME's Income</i>
<i>A</i>	: <i>Konstan Regresi</i>
<i>b1</i>	: <i>Koefisien Regresi X1</i>
<i>b2</i>	: <i>Koefisien Regresi X2</i>
<i>X1</i>	: <i>Employee skill</i>
<i>X2</i>	: <i>Government role</i>
<i>E</i>	: <i>Error</i>

3. Results and Discussion

Every year, SMEs in West Sulawesi Province have shown consistent growth. There are a total of 22,452 registered SMEs in the Department of Cooperatives, SMEs, Industry, and Trade of West Sulawesi Province (Kemenkop, 2022), spanning various business sectors and distributed across five districts. Consequently, SMEs make a significant contribution to the regional revenue. In accordance with Law No. 20 of 2008, SMEs are defined in a way that aligns with their real-world presence. Specifically, microenterprises are productive enterprises owned by individuals or individual business entities that meet microenterprise criteria, small enterprises are independent economic enterprises operated by individuals or business entities that are not subsidiaries or branches of medium or large enterprises meeting the small enterprise criteria, and medium enterprises are independent productive economic enterprises operated by individuals or business entities that are not subsidiaries or branches of small or large enterprises with specified net worth or annual sales. The government also promotes SME empowerment because SMEs are seen as capable of achieving a balanced economic structure. In addition, training is provided to develop SMEs into resilient, self-sustaining businesses, as SMEs play a crucial role in job creation, income distribution, economic growth, and poverty reduction in regional development. Support is extended through the provision of facilities and infrastructure conducive to SME development (BI, 2022). This support is further reinforced by incentives offered by both local and central governments, which include streamlined licensing requirements, reduced rates for facilities and infrastructure, tax relief, and other forms of incentives. Among the most critical factors supporting SME development is access to funding, which is particularly essential for silk craftsmen SMEs. The study comprises a sample size of 65 participants, representing SME operators in the silk weaving sector of West Sulawesi Province. All 65 distributed questionnaires were completed and returned in full, providing comprehensive demographic information about the respondents, including their business types and tenure.

Table 1. MSME sector type of mandar silk fabric craftsmen, 2023

No	West Sulawesi Province's	SMEs of Mandar Silk Fabric Craftsmen	
		Total (SMEs)	Average length of business (Year's)
1	Mamuju Regency	18	12
2	Majene Regency	20	15
3	Polewali Mandar Regency	15	11
4	Mamasa Regency	9	11
5	Central Mamuju Regency	3	5

Source: Processed from the Central Board of Statistics of West Sulawesi (Sulbar.bps, 2023), Period 2018-2023

The model and constructs underwent assessments to gauge their reliability and validity. This evaluation encompassed measures such as convergent reliability (CR), average variance extracted (AVE), and Cronbach's alpha. The CR and Alpha values exceed 0.50, while the AVE values surpass 0.70, indicating a high level of item correlation and validity. You can refer to Table 2 for these specific values.

Table 2-Validity and Reliability Analysis

Variabel	Alpha	CR	AVE
Employee Skill	0.831	0.811	0.712
Government's Role	0.901	0.922	0.784
SMEs Income	0.962	0.989	0.799

Alpha= Alpha Cronbach;CR= Composite Reliability;AVE=Average Variance Extracted

Upon assessing the model's fitness, reliability, and validity, as well as the average variance extracted, the next step involved analyzing the study's hypotheses. Structural equation modeling was carried out, and the outcomes are presented in the table and figure below.

Hypothesis	Paths	Original Sample	Sample Mean	C.R.	p-value
H1	Employee Skill → SMEs Income	0.311	0.321	2.871	0.000
H2	Government's Role → SMEs Income	0.331	0.386	2.670	0.002

significant at <0.05 level

The path coefficient linking the employee skill to smes income demonstrated a positive and statistically significant relationship ($\beta = 0.311, p = 0.000$), thereby confirming H1. Similarly, the path coefficient between government's role and smes income showed a positive and statistically significant association ($\beta = -0.331, p = 0.002$), confirming H2.

DISCUSSION

The findings of this study indicate that human resource development, as measured by the indicators of employee skills and government intervention, has a positive and significant impact on the income of silk fabric artisan SMEs. The p-value is 0.002, which is less than the path coefficient (0.005), suggesting that continuous human resource development, along with innovative employee skills, positively contributes to the income of SME operators in West Sulawesi. Additionally, government support, in terms of increased capital for SMEs, also has a positive impact on the income of silk fabric artisan SMEs in West Sulawesi. These results support the findings of previous studies by Andika et al. (2020) and Soares (2022), which suggest that employee skills contribute positively to the increase in SME income. Furthermore, this research aligns with the study conducted by Rahmah (2020), indicating that government intervention, including financial assistance, business location, and technology support, has a positive effect on SME income in Wonosobo Regency.

1. The impact of employee skills on the increase in income for silk fabric artisan SMEs

The results of this study indicate that the development of employees' skills has a positive and significant impact on the income of silk fabric artisan SMEs, with a p-value of 0.000, which is less than the significance level of 0.005. This means that the continuous enhancement of the skills possessed by each employee of business operators is positively related to income generated from innovations. Therefore, the more frequent the support provided by silk fabric artisans in West Sulawesi Province, the greater the income increase. This research aligns with the findings of Keke in 2020, which state that employee skills are crucial for the success of an entrepreneur in effectively implementing their competencies. This involves the proper application of knowledge and individual qualities in entrepreneurial activities. According to Kenneth (2013), business income can be generated when business operators possess additional individual skills, such as managerial expertise and the ability to maintain the quality of their products. Unconsciously, silk fabric artisans in West Sulawesi Province have the opportunity to develop their skills by actively participating in entrepreneurial activities. This leads to the development of good practices and makes business operators more adaptable to changes in the business environment, both internal and external. Skill development involves various indicators to ensure the consistent improvement of entrepreneurial skills, which ultimately leads to increased income for business operators.

2. The influence of government's role on the enhancement of income for silk fabric artisan SMEs.

The results of this study indicate that government assistance has a positive and significant effect on the income of culinary SMEs in Majene Regency, with a p-value of 0.002, which is less than the significance level of 0.005. This means that the amount of government aid is positively related to income, suggesting that government assistance contributes to the increase in the income of culinary SMEs. Based on this research, it is evident that the allocation of government aid in West Sulawesi Province can benefit SME actors in running their businesses. As per the 2008 Act, the government is fostering a business-friendly environment by enacting regulations and policies, determining business locations in markets, shopping areas, industrial centers, smallholder agriculture, small-scale mining, reasonable locations for street vendors, and other locations. According to www.modalrakyat.id, the government, through several ministries and agencies, is providing full support to SMEs to expand their market reach. The majority of respondents, who are entrepreneurs in this study, already have suitable and strategic business locations that can attract consumers to visit and purchase their products. According to silk fabric artisans in Majene Regency, the business location is crucial in attracting consumers, and easy access, security, and a pleasant environment are all factors that make consumers more interested and likely to visit and buy products.

4. Conclusions

In this research, the selected variables for the development of human resource competencies, specifically the skills of employees and the role of the government, have been shown to be increasingly essential for SMEs, especially those involved in silk fabric artisan businesses, in achieving long-term income growth. The main objective of this study is to investigate how the development of human resource competencies can influence the income of silk fabric artisan SMEs in the West Sulawesi Province using a theoretical research model. This research study contributes to academic literature by elucidating how the development of human resource competencies, as measured by employee skills and government involvement, impacts the income of business operators. On a practical level, this research provides valuable evidence and insights for silk fabric artisan SMEs on the priority areas for human resource competency development. Based on a sample of 65 respondents, including silk fabric artisan business operators from various regions in West Sulawesi Province, various types of businesses, and different business tenures, our empirical findings indicate that employee skills and government involvement are significant, positive indicators that silk fabric artisans can rely on when choosing to develop their human resource competencies.

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