The Effect of Training, Human Resources Competence and Innovation on MSMEs Performance in Post Covid-19 (Empirical Study of MSMEs in Bengkalis Regency)

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Abstract
Performance appraisal or measurement is one of the important factors for MSMEs. Besides being used to assess the success of MSMEs, performance measurement can also be used as a basis for determining the reward system, for example, to determine the level of employee salaries and appropriate rewards. This study aims to evaluate the effect of training, human resources competence, and innovation on the performance of MSMEs in Bengkalis Regency post-Covid-19. The population used in this study is MSMEs in Bengkalis Regency, Riau Province. The sample in this study is 100 MSMEs selected using predetermined criteria. The data used in this study is primary data collected using a questionnaire instrument. The sampling method of this study is simple random sampling. The data analysis is performed using a multiple linear regression model with Statistical Product and Service Solution (SPSS) software version 23.0. The results showed that training, human resource competence, and innovation had a significant effect on the performance of MSMEs.

Keywords: Training; Human Resource Competence; Innovation; MSMEs Performance

1. Introduction
Micro, small and medium enterprises (MSMEs) are an important part of the economy of a country or region, Indonesia is no exception. MSMEs are a tool to create jobs, encourage economic progress and create the private sector so the development of MSMEs have an important role in economic development. The role of MSMEs in Indonesia in supporting the Indonesian economy is quite significant. In the aftermath of the 1997 crisis in Indonesia, MSMEs were able to prove this sector could become the foundation of the national economy. This is because MSMEs can more survive than other large businesses which tend to slump after the crisis. MSMEs are proven to have resilience to the crisis because they did not have foreign debt, did not have many banks debt, and used almost 99.99% of local inputs.

MSMEs in Riau Province from time to time continue to increase due to the growing awareness of entrepreneurship which is triggered by the imbalance in the number of job seekers and available job opportunities. The growth of MSMEs in Riau province ranges from 5-10 every year. Data from the Riau Province Cooperatives and SMEs Office in 2016, the number of MSMEs in Pekanbaru reached 68,728 MSMEs, the second position was Kampar Regency with 45,446 MSMEs. Inderagiri Hilir Regency was 44,891 MSMEs. Furthermore, Bengkalis Regency was 42,029 MSMEs, Rokan Hilir Regency was 34,036 MSMEs, Rokan Hulu Regency was 27,074 MSMEs, Inderagiri Hulu Regency was 26,488 MSMEs, Siak Regency was 22,948 MSMEs, Kuantan Singingi Regency was 21,450 MSMEs, Dumai City was 20,782 MSMEs, and Pelalawan Regency
was 13,824 MSMEs (www.antarariau.com). Based on these data, the number of MSMEs in Bengkalis Regency is a smaller number than several other regencies in Riau Province. However, this has a significant influence on advancing the community's economy.

The large contribution of MSMEs to the economy encourages all groups to pay special attention to the development of MSMEs, especially during the Covid-19 pandemic like today. When a disaster hit the world with the Covid-19 outbreak, especially in Indonesia, it greatly affected several sectors of our country's development, particularly in the economic sector which decline the income of business actors.

According to the Ministry of Cooperatives and SMEs (KemenkopUKM), there are around 37,000 MSMEs reporting that 56% of it declined its sales; 22% reported problems in the financing aspect; 15% reported on goods distribution problems; and 4% reported difficulties in obtaining raw materials. Bengkalis Regency also felt a decrease in income. This was conveyed by the Head of the Bengkalis Regency cooperative office, Herman Achmad, who said amount 40 thousand MSMEs in Bengkalis Regency declined its production and omzet due to the covid-19 pandemic. Covid has many impacts on the global economy that not only on large businesses, but also on micro-enterprises. The purchasing power of the community decreased so the income of SMEs will decrease too (www.matapers.com).

Regarding the covid pandemic, the government implemented Large-Scale Social Restrictions (PSBB) in several regions in Indonesia which resulted in disruption of economic activities, including MSMEs. PSBB restricts the movement of people and goods and requires them to stay at home. This has an impact on the limitations of MSME operational activities and decreases the number of consumers who buy directly compared to before PSBB (Hardilawati, 2020). Under these conditions, MSME actors are required to be creative and innovative to create effective business strategies so the business performance and sustainability can be further maintained. A strategy that can be used during this pandemic is digital technology. Center for Indonesian Policy Studies (CIPS) researcher, Ira Aprilianti, said utilizing digital technology made MSME actors have the same opportunities as large business actors to sell their products. They will be on the same platform, for example through the e-commerce marketplace so they have the same opportunity to promote and sell their products (www.antaranews.com). By utilizing digital technology, it is expected to be able to improve the performance of MSMEs after the COVID-19 pandemic.

Performance appraisal or measurement is one of the important factors in MSMEs. Besides being used to assess the success of MSMEs, performance measurement can also be used as a basis for determining the reward system, for example, to determine the level of employee salaries and appropriate rewards. It is necessary to conduct research that examines the factors that can improve the performance of SMEs to assess the overall performance of SMEs. This is because the improvement in the performance of MSMEs generally still experiencing various problems and not fully in line with the expectation.

There are many factors that affected business performance. The first is training. In the MSME industry, training is important to increase creativity, skills, and knowledge in running a business considering that are still many human resources owned by MSMEs that have limited capabilities. Improvement of capabilities through training will be able to encourage better business activities. By attending training before starting a business, entrepreneurs have sufficient knowledge to run their business so they can work optimally without having to grope first and can make time efficient. Nargis (2016) in her research states that training has a simultaneous and partial effect on the performance of MSMEs in Palembang. In addition, research conducted by Wattiheluw (2019) also states that training has a significant positive effect on the performance of MSMEs. In contrast to
research conducted by Amalia (2021) which states that partially training has no effect on performance.

The second factor is the competency of human resource (HR). Having competent human resources is a must for the company. HR factor is the main capital to make MSMEs more professional. Managing human resources based on competency is believed to be able better guarantee success in achieving goals. Zhaviery et al. (2018) in their research stated that HR competence had a significant effect on the performance of MSMEs. In line with the research conducted by Sampurnawati & Agustina (2021) stated that HR competence has a significant effect on the performance of MSMEs. However, it is inversely proportional to the research conducted by Claudia & Sangen (2021) states that the competence of human resources has no significant effect on the performance of SMEs.

The third factor is innovation. Innovation is one of the important factors for companies to continue and survive. Consumers have wants, needs, and demands that change. Consumers will continue to look for new products that can give them satisfaction. That's why there needs to be continuous innovation if the company wants to survive and continue its business. Ludiya & Maulana (2020) state that there is a significant influence between innovation on business performance, both simultaneously and partially. This is in line with research conducted by Ismartaya (2021) which states that innovation partially has a positive and significant effect on the performance of MSMEs. In contrast to the research conducted by Prihartini & Sanusi (2019), it states that organizational innovation partially has no significant effect on the performance of MSMEs.

This research is a development of research conducted by Ludiya & Maulana (2020) regarding the influence of entrepreneurial characteristics and innovation on business performance in fashion SMEs in Cimahi City. The differences between this study and previous research are (1) the changes and additions of independent variables. This study uses the independent variables of training, human resource competence and innovation. While previous research used independent variables of entrepreneurial characteristics and innovation. (2) The research location in this study is MSMEs in Bengkalis Regency. Meanwhile, previous research on MSMEs located in Cimahi City.

With this research, it is hope can add knowledge and learning for researchers regarding the performance of MSMEs. For readers, the results of this study are expected to provide additional information, especially in terms of the performance of SMEs and can be uses as a reference for further research. For MSME entrepreneurs, this research is expected to be useful for MSME entrepreneurs and provide consideration for entrepreneurs to be able to further improve MSME performance.

2. Research Method

Flexible Specialization Theory

The theory of flexible specialization is based on production in industrial organizations. The industrial structure plays an important role in sustainable development through product innovation or new products and specialization. The development process follows a demand pattern and requires flexibility to gain competitiveness and growth. A solid structure can be achieved by implementing technological developments, networking with small entrepreneurs and entering into strategic alliances with other industries. Problems occur when business flexibility does not take into account the difficulties of workers and society.

The flexible specialization theory explicitly sees MSMEs or entrepreneurship as a source of innovation. By emphasizing MSMEs are carrying out an innovation strategy, MSMEs will be able
to make competitive products or MSMEs can survive and even grow rapidly. In addition, there is a theory about flexible specialization based on the performance of MSMEs in Western European countries which discusses the importance of sub-contract networks and the advantages of agglomeration and grouping or also called clusters for the development of MSMEs.

Framework And Hypotheses

The Effect of Training on MSME Performance

In the MSME industry, training is important to increase creativity, skills and knowledge in running a business, considering that there are still many human resources owned by MSMEs still have limited capabilities. Improvement of capabilities through training will be able to encourage better business activities (Wattiheluw, 2019). The results of research conducted by Nargis (2016) stated that training had a simultaneous and partial effect on the performance of MSMEs in Palembang. This is also supported by research conducted by Wattiheluw (2019) which also states that training has a significant positive effect on the performance of MSMEs.

Based on the results of the description above, researchers assume training is very influential on the performance of MSMEs. This can be seen if more training provided to MSMEs, the business performance will increase. Therefore, the training is thought to have an effect on the performance of MSMEs. Researchers can formulate hypotheses as follows:
H1: Training has an effect on the performance of SMEs

The Influence of Human Resource Competence on MSME Performance

Azizah (2019), in her research, said that HR competency is one of the factors that also affects the performance of MSMEs. The HR factor is the main capital to make MSMEs more professional. This is because a business determined by how the individuals involved in it manage the business. MSME performance must be accompanied by business development in various aspects. Human resource quality is needed, especially in the field of HR competencies such as knowledge, skills, and abilities in entrepreneurship. The results of research conducted by Zhaviery et al., (2018) found evidence that HR competence has a significant influence on the performance of MSMEs. Supported by research conducted by Sampurnawati & Agustina (2021) also states that HR competence has a positive and significant effect on the performance of MSMEs.

From the description above, researcher assumes HR competence has an important role in the performance of MSMEs. If they have superior HR competencies, they will be able to improve the performance of a business so the researcher formulates the hypothesis as follows:
H2: Human resource competence affects MSME performance

The Effect of Innovation on MSME Performance

According to Suwarno (2008), innovation is an idea, practice or object that is realized and accepted as something new by a person or group for adoption. Research conducted by Ismartaya (2021) found evidence that innovation has a positive and significant effect on the performance of MSMEs. Supported by research, Ludiya & Maulana (2020) also found evidence that innovation has a positive effect on the performance of MSMEs. Mustafa & Yaakub (2018) found evidence that innovation affects MSME performance.

Based on the results of the description above, the researcher assumes innovation made good business, can develop the business and be able to compete with other businesses so that it can improve the performance of MSMEs. The researcher formulates the hypothesis as follows:
H3: Innovation affects MSMEs performance
Population and Sample

The location in this study was conducted in Bengkalis Regency. The time used in this research is carried out in 2021 until it is finished. The population is MSMEs in Bengkalis Regency, amount 42,029 SMEs. Technique sampling in this study use simple random sampling that take sample from the random population, regardless of the strata because the population was considered homogeneous. In this study, the authors narrow the population by calculating the sample size using the Slovin technique, so the number of samples is determined to be 100 SMEs. This type of research is quantitative research. The type of data used in this study is primary data. The primary data source was obtained by the researcher directly through the results of filling out the questionnaire which had been distributed to every MSME owner who had become the research sample. The results of the questionnaire processed by the researcher and converted into numbers.

Operational Definition and Measurement of Variables

**MSME Performance**

Performance is the overall work achievement compared with work results, targets, targets or criteria that have been determined in advance and have been mutually agreed upon in a business entity with asset and turnover criteria that have been stipulated in the law. The indicators used in this study were adopted from Ranto’s research (2016), namely: capital, growth, sales, and profit growth. MSMEs performance variables are measured by a Likert scale between 1 to 5.

**Training**

Simamora (2008) stated that training is a process of improvement and effort to perfect the talents, skills, abilities, expertise of employees in carrying out their job duties in order to achieve the company goals. Rahendra Farean et al. (2020) explained that the training indicators consist of training participants, trainers (instructors), materials, and training methods. The measurement of this variable uses a questionnaire instrument with a 5-point Likert scale.

**Human Resource Competency**

Resource competencies are competencies related to knowledge, skills, abilities and personality characteristics that directly affect their performance. Indicators of HR competencies are as follows: skills, ability, and knowledge. The measurement of this variable uses a questionnaire instrument with a 5-point Likert scale.

**Innovation**

Innovation is a creative choice, arrangement, and set of people and new material sources or using unique ways that will result in improvement to achieve the expected goals (Sa’ud, 2014). Yunus (2010) stated that innovation indicators include product innovation, promotional innovation, and distribution innovation. The measurement of this variable uses a questionnaire instrument with a 5-point Likert scale.
### 3. Results and Discussions

#### Table 1. Descriptive Statistical Analysis

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>100</td>
<td>8.00</td>
<td>20.00</td>
<td>16.2500</td>
<td>2.94863</td>
</tr>
<tr>
<td>Competency</td>
<td>100</td>
<td>20.00</td>
<td>35.00</td>
<td>28.6200</td>
<td>4.15794</td>
</tr>
<tr>
<td>innovation</td>
<td>100</td>
<td>20.00</td>
<td>45.00</td>
<td>38.2900</td>
<td>4.69320</td>
</tr>
<tr>
<td>MSME performance</td>
<td>100</td>
<td>48.00</td>
<td>70.00</td>
<td>60.6300</td>
<td>6.17367</td>
</tr>
</tbody>
</table>

**Source:** Data from SPSS output (2021)

Based on Table 1, it can be explained that all variables have a greater mean value than the standard deviation. So, it can be said that all variables indicate good results. This is due to the fact that the standard deviation is a reflection of a very large deviation, so that the spread of the data displays normal results and does not cause bias. The data analysis tool used in this study is the **SPSS (Statistical Package for Social Science) Software Version 23.**

#### Table 2. Multiple Linear Regression Analysis Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>21.576</td>
<td>3.779</td>
<td>5.709</td>
<td>.000</td>
</tr>
<tr>
<td>Training</td>
<td>.774</td>
<td>.164</td>
<td>.369</td>
<td>4.711</td>
</tr>
<tr>
<td>HR Competencies</td>
<td>.352</td>
<td>.130</td>
<td>.237</td>
<td>2.699</td>
</tr>
<tr>
<td>Innovation</td>
<td>.429</td>
<td>.108</td>
<td>.326</td>
<td>3.962</td>
</tr>
</tbody>
</table>

**a. Dependent Variable: MSMEs Performance**

**Source:** Data from SPSS output (2021)

According to Table 2, the final regression equation model is obtained as follows:

\[
Y = a + 1X_1 + 2X_2 + 3X_3 + 4X + e
\]

\[
Y = 21.576 + 0.774X_1 + 0.352X_2 + 0.429X_3 + e
\]

The regression equation above can be explained. Firstly, the constant value is 21.576, which indicates that if the variable (X) is 0 (zero) then (Y) is worth 21.576. Secondly, the regression coefficient value of the X1 variable is 0.774 and it has a positive value. This means that each unit increase in the X1 variable with the assumption that the other variables are fixed, it will increase the Y variable by 0.774. Thirdly, the value of the regression coefficient of the X2 variable is 0.352 and it is positive. This means that every one unit increase in the X2 variable with the assumption that the other variables are fixed, it will increase the Y variable by 0.352. Lastly, the regression coefficient value of the X3 variable is 0.429 and it has a positive value. This means that every one unit increase in the X3 variable with the assumption that the other variables are fixed, it will increase the Y variable by 0.429.

#### Table 3. The Test Results of the Coefficient of Determination (R²)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.741</td>
<td>.549</td>
<td>.535</td>
<td>4.20952</td>
</tr>
</tbody>
</table>

**a. Predictors: (Constant), HR competency training, innovation**

**b. Dependent Variable: MSME performance**

**Source:** Data from SPSS output (2021)

Table 3 shows that the Adjusted R Square value is 0.535, thus it can be concluded that MSMEs performance can be explained by training, competition and innovation by 53.5% while the remaining 46.5% explained by other variables not observed in this study.
Hypothesis testing

Table 4. The Effect of Training on MSME Performance

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>t-count</th>
<th>t-table</th>
<th>Sig.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>4.711</td>
<td>1.98472</td>
<td>0.000</td>
<td>Impact</td>
</tr>
</tbody>
</table>

Source: Data from SPSS output (2021)

Based on Table 4 that shows the results of the hypothesis testing, it can be concluded that the first hypothesis is accepted, which means that the training variable has an effect on the performance of MSMEs. This can be seen from the many business actors who take part in the training held by the Bengkalis Regency MSMEs. Therefore, the more frequent and more training given to MSMEs actors in Bengkalis Regency, the higher the impact on the MSMEs performance.

This study is in line with the research conducted by Nargis (2016) and Wattiheluw (2019) which states that the training variable affects the performance of MSMEs. In the MSMEs industries, training is important to increase creativity, skills and knowledge in running a business, considering that there are still many human resources owned by MSMEs that still have limited capabilities. Nargis (2016) also said that in order to gain a competitive advantage, training is not just for the skill development, but includes teaching certain employee skills on a broader focus such as skills in using advanced technology, understanding customers, or manufacturing systems and creativity to motivate the employees. Then the improvement of capabilities through training will be able to encourage better business activities.

Table 5. The Effect of HR Competence on MSMEs Performance

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>t-count</th>
<th>t-table</th>
<th>Sig.</th>
<th>Description of</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Competency</td>
<td>2.699</td>
<td>1.98472</td>
<td>0.008</td>
<td>Influential</td>
</tr>
</tbody>
</table>

Source: Data from SPSS output (2021)

It can be seen in the Table 5 that the significance value of the human resource is 0.008. It means that the competency variable or the second hypothesis in this study is below 0.05 with t count of 2.699 > t table 1.98472, so the second hypothesis is accepted. Thus, the results of the test can be concluded that human resource competence has an effect on the performance of MSMEs. This can be seen from the education level of MSMEs actors in Bengkalis Regency, which on average graduated from high school although there were several Diploma and S1 (Bachelor’s Degree) graduates. At least with the existence of educated MSMEs actors, it can encourage MSMEs performance to be better.

This research is in line with research conducted by Zhaviery et al. (2018) and Sampurnawati & Agustina (2021) which states that the variable of human resource competence affects the performance of MSMEs. According to Azizah (2019), human resource (HR) competence is one of the factors that also affects the performance of MSMEs. The HR factor is the main capital to make MSMEs more professional. This is because a business is determined by how the individuals involved in it manage the business. MSMEs performance must be accompanied by business development, however, MSMEs development must be accompanied by human resource development in various aspects. Human resource quality is needed, especially in the field of HR competencies such as knowledge, skills, and abilities in entrepreneurship. Therefore, having superior HR competencies will be able to improve the performance of a business.

Table 6. The Effect of Innovation on MSME Performance

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>t-count</th>
<th>t-table</th>
<th>Sig.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>3.962</td>
<td>1.98472</td>
<td>0.000</td>
<td>Influential</td>
</tr>
</tbody>
</table>

Source: Data from SPSS output (2021)

Thus, based on the test results, it can be concluded that the third hypothesis is accepted, which means that the innovation variable affects the performance of MSMEs. It can be seen from the MSMEs actors in Bengkalis Regency who have made many new innovations to their businesses,
such as using social media to market their products. In that way, business actors can develop and compete with other business actors to improve their performances.

This research is in line with research conducted by Ismartaya (2021) and Ludiya & Maulana (2020) which states that the innovation variable affects the performance of MSMEs. Innovation is something related to goods or services that are considered new by someone. Even though the idea has been around for a long time, it can still be said to be an innovation for people who have just seen and felt it. Innovation is one of the important factors for a business to continue to survive and improve the performance of a business, because consumers have changed their wants, needs, and demands. Consumers will continue to look for new products that can give them more satisfaction. That's why there needs to be a continuous innovation so that business actors can improve the performance of MSMEs and develop their businesses.

4. Conclusion

Based on the results of the analysis and discussion that has been stated in the previous chapter, the following conclusions can be drawn. First, based on the results of the t-test on the first hypothesis, it can be concluded that the training variable has an effect on the performance of MSMEs. This can be seen from the number of business actors who take part in the training held by the MSMEs. Therefore, the more frequent and more training the MSMEs actors participate in, the better the MSMEs performance will be. Second, based on the results of the t-test on the second hypothesis, it can be concluded that the variable of human resource competence has an effect on the performance of MSMEs. This can be seen from the education level of MSMEs actors, which on average have graduated from high school, although there are several Diploma and S1 (bachelor) degree. At least, with the existence of educated MSMEs actors, competencies can encourage MSMEs performance to be better. Therefore, having superior HR competencies will be able to improve the performance of MSMEs. Lastly, based on the results of the t-test on the third hypothesis, it can be concluded that the innovation variable has an effect on the performance of MSMEs. This can be seen from MSMEs actors who have made many new innovations to their businesses, such as using social media to market their products. That way, business actors can develop and compete with other business actors to develop their businesses. There is a need for continuous innovation so that business actors can improve the performance of MSMEs.

Suggestions

Based on the research that has been carried out, there are several suggestions. First, for further researchers it is expected to carry out sustainable research in order to expand knowledge in the field of MSMEs and also add other variables that can affect the performance of SMEs, so that the research will be more extensive than this study. Second, for academic purposes, this study can be used as a reference for further research by adding other variables so that the research can be developed. Third, for the government, it is expected that this study can provide an input and can be taken into consideration in determining economic policies and strategies, especially policies that can support the development of MSMEs.

Limitations

In this study, there are still some limitations. First, this research was only conducted within the Bengkalis Regency, Riau Province, so it needs to be developed further in the context of the whole province. It is expected that the further research can result a conclusion which can be generalized. Secondly, in this study, only three independent variables were used, namely training, human resource competence, and innovation. It is suspected that there are many other factors that can be considered as the independent variables. So, for the further research, it is expected to use
other variables which not included in this study that can affect the performance of MSMEs. Thirdly, in the process of collecting data, the information provided by the respondents through questionnaires does not fully show the true opinion of the respondents. This is due to the different perspectives among the respondents to fully understand the meaning of the questions, so the respondents only use their own perspective in filling out the questionnaire.

References


