Competency-Based Human Resource Management: Application for SMES

Ni Luh Putu Eka Yudi Prastiwi[1*], Ni Made Widnyani[2], Luh Ari Adnyani[3]   iD
[1,3]Management Study Program, Sekolah Tinggi Ilmu Ekonomi Satya Dharma, Indonesia
[2]Universitas Bali Internasional, Indonesia

A B S T R A C T

Competency-Based Human Resource Managementincludes Skill, Knowledge and Personal Quality which are closely related to SMES Performance.. This study has the objective of knowing the effect of personal quality on SMES performance moderated by skill and knowledge. The number of workers in the SMES is 50 people who are the respondents who are used as samples in the study. The research design was carried out using an associative quantitative approach with the method of collecting questionnaires and the data analysis technique used was the SmartPLS application. This study states that the parameter coefficient value of the relationship between Personal Quality on SMES Performance is 0.000 and the t-statistic value is 4.567, Personal Quality on SMES Performance which is moderated by skill and knowledge is 0.013 and the t-statistic value is 2.587. It can be stated that all constructs have a positive and significant effect.

1. INTRODUCTION

CBHRM including is covering Skill, Knowledge and Personal Quality are closely related to the performance of SMEs in the business world, one of which is in the Prana Sutra Kamen Weaving Business in Kalianget Village. The CBHRM process in the Prana Sutra Kamen Weaving Business is carried out and is intended to make improvements in order to improve the performance of SMEs in this business. Business quality can be measured from the performance of SMEs that have experienced an increase or decrease in business.Specifically related to Skill, Knowledge and Personal Quality, it can be seen from the performance that is owned or achieved by the business, one of which is in the Prana Sutra Kamen Weaving Business in Kalianget Village. Prana Sutra is a Kamen Weaving Business implementing a skills system which was founded on July 3 2013. However, the business owned by Mr. Komang Budi Martin started opening his shop in June 2021. In this case, this SMES can help the economy in Kalianget Village, with the existence of a kamen business In this weaving, the people in Kalianget Village do not experience unemployment because Mr. Komang Budi Martin's kamen weaving business is looking for quite a lot of manpower. In improving the performance of MSMEs, collaboration with technological developments is urgently needed, which of course can be applied by its users.

Employee competence relates to employee skills and knowledge in completing their tasks. To improve their competence, Prana Sutra SMES employees often conduct training on making the latest kamen woven models both inside and outside Prana Sutra SMES. Employee competence is a synergy between skills, knowledge, characteristics and other personal attitudes that are needed in an effort to achieve the success of a job target, can be measured through agreed standards, and can be developed through employee development & training (Marwansyah, 2014). Competency improvement is also supported by employee skills. In addition to high employee competence and skills, Knowledge and Personal Quality are also closely related to the performance of Prana SMES employees. Knowledge and Personal Qualities in Prana Sutra can be increased by educating and conveying new information regarding business development. Information as a way for SMEs to identify, create, present, share and adapt insights and experiences. This understanding and experience consists of knowledge

relating to individuals as well as knowledge relating to group processes or standard procedures. Its main objective is the maintenance and efficient delivery of important information to SMEs.

One solution to improve the performance of SMEs is to create a competitive advantage through the application of knowledge to SMEs. Competence is the ability to carry out tasks or jobs based on knowledge, skills, and supported by attitudes that are individual characteristics. Knowledge is more visible, can be recognized by companies to match people with jobs. Skills, although some can be seen, some are less identified, but hidden competencies in the form of skills that may be more valuable can improve performance. According to Ketche, Hult, and Slater (Fadholi, 2013), good business performance is not only supported by human resources but there are many other factors that need attention (Pidada, I. A. I. 2020).

From the data provided by SMES Prana Sutra, it recruits its employees regardless of their level of education. It can be seen from the data below:

Table 1. Employee Education Level Data SMES Prana Sutra in 2021

No	Status	Education			Amount
		Sd	Junior High School	Senior High School	
1	L	2	4	-	6
2	P	3	38	3	44
Total		5	42	3	50

Source: SMES Prana Sutra

From table 1. It can be seen that the dominating employees are at the junior high school education level. The level of education does not affect the performance of SMEs as long as the employee has a willingness to learn and is able to complete his job well. The problems that occurred in SMES Prana Sutra occurred in 2020 due to the effects of co-19. In 2020 there was a decline in SME performance which resulted in several employees being laid off. After the situation started to improve, SME owners re-recruited employees, only those who were recruited were not employees who were laid off. This is a big obstacle for SMEs because they have to provide retraining to new employees. Product quality decreases which results in losses for SMEs (Setini, M. 2022).

Research conducted by Sinuhaji with the title "The Influence of Personality, Work Ability and Work Motivation on Outsourcing HR Performance at PT. Catur Karya Sentosa Medan" shows the result that personality influences performance (Sinuhaji, 2014). This is also supported by research conducted by Nina Octavia with the title The Influence of Personality, Emotional Intelligence and Spiritual Intelligence on the Performance of SMES Employees showing the result that personality has a positive effect on performance (Nina Octavi, 2020)

H1: Personal Quality has a significant positive effect on the performance of SMEs

Research conducted by Widayati, et al found that skillspositive and significant effect on performance (Widayati, Anah, & Usman, 2022). This al is supported by research conducted by Kandou, et al, with research entitled "The Influence of Knowledge Management, Skills and Attitudes on Employee Performance (Studies at Pt. Bank Sulutgo Headquarters in Manado)" showing that Skill and Knowledge are variables that influence performance of employees of PT. Bank Sulut Go Manado (Yunita Lidya Kandou, Victor PK Lengkong, 2016). In Zidnie, Veronica & Sunardi's research the skill variable becomes a moderating variable which results in that skill can strengthen the influence on performance variables (Mulyana, Christina, & Brahmana, 2017). For this reason, this study tries to examine the relationship between personal quality and SMES performance which is moderated by skills and knowledge.

H2: Personal Quality has a significant positive effect on the performance of SMES which is moderated by Skill and Knowledge.

2. METHOD

The purpose of this monitoring is to determine the effect of Personal Quality on SMEs performance moderated by Skill and Knowledge. The research location was conducted at Prana Sutra SMEs, where this SMEs dominates Kalianget village, Buleleng. The object of this research consists of: First, Personal Quality, which is the way an individual reacts and interacts with others. Second, the performance of SMES is a result or evaluation of the work of a company that can be achieved by an individual or group through the division of activities (tasks) with predetermined standards from the company within a certain period of time. Third, Skill and Knowledge is a skill that is owned by someone that affects the ability to operate a job in an easy and careful way and requires the

basis and results of human sensing, or the results of knowing someone about objects through the senses they have. The population in this study were all employees at SMES Prana Sutra. The research sample was determined using the Saturated Sample method where all employees were the respondents with a total sample of 50 respondents. Research data obtained through distributing questionnaires. Closed statements will be measured using a Likert scale with a scale of 1 to 5. Data are analyzed using the PLS-based 2022 SEM method which has previously been tested for feasibility with validity and reliability tests.

3. RESULT AND DISCUSSION

In this study, the questionnaires given to 50 respondents were returned intact. Furthermore, data processing is carried out using the method used is Partial Least Square (PLS) based SEM. In processing this data, there are 2 stages that must be passed to be able to assess the fit of the research model (Ghozali, 2014).

1. Assessing the Outer Model

There are 3 criteria for using data analysis techniques with SmartPLS to evaluate external models, namely convergent validity, discriminant validity, and reliability testing. Convergent The validity of the measurement model with reflexive indicators was evaluated based on the Item Score/Component Score correlation evaluated with PLS software.

a) Convergent Validity

1) Load Factor

According to Ghozali (2018), a reflective measure is declared high if it has a correlation of more than 0.70 compared to the construct measured, but in early-stage research, the development of a loading value measurement scale from 0.5 to 0.60 was considered quite good. This study produces the Smart PLS Output from the Loading Factor which is presented in the table below:

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Table 2. Outer Loading

Outer Loading	SME performance	Personal Quality	Skills and Knowledge	X*Z
KU1	0.891			
KU2	0.900			
KU3	0.851			
PQ1		0.808		
PQ2		0.836		
PQ3		0.784		
Personal Quality				1.308
SK1			0.654	
SK2			0.858	
SK3			0.855	
SK4			0.750	
SK5			0.755	
SK6			0.746	

Source: SmartPLS 3.0 Output Results

The table above shows that the loading factor values of all indicators have obtained or produced loading values that meet the requirements, which are greater than 0.60. In this study, the smallest value was found in the SK1 indicator, which was 0.654. So reflective is declared high because it correlates above > 0.60. The average loading factor values of all indicators correlate above > 0.60, so in this study it can be concluded that indicators with values above 0.60 are declared valid or have met convergent validity.

2) Average Variance Extraced (AVE).

To confirm the validity of construct claims, researchers also use the AVE (Average Variance Extracted) method. For a good structure, the AVE value must be > 0.50. The results of the AVE test are as follows:

Table 3. Composite Realiability Value and Cronbach Alpha

VARIABLE	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
SME performance	0.856	0.870	0.912	0.776
Personal Quality	0.757	0.797	0.851	0.655
Skills and Knowledge	0.876	0.946	0.898	0.697
X*Z	1,000	1,000	1,000	1,000

Source: SmartPLS 3.0 Output Results

Table 3 shows the AVE values for all variables in the table above > 0.50 which states that the construct values of all variables have met the requirements or can be said to be valid.

b) Discriminant Validity

1) Cross Loading

Discriminant validity is done to ensure that the concept of each latent variable is different from the other variables. The model has good discriminant validity if the loading value of each latent variable indicator has the highest loading value with the loading values of other latent variables. The results of the discriminant validity test were obtained as follows:

Table 4. Discriminant Validity (Cross Loading)

Discriminant validity	Performance SMES	personal Quality	Skills and Knowledge	Moderating effect
KU1	0.858	0.711	0.254	0.497
KU2	0.855	0.467	0.322	0.380
KU3	0.750	0.517	0.292	0.248
X*Z	0.138	0.316	0.136	1,000
PQ1	0.127	0.808	0.157	0.362
PQ2	0.130	0.836	0.516	0.179
PQ3	0.153	0.784	0.349	0.153
SK1	0.654	0.114	0.891	0.095
SK2	0.341	0.082	0.900	0.066
SK3	0.431	0.078	0.851	0.053
SK4	0.386	0.022	0.435	0.125
SK5	0.755	0.009	0.673	0.135
SK6	0.746	0.271	0.460	0.423

Source: SmartPLS 3.0 Output Results

From table 4. it can be seen that the loading factor value for each indicator of each latent variable has the largest loading factor value compared to the loading factor value when associated with other latent variables. This means that each latent variable has good discriminant validity

2) Root AVE Average Variance Extracted

To strengthen the valid statement of the construct, the researcher also used the Average Variance Extracted (AVE) Root method. A good construct requires an AVE Root value > correlation between latent constructs. The results of the AVE Root test are as follow**s:**

Table 5. Root AVE Average Variance Extracted (Fornell – Larcker Criterion)

Fornell – Larcker Criterion	SME Performance	Personal Quality	Skills and Knowledge	X*Z
SME Performance	0.881			
Personal Quality	0.654	0.810		
Skills and Knowledge	0.434	0.165	0.773	
X*Z	0.435	0.316	0.138	1,000

Table 5 shows the AVE values for all variables in the table above > correlation between latent constructs, which states that the construct values of all variables fulfill the requirements or can be said to be valid.

c) Reability Test

Reliability criteria can also be seen from the value of composite reliability and Cronbach's Alpha of each construct. composite reliability and Cronbach's Alpha of each construct. The construct can be said to have high reliability if the composite reliability value is above > 0.70 and the Cronbach's Alpha value is > 0.60. From Table 5.2 it shows that all constructs in this study produce composite reliability values above > 0.70 and Cronbach's alpha values above > 0.60. So it can be concluded that all the constructs of this study are reliable.

2. Testing the Structural Model or Inner Model

To find out the relationship between the value-meaning construct and the R-squared model, the structural model or internal model was tested. Estimate the PLS model starting with the R-square of each endogenous latent variable. The SME performance variable (KU) has an R-squared value of 0.582 and an adjusted R-squared value of 0.555. R squared value 0.67; 0.33 and 0.19 for endogenous latent variables in the structural model, respectively indicating strong, moderate and weak models (Ghozali, 2014). These results indicate that the variable performance of SMEs is 58.2%, which means that the Personal Quality variable can affect the performance of SMEs. While 42.8% is explained by other variables not included in this study.

3. Hypothesis Testing

The meaning of the evaluated parameters provides very useful information about the relationship between the research variables, the relationship tested as a starting point, the value is included in the weight of the internal results. In PLS, statistical testing of each relationship is done by simulation. In this case, the bootstrap procedure is performed on the sample. Bootstrap testing also aims to minimize the problem of abnormal survey data. The following is the initial model for this study:
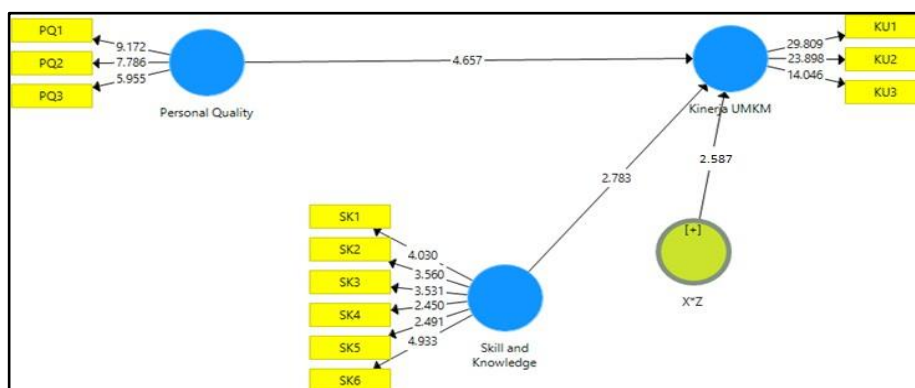

Figure 1. Inner Model

Source: SmartPLS 3.0 Output Results

The test results with the bootstrapping method using SmartPLS are as follows:

Table 7. Result Bootstrapping (Path Coefficient)

	Original Sample(O)	Sample Means(M)	Standard Deviations (STDEV)	T Statistics (|O/STDEV|)	P Values
Personal Quality-> SME Performance	0.532	0.531	0.114	4,657	0.000
skills and Knowledge -> SME performance	0.315	0.345	0.113	2,783	0.006
X*Z -> SME Performance	0.171	0.155	0.108	2,587	0.013

Source: SmartPLS 3.0 Output Results

Testing Hypothesis 1 (Personal Quality influences SME Performance). Based on the output of Table 7, the original sample value is 0.532 with significance (> 0.05), and the statistical T value for Personal Quality on SME Performance is 4.657 > T table (1.960). The original sample value shows a positive value indicating that Personal Quality has a significant positive effect on SME performance.

Testing Hypothesis 2 (Personal Quality has an effect on SMES Performance moderated by Skill and Knowledge). Based on the output results, the original sample value is 0.013 with significance (<0.05) and the T statistic value for X*Z on SMES Performance is 2.587 < T table (1.960). The original sample value shows a positive value indicating that X*Z has a positive and significant effect on SME performance. Thus H2 in the study is accepted.

Based on the results of the analysis that has been presented, the following is a one-by-one review related to the construct studied and its impact. The following are the results of the discussion of this study:

The Influence of Personal Quality on SME Performance

Based on the test results, it is known that personal quality has a significant positive effect on SME performance with a p-value of 0.000 (<0.05) and a t-value of 4.657 greater than the t-table. From this it can be concluded that hypothesis 1 is supported. The results of this study indicate that multidimensional personality determines the success of an individual in terms of career success, good performance, achievement and positive behavior. Positive personality traits such as collaboration skills, innovation, openness, organization, determination at work and stable emotions determine success at work and at university.

The personal quality of Prana Sutra SMES employees needs to be considered and improved to improve the quality of products from SMES which will automatically improve SMES performance, this can be used as a basic capital for developing SMES in the field of Human Resources. The findings in this study are that skills and knowledge can be conveyed properly because they are influenced by personality. Employees who have a good personality will be a role model for other employees.

The Influence of Personal Quality on SMES Performance Moderated by Skill and Knowledge

Based on the results of the tests that have been carried out, it was found that Personal Quality has a significant positive effect on SME performance moderated by Skill and Knowledge with a p-value of 0.013 (<0.05) and t count of 2.587 greater than t table. So it can be concluded that hypothesis 2 is supported. Personality has an important role in improving the performance of SMEs. Each individual personality of business people determines the success of SMEs. This means that Personality has an important role in improving the performance of SMEs. Personal Quality when accompanied by Skill and Knowledge will determine the performance of the SMES. Successful SMEs are generally those who have competence, is knowledge, namely carrying out collective responsibility, carried out jointly with colleagues and carry out individual responsibilities that are carried out in accordance with the capabilities and areas of expertise of each individual employee. With the implementation of skill knowledge, ideas will emerge that will be used as innovations which will ultimately improve the performance of SMEs.

These results are in line with Aulia's research (2018) which states that entrepreneurial skills and knowledge affect business performance (profits and sales volume) both on a micro and small scale. Indicators of entrepreneurial competency that can be improved are conceptual, managerial, social, time management, and decision making abilities.

4. CONCLUSION

Based on the data obtained after reprocessing, the results of research on The Influence of Personal Quality on SMES Performance Moderated by Skill and Knowledge the following conclusions can be drawn: Personal Qualityhas a positive and significant influence on the performance of SMES in SMES Prana Sutra Weaving. Furthermore, personal Qualityhas a positive and significant influence on SMES Performance moderated by Skill and Knowledge in Prana Sutra Weaving SMES.It is suggested to leaders or owners of woven fabric SMES that woven cloth SMES should increase personality Quality so that employees can grow a work ethic and improve the business they are engaged in so that the business can grow even more rapidly. In addition, Woven Fabric SMEs should be able to improve the quality of skills and knowledge of human resources and production so that they can compete with other woven fabric industries. Both in terms of production and marketing.It is suggested to advanced researchers who will conduct research on Woven Fabric SMES, this research can be carried out again with different objects as well as indicators and variables to be determined.

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