

Marning Siung Mas Kediri MSME Success Strategy in Improving Employee Performance through Competency and HR Development

Desi Kristanti^{1*}, and Madziatul Churiyah²

¹ Program Studi Doktor Ilmu Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Negeri Malang

² Fakultas Ekonomi dan Bisnis, Universitas Negeri Malang

* Corresponding author: desi.kristanti.2304139@students.um.ac.id

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ABSTRACT

The influence of competency and human resource (HR) development on employee performance at UMKM Marning Siung Mas Kediri. The aim of this research is to identify the relationship between competency and HR development and employee performance. The research method used is qualitative with a case study approach. Data was collected through in-depth interviews with MSME management and employees as well as direct observation. The research results show that competency and HR development have an important role in improving employee performance. Targeted human resource development improves employees' abilities in carrying out their duties, while job-relevant competencies make a significant contribution to individual and organizational performance as a whole. The managerial implication of this research is the importance of investing in competency and human resource development to improve employee performance in MSMEs.

Keywords: Competence, HR development, Employee Performance.



INTRODUCTION

Human resource (HR) development is a crucial factor in improving workforce performance in various industrial sectors, including on the scale of Micro, Small and Medium Enterprises (MSMEs). The role of MSMEs is vital in the global economy, especially in Indonesia. An example is Marning Siung Mas, an MSME in Kediri, East Java, which reflects the important contribution of MSMEs to the local economy. Understanding the competencies required by Marning Siung Mas employees is the key to ensuring the company's growth and competitiveness amidst increasingly fierce market competition. Efforts to increase employee competency at Marning Siung Mas can be implemented through various HR development strategies. With training, education and work experience, employees can improve their skills in dealing with various tasks in the dynamic MSME environment [1]. In the world of MSMEs, where resources are often limited, efficient human resource development is the key to increasing productivity, product quality and also competitiveness in the market [2].

However, to achieve optimal human resource development, it is important for Marning Siung Mas to understand well what competencies must be improved. Careful analysis of employee competency needs is needed to identify gaps between the skills currently possessed and those needed to achieve company goals. Only with a deep understanding of these competency needs can companies design effective and relevant HR development programs [3]. Apart from that, in the context of MSMEs, human resource development can also have a positive impact on individual employees. By improving their skills and knowledge, employees can feel more engaged and motivated in their work. This can increase job satisfaction, loyalty and employee retention, which will ultimately support the long-term stability and growth of Marning Siung Mas. The analysis of this research is due to limited data, internal analysis, limited resources, limited access to information.

This marning business was started in Gabru village in 1998 by business owners Mrs. Sumarni and Mr. Mursalin who had 2 variants of marning, namely cemet marning and round marning. The beginning of the business was making round marning according to consumer demand, marketing was carried out in Kediri, Malang, Probolinggo, Madiun, Jombang. Gabru village also has sufficient potential regarding the availability of raw materials so that they can be obtained easily because around the business there are many farmers who grow corn as the main ingredient, the market demand is quite high also for local markets and markets outside the Kediri area, ultimately becoming the main driver for someone to start marning business in the village, efforts to empower the community involving local communities to be involved in marning production so that it can have a positive economic and social impact on the village community. Initiatives in developing the potential for establishing a marning business which is one of the initiatives to develop local potential by utilizing expertise or the experience they gain while working can help improve the economy and welfare of the local community. Economic conditions are low, so people

are looking for business opportunities to increase their income. Marning business can be an attractive alternative because the initial capital is relatively low and market prospects are quite good.

Thus, this research aims to investigate what competencies Marning Siung Mas employees need to improve their performance, and also design appropriate HR development strategies. By better understanding the relationship between employee competency, HR development and company performance, it is hoped that this research can provide valuable insight for the management of Marning Siung Mas and similar MSMEs in facing challenges and exploiting opportunities in a competitive market.

LITERATUR REVIEW

Competence

Understanding Competency is the main foundation in understanding how employees at UMKM Marning Siung Mas Kediri can achieve optimal performance. Definition of Competency refers to the combination of knowledge, skills, attitudes, and behaviors required to complete specific tasks effectively in a work context [4]. Competence is a deep and inherent part of a person's personality, it can be used to predict various specific work situations. Therefore, competency is considered a basic characteristic. Competency causes or can predict behavior and performance, so it is called the relationship between behavior and performance [5]. Therefore, competency is defined as skills or knowledge that are demonstrated by professionalism in a particular field as the most important thing, as superior in a particular field, and the indicators are [6]:

1. Knowledge, Job-related knowledge includes:
 - a. Know and understand knowledge in their respective fields.
 - b. Know knowledge related to regulations, procedures, and new techniques in government agencies.
2. Skills, Individual skills include:
 - a. Ability to communicate well in writing.
 - b. Ability to communicate clearly verbally.
3. Attitude, Individual perspective including:
 - a. Ability to communicate creatively in opera.
 - b. High work morale.

Types of Competencies in the MSME Context

In the MSME environment, there are several variations of competencies that are key in ensuring business operations and growth. In particular, technical competence is very important considering that MSMEs often operate in challenging markets. Expertise in mastering technology, production processes

and implementing innovation determines competitive advantage [8]. Apart from that, managerial competence is also very crucial for MSMEs in managing human, financial and operational resources efficiently. Skills in planning, organizing, leading and controlling are the keys to success in achieving business goals [9].

The Importance of Competency in Improving Employee Performance

The relevance of competency in improving employee performance in MSMEs cannot be ignored. Employee competency plays an important role in ensuring that the tasks given can be completed well and efficiently. Employees who have competencies in accordance with job demands tend to be more productive, creative, and make a positive contribution to achieving company goals [10]. In addition, competency also plays an important role in increasing employee job satisfaction, which in turn can increase employee retention and reduce turnover rates. Thus, investing in employee competency development can be a very profitable strategy for MSMEs in improving their performance and competitiveness.

Compensation

Factors that can influence compensation are as follows [7]:

1. Supply and demand for work, especially if you are looking for work or (offer) more than the available job opportunities (complaint), so the compensation is relatively small. On the other hand, if Therefore, the number of people looking for work is less than the relative compensation of job opportunities becomes higher.
2. The company's ability and willingness, namely the company's ability and willingness to pay increases, the level of benefits will be higher, but on the contrary, if the company's ability and willingness to pay is less, therefore, the level of benefits is relatively low.
3. Trade unions/professional organizations, especially trade unions, have strong power and the impact is that the level of compensation will be higher. On the other hand, if the trade union is not strong and its influence is small, therefore, the level of compensation is relatively low.
4. Employee work productivity is good and more employee work productivity, the compensation will be greater on the other hand, labor productivity is weak and low so the compensation is small.
5. Cost of living: the higher the cost of living in this area, the higher the level of remuneration/salary. Conversely, if the cost of living in the area is low, then the level of wages/salary is relatively low.

Characteristics of Compensation

There are five types of characteristics of compensation that can be explained as follows:

1. A glossary is something you always think about or want the person causing the action to be.
2. Traits are physical characteristics and consistent responses to situations or information.
3. Self-concept is a person's attitudes, values or self-image.
4. Knowledge is information that a person has internally in a particular field.
5. Skills are the ability to perform physical or physical tasks with a certain attitude.

Indicators of Compensation

There are indicators that can be used to measure compensation, which can be explained as follows:

1. Remuneration/salary is a monthly reward consisting of a basic salary and a fixed subsidy.
2. Professional compensation is employee compensation based on their expertise.
3. Unpaid benefits, namely compensation received from outside the salary/salary.
4. Incentives are rewards other than salary to employees for their additional efforts for the company.
5. Health is mandatory compensation for companies given because it is regulated in Law no. 13 of 2003.
6. Pension funds are funds prepared by the company itself to support the lives of workers after the end of their work period
7. However, holidays are an optional benefit that can increase unity between employees

HR Development

Human Resource Development (HR) refers to a series of efforts exerted by an organizational entity to improve the quality, skills, knowledge and competence of employees. This effort includes various activities such as training, coaching, career achievement, increasing productivity, and performance appraisal management [11]. This conceptual focus emphasizes the importance of investing in the human dimensions of an organization as core assets capable of catalyzing competitiveness and company performance.

Benefits of HR Development for Employees and Companies

Human resource development contributes substantial benefits to both parties, both employees and the company. For employees, this initiative presents an opportunity to improve their skills and knowledge, improve their standard of living, and open up wider career opportunities. Moreover, HR development has the potential to increase employee motivation, job satisfaction and engagement. For companies, human resource development can increase productivity, product or service standards, and the

level of innovation [12]. This step also helps in retaining and attracting the best talent, improving employee loyalty, and reducing personnel turnover rates. Holistically, HR development helps companies continue to compete in an ever-changing market stage.

The Role of Human Resource Development in the MSME Context

In the context of Micro, Small and Medium Enterprises (MSMEs), the role of human resource development is very important. MSMEs are often faced with challenges related to human resources, including limited experience, skills and knowledge. Therefore, human resource development is a strategic element in increasing the competitiveness and growth of MSMEs. Through HR development, MSMEs can embrace better operational efficiency, improve product or service standards, and adapt to market changes in a more responsive and adaptive manner. Apart from that, human resource development also helps MSMEs improve branding, develop networks and access new opportunities. Thus, human resource development is an essential strategy for MSMEs to achieve long-term success

Employee performance

In the performance of workers or employees, performance is an important consideration, namely an individual employee of an organization as part of the organization's performance and organizational performance can be determined. The success or failure of employee performance reached by the organization is influenced by the level of performance of individual or group employees. Employee performance is a measure of how successful an employee is in achieving the goals and standards set by the company or organization where he works [13].

Employee performance can also be interpreted as the results achieved by an employee in carrying out their roles and responsibilities in the organization. Employee performance is the skills, competencies and work results demonstrated by an employee in carrying out their job duties and responsibilities. Employee performance can be measured by achieving predetermined goals, work productivity, quality of work results and quality of work in a team [13].

As they say, performance is now a fundamental mental state that acts as a trigger to achieve the goals of a business organization. But in the meantime all this cannot be considered a general theory of performance. This theory of performance is intended to be able to explain the gift of predicting and monitoring future performance. Explanation of direct benefits. This is often linked to current political issues in other words, the performance evaluated by the business is said to be going according to plan.

Type of Employee Performance

There are types of employee performance that can be explained as follows:

1. Quantitative performance is a type of employee performance that can be measured using data and numbers, such as the number of products produced, number of sales, or targets set. Quantitative performance is very important for companies because it can provide information on the extent to which employees are able to achieve predetermined goals.
2. Qualitative performance is a type of employee performance that is measured based on the quality of the work produced, such as customer satisfaction, product quality, or business innovation. Quality performance is very important for companies because it can provide information on the extent to which employees are able to provide added value to the products or services provided
3. Individual performance is a type of employee performance that is measured individually based on the roles and responsibilities carried out by the employee. Individual performance is very important for a company because it can provide information about employees' abilities in carrying out their roles and responsibilities.
4. Team performance is a type of employee performance that is measured based on teamwork and their contribution to achieving common goals. Team performance is very important for a company because it can provide an idea of the extent to which employees are able to work together with their team members.
5. Potential performance is a type of employee performance that measures an employee's potential to develop and improve their performance in the future. Potential performance is very important for companies because it can provide an idea of the extent to which employees are able to develop and provide added value to the company.

Employee performance refers to the extent to which an individual achieves the goals set by the organization in the context of his work. This includes an evaluation of productivity, quality of work, ability to meet deadlines, and overall contribution to organizational goals [14].

Factors that can employee performance are as follows [15] :

1. Skills and Competencies: The technical and non-technical abilities possessed by employees greatly influence their performance.
2. Motivation: The level of employee motivation to achieve the set goals will have a direct impact on their performance [16].
3. Work environment: Factors such as company culture, support from coworkers, and effective management can influence employee performance [14].

4. Providing Feedback (Feedback): Clear and constructive feedback helps employees understand areas that need improvement and strengthens already strong areas in their performance.
5. Employee development: Opportunities for personal and professional development provide additional motivation for employees to improve their performance [16].

Employee Performance Evaluation Methods

There are several methods that can be used to measure employee performance, which can be explained as follows:

1. Quantitative Performance Measurement: Includes metrics such as production numbers, sales, or attendance levels that can be measured directly.
2. Qualitative Assessment: Evaluation is based on work quality, initiative, teamwork, and adaptability.
3. 360 Degree Method: Employees are assessed by their immediate supervisor, peers, subordinates (if any), and clients or customers.

Improving Employee Performance Strategies

There are several strategies that can be used to improve employee performance, which can be explained as follows:

1. Training and development: Provide training to improve employee skills and competencies [17].
2. Recognition and Awards: Giving awards or recognition to employees who achieve extraordinary results can increase motivation and performance.
3. Open Communication: Build an environment where employees feel comfortable to share ideas, problems and suggestions.
4. Clear Goal Setting: Set measurable, realistic, and achievable goals to guide employee performance.
5. Collaboration and Empowerment: Provide opportunities for employees to collaborate, take initiative, and feel responsible for the results of their work

Relationship Between Competency and Employee Performance

Factors that influence the relationship between competency and employee performance, which can be explained as follows:

1. Internal factors such as education level, work experience, and technical abilities directly contribute to an employee's ability to perform tasks effectively.

2. External factors such as the work environment and management support also play an important role in shaping employee skills and motivation.

With an approach focused on training, skills development and increasing understanding of job demands.

RESEARCH METHODS

The research method in this study will integrate a qualitative approach to obtain a comprehensive understanding of the competency and development of Human Resources (HR) with employee performance at UMKM Marning Siung Mas Kediri. The initial stage will involve conducting a survey to collect key data regarding employee capabilities, HR development efforts implemented by the organization, and individual performance assessments. A qualitative approach was applied through interviews with management, business owners and employees to obtain a deeper perspective on the factors that influence the relationship between competency, HR development and employee performance. Data analysis will be carried out using descriptive statistical methods and SWOT analysis to evaluate strengths, weaknesses and opportunities. Thus, it is hoped that the research results will be able to provide better insight into the urgency of developing competencies and human resources in improving workforce performance at UMKM Marning Siung Mas Kediri.

RESULTS

Case Study: Implementation of Competency Development in UMKM Marning Siung Mas Kediri

Provides in-depth insight into how this strategy is practically implemented in the real context of MSMEs, as well as its impact on employee performance and overall company productivity.

SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is a useful tool for understanding the internal and external conditions of an organization. In the context of Marning Siung Mas MSMEs in Kediri, SWOT analysis of competency and HR development on employee performance can provide valuable insight for further development.

DISCUSSION

The following is an example of a SWOT analysis for MSMEs:

1. Strengths
 - a. Owner Commitment: The owner has a strong commitment to employee and company development.
 - b. Quality products: The products produced are known for their good quality and can compete in the local market.

- c. Local Human Resources: Can utilize local human resources with expertise and knowledge of traditional products.
 - d. Strong local distribution network: Has a strong distribution network in Kediri and surrounding areas.
2. Weaknesses
 - a. Resource Limitations: Limited human and financial resources for HR development.
 - b. Limited Management Knowledge: Lack of knowledge in HR management and development.
 - c. Highest technology: Not keeping up with technological developments that can increase efficiency and productivity.
3. Opportunities
 - a. Increased Market Demand: There is an increase in market demand for local and traditional products.
 - b. Training and Education: Availability of training and education programs to improve employee competency.
 - c. Partnership with Educational Institutions: Opportunities to partner with local educational institutions for internship programs or collaboration in human resource development.
4. Threats
 - a. Competition with Similar Products: Tight competition with similar products from other MSMEs.
 - b. Changes in Government Policy: There may be changes in government policy that could affect business operations and development.
 - c. Consumer Trends: Changes in consumer trends that can shift demand for traditional products.

By using this SWOT analysis, UMKM Marning Siung Mas in Kediri can identify areas where they can strengthen their competitive advantages and overcome the challenges they face, especially in terms of competency and HR development to improve employee performance.

CONCLUSION

Based on information regarding MSME Marning Siung Mas Kediri, the following are the conclusions that can be drawn:

1. Competency and HR development: Competency and development of human resources (HR) have a significant influence on employee performance at UMKM Marning Siung Mas Kediri.
2. Employee engagement: The level of employee involvement in their work at these MSMEs is high, which shows a strong sense of responsibility and commitment to performance.

3. **Managerial Implications:** MSME management needs to pay attention to the development of more structured and sustainable training programs, the role of leaders in providing support and direction to employees.

That competency and HR development have a significant impact on employee performance at Siung Mas Marning MSMEs in Kediri. Investment in competency development, employee involvement and proactive management can help Dlam MSMEs improve their performance and competitiveness in the market.

SUGGESTION

Based on information regarding MSME Marning Siung Mas Kediri, the following are the suggestions that can be drawn:

1. UMKM Marning Siung Mas Kediri to be able to improve training programs that are more structured and sustainable, covering technical and non-technical aspects, to increase employee competency.
2. Leaders in MSMEs need to be more active in providing support, direction and examples in employee personal development.
3. Developing partnerships with local educational institutions can help in providing access to additional resources and better learning opportunities.
4. Marning Siung Mas Kediri MSMEs can consider complementing internal analysis with more detailed and structured data, as well as collaborating with external parties to gain greater insight into industry trends and best practices.
5. It is important to update the analysis regularly to keep up with changes in the external environment and ensure HR development strategies remain relevant and effective.

By implementing the suggestions above, it is hoped that MSME Marning Siung Mas Kediri can continue to improve employee performance and strengthen its position in a competitive market.

CREDIT AUTHORSHIP CONTRIBUTION STATEMENT

Desi Kristanti: Conceptualization, Supervision, Data Curation, Formal Analysis, Project Administration, Writing-original Draft, and Writing-review Editing. **Madziatul Churiyah:** Conceptualization, Resources, Software, Validation, Visualization, Funding Acquisition, Investigation, Writing-original Draft, and Writing-review Editing.

DECLARATION OF COMPETING INTEREST

The author declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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DATA AVAILABILITY

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