



The Influence Of Human Resource Competence And Motivation On The Performance Of Ulos Msmes In Tarutung, North Tapanuli Regency

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ABSTRACT

This study aims to determine how the influence of Human Resource Competence and Motivation on MSME Performance in Ulos MSMEs in Tarutung, North Tapanuli Regency. Quantitative research uses the Structural Equation Modeling-Partial Least Square (SEM-PLS) method with the SmartPLS 3.2.8 application to test the relationship between Human Resource Competence, Motivation and MSME Performance. This study uses primary data with data obtained using a research questionnaire. Respondents of Ulos MSME business actors in Tarutung were 100 respondents with a sampling technique using Slovin. Based on the results of the hypothesis test, Human Resource Competence has a positive effect on MSME Performance with a path coefficient of 0.508 and t-statistics of 6,448. Motivation has a positive effect on MSME Performance with a path coefficient of 0.262 and t-statistics of 2,964. So, it is concluded that there is a significant positive influence between human resource competence and motivation on the performance of MSMEs in Ulos MSMEs in Tarutung, North Tapanuli Regency.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy. MSMEs are the main center to increase economic progress in Indonesia (Rachman, 2024). Micro, Small, and Medium Enterprises (MSMEs) have a significant contribution to the Indonesian economy, both in creating jobs, increasing people's incomes, and encouraging inclusive economic growth. MSMEs are the backbone of the Indonesian economy, apart from their distribution throughout Indonesia, but also because of their central position because of the large number of workers in them (Iskandar, 2020). In 2023, MSME business actors will reach around 66 million. The contribution of MSMEs reaches 61% of Indonesia's Gross Domestic Income (GDP), equivalent to Rp9,580 trillion. MSMEs absorb around 117 million workers (97%) of the total workforce. Currently, the number of MSMEs in North Sumatra is recorded at 1.16 million that are able to absorb 80% of the workforce. Of this number, 98.9% are micro and small businesses, while medium and large businesses are only 1.1%.

One of the MSMEs in North Sumatra is the Ulos MSME located in Taturung, North Tapanuli Regency. The Head of the Cooperatives and Small and Medium Enterprises Office of the North Tapanuli Regency Government said that ulos from North Tapanuli have entered the international market through private channels considering that ulos have a high selling value as a handicraft product. Based on the latest update of data from the North Tapanuli Cooperatives and SMEs Office, the number of Ulos MSME actors in Tarutung is 5,669 people.

There are several factors that affect the improvement of MSME performance, including the competence possessed by human resources and motivation that is built systematically. Although supported by abundant facilities, infrastructure, and resources, organizational activities cannot run successfully without the help of reliable human resources (Ilhikmah et al, 2023). High entrepreneurial motivation must be possessed by everyone who wants to become a successful entrepreneur, because high entrepreneurial motivation will be able to shape their mindset and mentality to always strive to be superior in each of their efforts (Ananda et al, 2024). Sari et al (2022) state that competence is the knowledge, skills and attitudes needed to get work results that meet expectations. Prayetno et al (2025) stated that business performance is not only achieved with good competence, but also motivation is needed so that they have the spirit to work as a driver to produce the best performance. MSME performance refers to how well a business is running its operations and achieving its goals, both in terms of profits, growth, and effectiveness.

The results of the pre-survey show that the performance of ulos MSMEs in Tarutung North Tapanuli Regency is still not optimal, this can be seen from the competence of human resources and motivation that has not been fully driven by personal satisfaction and a sense of achievement at work, for example, the understanding of the quality of raw materials has not been maximized, the weak ability to access technology, and the limitations of training.

LITERATURE REVIEW

Human Resource Competencies

Human Resources (HR) Competency refers to the abilities, skills, knowledge, attitudes, and experiences possessed by individuals that enable them to carry out tasks and responsibilities effectively and efficiently in a venture or business. In every organization, human resources play an important role. Human resource competence plays a very important role in the performance of MSMEs, most MSMEs grow traditionally and are hereditary businesses (Dewantoro et al, 2023). Although supported by abundant facilities, infrastructure, and resources, organizational activities cannot run successfully without the help of reliable human resources (Ilhikmah et al, 2023).

The key to improving the performance of MSME actors is to increase competence through increasing knowledge and skills (Diana et al, 2022). The success of an organization or company is largely determined by the ability of its human resources (Malikhah et al, 2024). According to the Great Dictionary of the Indonesian Language, competence is (power) to determine (decide something), the ability to master the grammar of a language abstractly or internally. The high competence of human resources formed from the ability and willingness to perform tasks effectively is seen as able to support the improvement of employee performance and contribute to determining the future of the company (Claudia, 2020).

Motivation

Basically, motivation is a force that can encourage a person to do activities or efforts to achieve goals. Motivation is the drive that is found within oneself a person to try to change behavior for the better in meeting his needs, is also a psychological process that can explain a person's behavior which is essentially an orientation of a goal (Wastuti, 2021). Motivated

employees will tend to be more enthusiastic and dedicated in carrying out their duties (Zalsabila et al, 2024).

A person's motivation depends on the strength of his motive. The greater a motive, the greater the motivation, it will greatly determine how much a person behaves to achieve what he or she has achieved. Motives greatly determine how much a person behaves in being motivated (Jon et al, 2023). Intrinsic motivation is the desire within oneself to achieve success, or often known as motivational, while extrinsic motivation is from outside oneself to establish behavior in life (Rozzaqiyah et al, 2021). High entrepreneurial motivation must be possessed by everyone who wants to become a successful entrepreneur, because high entrepreneurial motivation will be able to shape their mindset and mentality to always strive to be superior in every endeavor (Ananda et al, 2024).

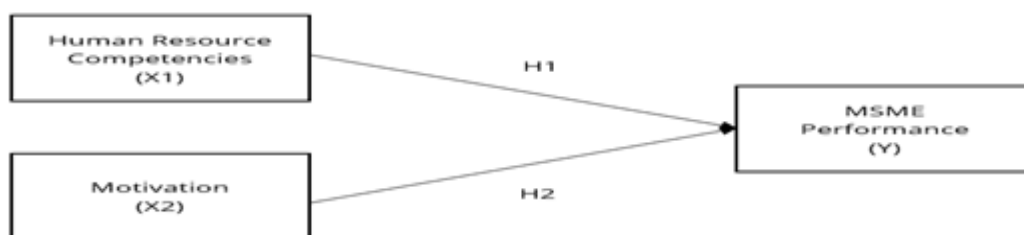
MSME Performance

MSME performance refers to how well a business is running its operations and achieving its goals, both in terms of profits, growth, and effectiveness. MSMEs have a very important role in the Indonesian economy, as they account for the majority of jobs, create innovation, and drive economic equity. MSME performance is the achievement of work results from tasks that have been carried out by employees according to the responsibilities and tasks they have received and this performance must meet the results in quantity and quality so that the results achieved can be of great benefit to their business (Deviana, 2020). The performance of MSMEs gives an idea of the extent to which this organization can meet the needs of stakeholders to individual needs. Good entrepreneurial competence can encourage business actors to produce maximum MSME performance (Putri, 2020).

The performance of MSMEs is greatly influenced by internal factors, such as management, innovation, and operational efficiency, as well as external factors, such as access to markets, financing, and government policies. Improving the performance of MSMEs will not only have a positive impact on the economy as a whole, but will also encourage equitable welfare and more inclusive economic development.

Based on the previous description, the following research model was made:

Figure 1 MSME Performance



METHODS

This study uses a type of quantitative research. The research uses quantitative research methods, namely research conducted with statistical procedures, sampling techniques, and data collection using research instruments to test hypotheses determined based on the theory used (Ghozali, 2020:27). With the type of research, namely causal associative.

Causal associative research is research that uses the causal characteristics of the relationship of independent variables to dependent variables (Ghozali, 2020:90). Populations are oriented to the community, events or concerns of researchers to investigate (Ghozali, 2020:132). This research focuses on artisans, weavers, and sellers

who are directly involved in the operations of ulos MSMEs in Tarutung. The sampling technique in this study applies the simple random sampling method. Determination of sample size can be done using the slovin formula, which is as follows:

$$n = \frac{N}{1 + Ne^2}$$

Information:

n = Minimum sample count

N = Population

(e) = Error tolerance, in this sample 10% is used.

$$n = \frac{5.669}{1 + 5.669 (0.1)^2} = 99.98 \text{ or } 100$$

The data collection method in this study is using questionnaires. The questionnaire contains questions related to the object to be studied according to the variable indicators on the research instrument with a variable measurement scale using the Likert scale. The questionnaire was distributed to respondents to fill out, then returned to the researcher to be used as data in this study.

In this study, hypothesis testing was carried out using a Structural Equation Model (SEM) approach based on Partial Least Square (PLS). Each hypothesis will be analyzed using the SmartPLS 3.2.8 software application which is a path analysis application to test the relationships between variables.

RESULTS AND DISCUSSION

Respondent Characteristics

The characteristics of the respondents in this study include age, education, type of business and length of business operation.

Table 1. Description of Respondent Characteristics

No.	Characteristic	Category	Sum
1.	Age	< 20 Years	0
		Between 20-30 years old	14
		Between 31-40 Years Old	25
		Between 41-50 Years	30
		> 50 Years	31
2.	Education	Not Finishing Elementary School	0
		SD	6
		JUNIOR	12
		High School/Vocational School	78
		D3	0
		S1	3
		S2	1
3.	Type of Business	The Weaver of Ulos	48
		Ulos Seller	18
		Ulos Craftsman	34
4.	Long Operating	<1 year	0
		1-5 years	5
		6-10 years	10
		>10 years	85

Source: Primary Data Processed (2025)

Based on the table above, it can be seen that based on the age characteristics of the respondents who were most taken were aged 50 years and above as many as 31 people, respondents between 41-50 years old as many as 30 people, respondents aged between 31 years and 40 years old as many as 25 people. The number of respondents aged 20 to 30 years is less, namely 14 people. Based on the most educational characteristics, the education level of the respondents in high school/vocational schools with a total of 78 people and the least respondents with the S1 Education Level as many as 3 people and S2 as many as 1 person. Based on the characteristics of the type of business that is most carried out is the type of business as a ulos weaver with 48 respondents, then as ulos craftsmen as many as 34 respondents, and the least is as a ulos seller, which is as many as 18 respondents. As for the characteristics of the length of business operation, most of them are over 10 years, namely 85 respondents, and the second most respondents are 10 respondents whose business has been operating for 6 years to 10 years. In addition, there are several respondents whose business has been operating for 1 year to 5 years as many as 5 people.

Validity Test

Table 2. Loading Factor Test Results

Variable	Indicators	Loading Factor	Sign	Border	Test Results
Human Resource Competencies	X1.1	0,840	>	0,70	Valid
	X1.2	0,878	>	0,70	Valid
	X1.3	0,7873	>	0,70	Valid
	X1.4	0,896	>	0,70	Valid
	X1.5	0,852	>	0,70	Valid
	X1.6	0,864	>	0,70	Valid
	X1.7	0,862	>	0,70	Valid
	X1.8	0,807	>	0,70	Valid
Motivation	X2.1	0,814	>	0,70	Valid
	X2.2	0,900	>	0,70	Valid
	X2.3	0,883	>	0,70	Valid
	X2.4	0,833	>	0,70	Valid
	X2.5	0,807	>	0,70	Valid
MSME Performance	Y1	0,747	>	0,70	Valid
	Y2	0,732	>	0,70	Valid
	Y3	0,901	>	0,70	Valid
	Y4	0,805	>	0,70	Valid
	Y5	0,858	>	0,70	Valid
	Y6	0,830	>	0,70	Valid

Source: SmartPLS 3.2.8 Output Results (2025)

Based on the table above, the convergent validity test shows that all indicators in each variable have a value of > 0.70 so that it can be stated that all indicators in variables X1, X2 and Y are valid.

Table 3. Average Variance Extracted (AVE) Value

Variable	AVE	Sign	Border	Test Results
Motivation	0,719	>	0,50	Good
MSME Performance	0,663	>	0,50	Good
Human Resource Competencies	0,739	>	0,50	Good

Source: SmartPLS 3.2.8 Output Results (2025)

Based on the table above, all variables tested, namely Motivation, MSME Performance and Human Resource Competence had a > value of 0.50. This states that all latent variables meet the requirements of convergent validity and are classified as good.

Table 4. Cross Loading Value

	MSME Performance	Human Resource Competencies	Motivation
X1.1	0,618	0,840	0,619
X1.2	0,578	0,878	0,606
X1.3	0,541	0,873	0,595
X1.4	0,564	0,896	0,613
X1.5	0,510	0,852	0,589
X1.6	0,673	0,864	0,593
X1.7	0,582	0,862	0,532
X1.8	0,637	0,807	0,489
X2.1	0,569	0,646	0,814
X2.2	0,514	0,534	0,900
X2.3	0,487	0,496	0,883
X2.4	0,500	0,653	0,833
X2.5	0,478	0,506	0,807
Y1	0,747	0,589	0,529
Y2	0,732	0,404	0,429
Y3	0,901	0,643	0,518
Y4	0,805	0,431	0,423
Y5	0,858	0,614	0,484
Y6	0,830	0,626	0,550

Source: SmartPLS 3.2.8 Output Results (2025)

Based on the table above, information was obtained that each indicator had met the discriminant validity, this is evident from the > outer loading value of 0.70 in each variable.

Table 5. Fornell Locker Value

	MSME Performance	Human Resource Competencies	Motivation
MSME Performance	0,814		
Human Resource Competencies	0,684	0,859	
Motivation	0,605	0,675	0,848

Source: SmartPLS 3.2.8 Output Results (2025)

Reliability Test

Table 6. Cronbach's Alpha and Composite Reliability Values

Variable	Cronbach's Alpha	Composite Reliability	Sign	Border	Test Results
Motivation	0,902	0,927	>	0,70	Reliable
MSME Performance	0,897	0,922	>	0,70	Reliable
Human Resource Competencies	0,949	0,958	>	0,70	Reliable

Source: SmartPLS 3.2.8 Output Results (2025)

Based on the test results of table 5.9, all variables tested had *Cronbach's alpha* and *composite reliability* values > 0.70 so that all variables tested were declared reliable and each indicator was able to represent its own variable.

Hypothesis Test

Table 7. Hypothesis Test Results

Variable	Original Sample	T Count	P-Value
The Influence of Human Resource Competence on MSME Performance	0,508	6,448	0,000
The Effect of Motivation on MSME Performance	0,262	2,964	0,003

Source; *SmartPLS 3.2.8 Output Results (2025)*

The data that can be seen in table 7. can be obtained from the hypothesis test. It can be seen from the testing of Human Resource Competence on MSME Performance that produces a t-statistics value of 6.448 which is > value of 1.96 and also produces a p-value of 0.000 which is < value of 0.05. The test shows that Human Resource Competence has a significant effect on the performance of MSMEs. In addition, an original sample value of 0.508 was obtained, which means that Human Resource Competence has a positive effect on the performance of MSMEs.

The Motivation Test on MSME Performance produced a t-statistical value of 2.964 which > value of 1.96 and also produced a p-value of 0.003 which < 0.05. The test shows that Motivation has a significant effect on the performance of MSMEs. In addition, an original sample value of 0.262 was obtained, which means that Motivation has a positive effect on the performance of MSMEs.

This research was carried out to support previous research, namely research conducted (Malikhah et al, 2024) which proves that human resource competence has a significant impact on improving the performance of MSME employees and (Ilhikmah et al, 2023) which proves that there is a positive and significant influence between motivation and performance of MSMEs. This shows that it means that human resource competence and motivation are important parts that can improve the performance of MSMEs.

CONCLUSION

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. Human resource competence has a positive and significant effect on the performance of MSMEs, the magnitude of the influence is 0.508. So it can be concluded that there is a hypothesis that states that there is a positive and significant influence between human resource competencies on the performance of MSMEs.
2. Motivation has a positive and significant effect on the performance of MSMEs, the magnitude of the influence is 0.262. So it can be concluded that there is a hypothesis that there is a positive and significant influence between motivation on the performance of MSMEs.

SUGGESTION

Based on the conclusions and from the results of the research, the author can give suggestions to improve this and the future as follows:

1. From the results of the study, it is known that human resource competence and motivation have a significant influence on the performance of MSMEs, so Ulos MSMEs in Tarutung are expected to make the results of this research as one of the references in making decisions related to the issue of the importance of improving human resource competence and motivation to improve the performance of MSMEs.
2. Ulos MSMEs in Tarutung can improve the performance of MSMEs by participating in a lot of training and following technology in introducing and marketing products.
3. Based on the results of the research and conclusions, the researcher needs to provide suggestions for future researchers who are expected to use the results of this research as a reference in conducting further research on the influence of human resource competence and motivation on competitiveness through the performance of MSMEs more perfectly, because in this study, the researcher feels that there are still many shortcomings that must be corrected.

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