

# Human Resources Competency at Micro, Small and Medium Enterprises in Palembang Songket Industry

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**Abstract**—The study aims to analyze the competency of human resources at small and medium enterprises in Palembang Songket industry. A survey research method using primary data obtained from an interview is employed. There are five respondents are interviewed in this study and those are the Songket firm's owners. These Songket owners are selected from three different industries in Palembang city. This study employs descriptive analysis to analyze the data and the result reveals that the competency of human resources in the small and medium enterprises of the Songket industry is adequate though few points that have to be improved such as product innovation improvement. As a supporting factor for the development of MSMEs, it is necessary to review the competency of its human resources. Competence is the ability to carry out work or tasks based on skills and knowledge supported by work attitudes set the job. Competence shows certain knowledge, skills, and attitudes of a profession in certain skill characteristics.

**Keywords**—human resources, competency, songket industry

## I. INTRODUCTION

In the Indonesian economy, Small Micro Medium Enterprises (SMEs) are business groups proven to be resistant to various kinds of economic shocks and crises. Its existence is very useful in terms of distributing people's income. Also, it able to create creativity in line with efforts to maintain and develop elements of tradition and culture in local community. In add Beside, SMEs can to absorb labors on large scale population of Indonesia, thus it is reducing the unemployment rate. It can be seen that the existence of SMEs is a labor-intensive business, using simple and easy technology so that it becomes a job opportunity for people.

The development of SMEs in Indonesia is one of the priorities in national economic development, because SMEs are the backbone of the populist economic system. The development of SMEs is not only aimed at reducing the

problem of inequality between income groups and between business people, or reducing poverty and unemployment. Also, this development can expand the economic base and to contribute significantly to the acceleration of structural change, especially in improving the local economy and national economic resilience.

The development of SMEs in the globalization era with high competition requires SMEs to be able to face global challenges, such as increasing product and service innovation, developing human resources and technology, and expanding the marketing area. It is needed to increase the selling value of SME products, especially to compete with foreign products that are increasingly expanded with industrial and manufacturing centers in Indonesia, considering that SMEs is an economic sector which is able to absorb large workforce in Indonesia [1].

Taking into account SMEs are business activities that are able to expand employment opportunities and provide broad economic services to the community. So they can play a role in the process of equal distribution and increase people's income, and encourage economic growth. The availability of local raw materials for small and medium industries is an advantage allowing them to operate efficiently. On the other hand, the working capital required is relatively small, thus providing an opportunity for people who have an entrepreneurial spirit to establish business units with affordable level production techniques.

In the development of SMEs, a competent manager is needed to improve business performance [2]. Martin and Staines [3] present a major discussion on characteristic of managerial competence in small companies as evaluating managerial characteristics, and managerial approaches, and in competitive advantage had found some literatures that give further explanation about causal relationship between managerial competence and SMEs performance. However, it

does not conclusively recommend, whether managerial competence will play an alternative role or can have an indirect influence on the success of SMEs in Indonesia.

Palembang is the capital city of South Sumatra Province in Indonesia. In this region, there is a weaving business commonly called "Tenun Songket Palembang". Songket is a typical Palembangnese woven fabric made by adding weft as an ornament by inserting silver, gold or color threads above the warp thread. Songket weaving business in Palembang is mostly a family business carried out from generation to generation. Weaving skills are also gained from the experience of helping family businesses. From this Songket weaving business, people can increase their income without having to have a high level of education. Considering that Palembangnese songket weaving business is one of SMEs that absorbs a lot of workers, this business needs to be developed to increase people's income. To develop this songket industry, of course it must be supported with the development of Human Resources (HR) in various aspects, especially in field of HR competencies such as knowledge, skills, abilities and attitudes in entrepreneurship.

In order to carry out the development of HR competencies in the Songket industry, concrete data are needed regarding the current profile of HR competencies in the Palembangnese songket industry. Therefore, to obtain concrete information, in-depth research needs to be conducted in this field.

II. METHODS

The research method used in this study was a qualitative method with a descriptive approach. The study was conducted at the Songket Craft Center located in Tanggo Buntung on Ki Ranga Wirasantikas Street and on Ki Gede Ing Suro Street, 30 Ilir sub-district and Ilir Barat II sub-district in Palembang. Data collection techniques were through interviews, documentation, and observation. The key informants in this study were people who knew about the Songket weaving business in Palembang. In this study, key informants were 3 Songket business owners from three Songket industry centers in Palembang city.

This study used qualitative data analysis techniques of interactive models from Miles and Huberman [4], namely: 1) data collection; 2) Data reduction; 3) Presenting data; 4). Conclusion (Figure 1).



Fig. 1. The data analysis process.

Data collection is information obtained from the results of data collection, either using observation or interviews. The data analysis process began by examining the data available from various sources, such as interviews, observations, and

documentation. The data collected were still in form of raw data that had not been processed, so it needed to be sorted whether the data were considered important or not.

This process is intended to get data that is more focused and sharp because the accumulation of data will be difficult to provide a clear picture. Data reduction is an electoral process focusing on simplifying, blurring, and changing the raw data that appears on the field. The data collected will be reduced to regulate the data for facilitating conclusions. Data obtained through the data reduction process will immediately be presented as a structured collection of information that provides the possibility to draw conclusions and take an action. The data were presented in written based on facts of interrelated cases. Verification is a process of finding the meaning of the data, recording the sequence, possible explanatory patterns, the cause, and the effective flow and the proportion of the research. Conclusions were also verified during the study until a conclusion was drawn.

III. RESULTS AND DISCUSSION

Songket weaving business is an industry categorized as small and medium micro businesses. According to Law No. 20 of 2008 [5], GENERAL criteria can be seen from turnover, assets, and the number of workers. Criteria for Micro, Small, and Medium Enterprises were based on development, also based on law, for its development [6]. Rahman classifies SMEs in several criteria [7], namely:

- Livelihood Activities, Micro, Small, and Medium Enterprises are used as job opportunities to earn a living known as the informal sector. For example, street vendors.
- Micro and Macro Enterprises, Small and Medium Enterprises have craftsmen but do not have entrepreneurship characteristics.
- Small Dynamic Companies, Micro, Small, and Medium Enterprises that have an entrepreneurial spirit and be able to accept subcontracting and export jobs.
- The Fast Moving Company, Micro, Small, and Medium Business with an entrepreneurial spirit and will turn into a big business.

According to the International Labor Organization (ILO), small and medium enterprises are businesses that employ up to 10 people and use simple technology, minimal assets, and low managerial abilities and obtain various tax exemptions. Haeruman [8] states that the challenges for the business world, especially the development of SMEs, include broad aspects, such as a) Improving the quality of human resources in terms of management, organizational and technological skills, including business scale, b) Entrepreneurial competence, c) broader access to funding, and d) transparent market information.

As a supporting factor for the development of MSMEs, it is necessary to review the competency of its human resources.

Competence is the ability to carry out work or tasks based on skills and knowledge supported by work attitudes set the job. Competence shows certain knowledge, skills, and attitudes of a profession in certain skill characteristics [6].

Competence means ability, authority, and skill. In terms of etymology, competence means excellent aspects, behavioral skills of an employee with good knowledge, behavior, and skills. Competency characteristics are things that become part of personal character and behavior in carrying out word [9].

The same dictionary defines that someone who is 'competent' has the ability, knowledge, and skills to do things efficiently and effectively. Thus competence is the ability of someone to do something successfully. Success shows the expected results (goals) without a waste of resources such as time, energy, and so on. Opatha has identified seven dimensions as Technical Competence, Human Relations Competence, Conceptual Competence, Intelligence, Personality, Character, and Personnel Management Competence [3]. Spencer and Spencer [10] identify five dimensions of competent characteristics consisting of motives, traits, self-concept, knowledge, and skills [4]. According to Boyatzis competency include motives, traits, self-concept, skills, and knowledge [11]. To measure the extent to which a person's skills or knowledgeable in performing a particular task or fulfill a particular role, the following dimensions are considered for this research; knowledge, and skills.

Fransiska Soejono et al. explains that in the online business dictionary, competence is defined as a cluster that deals with abilities, commitments, knowledge, and skills that enable a person or organization to act effectively at work or in a situation [2]. Competence shows the availability of knowledge, skills that allow a person to make decisions in various situations. According to Ardiana et al. [6], Knowledge is the mastery of science and technology owned by someone, and is obtained through the process of learning and life experience. Indicators of knowledge in this case are knowledge of business management, product or service knowledge, consumer knowledge, promotion, and marketing strategies. Skill is a special ability to physically manipulate objects. Skill indicators include production skills, communication, collaboration and organization, supervision, finance, administration, and accounting. Capability is the capacity of an individual to perform various tasks in a job. Capability indicators include the ability to manage a business, to make decisions, to lead, to control, innovate, to adjust situation and to change the business environment.

#### IV. CONCLUSION

Human resource competences in this study focus on three main points, namely: Knowledge, Skills and Ability. Knowledge is mastery of the science and technology of *Songket* business owners obtained through the learning process and life experience. Knowledge indicators in this case are business management knowledge, product or service knowledge, consumer knowledge, promotion and marketing

strategies. Skills, is a special capacity to manipulate objects physically. Skill indicators include: production skills, communication, collaboration and organization, supervision, finance, administration and accounting. Ability is the capacity of *Songket* business owners to perform various internal tasks of work. Indicators of ability include: the ability to manage business, make decisions, lead, control, innovate, situations and changes in the business environment.

#### A. Knowledge

Knowledge and skills of human resources have a significant influence on the performance of SMEs, where human resource skills factors have a more dominant influence on the performance of SMEs when compared with the knowledge of SMEs [12]. According to Lawler and McDermott [9], only 15% of organizations claim that there is very little or no influence of managerial competence on organizational performance. Advocacy of competency systems must increase strength by increasing the sharpness of the relationship between effort and performance. Generally, supervisors play a role in deciding whether the employee has demonstrated competency.

Perception of knowledge, it was found that most informants felt they had knowledge about business management. However, the data was not significantly integrated with the variation of SME business performance data. It was probably due to there were still a small number of business owners who felt they do not understand about managing the business properly, especially related to the principles of business management, consumer knowledge, and marketing management. Therefore, the knowledge and skills that managers have about business management cannot improve the business performance of SMEs, meanwhile that capability is integrated with various data from SME business performance. This finding means that the capabilities possessed by managers about business management are able to encourage SME business performance even though the manager's knowledge is limited. From knowledge theory [13-15] said that it requires broader implications in the sustainability of SMEs; Sustainable HR training is very important at this time.

#### B. Skills

Based on the results of this study, it indicated that *Songket* industry entrepreneurs have competence in the aspect of skills. Although the skills possessed by *Songket* business owners, *Songket's* managers, and workers must be continued to improve their skills, especially in the era of advanced technology. Skill enhancement must be conducted by taking part in training. Besides being skilled in making *Songket* designs, using *Songket* equipment and arranging threads neater and faster, *Songket* industry owners must also be skilled in communicating with customers, skilled in using social media, especially in conducting product marketing and changing the business environment. Skills are usually formed because they are trained or carried out continuously so that a systemic pattern is formed, in addition to skills in making products, it is

also important to improve skills in managing finance and accounting, relationships with customers and suppliers for raw materials. So that cooperation and business relations will be formed and ultimately contribute in *Songket* production.

### C. Ability

Based on the results of this study, it indicated that *Songket* industry business owners already had the ability. The ability of *Songket* weaving business owners to apply various accepted knowledge, of course, it requires courage, however with a low educational background and skills, especially because never having received formal education will be more difficult for them. Implementing innovation, making decisions, and managing with the right management system is certainly not easy. This is the condition of the manager and *Songket* owner in the city of Palembang. There must be assistance and involvement from the young generation who are easy to be master the technology and opened minded to make better updating changes.

Cooperating with relevant agencies is necessary to carry out improvement programs for *Songket* business owners on an ongoing basis so that it can have an impact on improving the productivity and welfare of *Songket* entrepreneurs. Having an entrepreneurial spirit to make decisions, especially in terms of technology utilization, and various innovations which is something that cannot be avoided. Technological improvements and innovations must be carried out as part of the process of increasing productivity and facing a higher level of competition. Based on this analysis, Human Resource Competency Development in the *Songket* industry must be considered, so it can create entrepreneurs who are able to compete broadly in the global market.

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