Analysis of the Influence of Revitalization, Technology Use, and Human Resources Competence on MSME Income

Frans Antoni Sihite¹, Yunita Eriyanti Pakpahan²
¹Universitas Quality Berastagi, Indonesia
Correspondent: yunitaeriyantipakpahan@gmail.com

ABSTRACT: The image of the Kesawan area is considered unsuitable as a place for culinary businesses, so it is very necessary to revitalize the area as one of the drivers for the development of the Medan city area. The revitalization carried out specifically in the MSME area in the food and beverage sector is targeted to be able to attract visitors from both inside and outside the city. The aim of the research is to analyze the influence of revitalization, use of technology and human resource (HR) competency on MSME income. The method used is a quantitative approach and data collection is carried out by distributing questionnaires. Data analysis was carried out using multiple regression analysis with the help of the SPSS program. The results of this research show that the variables of revitalization, use of technology and human resource competence have an influence on increasing MSME income after being hit by Covid-19.

Keywords: Competence, MSME income, Revitalization, Technology

INTRODUCTION

As a city develops, there will be changes to the city's characteristics. However, what often happens is that the historical components that form the characteristics of a city are slowly abandoned and replaced by new things. In Indonesia, many traditional cities tend to develop uncontrollably so that they no longer display their distinctive character. This causes the identity of the city to become blurred, and cities look similar to each other. In fact, if handled well, a city that has its own characteristics will better accommodate the needs of the local community and become an attraction that can bring in visitors from outside the city. A city that has its own characteristics will bring a different impression to local people and people who come from outside the city (Riptanti et al., 2018; Salim et al., 2022; Umar et al., 2018). In realizing an effective economic system, long-term development planning is needed for the economic sector which is the main driver of development which is in line with the growth in the quality of human resources which is also related to the level of development in other sectors which is in line with the success of the economic sector in achieving national development. SMEs as the key to the community's economy must be developed and managed well so that they are ready to face global competition.
The utilization of an area to improve the regional economy and equitable distribution of development is a benchmark for the success of urban area development (Hadinugroho, 2017). One of the old city areas which are quite famous as the Central Business District is Kesawan Medan. This area is in a strategic position for the development of the Medan city area as an edge district on the edge of the Esplanade (now Merdeka Square) in downtown Medan. The image of the Kesawan area is classified as unsuitable for culinary business, so it is necessary to carry out regional revitalization as one of the impetus to developing the Medan city area and restoring the glory of Medan city (Almarashdeh, 2016; Mikhailov, 2022; Rachmawati et al., 2015; Tahar et al., 2020).

The revitalization of the Kesawan City Walk area is intended for MSME business actors who are mostly engaged in the culinary field. Material prices have changed so that the designation of the area is dominated by productive activities (Firdaussyah & Dewi, 2021). The aim of planning sustainable land revitalization is to provide facilities for land use that is environmentally, socially and economically feasible. The Covid-19 pandemic brought an economic crisis to MSME businesses which became a big threat and problem for the national economy. One strategy in dealing with this situation is to utilize technology, namely buying and selling electronically, marketing products digitally, improving quality, improving service, and increasing relationships by establishing good relations with consumers (Aleqab et al., 2013). Following the trend of current technological advances can be a new solution for MSME business actors, especially in business operations, and obtain a lot of information to increase the target market that is suitable for their business (Mukoffi & Sulistiyowati, 2019; Pakpahan & Naibaho, 2023). The competitiveness of SMEs must be increased to improve the Indonesian economy (Saptadi et al., 2012). However, the facts on the ground are that many MSMEs are not technologically literate due to limited knowledge, so marketing is very limited. The number of digital wallets that are currently available makes transactions processed faster, right on target and guaranteed to be safe. Therefore, the Medan city government is actively conducting digitalization-based marketing guidance and product packaging to maximize sales of these micro business actors. Information technology has a very significant impact on micro, small and medium enterprises, especially for developing competitive innovations (Cofriyanti & Hidayanto, 2013). The purpose of this study was to analyze the effect of revitalization, use of technology, and competence of human resources on the income of SMEs (Away et al., 2021a, 2021b; Burrichter et al., 2022; del-Castillo-Feito et al., 2022).

In an environment of increasingly fierce business competition, companies need to adapt and continuously improve their products/services to survive. Thus, businesses need to acquire and utilize existing/new resources to be able to produce innovative outputs (Indarti, 2012). the ability of human resources in mastering e-commerce is one of the difficulties faced by business actors (Triandini et al., 2013). This means the importance of increasing knowledge of human resources to encourage the sustainability of the business. Business owners must upgrade their employees' skills in managing online and offline services so that it is easier for customers to place orders and complete transactions (Chaffey et al., 2015). Adopting e-commerce can be one of the opportunities in the success of MSMEs to support the sustainability of their business (Maryeni et al., 2012). Competence is an individual behavior that can be measured in achievement and work performance shown by someone. Competence includes abilities, skills, self-concept, and knowledge competencies that are generated by a situation, can predict capable actors. This research
is expected to contribute to the government in making specific policies to increase the income of MSMEs in Medan in the culinary field. From the background explanation above, the following hypothesis can be drawn:

H1: revitalization has an effect on MSME income
H2: the use of technology affects the income of MSMEs
H3: resource competence influences MSME income

METHOD

This research uses a quantitative approach because in this study it uses the measurement of research variables with numbers. This research is also categorized as survey research because research data was obtained using a Likert scale 1-5 questionnaire instrument which was distributed to 125 MSME respondents in the Kesawan City Walk (KCW) area of Medan.

This study uses multiple regression analysis with the help of the Statistical Package for Social Science (SPSS) program. Prior to data analysis, each statement instrument in the questionnaire was tested for validity and reliability, then tested for the classical assumption of normality and multicollinearity tests. The provisions used in measuring the validity of a statement are the Pearson correlation value > 0.6 then to describe a statement as reliable, the Cronbach's alpha value is > 0.7 (Ghozali, 2016).

Classic assumption test

Normality test

This test can be carried out to show the value of the distribution of data from a group of data for each variable, where the distribution of data is normally distributed or vice versa. The Kolmogorov-Smirnov test is one way to measure the normality of research data. From the results of the normality test, there is a significance value of 0.200 with a significance value of > 0.05, which means that the data is normally distributed.

Multicollinearity test

Multicollinearity test is used for determine whether there is a significant relationship between each independent variable in the regression model.

Revitalization (X1)

An area needs to be revitalized so that it can become an attraction for consumers which has an impact on increasing the income of MSME players. The indicators are the physical quality of the building, quality of construction, facilities and infrastructure, security and orderliness of the location.

Use of technology (X2)

Technology that continues to grow has a big impact on the level of sales of small and medium businesses. The indicators consist of recording systemized transactions, using social media in marketing, applications can make it easier for business people.
Resource competence (X3)

Along with technological advances, human resources are needed who are able to operate an application that supports the progress of a business. The indicators are knowledge, skills and abilities.

RESULT AND DISCUSSION

Reliability Test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>revitalization</td>
<td>0,817</td>
<td>Reliable</td>
</tr>
<tr>
<td>the use of technology</td>
<td>0,768</td>
<td>Reliable</td>
</tr>
<tr>
<td>human resource competencies (HR)</td>
<td>0,761</td>
<td>Reliable</td>
</tr>
<tr>
<td>MSME income</td>
<td>0,917</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Reliability testing using Cronbach-Alpha with a value greater than 0.6 means the data is reliable. Each variable has a value of 0.817, 0.768, 0.761, and 0.917.

Validity Test

Testing the validity of each statement by comparing Rcount with Rtable. If Rcount>R table, then each statement item is declared valid. With N = 125 respondents and a significance level of 0.05, then Rtable = 0.1478.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rcount</th>
<th>Rtable</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1.1</td>
<td>0,624</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X1.2</td>
<td>0,654</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X1.3</td>
<td>0,836</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X1.4</td>
<td>0,877</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X1.5</td>
<td>0,801</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X2.1</td>
<td>0,716</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X2.2</td>
<td>0,719</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X2.3</td>
<td>0,759</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X2.4</td>
<td>0,693</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X2.5</td>
<td>0,710</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X3.1</td>
<td>0,427</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
<tr>
<td>X3.2</td>
<td>0,961</td>
<td>0,1478</td>
<td>Valid</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th></th>
<th>Unstandardized d</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>125</td>
</tr>
<tr>
<td>Mean</td>
<td>.0000000</td>
</tr>
<tr>
<td>Normal Parameters&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>2.51669796</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.065</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>.040</td>
</tr>
<tr>
<td>Absolute</td>
<td>.065</td>
</tr>
</tbody>
</table>

<sup>a</sup> Test distribution is Normal.

<sup>b</sup> Calculated from data.

<sup>c</sup> Lilliefors Significance Correction.

<sup>d</sup> This is a lower bound of the true significance.

*Source: SPSS processed results, 2022*

From the test results, it was stated that each statement item was declared valid.

**Classic assumption test**

**Normality test**

Following are the results of the normality test:

*Source: SPSS processed results, 2022*
From the normality test table using the one-sample Kolmogrov-Smirnov test it can be seen that the significance value is 0.200 > 0.05. It can be interpreted that the data from each variable is normally distributed, which assumes that the conditions for fulfilling data normality have been fulfilled.

**Multicollinearity Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.718</td>
</tr>
<tr>
<td>revitalization</td>
<td>0.650</td>
</tr>
<tr>
<td>The use of technology</td>
<td>.767</td>
</tr>
</tbody>
</table>

*Source: SPSS processed results, 2022*

The benchmarks in this test are by looking at the t value of Tolerance ≥ 0.10, namely 0.718, 0.650, and 0.767 and the VIF value ≤ 10, namely 1.392, 1.539, and 1.304 so that the research data does not experience multicollinearity.

**Coefficient of Determination**

Testing the coefficient of determination was carried out to see the percentage of the magnitude of the relationship between the independent variable and the dependent variable simultaneously shown in the adjusted R-square table.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R</th>
<th>Adjusted R</th>
<th>Std. Error of the Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.74</td>
<td>.553</td>
<td>.542</td>
<td>2.095</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), X3, X1, X2*

*b. Dependent Variable: Y*

*Source: SPSS processed results, 2022*

The coefficient of determination is used to test the goodness fit of the regression model. The value of adjusted R 2 is 54.2%.

**Simultaneous Effect Test (F test)**

This test was carried out to show whether or not there is a joint or simultaneous influence between the independent variables on the dependent variable Decision making by looking at the F value contained in the ANOVA table, the significance level used is 0.05.
Table 6. F test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>655.992</td>
<td>3</td>
<td>218.664</td>
<td>49.820</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>531.080</td>
<td>121</td>
<td>4.389</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1187.072</td>
<td>124</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y
b. Predictors: (Constant), X3, X1, X2

Source: SPSS processed results, 2022

From the F test above, it shows that the calculated F value is 49.820 with a significance level of 0.000 <0.005, so together the Revitalization variables, Use of technology and Human Resource Competence affect MSME income. In developing a culinary business, a proper area is needed so that visitors can feel comfortable when enjoying the culinary delights that are served. Likewise, when making transactions, customers are given convenience in the payment process. In this case, it is inseparable from the increase in the ability of human resources so that it can encourage an increase in MSME income. According to (Agyapong, 2010) the increase in MSME income is very important in driving the economy of a country because it can reduce poverty, increase employment and improve the welfare of many people.

Partial Test (t-test)

Hypothesis testing is done by conducting a T-test in linear regression to know whether the independent variable or independent variable (X) partially (alone) affects the dependent variable or dependent variable (Y).

Table 7. Partial Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.812</td>
<td>1.804</td>
</tr>
<tr>
<td>X1</td>
<td>.002</td>
<td>.091</td>
</tr>
<tr>
<td>X2</td>
<td>.034</td>
<td>.097</td>
</tr>
<tr>
<td>X3</td>
<td>.428</td>
<td>.041</td>
</tr>
</tbody>
</table>

Source: SPSS processed results, 2022

Here’s the Regression Equation:

\[
MSME \text{ income} = 1.812 + 0.002X1 + 0.034X2 + 0.428X3
\]

The constant has a positive value on the variable Revitalization, Use of technology and Competence in Human Resources which means that it has a unidirectional relationship which means that MSME income will increase if Revitalization increases, Use of technology and Competence in Human Resources.
The Revitalization variable has a positive and insignificant effect on MSME income partially, this is proven by the Revitalization variable which shows a significant value of 0.980 which is greater than 0.05. The technology use variable in the partial results table above shows a significance value of 0.726, from the result can be concluded that the technology use variable has a positive and insignificant effect on MSME income. Competency Variable Human resources show the significance value in the table above is 0.000 which means that the competency variable of human resources has a positive and significant effect on MSME income.

**The effect of revitalization on MSME income**

Revitalization is one of the efforts to revive an area that is adapted to the atmosphere, demands or needs of this era. This is one of the government's involvement in efforts to increase the competitiveness and capacity of small and micro businesses which are still very much needed (Suwatno & A. Kurniawan, 2016). Revitalization of a areas are based on principles that empower the environment or increase the value of areas that are decreasing or degraded over time (Lahamendu et al., 2017). Revitalization has a good impact on increasing MSME income. Revitalization means the stages or ways and actions to restore or empower something that already exists so that it can compete optimally and healthily. Business actors agree to the revitalization to make customers more comfortable and conditions more orderly and well-organized. The sales location must also reflect that someone has the convenience of making sales transactions to buy goods or services by utilizing payment digitization. With the Medan City government's attention to revitalizing the area, it will have a big impact on culinary business actors in Medan so that MSME income can also increase. The results of this research support the findings of previous research conducted by (Riswan et al., 2017), which stated that through revitalization or restructuring of traditional markets that pay attention to aspects of comfort, service and security, then the potential of traditional markets will be able to increase. Increased competitiveness is expected to provide a comparative advantage for traditional markets. The market revitalization program aims to increase market competitiveness and reactivate traditional market activities so that they can compete with modern markets so as not only to increase traders' income but also increase competitiveness to expand market share.

**The effect of the use of technology on MSME income**

Currently, rapidly developing technology has provided many conveniences for people in carrying out activities, one of which is the payment system. Digital-based payments have become an inseparable necessity in all community transaction activities. A payment system is a system that includes a set of rules, institutions and mechanisms used to carry out the transfer of funds to fulfill an obligation arising from an economic activity. The current development of knowledge and technology has directly changed the concept of payment for MSME business actors. The use of technology for MSME business actors is already familiar, which is very helpful in online and offline economic transactions, for example, ease of payment, ease of controlling cash in and out, and several other benefits. This is also inseparable from the ability of human resources to master several technologies used for business operations. Business owners also conduct education to improve the ability of employees to help manage their business. Improving human resource capacity should
receive government attention, such as providing routine training that is open and can be attended by all business actors. Because with the increase in MSME income, government revenue through taxes will also increase.

We cannot avoid the digital era. Several marketing experts also stated that if MSME players want to survive, they must be able to maximize the benefits of digital development. Meanwhile, through digital marketing, MSMEs are able to gain the ability to do many things that can reach consumers. This consumer experience will then lead them to the business owner's brand or product. MSME players can determine strategies to build meaningful conversations with their consumers. Conditions like this are generally called Integrated Marketing Communications, namely a marketing communications planning concept that evaluates the strategic role of various communication disciplines, for example personal selling, direct selling, promotions and combines several of these disciplines to provide clarity, consistency and maximum communication impact through comprehensive integration (Indah & Yuwana, 2020; Kotler & Armstrong, 2012; Septyanto et al., 2016)

**The Effect of Human Resource Competence on MSME Income**

The influence of human resource competencies on increasing MSME income means that efforts to increase human resource competencies must be an important concern for business owners because this is closely related to what policies will be made to accelerate business growth. One of the competitiveness of MSMEs is determined and influenced by the availability and use of resources, the process of developing and adjusting resources both within and among other businesses. Good human resource development will provide benefits ranging from saving time, effort, and costs. According to (Sarosa et al., 2005) the importance of the availability of public infrastructure, and the readiness of IT staff and experience in managing a business.

This research is in line with the Sagita which states that every human resource must update its skills them to improve general business performance. In particular, this will help entrepreneurs as well consider organizational culture when running your business. This is expected to increase the income of small and medium businesses.

**CONCLUSION**

Based on the results and discussion above, the conclusion that can be drawn is that the revitalization variable has an influence and is not significant on MSME income, which means that revitalization will have an impact on consumers' interest in visiting and ensuring comfort and order. The technology utilization variable has an insignificant effect on MSME income, which means that technological developments can be accepted to support increased sales. The resource competency variable has a significant effect on MSME income, meaning that business owners believe that to develop a business they must have human resources who have competence, knowledge and skills in order to create ease of transactions for their customers and easy access for owners to control their business.

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REFERENCE


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