

Analyzing Quality of Human Resources and Risk-Taking in the Performance of Creative Industry MSMEs in Tabanan Regency

Analyzing Quality of Human Resources and Risk-Taking in the Performance

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Ketut Suriani

Faculty of Economics and Business, Universitas Mahendradatta, Denpasar, Bali 80115, Indonesia

E-Mail: ketursuryani46@gmail.com

I Ketut Merta

Faculty of Economics and Business, Universitas Mahendradatta, Denpasar, Bali 80115, Indonesia

E-Mail: iketutmerta2270@gmail.com

Wisnu Ardiansyah

Faculty of Economics and Business, Universitas Mahendradatta, Denpasar, Bali 80115, Indonesia

E-Mail: authorname@university.edu

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ABSTRACT

Bali possesses significant potential for production and trade within the Micro, Small, and Medium Enterprises (MSMEs) industrial sector, in addition to its tourism. This study aims to analyze the impact of quality of human resource factors and risk-taking behavior on the performance of MSMEs in the creative industries of the Tabanan district, using the resource-based view model concept. The research employs a quantitative method, including a questionnaire, with a sample of 54 MSMEs. Data processing is conducted using SPSS version 24, and three hypotheses are tested. The research findings indicate that the quality of human resources significantly enhance creative industry performance, and the risk-taking also contributes positively to creative industry performance. Furthermore, the quality of human resources significantly influence risk-taking. These results underscore the substantial and dominant implications of both the quality of human resources and risk-taking variables on the performance of creative industry MSMEs.

Keywords: Human Resources, Risk Taking, MSME Performance, Creative Industries, Bali

ABSTRAK

Bali memiliki potensi yang signifikan untuk produksi dan perdagangan dalam sektor industri Usaha Mikro, Kecil, dan Menengah (UMKM), selain dari sektor pariwisatanya. Penelitian ini bertujuan untuk menganalisis dampak faktor sumber daya manusia dan perilaku mengambil risiko terhadap kinerja UMKM di industri kreatif kabupaten Tabanan, dengan menggunakan konsep model berbasis sumber daya. Penelitian ini menggunakan metode kuantitatif, termasuk kuesioner, dengan sampel sebanyak 54 UMKM. Pengolahan data dilakukan menggunakan SPSS versi 24, dan tiga hipotesis diuji. Temuan penelitian menunjukkan bahwa sumber daya manusia secara signifikan meningkatkan kinerja industri kreatif, dan pengambilan risiko juga memberikan kontribusi positif terhadap kinerja industri kreatif. Selain itu, sumber daya manusia secara signifikan memengaruhi pengambilan risiko. Hasil ini menekankan implikasi yang signifikan dan dominan dari kedua variabel sumber daya manusia dan pengambilan risiko terhadap kinerja UMKM di industri kreatif.

Kata kunci: Sumber Daya Manusia, Pengambilan Risiko, Kinerja UMKM, Industri Kreatif, Bali

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INTRODUCTION

Bali is renowned for its rich cultural and natural attractions, making it a top tourist destination in Indonesia. Apart from its well-established status as a tourist hotspot, Bali also boasts significant potential in the Micro, Small, and Medium Enterprises (MSME) industrial sector. The development of Bali's industrial sector centers around non-oil and gas industries due to the absence of factors conducive to large-scale industries found on other Indonesian islands.

The presence of MSMEs is widespread across the nine regencies and cities within Bali. During the 2015-2019 period, there was a noticeable increase in the number of units, rising from 265,558 to 327,353 units. Notably, Gianyar Regency had the highest number of MSMEs, with 91,511 units, although this number declined to 75,482 units in 2019. Conversely, Jembrana, Tabanan, Klungkung, Buleleng, Bangli, Karangasem, and Denpasar experienced growth in the number of MSMEs.

Small and Medium Enterprises encompass various economic activities characterized by their small scale, meeting the criteria for net worth, annual sales, and ownership as defined by the law, which includes both informal and traditional small businesses. MSMEs play a pivotal role in a country's economy, Indonesia being no exception (Tambunan, 2019). MSMEs offer extensive opportunities to enhance economic empowerment through integrated business and trade collaborations (Koeswahyono et al., 2022). Their significance extends to job creation, equitable income distribution, rural area development, regional balance, increased investment, and the cultivation of an entrepreneurial spirit.

Human resources encompass a diverse range of knowledge, skills, and abilities acquired through education, work experience, and training (Castanias & Helfat, 1992). Wang & Chang (2005) demonstrates that human capital exerts an indirect influence on performance. Nonetheless, human capital stands as the cornerstone for achieving overall company performance.

Human resources possess distinctive attributes setting them apart from other resources (Wright et al., 1994). These unique characteristics include the inherent diversity among individuals and the presence of cognitive processes, distinguishing them from inanimate objects. This specificity underscores the need for specialized attention to this resource. Human beings must be treated holistically, addressing their multifaceted needs, in order to foster willingness and ability to carry out organizational tasks, rules, and directives without adverse repercussions on the company or the individuals serving as employees within it (Tan, 2014).

The primary objective of this study is to investigate the interplay between human resource factors and risk-taking behavior in the performance of MSMEs operating within the creative industries of Tabanan district, Bali. Specifically, the research seeks to discern the extent to which human resources and risk-taking influence the success of these enterprises. By employing the resource-based view model concept, this research aims to provide valuable insights into the dynamics of the creative industry MSMEs in Bali. Moreover, the study contributes to the broader understanding of how human capital and risk-taking behaviors interact to drive performance in small and medium-sized enterprises. The findings of this research hold practical implications for policymakers, entrepreneurs, and stakeholders, offering guidance for fostering a conducive environment for the growth and sustainability of creative industry MSMEs, not only in Bali but also in similar contexts worldwide.

LITERATURE REVIEW

The main research theory uses the resource-based view (RBV) model concept to provide an explanation regarding the company's advantages so that it can compete with its competitors and, of course, have maximum performance (Barney, 1991). The resource-based view differs from its predecessor models, which focused on external analysis. RBV

employs an internal analysis approach, emphasizing the assessment of the company's strengths and weaknesses.

The RBV concept revolves around company resources, which include all assets, capabilities, organizational processes, attributes, information, knowledge, and more (Barney, 1991). These internal company resources contribute to the creation of company strength. In the realm of running an organization, business, or company, humans serve as the primary resource, acting as managers, executors, and contributors to the production process. The key to sustaining a business lies in the capabilities of the people within the organization (Singh, 2012). Kwon (2009) identifies indicators of human resource quality, encompassing intellectual qualities (knowledge and skills), education, understanding of the field, ability, work enthusiasm, and organizing planning abilities.

Risk-taking behavior is a psychological aspect inherent in individuals. According to Karimi et al. (2018), behavior results from a series of processes, including the identification of alternative choices, the assessment of consequences, the evaluation of possibilities, risk assessment, and the synthesis of information to make decisions. Indicators to identify risk-taking behavior include the courage to embrace new experiences, willingness to take risks, especially among young entrepreneurs, and the readiness to confront challenging situations (Lyng, 2014).

Performance is a set of management activities that assess the results achieved in fulfilling duties and responsibilities with public accountability (Gruman & Saks, 2011). It encompasses both successes and shortcomings. Tsang et al. (1999) defines performance as the periodic evaluation of operational effectiveness based on predetermined targets, standards, and criteria. Performance reflects the achievements of an organization or entity within a specific accounting period, measured against various standards.

MSME performance is the result or evaluation of a company's work, influenced by the division of activities into tasks and roles over a specified period, compared against company standards. Performance, within this research context, is developed from the work of Rosa et al. (1996), with indicators such as sales growth, capital growth, annual workforce expansion, and business profit growth used for measurement. The thinking framework is a conceptual model that illustrates how theory relates to important problems. Figure 1 depicts this research's thinking framework.

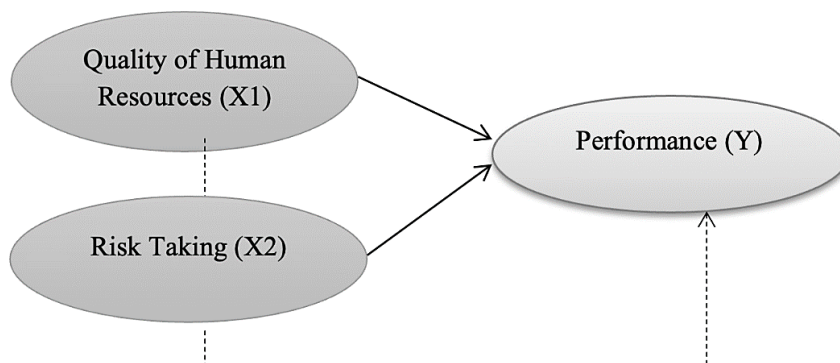


Figure 1. Research Framework

H1: Quality of human resources have a positive and significant effect on performance.

H2: Risk taking has a positive and significant effect on performance.

H3: Quality of human resources and risk taking together have a positive and significant effect on Performance.

RESEARCH METHODS

This research employs quantitative methods for data collection, utilizing techniques such as questionnaires, observations, and interviews. The population consists of a group of objects or subjects with specific qualities and characteristics determined by the

researchers for study and subsequent conclusions. In this research, the population comprises the total number of Creative Industry MSMEs in Tabanan Regency, which amounts to 116.

The sample, as defined by Sugiyono (2013), is selected from this population using a random sampling technique, resulting in sample size of 54 Creative Industry MSMEs in Tabanan Regency. To determine the sample size, the researchers utilized the Slovin formula, given the population size exceeding 100 respondents, with a 10% margin of error, following the Slovin formula. Data analysis is conducted using SPSS V24, employing multiple regression, validity and reliability tests, t-tests, Anova tests, and determination.

RESULTS

According to Litwin & Fink (1995) validity testing is conducted to determine the accuracy of what is being measured. Each statement's validity is affirmed if it yields a total corrected item coefficient equal to or greater than 0.70. Table 1 presents the results of the validity testing for the research instrument.

Table 1. Validity Test Results

Statement Items	Corrected Item Total	Cut Off	Decision
X _{1.1}	0.969	0.7	Valid
X _{1.2}	0.867	0.7	Valid
X _{1.3}	0.898	0.7	Valid
X _{1.4}	0.803	0.7	Valid
X _{1.5}	0.705	0.7	Valid
X _{1.6}	0.908	0.7	Valid
X _{2.1}	0.727	0.7	Valid
X _{2.2}	0.870	0.7	Valid
Y _{1.1}	0.813	0.7	Valid
Y _{1.2}	0.912	0.7	Valid
Y _{1.3}	0.855	0.7	Valid
Y _{1.4}	0.877	0.7	Valid

Based on the results of data processing, as shown in Table 1, when the Cronbach Alpha value is equal to or greater than 0.60, the variable is considered reliable.

Table 2. Reliability Test Results

Variable	Statistical Reliability		
	Cronbach's Alpha	Item	Information
	0.931	12	
Quality of Human Resources (X1)	0.934	6	Reliable
Risk Taking (X2)	0.919	2	Reliable
Creative Industry Performance (Y)	0.925	4	Reliable

Based on Table 2, it is evident that each variable to be tested has a Cronbach Alpha value exceeding 0.60. Therefore, it can be concluded that each variable is substantiated by valid and reliable statement items, allowing for the continuation of the next stage of data processing.

Based on Table 2 of the F-test or ANOVA, it is evident that the calculated F value is 131.447 with a significance value of 0.000b. Since the significance value is less than 0.05, it can be concluded that the variables quality of human resources and risk taking collectively influence the performance. Therefore, all the variables utilized by the researchers are accepted.

Based on Table 3, it can be explained that the t-test indicates the following: The quality of human resources variable (X1) exhibits a t-count of 3.961 with a significance level of 0.000, which is below 0.05. With this t-value, it can be concluded that quality of human resources (X1) significantly and positively influences the performance of creative industries (Y) in Tabanan Regency. Similarly, the risk-taking variable (X2) has a

significance value of 0.00 and a t-count of 4.191 with a significance level of 0.05, also below 0.05. This indicates that the risk-taking variable (X2) has a significant positive impact on the performance (Y).

Table 3. Hypothesis Testing

Hypothesis	Beta Coefficient	t-value	p-value	Verification	Confirmation
Quality of Human Resources → Performance	0.141	3.961	0.000	<0.05	Accepted
Risk-Taking → Performance	0.190	4.191	0.000	<0.05	Accepted

The coefficient value of the variable X1, or the quality of human resources variable, is 0.366 in a positive direction, and the Sig value of the variable X1 is 0.000. These results indicate that variable X1, or quality of human resources, has a positive effect on Creative Industry Performance with a significance level of 0.1. The coefficient value of the variable X2, or the risk-taking variable, is 1.017 with a positive direction, and the Sig value is 0.00, signifying that the variable X2, or risk taking, also has a positive impact.

The research results were analyzed through the correlation of the quality of human resources (X1), which had a significantly positive effect on creative industry performance (Y) with a coefficient of 0.884 and a significance value of 0.000. This indicates that the quality of human resources have a highly significant and positive influence on creative industry performance in Tabanan Regency. Additionally, the quality of human resources (X1) exhibited a significant positive effect on risk taking (X2) with a coefficient of 0.874 and a significance value of 0.000. This implies that the quality of human resources also significantly correlate with Risk Taking in Tabanan Regency.

Furthermore, the risk-taking variable (X2) demonstrated a significant positive effect on performance, with a coefficient of 0.887 and a significance value of 0.000. This highlights a strong and significant correlation between risk taking and performance in Tabanan Regency. The creative industry performance variable (Y) signifies that for every unit increase in quality of human resources (X1), there is a 0.884 increase, and for risk taking (X2), there is a 0.887 increase in performance.

The results of the t-test analysis indicate that the quality of human resources variable (X1) has a t-count value of 3.961 with a significance level of 0.000, which is below 0.05. This suggests that quality of human resources (X1) significantly and positively influences the performance of Creative Industries (Y) in Tabanan Regency. This influence is attributed to factors such as intellectual qualities (including knowledge and skills), education, understanding of the assigned tasks, and the ability to organize planning, each contributing positively.

Similarly, the risk-taking variable (X2) has a significance value of 0.00 and a t-count of 4.191, which is also below 0.05. This indicates that the risk-taking variable (X2) significantly and positively affects Industrial performance in creative industries in Tabanan Regency, particularly due to the willingness to embrace new challenges and assess potential risks.

Based on the coefficient values, the quality of human resources variable (X1) exhibits a positive effect on Creative Industry Performance with a coefficient of 0.366 and a Sig value of 0.000. Likewise, the risk-taking variable (X2) has a positive impact on the performance of creative industries with a coefficient of 1.017 and a Sig value of 0.00. Both variables significantly contribute to creative industry performance with a significance level of 0.1.

Finally, the coefficient of determination (Adjusted R) in the regression model is 0.831, which represents 83.10%. This indicates that the combined influence of the quality of human resources variable (X1) and the risk-taking variable (X2) on the performance of creative industry employees (Y) is 83.10%, while the remaining 16.90% is influenced by other variables not examined in this research.

DISCUSSION

The findings of this research not only build upon but also expand the existing body of knowledge concerning the intricate interplay between human resource management and organizational performance, as well as the relationship between risk-taking behavior and performance. To commence, the findings corroborate the hypothesis that effective human resource practices significantly enhance organizational performance (Peccei & Voorde, 2019; Brown et al., 2019). This aligns seamlessly with a plethora of prior studies in the field, such as the seminal work of Becker and Huselid (1998) and Fey & Björkman (2017). These foundational scholars have consistently emphasized the strategic importance of human resource management in driving organizational success. The research reinforces this critical connection by providing empirical evidence within the specific organizational context, reaffirming that proficient talent management, training, and employee engagement practices directly contribute to heightened performance outcomes.

Singh et al. (2021) conducted extensive research on the impact of HR practices on organizational performance, emphasizing the role of employee training and development in enhancing overall effectiveness. Albrecht et al. (2018) have also explored the link between HR practices and performance, highlighting the significance of employee engagement in achieving organizational goals. By aligning with the insights of these foundational scholars, your research strengthens the established link between human resource management and organizational performance, emphasizing that well-executed HR practices are instrumental in optimizing an organization's overall effectiveness.

On a parallel note, the examination of the association between risk-taking behavior and performance has yielded compelling insights. The study discerns that moderate levels of risk-taking behavior positively correlate with organizational performance, a finding that resonates with established research conducted by Miller and Friesen (1983); Mollah et al., (2017). These studies have posited the notion that a judicious level of risk-taking is essential for organizational innovation and growth. Your research adds to this discourse by offering concrete evidence of this relationship in your particular organizational setting, demonstrating that a balanced approach to risk, marked by informed decision-making and calculated risk assessments, is conducive to achieving optimal performance outcomes.

CONCLUSION

The research findings reveal that quality of human resources are characterized by the maintenance of intellectual quality, including knowledge and skills, possession of adequate education relevant to their assigned tasks, a deep understanding of their respective fields of work to ensure smooth operations, and a strong ability to plan and organize tasks effectively. risk taking is characterized by the courage to embrace new challenges and make decisions related to the risks that a company may encounter. The Performance of the Creative Industry is influenced by factors such as the maintenance of capital growth in MSMEs, external support from a third party, consistent recruitment of workers every year, and a continuous record of profit and operating profit growth within the Creative Industry MSMEs.

Quality of human resources should strive to excel in their field and maintain enthusiasm in their work beyond their colleagues. Risk taking should focus on cultivating the courage to tackle challenging situations as defined by the company. Regarding the performance of the Creative Industry, attention should be given to the growth of MSMEs, particularly the continuous growth in sales of the industry's products.

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