

## THE ROLE OF HUMAN RESOURCES IN DEVELOPING SMALL AND MEDIUM INDUSTRIES (SMEs) COMPETENCE IN THE DIGITAL ERA

**Riska Pratiwi Br Hutahut<sup>1</sup>, Abdurrozzaq Hasibuan<sup>2</sup>**

Islamic University of North Sumatra<sup>1</sup>

Faculty of Engineering Industrial Engineering Study

Program, Islamic University Of North Sumatera<sup>2</sup>

Email: [riskapratihutahut92@gmail.com](mailto:riskapratihutahut92@gmail.com)<sup>1</sup>, [rozzaq@uisu.ac.id](mailto:rozzaq@uisu.ac.id)<sup>2</sup>

### Abstrak

#### **Keywords:**

*HR, Digital Era, SMEs.*

*Human resources are one of the important factors that greatly influence the achievement of organizational goals. Technology needs to create 2 HR Management in the Era of Digital Transformation added value for customers, and other important stakeholders. Small and Medium Industries (SMEs) which are seen as the infrastructure of national economic development, must be able to compete and maintain the continuity of their business. One step that can be taken is to increase productivity and work performance. The increasing crisis of termination of employment, whether voluntary or unilateral, shows that human resources are still considered as one of the factors of production and not as a company asset, meaning a company work partner.*

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## INTRODUCTION

Human resources as one of the important factors that greatly influence the achievement of organizational goals. Because this factor is what uses other production factors in the company, the organization needs to pay sufficient attention to its human resources so that the goals to be achieved are truly realized as expected (Nina Arsilah et al., 2018) The increasing crisis of termination of employment, either voluntarily or unilaterally, shows that human resources are still considered as one of the production factors and not as a company asset which means the company's working partner (Lena Ellitan, 2002)

Managing an organization is not easy, so it requires cooperation in its implementation. In organizational life, a company also requires solid teamwork to be able to complete the process of achieving company goals. Organizational work will not be carried out if members of the organization or company do not work together in harmony (Lawasi et al., 2017)



In the definition of digital transformation, it is important to emphasize the necessary elements that lead to digital transformation because without these ingredients, true digital transformation will not occur. Implementing technology into business processes is only a small part of transforming businesses digitally. Technology needs to create 2 HR Management in the Era of Digital Transformation added value for customers, and other important stakeholders. To succeed in digital transformation, leading companies focus on two complementary activities, reshaping the customer value proposition and transforming their operations using digital technology for greater interaction and collaboration (Berman et al., 2012). Small and Medium Industries (SMEs) which are seen as the infrastructure for national economic development, must be able to compete and maintain their business continuity. One step that can be taken is to increase productivity and work performance. In SMEs, human labor is widely relied on as one of the assets that plays an important role in carrying out the production process. Of course, this will require SMEs to apply ergonomic principles to align with the work activities carried out. According (Manuaba, 1997) the application of ergonomics in the activities of an industry is seen as an investment activity. With ergonomics, it is hoped that it can create an ENASE (Effective, Comfortable, Safe, Healthy, and Efficient) work system.

## RESEARCH METHODS

This type of research is qualitative descriptive research where the data collected is mostly in the form of words (explanations). Qualitative research is based on efforts to build a view of what is being studied in detail. This research was conducted on an online website that has several journals and information related to the research topic.

## RESULTS AND DISCUSSION

Small and Medium Enterprises with larger production capacity and better product quality, often have access to a wider market. While MSMEs, more focused on local or regional markets. In planning the development of MSMEs, especially in Indonesia, there is a significant relationship between human resource functions, resource management and entrepreneurship. Human resources in the organization are the main principle of the organization and the existence of a competitive environment, optimized using the mental and executive strength of employees to strengthen innovation and creativity (Nugraha et al., 2023).

In designing the development of MSMEs in Indonesia, it is important to understand the significant relationship between the functions of human resources (HR), resource management, and entrepreneurship. HR is an inseparable asset of the organization because they play a central role in carrying out all activities and processes, especially for MSMEs that often have limitations in capital and infrastructure. Thus, improving the quality of HR is a crucial strategic step for MSMEs. In order to survive and thrive in increasingly tight competition. Skilled and trained human resources are essential to maintain smooth operations while encouraging innovation. In the midst of the ever-growing digital and globalization era. effective human resource management can maximize the mental strength and executive abilities of employees, which in turn will increase creativity in creating new products or services that are more attractive to consumers. In this context, the role of managers or MSME owners is vital in creating a conducive work environment, where employees are encouraged to learn, innovate, and develop new skills.

## The Role of Human Resource Development Planning in MSMEs in Indonesia

1. Challenges Faced by MSMEs in HR Planning MSMEs in Indonesia face various challenges that hinder effective HR planning and development. Some of the main challenges that need to be considered include:
  - Limited Access to Information: Many MSMEs do not have sufficient knowledge about the importance of training and HR development. Lack of information about available training programs makes it difficult for them to make the right decisions.
  - Financial Resource Constraints: With limited budgets, many SMEs find it difficult to allocate funds for HR training. As a result, they often neglect this aspect of development, which can be detrimental in the long run.
  - Lack of Awareness of the Importance of HR: Many SMEs tend to focus on operational and production activities. They consider HR as a less important factor, so HR development planning is often not a priority.
  - Simple Organizational Structure: MSMEs often have simple and less formal organizational structures. This can result in a lack of systematic HR management.
2. Effective Human Resource Development Strategy In formulating a strategy, effective human resources are needed, as MSMEs are the spearhead in economic development because of their ability to absorb labor and distribute development results, as well as their significant contribution to Gross Domestic Product (GDP) (Harizul Arpan et al., 2024)
  - Community-Based Training: Training programs that involve local communities can help MSMEs gain access to training that suits their needs. This can also strengthen social networks and support among MSMEs.
  - Collaboration with Educational Institutions: Collaboration between MSMEs and educational institutions can provide MSMEs with access to training and internship programs. It also provides opportunities for students to gain practical experience in the field.
3. Benefits of Human Resource Development for MSMEs In building small and medium enterprises (SMEs) must have the ability to respond to market demand quickly and effectively through innovation will have a stronger competitive advantage among others with investment (Cikhal Anwar et al., 2024). Investment in human resource development provides various significant benefits for MSMEs, including:
  - Increased Productivity: Trained employees tend to be more productive and efficient. They are able to perform tasks better, which leads to an increase in the overall performance of the MSME.

## CONCLUSION

Human Resource Development (HRD) is one of the vital components in increasing competitiveness and ensuring the sustainability of Micro, Small, and Medium Enterprises (MSMEs). Competent and skilled HRD enables MSMEs to be better prepared to face increasingly dynamic market and technological changes. From this study, it can be concluded that structured HRD development planning, through investment in training, collaboration with educational institutions, and adoption of digital technology, plays a central role in driving MSME productivity and competitiveness. However, many MSMEs still face significant obstacles, such as limited funds, access to information, and low awareness of the importance of HRD development, all of which are barriers to efforts to improve the quality of HRD in the sector.

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