

**THE INFLUENCE OF HUMAN RESOURCE COMPETENCE,
INNOVATION, DIGITAL MARKETING, AND ORGANIZATIONAL
COMMITMENT ON THE PERFORMANCE OF MSMEs
IN PEKANBARU CITY**



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Abstract

This study aims to determine the effect of Human Resources Competence, Innovation, Digital Marketing, and Organizational Commitment on MSME Performance in Pekanbaru City. The research method used is a quantitative research method, with a data collection method in the form of a questionnaire. The population in this study was the MSME in Pekanbaru City, totaling 26,684 MSME. The sample in this study was 100 respondents using a convenience sampling technique. Data analysis was carried out using Structural Equation Modeling–Partial Least Square (SEM-PLS) using SmartPLS software version 4.0.9.2 to process the data. The results of this study indicate that the variables of Human Resources Competence, Innovation, Digital Marketing, and Organizational Commitment have an effect on MSME Performance in Pekanbaru City.

Keywords: Human Resources (HR) Competence, Innovation, Digital Marketing, Organizational Commitment, MSME Performance

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs), commonly referred to as UMKM, represent a category of manufacturing businesses owned by individuals or entities that are usually involved in various business activities simultaneously (Lestari, 2021). Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, particularly in driving economic growth, reducing unemployment, and addressing poverty challenges. MSMEs are a vital sector capable of strengthening economic stability at both macro and micro levels (Lestari, 2021; Hutami & Septyarini, 2019). According to Heru (2024), as quoted by *Mediacenter Riau*, the performance of MSMEs in Pekanbaru is evidenced by the continuous increase in the number of MSME actors from year to year, alongside various initiatives undertaken by the Pekanbaru City Government to encourage MSME development. The number of Micro, Small, and Medium Enterprises (MSMEs) in Pekanbaru City has continued to grow. As of September, the Pekanbaru City Government recorded a total of 26,684 MSMEs, a significant increase from the previous year, which only reached 25,074 business units. The Pekanbaru City Government actively continues to promote the growth and development of MSMEs within the local community. Various initiatives have been implemented as concrete evidence of this support, ranging from financial assistance to the provision of representative spaces for MSMEs (www.mediacenter.riau.go.id).

MSME performance is ready to be enhanced through careful consideration of internal and external factors. The performance of MSMEs in Pekanbaru City, as in other regions, is shaped by many interrelated factors. Several key elements influencing MSME performance in the city include human resource competence, innovation capacity, the use of digital marketing, and the level of organizational commitment. The importance of these four factors is crucial in assessing the capacity of MSMEs to survive, grow, and thrive in an increasingly competitive market. Human Resource (HR) competence plays a significant role in impacting MSME performance. In a world full of complexity and competition, the quality of human resources is a key factor in assessing the potential for growth and sustainability of an MSME. The Resource-Based View (RBV) theory provides a relevant perspective to explain how HR competence serves as a strategic resource that can influence MSME performance. RBV emphasizes that assets owned by an organization, particularly in terms of human resource competence, can function as unique, rare, and hard-to-imitate resources, thus fostering sustainable competitive advantage (Ardiyani et al., 2021).

Innovation serves as a fundamental element driving the progress and sustainability of an organization, particularly in MSMEs. As markets become increasingly competitive and rapidly changing, the role of innovation emerges as an important factor that can provide MSMEs with substantial competitive advantages. The Resource-Based View (RBV) theory provides an essential perspective to explain how innovation, as part of internal resources, can influence MSME performance.

Digital marketing has become an effective solution for MSMEs in improving their performance. The use of digital tools such as marketing management systems or logistics applications can help MSMEs manage processes more cost-effectively and efficiently, which naturally affects financial performance. Consequently, MSME operations become better managed and more responsive to market changes and consumer needs. Along with the rapid development of information technology and the internet, digital marketing opens vast

opportunities for MSMEs to expand their market reach and compete with larger companies. In this context, the Resource-Based View (RBV) theory provides a relevant perspective to understand how the use of digital marketing can affect MSME performance.

Organizational commitment plays a crucial role in influencing organizational performance, including in the MSME sector. Strong commitment to the organization can lead to the achievement of long-term goals, continuous innovation, and optimal performance. In this context, the Resource-Based View (RBV) theory provides a relevant perspective to understand how organizational commitment affects MSME performance. This research was developed based on the Resource-Based View (RBV) theory, while previous studies did not employ this theory. Prior research often used Attribution Theory, Dynamic Capability Theory, Competitive Advantage Theory, or Contingency Theory.

LITERATURE REVIEW

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory states that an organization can achieve sustainable performance excellence and competitive advantage by acquiring valuable resources. Resources within a company (firm resources) may take the form of tangible assets or intangible qualities (Miller, 2019).

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are forms of small-scale community economic activities that meet the criteria of net worth or annual sales and ownership as regulated by law (Hamdani, 2020).

Human Resource (HR) Competence

Human Resource competence can be defined as the fundamental ability of a person to apply work standards that are not possessed by others, reflected in daily attitudes and behaviors when performing work (Yusup, 2021).

Innovation

Innovation in the context of MSMEs is the ability of MSMEs to develop new products or services in accordance with market demands (Utomo & Susanta, 2020).

Digital Marketing

Digital marketing refers to the promotion of products or services using the internet by utilizing various digital marketing channels to enhance marketing and reach target consumers (Fiona et al., 2024).

RESEARCH METHOD

The research model used in this study was developed based on relevant theories and previous findings. According to Hair et al. (2019), a research model plays an important role in building a systematic understanding of a phenomenon by establishing relationships between independent, dependent, moderating, or mediating variables. This model also assists researchers in testing existing theories and developing new ones based on empirical findings. It further explains the relationship between the independent and dependent variables used in this study.

The data collection location for this research was conducted in Micro, Small, and Medium Enterprises (MSMEs) in Pekanbaru City, Riau Province. The research period runs from 2025 until completion. According to Sugiyono (2017), a population is a generalized

area consisting of objects or subjects with certain qualities and characteristics deemed relevant for study, from which conclusions can be drawn. The population in this study consists of MSME actors in Pekanbaru City, Riau Province, with a total of 26,684 MSMEs recorded as of September 2024.

Sugiyono (2017) defines a sample as a segment of the population that reflects its characteristics and is considered representative. Sampling in this study was carried out using the *Convenience Sampling* technique. The MSMEs sampled in this study are those located in Pekanbaru City, Riau Province. *Convenience Sampling* is a sampling technique in which samples are freely selected by the researcher based on convenience and ease of obtaining data.

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

Notes:

n = Sample

N = Population

e = Margin of error in sampling

According to Slovin’s formula, there are two provisions for determining the margin of error (Sugiyono, 2017):

- e = 10% (0.1) when the population is large
- e = 20% (0.2) when the population is small

Based on Slovin’s formula, the sample size is calculated as follows:

$$\begin{aligned} n &= \frac{26.684}{1+26.684 \times (0,1)^2} \\ &= \frac{26.684}{1+26.684 \times 0.01} \\ &= \frac{26.684}{1+266,84} \\ &= \frac{26.684}{267,84} = 99,626 \end{aligned}$$

n = 99,6266, which is rounded up to 100 samples

RESULT AND DISCUSSION

Respondent Characteristics

The respondents in this study are MSME actors located in Pekanbaru City. This section provides a detailed description of the distribution of respondents’ background data, categorized by various characteristics. The study examines characteristics including age, gender, education level, type of business, and business duration of MSMEs in Pekanbaru City. Table 1 presents the tabulation of respondents’ characteristics.

Table 1.
Cross-Tabulation of Respondent Characteristics

Category	Characteristic	Number of Respondents	Percentage (%)
Age	▪ 17 - 25 years	▪ 50	▪ 50%
	▪ 26 - 30 years	▪ 18	▪ 18%

	<ul style="list-style-type: none"> ▪ 31 - 40 years ▪ 41 - 50 years ▪ Over 50 years 	<ul style="list-style-type: none"> ▪ 15 ▪ 9 ▪ 8 	<ul style="list-style-type: none"> ▪ 15% ▪ 9% ▪ 8%
Gender	<ul style="list-style-type: none"> ▪ Man ▪ Woman 	<ul style="list-style-type: none"> ▪ 35 ▪ 65 	<ul style="list-style-type: none"> ▪ 35% ▪ 65%
Level of education	<ul style="list-style-type: none"> ▪ SD ▪ SMP ▪ SMA ▪ D3 & S1 ▪ S2/S3 	<ul style="list-style-type: none"> ▪ 2 ▪ 2 ▪ 48 ▪ 48 ▪ 0 	<ul style="list-style-type: none"> ▪ 2% ▪ 2% ▪ 48% ▪ 48% ▪ 0 %
Type of business	<ul style="list-style-type: none"> ▪ Culinary ▪ Beauty ▪ Agriculture ▪ Services ▪ Fashion ▪ Textiles/ Crafts ▪ Health ▪ Others 	<ul style="list-style-type: none"> ▪ 59 ▪ 8 ▪ 2 ▪ 9 ▪ 8 ▪ 8 ▪ 1 ▪ 5 	<ul style="list-style-type: none"> ▪ 59% ▪ 8% ▪ 2% ▪ 9% ▪ 8% ▪ 8% ▪ 1% ▪ 5%
Length of business establishment	<ul style="list-style-type: none"> ▪ 3 years ▪ 5 years ▪ Over 5 years 	<ul style="list-style-type: none"> ▪ 31 ▪ 20 ▪ 49 	<ul style="list-style-type: none"> ▪ 31% ▪ 20% ▪ 49%

Source: Processed Data, 2025

The majority of respondents in this study are MSME actors aged 17–25 years (50%), female (65%), and with a high school or diploma/bachelor’s degree education (each 48%). The most dominant business sector is culinary (59%). In terms of business age, most have been operating for more than 5 years (49%), indicating that the majority of respondents are MSME actors with long-established businesses.

Hypothesis Testing

Path Coefficients

The path coefficients test aims to determine the extent of the influence of each independent variable on the dependent variable in the structural model. The path coefficient value indicates the direction and strength of the relationship between latent constructs and serves as the basis for hypothesis testing (Hair et al., 2021). A positive value (> 0) indicates a positive relationship, while a negative value (< 0) indicates a negative direct relationship between variables.

Table 2.
Path Coefficients Test Results

	X1	X2	X3	X4	Y
Human Resources Competence					0,247
Innovation					0,214

Digital Marketing					0,173
Organizational Commitment					0,378
MSME Performance					

Source: SmartPLS Processed Data, 2025

The results show that all four independent variables human resource competence, innovation, digital marketing, and organizational commitment affect MSME performance, with organizational commitment having the strongest influence (coefficient 0.378). All variables support the proposed hypotheses, but statistical significance tests are required to confirm the strength of these effects empirically.

T-Statistics

The t-statistic test was conducted to examine the significance of the overall effect of exogenous variables on the endogenous variable. The required values are t-statistics > 1.96 and p-values < 0.05.

Table 3.
T-Statistics Test Results

Hypothesis	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
Human Resource Competence on MSME Performance	0,247	0,247	0,068	3,652	0,000
Innovation on MSME Performance	0,214	0,210	0,079	2,710	0,007
Digital Marketing on MSME Performance	0,173	0,188	0,076	2,272	0,023
Organizational Commitment to MSME Performance	0,378	0,369	0,072	5,247	0,000

Source: SmartPLS Processed Data, 2025

The results show that all independent variables, Human Resource Competence, Innovation, Digital Marketing, and Organizational Commitment, significantly affect MSME performance, with t-values > 1.96 and p-values < 0.05. These findings support the research hypotheses and demonstrate that the structural model used has a strong empirical foundation.

Table 4.
Hypothesis Testing Results

No	Hyphotesis	Information
H1	Human resource competency influences MSME performance.	Accepted
H2	Innovation influences MSME performance.	Accepted
H3	Digital marketing influences MSME performance.	Accepted
H4	Organizational commitment influences MSME performance.	Accepted

Source: SmartPLS Processed Data, 2025

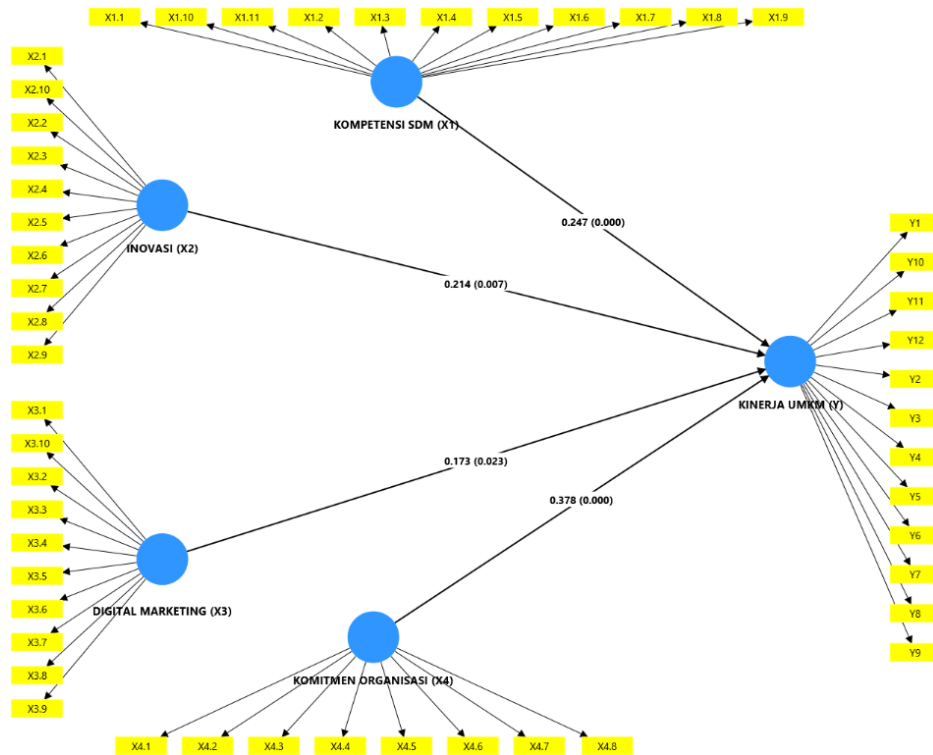


Figure 1.
Bootstrapping

Source: SmartPLS Processed Data

The Influence of Human Resource Competence on MSME Performance

According to the RBV perspective, resources that possess the characteristics of being valuable, rare, inimitable, and non-substitutable (VRIN) can serve as a source of sustainable competitive advantage. Superior human resource competence reflects these four characteristics because it is directly related to operational processes, innovation, and decision-making, all of which impact business performance improvement. Thus, the higher the competence level of employees and MSME actors, the greater their ability to face market challenges, manage resources efficiently, and create relevant innovations. This directly contributes to increased productivity, operational efficiency, and ultimately improves the overall performance of MSMEs. Therefore, the findings of this study strengthen the theoretical assumption of RBV that internal competencies, particularly human resources, are the main foundation for achieving superior and sustainable organizational performance.

The Influence of Innovation on MSME Performance

Based on the results, innovation has a significant effect on the performance of MSMEs in Pekanbaru City. This finding indicates that the higher the level of innovation carried out by MSME actors, the better the business performance they achieve. Continuous innovation enables entrepreneurs to present more relevant, efficient, and unique products that attract consumers and expand market reach. Innovation in this context includes various forms of renewal, both in products and business processes. For example, developing products with more attractive designs, improving service quality, or utilizing digital technology in

marketing. Ultimately, these innovations increase sales volume and lead to more optimal business performance.

The Influence of Digital Marketing on MSME Performance

The results show that digital marketing significantly affects the performance of MSMEs in Pekanbaru City. This indicates that digital marketing represents a condition in which marketers must master three aspects of consumers mind, heart, and spirit through internet-based electronic marketing. It drives marketing efforts to create products that not only deliver quality and service but also provide consumers with enhanced experiences. Therefore, MSME actors greatly benefit from the internet as a marketing platform and should utilize digital tools as an essential medium, given its broad impact. These findings are consistent with studies by Paramitha et al. (2022), Padli (2022), Marjukah et al. (2021), Safitri et al. (2023), and Nuvriasari et al. (2024), which all demonstrate the influence of digital marketing on MSME performance.

The Influence of Organizational Commitment on MSME Performance

The study results reveal that organizational commitment significantly influences the performance of MSMEs in Pekanbaru City. This finding shows that the higher the level of commitment demonstrated by business actors or organizational members, the better the performance outcomes achieved. Organizational commitment reflects dedication, a sense of belonging, and sincerity in achieving shared goals, which ultimately drive productivity and work effectiveness. Strong commitment also encourages positive organizational behavior, such as cooperation, responsibility, and willingness to make extra efforts for business progress, with a focus on collective objectives to achieve more optimal and sustainable performance.

CONCLUSION

Based on the research findings on the Influence of Human Resource Competence, Innovation, Digital Marketing, and Organizational Commitment on the Performance of MSMEs in Pekanbaru City, the following conclusions can be drawn:

1. Human Resource Competence influences the performance of MSMEs, as evidenced by the test results.
2. Innovation influences the performance of MSMEs, as evidenced by the test results.
3. Digital Marketing influences the performance of MSMEs, as evidenced by the test results.
4. Organizational Commitment influences the performance of MSMEs, as evidenced by the test results.

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