



Analysis of the Sustainability of MSMEs in the Covid-19 Pandemic Era

Hamdan^{1✉}

¹Faculty of Economics, Serang Raya University, Banten Indonesia

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Abstract

Micro, Small and Medium Enterprises (MSMEs) have an important role in the economy of a nation. The aim of research was to know the factors that can increase and effect on increasing of the competitiveness of MSMEs. To achieve this goal, a study was conducted on MSMEs in Regency and Serang City through a population of 26,909. Survey method was used to achieve this goal, while the sampling technique was simple random sampling. Based on this technique, a total sample size of 100 MSMEs was obtained, while the analysis in achieving the objectives used path analysis. The results showed that the innovation variables and the quality of human resources had an effect on the competitiveness of MSMEs. The variable which is significant and affects the competitiveness of MSMEs is the variable of human resources. Theoretically, human resources have a more important role in increasing the competitiveness of MSMEs compared to innovation.

Key words : Competitiveness, Innovation, Sustainability of MSMEs, Quality of Human Resources, The Role of MSMEs

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✉ Corresponding author: Hamdan
Address: Serang Raya University, Banten Indonesia
E-mail: hamdanunsera@gmail.com

INTRODUCTION

During the Covid-19 pandemic, it is difficult for MSMEs (Micro, Small, and Medium Enterprises (MSMEs) to maintain their company sustainability (Amri, 2020). None other than all supporting sectors have also experienced a very severe setback (Hardilawati, 2020). The depositor of raw materials experienced difficulties in getting goods; the marketing department also did not work because the community's purchasing power was meager; as a result, there were many layoffs (Pakpahan, 2020).

Until now, most of the literature concluded that MSMEs have a vital role in a nation (Soon, 1994). MSMEs also substantially contribute to increasing GNP (Gross National Product) (World Bank, 2017). MSMEs have contributed 70% of the national income level (Asare, et al., 2015). More than 55% of the workforce is absorbed in MSMEs' economic activities (Martin, 2013). OECD (2017) notes that MSMEs make a substantial contribution to global economic development. MSMEs contribute 33% of GDP (Gross Domestic Product) and can create added value between 50% -60%.

The UMKM sector has an enormous contribution to the employment of 99.45% (Supriyanto, 2006). MSMEs absorb labor so that they can fight unemployment (Prasetyo, 2008). MSMEs need the right strategy to improve their performance and competitiveness (Ahmedova, 2015). Even though MSMEs performance during the Covid-19 pandemic all dropped dramatically, their performance must maintain business sustainability.

Prasanna (2019) argues that MSMEs also have a role in world trade. MSMEs can absorb previously unemployed workers, women, social inclusion, and youth (Cravo, et al., 2012).

In the face of the Covid-19 pandemic period, MSME creativity is also very much needed when you want sustainability. Before the pandemic, the OECD (2018) noted that MSMEs' sustainability was only 10.22-15% of all existing MSMEs. Therefore, MSMEs' performance and innovation play a very high role in their effort (Atalay, 2013).

MSMEs in developing countries employ about 50% of workers (Ayyagari et al., 2014) and two-thirds of non-agricultural private formal jobs (WTO, 2016). One of the beliefs is that MSMEs, which are the main driving force for developing countries' economies, are victims of global competition problems and future challenges (Asare, et al., 2015).

The article addresses various scientific, social, economic, technical, and cultural factors that affect failure. MSME business in a shorter time (Atalay et al., 2013). this reason is the cause of the inhibition of SME competitiveness in the global economy (Asare, et al., 2015).

The literature also highlights the many problems faced by MSMEs in terms of competitiveness and sustainability. The nature of the pain varies according to the type of SME. The low chance of survival (MSME sustainability) is the most highlighted issue regarding MSMEs competition (Acheampong & Hinson, 2018). Small and medium-sized businesses are more likely to not succeed because of their small creative strategies in manufacturing and marketing (Edward et al., 2005).

Changes to the MSMEs business model and the shift in customer expectations and competitor behavior are crucial to the survival of a conventional business model (Bilan & Mqballi, 2015). Other problems such as a lack of resources, inadequate technological expertise (McAdam, et al., 2016).

MSMEs are a source of stable employment opportunities for the community, so they need to be supported by easy access to finance. Also, MSMEs can reduce the economic disparity of

the Indonesian population because most MSMEs are in rural areas and their managers are middle to lower class so that with the expected expenditure, the percentage of poor people in Indonesia can suppress from the economic side (Yanah, Nakhwatunnisa, & Sukarno, 2018). Especially during the Covid-19 pandemic, MSMEs must support the people's economy and contribute to reducing the impact of Covid-19.

IFC (2011) notes that most countries get economic support from the MSMEs sector. The World Bank defines MSMEs using several jobs opened 5-19 and medium between 20-99.

According to IFC (2011), MSMEs operate in the trade sector 72%, the service and manufacturing sector 20%, agriculture and other sectors, and 8%. Also, MSMEs are highly concentrated in labor-intensive, expensive production costs, and primarily producing goods that can create price differences, employing 31% to 38% women (González-Cruz, 2015).

Zuraida, et al (2015) concluded that innovation is essential for MSMEs because it can increase companies competitiveness, industries, and the economy. Barriers to innovation at MSMEs are financial difficulties due to high innovation costs, increased economic risks, and personal internal limitations in effectively and efficiently managing the innovation process.

Increasing competitiveness can be by making innovations that utilize technology. To enhance a dynamic environment for network success requires harmonization between digital market business models and supply chain characteristics.

Innovations in the field of E-Commerce technology can increase MSMEs competitiveness because they are safe and can be accessed anywhere and anytime (Tadjouddine, 2011). Entrepreneurial and HR

(Human Resource) competency aspects affect MSMEs competitiveness (Grisna, Anggadwita & Mustafid, 2014). The quality of human resources related to project management skills, information technology, professional skills, and marketing skills will increase MSMEs' competitiveness (Julien, Pollack, & Adler, 2016).

Through entrepreneurship training, the quality of human resources, business assistance, and partnerships affect competitiveness (Yanah, Nakhwatunnisa, & Sukarno, 2018). The ability of the quality of human resources in doing creativity, taking risks, the growth of a mindset will be very decisive for the sustainability of MSMEs in South Africa (Neneh, 2012).

Junquera (2018) notes that the quality of human resources and the MSME organization's environment has a role in improving organizational performance. Social resource development and improvement of a conducive economic climate are essential for enhancing MSMEs' performance and sustainability (Sceulovs & Sarkar, 2014). Sullivan (2018) notes that in managing MSMEs, MSMEs owners have worked more than eight hours per day. That means the quality of human resources will significantly affect MSMEs performance to maintain the sustainability of MSMEs. The quality of human resources in MSMEs will significantly affect productivity in production operations (Alvarez & Crespi, 2003).

One of the conditions that must exist in the economy for the adaptation of sustainable technology to MSMEs is the human resource base and capabilities (Singh, et al., 2008), which strongly correlates with MSMEs competitiveness and sustainability (Singh et al. 2009). The strength of the economic, human resource base helps MSMEs to adopt quality management techniques so that they need to continuously update and improve their knowledge and skills about new technologies towards high competitiveness (Eravia, et al., 2015).

The low ability of employees and employers to adopt new technology or using existing technology negatively affects MSMEs competitiveness, especially in a competitive business environment (Herliana, 2015). Special training and education programs for workers are needed, designed based on the use of technology and adaptation, which are very important for increasing MSMEs' competitiveness and sustainability (Hoseinina & Ramezani, 2016). Training is needed to help MSMEs improve employee skills, especially technology skills, in line with operational and effort requirements (Ndiave et al., 2018).

Sung et al. (2016) noted that improving human resources structure is one factor affecting the development of competitiveness and sustainability of MSMEs. Lesakova (2014) emphasizes the need for trained, educated, and creative human resources professionally for the competitiveness of MSMEs in the market and MSMEs sustainability.

Innovation-based business incubation activities are one way to improve the quality of human resources, which will enhance the performance and sustainability of MSMEs (Herliana, 2015). Burley - Schiopoiu, and Mihai (2019) emphasize the need for training and innovation in production to face competitive challenges.

The readiness of human resources regarding information technology adaptation dramatically determines MSMEs' performance and sustainability (Nugroho, et al., 2017). Zeeshan, et al (2007) identified human resources as an essential determinant of successful e-commerce implementation. Soomro et al. (2016) human resource management as a factor that significantly impacts information security management quality. These facts indicate that an economy with a better human resource structure can support increasing the competitiveness of

MSMEs in the market and rising MSMEs sustainable level.

Stakeholders, customers, suppliers, government, and regulations also have a vital role in increasing competitiveness, which will significantly affect business sustainability (Sing et al., 2008).

Thompson (2014), sustainability is not just for big companies. It is even more difficult for small companies to integrate sustainability into business strategies. Short business sustainability can obtain when it can reduce costs to the lowest price, increase net profit, and meet consumers, investors, and investors' demands. All of these are critical factors for the sustainability of MSMEs.

For this work, we intend to evaluate the factors that can increase the competitiveness of micro, small and medium enterprises, and assess the impact of competitiveness on sustainability of micro, small and medium enterprises.

METHOD

The research method used is quantitative. The unit of analysis in this research is MSME actors using research variables: innovation (X_1), improving the quality of human resources (X_2), competitiveness of MSMEs (Y), and sustainability of MSMEs (Z). The data collection technique done by distributing questionnaires using a google form filled in by MData collection techniques were carried out some players in Serang, Banten.

The authors conducted an online question and answer (Video Call) with officials at the Serang City Industry and Industry Service, Mr. Anon, and officers at the Serang City District Cooperative and MSMEs Service, Mr. Budi. Literature study, the authors collect references that have relevance to the research topic.

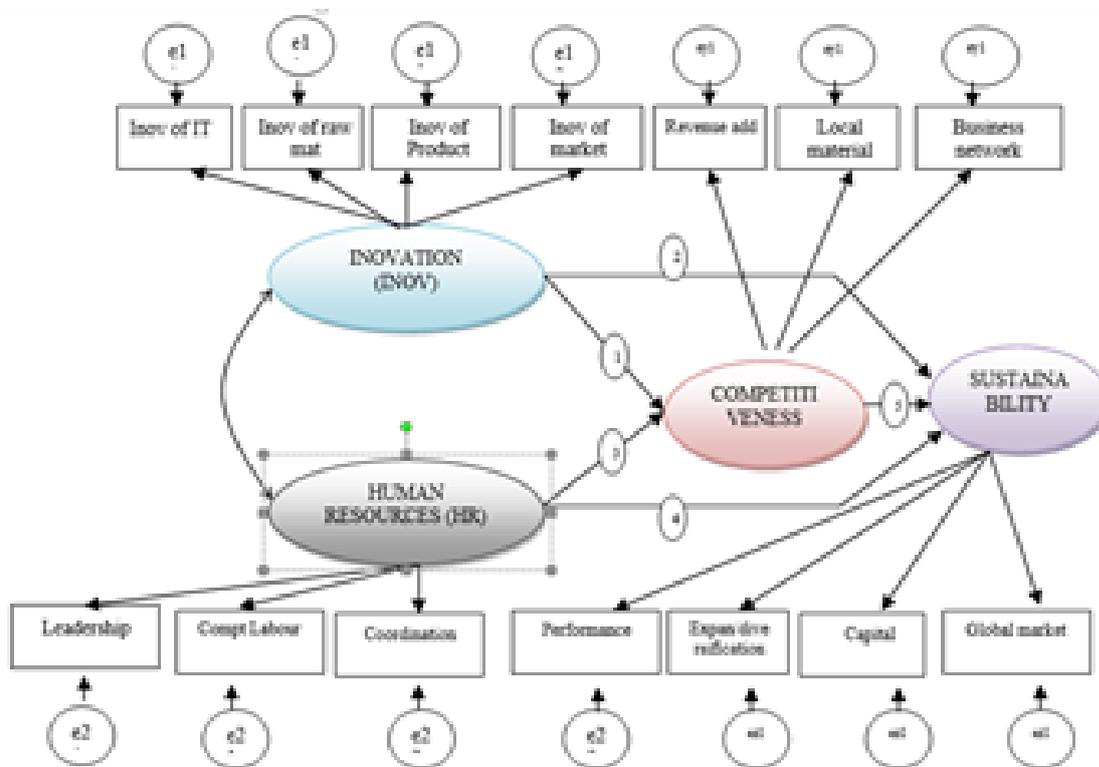
Types of data in this study used: 1) primary data, namely questionnaires to be filled in by respondents, namely MSMEs actors, and

interview data using online media with the Head of the Serang City Industry and Industry Service and officers at the Serang City District Cooperative and UKM Service; 2) secondary data, namely data on the number of MSMEs, MSMEs centers, MSMEs financing originating from the Serang City Industry and Trade Office.

Based on the information that the author obtained from the Industry and Trade Service and Serang City data in numbers (2018), the number of MSMEs in Serang City

is 26,909, so the population in this study amounted to 26,909 MSMEs. The sampling technique is a simple random sampling method, taking samples randomly from members of the population (Riduwan & Kuncoro, 2008: 41). To determine the sample size, the Taro Yamane or Slovin formula was used and the number of samples was obtained, namely: $n = 26.909 / ((26, 095) (0.1)^2 + 1) = 100$

So the sample used is 100 MSMEs business actors. The analytical tool used is the Decomposition Path Analysis model in Figure 1.

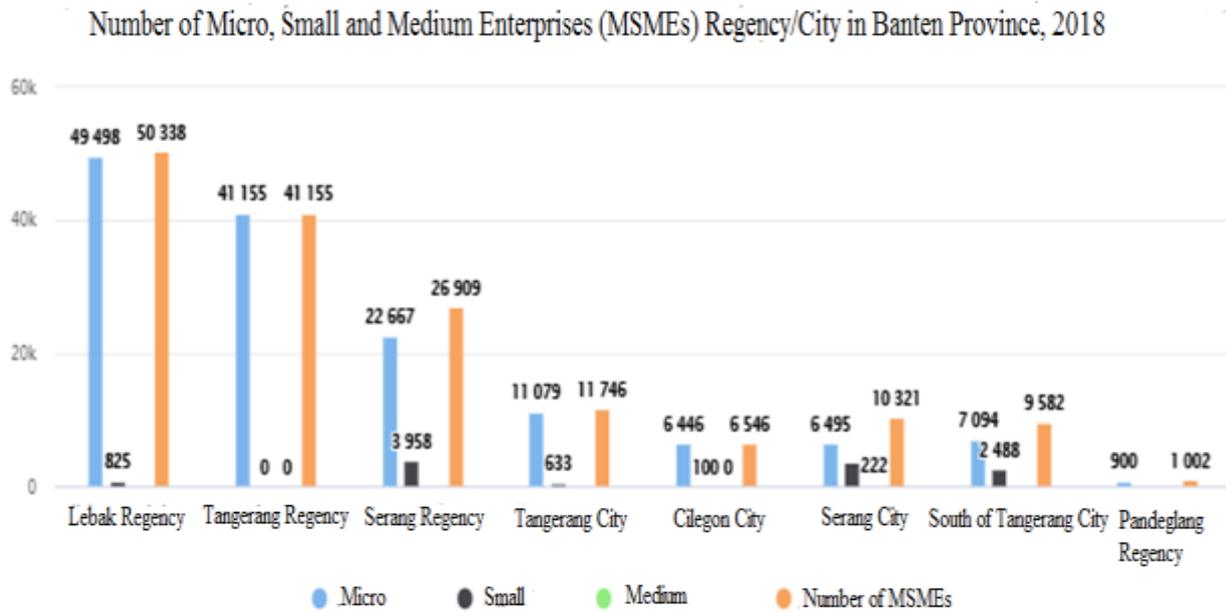


Source: Data Processed

Figure 1. Decomposition Effect of Interrelated Causality

The path analysis decomposition model is as follows: Creating a research paradigm, Formulating research problems, Making hypothesis models, Making path diagrams

and structural equations, Testing each hypothesis for each Sub Structure (Riduwan & Kuncoro, 2008) Operationalization of variables in This research can be seen in Figure 2.



Source: <https://statistik.bantenprov.go.id/ekonomi/koperasi>

Figure 2. MSMEs Population Data in Banten Province

Table 1. Operationalization of Variables

Variables	Dimensions	Indicators	Questioner
Innovation (X ₁)	Innovations in technology, raw materials, products and marketing	The level of technology used, raw material innovation, the intensity of product improvement, and expansion of marketing channels.	1-8
Quality of human resources (X ₂)	Leadership qualities, Employee competence, work together	The level of leadership quality, HR competence, team cohesiveness in cooperation	9-14
Competitiveness of MSMEs (Y)	Revenue, Use of local material, Business network	Increased business revenue, utilization of local raw material, expanding business networks	15-20
MSME sustainability (Z)	Strength to survive competition, crisis, finance and free market	Performance improvement, expansion of fields, capital, and free markets	21-28

Source: theory of reading results

The research hypothesis based on the formulation of the problem is as follows: $H_0: \rho_{zy} = \rho_{yx_1} = \rho_{yx_2} = 0$. This means that there is no influence between the variables X, Y, and Z. $H_a: \rho_{zy} \neq \rho_{yx_1} \neq \rho_{yx_2} \neq 0$. This

means that there is an influence between the variable X on Y and Z.

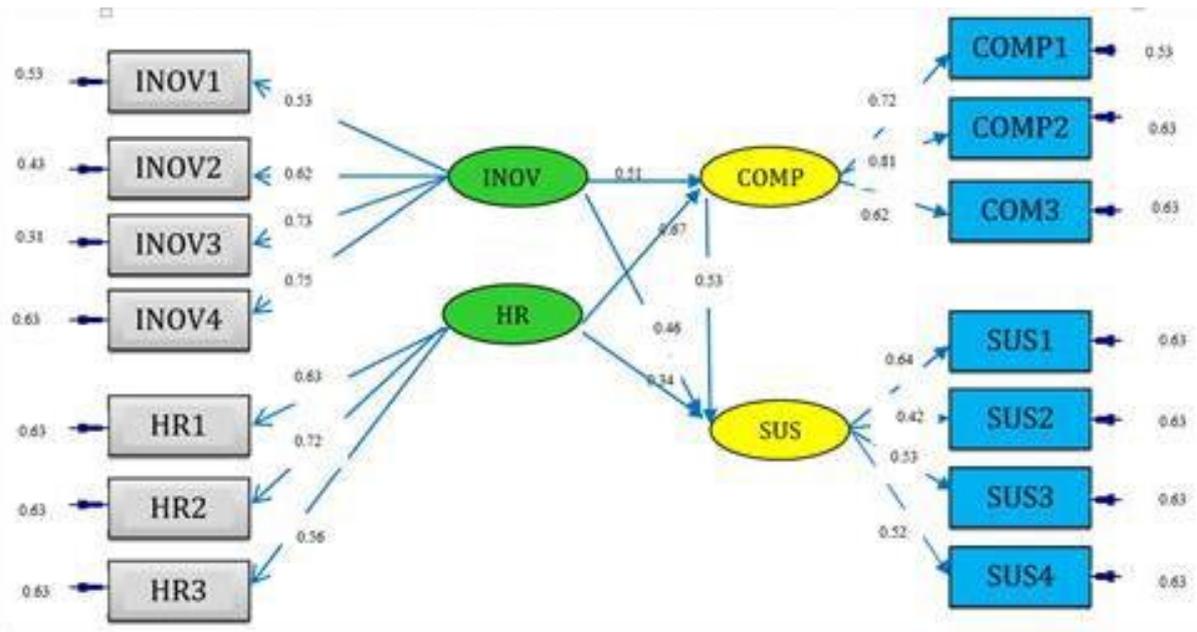
RESULTS AND DISCUSSION

In conducting research, the research instrument must test for validity and reliability to account for the research results. To determine whether all these questions are valid, display Table 2 in the Correction item-total correlation column, and then compare the table's r-value with the calculated r-value. If the computed r-value is greater than the r table value, the question is declared valid. The amount of R table (98: 0.05) is 0.196. Compared with the calculated r-value in the Correlation item-total correlation column, the value is greater than the r table value; then, the instrument is declared valid. There is also a Cronbach Alpha value of 0.821 more significant than the required amount of 0.6 so that the instrument value is reliable.

The test of the effect of causality between variables carries out either directly or indirectly. In contrast, the non-causality relationship between exogenous variables not included in the calculation (Riduwan & Kuncoro, 2008). The research paradigm of causality decomposition of the influence between variables can see in Figure 1.

Path Analysis results from the effects of data processing using SPSS AMOS version 22 produce a path diagram as in Figure 3.

The results showed that funding had a direct and significant effect on the competitiveness of $1.26 = 12.6\%$, and budget had an immediate and consequential impact on $0.210 = 21\%$, while through competitiveness $0.068 = 6.8\%$.



Source: Data Processed

Figure 3. Diagram Line Data Processing Results

Table 2. Result of Direct and Indirect Effect Analysis

Influential variables	directly	Not directly through competitiveness	Total
Innovation towards the competitiveness of MSMEs	0.513	-	0.513
Innovation for the sustainability of MSMEs	0.463	0.237	0.701
The quality of human resources on the competitiveness of MSMEs	0.677	-	0.677
Quality of human resources for the sustainability of MSMEs	0.340	0.230	0.570
Competitiveness towards UMKM Sustainability	0.535	-	0.535

Source: Processed data

The results showed that innovations carried out by MSMEs had a direct and significant positive effect on the competitiveness of

0.513 = 51.3% and creation has a direct impact on the sustainability of MSMEs by 0.463 = 46.3% while through competitiveness 0.237 = 23.7%.

The quality of human resources affects comparative advantage is needed for MSMEs to increase competitiveness by making innovations by making distinctive products and unique products and providing good service.

Thompson (2014) also notes the need for innovation efforts to increase business opportunities and efficiency, maximize revenue potential, adopt various business strategies, increase formal public commitments, build partnerships, seek important information, and always offer

services continuously. All of these are essential steps for the sustainability of MSMEs.

MSMEs shortcomings lie in their ability to innovate and be marketed internationally (Sagarra & Callejon, 2002). Unfortunately, small companies aren't willing to compete with big competitiveness by 0.677 = 67.7%, and the quality of human resources impacts the sustainability of MSMEs by 0.340 = 31.0%, while competitiveness is 0.230 = 23.0%.

Natural competitiveness has a positive and significant effect on the sustainability of MSMEs at 0.535 = 53.3%. Thus, all of the hypotheses proposed by the authors are accepted or H_0 rejected.

Between the two variables above, the variable that has more influence on competitiveness is the variable quality of human resources, followed by the innovation variable. The variables that affect the sustainability of MSMEs are competitiveness.

Innovation is no less critical for increasing the competitiveness and sustainability of MSMEs. The findings of Syukriah & Hamdani (2013) show that businesses at the same foreign markets because of different factors (Sing et al., 2008). As a result, many small- and medium-sized enterprises in developed countries have shut down very quickly (Ahmedova, 2015).

The competitive challenges face by industrial entities in the global economy is currently classified into three (Noe et al., 2017). Namely sustainability challenges, global challenges, and technological challenges. Technological challenges are the riskiest thing about MSMEs sustainability because of the low level of innovation and utilization of technology used by MSMEs (Ntwoku, et al., 2017). Technology improvement refers to creating new techniques or methods or expanding plans or existing processes used in a company (Noe et al., 2017). As shown in neoclassical growth theory, technological progress is necessary for the growth of a particular economic sector or

the entire economy. It generates social benefits from economic activity (Guan, et al., 2006).

Application creation and innovation within the small and medium-sized enterprises sector as it steps through the next structural economic cycle. It makes for a more balanced, vibrant, and resilient economy in a global economy (Soon, 1994). Technology has proved to be a major factor in small business success. Technology adoption by small businesses and reviving incentives for adoption are goals among the recommendations (Ahmedova, 2015).

Noe et al (2019) found that human capital and human skills, emerging technology, and market opportunities will substantially decide competitiveness. Technology and innovation are significant factors that influence small businesses' survival in the era of globalization (Atalay, et al., 2013).

Technological innovation is one of the technically agreed steps applied to minimize economic frontiers such that economic output can be increased and rising growth can be achieved (Prasanna, et al., 2019).

The effect of technological advances on economic growth is to eliminate limited resources (Kumara, 2019). With input production technology, you don't have to find a new resource base.

Innovations are categorized into four categories: product innovation, process innovation, market innovation, and organizational innovation. Technology defines as a medium for creation through social networks, free access to information (internet), and technology machines and devices in business operations (McAdam, et al., 2016).

Innovation is a strategy to improve the performance of MSMEs. Also, management systems, viability, and competitiveness are

critical indicators for MSMEs performance (Florido, 2015; Sing, et al., 2008). Duygulu, et al (2016) considered three central factors that contribute to the success of MSMEs: growth, viability, and profitability.

Technological advancement would be one of the key driving factors for the growth of small-scale enterprises. Technological innovation is required for the micro, small, and medium enterprises (MSMEs) to compete in global markets and thrive (Bonito & Pais, 2018). Specialized innovative practices are one of the many factors that affect small companies to achieve an overall sustainable competitive advantage and improve market viability due to limited product and technology life cycles (Rogers, 2010). Technological advancement allows a greater supply of goods, which leads to an improved standard of living. The design will boost overall production performance, which will enhance productivity (Bayarcelok, et al., 2014).

By continuing to advance technical developments in this industry, the economy will be able to expand faster. As found by Choi and Lim (2017), SME innovation ability correlates with technological innovation efficiency.

Adopting information technology (IT) is one of the recommended areas for MSMEs to face competitive challenges (Nugroho et al., 2017). IT provides many benefits for the growth of MSMEs businesses (Quayle & Christiansen, 2004).

The implementation of web-based technology reduces operating costs, improves service to consumers, increases the speed of response between producers and customers, producers and input suppliers (Junquera, 2018), improves market intelligence, and improves relationships with trading partners (Terence & Soufani, 2003). Businesses use web-based tools for the betterment of their operations (Ahmedova, 2015). The Web-based technology's adoption has reciprocal advantages with

business capital and dynamic technologies available to hand (Webb & Schlemmer, 2008). The adoption of IT can increase the innovation capability of the MSMEs sector (Li et al., 2009). Bilal & Al Mqbali (2015) MSMEs information systems provide adequate and detailed information to make business decisions.

Technology enables MSMEs to improve efforts to face global competitiveness (Nadide & Dogan, 2014). Transfer of technology and business expertise mainly results in MSMEs increased competitiveness because technology is market-tested and cost-effective (Aldaba & Aaldaba, 2010).

MSMEs in most parts of the world use low-scale technology, low-quality raw materials, limited markets, low-quality workforce, and expensive transportation (Kayanula & Quartey, 2000). Through business collaboration, companies can get scale benefits using technology over the network (Lin & Lin, 2015). Mistakes in choosing technology will hurt the survival opportunities of MSMEs. Mainly, network approaches many used in the IT-based business field. The literature states that technology acquisition through a collaborative approach leads to product development and adaptation through innovation and supports companies to enter new or diverse markets (Oiao, et al., 2014).

The existence of technological updates in the company can cause an increase in production factors (Unnikrishnan, et al., 2015). Another study states that the use of safe technology has a positive correlation with productivity. Also, MSMEs in business expansion emphasize the need for technology to increase productivity (Asare et al., 2015).

Technological tools are important for small- and medium-sized enterprises because they enable them to expand rapidly and efficiently, meeting changing customer

demands (Aa & Elfring, 2002). Small companies have differing viewpoints on the

introduction of emerging technology. Some actors believe that this term may mean positivity in the dimensions of optimism and imagination, while others believe that it is negative in the dimensions of anxiety and insecurity (Parasuraman, 2000).

The literature points out many barriers a MSMEs must resolve in using modern technologies. Among them, the lack of initial capital required to acquire new technologies, a lack of skilled labor, and insufficient strategies for using technology, lack of knowledge, and uncertainty (Rogers, 2010). Based on Acheampong & Hinson (2018). One of MSMEs methods in adopting new technology is to imitate other companies in specific industries (Ntwoku, et al., 2017). MSMEs with limited technological reach can obtain new technology from universities, research institutes, governments to overcome capacity limitations in absorbing new technology (Choi & Lim, 2017).

The factor that affects the sustainability of MSMEs is an investment in human resources (Hoyer, 2016). Mastery of science and public policy also dramatically determines MSMEs sustainability (Voinescu & Moisoïn, 2015). HR factors play a vital role in the level of sustainability (Onyusheva, 2017). International competitiveness, information and communication technology, knowledge, and resources are a determining factor for sustainability (Stec & Grzebyk, 2018). As it now that MSMEs have contributed 47% of added value outside the financial sector, and 52% increased employment (European Union, 2018). The business environment, adequate human capital, and competitiveness will contribute to the level of sustainability of MSMEs (Suh & Lee, 2018).

Das, Rangarajan, & Dutta (2020) provide a model that can be applied to improve strategies for realizing the sustainability of MSMEs in

joint operations, public policies, government facilitation, and organizational culture. All of this can have a positive effect on MSMEs sustainability performance, hence improving their financial performance.

Investments in human resources and social and environmental capital help small businesses maintain themselves. MSMEs are immensely important for economic development, but they also provide employment for others. The survival of small-medium and medium-size enterprises is crucial to the economy and is an important prerequisite for economic development. Development is key to improving the productivity of small businesses.

The poor management skills and a lack of capacity to change the environment to increase business opportunities and lack of skills to implementing environmental improvements (Hobbs, 2000).

The sustainability of MSMEs can create by combining ethical values and entrepreneurial values such as creativity, flexibility, and customer orientation (Spence & Lozano, 2000).

Sustainability also determines the ability to build relationships through participation in the network (Jabłoński, 2015; Kurowska-Pysz & Gregor, 2014).

How sustainable small- and medium-sized companies are decides by whom they establish relationships with, their politicians and analysts, and their consumers. Progress in MSMEs sustainability relies on how competitive the climate is (Cramer, 2006; Perrini & Tencati, 2006; Waddock & Bodwell, 2004).

For the sustainability of MSMEs, one of the steps taken is to increase human resources' ability to carry out the efficiency and productivity of economic activities as a whole. The sustainability of MSMEs is very dependent on the level of efficiency and

productivity (Ahmedova, 2015), and it is an indicator that reflects the sustainable profitability of a company (Nugroho, 2017).

MSMEs ability in business competition is due to low human resources and knowledge or soft marketing skills (Herliana, 2015). One potential approach that MSMEs might adopt to overcome scale diseconomies is to create business collaborations with similar companies (Lin & Lin, 2015).

MSMEs performance can visualize from the quality of human resources, industrial income, job creation, increased export growth and increased productivity (Doh & Kim, 2014). Leadership, culture, management strategies, and employee training are key factors in small and medium enterprises (SMEs) success (Sing, et al., 2008).

The competitiveness of MSMEs has a vital role in sustainability (O'Regan, et al., 2006). The school must develop training programs to enhance skills and competencies (Fuller-Love, 2006). Competitive advantage is explained as a product of internal and external capabilities (Lai-Yu, 2001). Corbett and Campbell-Hunt (2002) argue that businesses should strive to be the best in the industry in order to maintain their competitiveness and guarantee sustainability. According to Singh et al. (2006), SMEs must be versatile in designing market strategies to improve competitiveness. Chou & Hsu (2005) revealed that it would increase the competitiveness and sustainability of MSMEs despite the lack of resources.

Small and medium businesses need to consider new business opportunities through advanced technologies, and to establish new channels of distribution in order to succeed. Sustainability is possible (Sambamurthy, et al., 2003). Small and medium-sized businesses must build themselves through diversification and extended networks to ensure their survival (Cagliano et al., 2001). MSMEs must develop competitiveness with systems and markets so

that sustainability can be expected (Raymond & Croteau, 2006). To be more competitive, small-and- medium sized enterprises (SMEs) must build a business plan dealing with sustainability (Kim & Arnold, 1996). The competitiveness of small and medium sized companies relies on their ability to cost, efficiency, execution, dependability, and speed. Competitive productivity can impact market sustainability (Carpinetti, et al., 2000). Competitiveness and integrity must be maintained at all times to enhance corporate sustainability (Fleury & Fleury, 2003).

CONCLUSION

Based on the empirical analysis, the innovation variables and the efficiency of human capital can decide the competitiveness of small and medium sized enterprises. It is competitive advantage that has the most to do with human capital. In principle, human capital are more important to MSMEs' competitiveness than creativity. This research's practical implications provide direction to all parties when they want to increase the competitiveness of MSMEs, especially in the era of the Covid-19 pandemic. The first step is to improve the

quality of human resources through socialization, training, and assistance to MSME players' human resources compared to improvements. Innovation in raw materials, products, and marketing. When the quality of human resources for MSME actors can improve, they will automatically carry out various needed designs.

The factor that most influences the sustainability of MSMEs are science. Therefore, competitiveness has the most crucial role in enhancing the sustainability of MSMEs compared to innovation and human resources quality. When the cooperative and

small business offices want to improve MSMEs sustainability, the most crucial step to take is to increase competitiveness by increasing the quality of human resources and increasing the rate of innovation. Therefore, human resources need to be continuously improved, both through education and training. This is a challenge for the Cooperative Office in increasing the competence of human resources in the sustainability of MSMEs.

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