

Original Article

**THE INFLUENCE OF HUMAN CAPITAL AND MARKET ORIENTATION
ON THE PERFORMANCE OF UMKM IN SANANWETAN DISTRICT,
BLITAR CITY****Saifudin Yusuf¹⁾, Hardining Estu Murdinar²⁾, Imam Nurngaini³⁾ Mayya Miladiya⁴⁾**¹⁾University Nahdlatul Ulama Blitar, Indonesia*Corresponding Author, E-mail: hardiningestu@gmail.com**ABSTRACT**

Background. Sananwetan District UMKM which operate in the Trade, Industry and Fisheries business sectors are registered with the Blitar City Cooperative and UMKM Service.

Research Purpose. to determine the effect of human capital on the performance of UMKM, To determine the influence of Market Orientation on the performance of UMKM, and to determine the influence of Human Capital and market orientation on the performance of UMKM simultaneously

Research Methods. The type of research used is a quantitative method. The population in this research are UMKM in Sananwetan District, Blitar City. The analysis technique uses Validity and Reliability, Classic assumption test and Multiple Linear Regression

Findings. a) Human Capital has a positive and significant effect on the performance of UMKM. The t-statistic value is 4.158805, the t-count value > t-table (1.984), and the p-value is $0.00 \leq 0.005$. b) Market orientation has a positive and significant influence on the performance of UMKM. The t-statistic value is 6.327448, the t-count value > t-table (1.984) and has a p-value of $0.00 \leq 0.005$. C). The value of the human capital and market orientation variables on UMKM performance with an f-statistic of 38.71090. The calculated f-value > f table (3.94), has a p-value of $0.00 \leq 0.05$.

Conclusion. Human capital has a positive and significant influence on the performance of UMKM. the market orientation has a positive and significant influence on the performance of UMKM. Human capital and market orientation have a positive and significant influence on the performance of UMKM.

Keywords: Human Capital, Market Orientation, The Performance of UMKM.

BACKGROUND

Empowering Micro, Small and Medium Enterprises (UMKM) in the midst of globalization and high competition means that UMKM must be able to face global challenges, such as increasing product or service innovation, developing human resources and technology, and expanding marketing areas. This needs to be done to increase the selling value of UMKM so that they can compete with foreign products which are starting to flood industrial centers in Indonesia. UMKM are able to reduce unemployment rates, provide

employment opportunities, reduce poverty rates, increase welfare and build national character.[1]

UMKM in Indonesia continue to be encouraged by the government, so that they are able to continue to develop and penetrate not only the national market but also the international market. However, quite a few UMKM are unable to maintain their survival, this is due not only to business competition but also because the competitive spirit of UMKM entrepreneurs is still low. In particular, micro and small businesses are dominated by entrepreneurs who lack knowledge about business, so business education is needed to be able to compete.[2]

The existence of UMKM is very positive and has potential, but they still have several business obstacles, both internal and external. Internal factors include the quality of human resources, if seen from the low level of education or skill of workers, low level of entrepreneurship, capital constraints, and so on. Meanwhile, external factors that are important are government policies which are considered to be less favorable to UMKM, resulting in low competitiveness of UMKM.

There are several things that influence the performance of UMKM. Other research explain the influence of human capital on performance[3], with the condition that companies that are able to produce high performance usually have reliable human resources with strong work motivation and have a high commitment to achieving the company's goals and mission. Each company will produce different performance if managed by different people, meaning that different human resources in managing the same company's assets will produce different added value.[4]

Performance can also be influenced by market orientation, researcher emphasized that market-oriented companies will have a high commitment to serving customers and strive to beat their competitors by being unique compared to competitors, so that they are able to produce products that have value.[5] This is also in accordance with the opinion of researcher who argue that market orientation plays a role in improving company performance. Provide empirical findings that there is a strong relationship between market orientation and performance.[6]

Sananwetan District is one of the main industrial areas in Blitar City and is also one of the main supports of Blitar City. In 2021 there will be more than 1,425 large, medium and small industries in Blitar City. This has had a positive impact on Blitar residents, including the availability of job opportunities so they don't have to migrate out of town. Blitar City's Regional Minimum Wage (UMR) is also categorized as upper middle than cities or districts in East Java.

The large number of industries does not always have a positive impact on society. The establishment of industry is still concentrated in Sananwetan District, while other sub-districts only have small industries. The concentration of activities in Sananwetan District has caused development in Blitar City to also develop rapidly, this has caused development in other areas to receive less attention. This uneven development causes a lack of access to transportation and infrastructure so that young people from other sub-districts prefer to look for work in Sananwetan Sub-district which is dominated by large industries. This causes problems for small businesses because of the low interest of the younger generation in continuing these businesses.

Problems often faced by industry in Sananwetan District, Blitar City which have not been completely resolved include: (1) lack of skilled workers due to the lack of interest of the younger generation to work in industry; (2) the industry is a hereditary company, so the owner lacks an entrepreneurial spirit; and (3) the majority of industry owners still leave their

products in shops, and do not market them directly to the market. This causes owners to lack information about the market. Thus, there is a need for further research on human capital in UMKM, especially in industry.

This problem has an impact on human capital in UMKM, namely because there is a lack of young people who want to join, so the majority of workers are elderly. This can be an obstacle for UMKM because it will be difficult to create creativity and innovation. Apart from that, the industry is a hereditary business so that there are several generations who inherit the business who do not understand the business, especially about the market, this generation tends to follow in their parents' footsteps and market their products, without any strategy for expanding the market. Therefore, there is a need for training and increasing knowledge for both UMKM players and their employees for the sustainability of UMKM.

Based on the description of the background of the problem above, it can be formulated as follows: to determine the effect of human capital on the performance of UMKM, To determine the influence of Market Orientation on the performance of UMKM, and to determine the influence of Human Capital and market orientation on the performance of UMKM simultaneously

RESEARCH METHOD

The type of research used is a quantitative method. The population in this research is UMKM in Sananwetan District, Blitar City which operate in the trade, industry and fisheries business sectors. Data was collected through distributing questionnaires, as well as other related documents. The analysis techniques used in this research are descriptive statistical analysis and inferential statistical analysis. Descriptive statistical analysis aims to describe the characteristics of the respondents studied as well as each variable in the form of number of respondents and percentage figures. Meanwhile, inferential analysis is used to determine the level of strong or weak influence between the independent variable and the dependent variable which is the influence of causality. The analysis used is a prerequisite test which includes Eviews, which is software for carrying out statistical and econometric analysis

The following framework explains that the variables business capital (X_1) and market orientation (X_2), are independent variables/independent variables that influence the dependent/dependent variable. Where the performance of UMKM in Sananwetan District, Blitar City (Y) is the dependent variable/dependent variable.

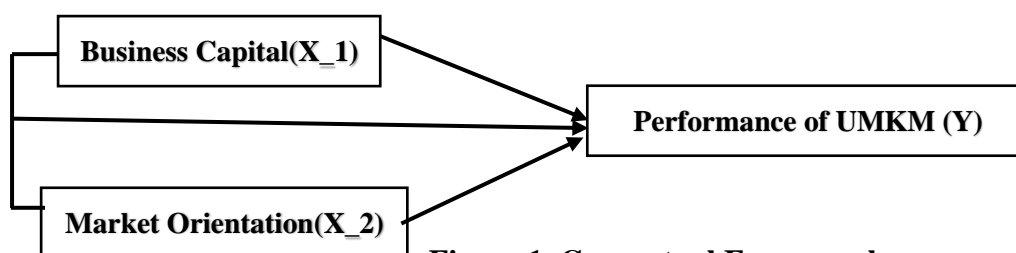


Figure 1. Conceptual Framework

Data is collected through distributing questionnaires, as well as other related documents. Questionnaire questions are closed questions with answer choices based on the 5 point Likert scale rule. All answers will be tabulated and then processed in a certain order.

Validity and Reliability Test

Validity tests are carried out to find out how well an instrument measures a concept or what it should measure. The construct validity test is a test by determining the quality of the accounting information instrument by looking at the loading factor value for each question item. A valid research instrument is required to have a loading factor of more than

0.254.[7] Mean while, reliability testing uses the Cronbach's alpha method, namely a questionnaire is considered reliable if Cronbach's Alpha is > 0.6 . Validity and reliability analysis using Excel.[7]

Analysis Techniques

The analysis techniques used in this research are descriptive statistical analysis and inferential statistical analysis. Descriptive statistical analysis aims to describe the characteristics of the respondents studied as well as each variable in the form of number of respondents and percentage figures. Meanwhile, inferential analysis is used to determine the level of strong or weak influence between the independent variable and the dependent variable which is the influence of causality. The analysis used is a prerequisite test which includes Eviews, which is software for carrying out statistical and econometric analysis.

Classic Assumption Test

Ordinary least squares (OLS) linear regression is a linear regression model with the least squares calculation method. In this regression model, there are several conditions that must be met so that the forecasting model created is valid as a forecasting tool. If all of these conditions are met, then the linear regression model is said to be BLUE (Best Linear Unbiased Estimation). Classic Assumption Tests in Multiple Linear Regression, including: Normality Test, Heteroskedassity Test, Multicollinearity Test and Autocorrelation Test (Only for time series data).

a. Normality test

It is important to test the distribution of residual data for normality, to ensure that a linear model (regression equation) is suitable for use as confirmation or prediction purposes. The Normality Test (Chi-Square Goodness of Fit Test Normality) can be carried out using one of several Jarque fall techniques.

b. Heteroskedassity Test

The heteroscedasticity test is a test that assesses whether there is unequal variance in the residuals for all observations in the linear regression model. Heteroscedasticity is the opposite of homoscedasticity, namely a situation where there is unequal variance of error for all observations of each independent variable in the regression model. On the other hand, the definition of homoscedasticity is a situation where there is the same variance of error for all observations of each independent variable in the regression model. It is hoped that the error variance of the independent variable in all observations will be heteroscedastic. Several types of heteroscedasticity tests, namely the Glejser Test

c. Multicollinearity Test

Multicollinearity is a situation that shows the existence of a strong correlation or relationship ($r \geq 0.90$) between two or more independent variables in a multiple linear regression model. Other indirect causes include:

a) Inaccurate use of dummy variables in the regression model. There is a greater risk of multicollinearity if there is more than 1 dummy variable in the model.

b) There is a calculation of an independent variable that is based on other independent variables in the model. This can be exemplified as follows: in the regression model, there are variables X_1 , X_2 and multiplication between X_1 and X_2 ($X_1 * X_2$). In this situation, it can be ascertained that there is collinearity between X_1 and $X_1 * X_2$ and collinearity between X_2 and $X_1 * X_2$.

3) There is repetition of independent variables in the model, for example:

$$Y = \text{Alpha} + \text{Beta1 } X1 + \text{Beta2 } X1 * 5 + e.$$

Look at the Tolerance and Variance Inflating Factor (VIF) values. If the Tolerance value is < 0.1 and $VIF > 10$, it can be indicated that there is multicollinearity. Some experts use Tolerance < 0.2 and $VIF > 5$ limits to determine the presence of multicollinearity. Experts also use Tolerance and VIF values more in determining the presence of multicollinearity in multiple linear regression models than using other parameters.

d. Autocorrelation Test

The Autocorrelation Test is a statistical analysis carried out to determine whether there is a correlation between variables in the prediction model with changes in time. Therefore, if the autocorrelation assumption occurs in a prediction model, then the disturbance values are no longer independently paired, but are autocorrelatively paired. This test must be carried out if the data is time series data. Because what is actually meant by autocorrelation is: a value in a particular sample or observation is strongly influenced by the value of the previous observation. Autocorrelation test to see whether there is a correlation between a period t and the previous period $(t - 1)$. So there should be no correlation between observations and previous observation data.

Autocorrelation symptom problems can be detected using various types of techniques, including:

1) Durbin Watson Test

The Durbin Watson test is an autocorrelation test that assesses the presence of autocorrelation in the residuals. This test is carried out with assumptions or conditions, including: The regression model must include constants; Autocorrelation must be assumed to be first order autocorrelation; The dependent variable is not a Lag variable. The Durbin Watson test will produce a Durbin Watson (DW) value which will later be compared with two (2) Durbin Watson Table values, namely Durbin Upper (DU) and Durbin Lower (DL). By using the Breusch Godfrey Test.

e. Linearity test

The linearity assumption test is a test carried out to determine whether there is a linear relationship between the independent variable and the dependent variable. This linearity test is needed in correlation and regression analysis. A good regression model requires that there is a linear relationship between the independent variable and the dependent variable. One of the most popular linearity tests is the Ramsey Regression Equation Specification Error Test or often abbreviated as the Ramsey RESET test. This test is carried out to prove whether a non-linear combination of fitted values helps explain the response variable. If a non-linear combination of independent variables has power in explaining the dependent variable, perhaps the model is better approximated by a polynomial model or other non-linear function

f. Homogeneity Test

The homogeneity test is used to determine whether several population variants are the same or not. This test was carried out as a prerequisite for independent sample t test and Anova analysis. The underlying assumption in analysis of variance (Anova) is that the variances of the populations are the same. The equality of two variances test is used to test whether the data distribution is homogeneous or not, namely by comparing the two variances. If two or more groups of data have the same variance, then the homogeneity test does not need to be carried out again because the data is considered homogeneous. The

homogeneity test can be carried out if the data group is in a normal distribution. The homogeneity test is carried out to show that differences that occur in parametric statistical tests (eg t test, Anava, Anacova) really occur as a result of differences between groups, not as a result of differences within groups. The homogeneity of variance test is very necessary before comparing two or more groups, so that the differences that exist are not caused by differences in basic data (inhomogeneity of the groups being compared). There are several formulas that can be used to test homogeneity of variance, including: Bartlett test.

FINDINGS

a) Validity test

Validity testing is carried out to determine whether or not a questionnaire is valid for each of these variables. The validity tests that have been carried out in this research are shown in the following table:

Table 1. Validity Test of Human Capital, Market Orientation and UMKM Performance

Human Capital Indicators	r-table	r-count	Result
X1.1	0.254	0.613	Valid
X1.2	0.254	0.401	Valid
X1.3	0.254	0.691	Valid
X1.4	0.254	0.540	Valid
X1.5	0.254	0.661	Valid
X1.6	0.254	0.420	Valid
X1.7	0.254	0.740	Valid
X1.8	0.254	0.286	Valid
Market Orientation Indicator	r-table	r-count	Result
X2.1	0.254	0.693	Valid
X2.2	0.254	0.345	Valid
X2.3	0.254	0.599	Valid
X2.4	0.254	0.542	Valid
X2.5	0.254	0.451	Valid
X2.6	0.254	0.192	Invalid
X2.7	0.254	0.717	Valid
X2.8	0.254	0.295847	Valid
Performance Indicators UMKM	r-table	r-count	Result
Y1.1	0.254	0.658	Valid
Y1.2	0.254	0.415	Valid
Y1.3	0.254	0.706	Valid
Y1.4	0.254	0.545	Valid
Y1.5	0.254	0.631	Valid
Y1.6	0.254	0.483	Valid

From the results of validity testing in the table above, there are 36 questionnaires containing these 3 variables which were filled in by 60 respondents in this study. One way to find out which questionnaires are valid and invalid, we have to find out the table first. The formula for r table is $df = N - 2$ so $60 - 2 = 58$, so r table = 0.254. From the results of the validity calculations in the table above, it can be seen that r count > r table there are 35 questionnaires that are declared valid and 1 questionnaire r count < r table is declared negative, all 22 questionnaires are declared valid because r count is more than r table but there is 1 questionnaire that is declared negative (invalid) because the result is less than the total r table, namely 0.254.

b) Reliability Test

This research must carry out a reliability test to measure whether or not the questionnaire in the research is consistent or not, which is used to measure the influence of variable X1 with variables X2 and Y1. Before carrying out reliability testing, there must be a basis for decision making, namely an alpha of 0.70. A variable is considered reliable if the value of the variable is greater than >0.70 , if it is smaller then the variable under study cannot be said to be reliable because it is <0.70 . The results of reliability testing on this research variable are as follows:

Table 2. Human Capital Reliability Test

R -Compute	0,613	0,401	0,691	0,540	0,661	0,420	0,740	0,286074
R-Table	0,254	0,254	0,254	0,254	0,254	0,254	0,254	0,254
Validitas	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid
Variance	2,55819209	2,283615819	1,588701	1,7658192	2,443785	2,779661	2,179379	1,790678

Number of Variants	17,38983051
Total Variance	1292

Human Capital Testing Criteria		
Reference Value	Mark Cronbach Alpa	Conclusion
0,7	1,150963775	Reliable

If the Cronbach Alpha value is > 0.70 then the conclusion is reliable

If the Cronbach Alpha value is <0.70 then the conclusion is not reliable

The results of the reliability test on the Human Capital variable (X1) can be seen that Cronbach's alpha on this variable is higher than the basic value, namely $1.1509 > 0.70$. These results prove that all statements in the variable questionnaire (X1) are declared reliable.

Table 3. Market Orientation Reliability Test

R - Compute	0,693	0,345	0,599	0,542	0,451	0,192	0,717	0,295847
R-Table	0,254	0,254	0,254	0,254	0,254	0,254	0,254	0,254
Validity	Valid	Valid	Valid	Valid	Valid	Not Valid	Valid	Valid
Variance	2,602298851	2,424138	1,610345	1,7885057	2,822989	1,981609	2,162069	1,798851

Number of Variants	17,1908046
Total Variance	638

Market Orientation Testing Criteria		
Reference Value	Mark Cronbach Alpa	Conclusion
0,7	1,135231026	Reliable

If the Cronbach Alpha value is > 0.70 then the conclusion is reliable

If the Cronbach Alpha value is <0.70 then the conclusion is not reliable

The results of the reliability test on the Market Orientation variable (X2) can be seen that Cronbach's alpha on this variable is higher than the base value, namely $1.135231 > 0.70$. These results prove that all statements in the variable questionnaire (X2) are declared reliable

Table 4. UMKM Performance Reliability Test

R -Compute	0,658	0,415	0,706	0,545	0,631	0,483
R-Table	0,254	0,254	0,254	0,254	0,254	0,254
Validitas	Valid	Valid	Valid	Valid	Valid	Valid
Variance	2,602298851	2,424138	1,610345	1,7885057	2,437931	2,822989

Number of Variants	13,6862069
Total Variance	493

Performance UMKM Testing Criteria		
Reference Value	Mark Cronbach Alpha	Conclusion
0,7	1,134278753	Reliable

If the Cronbach Alpha value is > 0.70 then the conclusion is reliable

If the Cronbach Alpha value is <0.70 then the conclusion is not reliable

The results of the reliability test on the UMKM Performance variable (Y) can be seen that Cronbach's alpha on this variable is higher than the base value, namely 1.134278 > 0.60. These results prove that all statements in the variable questionnaire (Y) are declared reliable

c) Multiple Linear Regression Regression

analysis is to determine the direction of the relationship between the independent variable and the dependent variable, whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The data used is usually on an interval or ratio scale. The multiple regression equation is as follows: $Y'' = a + b_1X_1 + b_2X_2 + e$

Information:

Y'' = Performance of UMKM in Sananwetan District

X_1 = Business Capital

X_2 = Market Orientation

a = Constant (Y' value if $X_1, X_2, \dots, X_n = 0$)

b = Regression coefficient (value of increase or decrease)

The hypothesis will be tested on a 5% truth scale using the t test and f test in the regression analysis below

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C = Market Orientation_	1.700800	0.283835	5.992205	0.0000
Human Capital	0.364121	0.057546	6.327448	0.0000
	0.258155	0.062074	4.158805	0.0001
R-squared	0.443877	Mean dependent var	4.103333	
Adjusted R-squared	0.432410	S.D. dependent var	0.678258	
S.E. of regression	0.510990	Akaike info criterion	1.524606	
Sum squared resid	25.32770	Schwarz criterion	1.602761	
Log likelihood	-73.23028	Hannan-Quinn criter.	1.556236	
F-statistic	38.71090	Durbin-Watson stat	1.791339	
Prob(F-statistic)	0.000000			

Figure 2. Multiple Linear Regression Test

From the Eviews output in Figure 3.8, the following analysis can be produced: a. Regression Model The resulting regression model is: $Y = 1.700800 + (0.364121 * X1) + (0.258155 * X2) + \epsilon$ or can be written as: $UMKM \text{ Performance} = 1.700800 + (0.258155 * \text{Human capital}) + (0.364121 * \text{Market Orientation}) + \epsilon$

From the regression model above, it can be interpreted that: Every additional 1 human capital can increase the performance of UMKM by 0.258155.

c. Model Fit Test (F Test)

1. Hypothesis:

H0: The model does not fit

H1: The model fits

2. Significance Level $\alpha = 5\% = 0.05$

3. Prob Test Statistics (F-statistic) = 0.00000

4. Rejection Criteria Reject H0 if the Prob(F-statistic) value $< \alpha = 0.05$. Thus it can be concluded that the model is suitable

c. Individual Test (t test) for the Human Capital variable (X1)

1. Hypothesis:

H0: $\beta_1 = 0$ (the amount of Human Capital does not have a significant effect on MSME performance)

H1: $\beta_1 \neq 0$ (the amount of Human Capital has a significant effect on UMKM performance)

2. Significance Level $\alpha = 5\% = 0.05$

3. Prob Test Statistics = 0.0001

4. Rejection Criteria Reject H0 if the Prob value $< \alpha = 0.05$. Thus it can be concluded that the amount of Human Capital has a significant effect on the performance of UMKM.

Individual Test (t test) for the Work Orientation variable (X2)

1. Hypothesis:

H0: $\beta_1 = 0$ (Work Orientation has no significant effect on UMKM performance)

H1: $\beta_1 \neq 0$ (Work Orientation has a significant effect on UMKM performance)

2. Significance Level $\alpha = 5\% = 0.05$

3. Prob Test Statistics = 0.0000

Rejection Criteria Reject H0 if the Prob value $< \alpha = 0.05$. Thus, it can be concluded that Work Orientation has a significant effect on the performance of UMKM.

R – Squared (R^2)

The (R^2) or R-squared value is 0.4438 rounded to 0.44. Thus, it can be concluded that the number of UMKM performance results is influenced by the amount of working capital by 44.8%. Mean while, the rest is influenced by other factors that are not yet included in the model. In regression analysis, there are two types of coefficient of determination, namely R-squared (R^2) and Adjusted R-square.

Using R Square (R^2) often causes problems, namely that the value will always increase as the independent variables in a model increase. This will cause bias, because if you want to get a model with a high R, a researcher can easily add a dependent variable so that the R Square value will increase, regardless of whether the additional independent variable is correlated with the dependent variable or not. Therefore, many researchers recommend using Adjusted R Square. The interpretation is the same as R Square, but the Adjusted R Square value can increase or decrease with the addition of new variables, depending on the correlation between the additional independent variable and the dependent variable. In this case the Adjusted R value is 0.432

d) Classic Assumption Test Results

➤ NORMALITY TEST

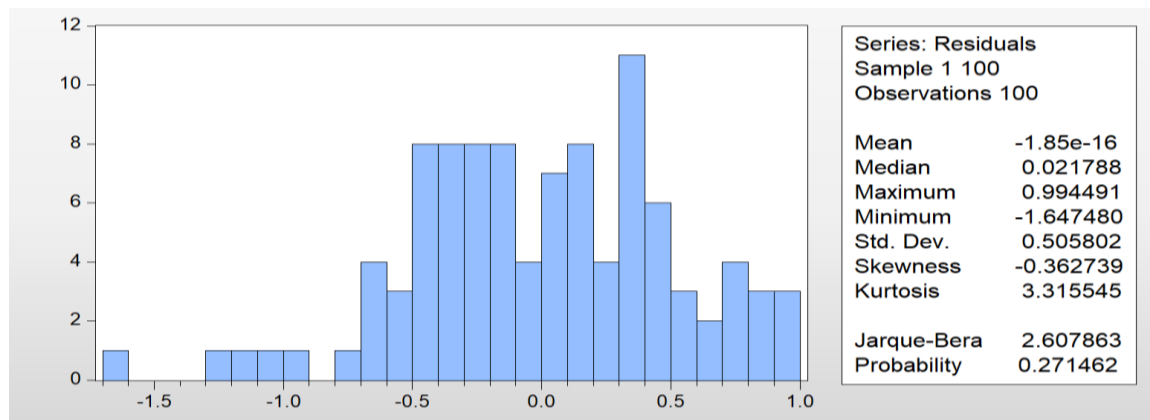


Figure 2. Normality Test Result

The results of the residual normality test above are: The Jarque-Bera value is 2.607863 with a p value of $0.271462 > 0.05$ so accept H_0 or which means the residuals are normally distributed.

➤ LINEARITY

	Value	df	Probability
F-statistic	2.255746	(2, 95)	0.1104
Likelihood ratio	4.639624	2	0.0983
F-test summary:			
	Sum of Sq.	df	Mean Squares
Test SSR	1.148267	2	0.574133
Restricted SSR	25.32770	97	0.261110
Unrestricted SSR	24.17944	95	0.254520
LR test summary:			
	Value		
Restricted LogL	-73.23028		
Unrestricted LogL	-70.91047		

Figure 3. Linearity Test

The Linearity Test with Eviews above uses the Ramsey Reset Test, where you can see the results in the p value shown in the probability column of the F-statistics row. The result in this tutorial is 0.1104 where > 0.05 so it can be concluded that the independent variable is linear with the dependent variable.

➤ AUTOCORRELATION

Pay attention to the Prob Chi Square (2) value which is the p value of the Breusch-Godfrey Serial Correlation LM test, which is 0.05344 which is > 0.05 so that you accept H_0 or which means there is no serial autocorrelation problem.

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.630755	Prob. F(2,95)	0.5344
Obs*R-squared	1.310503	Prob. Chi-Square(2)	0.5193

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C = Market Orientation_Human Capital	-0.006514	0.288397	-0.022586	0.9820
Residual_1	0.007857	0.058522	0.134254	0.8935
Residual_2	-0.006102	0.062752	-0.097233	0.9227
	0.101034	0.103824	0.973123	0.3330
	-0.066317	0.103503	-0.640727	0.5232
R-squared	0.013105	Mean dependent var	-1.85E-16	
Adjusted R-squared	-0.028448	S.D. dependent var	0.505802	
S.E. of regression	0.512946	Akaike info criterion	1.551414	
Sum squared resid	24.99578	Schwarz criterion	1.681672	
Log likelihood	-72.57070	Hannan-Quinn criter.	1.604132	
F-statistic	0.315377	Durbin-Watson stat	1.988724	
Prob(F-statistic)	0.867064			

Figure 4. Auto Correlation Test

➤ **HOMOGENITY**

Heteroskedasticity Test: Glejser

F-statistic	4.703727	Prob. F(2,97)	0.0112
Obs*R-squared	8.840973	Prob. Chi-Square(2)	0.0120
Scaled explained SS	8.158042	Prob. Chi-Square(2)	0.0169

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C = Market Orientation_	0.805762	0.159332	5.057110	0.0000
Human Capital	-0.091803	0.032304	-2.841859	0.0055
	-0.011700	0.034846	-0.335777	0.7378
R-squared	0.088410	Mean dependent var	0.407092	
Adjusted R-squared	0.069614	S.D. dependent var	0.297384	
S.E. of regression	0.286847	Akaike info criterion	0.369802	
Sum squared resid	7.981249	Schwarz criterion	0.447957	
Log likelihood	-15.49009	Hannan-Quinn criter.	0.401433	
F-statistic	4.703727	Durbin-Watson stat	1.749743	
Prob(F-statistic)	0.011228			

Figure 5. Homogeneity Test

In the picture you can see the Prob value. For variable X1 (Human Capital) 0.7378 where > 0.05 . Thus it can be concluded that the assumption of homogeneity of variance is met

➤ **MULTICOLLINEARITY**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C = Market Orientation_	0.080563	30.85385	NA
Human Capital	0.003312	19.86279	1.080206
	0.003853	23.27981	1.080206

Figure 5. Multicollinearity Test

The above shows that the Centered VIF value for both X1 and X2 is 1.080206, which is less than 10. then it can be stated that there is no multicollinearity problem in the prediction model.

➤ 6. Heteroscedasticity Test

Heteroskedasticity Test: Harvey

F-statistic	2.221902	Prob. F(2,97)	0.1139
Obs*R-squared	4.380557	Prob. Chi-Square(2)	0.1119
Scaled explained SS	2.526749	Prob. Chi-Square(2)	0.2827

Test Equation:
 Dependent Variable: LRESID2
 Method: Least Squares
 Date: 11/27/23 Time: 15:45
 Sample: 1 100
 Included observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
	-1.011129	0.930450	-1.086709	0.2799
C = Market Orientation_	-0.389754	0.188644	-2.066081	0.0415
Human Capital	0.032631	0.203488	0.160358	0.8729
R-squared	0.043806	Mean dependent var	-2.384472	
Adjusted R-squared	0.024090	S.D. dependent var	1.695640	
S.E. of regression	1.675091	Akaike info criterion	3.899153	
Sum squared resid	272.1753	Schwarz criterion	3.977308	
Log likelihood	-191.9577	Hannan-Quinn criter.	3.930784	
F-statistic	2.221902	Durbin-Watson stat	1.782365	
Prob(F-statistic)	0.113891			

Figure 6. Heteroscedasticity Test

Where the p value is indicated by the Prob value. chi square (2) on Obs*R-Squared is 0.1119. Because the p value is $0.1119 > 0.05$, then accept H_0 or this means that the regression model is heteroscedastic, or in other words, there is no problem with the non-heteroscedastic assumption.

DISCUSSIONS

a) The Influence of Human Capital on UMKM Performance

Human capital has a positive and significant influence on the performance of UMKM. The value of the human capital variable on the performance of UMKM with a t-statistic of 4.158805, this value shows that the t-count is greater than the t-table (1.984), and has a p-value of $0.00 \leq 0.005$. The statistical results show that hypothesis two is supported, so it can be stated that human capital has a positive and significant influence on the performance of UMKM.

The results of this research also show that the human capital variable has a direct influence on the performance variable of UMKM. This means that when the human capital variable is increased by one time, the UMKM performance variable will also increase by 25.81 percent. This positive influence is because the majority of UMKM actors in Sananwetan sub-district have experience and knowledge regarding the business they are involved in, both for production and marketing. There are a lot of entrepreneurs who have education up to university level, although they are still dominated by high school graduates. The majority of business people are enthusiastic about taking part in training and exhibitions held by the local government, especially by the Department of Trade, Industry, Cooperatives and UMKM. Apart from that, business actors also sometimes share knowledge and information with other entrepreneurs regarding market conditions, production materials and models.[8,9]

b) The Influence of Market Orientation on UMKM Performance

Market orientation has a positive and significant influence on the performance of UMKM. Market orientation has a positive influence on the performance of UMKM with a t-statistic of 6.327448, this value shows that the t-count is greater than the t-table (1.984) and has a p-value of $0.00 \leq 0.005$. Statistical testing shows that hypothesis three is supported, which means that market orientation has a positive and significant influence on the performance of UMKM.

The results of this research indicate that there are market orientation variables that have a direct influence on the performance of UMKM. This means that when the market orientation variable is increased by one time, the UMKM performance variable will also increase by 36.41 percent. This positive influence is because businesses that apply the market orientation concept have higher UMKM performance than businesses that do not apply the market orientation concept. A market-oriented business is a business that tracks and responds to customer needs and desires, has a better understanding of consumers, competitors and the marketing environment so that it can satisfy customers well, which will ultimately impact performance to a higher level.[10,11]

UMKM players in Sananwetan District always try to fulfill the wants and needs of the market. UMKM players in Sananwetan District will ask customers directly or seek information through distributors regarding customer complaints related to products or information about the market. This is to improve quality and to find out customer tastes so that business actors in Sananwetan District are able to meet the wants and needs of the market. Apart from that, UMKM players routinely discuss product development and disseminate information related to products and services with the individuals involved so that each individual in the company is involved in contributing new ideas and is also involved in introducing products to the market.[12,13]

c) The Influence of Human Capital and Market Orientation on UMKM Performance

Human capital and market orientation have a positive and significant influence on UMKM performance. The value of the human capital variable through market orientation on the performance of UMKM with an f-statistic of 38.71090. This value shows that the f-count is greater than the f-table (3.94), and has a p-value of $0.00 \leq 0.05$. So that human capital and market orientation have a positive and significant influence on the performance of UMKM.

The results of this research show that the human capital and market orientation variables have a direct effect on the UMKM performance variable with a correlation coefficient of 44.5 percent, which means that when the human capital variable through market orientation is increased by one time, the MSME performance variable will increase by 44.5 percent. UMKM actors in Sananwetan District who are aware of the importance of market orientation are able to improve their business performance compared to UMKM actors in Sananwetan District who are not aware of the importance of market orientation.[14,15,16] This is proven by many UMKM players in Sananwetan District who are able to market their products not only in the area in Sananwetan District, but are able to market them outside the city, outside the island and even abroad. UMKM players are aware of being able to explore consumers' desires and needs which can change according to developments over time so that they are able to compete with similar businesses.[17,18,19]

CONCLUSION

Based on testing the research hypothesis, it can be concluded that: (1) human capital has a

positive and significant influence on UMKM performance. Humans are not just resources but are capital that produces returns and every expenditure made in order to develop the quality and quantity of that capital is an investment activity which will ultimately be related to performance; (2) Market orientation has a positive and significant influence on UMKM performance. A company is market-oriented, the risk of failure is reduced, both now and in the future because it becomes a business center for developing new products. Meanwhile, companies that are able to develop products will be able to compete and be able to fulfill customer desires, thereby having an impact on company performance. (3) Human Capital and Market Orientation have a positive and significant influence on UMKM Performance. Human capital is an important component for the creation and dissemination of knowledge which ultimately can carry out optimal market orientation because those who are able to create innovation or develop new products are individuals who have high quality, while companies that are able to create innovation will be able to meet market needs and desires;

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