

## **Human Resources Management Strategy to Create a Sustainable Competitive Advantage**

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Diterima: 25 05 2023

Direvisi : 05 10 2023

Disetujui: 26 10 2023

### **SUMMARY**

*Competition for MSME players is getting tougher supported by increasingly developing technological advances, demanding MSME players to be able to adapt quickly to these changes. In order to survive in this competition, MSMEs are required to always be ready to face dynamic market changes. Today's company competitiveness no longer lies in the superiority of product and process technology or having a large market share and large capital, but how a company has quality human resources by increasing competitive advantage in a sustainable manner. With increasingly complex challenges, the role of HRM to be able to achieve competitive advantage is to be a pioneer in facing an ever-changing environment. These environmental changes require companies to always improve their performance or productivity. This can be achieved with a human resource management strategy that can respond to environmental changes.*

*Keywords: Human Resource Management, Strategy Sustainable Competitive Advantage, MSME*

### **RINGKASAN**

Persaingan pelaku UMKM semakin ketat, apalagi didukung dengan kemajuan teknologi yang semakin berkembang. Hal ini menuntut UMKM untuk dapat beradaptasi dengan cepat terhadap perubahan tersebut. Agar dapat bertahan dalam persaingan tersebut, UMKM dituntut untuk selalu siap menghadapi perubahan pasar yang dinamis. Daya saing perusahaan saat ini tidak lagi terletak pada keunggulan produk dan teknologi proses atau memiliki pangsa pasar yang besar dan modal yang besar, tetapi bagaimana suatu perusahaan memiliki sumber daya manusia yang berkualitas dengan meningkatkan keunggulan bersaing secara berkelanjutan. Dengan tantangan yang semakin kompleks, peran HRM untuk dapat mencapai keunggulan bersaing adalah menjadi pionir dalam menghadapi lingkungan yang selalu berubah. Perubahan lingkungan tersebut menuntut perusahaan untuk selalu meningkatkan kinerja atau produktivitasnya. Hal ini dapat dicapai dengan strategi pengelolaan sumber daya manusia yang dapat merespon perubahan lingkungan.

**Kata kunci:** Manajemen Sumber Daya Manusia, Strategi Keunggulan Bersaing Berkelanjutan, UMKM

## 1. INTRODUCTION

### 1.1. Background

In Indonesia, MSMEs have a very important position for the economy, because of the large number of workers who are directly involved. The important role of MSMEs in the national economy reflects the important role of MSMEs in achieving the Sustainable Development Goals (SDGs) in Indonesia. MSMEs can be at the forefront of achieving the SDGs economic pillars by creating jobs, creating decent working conditions, business innovation, adapting and mitigating negative economic, social and environmental impacts on business operations for inclusive and sustainable economic growth.

The competition between MSME players is getting tougher, supported by increasingly developing technological advances, which requires MSME players to be able to adapt quickly to these changes. In order to survive in this competition, MSMEs are required to always be ready to face dynamic market changes. Increasingly stringent business competition requires MSMEs to have a competitive advantage so that people can continue to support their economy so that they are able to compete in retaining customers and developing their business. This will have an impact on the high level of competition between MSME actors in fighting for market share. One of the keys to winning the competition lies in the ability of MSMEs to create competitive advantage. Competitive advantage is a position that must be achieved by a company if it wants to survive in intense competition by every business actor (Nainggolan, 2018). Each MSME has a different competitive advantage. In order for a resource to provide a sustainable competitive advantage, it must have value, be rare, incomparable, and have company support (Wurjaningrum, 2015).

A sustainable competitive advantage is a condition or circumstance that places a company in a profitable or superior business position within a number of years. Sustainable competitive advantage is the direction of the company's strategy which is not an end in itself, but rather a tool to achieve company goals, namely company performance that generates relatively high profits. Meanwhile, to perpetuate this competitive advantage, companies must have company-specific resources and capabilities. Currently, the competitiveness of companies today no longer lies in the superiority of product and process technology or having a large market share and large capital, but how a company has quality human resources. The importance of the role of human resources as the main foundation for companies in gaining competitive advantage is caused by environmental changes that pose new challenges for organizations. With increasingly complex challenges, the role of HRM to be able to achieve competitive advantage is not only dealing with staffing issues but also being a pioneer in dealing with an ever-changing environment. These environmental changes require companies to always improve their performance or productivity. This can be achieved with a human resource management strategy that can respond to environmental changes. The potential for sustainable competitive advantage in HR is the nature of HR that is valuable, mature, not easily imitated and replaced and easy to manage.

In its implementation, there are several problems currently faced by MSMEs, especially human resource (HR) and management issues. Limited human resources for micro and small entrepreneurs, both in terms of formal education and knowledge and skills, greatly affect the management of their businesses, making it difficult for these businesses to develop optimally. In addition, with limited human resources, it is relatively difficult to adopt new technological developments to increase the competitiveness of the products they produce. In addition, most MSMEs in their business still do not pay attention to environmental friendly criteria. This is caused by several factors such as: (a) lack of knowledge about environmental sustainability, (b) weak management aspects, (c) unsupportive technical aspects, and (d) the unavailability of environmentally friendly financing sources. On the other hand, public awareness to use environmentally friendly products is still not growing

### 1.2. Identification of Problem

Based on the description of the situation analysis above, the following problems can be identified lack of understanding of MSME actors in preserving the environment to increase the competitiveness of the products produced, lack of understanding of MSME actors about sustainable competitive advantage and the ineffectiveness of the human resource management strategy implemented in MSMEs in responding to environmental changes.

### 1.3. Activity Objectives

The Activity Objectives Community Service is provided knowledge and insight for MSME actors about the importance of preserving the environment to increase the competitiveness of the products produced, providing knowledge and insight to MSME actors regarding the understanding of MSME actors about sustainable competitive advantage and provide knowledge and insight into MSME actors about human resource management strategies that can respond to environmental changes.

## 2. METHOD

Community service activities are carried out in the form of training and discussions which are carried out offline in Rancabungur. Participants have the opportunity to ask questions, so that dialogue can occur between the resource person and the participants.

The methods that will be used to achieve the activity objectives can be described as follows: preparing an activity plan; activity preparation, consisting of creating links to prepare for the implementation of activities; activity preparation, consisting of creating links to prepare for the implementation of activities and activity preparation, consisting of creating links to prepare for carrying out activities. Next, evaluation activities will be carried out by giving questionnaires to participants

## 3. RESULTS AND DISCUSSION

Community Service Activities are held in Rancabungur, Bogor on Thursday, 14 February 2023. Activities are carried out from 09.00 to 12.00 WIB.

The title of this Community Service Activity is : “MSMEs Management Development to Achieve Business Sustainability and Environmental Sustainability : Viewed Frim Various Management Perspectives (Marketing, Finance, Human Resources and Operation.”

The partner resource person from Universiti Malaysia Terengganu is Prof. Dr. Yusliza Mohd Yusoff and Dr. Zikri Muhammad. The UMB team of lecturers who became resource persons consisted of 10 lecturers.

This activity was attended by 37 MSME owners. In Rancabungur District there are several SMEs, including: food businesses, fashion businesses such as sewing clothes, handicraft products and wedding organizers. Based on the profiles of the trainees, most of them were women over the age of 40. The types of MSME businesses in Rancabungur District are dominated by food businesses with less than 5 to 10 years of business. The average income of MSME actors is less than 1 million to 5 million rupiah per month.

From the results of the questionnaire, participants understood the importance of human resource management and sustainable competitive advantage and the implementation of human resource management strategies that can respond to environmental changes.

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1. Conclusions

Based on the results of the questionnaire distributed to the training participants, according to them the Community Service activities carried out in the Rancabungur District went well, where the participants felt comfortable with the training venue including the event facilities. For the duration of the event, some participants wanted a longer duration so that participants could better understand the material presented by the speakers. Most of the participants stated that the resource persons had mastered the material presented and according to the participants, the material was presented interesting and useful. Henceforth, if further training activities are held, they are willing to take part again.

### 4.2. Recommendations

For Academic Suggestions, it is hoped that lecturers who are interested in carrying out community service activities regarding improving the skills and competencies of MSMEs in Rancabungur District can collaborate with several MSME owners through marketing strategies to increase sales of MSME products so that they can increase competitive advantages for MSMEs. Apart from that, continuous training activities are needed so that mentoring can run more optimally, which is carried out between UMB and partners through community service activities and further training is needed

regarding sustainable business management and expansion of marketing and digital marketing. Practitioner suggestions for the Central and Regional Governments, collaboration with various educational institutions is needed to provide knowledge and skills development training for MSMEs.

**ATTACHMENT**  
**PHOTOS OF ACTIVITIES DURING SERVICE TO THE COMMUNITY**



Figure 1. Presentation of material in Community Service Activities in Rancabungur



Figure 2. Presenters and Participants in Community Activities in Rancabungur





Figure 3. Rancabungur MSME products

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