JOURNAL OF ACCOUNTING RESEARCH, UTILITY FINANCE AND DIGITAL ASSETS (JARUDA) | ISSN (E): 2962-973X
Website : https://jaruda.org/index_php/go/index | Volumes 5 No. 1 (2026)

DETERMINANTS OF MSME PERFORMANCE DEVELOPMENT: HUMAN RESOURCE QUALITY, ENTREPRENEURIAL ORIENTATION AND COMPETITIVE ADVANTAGE (A CASE STUDY OF MSMES IN MEDAN CITY)

Wirnawati [1]*, Austin Alexander Parhusip [2]
[1,2] Management Study Program / Universitas Potensi Utama, Medan, Indonesia
E-mail: wirnawt10@gmail.com[1]* , parhusip.austinalexander@gmail.com[2]

Received: 01/08/2026 | **Revised:** 10/08/2026 | **Accepted:** 26/08/2026 | **Published:** 26/10/2026

Abstract

The study aims of this research is to see the effect of human resource quality, entrepreneurial orientation, and competitive advantage on the development of MSME performance in Medan City. The research method used is quantitative. The subjects of this research were 100 MSME actors in Medan City. The sampling technique used purposive sampling. Data collection used a Likert scale. The data analysis method used is multiple linear regression analysis which is used to determine the effect between independent and dependent variables. Based on the results of the t-test analysis, the coefficient value of human resource quality t = 3.932; sig = 0.000 < 0.05, competitive advantage t = 3.265; sig = 0.002 < 0.05 has a positive and significant effect on MSME performance, while entrepreneurial orientation t = 1.401; sig = 0.165 > 0.05 does not have a significant effect. These results indicate that the hypothesis proposed in this research is accepted, namely that there is an influence between human resource quality and competitive advantage on MSME performance. This means that high human resource quality and competitive advantage will cause high MSME performance, conversely low human resource quality and competitive advantage will cause low MSME performance. The coefficient of determination (R^2) is 0.549. This shows that human resource quality, entrepreneurial orientation, and competitive advantage contribute 54.9% to MSME performance. This means that there is still 45.1% influence from other factors not considered in this research. The influence of other related factors such as business capital, marketing strategy, digital technology utilization, and other external factors

Keywords: Human Resource Quality, Entrepreneurial Orientation, Competitive Advantage, MSMEs Performance, Human Resource Management

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute a key pillar of the Indonesian economy, playing a strategic role in driving national economic growth. MSMEs contribute significantly to the Gross Domestic Product (GDP) and play a vital role in absorbing the workforce and fostering equitable income distribution (Luh et al., 2024). Characterized by their flexibility and resilience across various economic conditions, MSMEs represent a crucial sector, particularly when navigating the dynamics and uncertainties of the global economy. Furthermore, MSMEs act as drivers of regional economies by reaching diverse segments of society, including the informal sector. Their presence not only helps reduce unemployment rates but also enhances the broader well-being of the community (Safitri & Handoyo, 2024). Consequently, the development and performance enhancement of MSMEs have become a primary focus of the government's efforts to achieve inclusive and sustainable economic development. It is evident that the performance of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has shown an upward trend from 2022 to 2024. This growth is reflected in three key indicators: contribution to Gross Domestic Product (GDP), labor absorption, and the number of business units. Regarding GDP contribution, MSMEs saw their share rise from 61.00% in 2022 to 61.90% in 2023, increasing further to 62.50% in 2024; in 2025, the contribution was recorded at 61.90%. This demonstrates the strengthening role of MSMEs in the national economy and their status as a primary

driver of economic growth. Furthermore, in terms of labor absorption, MSMEs have made a highly significant and consistently high contribution, registering 97.00% in 2022, rising to 97.10% in 2023, reaching 97.30% in 2024, and standing at 97.00% in 2025. These figures highlight the vital role MSMEs play in reducing unemployment and improving public welfare.

As one of Indonesia's major cities, Medan possesses significant potential for Micro, Small, and Medium Enterprises (MSMEs) to drive regional economic growth. MSMEs in Medan operate across various sectors, including culinary arts, fashion, handicrafts, and services. The local government has implemented numerous initiatives to foster MSME development, such as providing entrepreneurship training and financial assistance, as well as encouraging business digitalization. In the context of this development, it is important to understand that Micro, Small, and Medium Enterprises are classified based on specific scales or sizes rather than the type of business activity. In other words, sectors such as culinary, fashion, handicrafts, trade, and services represent fields of business, whereas "micro," "small," and "medium" denote business scales or categories. According to Government Regulation of the Republic of Indonesia Number 7 of 2021, the categorization of MSMEs is determined based on criteria regarding business capital or annual sales revenue. Based on the MSME classification criteria outlined in Government Regulation No. 7 of 2021, the Medan City Government—through the Department of Cooperatives and MSMEs—continuously tracks the number of business units within its jurisdiction to monitor the growth of MSMEs in the city. The number of Micro, Small, and Medium Enterprises (MSMEs) in Medan City showed a year-on-year increase between 2020 and 2024. In 2020, the number of MSMEs stood at 10,235 units; this figure rose to 12,457 units in 2021 and further increased to 15,953 units in 2022. Subsequently, a significant increase occurred in 2023, bringing the total to 40,267 units, followed by a further rise to 46,807 units in 2024. In 2025, the number of MSMEs in Medan City increased again to 49,140 units. These figures demonstrate consistent quantitative growth in the number of MSMEs in Medan City over the years.

Given this phenomenon, the performance of MSMEs is a crucial aspect to consider in efforts to develop the business sector in Medan City. MSME performance refers to the business outcomes or evaluations achieved by individuals or groups—based on assigned tasks and roles over a specific period—measured against the company's standards (Purba et al., 2023). Good performance reflects the ability of business owners to manage their resources effectively and efficiently. Trends in MSME capital growth in Medan City showed a decline across both capital categories during the 2023–2024 period. In the category of capital under IDR 1 billion, the number of businesses fell from 124,960 to 122,843—a decrease of 1.69%—indicating a reduction in the number of businesses, albeit a relatively small one. Meanwhile, the category with capital ranging from IDR 1 billion to less than IDR 5 billion saw a drastic drop from 159 businesses to 94—a decline of 40.88%—indicating that upper-mid-range MSMEs experienced a severe contraction. This decline may stem from internal factors, such as difficulties in maintaining capital, or external factors, such as an unfavorable economic climate. Overall, these conditions indicate that MSME capital growth in Medan City is weakening and remains unstable. Based on the results of a pre-survey covering all MSME performance indicators, it can be concluded that, in general, MSME performance in Medan City still exhibits significant disparities between businesses that have developed and those that have not. Internal factors—such as financial management capabilities, marketing skills, and product innovation—along with external factors—such as access to capital and macroeconomic conditions—collectively influence MSME performance levels. Therefore, more targeted efforts are required from various stakeholders—including the government, financial institutions, and the business owners themselves—to foster equitable and sustainable performance improvements for MSMEs in Medan City.

The quality of human resources is a crucial factor in determining the success of a business, particularly within the Micro, Small, and Medium Enterprise (MSME) sector. This quality reflects the individual's ability to manage the business, encompassing the knowledge, skills, experience, and managerial capabilities possessed by the business owner. Higher quality human resources translate to greater opportunities for the business to grow, survive, and compete in the market (Luh et al., 2024). This phenomenon indicates that the fundamental weakness of MSMEs in Medan City lies not merely in technical aspects of production or marketing, but rather in limited managerial capacity and business planning; these issues systematically constrain business growth, making them the most critical variables requiring urgent and serious attention. Entrepreneurial orientation is a crucial factor influencing the success and growth of a business, particularly within the MSME sector. According to Ratnasari and Levyda (2021), entrepreneurial orientation reflects the attitudes, behaviors, and mindsets of business owners in managing and expanding their enterprises, especially when navigating market dynamics and increasingly intense competition. Business owners with a strong entrepreneurial orientation tend to be more innovative, willing to take risks, and proactive in identifying and capitalizing on business opportunities. The entrepreneurial orientation of MSME

OPEN ACCESS

operators in Medan City remains suboptimal. This phenomenon reveals a gap between the demands of a dynamic business environment and the ability of MSME operators to innovate, take risks, and act proactively in developing their businesses.

Based on a pre-survey regarding the competitive advantage of MSMEs in Medan—conducted with 30 business owners—it is evident that MSMEs generally face various limitations affecting their business competitiveness. This is reflected in the respondents' answers, which reveal a gap between business owners who have achieved competitive advantage and those who have not. Regarding the product indicator, 53.3% of respondents stated that their products possessed unique qualities compared to competitors, while 46.7% admitted their products lacked sufficient distinctiveness. Those who responded negatively generally produced goods similar to existing market offerings in terms of shape, taste, packaging, and variety. These limitations stem from a lack of creativity and innovation in product development, as well as an insufficient understanding of the importance of product differentiation as a strategy to attract consumer attention amidst increasingly fierce competition. Many business owners are content with their existing products and make no effort to create distinctive features that would set their offerings apart from the competition. Some previous studies were conducted in specific regions or business sectors characterized by different levels of economic development, resource access, and policy support compared to the conditions faced by MSMEs in Medan City.

These differing characteristics can certainly influence research outcomes, given that each region possesses unique market dynamics, levels of competition, and human resource quality. Furthermore, variations in business scale, industry type, and the extent of technology adoption can also serve as differentiating factors in the results. Consequently, this study offers novelty by examining the relationships between human resource quality, entrepreneurial orientation, and competitive advantage regarding MSME performance within a distinct context—specifically, MSMEs in Medan City. This research is expected to provide a more specific and contextual overview of the MSME landscape in the area; thus, the findings will not only reinforce previous studies but also offer new insights relevant to actual empirical conditions on the ground. Based on the background information provided, the problems addressed in this study can be identified as follows:

1. The performance of MSMEs in Medan City remains suboptimal, evidenced by inconsistent growth in sales, capital, workforce, market reach, and profits.
2. The quality of human resources (HR) among MSME operators remains relatively low, particularly regarding managerial skills, financial management, and business planning.
3. The entrepreneurial orientation of MSME operators is suboptimal, characterized by low levels of innovation, risk-taking, and proactivity in responding to market changes.
4. The competitive advantage of MSMEs remains weak, reflected in a lack of product differentiation, inconsistent quality, and limited innovation, making it difficult for them to compete in the market.

Referring to the background of the problem, research formulation, and objectives, the researcher can state the following hypotheses:

H1 : Human resource quality has a positive and significant effect on the performance development of MSMEs in Medan City.
H2 : Entrepreneurial orientation has a positive and significant effect on the performance development of MSMEs in Medan City.
H3 : Competitive advantage has a positive and significant effect on the performance development of MSMEs in Medan City.
H4 : Human resource quality, entrepreneurial orientation, and competitive advantage simultaneously have a significant effect on the performance development of MSMEs in Medan City.

METHOD

This study employed an associative approach, which aims to identify the relationship or connection between one variable and another (Sugiyono, 2021). The method employed was quantitative. The data used in this study included both primary and secondary data. This study was conducted in the city of Medan, a hub for economic, trade, and service activities. Medan was selected as the research site due to its significant and diverse number of MSMEs. The study was carried out from February to July 2026. The study population consisted of all MSME operators in Medan. Based on the data used in the study, there were 46,807 MSMEs in Medan in 2024. The sample size was determined using Slovin's formula. With a population of 46,807 MSMEs and a margin of error of 10% (0.10), the sample size calculation is as follows:

$$n = \frac{46.807}{1+46.807(0,10)^2}$$

$$n = \frac{46.807}{1+46.807(0,01)}$$

$$n = \frac{46.807}{1+468,07}$$

$$n = \frac{46.807}{469,07}$$

$$n = 99,78$$

Based on the results of these calculations, the number of samples obtained was 99.78, so it was rounded up to 100 respondents. Thus, the sample in this study consisted of 100 MSME actors in Medan City.

RESULTS AND DISCUSSION

Results

Validity and Reliability Test Results

Table 1. Results of the Validity Test of Human Resource Quality, Entrepreneurial Orientation, Competitive Advantage, MSME Performance Development

Statement Item	r-count	r-table	Description
HRQ1	0,682	0,361	Valid
HRQ2	0,833	0,361	Valid
HRQ3	0,800	0,361	Valid
HRQ4	0,788	0,361	Valid
HRQ5	0,856	0,361	Valid
HRQ6	0,806	0,361	Valid
HRQ7	0,736	0,361	Valid
HRQ8	0,812	0,361	Valid
EO1	0,802	0,361	Valid
EO2	0,794	0,361	Valid
EO3	0,606	0,361	Valid
EO4	0,840	0,361	Valid
EO5	0,910	0,361	Valid
EO6	0,760	0,361	Valid
CA1	0,873	0,361	Valid
CA2	0,807	0,361	Valid
CA3	0,761	0,361	Valid
CA4	0,781	0,361	Valid
CA5	0,851	0,361	Valid
CA6	0,673	0,361	Valid
CA7	0,765	0,361	Valid
CA8	0,703	0,361	Valid
MPD1	0,688	0,361	Valid
MPD2	0,829	0,361	Valid
MPD3	0,696	0,361	Valid

OPEN ACCESS

Statement Item	r-count	r-table	Description
MPD4	0,832	0,361	Valid
MPD5	0,801	0,361	Valid
MPD6	0,796	0,361	Valid
MPD7	0,759	0,361	Valid
MPD8	0,729	0,361	Valid
MPD9	0,795	0,361	Valid
MPD10	0,823	0,361	Valid

Source: SPSS version 25 (2026)

Referring to Table 1, it is known that the corrected item total correlation value is > 0.361, so all statement items are stated to be valid/legitimate.

Table 2. Results of the Reliability Test of Human Resource Quality, Entrepreneurial Orientation, Competitive Advantage, MSME Performance Development

Variable	*Cronbach Alpha*	Description
Human Resource Quality	0,912	Reliable
Entrepreneurial Orientation	0,879	Reliable
Competitive Advantage	0,906	Reliable
MSME Performance Development	0,926	Reliable

Source: SPSS version 25 (2026)

Referring to Table 2, it is known that the Cronbach's alpha value for all variables is > 0.60, so all variables human resource quality, entrepreneurial orientation, competitive advantage, MSME performance development items are stated to be reliable.

Normality Test Results

Table 3. Kolmogorov-Smirnov Test Results

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.63401744
Most Extreme Differences	Absolute	.054
	Positive	.035
	Negative	-.054
Test Statistic		.054
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: SPSS version 25 (2026)

Referring to Table 3. above, it is known that the results of the Kolmogorov-Smirnov test have a significance value of 0.200 > 0.05 so it can be concluded that the data tested is normally distributed.

Multicollinearity Test Results (Tolerance and VIF)

Table 4. Multicollinearity Test Results

Coefficients[a]							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	**Tolerance**	**VIF**
1 (Constant)	7.840	2.392		3.278	.001		
Human Resource Quality	.443	.113	.381	3.932	.000	.500	1.999
Entrepreneurial Orientation	.200	.143	.135	1.401	.165	.508	1.968
Competitive Advantage	.343	.105	.323	3.265	.002	.479	2.086

a. Dependent Variable: MSME Performance Development

Source: SPSS version 25 (2026)

Referring to Table 4, it is known that the results of the multicollinearity test for the variables human resource quality, entrepreneurial orientation, competitive advantage have a tolerance value > 0.10 and VIF < 10, so this study is declared free from multicollinearity problems.

Heteroscedasticity Test Results (Glejser)

Table 5. Glejser Heteroscedasticity Test Results

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	**t**	**Sig.**
1 (Constant)	6.309	1.397		4.518	.000
Human Resource Quality	-.075	.066	-.160	-1.141	.257
Entrepreneurial Orientation	.058	.083	.098	.700	.486
Competitive Advantage	-.064	.061	-.151	-1.051	.296

a. Dependent Variable: Abs_res

Source: SPSS version 25 (2026)

Referring to Table 5. above, the results of the Glejser test above, the significance value of the three independent variables is human resource quality, entrepreneurial orientation, competitive advantage > 0.05, so it can be concluded that there is no heteroscedasticity.

Multiple Linear Regression Test Results

Table 6. Multiple Linear Regression Test Results

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	7.840	2.392		3.278	.001
Human Resource Quality	.443	.113	.381	3.932	.000
Entrepreneurial Orientation	.200	.143	.135	1.401	.165
Competitive Advantage	.343	.105	.323	3.265	.002

Source: SPSS version 25 (2026)

Referring to Table 6, the regression equation for the above values is:

$$\mathbf{Y = 7{,}840 + 0{,}443}X_1 \mathbf{+ 0\ 0{,}200}X_2 \mathbf{+ 0{,}343}X_3 \mathbf{+ e}$$

1. The constant value of 7.840 indicates that if the variables Human Resource Quality, Entrepreneurial Orientation, and Competitive Advantage are zero or remain unchanged, the value of MSME Performance is 7.840.
2. Human Resource Quality (X1): The regression coefficient for Human Resource Quality (X1) of 0.443 indicates that Human Resource Quality has a positive influence on MSME Performance. This means that if Human Resource Quality increases by one unit, MSME Performance will increase by 0.443 units, assuming other variables remain constant.
3. Entrepreneurial Orientation (X2): The regression coefficient for Entrepreneurial Orientation (X2) of 0.200 indicates that Entrepreneurial Orientation has a positive influence on MSME Performance. This means that every one-unit increase in Entrepreneurial Orientation will increase MSME Performance by 0.200 units, assuming other variables remain constant.
4. Competitive Advantage (X3): The regression coefficient for Competitive Advantage (X3) of 0.343 indicates that Competitive Advantage has a positive influence on MSME Performance. This means that every one-unit increase in Competitive Advantage will increase MSME Performance by 0.343 units, assuming other variables remain constant.

Hypothesis Testing

Partial Test Results (t-Test)

Table 7. Partial Test Results (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Correlations		
		B	Std. Error	Beta	**t**	**Sig.**	Zero-order	Partial	Part
1	(Constant)	7.840	2.392		3.278	.001			
	Human Resource Quality	.443	.113	.381	3.932	.000	.677	.372	.269
	Entrepreneurial Orientation	.200	.143	.135	1.401	.165	.583	.142	.096
	Competitive Advantage	.343	.105	.323	3.265	.002	.659	.316	.224

a. Dependent Variable: MSME Performance Development

Source: SPSS version 25 (2026)

Referring to Table 7, it is known that the independent variables influence each other on the dependent variable.

1. The Human Resource Quality variable (X_1) has a calculated t-value of 3.932 (greater than the t-table value of 1.985) and a significance value (Sig.) of 0.000 (less than 0.05), with a regression coefficient of 0.443 indicating a positive influence. Thus, H_0 is rejected and H_1 is accepted, meaning that Human Resource Quality (X_1) has a significant effect on MSME performance.
2. The Entrepreneurial Orientation variable (X_2) has a regression coefficient of 0.200, indicating a positive direction. However, the t-test results show a calculated t-value of 1.401 (less than the t-table value of 1.985) and a significance value (Sig.) of 0.165 (greater than 0.05). Thus, H_0 is accepted and H_2 is rejected, meaning that Entrepreneurial Orientation (X_2) does not have a significant effect on MSME performance.
3. The Competitive Advantage variable (X_3) has a calculated t-value of 3.265 (greater than the t-table value of 1.985) and a significance value (Sig.) of 0.002 (less than 0.05), with a regression coefficient of 0.343 indicating a positive influence. Thus, H_0 is rejected and H_3 is accepted, meaning that Competitive Advantage (X_3) has a significant effect on MSME performance.

The following are the calculations to determine the influence or partial contribution value of each independent variable:

Human Resource Quality = 0.381 × 0.677 = 0.2579 or 25.8%
Entrepreneurial Orientation = 0.135 × 0.583 = 0.0787 or 7.9%
Competitive Advantage = 0.323 × 0.659 = 0.2129 or 21.3%

Based on the calculations above, it is evident that the independent variable making the largest contribution to the dependent variable is Human Resource Quality (X1), contributing 25.8% to MSME Performance (Y). The

OPEN ACCESS

independent variable making the smallest contribution to the dependent variable is Entrepreneurial Orientation (X2), contributing 7.9% to MSME Performance (Y). In this regard, Human Resource Quality (X1) has a significant partial effect on MSME Performance. Similarly, Competitive Advantage (X3) has a significant partial effect on MSME Performance.

Simultaneous Test Results (F-Test)

Table 8. Simultaneous Test Results (F-Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	**F**	**Sig.**
1	Regression	2591.052	3	863.684	39.001	.000[b]
	Residual	2125.938	96	22.145		
	Total	4716.990	99			

a. Dependent Variable: MSME Performance Development
b. Predictors: (Constant), Human resource quality, entrepreneurial orientation, competitive advantage

Source: SPSS version 25 (2026)

Referring to Table 8. it is known that the F-test results yielded an F-calculated value of 39.001 (which is greater than 2.70) and a significance value (Sig) of 0.000 (which is less than 0.05). Since the significance value is less than 0.05, it can be concluded that human resource quality (X1), entrepreneurial orientation (X2), and competitive advantage (X3) simultaneously have a significant influence on employee performance (Y). This indicates that the regression model employed is suitable for explaining the relationship between the independent variables and the dependent variable.

Determination Test Results

Table 9. Determination Test Results

Model Summary

Model	R	R Square	**Adjusted R Square**	Std. Error of the Estimate
1	.741[a]	.549	.535	4.706

a. Predictors: (Constant), Human resource quality, entrepreneurial orientation, competitive advantage

Source: SPSS version 25 (2026)

Referring to Table 9, the Adjusted R-squared value of 0.535 indicates that, after adjusting for the number of independent variables in the research model, the variables of Human Resource Quality, Entrepreneurial Orientation, and Competitive Advantage collectively explain 53.5% of the variance in MSME performance. The Adjusted R-squared value is more appropriate for multiple linear regression studies because it accounts for the number of independent variables included in the model.

Discussion

The Effect of Human Resource Quality on the MSME Performance Development

Based on the multiple linear regression analysis, the human resource quality variable yielded a regression coefficient of 0.443, indicating a positive influence. Partial test results showed a calculated t-value (t_{count}) of 3.932—exceeding the critical t-value (t_{table}) of 1.984—and a significance value of 0.000, which is below the 0.05 threshold. Consequently, the null hypothesis (H_0) was rejected, and the alternative hypothesis (H_1) was accepted. These results demonstrate that human resource quality has a significant positive partial effect on the performance of MSMEs in Medan City. The human resource quality variable contributed 25.8% to MSME performance, representing the largest contribution among the three independent variables. The regression coefficient of 0.443 indicates that for every one-unit increase in the human resource quality score, the MSME performance score is estimated to increase by 0.443 units, assuming entrepreneurial orientation and competitive advantage remain constant. Conversely, a decline in business owners' capabilities—regarding knowledge, skills, experience, and managerial acumen—tends to result in a decline in MSME performance. Thus, human resource quality encompasses not only formal educational backgrounds but also how business owners plan strategies, manage finances, make decisions, and develop their businesses. These findings align with the study by Purba, Tarigan, and Sembiring (2023),

which found that human resource quality significantly affects MSME performance. The results also concur with the research of Naufal Nabawi and Basuki (2022), stating that human resource quality significantly influences the business development of Sasirangan MSMEs in Banjarmasin. Furthermore, these findings reinforce the research by Hasanah (2023), which demonstrated that human resource competence affects MSME performance both partially and simultaneously.

The Effect of Entrepreneurial Orientation on the MSME Performance Development

Based on the multiple linear regression analysis, the entrepreneurial orientation variable yielded a regression coefficient of 0.200, indicating a positive direction of influence. The partial test results showed a calculated t-value of 1.401—which is lower than the critical t-value of 1.985—and a significance value of 0.165, which exceeds the 0.05 threshold. Consequently, the null hypothesis (H0) was accepted, and the second hypothesis (H2) was rejected. These results indicate that entrepreneurial orientation does not have a positive and significant partial effect on the performance of MSMEs in Medan City. The contribution of the entrepreneurial orientation variable to MSME performance was only 7.9%, representing the smallest contribution among the three independent variables. These findings align with the study by Giovanni Elbert Teddy and Mei Ie (2025), which found that entrepreneurial orientation has a positive but insignificant influence on MSME business performance. The results also concur with the research of Ratnasari and Levyda (2021), which stated that entrepreneurial orientation does not affect MSME performance. However, these findings differ from the study by Dewi Anisa, Cinta Sejahtrania Nadeak, and Ayu Hafizah Hasyim (2023), which concluded that entrepreneurial orientation has a positive and significant impact on MSME business performance. This discrepancy may stem from the specific conditions of the research subjects; some MSME operators in Medan City still face limitations in adopting proactive attitudes, taking risks, and innovating in their business operations. Furthermore, the characteristics of MSMEs in Medan City—predominantly operating in the culinary sector—may involve different levels of business complexity, meaning that entrepreneurial orientation is not yet strong enough to drive a significant improvement in performance.

The Effect of Competitive Advantage on the MSME Performance Development

Based on the multiple linear regression analysis, the competitive advantage variable yielded a regression coefficient of 0.343, indicating a positive influence. The partial test results showed a calculated t-value of 3.265—exceeding the t-table value of 1.985—and a significance value of 0.002, which is below the 0.05 threshold. Consequently, the null hypothesis (H0) was rejected, and the third hypothesis (H3) was accepted. These results demonstrate that competitive advantage has a positive and significant partial effect on the performance of MSMEs in Medan City. The contribution of the competitive advantage variable to MSME performance was 21.3%, representing the second-largest contribution after human resource quality. The regression coefficient of 0.343 indicates that for every one-unit increase in the competitive advantage score, the MSME performance score is estimated to increase by 0.343 units, assuming human resource quality and entrepreneurial orientation remain constant. Conversely, if an MSME's ability to create a competitive advantage declines, its performance tends to decline as well. Therefore, competitive advantage relates not only to product uniqueness but also to how MSMEs create added value, retain customers, and succeed in market competition. These findings align with the research of Maria Augustine Graciafernandy and Erlina Dewi Endah Amaliyah (2024), who found that competitive advantage plays a crucial role in enhancing the marketing performance of MSMEs in the culinary sector. The results also concur with Setyawati (2021), who stated that competitive advantage significantly affects MSME performance. Furthermore, these findings reinforce the results of Violinda (2018), which demonstrated a significant impact of competitive advantage on MSME performance.

The Simultaneous Effect of Human Resource Quality, Entrepreneurial Orientation and Competitive Advantage on the MSME Performance Development

Based on the ANOVA table from the simultaneous testing, an F-statistic of 39.001 was obtained, with a significance value of 0.000 ($p < 0.001$). Since the significance value is less than 0.05, the null hypothesis (H0) is rejected and the fourth hypothesis (H4) is accepted. Thus, human resource quality, entrepreneurial orientation, and competitive advantage simultaneously exert a positive and significant influence on the performance of MSMEs in Medan City. These results also indicate that the regression model employed is suitable for explaining variations in MSME performance. The study's findings align with research by Handoyono (2024), which found that entrepreneurial orientation, market orientation, and competitive advantage simultaneously influence the performance of culinary MSMEs. These findings are further supported by research from Zahra and Herawati (2026), demonstrating that the combination of human resource quality, entrepreneurial orientation, and competitive

OPEN ACCESS

advantage significantly impacts MSME performance. Additionally, the results reinforce the findings of Sania Mil'atul Jauharoh, Mamik Indaryani, and Dian Wismar'ein (2023), who stated that entrepreneurial competence and entrepreneurial orientation influence business performance through competitive advantage. The implication of these findings is that enhancing MSME performance requires an integrated approach. It is insufficient for MSME operators to merely improve product quality without also enhancing managerial capabilities and business planning. Conversely, improving human resource quality may not yield optimal results if MSME operators lack the courage to innovate and establish a competitive advantage that distinguishes their businesses from competitors.

CONCLUSION

Based on the research results, it can be concluded that:

1. Human resource quality has a positive and significant effect on the performance of MSMEs in Medan City. This is evidenced by a regression coefficient of 0.443, a calculated t-value of 3.932 (exceeding the t-table value of 1.985), and a significance value of 0.000 (less than 0.05).
2. Entrepreneurial orientation does not have a significant effect on the performance of MSMEs in Medan City. Test results show a regression coefficient of 0.200, a calculated t-value of 1.401 (lower than the t-table value of 1.985), and a significance value of 0.165 (greater than 0.05).
3. Competitive advantage has a positive and significant effect on the performance of MSMEs in Medan City. This is indicated by a regression coefficient of 0.343, a calculated t-value of 3.265 (exceeding the t-table value of 1.985), and a significance value of 0.002 (less than 0.05).
4. Human resource quality, entrepreneurial orientation, and competitive advantage simultaneously have a significant effect on the performance of MSMEs in Medan City. The simultaneous test yielded a calculated F-value of 39.001 (exceeding the F-table value of 2.70) with a significance value of 0.000 (less than 0.05).

Based on the research findings and conclusions presented, the following recommendations are offered:

1. MSME owners are encouraged to begin recording daily transactions using simple bookkeeping applications (such as BukuKas, Akuntansi UKM, or Microsoft Excel) to monitor cash flow, business profits, and financial position in real-time. Implementing this recommendation is expected to enhance MSME owners' managerial capabilities, improve financial management, and support more accurate business decision-making. Consequently, businesses can be managed more professionally, the risk of mismanagement can be reduced, and MSME performance can improve.
2. MSME owners should be encouraged not merely to maintain existing business models but also to have the courage to pursue breakthroughs that enhance competitiveness and business performance. An initial step could involve small-scale product innovation (e.g., introducing new flavors, packaging, or sizes) prior to undertaking larger business expansions. Implementing this recommendation is expected to boost MSME owners' confidence in making strategic decisions, foster innovation, and expand opportunities for business development. Consequently, businesses can evolve more dynamically, competitiveness can increase, and MSME performance can improve.
3. MSME owners can leverage social media (Instagram, TikTok, Facebook) and other digital platforms to understand evolving consumer needs and create engaging marketing content. It is also recommended that they conduct periodic, simple market research—such as directly asking customers for feedback or observing popular competitor products. Implementing this recommendation is expected to enhance MSME owners' ability to create products that meet market demand, regularly update product innovations, and maintain business appeal among consumers. Consequently, offerings remain relevant, market share can expand, and MSME performance can improve.
4. MSME players also need to identify the causes of sales inconsistency, such as demand fluctuations, seasonal changes, or a lack of promotion. A concrete step that can be taken is to utilize marketplaces.

REFERENCES

Al Hudawi, A., dkk. (2025). Pengaruh keunggulan bersaing terhadap keberhasilan kinerja UMKM kuliner di Central Pasar Medan. Jurnal Manajemen Bisnis, 13(1), 45–58.

Anisa, D., Nadeak, C. S., Hafizah, A., & Hasyim. (2023). Pengaruh orientasi kewirausahaan terhadap kinerja usaha UMKM bakso di Kota Medan yang dimediasi oleh kompetensi kewirausahaan. Jurnal Kewirausahaan dan Bisnis, 11(2), 78–92.

OPEN ACCESS

Arief Agus Triansyah. (2024). Manajemen Sumber Daya Manusia: Teori dan Aplikasi. Bandung: Alfabeta.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120.

Dewi, A. F., Afni, R. D. L., & Argatha, V. (2020). Analisa Pengaruh Likuiditas, Leverage, Pertumbuhan Penjualan dan Perputaran Modal Kerja Terhadap Profitabilitas (Studi pada Perusahaan Properti dan Real Estate yang Terdaftar di BEI).

Erza, R. D. (2022). Pengaruh kompetensi kewirausahaan dan inovasi produk terhadap keunggulan bersaing pada UMKM coffee shop di Kecamatan Medan Baru.

Ghozali, I. (2019). Aplikasi analisis multivariate dengan program SPSS. Semarang: Badan Penerbit Universitas Diponegoro.

Graciafernandy, M. A., & Amaliyah, E. D. E. (2024). Peran keunggulan bersaing dalam meningkatkan kinerja pemasaran usaha mikro kecil menengah sektor kuliner. Jurnal Pemasaran Strategis, 9(1), 112–126.

Handayani, S., & Suryani, E. (2023). Peningkatan kualitas sumber daya manusia melalui program kesehatan dan gizi. Jurnal Kesehatan Masyarakat Indonesia, 19(2), 115–123.

Handoyono, R. (2024). Pengaruh orientasi kewirausahaan, orientasi pasar dan keunggulan bersaing terhadap kinerja UMKM kuliner di Kelurahan Palebon Kecamatan Pedurungan Semarang. Jurnal Manajemen dan Bisnis, 4(2), 7609–7619.

Hasanah, A. N. (2023). Kompetensi SDM dan kinerja UMKM. Jurnal Ekonomi Kreatif, 8(1), 44–58.

Jauharoh, S. M., Indaryani, M., & Wismar'ein, D. (2023). Pengaruh kompetensi kewirausahaan dan orientasi kewirausahaan terhadap kinerja usaha melalui keunggulan bersaing. Jurnal Ilmu Manajemen, 11(2), 112–128.

Luh, N., Trisnawati, D. E., & Dewi, L. P. (2024). Analisis perkembangan kinerja keuangan UMKM dilihat dari optimalisasi pengelolaan bantuan dana desa dan literasi keuangan pelaku UMKM (studi kasus UMKM di desa Kubutambahan). Jurnal Kompak, 17(2), 41–48.

Malikhah, I., dkk. (2024). Kinerja UMKM: Hasil kerja individu dalam organisasi. Jurnal Bisnis dan Kewirausahaan, 13(1), 56–68.

Malikhah, I., Nst, A. P., & Sari, Y. (2024). Implementasi Kompetensi SDM Terhadap Kinerja UMKM. MANEGGGIO: Jurnal Ilmiah Magister Manajemen, 7(2), 225-235.

Mansyur, A., & Samsuri, S. (2025). Kualitas sumber daya manusia dan kinerja organisasi. Jurnal Manajemen dan Bisnis, 8(1), 20–30.

Merline, et. al. (2022). Orientasi kewirausahaan dan keunggulan bersaing. Jurnal Kewirausahaan Indonesia, 8(2), 77–91.

Murjani. (2022). Metode penelitian kuantitatif. Jurnal Ilmiah Penelitian, 10(1), 1–15.

Nabawi, N., & Basuki. (2022). Kualitas sumber daya manusia dan modal usaha pengaruhnya terhadap pengembangan usaha UMKM Sasirangan Banjarmasin. Jurnal Manajemen Usaha, 7(2), 88–102.

Nuraini, D. I., Damayanti, I. P., Albadary, R., & Hadhi, S. (2024). Peranan sumber daya manusia terhadap UMKM dalam meningkatkan kinerja UMKM studi empiris GADSA Online Shop. Jurnal Manajemen dan Bisnis, 2(12), 101–115.

Pasolong, H. (2022). Teori administrasi publik. Bandung: Alfabeta.

Prabowo, A. (2023). Determinan Peningkatan Kepuasan Pelanggan Pada PT. Mondelez Internasional Medan. *Jurnal Ekonomi Bisnis Manajemen Prima, 4(2), 83-97.*

Prabowo, A., & Risal, T. (2023). Peran Enterpreneurial Orientation Dan Social Media Marketing Terhadap Peningkatan Strategi Bersaing (Umkm) Coffe Shop Pada Era Modern Customer Di Kota Medan. *Jurnal Menara Ekonomi: Penelitian dan Kajian Ilmiah Bidang Ekonomi, 9(1).*

Prabowo, A., & Tarigan, T. D. (2025). Analisis Servicescape, Social Media Marketing dan Customer Experience Terhadap Minat Berkunjung Kembali Konsumen Fore Coffee Citraland Helvetia Medan. *Jurnal Dunia Pendidikan, 6(3), 996-1010.*

Prabowo, A., Adam, A. A., Subhan, Z. N., Tanjung, Y., Parhusip, A. A., & Deviana, A. Irwansyah.(2025). Sustainable Business Practices in Coffee Shops: The Role of Marketing Innovation, Digital Marketing, and Branding Innovation Through Market Development. *International Journal of Accounting and Economics Studies, 12 (6), 43, 50.* https://doi.org/10.14419/p0k0pc78

Prabowo, A., Dewi, A. F., Parhusip, A. A., Wijaya, M. R., & Tanjung, Y. (2025). *MODERN ENTERPRENEURSHIP (Enterpreneurial Mindset: Cara Berpikir Yang Mengubah Ide Menjadi Realitas).* Serasi Media Teknologi.

Prabowo, A., Tanjung, Y., Enzelia, E. L., Bangun, R., Simarmata, H. M. P., & Wahyuni, E. S. (2025). Eksplorasi Promosi Berbasis Social Media Marketing Dan Brand Image: Identifikasi Impulsive Buying Behaviour

OPEN ACCESS

Melalui Customer Engagement Pada Konsumen Brand Fashion ZARA Di Kota Medan. *Jurnal Dunia Pendidikan, 6(3), 727-747.*

Prabowo, A., Tanjung, Y., Wahyuni, E. S., & Aspan, H. (2025). Transformasi Destinasi Pemasaran: Model Integratif Pengembangan Pariwisata Berkelanjutan di Kawasan Objek Wisata Sidebu-Debu, Kabupaten Karo Sumatera Utara: Marketing Destination Transformation: An Integrative Model of Sustainable Tourism Development in the Sidebu-Debu Tourism Area, Karo Regency, North Sumatra. *Economic and Education Journal (Ecoducation), 7(2), 455-476.*

Prabowo, A., Wahyuni, E. S., Tanjung, Y., Wijaya, M. R., & Adam, A. A. (2025*). Manajemen Pemasaran (Strategi Pemasaran Era Digital: Menguasai Tren dan Teknologi Sebagai Konsep Baru Meningkatkan Penjualan).* Serasi Media Teknologi.

Prasetyani, D. (2020). Tipe-tipe orientasi kewirausahaan. Jurnal Kewirausahaan, 6(2), 33–47.

Purba, D., Tarigan, E. G., & Sembiring, J. C. (2023). Analisis faktor-faktor yang mempengaruhi kinerja usaha UMKM (studi kasus pada usaha laundry The Daily Wash di Kecamatan Medan Selayang). Jesya, 6(2), 2005–2014.

Putri, D. A., dkk. (2022). Keunggulan bersaing menurut Michael Porter dan Kotler. Jurnal Strategi Pemasaran, 10(1), 33–47.

Rahardjo, M. D. (2022). Kualitas sumber daya manusia dan pembangunan. Jakarta: LP3ES.

Rangkuti, F. (2019). Analisis SWOT: Teknik membedah kasus bisnis. Jakarta: Gra media Pustaka Utama.

Ratnasari, K., & Levyda. (2021). Pengaruh orientasi kewirausahaan terhadap kinerja perusahaan: studi kasus UMKM pendukung wisata kuliner di Provinsi Kepulauan Bangka Belitung. JMK (Jurnal Manajemen dan Kewirausahaan), 6(2), 1–10.

Safitri, C. N., & Handoyo, S. E. (2024). Determinan kinerja bisnis UMKM. Jurnal Bisnis dan Manajemen, 6(1), 21–28.

Santoso, H. (2023). Indikator keunggulan bersaing UMKM. Jurnal Manajemen Bisnis, 15(2), 101–115.

Satrio, A. A., & Parhusip, A. A. (2025). Analisis dampak literasi keuangan, financial technology, orientasi pasar terhadap kinerja keuangan UMKM di Kota Medan. Jurnal Manajemen dan Kewirausahaan, 17(1), 55–70.

Setyawati, A. (2021). Keunggulan Bersaing dan Kinerja UMKM: Tinjauan Empirik terhadap Pengembangan Usaha. Media Nusa Creative (MNC Publishing).

Siagian, S. P. (2023). Manajemen sumber daya manusia. Jakarta: Bumi Aksara.

Suardhika, I. M. (2021). Sinergi kualitas SDM, orientasi kewirausahaan, dan keunggulan bersaing terhadap kinerja UMKM. Jurnal Ekonomi dan Bisnis, 9(2), 70–85.

Sugiantoputro, C. Y., & Widjaja, O. H. (2025). Determinan kinerja UMKM industri kreatif. Jurnal Manajemen Inovasi, 7(1), 64–75.

Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.

Syamsudin, dkk. (2023). Orientasi kewirausahaan dan nilai tambah berkelanjutan. Jurnal Ekonomi Kreatif, 6(1), 44–59.

Syofia, I. (2023). Keunggulan bersaing dalam tekanan persaingan. Jurnal Manajemen Strategik, 12(2), 90–104.

Tanjung, S., & Prabowo, A. (2025). Analisis social media marketing dan customer relationship marketing terhadap kepuasan konsumen Sikologi Coffee. *Economic and Education Journal (Ecoducation), 7 (3), 975–989.*

Teddy, G. E., & Mei Ie. (2025). Pengaruh orientasi kewirausahaan dan kompetensi kewirausahaan terhadap kinerja usaha pada UMKM dengan dimediasi keunggulan kompetitif. Jurnal Manajemen Strategis, 14(1), 22–39.

Tjiptono, F., & Chandra, G. (2020). Pemasaran strategik. Yogyakarta: Andi.

Violinda, Q. (2018). Strategi dan keunggulan bersaing usaha mikro kecil dan menengah (UMKM) (case study pada UMKM di Semarang). Journal of Management & Business, 1(1), 1–15.

Wahyudiyono. (2021). Tiga aspek orientasi kewirausahaan. Jurnal Bisnis dan Inovasi, 9(2), 66–80.

Wijaya, R. (2022). Pelatihan dan peningkatan kompetensi non-fisik SDM. Jurnal Pengembangan Sumber Daya Manusia, 8(1), 55–70.

Yuningsih, N., Maryadi, A., & Rustianah. (2023). Analisis knowledge management dan kualitas SDM terhadap kinerja bisnis melalui inovasi sebagai variabel mediasi pada UMKM. Jurnal Manajemen Pengetahuan, 5(2), 77–92.

OPEN ACCESS