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AN EXPLORATORY STUDY ON THE DIMENSIONS OF HUMAN RESOURCE COMPETENCY ON SMES IN BANGALORE DISTRICT

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Abstract:
A quantitative assessment of the human resource competency of small and medium-sized firms in Bangalore District is the goal of this article. Using data collected in the Bangalore district, this study aims to assess the validity and reliability of a four-factor model measuring human resource competency. Furthermore, a large-scale field study is required to find the factors of interest in this investigation into the qualities of competence: abilities, expertise, problem-solving, and adaptability. Three hundred samples were surveyed using individual questionnaires. Part of this group consists of SME managers. On a five-point Likert scale, respondents are asked to indicate whether they agree or disagree with the attributes of human resource competency. Since the suggested model is a concurrent system of equations with latent components and other indicators, the SMARTPLS programme is utilised for data analysis. The research shows that small and medium-sized enterprises (SMEs) in the Bangalore district have human resource competences that are empirically fitting the data. These competencies include skills, knowledge, problem-solving abilities, and flexibility.

INTRODUCTION

When it comes to creating new jobs, small and medium-sized businesses (SMEs) are king in most emerging nations. Most firms in the country are small or medium-sized enterprises (SMEs), which have a significant impact on employment. The solid groundwork for Thailand's industrial development is provided by SMEs. They sell their wares to larger companies for use as intermediate or raw materials. More than that, SMEs are the backbone of the industry, holding other vital units together. Furthermore, SMEs make up the bulk of the business community. All areas of business, including production, commerce, and service, are part of their distribution network. When thinking about the country's growth and income distribution, it's important to prioritise strengthening SMEs. Many people's skills and energy go into small and medium-sized enterprises (SMEs), which also give people a chance to be creative and enterprising while also boosting national economic activity. Through increasing wealth at the grassroots level, SMEs foster a sufficiency economy, which in turn encourages economic and social development.
There are two main categories of entrepreneurs in the world: those who are driven by opportunities and those who are driven by necessities.

Opportunity-based entrepreneurs are those that possess strong entrepreneurial abilities and a high level of human capital. Conversely, entrepreneurs who start businesses out of sheer necessity tend to lack the human capital and entrepreneurial skills necessary to succeed. In most cases, they don't have any other good ways to make money. The majority of small and medium-sized enterprise (SME) owners like in other developing nations, are driven by a need to start their businesses.
Consultants, academics, training programme developers, and policy makers in India need to better

understand the effects of human capital and entrepreneurial competency on the career success of small and medium-sized enterprise (SME) entrepreneurs in order to improve the quantity and quality of life for SME entrepreneurs in India. This is because entrepreneurship and human capital can be enhanced through education and training. To rephrase, it is important to learn how human capital and entrepreneurial competencies influence the professional success of entrepreneurs running small and medium-sized enterprises.

Scholars in the fields of marketing and human resources have thus focused extensively on competency and competency in recent years. It has been the deliberate application of core strengths and unique abilities to gain an edge in the market. A company's ability to compete and thrive in the marketplace is directly related to its firm competencies. Competencies are the qualities, talents, organisational procedures, information, and abilities that help a company outperform its rivals and stay ahead of the competition. There are two primary ways to get an edge over the competition: having the right assets and having the skills to make the most of those assets. This paper's overarching goal is to learn more about the structure of entrepreneurial competencies in the small and medium enterprise (SME) sector in India.

LITERATURE REVIEW

(Dullayaphuta & Untachai, 2013) A quantitative assessment of the human resource competency of SMEs in Thailand's upper northeastern region is the goal of this article. In this study, we will look at the upper Northeastern region of Thailand to see how well the four-factor model of human resource competency measures up. The research is mostly conducted using a survey design. Preliminary testing of survey items was conducted with undergraduate business students from UdonThani Rajabhat University as part of the pilot study. Further, a large-scale field study is required to reveal the factors of interest in this investigation into the qualities of competence in skills, knowledge, problem-solving, and adaptability. Three hundred and twenty-nine samples were surveyed using individual questionnaires. Among them are SME managers from Udon Thani, Nongkhai, and Beungkarn provinces. On a five-point Likert scale, respondents are asked to indicate whether they agree or disagree with the attributes of human resource competency. The model is a concurrent system of equations containing latent constructs and other indicators; thus, data analysis is performed using the LISREL programme. Statistical methods, namely exploratory and confirmatory factor analyses, are used to examine quantitative data. The research shows that small and medium-sized enterprises (SMEs) in the northeastern part of Thailand have human resource capabilities that empirically fit the data. These competencies include skills, knowledge, problem-solving abilities, and flexibility. The discussion centres on the managerial consequences.

(Sembiring, 2016) This essay set out to solve the mystery of how human resource knowledge and skills affect the success of SMEs in the food service industry in Medan City, Indonesia. One hundred and twenty small and medium-sized food businesses in Medan City were surveyed using a quantitative research methodology. Human knowledge and abilities were estimated to have a partial or substantial effect using multiple regression, t-test, and f-ratio. The F test was used to determine if the effect will be simultaneous. Findings demonstrated that human resource knowledge and skills significantly and concurrently impact SMEs' performance. A partial important influence on the success of SMEs was also discovered to be the knowledge and skills of human resources. When comparing the effects on SMEs' performance, the human resource skills component is more important than the human resource knowledge component.

(Halim, Pratikto, & Sopia, 2021) It is important to consider the presence of MSMe when working to develop and enhance a nation's economy. As businesspeople who are actively involved in the planning, development, and implementation of business strategies to enhance organisational performance, HR plays an indispensable part in MSMe's success. The company should give serious thought to HR

expertise. It delves into various facets of expertise, competence, and capacity. The HR competences and their effects on the efficiency and productivity of SMEs were the primary areas of investigation in this study. The research was carried out by compiling a number of scholarly journals that were pertinent to the selection of HR competency themes in MSMe. These journals included both national and international publications. Human resource competency positively affects MSMe performance, according to studies published in the six journals that were reviewed.

(Costa & ying, 2021) Many nations' economies owe a great deal to its small and medium-sized businesses (SMEs). Their contribution to GDP is evidence of this. Furthermore, the presence of an effect on the progress of numerous nations, particularly smaller and emerging nations. Aiming to quantitatively explore the influence of skills, knowledge, and abilities on the performance of SMEs, this study was done. This study used a basic random sample technique to gather data from SMEs. In order to gather this data, 250 SME owners and managers were sent questionnaires. Likert scales were utilised as the measuring tool. Using SPSS version 23, multiple regression analysis was performed on the data. Skills (X1), knowledge (X2), and ability (X3) all have positive and substantial effects on SMEs' performance (Y), according to the F test (Simultaneous) study. Knowledge and talents have positive and substantial effects on SMEs performance, whereas skills have a positive but insignificant influence, according to the t test (Partial) results.

(Klepic, 2022) The success of the organization is based on the quality of human resources, their competencies, motivation, loyalty, and their business results. The basic aim of this research is to determine whether and to what extent human resources competency management influences the business success of small and medium enterprises (SMEs). In the paper, human resources competency management is viewed as a process consisting of determining the required competencies, determining current competencies and the competency gap and undertaking activities to ensure and develop the necessary competencies. For the business success of SMEs, business performance was researched through four perspectives of the Balanced Scorecard (financial, customer, internal business processes and learning and growth perspective). The research results showed the correlation between the studied variables and the influence of human resources competency management on the business success of SMEs viewed from all four perspectives. The paper includes a comparison with similar research, limitations and recommendations for future research. The originality of this work lies in creating an original model of the connection between human resources competency management and business success (performance) of SMEs.

(Margahana & Sugandini, 2022) Even in South Sumatra and Yogyakarta's Special Region, the COVID-19 pandemic has wiped out numerous SMEs across Indonesia. To face the difficulties of digital transformation, this research looks at product innovation models used by new SMEs. This study delves into the digital technology utilised by start-up SMEs for product marketing and the production of fresh, unique goods. South Sumatran and Yogyakarta Special Region start-up SMEs made up the entire population in this survey. Purposive sampling is a method of collecting samples. In this study, 250 participants served as samples. This research makes use of quantitative methods for data analysis based on a respondent survey design. Startups in South Sumatra and the Special Region of Yogyakarta are the subjects of a quantitative investigation that looks at models of organisational and business performance. The SEM-Partial Least Square analysis is the analytical tool that is utilised. According to the findings, the model of organisational and corporate performance that considers product innovation, technological competency, government backing, and first-hand experience is satisfactory.

OBJECTIVE OF STUDY

Examining the concept of entrepreneurial competency was the driving force for this research. The researchers in this study set out to determine how well the four-item entrepreneurial competency

inventory held up in the Bangalore district. Competencies in the Bangalore district included knowledge, competence, problem-solving abilities, and flexibility.

HYPOTHESIS OF THE STUDY

H1: There is a Significant Impact of Skill, Expertise, Problem Solving and Adaptability on Human Resource Competency

Reliability and Validity Test Table 1: Reliability Test

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Adaptability	0.91	0.915	0.735
Expertise	0.853	0.865	0.629
Human Resource Competency	0.866	0.868	0.713
Problem Solving	0.821	0.823	0.651
Skill	0.843	0.844	0.615
R-Square	0.282		
Adjusted R-Square	0.273		

CRONBACH'S ALPHA

One way to evaluate the quality of an instrument is by looking at its reliability (Hair et al., 2006). Cronbach Alpha was used as a measure in this study **(Cronbach, 1951).** A reliability score of 0.7 or above indicates good reliability, as stated by **(Hair et al. ,2006).** When all other construct validity metrics are satisfactory, reliability values ranging from 0.6 to 0.7 can also be considered acceptable. All the constructs have Cronbach alpha values greater than 0.70, which means the instrument is consistently reliable. As a result, the structural model and hypothesis testing can make use of the model's indicators and latent factors.

COMPOSITE RELIABILITY

For reflective models, composite reliability is a better substitute for Cronbach's alpha when testing convergent validity. Due to the possibility that Cronbach's alpha over- or under-estimates scale reliability, it may be seen as a more suitable reliability measure. The range of values for composite reliability is 0–1, with 1 denoting the most accurate estimate of reliability. An appropriate model for exploratory purposes has a composite reliability of 0.6 or higher **(Chin, 1998; Hock et al., 2010);** an adequate model for confirmatory purposes has a composite reliability of 0.70 or higher **(Henseler, et al., 2015);** and a good model for confirmatory research has a composite reliability of 0.80 or higher **(Daskalakis & Mantas, 2008).** According to the findings, all reflective paradigms have higher levels of internal consistency reliability.

AVERAGE VARIANCE EXTRACTED (AVE)

The degree to which the elements that make up a construct converge is quantified by AVE. For every latent construct in the model, it was computed **(Paswan, 2009).** According to Table 3, a construct validity indicator for the scale would be an AVE value of 0.5 or higher (Hair et al., 2006). When the absolute value of each construct exceeds the sum of all shared variances, discriminant validity is achieved. When the squared root of the AVE for each construct exceeds the correlations between all other constructs, this indicates discriminant validity, as stated by (Hair et al., 2006). When the absolute value of each construct exceeds the sum of all shared variances, discriminant validity is achieved. When the squared root of the AVE for each construct exceeds the correlations between all other constructs, this

indicates discriminant validity, as stated by **(Hair et al., 2006).** According to Table 2, all the estimated variances are larger than the corresponding inter-construct squared correlation estimates, which are located below the diagonal.

Table 2: Fornell-Larcker Criterion for discriminant Validity

	Adaptability	**Expertise**	**Human Resource Competency**	**Problem Solving**	**Skill**
Adaptability	0.857				
Expertise	0.283	0.793			
Human Resource Competency	0.357	0.302	0.844		
Problem Solving	0.426	0.345	0.461	0.807	
Skill	0.305	0.159	0.298	0.242	0.784

COMMON METHOD VARIANCE

For this purpose, we used the **(Harman, 1967)** single factor test to look for shared method variance (CMV). **(Podsakoff and Organ ,1986)** defined this as the variation in the measurement process as opposed to the constructs and survey items themselves. Using principal component analysis, we loaded each of the 19 independent variables onto a single factor and ran the test. A common method bias would be indicated if factor analysis revealed only one factor. According to the findings, about 30.56% of the variance was extracted, and over 50% of the items loaded significantly lower than the 0.5 threshold. While these findings do not rule out CMV entirely, they do indicate that common method bias is not a major issue with the obtained data.

The degree to which other constructs in the instrument can explain a construct is measured by multi-collinearity. To ensure that collinearity does not skew the regression results, it must be examined before the structural relationships are assessed. Calculating the VIF values is comparable to evaluating formative assessment models; however, the exogenous constructs' latent variable scores are utilised. Collinearity problems are likely to occur when the VIF value is greater than 5. **(Mason and Perreault 1991; Becker et al. 2015).** Ideally, the VIF values should be close to 3 and lower. In the present Study all the items of Independent Variable have VIF values less than 3.

Table 3: Multicollinearity Test for Exogeneous Variable

Items	VIF
ADAPT1	2.964
ADAPT2	2.587
ADAPT3	2.08
ADAPT4	2.78
ADAPT5	2.475
EXPRT1	1.986
EXPRT2	1.918
EXPRT3	1.724
EXPRT4	2.05
EXPRT5	1.647
HRC1	2.134
HRC2	1.922
HRC3	2.039
HRC4	2.153
PRBSOLV1	1.583
PRBSOLV2	1.999
PRBSOLV3	1.614
PRBSOLV4	1.82
SKILL1	1.579
SKILL2	1.868
SKILL3	1.858
SKILL4	1.843
SKILL5	1.667

Structural Model

Figures 1 show the research's structural models, where R^2 stands for the value of any endogenous and predicted latent variables, respectively. The dependent variable, Human Resource Competency, has an R^2 value of 0.282. This suggests that Skill, Expertise, Problem Solving and Adaptability account for nearly 28.2 % of the variation in Human Resource Competency

Figure 1: Structural Equation Model (PLS Algorithm)

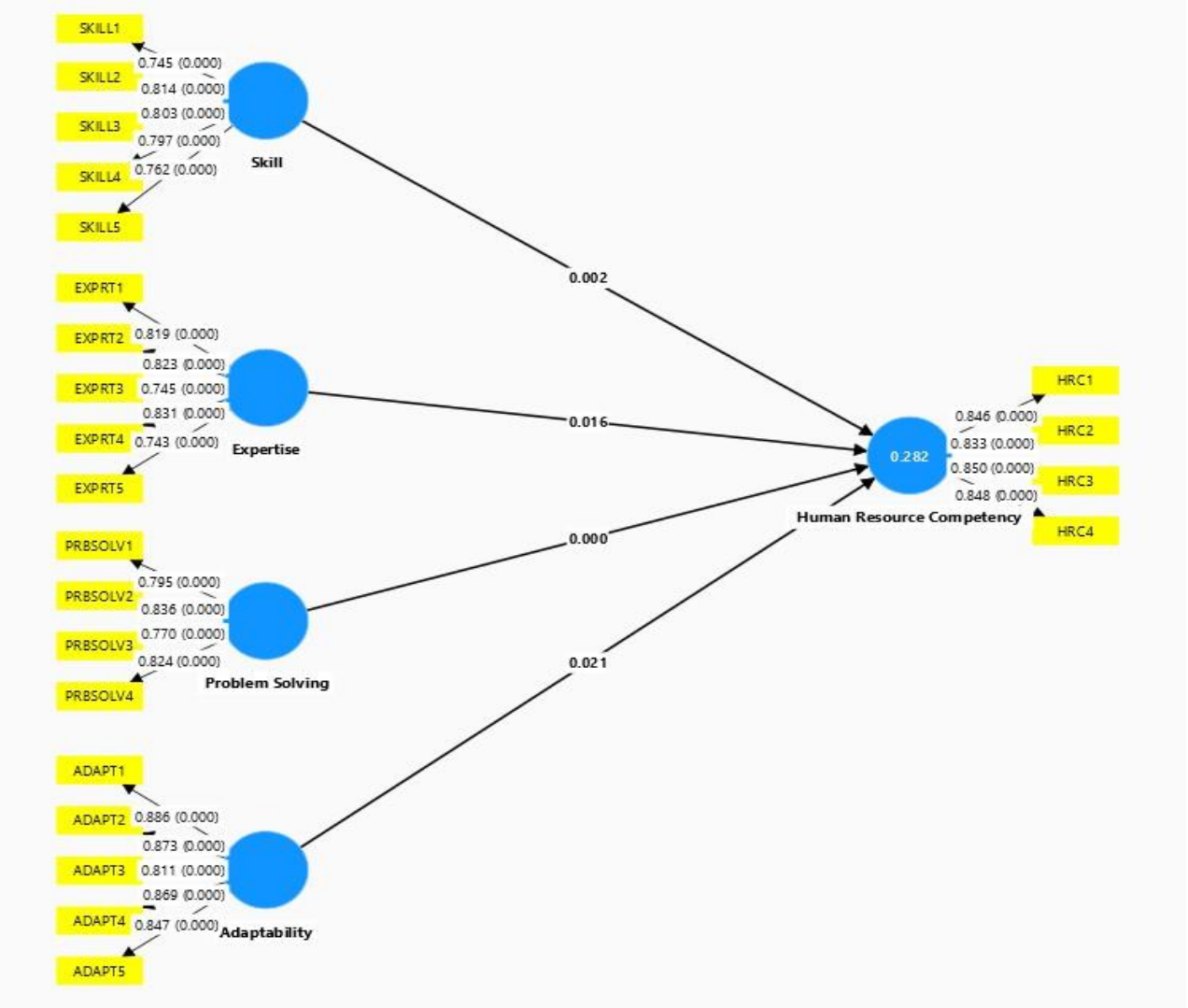

Table 4: Testing of Hypothesis

	Sample mean	Standard deviation	T statistics	P values	Remarks
Adaptability -> Human Resource Competency	0.141	0.059	2.311	0.021	Significant
Expertise -> Human Resource Competency	0.132	0.053	2.428	0.016	Significant
Problem Solving -> Human Resource Competency	0.323	0.061	5.262	0.000	Significant
Skill -> Human Resource Competency	0.159	0.051	3.098	0.002	Significant

Statistical significance of the path coefficient and t-values were determined in this study using the Bootstrapping Option. Table-4 displays all computed values.
With a t-value of 2.311 and a p-value of 0.021, the hypothesised path of adaptability on Human Resource Competency is statistically significant.
The hypothesised path of Expertise on Human Resource Competency has a t-value of 2.428, a P-value of 0.016, and is statistically significant
The predicted relationship between problem Solving and human resource Competency has a t-value of 5.262 and a p-value of 0.000, both of which indicate statistical significance.
The hypothesised path of Skill on human resource Competency has a t-value of 3.098 and a P-value of 0.002, indicating that the hypothesis is statistically significant.

CONCLUSION

Finding out how competent SMEs are entrepreneurs is our primary goal. The Study concluded that the hypothesis is supported by the data more strongly. Expertise, problem-solving, flexibility, and skills are the four pillars that make up entrepreneurial competency. The reason being that there are other appropriate methods for measuring discriminant validity than R-square and confidence interval. To be an effective entrepreneur, you need strong problem-solving and human resource management chops, as well as strong analytical and conflict-management abilities. The study's findings could change how we test the efficacy of entrepreneurial competency. The assessment of entrepreneurial competences in small and medium-sized enterprises (SMEs) in Thailand has been thoroughly examined in this paper. On the other hand, we do recognise several limitations, which has prompted us to propose certain avenues for further study. As a first point, the only purpose of this study was to confirmatory factor- analyse the entrepreneurial competency.

Future research could apply the resource-based and strategy-structure-performance views to determine the antecedent and consequent relationships among resources, competency, competitive advantage, and firm performance. These views have already been used by many researchers to examine the associations between entrepreneurial competencies and firm performance.

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