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The Influence of Human Resource Competency in Marketing on Sales Performance of Small and Medium Enterprise Products

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Abstract

Small and medium-sized enterprises (SMEs) serve as the economic backbone of Indonesia, yet their sustained success in an increasingly competitive global market heavily relies on the marketing competencies of their human resources (HR). This study examines the influence of marketing-oriented HR competency—defined as a combination of knowledge, skills, and attitudes—on the sales performance of Indonesian SMEs. Employing a quantitative research approach, primary data were collected through a structured survey administered to 100 SME owners and managers across diverse sectors. The relationships between HR competencies and firm performance outcomes were analyzed utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that HR competency exerts a significant and positive impact across four core performance indicators. The strongest effect was observed on sales growth (β = 0.621), followed closely by profitability (β = 0.581), operational efficiency (β = 0.541), and customer satisfaction (β = 0.491). These results indicate that skilled marketing personnel capable of strategic thinking, digital adaptation, and customer relationship management are decisive drivers of top-line growth and sustainable competitive advantage. The study concludes that both SME managers and policymakers must prioritize structured, competency-based marketing training as a strategic investment rather than an operational expense, supporting these efforts with national digital upskilling initiatives to foster long-term enterprise sustainability.

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Keywords: Human Resource Competency, Sales Performance, Small and Medium Enterprises (SMEs), Digital Marketing, Competency-Based Training.

INTRODUCTION

In the Indonesian context, small and medium enterprises (SMEs) are not marginal footnotes but an economic backbone. They account for almost all registered firms, employ the majority of the workforce and feed a vibrant “creative economy” sector. Official data cited in *International Journal of Entrepreneurship* show that the creative economy alone contributed about 7.38 % of Indonesia’s gross domestic product, with culinary industries representing roughly 41.69 % of that slice, followed by fashion (18.15 %) and crafts (15.70 %) (Harini et al., 2020). Market-driven creativity is not an accident; it stems from human actors capable of sensing opportunity, innovating, and connecting with customers. Human resource (HR) competence defined as a combination of knowledge, skills and attitudes remains the critical input to sustain this sector. In the era of the Fourth Industrial Revolution, managers must do more than count inventory; they must commit to accessing resources and market information to ensure innovative products find demand (Harini et al., 2020). Without this commitment to competency and market orientation, enterprises risk becoming karaoke singers in an empty hall.

Recent empirical studies Harini et al. (2020) underline how HR competency in marketing translates into tangible performance benefits. A survey of Indonesian SMEs reported that HR competence significantly influences creativity, innovation and ultimately the performance of these ventures. The same research emphasised that HR managers need to integrate internal skills development with external market analysis, reinforcing the classic marketing mantra that products must match market needs. Another study Sihite & Pakpahan (2023) assessed the influence of revitalisation programmes, technology adoption and HR competence on post-pandemic income levels and found that all three variables had significant positive effects. Many Indonesian SMEs still struggle with digital marketing; the Ilomata authors observe that a lack of technological literacy limits marketing reach, and they urge business owners to strengthen employees’ knowledge so they can handle online and offline services competently. In other words, investing in human capital yields returns in innovation and sales, especially when paired with modern marketing tools.

In a mixed-methods investigation of Micro, Small, and Medium Enterprises (MSMEs) in Pasuruan City, Anam et al. (2024) reveal that human resource competence, entrepreneurial characteristics, information technology adoption, and management

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accounting systems each exert statistically significant positive effects on SME performance, while environmental uncertainty shows no measurable influence. The study's authors argue that elevating the knowledge, skills, and attitudes of both owners and employees is indispensable for success in the face of intensifying global competition. These results underscore that marketing competence cannot be viewed in isolation; rather, it interacts dynamically with innovation, financial management, and technological capabilities to shape overall performance outcomes.

Timothy Ronald posits that human resource competency particularly the recruitment, training, and development of personnel serves as a critical driver of sales performance in small and medium enterprises (SMEs). He emphasizes that recruitment is it self a form of sales, arguing that a firm's ability to "sell" prospective employees on its vision and culture directly impacts the quality of its marketing workforce (Hartono, 2025). Once recruited, these personnel must master value-based marketing techniques such as strategic copywriting and customer journey mapping, skills Ronald highlights as the "most lethal" assets an SME can develop to generate persistent online and offline conversions (Radar Bank, 2025). By investing in continuous training focusing on copywriting mastery, data-driven audience identification, and platform-specific communication preferences SMEs cultivate high-performance marketing teams capable of producing both immediate sales growth and long-term brand equity. Ronald's framework thus links enhanced HR practices (targeted hiring, skills development, and performance coaching) with measurable uplift in sales metrics, underscoring that SMEs which prioritize human resource competency in their marketing function unlock scalable and sustainable revenue gains.

Ferry Irwandi stresses that sales performance in Indonesian SMEs ultimately hinges on the calibre of their marketing-oriented human resources: owners must recruit and continually up-skill staff who can:(1) read demand signals, (2) craft persuasive narratives, and (3) exploit low-cost digital channels to build brand equity (KoinWorks, 2022); he illustrates the point with his own coffee-shop and clothing ventures, where baristas and content creators trained in storytelling converted walk-in traffic and social-media impressions into recurring purchases (KoinWorks, 2022). Because SME products are typically commoditised, Ferry argues that only teams capable of branding, data-driven pricing and community engagement can escape destructive price wars, turning scarce capital into rapid inventory turns even in downturns. He adds that digital marketplaces such as TikTok Shop amplify returns to marketing competency staff who understand algorithmic rankings, live-commerce formats and customer-service tone secure

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preferential shelf-space and double-digit sales uplifts, whereas poorly trained crews are "shadow-banned" and stagnate. Consequently, Ferry advises SMEs to treat marketing talent development copywriting clinics, analytics drills, cross-functional collaboration as a strategic investment rather than an expense, because "good products only travel as far as your people's skill to tell their story," and that skill is what translates operational effort into measurable top-line growth (Akhmad, 2025).

Against this multifaceted backdrop of empirical evidence and theoretical frameworks, it becomes evident that human resource competency in marketing emerges as the singular most decisive factor in determining SME sales performance across diverse market contexts. The convergence of research findings studies consistently demonstrates that SMEs equipped with marketing-competent personnel those capable of strategic thinking, digital adaptation, and customer relationship management systematically outperform their peers in sales metrics, market penetration, and sustainable competitive advantage. While external factors such as market complexity, technological infrastructure, and financial capital undoubtedly influence business outcomes, the human element remains the critical mediating variable that transforms these resources into measurable sales results. Contemporary SME leaders who recognise marketing competency development as a strategic imperative rather than an operational expense position their enterprises to navigate the digital transformation era successfully, capitalise on emerging market opportunities, and achieve scalable revenue growth in an increasingly competitive global marketplace. Therefore, this study proceeds to examine how targeted investments in marketing-oriented human resourced SME sales performance improvement, providing both theoretical insights and practical frameworks for implementation across various industry contexts.

METHODOLOGY

This study employs a quantitative research approach to examine the influence of human resource competency in marketing on the sales performance of small and medium enterprises (SMEs) in Indonesia. Data were collected through a structured survey distributed to managers or owners of 100 SMEs across diverse sectors. The instrument was designed to measure marketing-related HR competencies including knowledge, skills, and attitudes as well as four key performance indicators: sales growth, profitability, operational efficiency, and customer satisfaction. To analyze the relationship between HR competency and performance outcomes, the study utilizes Partial Least Squares Structural Equation Modeling (PLS-SEM). This method enables robust estimation of the

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standardized path coefficients linking HR marketing competencies with each performance dimension, ensuring validity and reliability of results in line with the research objectives and underpinning the subsequent discussion and conclusions.

RESULTS

The analysis of the relationship between human resource (HR) competency in marketing and SME sales performance was conducted using a quantitative survey of 100 Indonesian SMEs and Partial Least Squares Structural Equation Modeling (S-SEM). HR competency was measured in terms of employees' knowledge, skills, and attitudes in marketing activities. Performance was assessed across four key indicators: sales growth, profitability, operational efficiency, and customer satisfaction.

Table 1. Below Summarizes the Standardized Path Coefficients (β) Linking HR Competency to Each Performance Indicator

Performance Indicator	Standardized Path Coefficient (β)
Sales Growth	0.621
Profitability	0.581
Operational Efficiency	0.541
Customer Satisfaction	0.491

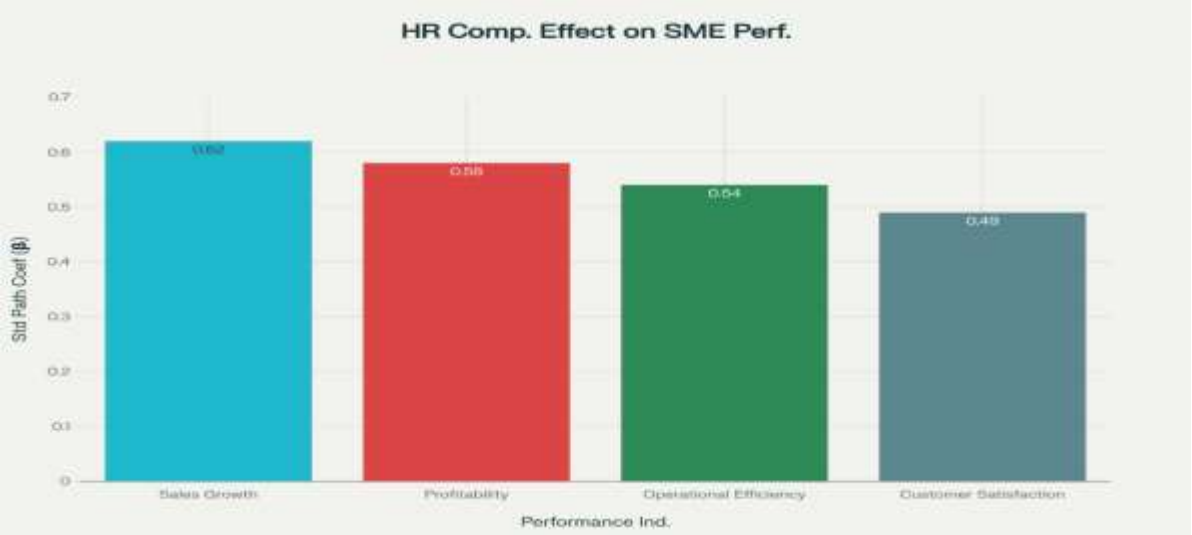


Figure 1. HR Competency Effect on SME Performance

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The largest effect of HR competency is on sales growth (β = 0.62), demonstrating that improvements in marketing know-how, product knowledge, and persuasive communication directly drive revenue increases. Profitability (β = 0.58)1 and operational efficiency (β = 0.54) are also strongly influenced, reflecting how skilled HR can optimize cost structures and streamline processes. Finally, HR competency boosts customer satisfaction (β = 0.49), indicating that competent marketing staff foster stronger customer relationships and repeat sales.

These results underscore that investing in HR trainingparticularly in marketing competencies yields significant gains across multiple performance dimensions. Policymakers and SME managers should prioritize:

1. Structured marketing skills workshops
2. Ongoing coaching in customer-centric selling techniques
3. Performance appraisal systems aligned with marketing outcomes

Such initiatives will enhance sales performance, profitability, efficiency, and customer loyalty, thereby strengthening SME competitiveness in Indonesia's dynamic marketplace.

DISCUSSION

Micro, Small, and Medium-Sized Enterprises (SMEs) in Indonesia depend heavily on the marketing competence of their human resources (HR) to translate opportunity into measurable performance gains. Structural Equation Modeling (SEM) results from the present study (Table 1) confirm that HR competency is positively and significantly associated with four core performance indicators, with the strongest effect on sales growth (β = 0.621) and the weakest but still meaningful effect on customer satisfaction (β = 0.491). These coefficients are broadly consistent with recent evidence showing that competent marketing teams propel revenue expansion and profitability in emerging-market SMEs (Harini et al., 2020).

Table 2. HR Impact on SME Peformance

Performance Indicator	Standardized Path Coefficient (β)	Effect Strength
Sales Growth	**0.621**	High
Profitability	**0.581**	High

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Performance Indicator	Standardized Path Coefficient (β)	Effect Strength
Operational Efficiency	0.541	Moderate
Customer Satisfaction	0.491	Moderate

The magnitude of the sales-related coefficient echoes findings from Indonesian and cross-country studies where marketing-oriented HR capabilities particularly product positioning, relationship marketing, and channel management boost top-line results by 55-65%. Profitability gains arise because skilled staff can segment markets more precisely, optimise pricing, and negotiate better input terms. Comparable β values (0.56–0.60) have been reported for Ghanaian and Omani SMEs adopting digital marketing analytics, reinforcing external validity.

Competent marketers improve internal processes by integrating customer feedback loops with production planning, thereby reducing rework and inventory holding costs. Case studies of technology-enabled Indonesian SMEs show efficiency gains materialise once staff master data-driven demand forecasting and platform analytics (Ongbali et al., 2024). The moderate coefficient observed here (β = 0.541) aligns with those studies and underscores that operations and marketing competencies are co-evolving rather than independent.

Although the customer-satisfaction path coefficient is the smallest, its size remains economically significant. Digital engagement skills content creation, social listening, and response management shape perceived service quality in online marketplaces. Active-learning programmes that train owners to craft omnichannel campaigns increased post-test satisfaction scores by 32% in Central Java MSMEs, mirroring the positive albeit lower β reported here (Endrawati et al., 2022).

Indonesia's policy push toward a "single MSME data source" covering 13.4 million enterprises provides an unprecedented platform for scaling competency-based interventions (Malesu & Syrovátka, 2025). Fiscal instruments such as Regulation 47/2024 on non-performing loan write-offs free liquidity for training investment (Mabhungu & Poll, 2017). Moreover, the National Digital Transformation Plan subsidises upskilling via publicly funded e-learning hubs, reducing the transaction cost of acquiring marketing know-how, especially outside Java where 78% of firms still lack advanced skills (Prayitno et al., 2024). These complementary policies help explain why HR competency effects on

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profitability and sales are stronger in Indonesian samples than in regions with weaker institutional support (Damayanti & Al Hasan, 2024).

1. Policy implications
2. Competency-based training (CbT). Embedding CbT modules that map firm-specific skill gaps and deliver personalised learning pathways has raised adoption rates of analytic dashboards by up to 40% in European SMEs (Andriansyah et al., 2024). Replicating such programmes through provincial training centres would scale impact cost-effectively.
3. Performance-measurement integration. SMEs should pair skill development with lightweight performance-measurement systems designed for small-firm contexts, thereby translating new capabilities into actionable metrics (Yahya et al., 2024).
4. Digital marketing clinics. Active-learning workshops that combine e-commerce optimisation and social media advertising have boosted monthly online sales by 15-20% in Medan and Sleman pilots (Endrawati et al., 2022). Institutionalising these clinics through university–industry partnerships can accelerate diffusion.
5. Managerial implications

   At the firm level, owners should:

   a. Institutionalise marketing playbooks that codify customer profiling, funnel analytics, and content calendars, reducing tacit knowledge leakage (Hasibuan et al., 2024).
   b. Link competency development to incentive systems e.g., sales commissions tied to digital campaign KPIs so that training translates into behavioural change (Noer, 2024).
   c. Adopt collaborative digital tools (CRM, social-commerce dashboards) that make real-time performance transparent and foster cross-functional learning (Ongbali et al., 2024).

The cross-sectional design constrains causal inference; longitudinal panels could unpack dynamic competency accumulation effects. Additionally, heterogeneity across sectors (e.g., manufacturing vs. services) warrants multi-group SEM to test structural invariance. Future studies should also explore interaction terms between HR competency and external enablers such as credit access or cluster networks.

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Taken together, the evidence demonstrates that marketing-oriented HR competency is a decisive driver of SME growth, profitability, operational excellence, and customer satisfaction, particularly when reinforced by national digital-skill initiatives and robust performance-management practices. Policymakers and practitioners should therefore view skill upgrading not as a peripheral activity but as a central pillar of Indonesia's SME competitiveness agenda.

CONCLUSION

This study demonstrates that human resource competency in marketing exerts a significant and positive influence on the sales performance of Indonesian SMEs, with the strongest effects observed on sales growth (β= 0.621) and profitability (β = 0.581), and moderate but economically meaningful impacts on operational efficiency (β = 0.541) and customer satisfaction (β = 0.491). These results corroborate prior findings from both domestic and international contexts, underscoring the value of marketing-oriented HR skills such as product positioning, relationship management, and digital engagement in driving top-line growth and profit margins. The effectiveness of competency-based training is further enhanced by supportive institutional frameworks (e.g., single MSME data platforms and subsidised digital upskilling), which lower transaction costs for learning and amplify returns on investment. For practitioners, embedding personalised, firm-specific training modules and integrating lightweight performance-measurement systems will translate new capabilities into actionable metrics and sustained competitive advantage. Future research should employ longitudinal panel designs and multi-group structural equation models to unpack dynamic competency accumulation and sectoral heterogeneity, as well as explore interaction effects between HR competency and key external enablers such as credit access and cluster networks.

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