Identification of Competency - Based Business Performance in Cullinary SMEs in Medan

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Abstract

The purpose of this study is to comprehensively analyze the performance of Cullinary Small and medium enterprises (SMEs) in Medan. This research was based on the phenomena where many SMEs went bankcrupt and were not well developed. This research provides a contribution to the importance of competent human resources in running SMEs. This research is a survey research using SEM analysis technique. The population is culinary SMEs in Medan with a total sample of 155 respondents. The results of the study indicated that competent human resources and accessible information will facilitate SMEs to improve their competence and better outcomes of the business itself. However, the results showed competence has a significant negative impact on the performance of SMEs, and the entrepreneurial networking did not guarantee an increase in the competence of human resources and is not able to encourage the improvement of the performance of culinary SMEs in Medan City.

Keywords

Quality of Human Resources, Business Network, Access to Information, Competence, Performance.

Introduction

Most countries see small and medium-sized enterprises (SMEs) as the main "actors" of the improvement in country's economic growth (Anshika et al., 2021). SMEs are the main actors of economic growth for developed and developing countries. In fact, SMEs had great role in overcoming the unemployment which caused by enormous layoffs by large companies. Therefore, success of SMEs should be supported by all parties by applying an

effective management strategy. Human resources competencies in SMEs sector, operational efficiency, accessible information system, and wide enterprenerial networking is a necessity.

As the third largest city in Indonesia, Medan has fairly high growth rate of SMEs. The urban lifestyle brings great opportunities for SME business, especially culinary, accessible yet competitive. Tight competition causes many "newcomers" are hard to sustain in the market due to the lack of human resources competence. The quality of human resources plays an important role in the performance of SMEs (Hazlina et al., 2010; Putri et al., 2020). Most SMEs manage their business traditionally and hereditary. Educational background, knowledge and skills greatly affect the management of their business. Therefore, human resources competencies play great role on the business outcomes which should be supported by good technological developments and great marketing strategy.

Running the SMEs business is great challenge. Although the culinary business continues to grow along with population growth, it is still uneasy. Intense competition causes many SMEs unable to survive and eventually go out of business. Thus, they must perform well – enough in order to stay in this business. Hence, many researchers analyzed variables that could affect either directly or indirectly to the business performance (Baum & Locke, 2004; Bendary & El Minyawi, 2015; Demyen & Popa, 2014; Esubalew & Raghurama, 2020; Hazlina Ahmad et al., 2010; Ndiaye et al., 2018).

This study focuses on the influence of HR competence on culinary SMEs in Medan. This research is developed from previous studies which build a model of how accessible information and entrepreneurial networking could affect SMEs performance. Castillo et al (2019) stated that the human resources' attitude and quality are significant on improving the organizational performance of SMEs. Quality, extensive business network and utilizing accessible information will certainly increase the competencies of SMEs human resources which will ultimately improve the performance of SMEs themselves (Bendary & El Minyawi, 2015).

This research uses competency as an intervening variable for the performance on culinary SMEs in Medan. Many studies have been conducted by looking at competency as a variable that directly affects the performance of SMEs (Ardiana et al., 2010; Putri et al., 2020), but none of them which used competency as an intervening variable of human resources quality, business network and access to information.

Literature Review

Many studies have attempted to explain the variables that can improve the competence of SMEs human resources which in turn will improve SMEs performance as a whole. This article focuses on discussing the variables that directly and indirectly affect the competence and performance of SMEs, the quality of human resources (Demyen & Popa, 2014); entrepreneurial network (Abbas et al., 2019; Mufidah & Eliyana, 2021); access to information (Bunyasi et al., 2014; ahin & Topal, 2018).

SMEs Performance

Performance is the result of work in terms of the quality and quantity of work by utilizing his abilities and skills which must be accounted for his main dutie in the organization. Basically, the performance of SMEs can be seen in terms of human resources and the organization as a whole (Ginting et al., 2019). There are two things that cannot be separated. The performance of human resources will maximize the overall performance of the organization, while the performance of the organization reflects the performance of the existing human resources in the organization. Examining deeper organizational performance will be seen in terms of financial and marketing performance. Hence, the performance of SMEs is basically a multidimensional construction in SMEs (Becherer et al., 2012), which is reflected in financial performance, marketing performance, production performance and so on.

On the other hand, (Hazlina Ahmad et al., 2010) stated that the increase in SMEs can be caused by internal factors; such as human resources and culture that exists and external factors; government's support. However, the ability of SMEs to be independent in any situation is very much needed. This research cannot ignore the role of the human resources who decide every policy that is carried out on their business (Baum & Locke, 2004). This is in line with (Stokes & Blackburn, 2002) that the performance of SMEs is focused on the owner and the human resources in it.

The performance of SMEs can be measured by many indicators. In this article, the performance of SMEs is measured by the following indicators; quantity of work (number of completed activities, accuracy); quality of work (honesty, efficiency); creativity (creative, initiative); character (discipline, character in work and peer relations).

Competence

Competence is a basic characteristic possessed by a person related to his ability to carry out work. Competent person is a person who has skills on doing work easily, quickly,

intuitively and rarely or never make mistakes. For SMEs, having competency is an undeniable necessity. (Bhutta & Shah, 2015). Thus, SMEs are required to have certain competencies in relation to the business activities they will carry out (Bendary & El Minyawi, 2015).

Competence for SMEs can be seen as attitudes, traits, personality, images, roles in society) or from organizational perspective on how to manage the business. The learning process will form skills, knowledge and experience (Man & Lau, 2005). Thus, competency can be learned both theoretically and practically (Shane et al., 2003). In measuring competency, several indicators are used personality, encouragement, self-concept, knowledge, and skills.

Quality of Human Resources

The failure of SMEs to develop could be caused by lack of human resources' capabilities in the organization. Human resources in SMEs is the main gate of SMEs development and bankruptcy (Hazlina Ahmad et al., 2010). SMEs need capable and competent human resources to run the business well (Mutumba et al., 2021). Thus, running a business in SMEs is not only a matter of finance and marketing, but the lack of awareness of SMEs about the importance of the human resources quality (Heneman, et al., 2000).

Research conducted in China on SMEs showed human resources quality is crucial for SMEs sustainability, by encouraging entrepreneurship for young people, because productive age is significantly affects the human resources quality which in turn increases the company size (Newman & Sheikh, 2014). Research conducted in the UK also showed that the need of competent human resources is more needed by small companies than large companies in general (Wu, et al., 2016). Therefore, it is time for all SME stakeholders to pay attention on this aspect in order to boost their performance in the business.

Then, human resources quality should be measured. In this research, human resources quality is measured by intellectual quality consisting of knowledge and skills; education

Entrepreneurial Networking

Recently, SME business requires a broad business networking. Business networking is the process of building a mutual benefit among other business people and potential clients or customers. Business networking is a social activity in which groups of entrepreneurs act on business opportunities. The main goal is to markets their business for potential

customers or clients. The results showed that business networking have a positive and significant impact on improving the performance of SMEs (Partanen, et al., 2008; Naude, et al. 2013).

Entrepreneurial networking is something that is absolutely owned by SMEs. Through the entrepreneurial networking, partnerships will be formed between fellow SMEs, the government and communities. The entrepreneurial networking is proven to be able to reduce costs and business risks, supporting each other by sharing knowledge and skills (Lechner, et al., 2006; Cao & Zhang, 2011). However, the local culture forms the basis of the business networking. In China and Taiwan there is a culture that forms mutually beneficial social relationships called "Guanxi"; close relationships which is build by having good behaviour which was built on social and ethical norms (Song, et al., 2012). Research has proven that SMEs sustainability is very dependent on cooperation and partnerships (Lechner, et al., 2006). Entrepreneurial networking is measured by several indicators, such as social networking consisting of family, friends; as well as supporting networking involving relationship with banking agents, government, non-governmental organizations and companies at all scales.

Accessible Information

The development of technology and the current flow of information cannot be dammed. There are extraordinary changes in the field of business, including SMEs around the world; known as the Industrial Revolution 4.0. The Industrial Revolution 4.0 changed the businessmen perspective about production, marketing, service and even decision making (Yahya, 2018). However, the problem is that the desire of SMEs to maximize access to information is still very weak, the thought that information access is only for large companies. According to the United Nations (UN), one of the main obstacles for SMEs in developing countries is the limited access to information. This statement is not entirely true, because now many SMEs have started to use social media as part of accessing information to improve their marketing performance.

Currently, SMEs are aware of fact that they should add, improve and develop their knowledge by taking advantage of a wide-open access of information. Accessible information is expected to open up opportunities and exploit these opportunities to the fullest (Ropega, 2011). This is in line with Stam et al., (2014); Autio et al., (2013) which states that information creates opportunities and improves business activities. Several indicators to measure access to information are time/period, accurate, relevant, and comprehensive.

Conceptual Framework and Hypotheses

i. The Effect of Human Resource Quality on the SMEs Competency and Performance

The quality of human resources will provide a clear picture of employees' behaviour in dealing with their daily jobs. The competencies possessed by SMEs shape their behavior, both positively and negatively. Hence, competency is essential (Ahmad, et al., 2010).

Every SME actor should be a competent person, before imparting his knowledge, skills and attitudes to others. Success for SMEs is not only about running their business in an intense competition, but also shaping their man force who can be a great investment for the business. Qualified and competent SME actors are those who are performance-oriented person which can be seen from their actions and attitudes (Chandler and Jansen, 1992).

Human resource competence has a significant impact on improving the performance of SMEs (Ahmad, et al., 2010). Many studies have proven that the quality human resources is related to the competency so as to improve performance. Research conducted by Chand & Katou., (2007); Nawab et al., (2016); Al-Haraisa (2016) proves that the quality of human resources has a significant effect on the performance of SMEs.

Hypothesis 1: The quality of Human Resources has a positive and significant effect on the Human Resources competency of Culinary SMEs in Medan.

Hypothesis 2: The Quality of Human Resources has a positive and significant effect on the performance of Culinary SMEs in Medan.

Hypothesis 3: The competence of SMEs has a positive and significant effect on the performance of Culinary SMEs in Medan.

ii. The Effect of Entrepreneurial Networking on the SMEs Competency and Performance

Entrepreneurial networking now is becoming an issue that is discussed among researchers in marketing and entrepreneurship field (Partanen, et al., 2008). Entrepreneurial networking factor build solid business relationship which creates competitive advantages to survive and thrive in the midst of intense competition (Ford, et al., 2006).

SMEs need to improve their competency in order to create an innovation. Some SMEs are difficult to grow because they are lack of innovation (Naude, 2013). By forming a business networking, SMEs will be able to improve their human resources competence to perform and innovate optimally in the business (Westerlund & Svahn, 2008). Several

studies have shown that entrepreneurial networking has a significant effect on the performance of SMEs (Moghli & Al Muala, 2012; Li, et al., 2015; Asad, et al., 2016).

Hypothesis 4: The entrepreneurial networking has a positive and significant effect on the Human Resources competence for culinary SMEs in Medan.

Hypothesis 5: Entrepreneurial networking has a positive and significant effect on the performance of Culinary SMEs in Medan.

iii. The Effect of Access to Information on the SMEs Competence and Performance

The development of information technology and the increasingly fierce competition encourage adaptability skill of SMEs in every situation. Wide-spread information through technology enables exchanging information between suppliers and customers much easier (Selnes & Sallis, 2003), including among SMEs. Strategies to access information or to share information can be done in various ways, especially social media as the most open, and public-oriented media systems (Qalati, et al., 2021). SMEs share the information, communicate, forme mutual relationships with partners, and increasing the role of business marketing (Cao, et al., 2018).

The strategy of sharing information, accessing information and coordinating information that has been received has a positive and strong effect on changes in SME organizations (Hung, et al., 2011; Bunyasi, et al, 2014). This means that accessing and sharing information will have a positive impact on the competence of human resources, which in turn will improve the performance of SMEs.

Hypothesis 6: Access to information has a positive and significant effect on the competence of Culinary UKM Human Resources Competency in Medan.

Hypothesis 7: Access to information has a positive and significant effect on the performance of Culinary SMEs performance in Medan.

Method

This research is a survey using a questionnaire as a tool to collect the necessary data. Questionnaires were distributed to all respondents using an online media application; Googleform. The googleform was broadcasted to all respondents using Whatsapp application.

The population of this study is all Small and Medium Enterprises (SMEs) engaged in the culinary field in Medan, which is spread over 21 sub-districts. The sampling technique

used proportional random sampling, with a total sample of 155. The questionnaire was distributed to 200 respondents, but only 155 respondents responded to the questionnaire. However, the amount is still tolerable. Based on Hair et al, (2010), the ideal sample in quantitative research using Structural Equation Modeling is 100-200 samples.

To ensure the quality of the questionnaires distributed to the respondents, the validity and reliability tests had previously been carried out on 30 respondents outside of the total sample. This validity and reliability test was conducted on non-cullinary SMEs in Medan.

The data analysis used in this article is Structural Equation Modeling (SEM). First, the assumptions in the SEM model were tested for normality, data outliers, and multicollinearity. After the SEM assumptions are met, the next step is to test the Goodness of Fit on the model by comparing the test value with the cut off value, whether the model is accepted or not. There are several criteria in the Goodness of Fit test which can be seen in the following table:

Table 1 Goodness of Fit Index

Goodness of Fit Index	Cut – Of Value
Chi Square Statistik (χ^2)	df, α = 5%
Propability	$\geq 0,05$
CMIN/DF	$\leq 2,00$
GFI	$\geq 0,90$
AGFI	$\geq 0,90$
TLI	$\geq 0,95$
CFI	$\geq 0,95$
RMSEA	$\leq 0,08$

Result

Respondents' Profile

From the total questionnaires distributed to respondents, only 155 people responded. The results can be seen as follows:

Table 2 Respondents' Profile

Types	Criteria	Percentage (%)
Year	2015	43,23
	2016	16,13
	2017	25,16
	2018	15,48
Size	Micro	45,81
	Small	44,52
	Medium	9,67
Products	Food	12,57
	Beverages	34,64
	Food & Beverages	52,79

Sources: Processed Data

Confirmatory Factor Analysis

The purpose of confirmatory factor analysis is to test the unidimensionality of the forming dimensions for each latent variable. In other words, Confirmatory Factor Analysis is a validity test. The results of the confirmatory factor analysis from the next model can be explained as follows:

Table 3 Confirmatory Factory Analysis Results

Variable	Item indicator	Factor Loading > 0,50	Composed Reliability > 0,70	Average Variance Extracted > 0,50
Human resources quality	SDM 1	0,663	0,827	0,728
	SDM 2	0,676		
	SDM 3	0,885		
	SDM 4	0,718		
Enterpreneurial networking	JW 1	0,679	0,719	0,551
	JW 2	0,802		
	JW 3	0,544		
Information access	AI 1	0,651	0,851	0,774
	AI 2	0,842		
	AI 3	0,816		
	AI 4	0,752		
Competency	KOMP 1	0.641	0,915	0,824
	KOMP 2	0.638		
	KOMP 3	0.616		
	KOMP 4	0.648		
	KOMP 5	0.645		
	KOMP 6	0.607		
	KOMP 7	0.694		
	KOMP 8	0.682		
	KOMP 9	0.676		
	KOMP 10	0.570		
	KOMP 11	0.696		
	KOMP 12	0.676		
	KOMP 13	0.709		
	KOMP 14	0.719		
	KIN 1	0.752	0,902	0,833
	KIN 2	0.830		
	KIN 3	0.749		
	KIN 4	0.793		
	KIN 5	0.768		
	KIN 6	0.676		
	KIN 7	0.675		
	KIN 8	0.594		

Sources: Processed Data, 2021

Table 2 shows the value of confirmatory factor analysis test results for all dimensions in the construct variables of this study. Based on the test results, it is known that all

dimensions of the variables have met the assumptions of confirmatory factor analysis test criteria. Thus, the dimensions used in each variable can be used further in this study.

Assumptions' Test of Structural Equation Modeling

It is applied only on the Outlier data test and Univariate and Multivariate Normality. The explanation of the two tests is as follows:

1. Mahalanobis Outlier Data Normality Assumption

Evaluation of outliers is intended to determine the distribution of data that is far from the normal point (outlier data). The further the data from the central point (centroid), the data more likely to fall into the category of outliers (Ghozali, 2016). Mahalanobis Distance value is 46.979 based on table 4.16. The Degree of Freedom in this study is 33 (the number of research indicators) with a significance level of 0.05, so the Chi Square value of this research table is 47,399. Thus, it can be seen that the Mahalanobis Distance count < Chi Square Table (46.797 < 47.399), so it can be concluded that the normality test with the outliers of the mahalanobis distance has been normally distributed.

2. Univariate and Multivariate Data Normality Assumption

Normality testing of the data is done by showing the Skweness and Kurtosis values of the indicators and research variables. The criteria used are Critical Ratio Skweness (C.R.) and Kurtosis of ± 2.58. The data can be concluded to have a normal distribution if the value of C.R. from Kurtos is not through the value of ± 2.58 (Ghozali, 2016). Univariately C.R. from Kurtosis showed no value more than ± 2.58, univariately, these indicators were normal. The table also showed that the C.R. Multivariate kurtosis is -0.294. This means that the multivariate research data on each indicator is declared normal.

3. Multicollinearity and Singularity Test

To see whether the research data contains multicollinearity or singularity in those combined variables, the determinant of the sample covariance matrix should be observed. The existence of multicollinearity and singularity can be known through the value of the determinant of the covariance matrix which is really small, or close to zero. The processed data used in this research showed that the determinant of the sample covariance matrix is as follows: Determinant of sample covariance matrix = 1.098. These results indicate that the determinant value of the sample covariance matrix is above zero. Thus, it can be concluded that the data do not contain multicollinearity and singularity problem. Hence, SEM assumption has been confirmed, and the data is feasible to use.

Goodness of fit Test for Structure Equation Modeling

The structural model is the relationship between latent variables (variables that cannot be measured directly and require several indicators to measure) independent and dependent (Bollen, 1989). Research using Structure Equation Modeling requires gradual testing, and one of the tests is testing the Structure Equation Modeling model which must meet the right assumptions (fit). If the research model that has been formed does not meet the assumption of fit, then the proposed model needs to be revised (Ghozali, 2016). The model need to be revised due to its inability in producing unique estimates in predicting exogenous variables to endogenous variables. Thus, the model needs to be revised by developing existing theories to form a new model. The test results are as shown in the following image:
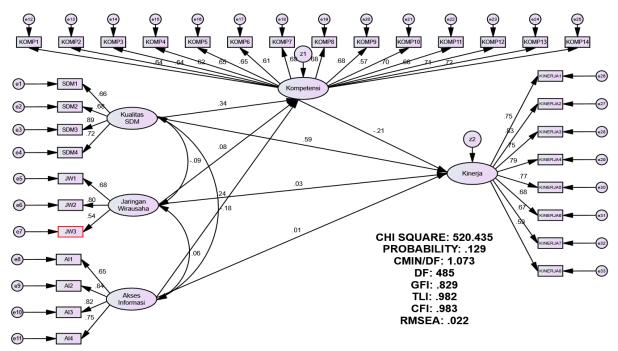

Figure 1 SEM

Based on figure 1 above, Goodness of fit Index results can be concluded as follows:

Table 3 Goodness of fit Index Analysis

No	Goodness of fit Index	Cut off Value	Test Result	Conclusion
1	Chi Square	≤ Chi Square-tabel pada sig. 5% (0.05) (537,340)	520,435	Very Good
2	Probability	≥ 0,05	0.129	Very Good
3	RMSEA	≤0,08	0.022	Very Good
4	TLI	≥0.90	0.982	Very Good
5	CFI	≥0.90	0.983	Very Good
6	GFI	≥0.90	0.829	Good

Sources: Processed Data, 2021

Based on table 3, it can be seen that the Chi Square-count value is 520.435. Compared with the Chi Square-table value with degrees of freedom (df) 485 of 537,340, it can be concluded that the Chi Square-count <Chi Square-table (520,435 <537.340). Hence, Goodness of fit Index test on the Chi Square value side is known that the model is fit. If the Goodness of fit Index test uses a probability level, it is known that the probability value of the test is 0.129, the value is greater than 0.05 (p>0.05) so it can be concluded that the Goodness of fit Index test on the probability value side is also known that the model is fit. If the Goodness of fit Index test uses the RMSEA value, it is known that the RMSEA value is 0.022. Compared with the Cut off Value RMSEA (0.08), it is known that the RMSEA value is smaller than the Cut of Value RMSEA value (0.022 <0.080) so it can be concluded that the Goodness of fit Index test on the RMSEA value side is known that the model is fit. Testing the Goodness of fit Index using the TLI level is known that the TLI value is 0.982, the value is greater than 0.90 (p>0.90) so it can be concluded that the Goodness of fit Index test on the TLI value side is known to be model is fit. Testing the Goodness of fit Index using the CFI level is known that the CFI value is 0.983, the value is smaller than 0.90 (p>0.90) so it can be concluded that the Goodness of fit Index test on the CFI value side is known to be the model is fit.

Hypothesis Testing

After all the assumptions were fulfilled, then the hypothesis will be tested. Before that, we need to evaluate the magnitude of the standard estimated value or the direct influence of the exogenous variable on the endogenous variable. The standard estimation results can be seen in the following table:

Table 4 Hypothesis Testing

Variables Relationship	Estimate	S.E	C.R.	p
Competency ← Human Resources Quality	0.342	0.102	3.444	***
Competency ← Enterpreneurial networking	0.082	0.086	0.882	0.378
Competency ← Access to Information	0.245	0.104	2.614	0.009
Performance ← Competency	-0.211	0.098	-2.345	0.019
Performance ← Human Resources Quality	0.585	0.125	5.212	***
Performance ← Enterpreneurial networking	0.034	0.087	0.397	0.691
Performance ← Performance	0.005	0.103	0.062	0.95

Sources: Processed Data, 2021

Table 4 shows the results of hypothesis testing that can be seen from the probability value. It is known that the probability value of the quality of human resources is 0.000**. The probability value is smaller than 0.05 so it can be concluded that the quality of human resources has a significant effect on both the competency and the performance of SMEs.

The effect of human resources quality on competency is 0.342, while the effect of human resources quality on SMEs performance is 0.585. This means that every change in human resources quality will increase the human resources competency and also improve the SMEs performance. Thus, the better the quality is, SMEs will be able to improve and grow bigger. These results prove the research conducted by Budhwar, et al., (2007); Nawab et al., (2016); Al-Haraisa (2016) that the quality of human resources creates good human resource competencies which ultimately encourage better performance on SMEs.

In the entrepreneurial networking test result, the probability value of the entrepreneurial networking on competency is 0.378, while the probability value of the entrepreneurial networking on the SMEs performance is 0.691. The probability value is greater than 0.05. It can be concluded that the entrepreneurial networking has no significant effect both on competency and SMEs performance. The magnitude effect of entrepreneurial networking on competency is 0.082, while the magnitude effect of entrepreneurial networking on SMEs performance is 0.034. These mean that every change in the entrepreneurial networking only has a very small impact on the improvement of culinary SMEs in Medan.

The probability value of the effect of access to information on competency is 0.009. The probability value is less than 0.05 so it can be concluded that access to information has a significant effect on competency. However, the probability value of the effect of access to information on SMEs performance is 0.095, the probability value is greater than 0.05. Thus, it can be concluded that access to information has no significant effect on SMEs performance. The magnitude effect of access to information on competency is 0.245. This means that every change in access to information will increase competency. However, the effect is very small, giving changes to the performance of SMEs, as indicated by the Standardized Estimates value of 0.005.

The competency variable has a probability value of 0.019. The probability value is less than 0.05 so it can be concluded that competency has a significant effect on business performance. The magnitude effect of competency on SMEs performance is -0.211. This means that every change in competency will reduce SMEs performance. This is quite interesting where there is a theoretical anomaly in the results of this study. This anomaly occurs because the entrepreneurial competency of culinary SMEs is not good.

Discussion

It is known that human resources quality has a positive and significant impact on the competency level of business actors and their culinary business performance. However,

competency has a negative and insignificant impact in mediating the quality of human resources affecting business performance.

Human resources with good quality will be more likely to upgrade their competency easier especially improving knowledge and skills by utilizing the technology advancement. Obviously, improving the human resources capabilities is a good way of boosting self-competency and business performance.

Most business actors state that increasing their ability and quality can be done through formal education levels such as in college. Formal education improves business skills as well as the ability to use information technology for business, foreign language skills, and business analytical skill. On the other hand, some business actors also think that improving the quality from a formal education level such as higher education is not crucial. Learning process of starting business cannot be gained from college, but through real entrepreneurial experience.

Furthermore, it is known that the entrepreneurial networking has a positive but insignificant impact on the level of competency. The entrepreneurial networking also has a positive but insignificant impact on the culinary business performance (Nurlinda and Wardayani, 2018). The results show that the entrepreneurial networking is not an important factor for competency nor culinary business performance. In addition, competency has a negative and insignificant impact in mediating entrepreneurial networking affecting business performance.

Based on the results, there is a perception that entrepreneurial networking is not significant on competency and culinary business performance in Medan. There is a misunderstanding that the enterpreneurial networking is not important for well-established business. It is due to their perspective about the nature of culinary business is only about selling food and beverage products for the society in general does not need any wide range of networking.

Basically, this entrepreneurial networking will be able to help culinary business in Medan on free promotions access to the community. Entrepreneurial networking will create a wider consumer chain, starting with partners and wider promotion for the products they offer to the society. The notion should be well delivered to the business actors in order to improve their business performance.

Then it is also known that access to information has a positive and significant impact on the competence level. However, access to information has a positive but insignificant impact on the culinary business performance. Therefore, access to information is important for competency aspect but not for their culinary business performance. Besides, competency has a negative and insignificant impact in mediating access to information affecting business performance.

These results provide a clear picture that their ability to use information technology tools properly and carefully will be able to increase their knowledge, abilities and understanding of the business. Increasing their knowledge, abilities and understanding of the culinary business is also their process of increasing the competency in running their business.

Furthermore, culinary SMEs in Medan only access to information for their own upgrading without actively taking advantage to introduce their products to the society. Hence, there is no significant impact on business performance. It can be concluded that the understanding of business actors to market their products effectively and efficiently through the access to information is not good enough.

There is a theoretical anomaly in this study, where competency has a significant negative effect. This provides information that the competency of culinary SMEs in Medan is not good. There are several factors that cause this anomaly to occur. Bird (1995) states that competency is a mechanism that runs under certain conditions that allows a person to improve his business performance. Thus, this anomaly occurs due to mechanisms that do not work, such as entrepreneurship strategies, the absence of a clear entrepreneurial concept, lack of taking advantage on the opportunities, and lack of learning (Ahmad, et al., 2010).

Conclusion and Recommendation

Improving the quality of human resources will be proven by good competencies for every SME actor which ultimately improves the performance of SMEs. Therefore, an important action that can be taken by micro, small and medium culinary businesses in Medan is improving their language skills, both regional and national languages, and foreign languages as well; such as English or Mandarin. Besides, business actors can also use open access information to upgrade their quality, business skills and knowledge, to potential customers and current customers.

Business actors should open up and update their mindset about the importance of the business networking or culinary entrepreneurial networking they have built. Establishing relationships with all parties, social organizations, community organizations, small companies and even large companies is important for culinary business actors as the first step to improve the performance of their culinary business.

There is a perception of culinary business actors that access to information for those who do culinary business is not important. Utilizing access to information to introduce products to all people is absolutely important. Culinary business actors should take advantage of social media that provide a free platform to market their products.

Having the competency to be able to do business well is an absolute need by every culinary business actor in Medan. Learning more about the culinary business from various sources, such as utilizing information technology devices, attending special trainings in culinary business, attending formal education like universities, in order to have broader picture of business conditions and risks. Furthermore, prioritizing honesty in business is also cannot be negotiated.

Limitations

The purpose of this article is to reveal the factors that can improve the performance of SMEs from the competency aspect of SMEs in Medan, while the competency of SMEs is seen from the human resources quality and the ability to build entrepreneurial networking and to maximize access to information. First, further research can cover SMEs in broader field, not only from culinary business. Second, this research area only covered SMEs in Medan. Different location could have different effects. Therefore, further research should be able to expand the research area into several cities, or provinces and preferably throughout Indonesia. Besides, comparing SMEs performance factors from different geographical area is also a good suggestion. Third, limitation of this research is that the innovation and motivation variables of SMEs are not included. Further research should be done by looking at the motivation of SME actors which is moderated by the innovation.

Acknowledgments

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