

Moderating Competency on the Effect of Owner's IQ, EQ, and SQ on MSME Performance in Denpasar City

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ABSTRACT

National development of a nation includes economic development and Micro, Small and Medium Enterprises (MSMEs). The performance of MSMEs needs to be investigated because the contribution of the MSME sector to Gross Domestic Product (GDP) has increased from 57.84% to 60.34% in the last 5 years. This study aims to determine the effect of IQ, EQ, and SQ on the performance of Micro, Small and Medium Enterprises moderated by competence. The object of research is the performance of MSMEs in Denpasar City. The sampling technique used in this study is Probably sampling using a simple random technique. There are 100 MSMEs as a sample with a total of 77 statements. Based on the results of research analysis (1) competence weakens the positive influence of IQ and SQ on the performance of MSMEs in Denpasar City; and (2) competence is not able to moderate the effect of EQ on the performance of MSMEs in Denpasar City. Suggestions for further research are to develop research objects and develop research instruments by conducting personal interviews with respondents.

Keywords: IQ, EQ, SQ, Competence, Performance.

JEL classification (JEL): M41, L25

INTRODUCTION

MSMEs are trading businesses managed by business entities or individuals referring to productive economic enterprises in accordance with the criteria set out by Law Number 20 of 2008 (Mas'adah et al., 2021). MSME performance can be influenced by three factors internal (Lestari Nasution et al., 2021). Which one's internal factors include the intelligence it has, there are several intelligences in humans, including: intellectual intelligence, emotional intelligence, and spiritual intelligence. If these three intelligences can function effectively, they will display outstanding work results (Putri, 2016). Seeing the inconsistency of previous research results on the influence of IQ, EQ, and SQ on individual performance, in this study the researcher added a moderating variable that could strengthen or weaken the existing direct influence relationship. produce maximum performance (Aulia, 2021).

LITERATURE REVIEW

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Intellectual intelligence (in this study called IQ) can be defined as intellectual abilities in the form of analysis, logic, and ratio (Sibasopait, 2018). This intelligence is also the intelligence possessed by individuals to receive, store and process information into facts. Pande et al., (2019) and (Kurniawan, 2020) found that the higher an individual's IQ level, the better their performance. However, a recent study by (Nilamartini et al., 2021) found that IQ had a negative effect on individual performance. Then the proposed hypothesis is:

H₁: competence strengthens the influence of IQ on the performance of MSME owners in Denpasar City

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Emotional intelligence (in this study called EQ) is an individual's ability that includes self-control, enthusiasm, and perseverance, as well as the ability to motivate oneself. In addition (Nasikin, Djumarno, 2014), individual EQ makes individuals more aware of emotions effectively to achieve goals, build productive relationships and achieve success. (Yani & Istiqomah, 2016) provide empirical evidence that EQ has an insignificant negative effect on employee performance. However, this is different from the research presented by (Mamangkey et al., 2018) according to him EQ has a positive and significant influence on individual performance. Then the proposed hypothesis is:

H₂: competence strengthens the influence of EQ on the performance of MSME owners in Denpasar City.

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Spiritual intelligence (referred to as SQ) is the intelligence to face and solve problems of meaning or value, namely the intelligence to place our behavior and life in the context of a wider and richer meaning, the intelligence to judge that one's actions or way of life are more meaningful than others (Laura Angelica et al., 2020). SQ is a necessary foundation for the effective functioning of IQ and EQ. Research conducted by (Pande et al., 2019) found that SQ has no effect on employee performance. However, (Sari, 2020) in the following year argues that individuals who have a high SQ level will have better performance than individuals who have a low SQ. Then the proposed hypothesis is:

H₃: competence strengthens the influence of SQ on the performance of MSME owners in Denpasar City.

RESEARCH METHOD

The population that will be used in this study includes all MSME entrepreneurs in Denpasar City, amounting to 31,826 MSMEs. The Slovin formula is used because it can help in research that is considered to be able to save energy, time, ordinarily (Sugiyono, 2018). The total sample with an estimated interval of 0.10 or 10%. $n = 99,686$ (rounded up to 100). Calculation of the sample that will be used in this research with the help of the Slovin formula (Ghozali, 2016), found as many as 100 MSMEs that are officially registered and in the form of MSMEs at umkmdenpasarkota.info.

RESULTS

Table 1. Classic Assumption Test

Variable	Normalitas	Multikolinearitas		Heteroskedastisitas
		Tolerance	VIF	
IQ	0.906	0.919	1.088	0.602
EQ		0.936	1.068	0.989
SQ		0.931	1.074	0.101
Competency		0.963	1.038	0.463

source: processed data,2022

Table 1. shows the results of classical assumption testing, in this study classical testing was carried out in four ways. Where the test results show the data is normally distributed because the test results are $0.906 > 0.05$. The multicollinearity test showed that there was no multicollinearity as indicated by the tolerance value for each beas variable greater than 0.10 and the VIF value less than 10. The test results also showed a significance value of RES2 above 0.05, meaning that it was free from heteroscedasticity.

Table 2. Moderated Regression Analysis

Variable	Coefficient Regressiion	Significance
IQ*Competency	0.289	0.009
EQ* Competency	0.141	0.101
SQ* Competency	0.219	0.043
Constant: 264.693	$Y = 264.693 + 0.289IQ*K + 0.141EQ*K + 0.219SQ*K + \epsilon$	
Adjusted R Square: 0.556		

source: processed data,2022

The results of the multiple linear regression analysis in Table 2. show the adjusted R square of 0.556 which means that 55.6 percent of Denpasar City MSME performance is influenced by IQ, EQ, SQ, and Competence while the remaining 44.4 percent variants of other variables are not included in this study.

DISCUSSION

The results of testing the first hypothesis (H_1) t_{count} of 2.688 with a significance of $0.009 < 0.05$. This means that competence strengthens the direct influence of IQ on the performance of MSMEs in Denpasar City. The sample size used in this study was 100 respondents with IQ measurement indicators as follows (1) language skills (verbal); (2)

logic ability; and (3) numerical ability. This means that the higher the IQ of the MSME owners in Denpasar, the higher the MSME performance that can be felt. In addition, the competence possessed by each individual will strengthen the level of intellectual intelligence possessed by the individual. This is because competence spurs individuals to produce higher quality outputs than the outputs that other individuals can produce.

The results of testing the second hypothesis (H_2) obtained a t_{count} of 1.654 with a significance of $0.101 < = 0.05$. This means that competence is not able to strengthen or weaken the direct relationship that EQ has on the performance of MSMEs in Denpasar City. EQ is the intelligence possessed by individuals to motivate themselves to face stuttering and control emotions. EQ which is motivating in nature has become a natural competency that is directly owned by individuals without the need for external encouragement as well as inter-individual competence. EQ owned by individuals also helps individuals to control their emotions and provide satisfaction in regulating mental states so that if there is a desire to be competent, they are not able to strengthen or weaken the level of individual emotional intelligence on the individual's own performance. H_2 was rejected by competence not being able to moderate the effect of EQ on MSME performance in Denpasar City.

The results of testing the third hypothesis (H_3) obtained a t_{count} value of 2.056 with a significance of $0.043 < = 0.05$. This means that competence strengthens the influence of SQ on the performance of MSMEs in Denpasar City. SQ is a human inner value that lies in the Godspot, which functions to give the deepest whisper of the heart that can push towards nobleness. The SQ indicators used in this study are (1) self-integrity; (2) commitment to work life; (3) reluctance to cause unnecessary harm. Individuals who have a high level of SQ will realize the importance of trying to be fair to others and accept criticism and suggestions from subordinates. The existence of competence strengthens this relationship because competence is a capacity possessed by an individual, which leads to behavior that is in accordance with the demands of the job, and in accordance with the things that have been set by the organization which will ultimately bring the desired results by the individual himself. Individuals who have high competence will be able to work wholeheartedly, try to be committed to the progress of the organization, and be flexible and able to blend in with the surrounding environment. This can describe the attributes needed to produce effective performance.

CONCLUSION

Based on the results of the data analysis that has been described and justified above on the problem formulation and hypotheses presented by the author/researcher and has been tested using MRA analysis, the conclusions that can be conveyed are as follows. The results of the H_1 test provide empirical evidence that competence strengthens the influence of IQ on the performance of MSMEs in Denpasar City by 28.9 percent. The results of the H_2 test provide empirical evidence that competence cannot moderate the effect of EQ on the performance of MSMEs in Denpasar City. The results of the H_3 test provide empirical evidence that competence strengthens the influence of SQ on the performance of MSMEs in Denpasar City by 21.9 percent.

LIMITATION

First, the object of this research can still be developed so that further researchers can compare the performance of MSMEs between cities. Second, the behavior of the respondent under study is the personality of the respondent personally, it is better to add an interview to the research instrument.

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