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## The Influence of the Level of Innovation and Competence of Human Resources on Product Quality

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### Abstract.

Sukanggang Subdistrict, Garut Regency, West Java, Indonesia, is well-known as a center for the leather craft industry, until now it has had problems with increasing the competence of the workforce as well as product innovation. The purpose of this research is to see how the level of innovation and competence of human resources affect product quality. The research method is a survey involving 30 small and medium-sized businesses in the leather tanning industry. Based on the results of research, innovation on products has been relatively stagnant in the last 10 years both in terms of type, quantity, model and technology and this condition also involves a process of increasing the competence of the workforce in the product manufacturing process that is not managed properly. The level of innovation together with the competence of human resources affects the level of product quality perceived by consumers by 71%, while partially the level of innovation contributes to the ups and downs of the level of product quality by 66% and the level of competence by 28.9%. Thus, to improve the quality of tanning products in the leather craft industry, business actors must have the courage to invest in technology to create innovation. The government must help SMEs to facilitate access to technology and increase the competence of human resources.

**Keywords:** Innovation, Small Medium Enterprises, HR Competency, Corporate Performance, Quality Management.