
IMPLICATIONS OF NUTRITIONAL RESOURCES AND MSME DEVELOPMENT ON HUMAN RESOURCE PERFORMANCE WITH SOCIO- ECONOMIC IMPACT FACTORS IN DEPOK CITY, WEST JAVA

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ABSTRACT

This study examines the implications of natural resource downstreaming and the development of Micro, Small, and Medium Enterprises (MSMEs) on human resource performance, focusing on socio-economic impacts in Depok City, West Java. Depok City faces challenges in creating good jobs amidst rapid urbanization and rapid economic development. Natural resource downstreaming is expected to increase added value and strengthen the local industrial sector, while MSME development is expected to have a broader impact on community economic empowerment and improving human resource quality. This study uses a quantitative approach with a survey method to analyze the relationship between variables. The results show that natural resource downstreaming has a positive effect on human resource performance and has a significant impact on the local economy. MSME development, although important in improving human resource performance, does not have a significant direct socio-economic impact. Overall, this study emphasizes the importance of more integrated policies between natural resource downstreaming and MSME development to create sustainable socio-economic impacts. Therefore, there is a need for more aggressive policies to utilize local potential and improve human resource capacity to be better prepared to face global economic competition.

Keywords: Natural Resource Downstreaming, MSME Development, Human Resource Performance, Socio-Economic Impact, Depok City.

INTRODUCTION

Local economies in Indonesia, including in urban areas like Depok City, are facing significant challenges in creating sustainable and inclusive economic growth. One key issue is the limited availability of jobs for local residents, which directly impacts community well-being and the competitiveness of human resources. In this context, efforts to promote regional economic development by optimizing local potential are crucial.

The success and productivity of economic development are significantly influenced by the performance of human resources (HR). Amidst the dynamic development of urban areas

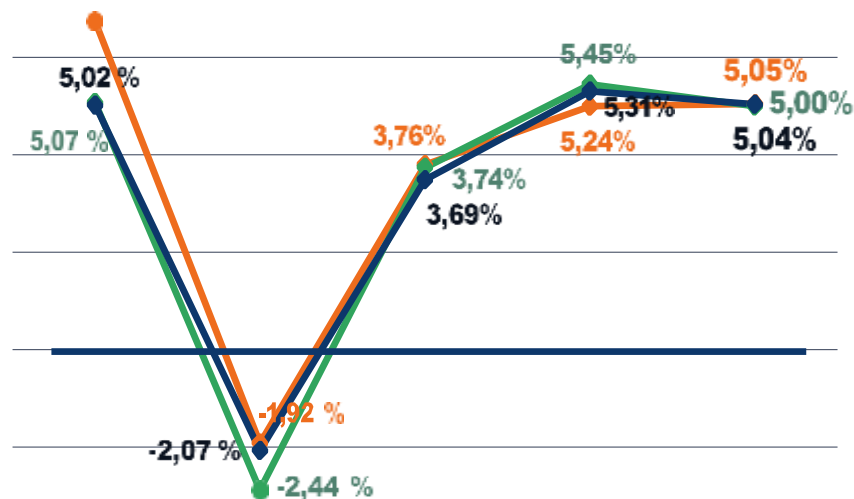
like Depok City, West Java, various social and economic factors significantly influence the challenges and opportunities for improving human resource quality. Depok City, a rapidly developing part of the Greater Jakarta metropolitan area, is not only a center of education and commerce but also faces significant pressure to create good jobs and equitably develop the potential of its community.

To create inclusive and sustainable development policies at the city level, it is crucial to understand the dynamics of socio-economic factors that impact human resource performance. This is due to the phenomena of social inequality, rapid urbanization, and the

shift in economic structure from the informal to the formal sector.

Social and economic changes occurring in urban areas have various implications for the quality and performance of human resources. As a buffer zone for the capital city with a growing population, Depok City faces significant challenges in labor absorption, equitable access to education and training, and income disparities between community groups. The performance of the city's human resources depends heavily on the ability

of the government and other stakeholders to manage ever-changing socio-economic dynamics. In addition to social factors, economic factors such as income, employment opportunities, access to business capital, and the availability of supporting infrastructure also play a crucial role in creating a competitive and healthy work environment. Human resource performance can decline if these factors are not managed properly. Ultimately, this will hamper the region's overall economic growth.



Source: LKIP-Depok, 2023

Figure 1.1 Graph of Economic Growth Rate (LPE) of Depok City, West Java Province and Nationally 2019 – 2023

Based on Figure 1.1, it is known that the Economic Growth Rate (EGR) for the period 2022 to 2023 was recorded to have decreased by around 0.19 percent. From an initial 5.24 percent, in 2023 it fell to 5.05 percent. The Depok City economy in 2023 grew slower by 5.05 percent compared to the previous year. The slowdown in economic performance in 2023 compared to the previous year was influenced by the slowdown in growth in the transportation and warehousing

category from 10.52 percent in 2022 to 5.62 percent in 2023.

From the above information, it can be concluded that this decline, largely driven by a slowdown in the transportation and warehousing sectors, has significant implications for the socioeconomic conditions of the community. Slowing growth in these strategic sectors has the potential to hamper new job creation, reduce purchasing power, and widen social disparities if not balanced with responsive adjustment policies.

The resulting socio-economic impacts could include an increased risk of disguised unemployment, stagnant

household incomes, and a declining quality of life for vulnerable groups. Furthermore, the economic slowdown could impact the effectiveness of MSME empowerment and human resource development programs due to limited fiscal and investment support.

Although various programs to improve human resource capacity have been launched, including job training, assistance for MSMEs and improving educational infrastructure, there has been no comprehensive evaluation of their impact on human resource performance in Depok.

Two strategic approaches believed to significantly contribute to local economic development are natural resource downstreaming and the development of Micro, Small, and Medium Enterprises (MSMEs). Natural resource downstreaming refers to the process of processing raw materials into value-added products, either semi-finished or finished goods. This strategy aims not only to increase the economic value of products but also to open new opportunities in the industrial sector, create jobs, and encourage local innovation.

Downstreaming of natural resources (SDA) is an economic development strategy aimed at increasing added value by processing raw materials into semi-finished or finished products. Downstreaming policies are generally implemented in regions with abundant primary natural resources, such as mining, forestry, or large-scale agriculture. However, the downstreaming concept can be expanded and adapted to urban areas like Depok City, which has distinct economic characteristics dominated by the services, trade, and micro, small,

and medium enterprises (MSMEs) sectors.

Depok, as one of the capital's satellite cities, is experiencing rapid population growth and urbanization. While it lacks conventional natural resources such as mining, it possesses potential in the form of unconventional local natural resources that can be processed into value-added products. This potential includes urban farming, the processing of household waste into energy or compost, and the utilization of local raw materials in the creative industry and MSMEs.

For example, several community groups on the outskirts of Depok City still engage in small-scale agricultural activities, such as vegetable cultivation, livestock farming, and freshwater fisheries. These agricultural products offer the potential for further processing into food, herbal drinks, or other agribusiness products that can increase community income. Furthermore, the waste bank community's management of organic waste into compost, briquettes, and biogas also reflects a sustainable downstreaming of resources.

On the other hand, MSMEs have proven to be the backbone of the national economy, particularly in absorbing labor and distributing income more equitably. In Depok City, MSMEs play a crucial role in driving the local economy, particularly in the trade, services, and home industry sectors. MSME development impacts not only the economy but also socially, such as women's empowerment, poverty reduction, and strengthening local communities.

The following table shows the number of Micro and Small Enterprises in Depok City (2021-2023) based on data

available from the West Java Province
Statistics Agency.

Table 1.1 Number of Micro and Small Businesses in Depok City

Year	Number of Micro and Small Enterprises
2021	60,883
2022	61,492
2023	62,000

Source: <https://jabar.bps.go.id/> 2021-2023

The number of Micro and Small Enterprises (MSMEs) in Depok City shows stable growth from 60,883 MSMEs in 2021 to

61,492 in 2022, and is projected to reach 62,000 in 2023. Despite the increase in the number of MSMEs, their growth rate is relatively slow, reflecting their still moderate contribution to the local economy. This indicates that the MSME sector has not yet maximized its ability to accelerate employment and increase income. Therefore, more aggressive policies are needed to accelerate growth and provide a greater socio-economic impact in Depok City.

From Table 1.1 above, it can be concluded that the relatively slow growth rate indicates that the contribution of MSMEs to accelerating labor absorption and increasing community income is still suboptimal. This condition indicates that the socio-economic potential of MSMEs has not been fully utilized to promote broader community welfare. Stagnant MSME growth has the potential to create limitations in the development of

competencies, productivity, and mobility of the local workforce. When MSMEs do not develop dynamically, available job opportunities are limited, and the quality of human resources does not accelerate in accordance with market needs. As a result, socio-economic impacts such as disguised unemployment, income inequality, and low levels of welfare remain major challenges in Depok City.

Human resource (HR) management plays a crucial role in supporting the downstreaming and development of MSMEs, creating optimal synergy in regional economic development. The success of MSMEs and downstreaming depends heavily on the quality of human resources in business management and innovation, as well as improving skills, managerial skills, and work motivation to enhance economic performance and competitiveness in the global market.

The following is a table based on data on the number of MSMEs from the population in Depok City obtained from Satu Data Depok

Table 1.2 Number of MSMEs from the Population in Depok City

Year	Total population	Number of MSMEs	Ratio of MSMEs to Population (%)
2023	2,530,000	62,000	2.45%

Source: <https://satudata.depok.go.id/> 2023

Table 1.2 shows that in 2023, the population of Depok City was recorded at 2,530,000, with 62,000 MSMEs, resulting in a ratio of 2.45% between MSMEs and the population. This ratio

indicates that although the MSME sector is quite significant, its number per population remains low, reflecting the sector's significant growth potential. With a stable ratio, there is a need for

policies that can accelerate MSME development to balance the population and support the local economy.

From the table above, it can be concluded that although MSMEs contribute significantly to economic activity, their proportion of the population remains relatively low. This indicates the need for strategic policies integrated with natural resource downstreaming programs to strengthen the role of MSMEs in local value chains.

In the context of human resource (HR) development, this low ratio reflects that the potential of the productive workforce has not been fully engaged in MSME-based economic activities. Therefore, strengthening human resource capacity through training in entrepreneurship, technology, and business management is crucial. Furthermore, inclusive downstreaming of natural resources can create new business opportunities for MSMEs and encourage broader local community involvement, ultimately impacting positive socio-economic aspects, such as employment, increased income, and reduced economic disparities.

Downstream processing and MSME development have significant potential, but their implementation still faces several obstacles. These include limited access to capital, technology, and relevant skills training. This directly impacts human resource (HR) performance, including productivity, innovation, and competitiveness.

This situation highlights the need to more deeply examine how natural resource downstreaming and MSME development can serve as key drivers for human resource capacity building. A more comprehensive understanding of the socio-economic impacts of these two

strategies at the local level will be invaluable in designing more targeted, adaptive, and sustainable regional development policies.

In this case, the discussion includes management, human resource management (HRM), natural resource downstreaming, MSME development, HR performance, and the socio-economic impacts faced in the context of MSME downstreaming and development.

Management, according to some experts, can be understood as the art and science of planning, organizing, directing, and controlling resources to achieve organizational goals. Firmansyah et al. (2018) define management as the art of managing human resources to achieve predetermined goals. Management functions, which include planning, organizing, staffing, directing, and controlling, are essential elements in ensuring organizational goals are achieved. According to Nugroho (2017), management requires resources such as people, money, materials, machines, methods, and markets to function effectively.

In the context of human resource management (HRM), Hasibuan (2018) defines HRM as the science and art of managing labor relations effectively and efficiently in supporting company goals. The primary objective of HRM is to ensure that human resources are well managed, including workforce planning, recruitment, employee development, and fair compensation. The primary functions of HRM include workforce planning, organizing, developing, controlling, and integrating the workforce to support the smooth operation of the company.

The downstreaming of natural resources (SDA) is also a crucial aspect of this research. Downstreaming can be defined as the process of converting raw materials into products with higher added value. The goal of downstreaming is to create added value, strengthen domestic industries, and generate inclusive and sustainable economic growth. According to Yustika et al. (2022), downstreaming aims to reduce dependence on raw material exports and encourage domestic industries to process these raw materials into semi-finished or finished products. Downstreaming can also create new jobs, increase income, and boost regional and national economic growth.

The development of MSMEs plays a crucial role in the national economy, particularly in creating jobs and achieving economic equality. According to Halim (2020), MSMEs are businesses that utilize local resources and can improve community welfare. MSME development aims to improve managerial capacity, market access, and financing so that MSMEs can grow and compete in the global market. One important indicator of MSME development is product innovation and increased production capacity.

Human resource performance also influences the success of downstreaming and developing MSMEs. Human resource performance is measured based on work productivity, managerial skills, and work motivation. According to Simamora (2017), human resource performance refers to the work achievements achieved by employees in carrying out assigned tasks. Factors such as skills, leadership, organizational systems, and the external context can

influence human resource performance within an organization or business.

The socio-economic impact of downstreaming and developing MSMEs is significant. According to the Statistics Indonesia (BPS) (2023), the socio-economic impact can be seen in increased income, employment opportunities, and community welfare. Downstreaming and developing MSMEs can increase the income of business owners and employees and create new jobs. Furthermore, both can improve the community's quality of life by providing better access to basic services such as education and healthcare.

By integrating all these components, this study aims to delve deeper into the relationship between management, human resources management, natural resource downstreaming, MSME development, and socioeconomic impacts within the context of the Indonesian economy. As an initial hypothesis, it can be concluded that good management and human resources management, combined with effective natural resource downstreaming and MSME development, will have a positive impact on improving human resource performance and the socioeconomic conditions of the community.

Based on the background and the phenomena that occurred, the author is interested in conducting research entitled "Implications of Natural Resource Downstreaming and MSME Development on Human Resource Performance with Socio-Economic Impact Factors in Depok City, West Java".

METHOD

This research methodology was conducted to analyze the relationship

between natural resource (SDA) downstream, MSME development, human resource performance, and its impact on socio-economic conditions in Depok City. This research will be conducted at the Depok City Government, West Java, located at BJ Habibie Building, Jl. Margonda Raya No. 54, Depok, from January 2025 to December 2025. The research schedule includes various stages, such as preparation, pre-research, procurement of tools and materials, data collection, data analysis, preparation of the final report, and publication of research results.

The approach used in this research is quantitative, based on the philosophy of positivism, with the aim of testing the established hypotheses. This quantitative study utilizes survey research, which involves collecting structured data through research instruments such as questionnaires and interviews. This research procedure follows systematic steps to obtain valid, reliable, and objective data to answer the existing problem formulation. The research design used is a survey, which aims to understand the relationships between variables and test hypotheses.

This research consists of several stages involving planning, data collection, analysis, and reporting of research results. The variables in this study include independent variables, namely natural resource downstream and MSME development, which influence the dependent variable, namely human resource performance, as well as intervening variables, namely socioeconomic factors that influence the relationship between the independent and dependent variables. These variables are measured through

indicators formulated in a questionnaire, using a Likert scale.

For data collection, two primary sources were used: questionnaires and interviews. Questionnaires were distributed to randomly selected MSMEs to measure variables related to natural resource downstream, MSME development, human resource performance, and socio-economic impacts. Interviews with stakeholders such as local governments, MSME associations, and economists were also conducted to gain additional perspectives on the research phenomenon.

The population of this study was all registered MSMEs in Depok City, totaling approximately 62,000. The sample was drawn using random sampling and calculated using the Slovin formula to obtain a representative sample size of 398 MSMEs.

Data analysis was conducted using Smart PLS software version 3.0, which allows simultaneous testing of measurement and structural models. The measurement model will be tested using convergent and discriminant validity tests, and reliability testing using Composite Reliability. Meanwhile, the structural model will be used to examine the causal relationship between latent variables using the R^2 value to assess the variance explained by the model. Significance testing is conducted through bootstrapping to determine whether the relationship between variables is significant at a certain confidence level. With this approach, the study aims to provide a clear picture of the influence of natural resource downstream and MSME development on human resource

performance and its impact on socio-economic conditions in Depok City.

Following This is a picture of the structural model of the research:

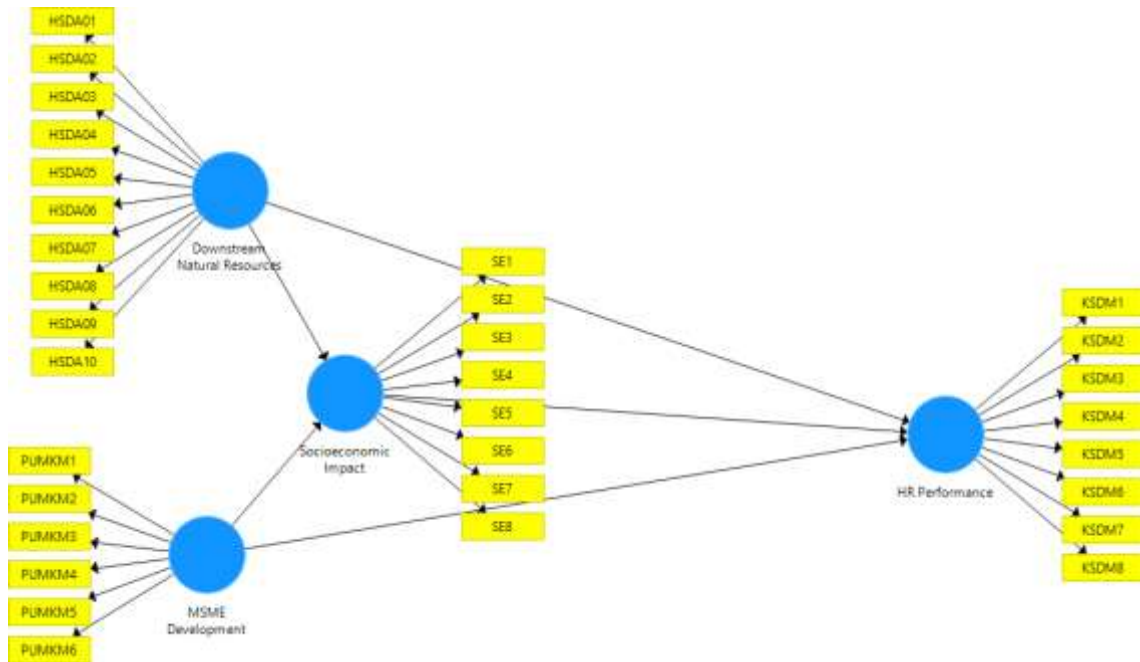
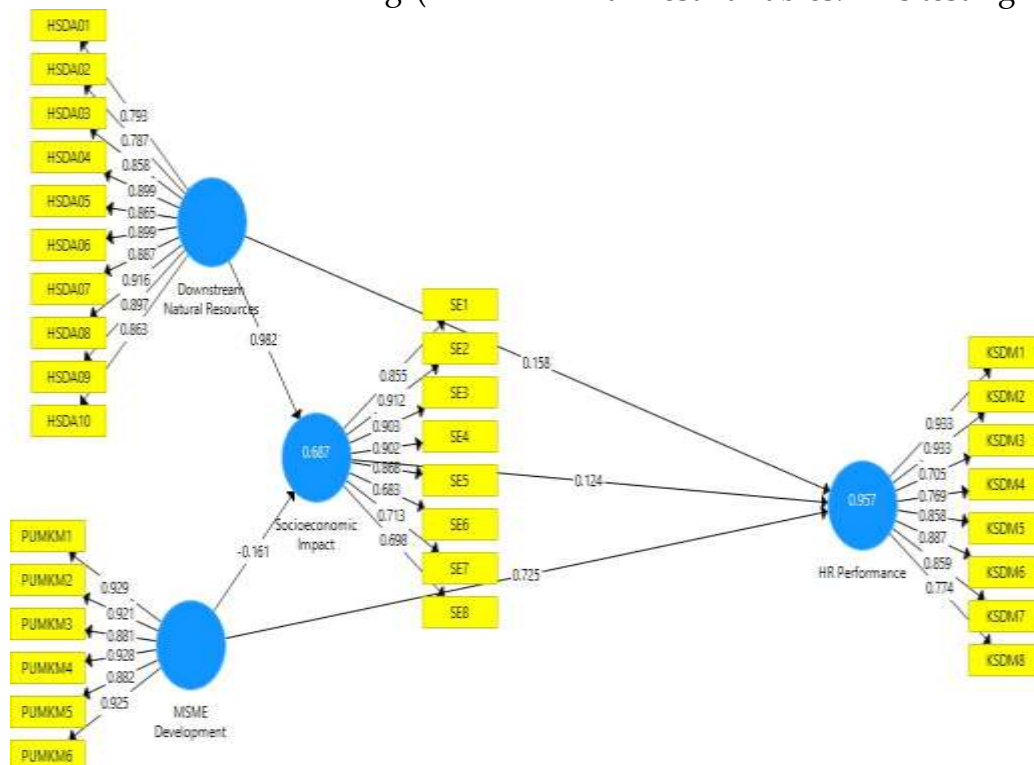


Figure 3. *Structural Model*
RESULTS AND DISCUSSION

1. Outer Model Analysis

Measurement model testing (outer

between latent variables and their manifest variables. This testing includes



model) is used to determine the specifications of the relationship

convergent validity, discriminant validity and reliability.

a. Convergent Validity

According to Ghazali (2018:25), a correlation can be said to meet convergent validity if it has a loading value of >0.7 . The output shows that the loading factor provides a value above the recommended value of 0.7.

However, in the scale development stage of the research, a loading of 0.60 is still acceptable. Thus, the indicators used in this study have met convergent validity. The structural model in this study is shown in the following figure:

Figure 4.2 Results of Outer Model Testing using the PLS-SEM Algorithm

Table 4.4 Outer Loading

	Downstream Natural Resources	MSME Development_	HR Performance_	Socioeconomic Impact_
HSDA01	0.793			
HSDA02	0.787			
HSDA03	0.858			
HSDA04	0.899			
HSDA05	0.865			
HSDA06	0.899			
HSDA07	0.887			
HSDA08	0.916			
HSDA09	0.897			
HSDA10	0.863			
PUMKM1		0.929		
PUMKM2		0.921		
PUMKM3		0.881		
PUMKM4		0.928		
PUMKM5		0.882		
PUMKM6		0.925		
KSDM1			0.933	
KSDM2			0.933	
KSDM3			0.705	
KSDM4			0.769	
KSDM5			0.858	
KSDM6			0.887	
KSDM7			0.859	
KSDM8			0.774	
SE1				0.855
SE2				0.912
SE3				0.903
SE4				0.902
SE5				0.868
SE6				0.683
SE7				0.713
SE8				0.698

Source: PLS data processing by the author, 2025

Based on the data in Table 4.4, it can be seen that the lowest outer loading value in the results of the outer test of this research model is 0.683 which is in the Socio-Economic indicator statement number 2 (SE06). Referring to the previously determined outer loading

b. Construct Validity and Reliability

Table 4.5. Construct Validity and Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Downstream Natural Resources	0.963	0.965	0.968	0.752
MSME Development_	0.959	0.959	0.967	0.831
HR Performance_	0.940	0.947	0.951	0.711
Socioeconomic Impact_	0.929	0.937	0.943	0.676

Source: PLS data processing by the author, 2025

Table 4.5 shows that the lowest AVE value of the four variables is 0.676, which is owned by the socio-economic variable. This result indicates that the five research variables have met the assumption of discriminant validity because the lowest AVE value obtained is more than 0.5. Meanwhile, the results of the Cronbach alpha and composite reliability are known to be the lowest values of 0.929 and 0.937 owned by the socio-economic variable. Thus, these results also have proven that all

limit of 0.7. However, in the research scale development stage, a loading of 0.60 is still acceptable, so these results indicate that the model is declared to meet the assumption of convergent validity because the lowest outer loading value obtained is $0.683 > 0.6$.

variables meet the assumption of construct reliability because the lowest Cronbach alpha and composite reliability values are > 0.7 .

2. Inner Model Testing

After conducting the outer model test, the final structural equation model (inner model) needs to be evaluated. The inner model test for this study was conducted by examining the path coefficient and R-square values as follows:

Table 4. R Square

	R Square	R Square Adjusted
HR Performance_	0.957	0.956
Socioeconomic Impact_	0.687	0.686

Source: PLS data processing by the author, 2025

Table 4.6 shows that the R Square value for the HR Performance variable is 0.957. This finding explains that the percentage of HR Performance is 95.7%. This means that the variable of Downstream Natural Resources Work, and the variable of MSME Development influence HR Performance by 95.7% and the remaining 4.3% is influenced by

other variables, while the R Square value for the Socio-Economic variable is 0.687. This finding explains that the percentage of Socio-Economic is 68.7%. This means that the HR Performance variable influences Socio-Economic by 68.7% and the remaining 31.3% is influenced by other variables.

Table 4.7 Inner Model test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Downstream Natural Resources_ -> HR Performance_	0.158	0.168	0.078	2,012	0.045
MSME Development_HR Performance_	0.725	0.719	0.066	10,909	0,000
Socioeconomic Impact_ -> HR Performance_	0.124	0.120	0.031	3,979	0,000
Downstream Natural Resources_ -> Socioeconomic Impact_	0.982	0.989	0.104	9,466	0,000
MSME Development_Socioeconom ic Impact_	-0.161	-0.169	0.109	1,478	0.140

Source: PLS data processing, 2025

Based on table 4.7, it can be seen that the results of the evaluation of the structural equation model of the relationship between variables partially explained by the path coefficient value can be described as follows:

- Path coefficient* Hypothesis 1 shows that the variable of Downstreaming of Natural Resources has a positive influence on Human Resource Performance, with a coefficient value of 0.158. This value indicates that the better the Downstreaming of Natural Resources, the tendency for Human Resource Performance to increase. This value indicates that the influence of Downstreaming of Natural Resources is included in the category of weak influence (Ghozali, 2018).
- Path coefficient* Hypothesis 2 shows that the MSME Development variable has a positive influence on HR Performance, with a coefficient value of 0.725. This value indicates that the better the MSME Development, the tendency for HR Performance to increase. This value indicates that the influence of

MSME Development is included in the strong influence category (Ghozali, 2018).

- Path coefficient* Hypothesis 3 shows that socioeconomic variables have a positive influence on HR performance, with a coefficient value of 0.124. This value indicates that the better the socioeconomic situation, the more likely HR performance will increase. This value indicates that the influence of socioeconomic impacts is included in the weak influence category according to (Ghozali, 2018).
- Path coefficient* Hypothesis 4 shows that the variable of natural resource downstreaming has a positive influence on socio-economic impacts, with a coefficient value of 0.982. This value indicates that the better the downstreaming of natural resources, the tendency for socio-economic impacts to increase. This value indicates that the influence of natural resource downstreaming is included in the category of strong influence according to (Ghozali, 2018).

e. *Path coefficient* Hypothesis 5 shows that the MSME Development variable has a negative influence on socio-economic impacts, with a coefficient value of -0.161. This value indicates that the

better the MSME Development, the tendency for socio-economic impacts to decrease. This value indicates that MSME Development has no effect on socio-economic impacts.

Table 4.8. Specific Indirect Effect test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Downstream Natural Resources_ -> Socioeconomic Impact_ -> HR Performance_	0.122	0.119	0.032	3,778	0,000
MSME Development_ -> Socioeconomic Impact_ -> HR Performance_	-0.020	-0.020	0.014	1,430	0.153

Source: PLS data processing, 2025

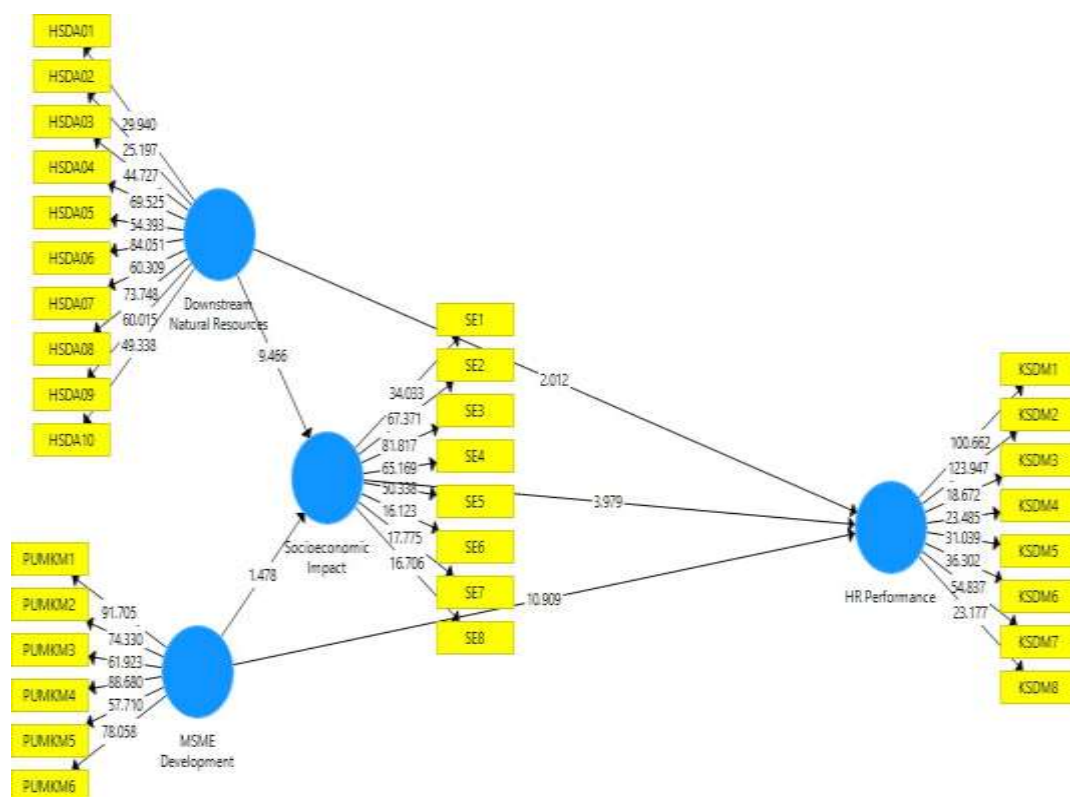


Figure 4.3 Bootstrapping Test Results

Based on table 4.8, it can be seen that the results of the evaluation of the structural equation model of the relationship between variables partially explained by the path coefficient value can be described as follows:

a. *Path coefficient* Hypothesis 6 shows that the variable of Downstreaming of Natural Resources has a positive influence on Socioeconomics through Human Resource Performance, with a coefficient value of 0.122. This value indicates that the better the

Downstreaming of Natural Resources, the tendency for Socioeconomics through Human Resource Performance will increase. This value indicates that the influence of Downstreaming of Natural Resources is included in the category of weak influence (Ghozali, 2018).

- b. *Path coefficient* Hypothesis 2 shows that the MSME Development variable has a negative influence on socio-economics through HR performance, with a coefficient value of -0.020. This value indicates that the better the MSME Development, the tendency for socio-economics through HR

performance to decrease. This value indicates that there is no influence of MSME Development on socio-economics through HR performance.

3. Hypothesis Testing

This study has 7 hypotheses as formulated research questions and need to be tested for their truth. Hypothesis testing in this study uses a t-test, namely by comparing the t-statistic value obtained from the bootstrapping test with the critical limit of the t-table value of 1.966 at a significance level of 5% (0.05). The results of this research hypothesis test are presented as follows:

Table 4.9. Results of Direct Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P	Information
					Values	
Downstream Natural Resources_ -> HR Performance_	0.158	0.168	0.078	2,012	0.045	Accepted
MSME Development _ -> HR Performance_	0.725	0.719	0.066	10,909	0,000	Accepted
Socioeconomic Impact_ -> HR Performance_	0.124	0.120	0.031	3,979	0,000	Accepted
Downstream Natural Resources_ -> Socioeconomic Impact_	0.982	0.989	0.104	9,466	0,000	Accepted
MSME Development _ -> Socioeconomic Impact	-0.161	-0.169	0.109	1,478	0.140	Rejected

Source: PLS data processing, 2025

Based on the PLS output (bootstrapping test) presented in Table 4.13, it can be explained that:

- a. Hypothesis 1 proposed states that Natural Resources Downstreaming has a positive and significant effect on Human Resource Performance. Based on the analysis results, the original sample value was obtained at 0.158, with a t-statistic of 2.012 and a p-value of 0.045. The t-statistic value is greater than the t-table (1.966), and the p-value is below the significance value of 0.05. This indicates that the effect of Natural Resources Downstreaming on Human Resource Performance is significant with an effect of 15.8%. Thus, this hypothesis is accepted with significance and in accordance with its effect of 15.8%. Thus, hypothesis 1 is accepted because in the tested model, Natural Resources Downstreaming has a significant effect on Human Resource Performance.
- b. Hypothesis 2 proposed states that MSME Development has a positive and significant effect on HR Performance. Based on the analysis results, the original sample value was obtained at 0.725, with a t-statistic of 10.909 and a p-value of 0.000. The t-statistic value is greater than the t-table (1.966), and the p-value is below the significance of 0.05. This indicates that the influence of MSME Development on HR Performance is significant and in accordance with its influence of 72.5%. Thus, hypothesis 2 is accepted because in the tested model, Natural Resources Downstreaming has a significant effect on HR Performance.
- c. Hypothesis 3 proposed states that the socio-economic impact has a positive and significant effect on HR

Performance. Based on the analysis results, the original sample value was obtained at 0.124, with a t-statistic of 3.979 and a p-value of 0.000. The t-statistic value is greater than the t-table (1.966), and the p-value is smaller than the significance of 0.05. This indicates that the influence of socio-economic impact on HR Performance is significant and in accordance with its influence of 12.4%. Thus, hypothesis 3 is accepted because in the tested model, the socio-economic impact has a significant effect on HR Performance.

- d. Hypothesis 4 proposed states that natural resource downstreaming has a positive and significant effect on human resource performance. Based on the analysis results, the original sample value was obtained at 0.982, with a t-statistic of 0.466 and a p-value of 0.000. The t-statistic value is smaller than the t-table (1.966), and the p-value is below the significance of 0.05. This indicates that the effect of natural resource downstreaming on human resource performance is significant and in line with expectations and the magnitude of the effect is 98.2%. Thus, hypothesis 4 is accepted because in the tested model, natural resource downstreaming has a significant effect on socio-economic impacts.
- e. Hypothesis 5 proposed states that MSME Development does not affect the socio-economic impact based on the results of the analysis, the original sample value is obtained at -0.161, with a t-statistic of 1.478 and a p-value of 0.240. The t-statistic value is smaller than the t-table (1.966), and the p-value is far above the significance limit of 0.05. This indicates that there is no MSME Development on dam is not significant with an influence of

40.4%. Thus, hypothesis 5 is rejected because in the model tested, MSME Development does not have a significant effect on the socio-economic impact.

f.

Table 4.10. Indirect Hypothesis Test Results

	Original Sample	Sample Mean	Standard Deviation	T Statistics (O/STDEV)	P Value	Information
	(O)	(M)	(STDEV)			
Downstream Natural Resources_ -> Socioeconomic Impact_ -> HR Performance_	0.122	0.119	0.032	3,778	0,000	Accepted
MSME Development_ -> Socioeconomic Impact_ -> HR Performance_	-0.020	-0.020	0.014	1,430	0.153	Rejected

Source: PLS data processing, 2025

Based on the PLS output (bootstrapping test) presented in Table 4.10, it can be explained that:

a. Hypothesis 6 proposed states that the downstreaming of natural resources has a positive and significant effect on socio-economic impacts through HR performance. Based on the analysis results, the original sample value was obtained at 0.122, with a t-statistic of 3.778 and a p-value of 0.000. The t-statistic value is greater than the t-table (1.966), and the p-value is below the significance value of 0.05. This indicates that the influence of downstreaming of natural resources on socio-economics through HR performance is significant with an influence of 12.2%. Thus, this hypothesis is accepted with significance and in accordance with

its influence of 12.2%. Thus, hypothesis 1 is accepted because in the tested model, downstreaming of natural resources has a significant effect on socio-economics through HR performance.

b. Hypothesis 2 proposed states that MSME Development has a positive and significant impact on socio-economics through HR Performance. Based on the analysis results, the original sample value was obtained at -0.020, with a t-statistic of 1.430 and a p-value of 0.153. The t-statistic value is smaller than the t-table (1.966), and the p-value is far above the significance limit of 0.05. This indicates that there is no influence of MSME Development on socio-economic impacts through HR Performance.

DISCUSSION

1. The Influence of Natural Resource Downstreaming (X1) on Human Resource Performance (Y)

The Effect of Natural Resource Downstreaming (X1) on Human Resource Performance (Y) based on hypothesis testing obtained for the t-statistic value of $2.012 < t \text{ table } 1.966$ and P-value $0.045 < 0.05$ then this research is accepted with significance meaning that Natural Resource Downstreaming (X1) has an effect on Human Resource Performance (Y), The results of this study are in accordance with research conducted by Khoiro, Evada Ummah. (2024) and the results of their research show that Downstreaming will increase the economic value of mining goods and increase investment for state revenue (Siombo, 2023). The importance of downstreaming policies will have an impact on Indonesia's economic progress in the long term. Management of smelters and downstreaming will increase national industrial resilience and strengthen Indonesia's economic position in the international market

2. The Influence of MSME Development (X2) on HR Performance (Y)

The Influence of MSME Development (X2) on HR Performance (Y) based on hypothesis testing obtained for the t-statistic value of $10.909 > 1.966$ and P-value of 0.000, the research is accepted as significant, meaning that MSME Development (X2) has a positive and significant influence on HR Performance (Y).

The results of this study are consistent with previous research conducted by Rahmadaniyah, F., & Agustian, W. (2024). The results of data analysis found that skills development has a significant impact on improving employee performance. Overall, this

study confirms the importance of skills development in improving HR performance at the Batik Jumptan Ishak MSME in Palembang City.

3. The Influence of Socioeconomics (Z) on HR Performance (Y)

The influence of socio-economic (X3) on HR performance (Y) based on hypothesis testing obtained a t-statistic value of $3.979 < t \text{ table } 1.966$ and a P-value of $0.000 < 0.05$, so the research is accepted significantly, meaning that socio-economic (X3) has a significant influence on HR performance (Y), with a relationship value of 12.4%, the remaining 27.6% is influenced by other factors.

The results of this study are in accordance with the results of previous research conducted by Supriatna, D., Candra, E., Adinugroho, I., Nasution, MA, & Yanti, N. (2023).. and the results of the study show that the results of the study show that the performance of MSMEs has a positive and significant influence on economic growth in Sukabumi Regency.

4. The Impact of Downstream Natural Resources (X1) on Socio-Economics (Z)

The influence of natural resource downstreaming (X1) on socio-economics (Z) based on hypothesis testing obtained for the value of t statistic $9.466 > t \text{ table } 1.966$ and P-value $0.000 < 0.05$ then the research is accepted as significant, meaning that natural resource downstreaming (X1) has a significant influence on socio-economics (Z). with a large influence of 98.2% and the remaining 1.8% is influenced by other factors.

The results of this study are consistent with previous research conducted by RM Tambunan (2019), which shows that downstreaming has

the potential to increase economic added value, create jobs, and drive economic growth, but can also have negative impacts if not managed properly.

5. The Influence of MSME Development (X2) on Socio-Economics (Z)

The Influence of MSME Development (X2) on Socio-Economics (Z) based on the hypothesis testing obtained for the t statistic value $-0.161 < t$ table 1.966 and P-value $0.149 < 0.05$ then the research is rejected as not significant, meaning that MSME Development (X2) does not have a significant effect on Socio-Economics (Z).

The results of this study are consistent with previous research conducted by Wau, FT, Kiton, MA, Wau, M., & Fau, JF (2024), and their research results show that nickel downstreaming does not have a positive impact on the economy through increased income in the non-oil and gas sector.

6. The Influence of Human Resource Downstreaming (X1) on Socio-Economics (Z) through Human Resource Performance (Y)

The Influence of Human Resources Downstreaming (X1) on Socio-Economics (Z) through Human Resources Performance (Y) based on hypothesis testing obtained for the t-statistic value of $3.778 > t$ -table 1.966 and P-value $0.000 < 0.05$, then the research is accepted as significant, meaning that Organizational Climate (X3) has a significant influence on Socio-Economics (Z), with a large influence of 12.2% and the remaining 87.8% is influenced by other factors.

The results of this study align with previous research conducted by

Akhmadi, F. (2024). His research findings indicate that the impact of downstreaming appears to be beneficial for the country's economy. This has been demonstrated in several mining areas, where continued economic growth is a key factor in determining the success or failure of downstreaming. However, several issues remain that must be addressed immediately by the government, as the implementer and responsible for the existing downstreaming process.

7. The Influence of MSME Development (X2) on Socio-Economics (Z) through HR Performance (Y)

The influence of HR Performance (Y) on Socio-Economics (Z) based on hypothesis testing obtained a t-statistic value of $1.430 < t$ -table 1.966 and a P-value of $0.153 > 0.05$, so the research was rejected, meaning that MSME Development (Y) has no influence on Socio-Economics (Z) through HR Performance.

The results of this study are in accordance with previous research conducted by Wau, FT, Kiton, MA, Wau, M., & Fau, JF (2024).. with the results of their research, namely The results of the study show that by encouraging further processing and innovation in technological development, nickel downstreaming does not have a positive impact on the economy through increasing income in the non-oil and gas sector

CONCLUSION

Based on the results of the research analysis on the implementation of natural resource downstreaming, MSME development, and its impact on human resource performance that influences socio-economics in the Depok City Government, West Java, the

author can draw several conclusions. First, natural resource downstreaming (X1) has a positive and significant effect on human resource performance (Y) in the Depok City Government with a t-statistic value of 2.012 which is greater than the t-table of 1.966 and a P-value of 0.045 which is smaller than 0.05. The magnitude of the effect is 15.8%, while the remaining 84.2% is influenced by other factors. Second, MSME development (X2) has a significant effect on human resource performance (Y) in the Depok City Government, with a t-statistic value of 10.909 which is greater than the t-table of 1.966 and a P-value of 0.000 which is smaller than 0.05. The effect is 72.5%, while the remaining 27.5% is influenced by other factors.

Third, socio-economic (Z) has a positive and significant effect on HR performance (Y) with a t-statistic value of 3.979 greater than the t-table of 1.966 and a P-value of 0.000 less than 0.05. The influence of socio-economic on HR performance is 12.4%, and the remaining 87.6% is influenced by other factors. Fourth, downstreaming of natural resources (X1) has a significant effect on socio-economic (Z) in the Depok City Government with a t-statistic value of 9.466 greater than the t-table of 1.966 and a P-value of 0.000 less than 0.05. The influence of downstreaming of natural resources on socio-economic is 98.2%, with the remaining 1.8% influenced by other factors.

Fifth, the development of MSMEs (X2) directly does not have a significant effect on socio-economics (Z) in the Depok City Government, because the t-statistic value of 1.478 is smaller than the t-table of 1.966 and the P-value of 0.140 is greater than 0.05. Sixth, the downstreaming of natural resources

(X3) does not have a significant effect on socio-economics (Z) through human resource performance (Y), although the t-statistic value of 3.778 is greater than the t-table of 1.966 and the P-value of 0.000 is less than 0.05. Finally, the development of MSMEs (Y) does not have an effect on socio-economics (Z) through human resource performance, with a t-statistic value of 1.430 smaller than the t-table of 1.955 and a P-value of 0.000 smaller than 0.05. Its influence on socio-economics (Z) is 97.9%, with the remaining 2.1% influenced by other factors.

Based on the research findings, the authors offer several recommendations. First, the Depok City Government is expected to strengthen its natural resource downstreaming policy, focusing on more targeted and local potential-based initiatives to significantly improve human resource quality. Second, the MSME program should focus on more integrated aspects, such as involving local human resources in production, digital marketing, and access to financing. Third, the government needs to implement broader social interventions, such as improving education quality, healthcare access, and income stability to support human resource performance.

Fourth, downstreaming natural resources should be a key policy for regional economic development, while simultaneously fostering downstream industries that absorb local labor. Fifth, the government can integrate MSMEs into the downstreaming ecosystem and strengthen their involvement in the local industrial supply chain. Sixth, efforts to improve human resource quality are needed, focusing more on skills relevant to downstreaming needs.

Finally, a more in-depth evaluation of the implementation of MSME programs is necessary, as their potential impact is

significant but not optimally channeled through human resource channels.

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