



Improving the Performance of Yogyakarta MSME Employees Through Strengthening Work Skills

Delta Annisa
Setyaningrum^{1*},
R. S. Ismail²

Affiliation for all authors

¹Faculty Economic and Business, Universitas Terbuka, Yogyakarta, 55142, Indonesia

²Faculty Economic and Business, Universitas Kristen Indonesia, Maluku, 97115, Indonesia

*Corresponding Author
E-mail: :
deltaannisa9@gmail.com

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play an important role in supporting regional economic growth. However, efforts to improve employee performance are often constrained by limited work skills. This study aims to analyze the role of work skills enhancement in improving employee performance among MSMEs in Yogyakarta. The research employs a descriptive qualitative method, with data collected through interviews and observations involving MSME actors. The findings indicate that training, mentoring, and work habit development have a positive impact on employee productivity, discipline, and responsibility. The main obstacles identified include limited funding, time constraints, and a lack of external support. Overall, strengthening work skills has been proven to contribute significantly to improving employee performance within MSMEs in Yogyakarta.

Keywords: Employee Performance, Work Skills, MSMEs, Human Resources

| Received December 2025 | Accepted December 2025 | Available online December 2025 |
| DOI: <https://doi.org/10.64530/ijbams.v1i3.39>

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector in national economic development, including in the Special Region of Yogyakarta, because they contribute greatly to improving community welfare and providing employment opportunities. Primandari et al., (2023) emphasize that MSMEs have become a pillar of the regional economy due to their ability to adapt to economic dynamics and pressures.

Nevertheless, efforts to improve employee performance in the MSME sector still face significant challenges, particularly related to low work skills. Limited technical and non-technical abilities hinder the fulfillment of operational standards, resulting in suboptimal productivity, discipline, and service quality (Syaifuddin et al., 2023). Various formal training programs have actually been an alternative solution, but their implementation is often constrained by limited funding, tight operational schedules, and minimal external support (Dahman et al., 2023). On the other hand, some MSME actors have yet to view training as a long-term strategic investment for human resource development.

Previous literature also shows that research related to training has mostly focused on the manufacturing sector and formal training approaches. Studies on skill enhancement based on non-formal learning, such as hands-on practice and mentorship from business owners, are still very limited, even though this approach is more realistic and potentially effective in addressing resource constraints in SMEs, especially in the culinary sector (Mongilala et al., 2022).

Based on this gap, this study examines UMKM Sate Ratu Yogyakarta as a case study to understand how the implementation of practice-based skill enhancement, work habituation, and direct mentoring is carried out sustainably, as well as how these methods play a role in improving employee performance, particularly in terms of productivity, discipline, and responsibility. In addition, this study also provides an overview of various obstacles that arise during the skill development process, including limited resources, training time, and minimal external support.

This study is aimed at describing the forms of strategies for strengthening work skills used at UMKM Sate Ratu, explaining their contribution to improving employee performance, and outlining the challenges faced during their implementation. Through this approach, the study is expected to provide a more comprehensive understanding of the effectiveness of non-formal learning in the context of culinary SMEs, while also highlighting the importance of adaptive and sustainable human resource development strategies to enhance business competitiveness.

2. LITERATURE REVIEW

Employee Performances

Work skills are a set of abilities possessed by individuals to complete tasks effectively through mastery of knowledge, technical skills, as well as behavioral competence and professionalism. Work skills not only include technical abilities such as production skills or the use of equipment, but also non-technical skills such as communication, problem-solving, time management, and teamwork. These abilities serve as a foundation for workers to achieve quality and speed targets in task completion. Mongilala et al., (2022) emphasize that good skills have a positive correlation with employee productivity levels, as competent workers can perform more efficiently, reduce errors, and produce quality output.

The development of work skills does not only depend on formal education but also on habituation through direct experience in daily operational activities. In the context of MSMEs, which have flexible characteristics and a fast work rhythm, skill strengthening requires a practical approach tailored to business needs. Short training sessions, technical guidance, and hands-on practice are relevant methods to improve employee competence. Permana & Ratnawati (2022) explain that direct mentoring by business owners or senior employees can accelerate the understanding of work procedures and improve service quality. Field-based experience approaches are also considered more effective compared to formal training that requires a structured curriculum and high costs.

Work Skills

Meanwhile, employee performance is understood as the level of achievement of an employee's work results in carrying out the tasks that are their responsibility, both quantitatively and qualitatively. Performance reflects a worker's ability to achieve organizational targets through the application of skills, motivation, and the quality of a supportive work environment (Simbolon, 2023). Putri et al., (2024) explain that the main indicators of employee performance include productivity, discipline, and personal

responsibility toward work. Productivity is measured through effectiveness and efficiency in producing output, discipline relates to adherence to rules and work procedures, while responsibility reflects the commitment to complete tasks optimally and proactively without strict supervision.

Strengthening work skills has been proven to have a significant impact on improving employee performance. Soleiman et al., (2022) emphasize that human resource development requires continuous learning strategies and planned competency management so that workers can adapt to the demands of modern work. In the culinary MSME sector, field-based experiential learning is a relevant option because it can be conducted without disrupting the main operational flow. This method not only enhances technical skills but also fosters discipline and a sense of responsibility through hands-on practice integrated with work routines.

Micro, Small and Medium Enterprises (MSME)

The Resource-Based View argues that MSMEs achieve competitive advantage through the effective utilization of internal resources such as entrepreneurial skills, knowledge, social capital, and unique capabilities. For MSMEs, intangible resources are often more critical than physical assets due to limited scale and capital constraints. MSMEs rely heavily on owner-manager competence, innovation, and local market knowledge to survive and grow.

Institutional Theory emphasizes that MSMEs are influenced by formal institutions (laws, regulations, government policies) and informal institutions (culture, norms, social values). Compliance with institutional pressures helps MSMEs gain legitimacy and access to resources. Government support programs, licensing systems, and cultural norms significantly shape MSME behavior, especially in developing economies.

Entrepreneurial Orientation (EO) refers to a firm's strategic posture characterized by innovativeness, proactiveness, and risk-taking. MSMEs with strong entrepreneurial orientation tend to adapt faster to market changes and achieve better performance. EO explains why some MSMEs grow faster and are more resilient despite limited resources.

3. METHODOLOGY

This study uses a descriptive qualitative method to describe and deeply understand the role of strengthening employee work skills as well as strategies to improve performance at UMKM Sate Ratu Yogyakarta. According to Sugiyono (2018), the qualitative research method is used to study natural conditions in the field, where the researcher becomes directly part of the research process. This method aims to understand the meaning behind events that occur through observation and interaction with research subjects.

Descriptive research is used to explain an event or situation as it is without providing any specific treatment to the research object. This approach helps researchers depict various factors related to the enhancement of work skills and their impact on improving employee performance in the MSME sector.

This research framework is supported by the theory of sustainable human resource development. Irawan et al., (2024) emphasize that an effective HR development strategy must include strengthening technical skills, behavioral competencies, and continuous learning processes. This perspective serves as a foundation for understanding how training, habituation, and mentoring are carried out at UMKM Sate Ratu.

According to Moh.Nazir (1988), descriptive research is used to study problems that occur in society, including habits, attitudes, and the relationships between activities carried out. Therefore, this study seeks to explain the working situation, attitudes, and habits present in the work environment of UMKM Sate Ratu.

Data analysis in qualitative research is conducted during the data collection process, as well as after data collection is completed within a certain period. According to Miles and Huberman (1984), the process of qualitative data analysis is carried out interactively and continuously until a saturation point is reached, which is when the data no longer develops.

This research uses techniques that focus on data collection as follows:

1. Observation were conducted directly at the research site for one week with a visit frequency of six times during business operating hours. The observation technique used was moderate participatory observation, where the researcher observed work activities without directly involving themselves in the production process. The observation focused on employee task execution, collaboration patterns among staff, as well as the application of technical and non-technical skills in daily operational activities. The aspects observed include:
 - a. Technical skills: the ability to process, present, and maintain the quality of food.
 - b. Non-technical skills: communication, teamwork, time discipline, and responsibility.
2. In-depth interviews were conducted with six informants, consisting of one business owner and five active employees. The informants were selected using purposive sampling, which is a selection based on the consideration that they are deemed to understand the training and skill development processes at UMKM Sate Ratu. The interviews were conducted using a semi-structured interview guide to facilitate the in-depth exploration of specific information related to training, mentoring, and the challenges of skill enhancement. The entire interview process was recorded with the informants' consent and then transcribed for further analysis.
3. Data collection documentation is also carried out through the exploration of various literature sources such as books, scientific journals, and training documents relevant to the research topic. This documentation data is used to reinforce the results of observations and interviews, as well as to provide a theoretical foundation that supports a more comprehensive research analysis.

The location of this research is the Sate Ratu SME in Yogyakarta, which is located at Jalan Sidomukti Tiyasan, Condongcatur, Sleman, Special Region of Yogyakarta. This location was chosen because it is known to have an organized work system and continuous employee skills development. In addition, this business is considered suitable for research

because it faces common challenges in the culinary sector, namely maintaining service quality and competitiveness amid numerous competitors.

4. RESULTS

The results of this study were obtained through direct observation and in-depth interviews with the owner and employees of UMKM Sate Ratu Yogyakarta. The data collection aimed to obtain an overview of the implementation of work skill enhancement, its impact on employee performance, and the obstacles encountered in its execution.

Forms of Work Skill Enhancement at UMKM Sate Ratu Yogyakarta

Based on the results of observations and interviews, the enhancement of work skills at UMKM Sate Ratu is carried out through three main mechanisms: training, mentoring, and work habituation. These three mechanisms are applied in an integrated and continuous manner in daily operational activities. The main form of training is on-the-job training. New employees receive direct guidance from the business owner or senior employees regarding material processing techniques, food presentation, hygiene, and service procedures. Training is conducted alongside the production process so that employees can learn tasks practically according to operational needs.

The second form is on-the-job mentoring. The business owner actively engages in giving guidance, examples, and direct corrections while the employee works. Mentoring is done informally and serves to ensure that employees understand the procedures correctly while also helping to overcome difficulties that arise in carrying out tasks. In addition, there are work habituation activities as part of the routine. Employees are trained to adhere to daily operational standards that include punctuality, task distribution, workplace cleanliness, and coordination among employees. This habituation becomes a way to establish a consistent work pattern.

Performance evaluation is also conducted informally through direct observation by the business owner during operations. Evaluation is provided in the form of verbal notes, directions, or recognition of specific achievements. The evaluation is carried out to quickly correct errors and maintain the quality of work. In its implementation, UMKM Sate Ratu has developed a work culture of wholehearted service, such as being friendly to customers, maintaining awareness of workplace cleanliness, and working diligently. This work culture is instilled through direct example from the business owner and habituation in daily work routines.

The Role of Skills Development in Employee Performance

The results of observations and interviews indicate that the implementation of training, mentoring, and work habituation has a significant impact on improving employee performance in three main aspects: productivity, discipline, and responsibility. In terms of productivity, employees appear quicker and more skilled in completing tasks. They are able to manage their time efficiently, adjust their work pace according to the number of orders, and maintain the quality of the food served.

In terms of discipline, employees demonstrate compliance with working hours, procedures, and task assignments. Punctual attendance and tidiness of the work area are part of their daily work habits.

In terms of responsibility, employees demonstrate a proactive attitude in completing tasks without waiting for instructions, helping colleagues who are experiencing difficulties, and correcting mistakes independently. There is an increased awareness of each individual's role in supporting the smooth operation of the business.

Challenges in Strengthening Work Skills at UMKM Sate Ratu Yogyakarta

Although the skills enhancement has been carried out, there are several obstacles encountered in its implementation. The main constraint is the limited training time, as the high intensity of operational activities makes formal training difficult to conduct and the skills enhancement process occurs gradually.

The next challenge is the limited funding for human resource development. Business expenditure is more focused on the needs for raw materials and equipment maintenance, so there is no specific allocation available for external training.

In addition, the lack of external support also poses a challenge, for example, access to training programs from relevant institutions is hindered by operational schedules and limited information. Differences in abilities among employees also pose a challenge. New employees require more time to adapt, while experienced employees need to assist with the learning process, which sometimes affects short-term work efficiency.

Nevertheless, these various obstacles were overcome through an internal approach, namely by optimizing the owner's role as a mentor and maintaining open communication during operational activities.

5. DISCUSSION

Research findings indicate that strengthening work skills through hands-on training, mentoring, and habitual work practices plays an important role in improving employee performance at UMKM Sate Ratu Yogyakarta. The skill development process, which occurs contextually within daily operational activities, demonstrates that improving work abilities is not only related to technical aspects but also impacts the formation of professional work character. This aligns with the opinion of Mongilala et al., (2022), who stated that work skills have a positive relationship with employee productivity. However, this study's findings expand that view by emphasizing that productivity in the MSME environment is determined not only by technical skills but also by a disciplined work culture, open communication patterns, and supportive work relationships.

The implementation of direct mentoring by business owners, as found in this study, supports and simultaneously enriches the findings of Permana & Ratnawati, (2022), who identified mentoring as one of the key strategies to improve work accuracy and service quality. The case study of Sate Ratu shows that mentoring not only functions as a medium for transferring technical skills but also as an instrument to build intrinsic motivation, self-confidence, and solidarity among employees. Thus, experiential-based informal learning patterns can be an effective solution for SMEs facing resource constraints, both in terms

of time and funding, thereby broadening the perspective of the literature, which has so far predominantly emphasized formal training as the main strategy for HR development.

The findings of this study also reinforce Simbolon (2023) view that employee performance is shaped through a combination of ability, motivation, and support from the work environment. The supportive work environment at Sate Ratu is reflected in two-way communication, recognition, and the exemplary behavior of the business owner, which are important factors that drive improvements in discipline and work responsibility. Employees do not merely execute operational procedures mechanically but show initiative and a sense of ownership of their work. This situation confirms that successful performance improvement relies not only on technical skills but also on the cultivation of work values such as loyalty, diligence, and service ethics, which are fostered through habitual daily interactions.

On the other hand, this study provides a conceptual contribution to the theory of sustainable human resource development proposed by Irawan et al., (2024). The continuous training process through habituation and work experience shows that the concept of continuous learning can be implemented simply without having to go through complex formal structures. This study demonstrates that for SMEs, practice-based routine learning is the most realistic and relevant form of continuous learning, especially in the culinary sector, which has a fast operational pace and demands high precision.

More broadly, the results of this study also challenge the assumption that positions formal training as the primary method for competency improvement. The case study of Sate Ratu demonstrates that informal learning based on experience and direct mentoring can lead to significant improvements in productivity, discipline, and responsibility, while also creating a participatory work environment that is difficult to achieve through short-term formal training. This shows that the effectiveness of skill enhancement in SMEs is greatly influenced by the closeness of interpersonal relationships and the direct leadership example set by business owners.

Thus, the results of this study provide an important contribution to the development of human resource management theory in the SME sector, particularly in the context of the culinary industry. This study emphasizes that skill enhancement in SMEs is not only related to improving employees' technical abilities but also constitutes a process of character building, work ethic, and organizational culture, which form the foundation for business sustainability and long-term competitive advantage.

6. CONCLUSION

Based on research findings, strengthening work skills plays a very important role in improving employee performance at UMKM Sate Ratu in Yogyakarta. Good work skills directly contribute to operational efficiency, service quality, increased productivity, as well as the formation of a positive business image. This indicates that employees' technical and non-technical abilities are key factors in creating customer satisfaction and maintaining business sustainability.

The skill-strengthening strategies implemented by UMKM Sate Ratu, such as on-the-job training, mentoring, habitual work practices, and daily evaluations, have proven effective despite limited resources. These efforts have been able to foster a work culture that is disciplined, responsible, and quality-oriented. However, for deeper and more sustainable skill development, collaboration with training institutions and the utilization of government workforce development programs should be considered.

With a combination of consistent internal strategies and targeted external support, MSMEs can optimize the quality of human resources, create a professional workforce, and strengthen business competitiveness amid the increasingly competitive culinary industry.

Based on these conclusions, here are several suggestions that can be implemented to support the strengthening of work skills at UMKM Sate Ratu Yogyakarta:

- a. Enhancing Internal Training
SMEs need to continuously optimize on-the-job training, mentoring, and regular evaluations. The main focus is on improving technical skills in production as well as soft skills such as communication and customer service.
- b. Collaboration with External Institutions
Establish cooperation with professional training institutions or utilize government training programs to expand knowledge and continuously improve employee competencies.
- c. Provision of Incentives and Rewards
Providing recognition or bonuses to employees who show improvement in skills and performance. This step can foster motivation and work loyalty.
- d. Task Rotation and Flexibility
Involving employees in various operational roles, such as production, service, and administration, so that they have broader skills and are more adaptable to changing business needs.
- e. Focus on Customer Satisfaction
Every employee training and development activity should be aimed at improving the quality of service and customer experience, as customer satisfaction is a key factor in sustaining business continuity.

By implementing these measures, Sate Ratu MSMEs in Yogyakarta are expected to develop competent workforce, maintain service quality, and enhance business competitiveness in the long term.

7. REFERENCES

- Barney, J. (1991). *Firm Resources and Sustained Competitive Advantage*. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Dahman, Y., Goso, G., Sahrir, S., & Salju, S. (2023). Peran Literasi Digital, Motivasi Kerja, Kemampuan Kerja Dalam Meningkatkan Kinerja Karyawan Umkm. *Jesya*, 6(2), 1784–1793. <https://doi.org/10.36778/Jesya.V6i2.1191>

- Irawan, Idayati, F., Praskadinata, H. Y. C., Dina, F., & Abdurohim. (2024). *Pengembangan Sumber Daya Manusia Yang Berkelanjutan (Strategi Untuk Meningkatkan Keterampilan Dan Kompetensi Dalam Organisasi)*. Cv Eureka Media Aksara.
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the Entrepreneurial Orientation Construct and Linking It to Performance. *Academy of Management Review*, 21(1), 135–172. <https://doi.org/10.5465/amr.1996.9602161568>
- Miles, M. B., Huberman, A. M., & Saldana, J. (1984). *Qualitative Data Analysis: A Methods Sourcebook*. Sage Publications.
- Mongilala, C. M. C., Tewel, B., & Sendow, G. M. (2022). Pengaruh Keterampilan Kerja, Pengalaman Kerja Dan Kemampuan Kerja Terhadap Kinerja Karyawan Pada Usaha Mikro Kecil Menengah Di Desa Leilem. *Jurnal Emba : Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 10(3), 861. <https://doi.org/10.35794/Emba.V10i3.43180>
- Nazir, Moh. (1988). *Metode Penelitian*. Ghalia Indonesia.
- North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press. https://www.cambridge.org/core/books/institutions-institutional-change-and-economic-performance/AAE1E27DF8996E24C5DD07EB79BBA7EE?utm_source=chatgpt.com
- Permana, S. Y., & Ratnawati, S. (2022). Analisis Disiplin Kerja Dan Kemampuan Tenaga Kerja Dalam Meningkatkan Produktivitas Kerja Karyawan Umkm Tahu Rejeki Barokah. *Inspirasi Ekonomi Jurnal Ekonomi Manajemen*, 4(1), 63–69. <https://doi.org/10.32938/le.V4i1.2160>
- Primandari, N. R., Nazipawati, Munajat, Lindawati, & Sari, E. K. (2023). *Strategi Pengembangan UMKM*. Deepublish.
- Putri, N. K., Andriani, D., & Abadiyah, R. (2024). Pengaruh keterampilan, pengalaman, dan pengawasan kerja terhadap produktivitas kerja karyawan UMKM Hijab Sidoarjo. *Management Studies and Entrepreneurship Journal (MSEJ)*, 5(2), 3600–3615. <https://doi.org/10.37385/msej.v5i2.4509>
- Simbolon, S. (2023). *Buku Referensi Manajemen Sumber Daya Manusia dalam Meningkatkan Kinerja Karyawan*. CV Bintang Semesta Media.
- Soleiman, E. C., Rahwana, K. A., Purnomo, Y. J., & Febrian, W. D. (2022). *Manajemen Sumber Daya Manusia (Konsep Dasar di Era Digital)*. Global Eksekutif Teknologi.
- Sugiyono. (2018). *Metode Penelitian: Kombinasi (Mixed Methods)*. Alfabeta.
- Syaifuddin, Yusniar, Lubis, F. R. A., Angraeni, D., & Nasib. (2023). *Memahami Faktor Penentu Dalam Meningkatkan Kepuasan Kerja dan Kinerja Karyawan*. Penerbit Adab.