

THE INFLUENCE OF TRAINING, DEVELOPMENT, AND EMPLOYEE SKILLS ON THE PERFORMANCE OF SME EMPLOYEES IN BOYOLALI REGENCY



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Abstract

This study aims to analyze the influence of training, development, and employee skills on the performance of SME employees in Boyolali Regency. The research employs a quantitative approach using a survey technique, distributing questionnaires to SME owners and employees who have participated in training and development programs. The sample was selected using purposive sampling. Data analysis was conducted using SEM PLS, along with validity, reliability, and significance tests. The results indicate that training does not have a significant effect on employee performance, while employee development and skills have a positive and significant impact. Therefore, SMEs are advised to focus more on structured and sustainable employee development programs and provide opportunities for employees to enhance their skills. Although training does not significantly influence performance, it is important for SMEs to continuously evaluate and improve the quality of training. This study also offers recommendations for future research to explore additional variables and expand the research context.

Keywords: Development, Employee Performance, Skills, SMEs, Training

INTRODUCTION

This research is a replication of the study conducted by Baiti Tsalis, (2021), titled *The Influence of Training and HR Development on Employee Performance at PT. Pos Indonesia, Magelang Branch*. The previous study was an associative research using a quantitative approach, with a random sampling technique for sample collection. The results indicated that the training variable had no partial effect on employee performance, while the human resource development variable had a significant partial effect on employee performance. However, training and human resource development simultaneously influenced employee performance. One limitation of the previous study was the narrow scope of its variables, as it only examined the effects of training and HR development on employee performance. Therefore, this research adds the skill variable to examine its influence (Yeo, 2023).

Improving employee performance and skills is a crucial aspect of enhancing the competitiveness and sustainability of Micro, Small, and Medium Enterprises (MSMEs). Employee training and development strategies are essential management plans aimed at improving the quality of human resources, ultimately enhancing their work capabilities (Firstanto et al., 2023). Boyolali Regency, as an area with significant MSME potential, requires special attention in terms of employee training and development to strengthen the role of MSMEs in the local economy. Training programs not only develop employees but also assist organizations in optimizing resource use and supporting competitive advantage (Ridha Nikmatur, 2017). The primary goal of human resource development is to improve employee quality and boost work performance, enabling companies to thrive in increasingly competitive and complex industries (Satrio et al., 2021). However, the extent to which employee training and development affect the skills and performance of MSMEs in Boyolali Regency remains understudied.

Micro, Small, and Medium Enterprises (MSMEs) not only provide income for many individuals but also contribute to economic growth, job creation, and equitable development across various regions, including Boyolali Regency. Despite their great potential, MSMEs often face challenges in improving employee performance. One of the main challenges is the lack of knowledge and skills needed to manage businesses effectively and efficiently. Human resource development should be directed not only at MSME owners but also at their

employees (Sulaefi, 2017). In this context, training and development have been identified as important strategies for improving employee skills and performance in MSMEs.

However, there has been little research specifically examining the influence of training and development on the skills and performance of MSME employees in Boyolali Regency. This study aims to fill this knowledge gap by comprehensively analyzing the effects of training, development, and skills on the performance of MSME employees in the region. By gaining a better understanding of the factors that influence MSME performance and how training, development, and skills contribute to this, the study hopes to provide a strong foundation for the development of more effective policies and programs to support the growth and advancement of MSMEs in Boyolali Regency.

REVIEW OF LITERATURE

Training

Training is a systematic process aimed at improving employees' skills, knowledge, and abilities to enhance organizational performance. In a narrower sense, training is an effort to provide employees with specific knowledge and skills that apply to their jobs (Wijaya, 2023). Through training, employees are allowed to acquire new knowledge, improve existing skills, and develop the abilities needed to achieve better performance.

Development

Human resource development is the process of preparing individuals to take on different or greater responsibilities within an organization. This process is typically related to enhancing skills or abilities to ensure they are more proficient and professional, thereby enabling them to perform their jobs better (Sutono & Hidayat, 2023). Through human resource development, individuals are given the opportunity to improve the knowledge, skills, and attitudes needed to perform their tasks more effectively and efficiently (Thalayan, 2023).

Skills

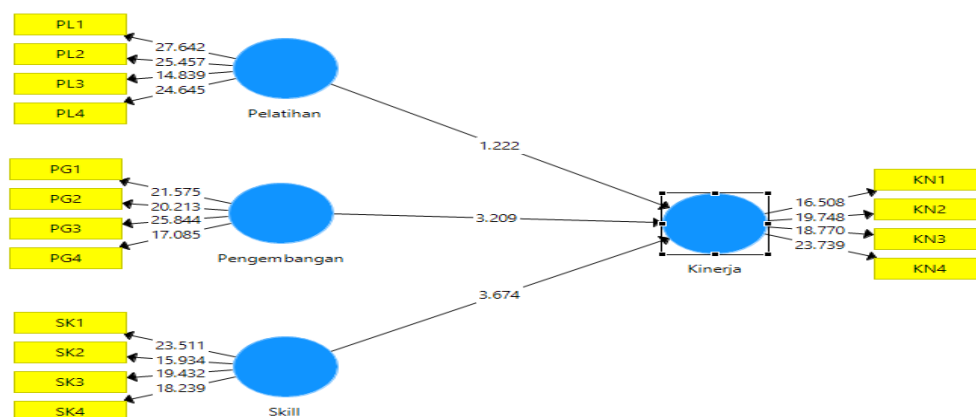
Skills refer to the abilities that an individual possesses to perform specific tasks or jobs. In the context of MSMEs, relevant skills may include technical, managerial, marketing, and financial skills. Technical skills involve the ability to perform specific tasks related to

production or service delivery (Andayani Nur Baiti Tsalis, 2021). Managerial skills involve organizing, directing, and managing resources efficiently. Marketing skills include the ability to promote products or services and reach a broader market. Financial skills involve managing business finances effectively, including budgeting, cash flow management, and understanding financial statements (Yeo, 2023).

Employee Performance

Performance refers to the outcomes achieved by an organization or company, whether profit-oriented or nonprofit-oriented, within a certain period (Jumawan, 2018). Employee performance is also defined as the results of employees' work, measured in terms of quality, quantity, completion time, teamwork, and the final results, which can be evaluated based on predetermined indicators or goals. This ensures that the organization's strategies and objectives are achieved effectively.

Conceptual Framework



Hypotheses

According to Sugandha, (2023), training can be defined as the process of enhancing the skills or abilities that employees possess regarding the work they are currently doing, as well as improving the quality of employees in fulfilling their responsibilities in a specific position or function within a particular division. Based on data analysis from the study by Djoewita et al., (2023), it can be concluded that training has a positive and significant effect on the performance of managers at the Kapalo Banda Taram Destination. From this result, it can be concluded that: H1: Training is suspected to have a positive and significant effect on the performance of MSME employees in Boyolali Regency.

According to Prasetyani et al., (2019) as cited in Rodzi, (2021), development is an effort to enhance the technical, theoretical, conceptual, and moral capabilities of employees according to the needs of their jobs or positions. Based on the results of the t-test analysis conducted by Baiti, (2021), it shows that the variable of human resource development has a positive and significant effect on employee performance. From this result, it can be concluded that: H2: Development is suspected to have a positive and significant effect on the performance of MSME employees in Boyolali Regency.

Employee skills can be reflected in their performance, with good performance being optimal performance (Septiyana, 2016). The results of testing by Maychel, (2016) indicate that the skill variable has a positive and significant effect on employee performance at the Industrial Training Center in Makassar. Therefore, it can be concluded that: H3: Skills are suspected to have a positive and significant effect on the performance of MSME employees in Boyolali Regency.

RESEARCH METHOD

This study employs an associative approach aimed at understanding the relationships between two or more variables. The method used is a quantitative approach through surveys and the distribution of questionnaires to the owners and employees of MSMEs in Boyolali Regency. This approach is expected to build a theory that explains the impact of training, development, and skills on the performance of MSME employees in the region.

Operational definitions of variables are used to clarify the variables in this study, allowing abstract concepts to be measured operationally. The independent variables in this research include training, development, and skills, while the dependent variable is employee performance. Training is defined as the process of learning the skills necessary for new employees to carry out their tasks. Human resource development refers to systematic efforts to enhance employee knowledge, while skills are behaviors related to tasks that can be learned and improved through practice. Employee performance, as the dependent variable, refers to the productivity and quality of work achieved by employees.

The data used in this study consists of primary and secondary data. Primary data is obtained directly from respondents through surveys and observations. The survey is

conducted by distributing questionnaires to MSME owners and employees who have participated in training and development in Boyolali Regency. The observation method involves directly monitoring activities in several MSMEs. Data collection is carried out directly by the researcher using closed questionnaires, where respondents choose from the provided answers.

The population of this study includes all employees of MSMEs in Boyolali Regency, specifically those who have undergone training and development. The sampling technique used is purposive sampling, where samples are specifically chosen based on criteria relevant to the study, namely employees who have participated in training and development.

Data analysis in this study involves a series of instrument tests, including validity and reliability tests. The validity test is used to ensure that the questionnaire accurately measures the variables intended to be measured, with a significance criterion of less than 0.05. The reliability test is conducted using the Cronbach Alpha method to assess the consistency of the measurement tool. An instrument is considered reliable if the Cronbach Alpha value is greater than 0.7.

Furthermore, the structural model in this study is analyzed using SEM PLS, evaluated through R-Square and significance tests. R-Square is used to measure the extent to which the independent variables explain the variability of the dependent variable, while the significance test is conducted to assess the influence of the independent variables on the dependent variable. If the P-value is less than 0.05, the alternative hypothesis is accepted, indicating a significant effect between the independent and dependent variables.

RESULTS AND DISCUSSION

Table 1.
Demographic Data of the Respondents

Demographic Variables	Frequency	Percentage
Gender		
Male	104	68,4
Female	48	31,6
Age		
17 - 25 years old	56	36,8
26 - 35 years old	52	34,2

36 - 45 years old	25	16,4
> 45 years old	19	12,5

Source: Primary Data, 2024

The respondents in this study consisted of 152 individuals selected through random sampling. Among the respondents, the majority were male, totaling 104 individuals (68.4%), while the remaining were female, totaling 48 individuals (31.6%). The age distribution was as follows: 17-25 years old comprised 56 individuals (36.8%), 26-35 years old comprised 52 individuals (34.2%), 36-45 years old comprised 25 individuals (16.4%), and those over 45 years old comprised 19 individuals (12.5%). This research focuses on MSMEs in Boyolali Regency, as determined by the researcher, and was conducted in 2024.

Table 2.
Results of Convergent Validity

No.	Training (X1)	Development (X2)	Skill (X3)	Performance (Y)
PL1	0,872			
PL2	0,870			
PL3	0,781			
PL4	0,848			
PG1		0,790		
PG2		0,774		
PG3		0,805		
PG4		0,741		
SK1			0,796	
SK2			0,766	
SK3			0,789	
SK4			0,792	
KN1				0,746
KN2				0,761
KN3				0,784
KN4				0,810

Source: Primary Data, 2024

As seen in Table 2, the loading factor values exceed 0.50, indicating that the results of this study meet the criteria for convergent validity.

Table 3.
Results of Discriminant Validity

	Performance	Training	Development	Skill
KN1	0,746	0,465	0,559	0,541
KN2	0,761	0,530	0,509	0,626
KN3	0,784	0,573	0,653	0,587
KN4	0,810	0,554	0,585	0,651
PG1	0,469	0,456	0,790	0,537
PG2	0,546	0,514	0,774	0,564
PG3	0,640	0,620	0,805	0,644
PG4	0,627	0,603	0,741	0,652
PL1	0,601	0,872	0,609	0,647
PL2	0,566	0,870	0,592	0,666
PL3	0,503	0,781	0,593	0,578
PL4	0,634	0,848	0,621	0,608
SK1	0,650	0,633	0,648	0,796
SK2	0,564	0,543	0,549	0,766
SK3	0,615	0,629	0,587	0,789
SK4	0,609	0,518	0,658	0,792

Source: Primary Data, 2024

Based on Table 3, the values marked in green indicate the loading values between constructs. In this case, the cross-loading values between constructs are greater than those of other constructs. Therefore, it can be concluded that the latent variables have good discriminant validity.

Table 4.
Results of the Multicollinearity Test

	VIF
KN1	1,467
KN2	1,471
KN3	1,522
KN4	1,645
PG1	1,866
PG2	1,622
PG3	1,659
PG4	1,339
PL1	2,378
PL2	2,456

PL3	1,805
PL4	2,138
SK1	1,620
SK2	1,596
SK3	1,619
SK4	1,648

Source: Primary Data, 2024

The data in Table 4 shows that all VIF values are below 4, indicating no significant multicollinearity issues among the independent variables in this study. Therefore, the regression model used in this research can be considered valid in terms of the absence of strong multicollinearity.

Table 5.
Results of Composite Reliability

Variable	Reliability		
	Chonbach's Alpha	Composite Reliability	AVE
Training (X1)	0,865	0,908	0,712
Development (X2)	0,784	0,860	0,605
Skill (X3)	0,794	0,866	0,618
Performance (Y)	0,779	0,858	0,601

Source: Primary Data, 2024

Based on Table 5, the Cronbach's Alpha value for Training (X1) is $0.865 > 0.70$. The Cronbach's Alpha value for Development (X2) is $0.784 > 0.70$, the Cronbach's Alpha value for Skill (X3) is $0.794 > 0.70$, and the Cronbach's Alpha value for Performance (Y) is $0.779 > 0.70$. It can be observed that the Cronbach's Alpha values for all variables are greater than 0.70, leading to the conclusion that each variable in the study is considered reliable.

Table 6.
R-Square Values

	R Square	R Square Adjusted
Performance	0,663	0,656

Source: Primary Data, 2024

As seen in Table 6 above, the R-Square value is 0.663, which is greater than 0, indicating that the research model possesses predictive relevance. This result signifies that 66.3% of the variation in the Performance variable (Y) can be explained by the variables

Training, Development, and Skill, while the remaining 33.7% is explained by variables outside the research model.

Table 7.
Results of Significance Testing

Variable	Path Coefficient	Standard Deviation	T-Value	P Values	Description
Training -> Performance	0,152	0,125	1,222	0,111	No Effect
Development -> Performance	0,302	0,094	3,209	0,001	Significant Effect
Skill -> Performance	0,429	0,117	3,674	0,000	Significant Effect

Source: Primary Data, 2024

Table 7 indicates that Development has an effect on Performance, and Skill also has a significant effect on Performance. Since the Development variable has a P-value of 0.001, which is less than α (0.05), the null hypothesis (H_0) is rejected, indicating that Development affects Performance. This finding aligns with Hypothesis H2, which posits that Development is expected to have a positive and significant impact on the performance of MSME employees in Boyolali Regency. The coefficient for the Development variable is 0.302, indicating a positive relationship with Performance.

The Skill variable also has a P-value of 0.000, which is less than α (0.05), leading to the rejection of H_0 , which means that Skill affects Performance. This finding corresponds to Hypothesis H3, suggesting that Skill is expected to have a positive and significant impact on the performance of MSME employees in Boyolali Regency. The coefficient for Skill is 0.429, indicating a positive relationship with Performance.

In contrast, the Training variable does not have an effect on Performance, which does not align with Hypothesis H1, which states that Training is expected to have a positive and significant effect on the performance of MSME employees in Boyolali Regency. Additionally, since the P-Value for Training is 0.111, which is greater than α (0.05), H_0 is accepted, indicating that Training does not affect Performance.

The impact of employee Training is consistent with the findings of Manopo, (2021), who concluded that Training has a negative and insignificant effect on employee

performance based on their analysis. This differs from the findings of Busono, (2016), who discovered that HR Training enhances employee performance and boosts organizational productivity.

As for the effect of employee Development on employee performance, the results align with the study by Arini, (2023), indicating that HR Development has a positive and significant impact on employee performance. Similar findings were reported by Widiartanto, (2015), who found that Development positively and significantly affects employee performance.

In this study, the effect of employee Skill significantly influences employee performance. This is supported by research conducted by Zigler (2023), which found that workability has a significant impact on employee performance, particularly among employees at PT. Bank SulutGo in the Uta Branch.

CONCLUSION

The research findings indicate that training does not have a significant impact on the performance of MSME employees in Boyolali Regency. In contrast, both employee development and skills have been shown to positively and significantly affect performance. Therefore, MSMEs should focus more on enhancing structured development programs and providing opportunities for employees to continuously refine their skills. Although training does not significantly influence performance, MSMEs should still evaluate and improve the quality of their training programs to ensure they are more relevant and beneficial. Recommendations for future researchers include further investigating the factors that influence the effectiveness of training, expanding research on employee development in other sectors, and exploring additional variables related to employee skills to obtain more representative results with a larger sample size.

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