

Identification of Employee Management in MSMEs

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Abstract

MSMEs (micro, small, and medium enterprises) are a crucial component of global economic expansion and exert a substantial influence on employment creation worldwide. Proper staff management is a critical determinant of success and sustainability for MSMEs in their operational endeavors. This study examines personnel management techniques and practices employed by MSMEs in the tourist sector focusing on CV OBKA Mandiri as a case study. The findings of this study demonstrate that CV OBKA Mandiri employs a distinctive method in managing their workforce. The organization places significant emphasis on fostering a culture of collaboration and teamwork among its workforce. The employees are seen as integral members of the firm, with a strong emphasis placed on the value of teamwork. The belief in the significance of mutual success is held by individuals. This research also emphasizes the significance of employee engagement and motivation in the management of employees in MSMEs. CV OBKA Mandiri recognizes the correlation between employee motivation and engagement in their work and the subsequent positive impact on the firm. Furthermore, the findings of this study emphasize the significance of staff training and development within MSMEs. The firm has undertaken significant measures in this context, offering useful insights into the implementation of human resource management. This study offers significant contributions to the understanding of staff management within the context of MSMEs. The findings can serve as a valuable resource for MSMEs in addressing unique obstacles such as the Covid-19 pandemic and its consequences.

Keywords: MSME, employee management, employee engagement, employee motivation, training and development

INTRODUCTION

Regulations pertaining to the standards of tour and travel business have been instituted by the Indonesian government as outlined in the Regulation of the Minister of Tourism and Creative Economy of the Republic of Indonesia Number 4 year of 2014 (*Peraturan Menteri Pariwisata Dan Ekonomi Kreatif Republik Indonesia*, 2014). The

regulation serves as the primary foundation for the operations and oversight of several facets of the Indonesian tour and travel industry. This encompasses a range of components including administration and provision of services to tourists, quality of products and services, and management of human resources. The primary objective of implementing this regulation is to enhance the level of professionalism and to guarantee a secure, high-quality, and gratifying experience for tourists. The data of kemenparekraf.go.id indicate notable progression and expansion on travel bureaus, travel agents, and travel service businesses between 2007 and 2011. Table 1 depicts this progression.

Table 1. The Growth of Medium and Large-Scale Travel Services Businesses 2007-2011

Years	Travel Bureaus (TB)			Travel Agent (TA)			Travel Services Business (TB + TA)	
	Business / Company		Average labor	Business / Company		Average labor	Total	Growth (%)
	Total	Growth (%)		Total	Growth (%)			
2007	655	-	11.00	1,159	-	9.00	1,814	-
2008	815	24.43	12.05	1,893	63.33	7.57	2,708	49.28
2009	952	16.81	12.35	1,803	-4.75	6.51	2,755	1.74
2010	1,116	17.23	11.00	1,917	6.32	6.00	3,033	10.09
2011	1,120	0.36	12.00	1,918	0.05	7.00	3,038	0.16

Source: kemenparekraf.go.id, 2023

The data also show that the Special Region of Yogyakarta (DIY) has a significant role since it serves as a prominent tourist destination in Indonesia catering not only affluent tourists but also those from diverse socio-economic backgrounds. Destinations in DIY have high visual appeal enticing to both domestic and foreign tourists. According to the Chairperson of the DIY Association of the Indonesian Tours and Travel Agencies (ASITA), the rise of the middle-class population in Indonesia leads to an increase in tourists visiting DIY. In addition, the do-it-yourself travel has also led to the emergence of novel destinations that provide affordable experience for tourists. It is vital to guarantee that human resource in the tourism industry must progress in tandem with these advancements. This study seeks to enhance comprehension of employee management methods within the industry in particularly by SMEs

that provide significant contribution to the do-it-yourself (DIY) tourism sector. The study focuses on CV OBKA Mandiri.

According to the DIY Regional Development Planning Agency (BAPPEDA DIY), there was a total of 821 corporates, branches, or travel agents in DIY region, (table 2). This data signifies the potential for expansion of the do-it-yourself tourism sector. However, it also prompts inquiries regarding to the implementation of staff management including obstacles and opportunities within SMEs operating in this area. Hence, this study offers comprehensive insights into employee management within the do-it-yourself tourism sector with a specific focus on the practices employed by SMEs like CV OBKA Mandiri. The objective is to enhance the efficacy of workforce management in this industry, given its ongoing growth and the competitive landscape.

Table 2. The Number of Travel Bureau Company/Branch/Agent, 2018 - 2022

Years	Number
2018	695,00
2019	695,00
2020	706,00
2021	841,00
2022	821,00

Source: bappeda.jogjapro.go.id, 2022.

Regardless the organization size, effective management of human resources remains a crucial factor in achieving success and ensuring long-term growth (Kusuma & Fridayani, 2022). Human resources of a company must be able to make optimal contribution to the organization in achieving the organizational goals (Chaşovschi et al., 2021; Nam & Luu, 2022). Daspar (2020) emphasized that human resources management in SMEs is certainly not the same as that in a large organization. It requires a specific approach in managing managerial aspects in SMEs (Marques Júnior et al., 2020; Nam & Luu, 2022). Although innovation and digitalization can be used to improve HR management in MSMEs, it however needs to

determine interest and awareness of an MSME in pursuing the sustainability of its human resources. (Short, 2019; Sutisna et al., 2020).

This study aims to examine the personnel management techniques adopted by SMEs as exemplified by CV OBKA Mandiri. Additionally, it seeks to analyze problems and opportunities encountered by this industry, particularly in light of the substantial impact of the pandemic Covid-19 on the tourism sector.

LITERATURE REVIEW

HR Department Strategy and Performance

A thorough analysis of effective HRM practices in the literatures highlights the importance of developing a competent human resource management (HRM) framework that is in line with organization's business plan. According to Sheng (2022), the implementation of high-performing HRM methods has the potential to greatly enhance organizational performance. Furthermore, scholarly literature also emphasizes the significance of the strategic human resource development (HRD) approach. This method entails the formulation of a strategic HRD model encompassing the stages of planning, implementation, and assessment. This particular model facilitates the accomplishment of firm's strategic objectives through the implementation of efficient HRM practices. Within the realm of HRM, multiple studies have demonstrated that the implementation of human resource practices that is aligned with business strategy can yield advantageous outcomes for organizational performance. The variables under investigation encompass business strategy, human resource management systems, human resource outcomes, and organizational performance. These variables are of significant interest in endeavors aimed at enhancing the effectiveness of HRM (Phanwattana & U-on, 2017).

There is a growing emphasis in strategic HRM research on the significance of monitoring HRM systems and their influence on organizational performance. The current study presents a conceptual framework that aims to assess HRM systems and their impact on the overall performance of organizations. This enables firms to have a deeper comprehension of the correlation between HRM methods and the outcomes (Boon et al., 2019).

Performance management is a significant subject within the realm of human resource development. Brown et al (2019) acknowledged the need for additional research in the field of performance management. They emphasized the significance of performance management in enhancing employee productivity and performance. In the context of globalization, contemporary firms encounter a growing array of intricate issues. Hence, it is imperative for firms to modify their human resource strategy in order to synchronize it with the business plan and effectively address the ongoing dynamics of change. Firms have to maintain competitiveness and prosper in a dynamic global market (Wright, 2008). The existing body of literatures also emphasizes the strong correlation between HRM and the strategic operations of charitable organizations, suggesting that the ideas of HRM are applicable to entities within the private sector as well.

The establishment of a measurement framework aimed at evaluating the influence of HRM and strategy on organizational performance is imperative in order to have a more comprehensive understanding of this association (Oliveira et al., 2021). The existing body of literature underscores the significance of aligning HRM practices with business strategy since it has been found to yield favorable outcomes for organizational performance. Organizations are required to formulate human resource strategy that is congruent with their business strategy and has the flexibility to accommodate dynamic environmental conditions. The assessment of

the influence of HRM and strategy on organizational performance is a crucial area that warrants additional research attention.

Managing Employees in MSMEs

The management of employees in MSMEs holds considerable importance within the global economy since these enterprises account for about 40% of total employment in numerous nations worldwide. In addition, it is well recognized that MSMEs play a crucial role in promoting sustainable development since they possess the capacity to contribute towards the attainment of several sustainable development goals (El Tarabishy, 2021). Existing research indicates that certain elements significantly contribute to the success of MSMEs. The capacity of MSME owners or managers to offer clear guidance and establish a compelling vision for the company is a crucial aspect of effective leadership. The capacity for innovation is also a crucial factor, since it is imperative for MSMEs to possess the flexibility to adjust their business operations in responding to the dynamic market fluctuations. In addition, effective HRM has a substantial influence on the performance of MSMEs since competent and dedicated personnel contribute significantly to the sustainability and expansion of the organization (Dambiski Gomes de Carvalho et al., 2021; Harney et al., 2022).

One of the primary obstacles encountered by MSMEs is the insufficiency of resources allocated towards training and managerial skills enhancement. Hence, numerous governmental bodies and institutions extend their support MSMEs through the provision or subsidization of business training initiatives. The training program offers MSME owners the chance to enhance their abilities in business management, streamline processes, and overall efficiency (Israr et al., 2021). Nevertheless, the implementation of a methodical approach to HRM and talent management within the framework of MSMEs is frequently confronted with several obstacles.

One of the primary obstacles is low financial resources. MSMEs usually have financial constraints when it comes to allocating resources for training, developing, and recruiting skilled personnel. In addition, the absence of skilled employees may hinder establishment of a robust team. To address these problems, owners of MSMEs must implement astute management methods and prioritize the efficient exploitation of the existing resources. This encompasses the process of identifying and cultivating people who demonstrate promising abilities, devising effective strategies for training, and executing management techniques that are suitable for the organization scale and available resources. By adopting this approach, MSMEs have the potential to establish robust and prosperous teams, thereby make a significant contribution to their business achievements and foster sustainable economic development.

Employee Engagement and Motivation in MSMEs

Employee involvement and motivation play a crucial role in the management of personnel within MSMEs. Ensuring optimal levels of employee engagement and motivation is paramount importance for MSMEs since it directly impacts productivity and employee retention. Implementations of strategies aimed at enhancing employee engagement and motivation in MSMEs can yield substantial effects on the overall success of the organization. According to a recent study conducted by Li et al (2022), individuals with high levels of motivation tend to exhibit greater productivity. Moreover, this study demonstrated that MSMEs frequently encounter difficulties in maintaining skilled workforce. Nkansah et al (2023)—revealed a positive relationship between employee engagement and employee performance while also highlighted the major impact of job resources on employee engagement.

Moreover, Nkansah et al (2023) revealed a noteworthy and affirmative correlation between employee engagement and employee performance. This is consistent with other research that found a positive correlation between employee engagement and motivation, satisfaction, and retention within entrepreneurial organizations. In general, the aforementioned publications provide evidence that employee involvement and motivation play crucial roles in managing employees effectively in MSMEs. The implementation of strategies aimed at enhancing engagement and motivation has the potential to exert a substantial influence on the overall success of a firm.

Training and Development Programs in MSMEs

Training and development initiatives play a significant role in enhancing skills and capabilities of employees within the realm of MSMEs and numerous scholarly publications expound upon this. A scholarly work examining management, skills enhancement, and growth challenges of MSMEs in India presents evidence that MSMEs in India exhibit a somewhat lower level of innovation and possess limited entrepreneurial capabilities. The government's efforts to implement skills development programs to address these issues are more often considerably unsuccessful. Devi and Ramachandran (2016) studying MSME training programs and their influence on performance and achievement emphasized the significance of the Entrepreneurship Skill Development Program (ESDP), a comprehensive training initiative aimed at enhancing and cultivating skills in MSMEs in enhancing existing skills and fostering the acquisition of new ones.

Furthermore, a scholarly article investigating enhancement of skills MSMEs presents a visual representation and conceptual framework for understanding educational background of the workforce and effectiveness of sector-specific skills development programs in MSMEs. Previous studies have directed their attention towards the significance of training and

development strategies in relation to the expansion and financial success of MSMEs. The study conducted by Anuradha and Ramesh, (2020) presents empirical findings that demonstrate the effectiveness of training programs in enhancing the performance MSMEs.

The Ministry of Micro, Small, and Medium Enterprises (MSME) in India (Government of India, 2018) has undertaken the organization of many entrepreneurship and skills development initiatives targeting both current and potential entrepreneurs in alignment with the Entrepreneurship and Skill Development Program (ESDP) Guidelines. Collectively, these results emphasize the need for implementing training and development initiatives to enhance skills and capabilities of MSMEs. Comprehensive initiatives such as the European Skills Development Program (ESDP) (Satpathy et al., 2015) have demonstrated significant efficacy in the enhancement of current competencies and the cultivation of novel proficiencies within the labor market. The active participation of governmental entities and other relevant stakeholders in the implementation of skills development initiatives can have a substantial impact on mitigating the skills deficit prevalent among MSMEs.

METHODS

The study employs a qualitative approach. As stated by Sugiyono (2021), it is commonly recognized as naturalistic research approach as its execution is in a natural environment or setting. This approach is sometimes referred to as a qualitative methodology due to its reliance on qualitative data collection and analysis. The primary objective of this method is to gain a comprehensive understanding of the phenomenon under investigation. The present study was carried out on CV OBKA Mandiri, a travel agent located in Yogyakarta. The decision to adopt a qualitative research methodology was made due to its ability to offer

a comprehensive understanding of staff management of MSMEs operating in the tourism industry.

This study included two primary methodologies for data collection: passive participant observation and unstructured interviews. Passive participant observation enables to directly monitor the staff management process at CV OBKA Mandiri without actively intervening. In the meantime, unstructured interviews offer the chance to obtain comprehensive perspectives and insights from the owners of CV OBKA Mandiri and its employees, specifically pertaining to personnel management inside the organization. The integration of these two methodologies is anticipated to yield extensive and profound insights into staff management procedures at CV OBKA Mandiri, bolstering the analysis and findings of this study.

FINDING AND DISCUSSIONS

The Examination of Strategy and Performance at CV OBKA Mandiri.

CV OBKA Mandiri was primarily involved in the transportation industry that initially established under the name Bimo Transport. During the period of 2010 to 2012, Bimo Transport was founded as a standalone or independent corporate entity and operated without legal recognition. Between the years 2010 and 2012, it attracted a number of investors and changed the name into OBK which comprises of Ogi, Bimo, and Krisna as the new owners. In 2013, it underwent a name modification and adopted a new name OBKA with additional of Arjuna on the previous name of OBK. The legal principles of familial nomenclature was the driving behind this name modification. CV OBKA Mandiri can thus be classified as a family-owned enterprise.

In 2014, CV OBKA Mandiri that was established in Yogyakarta experienced an increase in the legality and the number of cars and transportation fleets in operation. Moreover, it is worth noting that in 2016, there was a notable surge in demand for event management services. This surge was further exemplified by the remarkable achievement of CV OBKA Mandiri in 2018 when they successfully organized an event for a state-owned enterprise (BUMN) in Jakarta. This event, spanning a duration of three days and two nights, accommodated a total of 1,500 people. Between the years 2019 and 2021, there was a significant decline in demand as a result of the profound influence of the pandemic Covid-19. The personnel of CV OBKA Mandiri continue to persevere, albeit necessitating the relinquishment of certain assets.

The demand has improved gradually leading up to the year 2022, during which the team is expected to manage a number of events. CV OBKA Mandiri is the sole travel agency in Yogyakarta that bears the term "Tourmaker," while other travel companies in the region commonly choose the nomenclature "Tour and Travel". The name OBKA TOURMAKER was adopted with the accompanying slogan "Avoid vacationing alongside OBKA!" in order to establish a distinct identity. Greetings at a later time!

The strategy of CV OBKA Mandiri pertains the implementation of human resources strategy and performance. Currently, its objectives include work targets, work programs, and financial targets. The employees were presented with a challenge that requires them to not only engage in their assigned tasks but also contribute actively to the process of creation. It should be noted that not all individuals possess the ability to simultaneously work and generate novel ideas. The employees were regularly provided with motivational messages, such as "The ownership of OBKA Group extends beyond Ogi, Bimo, Krisna, and Arjuna, encompassing each and every one of you. The cultivation of a deep affection for one's organization, with the

hope of divine intervention, might potentially lead to professional success.” This sentiment has the potential to generate a heightened sense of zeal and dedication towards one's job.

The guiding principle implemented within CV OBKA Mandiri asserts that the perception of being bossy is merely a reflection of the organizational hierarchy. Bimo, the proprietor of CV OBKA Mandiri, expressed his reluctance to be regarded as a leader, emphasizing that his leadership role is limited to the context of his business. According to his statement, it is imperative to adhere to certain principles when operating in the event industry and interacting with clients. However, a sense of camaraderie, friendship, and teamwork among those involved is fostered after an event concludes, the assigned tasks are completed, or the working hours come to an end. They express a desire for collective accomplishment emphasizing the importance of all members in achieving success in unison. The proprietor of CV OBKA Mandiri was imbued with the following motto:

"I do not aspire to embody the persona of Superman, as assuming such a role is arduous, involving the provision of assistance to numerous individuals while being devoid of companionship. If the objective is to cultivate a highly effective team, it is imperative to prioritize the satisfaction and well-being of all team members collectively. Enhancing the caliber of our work ethic and work mentality is contingent upon our ability to position ourselves in various circumstances. There is a prevailing perception among employees at CV OBKA Mandiri that work is not regarded as a serious endeavor but rather as a recreational activity that of course allows for financial remuneration."

Bimo expressed his preference to intelligent individuals emphasizing that his criteria do not solely revolve around intelligence itself. He said that even though intelligence is sometimes associated with pretentiousness, he however believes that intelligent individuals are inclined to be receptive and attentive to others. The employees at CV OBKA Mandiri demonstrate a high level of engagement in public speaking activities. There is a notable absence of reticent employees as they exhibit a willingness to develop their self-presentation

skills through experiential learning. Additionally, it is worth noting that the majority of employees are under the age of 30.

Based on the aforementioned description, it can be inferred that the HRM practices at CV OBKA Mandiri are characterized by the adoption of a target-oriented approach. This approach encompasses multiple dimensions including work targets, work programs, and financial targets. This strategy displays a distinctive methodology for effectively overseeing personnel and the corporate operations. Additionally, this approach serves as a catalyst for fostering employee motivation encouraging not only productivity but also a heightened level of enthusiasm for their work. The significance of employee morale and contribution in attaining shared objectives is a fundamental component of their HRM strategy.

In addition, the HRM strategy at CV OBKA Mandiri also reflects family values, teamwork, and mutual success. The employees are expected to contribute not only as individuals but as team members who play an important role in achieving company's goals. These principles create an inclusive work culture and motivate employees to give their best in their jobs. The company owner also emphasizes the importance of listening and collaborating. They want the employees who are smart and at the same time have the ability to work together in a team and contribute positively in a dynamic work environment.

Thus, the HRM strategy at CV OBKA Mandiri is a unique combination of target orientation, high work morale, family values, and teamwork. This approach creates a motivating and inclusive work environment, which in turn has a positive impact on company performance.

The HRM Process at CV OBKA Mandiri

The process involves several key steps: recruitment and selection, training and development, performance management, compensation and benefits, and employee relations.

Recruitment and selection are critical aspects of HRM as they involve attracting and hiring qualified individuals with necessary skills and competencies to meet the organization's needs.

The HRM process at CV OBKA Mandiri demonstrates a distinctive approach that prioritizes collaboration and shared achievements. Throughout the course of HRM trajectory, individuals encounter a series of pivotal phases encompassing the initial planning stage and culminating in the eventual termination of the work connection.

The first is human resource planning. CV OBKA Mandiri recognizes human resources not just as laborers but also as innovative individuals capable of doing tasks. The human resources planning process at this organization encompasses the identification and establishment of work targets, work programs, and budgetary targets. This fosters a mindset among employees wherein they perceive their work as an opportunity to engage with enthusiasm and dedication.

The second is topic of discussion pertaining to the process of recruitment and selection. The findings derived from the observations and interviews indicate that the selection process at CV OBKA Mandiri exhibits numerous notable characteristics. Nevertheless, it is vital to contemplate the merits and demerits of their chosen methodology.

The selection process at CV OBKA Mandiri offers several advantages. A notable aspect of the selection procedure at CV OBKA Mandiri is its highly familial approach. This fosters robust interpersonal connections among employees and cultivates a heightened sense of camaraderie within the team. Employees perceive themselves as an integral component of the firm and hence have a heightened propensity to participate in a constructive manner.

The aforementioned method appears to be congruent with the organizational culture of CV OBKA Mandiri, which places significant emphasis on family values and collective

achievements. Enhancing a company's brand and fostering higher staff retention can be achieved through this approach.

However, the selection process has several drawbacks. Although the familial model offers certain benefits, it may provide constraints in terms of accessing fresh talent from external social networks. The presence of such barriers can impede the promotion of diversity within the team and limit the introduction of innovative ideas. Furthermore, an excessive familial approach may result in subjectivity in making decisions. This implies that individuals possessing exceptional skills or potential may be excluded from the selection if they fail to satisfy the requirements pertaining to kinship. This may potentially impede the progress of the organization. In the event that CV OBKA Mandiri intends to pursue growth and expansion of its business, it is important to recognize inadequacy by relying solely on a family-friendly selection technique. The organization may require personnel possessing different backgrounds and specialized skills that may not be readily available within their current networks.

Based on the analysis, it can be inferred that while employing a highly family-oriented selection method presents numerous benefits including fostering a sense of collaboration and alignment with the corporate ethos. It however also entails certain drawbacks, such as constraints in the recruiting process and the potential for subjective decision-making. Hence, it is imperative for CV OBKA Mandiri to contemplate the incorporation of additional objective and comprehensive procedures in their recruiting and selection process in order to guarantee enduring and sustainable growth and development.

1. The topic of discussion is training and development.

Based on the findings derived from the observations and interviews, it can be deduced that the training and development procedures for the staff have not been consistently and methodically implemented. It seems that while there may be an emphasis on initial

training, ongoing training is considered to be of secondary importance. This analysis will explore several benefits and drawbacks associated with their training methodology. The training process at CV OBKA Mandiri offers several advantages.

- a. The primary emphasis should be placed on developing foundational skills. An approach that places emphasis on initial training might yield advantages, particularly when there is a specific demand for fundamental skills and knowledge within the job context. This measure can guarantee that employees possess a robust basis for executing their professional responsibilities.
- b. Adaptation to specific needs. The emphasis on task-oriented training enables CV OBKA Mandiri to promptly address alterations in particular activities or work settings. This enables the organization to effectively align their workforce with evolving business requirements.

The training process at CV OBKA Mandiri is associated with several drawbacks.

- a. One such disadvantage is the inconsistency in employee development. The provision of incidental and unstructured training can lead to uncertainty in the growth and progress of employees. Differential training allocation among employees might lead to disparities within the organizational setting.
- b. Potential impediments to company growth. In the absence of a structured approach to training, the organization may encounter difficulties in cultivating personnel who possess the capability to assume more senior positions. This phenomenon has the potential to impede the expansion and long-term viability of businesses.
- c. Missed opportunities. Within a highly competitive corporate landscape, the failure to implement deliberate training and development initiatives can lead to the attrition of a

company's most talented employees who seek avenues to augment their skill sets elsewhere.

In terms of ensuring that staff members have the fundamental skills necessary for their roles, CV OBKA Mandiri's strategy, which places a lot of emphasis on initial training, offers a number of advantages. Nevertheless, employing an incidental and unstructured methodology may have certain disadvantages in terms of fostering equitable employee development and facilitating sustained organizational expansion. Hence, it might be imperative to contemplate the implementation of a more organized and uninterrupted training methodology in order to facilitate the attainment of optimal staff growth and advancement.

2. Performance management is a crucial aspect of organizational management that focuses on monitoring and enhancing employee performance.

In the realm of performance management at CV OBKA Mandiri, there is a strong emphasis on numerous ideas that align with the preceding areas of recruitment and selection, as well as staff training and development.

- a. The concepts of hard labor, teamwork, and high work morale are given significant importance in the performance management system of CV OBKA Mandiri. This phenomenon might be regarded as a significant benefit, as it fosters a work environment that is productive and collaboratif.
- b. Employees who demonstrate a strong work ethic engage in effective teamwork and those exhibit positive morale are more likely to attain superior outcomes in their respective roles, thereby making a significant contribution to the overall success of the organization.

- c. The significance of support and motivation from company owners. This highlights involvement of the owners in the performance management. They offer assistance and encouragement to colleagues through the imparting of insightful advice and a steadfast dedication to fostering collective well-being. The active involvement of the owners in encouraging their personnel might be viewed as advantageous. When a firm proprietor demonstrates a profound dedication to fostering collective well-being, it can engender a robust sense of camaraderie among employees and engross them in the company's mission.

Nevertheless, it is imperative to take several facets into account when it comes to performance management.

- a. Ambiguity in performance evaluation. Although the need to maintain strong employee morale is widely acknowledged, it is imperative to have a precise methodology for assessing employee performance. The absence of accurate measurement poses a challenge for firms in evaluating the genuine individual contributions of employees. Hence, the development of an objective and transparent performance measurement system holds significant importance.
- b. Dependence on the support of the owners. Although the proprietor's drive can serve as a valuable asset, there exists a potential hazard of excessive dependence on specific individuals. Over-reliance on a limited number of employees in performance management might give rise to vulnerabilities in the event that these individuals disengage or depart from the organization.
- c. Consistency in work culture is a crucial aspect that necessitates the internalization of concepts such as diligence, collaboration, and a strong work ethic across all members

of the organization. Maintaining consistency in the implementation of these ideals may pose a difficulty for an expanding firm.

The performance management system of CV OBKA Mandiri places significant emphasis on fostering positive qualities including diligent effort, collaborative cooperation, and a strong sense of work ethic. Nevertheless, it is imperative to prioritize objective performance evaluation, mitigate the potential reliance on specific personnel, and maintain a consistent implementation of the intended organizational culture. Integrating this methodology with meticulous talent acquisition and screening processes as well as implementing more formalized training and professional growth initiatives can establish a robust framework for enduring organizational prosperity.

3. The cessation of employment

In the context of employment termination, it can be inferred that CV OBKA Mandiri demonstrates a compassionate and empathic approach. However, no particular evidence has been identified through observations or interviews. The organization upholds the notion of mutual prosperity as a fundamental value, even in cases of employment termination.

There are several advantages associated with this strategy.

- a. One of the primary considerations in an organizational setting is the well-being of employees. The demonstration of a compassionate and empathic attitude in managing the termination of employment reflects the company's commitment to prioritizing the wellbeing of its employees. This has the potential to enhance the overall work experience by providing a more human-centric approach to managing the given issue.
- b. Upholding a favorable image: By embracing the idea of shared achievement, organizations can mitigate the possible risks associated with detrimental effects on

their reputation. In the contemporary era characterized by the prevalence of social media and heightened transparency, it is crucial to recognize the significance of public opinion as a potent force capable of exerting a substantial impact on a company's overall reputation.

Nevertheless, it is important to consider the following various aspects:

- a. Uncertainty in termination procedures. Insufficient elucidation about the employed technique for terminating employment may give rise to potential uncertainty in the procedural aspects. The establishment of explicit standards and procedures pertaining to the termination of employment is of utmost significance for firms, as it guarantees the equitable and lawful execution of such actions.
- b. Factors to consider in a business context. In addition to a compassionate approach, it is imperative to address the business factors involved in the termination of an employment relationship. It is imperative for the company to ensure that their decisions are grounded in performance and business requirements while also adhering to the relevant regulatory frameworks.

CV OBKA Mandiri should enhance their termination process by implementing more comprehensive protocols, offering assistance to impacted employees, and ensuring that termination decisions are made after thorough deliberation. By adopting this approach, organizations may effectively uphold the principle of mutual success while simultaneously preserving their integrity and reputation when it comes to firing employees.

CONCLUSION

The findings of the study conducted on CV OBKA Mandiri offer a comprehensive diverse facets pertaining to HRM in small-scale enterprises. Moreover, the research

demonstrates the impact of HR strategies and practices on company performance within the framework of MSMEs.

1. The strategy and performance of the human resources department

CV OBKA Mandiri has successfully developed a distinctive strategy in its human resource management. The organization has a target-oriented methodology encompassing work targets, work programs, and financial targets. This technique places emphasis on the notion that employment within this context extends beyond a mere occupation but rather presents an occasion to engage in work and make optimal contributions. The owners place a higher emphasis on fostering a cooperative atmosphere than adhering strictly to hierarchical structures. They perceive themselves as leaders rather than bosses and want to establish a work environment that is inclusive and centered around achieving shared outcomes (Veli Korkmaz et al., 2022).

2. Employee management in MSMEs

The experience of CV OBKA Mandiri in employee management within the context of MSMEs exemplifies the capacity of small-scale organizations to cultivate a robust and collaborative work environment. The fundamental principles they prioritize are family values, teamwork, and shared success. In addition to this, the organization encourages individuals to make contributions beyond their regular tasks, fostering a sense of dedication and enthusiasm for their job (Osborne & Hammoud, 2017). These ideas might serve as a source of inspiration for other MSMEs to properly manage their personnel.

3. Employee engagement and motivation in MSMEs.

Employee engagement and motivation play a crucial role in the effective management of employees at CV OBKA Mandiri. The employees encounter the task of simultaneously engaging in work and fostering creativity that stimulate their commitment to perform at

their highest level. Additionally, the employees are provided with assistance and encouragement from the proprietors, who impart words of wisdom and demonstrate a steadfast dedication to fostering collective well-being (Eva et al., 2019). The recognition of the significance of pleasure and work excitement inside MSMEs exemplified by CV OBKA Mandiri constitutes a crucial insight in the realm of staff management within small-scale firms.

4. Skill enhancement in MSMEs through training and development programs.

CV OBKA Mandiri, a corporation engaged in the tourism sector, recognizes the significance of employee training and development in enhancing service quality. While the research results do not provide an extensive discussion on the matter, it is crucial to emphasize the significance of equipping employees with the requisite competencies to effectively handle diverse duties and responsibilities within the organization, particularly in the context of small-scale enterprises. Hence, the integration of training and development initiatives is an integral component of personnel management strategies inside MSMEs.

In summary, the findings of the research conducted at CV OBKA Mandiri shed light on the impact of proficient human resource management on the overall performance of small-scale enterprises. The utilization of target-oriented tactics, an inclusive work culture, and a focus on employee motivation and skills by CV OBKA Mandiri might serve as a noteworthy model for other MSMEs seeking to effectively manage their human resources.

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