

Several Variables That Influence The Improvement of Work Productivity of MSME Employees in Batu City

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INDEXING	ABSTRACT
<p>Keywords: Keyword 1; Work Productivity Keyword 2; Improvement Keyword 3; Influence Keyword 4; MSME Keyword 5; Employee</p>	<p>Batu City is one of the areas that implements MSME development. The purpose of this study is to analyze the influence of employee recruitment, salary provision, and incentives on employee work productivity in Batu City MSMEs, specifically UD Kerupuk Singkong Nusantara Putra. This research uses a quantitative method. The data analysis methods were multiple linear regression, partial t-test, and simultaneous F-test using SPSS 26. The t-test hypothesis results show that the Employee Recruitment variable (X1) has a significant effect on Employee Work Productivity (Y) at UD Kerupuk Singkong Nusantara Putra with a t-value of 2.371, Salary Provision (X2) has a significant effect on Employee Work Productivity (Y) with a t-value of 2.475, and Incentives (X3) have a significant effect on Employee Work Productivity (Y) with a t-value of 2.466, with all X variables (t-value > t-table = 2.055). The regression coefficient results show that X1 is 0.415, which has a positive effect; X2 is 0.503, which has a positive effect (the most dominant); and X3 is 0.443, which has a positive effect on variable Y. Therefore, all independent variables have a significant effect on the dependent variable, with the results indicating that Employee Recruitment (X1), Salary Provision (X2), and Incentives (X3) have a positive effect on Employee Work Productivity (Y) or influence by 62.5% (R²). These results prove that all independent variables are able to improve Employee Work Productivity for employees working in SMEs in Batu City, specifically at UD Kerupuk Singkong Nusantara Putra.</p>

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INTRODUCTION

The development of human resource management in Indonesia, Human Resource Management (HRM) plays an important role in enhancing organizational productivity. Amid globalization and increasing competition, the success of an organization largely depends on the ability of human resources to adapt to changes and achieve common goals (Amanah et al., 2021). Human resource management is not only responsible for recruitment and employee selection; according to a study by Gunawan et al. (2024), HRM also involves competency development, performance management, and the creation of a work environment that supports innovation and collaboration. In Indonesia, human resource (HR) management has undergone significant changes to adapt to global dynamics. MSMEs are one of the main pillars of Indonesia's economy, contributing to macro-level resilience and strength. As studied by Irawati and Prasetyo (2021), the development of MSMEs has been significant in supporting the state budget. Batu City is one of the regions that implements MSME development. In the implementation of MSME development, the problems faced by MSME actors, as stated by the Mayor of Batu during the Batu City Expo 2023, include capital,

suboptimal market access, underdeveloped technology, and lack of knowledge and skills among human resources (humas.batukota.go.id, 2023).

Several previous studies on the same topic, namely by Ainiyah, Kurniawan et al. (2025), Silalahi et al. (2025), Sawal et al. (2025), Gunawan and Sri Rizki et al. (2025), Sumbarwati et al. (2025), Ismunandar (2025), Nadapdap et al. (2025), Purwaningsih et al. (2023), Hermanto (2022), Gunawan et al. (2022). Based on the issues above, the researcher has strong reasons for choosing the title 'Several Variables Affecting the Increase in Employee Productivity in SMEs in Batu City.' By addressing this title, the researcher can identify the problems faced by the SME community in Batu City. The difference between the current research and previous studies lies in the research location and methods. The studies mentioned above have not yet discussed or examined the use of financial technology for SMEs at UD Kerupuk Nusantara Putra. Therefore, this research will provide a positive contribution to the development of knowledge in the field of financial management.

LITERATURE REVIEW

Definition of Employee Recruitment

Recruitment is the process of searching for, finding, inviting, and appointing a number of people from both inside and outside the school as prospective employees with certain characteristics as determined in human resource planning. Nawawi (2000:175) explains that to conduct internal recruitment is a popular activity.

Definition of Salary/Wage

Salary/wage is a very important matter for every employee working in a company, because the salary received by each person can meet their living needs. Assari, Desa, & Subramaniam (2019: 51) stated that salary is an obligation of the company to provide a certain amount of money to employees, whether they are contract or permanent employees.

Definition of Incentive Individual

Incentives are a form of compensation given to employees and paid based on the units produced. This program is the most successful way to improve employee performance because it is directly linked to rewards. Dessler (2015) stated that individual incentives can be a strong motivation for employees to increase their productivity and work quality. Dessler (2015) states that individual incentives can be a strong motivation for employees to improve their productivity and work quality. Additionally, an individual incentive system can also help companies increase production efficiency and effectiveness, as employees will be more focused on achieving targets and desired outcomes.

Definition of Employee Productivity

Productivity is a process in which human resources can generate an output with a productive measure. Productivity can also be defined as a process that focuses attention on the output produced by human resources through a ratio between input and output. (Ramadon, Syahri & Yanti Pasmawati, 2017) Dahlan (2014) states that productivity is the result of comparing the participation of labor per unit of time with the results achieved. Sutrisno (2016:102) suggests that work productivity is the ratio of the total work output that has been determined to produce a product from labor.

RESEARCH METHOD

Type, Location and Time

The researcher conducted the study at UMKM UD Kerupuk Nusantara Putra, Pendem Village, Junrejo District, Batu City, East Java. This study conducted over a period of 3 months, from October to December 2025. The research stages include preparation, data collection, data analysis, and preparation of the final report. The type of research used in this study is quantitative with a survey method. In this study, data will be collected through questionnaires distributed to a sample of employees from the MSME UD Kerupuk Nusantara Putra, located at Jalan Wijaya Kusuma, Dusun Sekar Putih, RT 36 RW 09, Desa Pendem, Kec. Junrejo, Batu City, East Java. The types of data sources used in the research are primary data and secondary data. From Primary Data Primary data is data obtained directly from the original source or the researcher themselves through various methods such as interviews, observations, and documentation. Secondary Data Secondary data is data that has been collected by other people or other institutions and is usually available in the form of reports, statistics, and documents. Researchers use secondary data to support or complement the primary data that has been collected.

Data Collectin Method and Analysis

Data collection techniques are the most strategic step in research, using methods such as questionnaires, observation, and documentation. In conducting data analysis, the researcher uses a descriptive approach that compares existing data with various supporting theories and is intended to break down and explain. This analysis uses formulas and interprets clear visuals through collection and organization, so that the general picture of the company under study can be understood. The results of data collection through questionnaires are analyzed in terms of the frequency distribution of respondents' answers related to several variables that affect the improvement of employee productivity in SMEs in Batu City.

RESULT AND DISCUSSION

Table 1. Multiple Linear Regression Test

Model		Coefficients ^a				Collinearity Statistics		
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	10,425	5,192		7,312	,005		
	Recruitment	,415	,149	,419	2,371	,048	,987	1,013
	Salary Payment	,503	,203	,511	2,475	,020	,549	1,822
	Incentive	,443	,115	,438	2,466	,031	,545	1,833

a. Dependent Variable: Employee Work Productivity

Source: Primary data processed with SPSS 26. (2025)

Table 2. Multiple Linear Regression Test

Variabel	B Unstandardized Coefficients	Keterangan
Constant	10,425	Positif
(X ₁)	0,415	Positif
(X ₂)	0,503	Positif
(X ₃)	0,443	Positif

Source: Primary data processed (2025)

From tables 1 and 2 above, Sugiyono (2017) explains that multiple linear regression tests are used to determine the direction of influence, whether positive or negative, and with a significance level of 0.05. If the p-value < 0.05, then the influence of the independent variable on the dependent variable is considered significant. A positive influence is an influence where the variables X and Y support each other. Based on the tables, a regression equation can be created to measure the level of influence of the independent variables Employee Recruitment (X1), Salary Provision (X2), and Incentives (X3) on Employee Work Productivity (Y) at UD Kerupuk Singkong Nusantara Putra using the following regression equation:

$$Y = a + bX_1 + bX_2 + bX_3 + E$$

$$Y = 10,425 + 0,415 + 0,503 + 0,443$$

Based on the regression equation, it can be interpreted that for the dependent variable Employee Work Productivity (Y) with a constant value of 10.425, it means that Employee Work Productivity is considered high before being influenced by the independent variables X1, X2, and X3. If the values of variables X1, X2, and X3 increase by 1.361, then the total impact value is 11.786. Thus, the meaning of the regression value for each variable is as follows:

Y = Employee Work Productivity variable, which is the dependent variable, and its value will be predicted by the variables Employee Recruitment (X1), Salary Provision (X2), and Incentives (X3).

X1 = The regression coefficient (X1) is 0.415, which has a positive effect. For a significance level of 0.05, the p-value is 0.048 < 0.05, meaning that the independent variable on the dependent variable is significant, with the sign indicating that the Employee Recruitment variable (X1) has a positive effect on the Employee Work Productivity variable (Y). This means that the better the employee recruitment process at UD Kerupuk Singkong Nusantara Putra, the higher the employee work productivity will be.

X2 = Regression coefficient (X2) is 0.503 for a significance level of 0.05, with a p-value of 0.020 < 0.05, meaning the independent variable is significant to the dependent variable, with the sign indicating that the Salary Provision variable (X2) has a positive effect on the Employee Work Productivity variable (Y). This means that the better the salary given to employees, the higher the employee work productivity will be. UD Kerupuk Singkong Nusantara Putra can improve employee work productivity by improving a fair and competitive salary system.

X3 = Regression coefficient (X3) of 0.443 for a significance level of 0.05, with a p-value of 0.031 < 0.05, meaning that the independent variable is significant to the dependent variable, with the sign indicating that the Incentive variable (X3) has a positive effect on Employee Work Productivity (Y). This means that the better the incentives provided to employees, the higher their work productivity will be. UD Kerupuk Singkong Nusantara Putra can increase employee work productivity by improving a fair and motivating incentive system.

Based on the regression equation, it is known that the Salary Payment variable (X2) has a dominant influence on Employee Work Productivity (Y) in SMEs in Batu City, particularly at UD Kerupuk Singkong Nusantara Putra, with a regression coefficient of 0.503.

T-Test Partial

According to Ghozali (2018), the t-test is conducted to determine the magnitude of the partial influence between independent variables. If the significance value resulting from the t-test is < 0.05, it can be concluded that the independent variable has a significant partial

effect on the dependent variable. If the t statistic $>$ t table, it can be concluded that the independent variable has a significant partial effect on the dependent variable (Latan and Temalagi, 2013). In this study, the variables Employee Recruitment (X1), Salary Provision (X2), and Incentives (X3) are examined to determine whether they have a significant effect on the dependent variable Employee Work Productivity (Y) in MSMEs in Batu City, specifically at UD Kerupuk Singkong Nusantara Putra, in a study related to the title Some Variables Affecting the Improvement of Employee Work Productivity in MSMEs in Batu City. The magnitude of the influence of each independent variable on the dependent variable can be seen in the following table.

Table 3. Partial t Test

Variabel	t count	t table	Sig t
(X ₁)	2,371		0,048
(X ₂)	2,475	2,055	0,020
(X ₃)	2,438		0,031

Source: Primary data processed (2025)

The results of the t-test calculation to determine the effect of each variable are as follows:

- 1) Employee Recruitment (X1) has a significant effect on Employee Work Productivity (Y) in SMEs in Batu City, particularly at UD Kerupuk Singkong Nusantara Putra, because the t-count value = 2.371 $>$ t-table 2.055 with a significance value of 0.048 ($p < 0.05$), so H1 is accepted. This means that Employee Recruitment can influence Employee Work Productivity in SMEs in Batu City, especially at UD Kerupuk Singkong Nusantara Putra.
- 2) Salary Provision (X2) has a significant effect on Employee Work Productivity (Y) in SMEs in Batu City, especially at UD Kerupuk Singkong Nusantara Putra, because the t-count = 2.475 $>$ t-table 2.055 with a significance value of 0.020 ($p < 0.05$), thus H2 is accepted. This means that Salary Provision can influence Employee Work Productivity in SMEs in Batu City, particularly at UD Kerupuk Singkong Nusantara Putra.
- 3) Incentives (X3) have a significant effect on Employee Work Productivity (Y) in SMEs in Batu City, particularly at UD Kerupuk Singkong Nusantara Putra, because the t-count value = 2.466 $>$ t-table 2.055 with a significance value of 0.031 ($p < 0.05$), thus H3 is accepted. This means that incentives are able to influence employee work productivity in SMEs in Batu City, especially at UD Kerupuk Singkong Nusantara Putra.

Partial Test (Simultaneous F Test)

According to Sugiyono (2021), the simultaneous F test is a statistical test used to determine the combined effect of independent variables, that is, if the significance probability value is $<$ 5%, the independent variables will have a significant effect together on the dependent variable. These independent variables are Employee Recruitment (X1), Salary Provision (X2), and Incentives (X3) on Employee Work Productivity (Y) in SMEs in Batu City, especially UD Kerupuk Singkong Nusantara Putra, collectively. Based on the results of the analysis conducted, the hypothesis test results are presented in the following table.

Table 4. F Simultan Test

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32,299	3	10,766	14,558	,000 ^b
	Residual	50,368	26	1,937		
	Total	82,667	29			

a. Dependent Variable: Employee Work Productivity

b. Predictors: (Constant), Incentive, Recruitment, Salary Payment

Source: Primary data processed with SPSS 26. (2025)

From the Table 4 above, the results of the F test show that the calculated F value (14.558) > the table F value (2.980) with a significant value (0.000), which means that collectively / together, Employee Recruitment Awareness (X1), Salary Provision (X2), and Incentives (X3) have a significant effect on the dependent variable of Employee Work Productivity (Y) in SMEs in Batu City, specifically UD Kerupuk Singkong Nusantara Putra in Employee Work Productivity. Therefore, H4 is accepted, meaning that these three variables together play an important role in improving employee work productivity. Thus, UD Kerupuk Singkong Nusantara Putra can increase employee work productivity by paying attention to and improving these three factors comprehensively.

CONCLUSION

Based on the research results that have been presented, it can be concluded that: 1) Employee Recruitment has a significant and positive effect on Employee Work Productivity, meaning that effective recruitment can increase employee work productivity. 2) Salary Provision has a significant and positive effect on Employee Work Productivity, meaning that fair and competitive salary provision can increase employee work productivity. 3) The incentives provided have a significant and positive effect on Employee Work Productivity, meaning that the incentives given can increase employee motivation and work productivity. 4) Employee Recruitment, Salary Provision, and Incentives simultaneously (together) have a significant effect on Employee Work Productivity, meaning that these three variables can collectively support and enhance employee work productivity.

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