

The Influence of Work Environment, Job Skills, and Work Engagement on Employee Productivity in MSMEs

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ABSTRACT

Employee productivity is a critical factor in the success of Micro, Small, and Medium Enterprises (MSMEs). This study explores the influence of the work environment, job skills, and work engagement on employee productivity. MSMEs are instrumental in economic development, yet they face challenges such as fluctuating market demand, competition, and workforce management. A positive work environment and high employee engagement are essential for sustaining productivity, while job skills play a foundational role in task performance. The research employed a quantitative approach, gathering data from 107 employees through questionnaires, field observations, and secondary sources. Data analysis was conducted using the Partial Least Squares (PLS) method to evaluate the relationships between variables. The findings reveal that the work environment and work engagement have significant positive effects on employee productivity, whereas job skills show no statistically significant impact. This suggests that while technical and non-technical abilities are important, they are insufficient without supportive environmental and psychological factors. The study highlights the need for MSMEs to prioritize creating a conducive work environment that fosters collaboration, comfort, and safety. Employee engagement should also be enhanced through participatory decision-making and recognition programs to instill a sense of ownership and commitment. Furthermore, regular training programs should align job skills with operational requirements, ensuring employees are well-equipped to meet organizational goals.

Keywords: *Employee productivity, Job Skills, Work Engagement, Work Environment*

ABSTRAK

Produktivitas karyawan merupakan faktor krusial dalam keberhasilan Usaha Mikro, Kecil, dan Menengah (UMKM). Studi ini mengeksplorasi pengaruh lingkungan kerja, keterampilan kerja, dan keterlibatan kerja terhadap produktivitas karyawan. UMKM berperan penting dalam pembangunan ekonomi, namun mereka menghadapi tantangan seperti permintaan pasar yang berfluktuasi, persaingan, dan manajemen tenaga kerja. Lingkungan kerja yang positif dan keterlibatan karyawan yang tinggi sangat penting untuk mempertahankan produktivitas, sementara keterampilan kerja memainkan peran mendasar dalam kinerja tugas. Penelitian ini menggunakan pendekatan kuantitatif, mengumpulkan data dari 107 karyawan melalui

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kuesioner, observasi lapangan, dan sumber sekunder. Analisis data dilakukan dengan menggunakan metode Partial Least Squares (PLS) untuk mengevaluasi hubungan antar variabel. Temuan penelitian mengungkapkan bahwa lingkungan kerja dan keterlibatan kerja memiliki efek positif yang signifikan terhadap produktivitas karyawan, sedangkan keterampilan kerja tidak menunjukkan dampak yang signifikan secara statistik. Hal ini menunjukkan bahwa meskipun kemampuan teknis dan non-teknis penting, keduanya tidak cukup tanpa faktor lingkungan dan psikologis yang mendukung. Studi ini menyoroti perlunya UMKM untuk memprioritaskan penciptaan lingkungan kerja yang kondusif yang mendorong kolaborasi, kenyamanan, dan keselamatan. Keterlibatan karyawan juga harus ditingkatkan melalui pengambilan keputusan partisipatif dan program pengakuan untuk menanamkan rasa kepemilikan dan komitmen. Lebih jauh lagi, program pelatihan rutin harus menyelaraskan keterampilan kerja dengan persyaratan operasional, memastikan karyawan dilengkapi dengan baik untuk memenuhi tujuan organisasi.

Kata kunci: Produktivitas Karyawan, Keterampilan Kerja, Keterlibatan Kerja, Lingkungan Kerja

INTRODUCTION

Human Resources (HR) is one of the most crucial elements to consider in the development of a company. High-quality human resources significantly contribute to increasing productivity and maximizing company performance (Mubaraq et al., 2024). Human resource management is essential because people play a major role in carrying out every operational activity within the organization. The higher the ability and quality of human resources, the better the outcomes achieved. Conversely, low-quality human resources negatively impact the results obtained. This demonstrates that, even with sophisticated facilities and infrastructure, achieving organizational goals is challenging without the support of competent and productive human resources (Madjidu et al., 2022).

Human resources are a vital element in MSMEs, playing a significant role in carrying out their activities. Therefore, human resource management must be effectively implemented to support the achievement of the organization's vision, mission, and goals. MSMEs are among the main business units, contributing significantly to the development and growth of the national economy (Kumalasari & Farida, 2024). Furthermore, the MSME sector helps reduce unemployment by creating job opportunities for workers not absorbed in the formal sector. With the growth of MSMEs, individuals can earn income, making this sector strategically important in the government's efforts to reduce unemployment and poverty. In addition to fostering economic growth, MSMEs contribute significantly to income at both regional and national levels (Pahlevi & Ubaidilah, 2022).

Kampung Bebek Kebonsari is a micro business located in a village renowned for its salted egg products, which have become one of the area's culinary icons. This MSME began as a small family business raising ducks in the village, eventually evolving into a significant local enterprise. Leveraging traditional skills passed down through generations, they started a salted egg production business marketed within the local community. Over time, the village's salted egg products have gained widespread attention for their high quality and distinctive taste. This has made them popular not only among locals but also with tourists from various regions. However, like other MSMEs, Kampung Bebek Kebonsari faces challenges in expanding its business.

Declining production is a serious challenge to the sustainability of MSMEs, including in Bebek Kebonsari Village. The salted egg business, as a signature regional product, faces issues stemming from decreased market demand, forcing producers to adjust the number of eggs processed to avoid overstock. Additionally, increasing competition and unstable economic conditions have led to a further decline in production levels. Another contributing factor to the decline in production in Kampung Bebek Kebonsari is the lack of a supportive work environment, inadequate work skills,

and low work engagement among employees. Productivity is a key factor in the success of MSMEs. In Kampung Bebek Kebonsari, employee productivity serves as a crucial element impacting the performance of MSMEs. Work productivity is defined as the comparison between the effectiveness of work outcomes (output) and the efficiency of resource utilization (input), encompassing aspects such as quantity, quality, and time (Fatimah & Pancasasti, 2024). Furthermore, productivity reflects a mental attitude geared toward consistently striving for improvement. This mindset drives individuals to continuously enhance their skills, ultimately resulting in more optimal work outcomes (Thalibana, 2022). Higher employee productivity directly contributes to greater company profits, as productive employees complete their tasks more efficiently (Karyatun et al., 2022). Productivity is influenced by various internal factors, including the work environment, skill levels, and work engagement. These three factors interact and support each other in fostering a conducive environment for improving productivity and efficiency.

The work environment is a social space where employees perform activities, along with facilities and other supporting factors that influence their productivity. A good work environment, aligned with employees' needs in performing their duties, can provide personal satisfaction. This satisfaction can boost employees' morale, encouraging them to be more active and produce high-quality products for the company (Putranti et al., 2020). A conducive work environment is crucial because it fosters a sense of security and enables employees to work more effectively. Conversely, if the work environment is unsupportive and makes employees uncomfortable, it can disrupt their concentration and reduce productivity (Rahmawati & Damayanti, 2023).

Job skills refer to the abilities or expertise that individuals acquire through practice and experience to carry out specific jobs (Wardani et al., 2022). These skills involve the application of thoughts, ideas, creativity, and intelligence to create or enhance something of value. Job skills continually develop through consistent practice, enabling individuals to gain expertise in their field (Pertiwi, 2023). Employees with strong skills are better equipped to achieve organizational goals. The performance of employees is significantly influenced by their level of skill, as higher proficiency leads to improved performance (Handayani & Khairi, 2022). Job skills are crucial because they serve as a key indicator of employee productivity in completing tasks assigned by the company (Dewa, 2022).

Work engagement refers to the extent to which an individual is connected to their work, actively involved, and considers their work important to their self-esteem (Parashakti & Noviyanti, 2021). It is a psychological state where employees feel invested in the company's success and are motivated to achieve performance that exceeds expectations (Mulang, 2022). Undeniably, the level of work engagement among employees is a critical factor. The high contribution to strong performance and organizational success can be observed in the degree of employee involvement (Gozali & Sapruwan, 2023). Work engagement driven by personal awareness can enhance the quality and quantity of work output, ultimately boosting productivity (Wokas et al., 2022). Furthermore, higher levels of work engagement are linked to greater commitment and dedication from an employee, which significantly contributes to achieving organizational objectives and accelerates the accomplishment of overall company goals.

Based on previous research, Pahlevi and Ubaidilah (2022) found that the work environment has a positive and significant effect on employee productivity. In contrast, Parashakti and Noviyanti (2021) found that the work environment does not have a positive and significant effect on employee productivity. Similarly, previous research by Mulang (2020) stated that job skills partially have a significant effect on employee productivity. Meanwhile, according to Mubaraq et al. (2024), job skills partially do not have a positive and significant effect on employee productivity. Rahmasari (2022) reported that work engagement has a positive and significant effect on employee productivity. However, these findings are not consistent with those of Gozali and Sapruwan (2023), who concluded that work engagement does not significantly affect

employee productivity. This study aims to examine the influence of three main factors on employee productivity in Micro, Small, and Medium Enterprises (MSMEs) in Kampung Bebek Kebonsari. The first factor is the work environment, encompassing the physical and psychological conditions of the workplace. The second factor is job skills, which refer to employees' technical and non-technical abilities. The third factor is work involvement, reflecting employees' participation and commitment to their work. By analyzing these three factors, this study is expected to provide insights into improving employee productivity in these MSMEs, thereby supporting overall business development.

LITERATURE REVIEW

According to Wokas et al. (2022), the work environment includes all tools, materials, and conditions that exist around a person's work area, as well as work methods and arrangements, both individually and in groups. Rahmawati (2023) further explains that the work environment also involves factors such as temperature, humidity, ventilation, lighting, noise, cleanliness, and equipment that can influence worker productivity. Nuzulman et al. (2018) identify several indicators used to assess work environment variables, including work equipment—facilities provided by a company or organization to support employees in carrying out their duties; working conditions—factors that affect the environment in which employees work; personal relationships—relationships and interactions between employees, colleagues, and superiors; and work safety—protection provided to employees to avoid the risk of accidents or hazards during work. Previous findings show that the work environment affects employee productivity, as demonstrated in research by Mardikaningsih et al. (2022) and Pahlevi & Ubaidilah (2022). However, some researchers, such as Hardini & Gandhy (2022), found no significant influence of the work environment on employee productivity.

According to Nuzulman et al. (2018), skill is a person's ability to carry out an activity or task. Job skills are abilities acquired through practice to complete a specific task. Skills are the expertise or proficiency to carry out work in an efficient and appropriate manner. Indicators of skills include proficiency, ability, thoroughness, trust, and commitment. Previous findings have shown that job skills affect employee productivity, including research by Fauziah & Baskara (2024) and Sari & Sari (2023). However, other researchers, such as Mubaraq et al. (2024), did not find any effect of job skills on employee productivity.

Job engagement refers to when employees are deeply involved in their work, as indicated by high levels of concern, emotional attachment to the tasks they perform, and a strong belief in their ability to complete the work well (Kakinsale et al., 2015). Another study by Hakanen et al. (2019) stated that indicators of job engagement include work participation, cooperation, work concentration, and job identification. According to Riyanto et al. (2023), engagement has an effect on employee productivity. However, several other researchers have shown that work engagement does not affect employee productivity (Ngangi & Ngali, 2023). Employee productivity is an important aspect that needs to be considered in order to increase production and meet targets in the coming months (Sari & Sari, 2023). Work productivity is the comparison between the effectiveness of the output and the efficiency of one of the input factors, which includes quantity and quality within a specific time frame. According to Thalibana (2022), productivity indicators include quality, quantity, and punctuality.

A work environment is the condition in which employees carry out their daily activities. A supportive work environment provides a sense of security and helps employees work optimally. When employees feel comfortable in their work environment, they will feel more at home and work more effectively. Conversely, a poor work environment can reduce employee productivity (Rahmawati, 2023). This study supports the findings of empirical research by Kirani & Rahmadani (2023), which state that work environment variables have a positive and significant influence on employee

productivity. This shows that the better the work environment, the higher the productivity of employees.

The skills of each employee are very important because, to carry out the planned program, employees with expertise, ability, creativity, and discipline are needed to complete tasks. In addition, they must also be able to collaborate in planning activities to ensure they align with the goals they aim to achieve (Naomi et al., 2019). Skills are often used to describe a person's different levels of ability. According to Dewa (2022), skills have a positive and significant effect on employee productivity on a partial basis. Employee productivity must be supported by the right skills that match the employee's job in order to improve work results.

Work engagement refers to the extent to which a person feels connected to their work, actively participates, and considers their performance important to their self-esteem (Dewi, 2016). When engaged in their work, employees tend to prioritize work tasks over personal matters. This engagement encourages employees to continuously innovate, increase productivity, and find ways to make work more effective and efficient. According to Rambembuoch et al. (2023), there is a positive and significant influence between work engagement and employee productivity. This means that the more frequently employees are involved in the company's decision-making, the better the productivity that can be achieved.

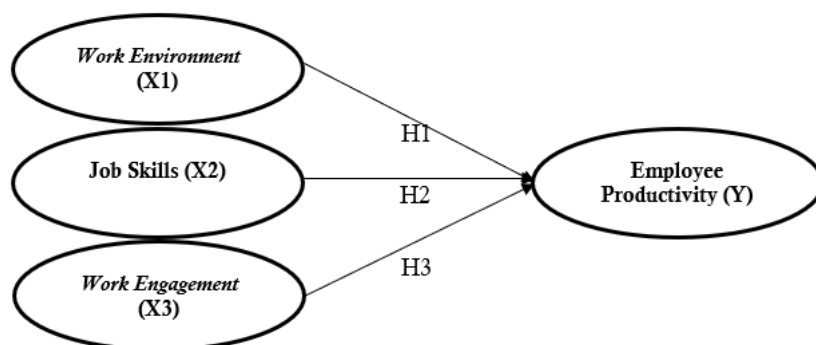


Figure 1. Conceptual Framework

Based on the following conceptual explanations, including:

H1: The work environment is suspected to have a partial effect on employee productivity.

H2: Job skills are suspected to have a partial effect on employee productivity.

H3: Work engagement is suspected to have a partial effect on employee productivity.

METHODS

This study employs a quantitative approach to assess the impact of three independent variables—work environment, work skills, and work engagement—on employee productivity. Quantitative research involves collecting numerical data and analyzing it with statistical methods (Sugiyono, 2013). The data sources include primary and secondary data. Primary data were gathered through questionnaires from employees at Kampung Bebek Kebonsari MSMEs, individual interviews, and field observations to understand the work environment. Secondary data were sourced from journals and previous studies for additional references. The study's population consisted of 107 employees, and total sampling was used to include all members of the population. The data were analyzed using the Partial Least Squares (PLS) method with the Smart-PLS program. The model evaluation was divided into the Outer Model and Inner Model. The Outer Model assessed validity and reliability through indicators like convergent validity, discriminant validity, composite reliability, and Cronbach's alpha. The Inner Model evaluated R-squared, Q-squared, and F-squared. R-squared measured the impact

of independent variables on the dependent variable, while Q-squared tested predictive relevance, and F-squared determined the effect size. Hypothesis testing used path coefficients, with a t-statistic value above 1.96 at a 5% significance level confirming the significance of the hypotheses.

RESULTS

Based on the results of the research conducted through the distribution of questionnaires to 107 respondents, data were obtained showing that 16% were aged 28-33 years, 19% were aged 34-39 years, 21% were aged 40-45 years, 21% were aged 46-51 years, and 23% were aged over 52 years. Additionally, it was found that 40% were from the livestock division, 38% were from the salter division, and 22% were from the seller division. Outer model testing is conducted to ensure that the measurement instruments used are appropriate and reliable. Some aspects that need to be tested on reflective indicators include: first, Convergent Validity, which aims to ensure that the correlation of the indicator is sufficiently high, with a minimum value of 0.7. In addition, the Average Variance Extracted (AVE) must have a value above 0.5 to be considered valid. Furthermore, Discriminant Validity aims to ensure that the indicators of one variable are distinct from those of other variables. Meanwhile, reliability tests include Composite Reliability (CR) and Cronbach's Alpha, where both values must be greater than 0.7 to be considered reliable.

Table 1. Value Loading Factor

Variables	Indicator	Value	Description
Work Environment (X1)	x1.1	0.844	Valid
	x1.2	0.834	Valid
	x1.3	0.847	Valid
	x1.4	0.815	Valid
Job Skills (X2)	x2.1	0.834	Valid
	x2.2	0.899	Valid
	x2.3	0.715	Valid
	x2.4	0.804	Valid
	x2.5	0.807	Valid
Work Environment (X3)	x3.1	0.734	Valid
	x3.2	0.770	Valid
	x3.3	0.704	Valid
	x3.4	0.854	Valid
	x3.5	0.882	Valid
Employee Productivity (Y)	y1	0.905	Valid
	y2	0.872	Valid
	y3	0.890	Valid

Source: SmartPLS Output 3.2.8 (2024)

Based on Table 1, the results of the analysis show that the loading factor value for each indicator is greater than 0.7. This indicates that each indicator accurately represents the construct being measured. Thus, all indicators in the model are considered valid and suitable for further analysis. The results of the cross-loading analysis, as shown in the table, reveal that each indicator has a higher loading value for its respective construct compared to other constructs. Therefore, it can be concluded that the model meets the criteria for discriminant validity, ensuring that each indicator measures the relevant construct precisely and accurately.

Table 2. AVE Value, Composite Reliability and Cronbach's Alpha Test Results

Variable	AVE	Cronbach's Alpha	Composite Reliability	Description
Work Environment (X1)	0.697	0.855	0.902	Reliable
Job Skills (X2)	0.662	0.872	0.907	Reliable
Work Engagement (X3)	0.627	0.850	0.893	Reliable
Employee Productivity (Y)	0.790	0.867	0.919	Reliable

Source: SmartPLS Output 3.2.8 (2024)

Based on Table 2, the results of the construct validity and reliability testing for the research variables—Work Environment (X1), Work Skills (X2), Work Involvement (X3), and Employee Productivity (Y)—are presented. Convergent validity testing was conducted using the Average Variance Extracted (AVE) value, where all variables had an AVE value above 0.50. This indicates that the indicators for each construct adequately explain the variance of the construct. Additionally, construct reliability was assessed using Cronbach's Alpha and Composite Reliability (CR). All variables had Cronbach's Alpha and Composite Reliability values above 0.70, indicating good internal consistency and high reliability. Therefore, the variables in this study meet the validity and reliability criteria, making them suitable for further analysis.

The structural model (inner model) is used to evaluate the relationship between variables through a series of tests. R-Square (R^2) measures the extent to which an independent variable can explain a dependent variable, with interpretations as follows: a value of 0.75 indicates strong, 0.50 indicates moderate, and 0.25 indicates weak explanatory power. Q-Square (Q^2) tests the predictive power of the model, with a value greater than 0 indicating that the model is relevant. F-Square (F^2) measures the impact of independent variables on the dependent variable, with values of 0.02 (small influence), 0.15 (moderate influence), and 0.35 (large influence). To test the significance of the relationship between variables, a path coefficient with a T-statistical value of ≥ 1.96 and a p-value of ≤ 0.05 was used to ensure that the research hypothesis was acceptable and had a significant influence.

Table 3. R-Square Value (R^2), Q-Square (Q^2) and F-Square Rating (F^2)

Variable	R Square	R Square Adj.	SSO	SSE	Q^2	Y
Employee Productivity (Y)	0.486	0.471	321.000	218.183	0.320	-
Work Environment (X1)	-	-	-	-	-	0.078
Job Skills (X2)	-	-	-	-	-	0.014
Work Engagement (X3)	-	-	-	-	-	0.092

Source: SmartPLS Output 3.2.8 (2024)

Based on Table 3, the adjusted R-squared value of 0.471 indicates that the variables Work Environment, Work Skills, and Work Engagement explain 47.1% of the variation in Employee Productivity. This suggests that the research model falls into the category of models with a moderate (weak) level of influence. The Q-squared value of 0.320, which is greater than 0, demonstrates that this study has good predictive ability, with a prediction relevance level of 32%. The influence of the three variables (X1, X2, and X3) on the dependent variable (Y) has a small impact, with values of 0.078, 0.014, and 0.092, respectively, all of which are lower than 0.15.

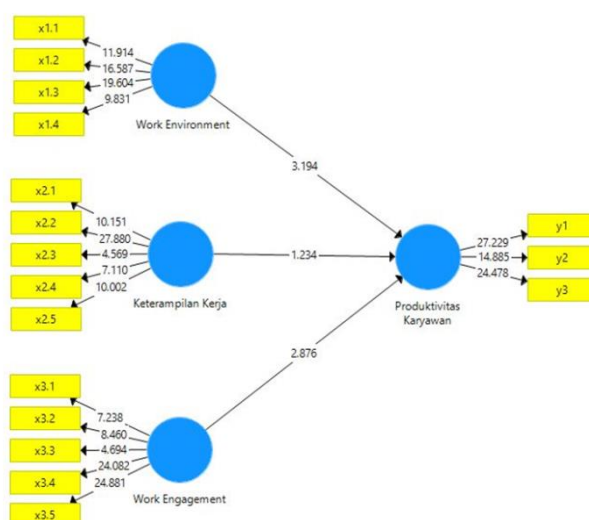
Table 4. Path Coefficient Test Results

Variable	Original Sample	T Statistics	P-Values	Result	Hypothesis
Work Environment (X1) - Employee Productivity (Y)	0.422	3.045	0.002	Positive and significant influence	Accepted
Job Skills (X2) - Employee Productivity (Y)	-0.152	1.300	0.194	Negative and insignificant effect	Rejected
Work Engagement (X3) - Employee Productivity (Y)	0.427	2.673	0.008	Positive and significant influence	Accepted

Source: SmartPLS Output 3.2.8 (2024)

Based on Table 4, the path coefficient test shows the relationship between independent variables and employee productivity (Y). The work environment (X1) has a positive and significant effect on employee productivity, with a coefficient of 0.422, $T = 3.045$, and $P = 0.002$. Work skills (X2) do not have a significant effect on employee productivity, as indicated by a coefficient of -0.152, $T = 1.300$, and $P = 0.194$. Meanwhile, work engagement (X3) has a positive and significant effect with a coefficient of 0.427, $T = 2.673$, and $P = 0.008$. Thus, the work environment and work

engagement are important factors in increasing employee productivity, while work skills do not have a significant effect.



Source: SmartPLS Output 3.2.8 (2024)

Figure 2. Bootstrapping Test Results

Based on Figure 2, the model shows the results of the Structural Equation Modeling (SEM) analysis that describes the relationship between the latent variables: Work Environment, Work Skills, and Work Engagement on Employee Productivity. Each variable is measured using several indicators: x1.1 to x3.5 for exogenous variables and y1 to y3 for endogenous variables. Work Environment is measured through four indicators (x1.1 to x1.4), Work Skills through five indicators (x2.1 to x2.5), and Work Engagement through five indicators (x3.1 to x3.5), while Employee Productivity, as an endogenous variable, is measured through three indicators (y1 to y3).

DISCUSSION

The results of this study show that the work environment has a positive and significant influence on employee productivity. A conducive work environment plays an important role in increasing the productivity of MSME employees in Kampung Bebek Kebonsari. This is proven by the fact that the better the work environment, the higher the employees' ability to improve productivity. Good relationships between employees and a comfortable environment can enhance both the quality and quantity of work output. Respondents who strongly agreed indicated that harmonious working relationships create a positive work atmosphere, which directly affects productivity. Additionally, factors such as adequate lighting, good air circulation, and sufficient work facilities greatly influence the comfort of employees in completing their tasks. This demonstrates that a good work environment—clean, comfortable, and organized—not only helps employees work more efficiently and with greater focus, but also boosts morale and motivation through effective communication and recognition of work results. In Kampung Bebek Kebonsari, attention to these aspects of the work environment contributes to optimal work outcomes, increases efficiency, and supports business success. Therefore, a positive work environment not only benefits employees but also plays a crucial role in the sustainability of MSMEs as a whole. This theory is supported by previous research, which shows that the work environment has a positive and significant effect on employee productivity (Ilhami et al., 2023). Other research also proves that the work environment has a positive and significant impact on employee productivity (Pahlevi & Ubaidilah, 2022).

The results of this study show that job skills do not have a positive and significant influence on employee productivity. Job skills are essential abilities for every individual

or employee to achieve work goals. Therefore, employee skill development needs more attention because strong skills enable employees to perform tasks optimally and contribute to increased productivity. However, in the Kampung Bebek Kebonsari MSMEs, good work skills do not always have a tangible impact on productivity. This indicates that job skills alone are insufficient to enhance employee productivity without the support of other relevant factors in the work environment. The work skills of employees in Kampung Bebek Kebonsari MSMEs do not significantly impact productivity due to several factors. One of these is the mismatch between the skills employees possess and the job requirements, such as technological skills that cannot be utilized because the work process is still manual. Additionally, the lack of proper training is an obstacle, resulting in skills that are either underdeveloped or do not meet the required standards. The lack of adequate work facilities also hampers productivity, even when employees possess strong abilities. Therefore, in addition to skills, support in the form of regular training, the provision of appropriate work tools, and effective management is necessary to ensure that employee productivity in Kampung Bebek Kebonsari MSMEs increases optimally. This theory is supported by previous research, which shows that job skills do not have a positive and significant effect on employee productivity (Fauziah & Baskara, 2024). Other research also demonstrates that job skills do not have a positive and significant influence on employee productivity (Farida et al., 2024).

The results of this study show that work engagement has a positive and significant influence on the productivity of MSME employees in Kampung Bebek Kebonsari. When employees feel involved in their work, whether through a clear division of tasks or participation in decision-making, they tend to work more enthusiastically and responsibly. This involvement creates a sense of ownership over their work output, motivating them to complete tasks better. Therefore, work engagement not only increases individual productivity but also supports the overall success of the business. In Kampung Bebek Kebonsari MSMEs, the high level of work engagement is evident in the ability of employees to collaborate in achieving business targets. Good collaboration ensures that work processes are more efficient and effective, leading to improvements in product quality and production volume. Additionally, employees who feel valued and have an important role in the business are more likely to adapt to work challenges, innovate, and find solutions to improve efficiency. This demonstrates that work engagement is a key factor supporting employee productivity and the sustainability of MSMEs in Kampung Bebek Kebonsari. This theory is supported by previous research indicating that work engagement positively and significantly affects employee productivity (Rompis & Sendow, 2019). Other research also proves that work engagement has a positive and significant impact on employee productivity (Rambembuoch et al., 2023).

CONCLUSION

Based on the findings of this study and supported by an in-depth analysis, it can be concluded that the work environment positively and significantly affects the productivity of MSME employees in Kampung Bebek Kebonsari. Positive relationships with coworkers and supportive environmental conditions contribute to increased employee productivity. Work skills also have a positive and significant impact on productivity. This highlights that a lack of skills, inadequate training, and limited facilities can hinder productivity, emphasizing the importance of skill development for MSME employees. Furthermore, work engagement positively and significantly influences productivity. A higher level of work engagement enhances employee commitment and focus, thereby optimizing performance outcomes. These results underline the critical role of fostering a conducive work environment, improving employee skills through training, and maintaining high work engagement to ensure the productivity and success of MSMEs in Kampung Bebek Kebonsari.

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