

The Role of Human Capital Competencies in Improving Coffee MSME Performance in Community-Based Tourism

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting the sustainability of community-based tourism, especially through local products that define and attract visitors to a destination. Coffee is one such product, functioning not only as an economic commodity but also as part of the tourism experience. However, coffee MSMEs in tourist areas, including Databajo Coffee in Labuan Bajo, face challenges due to limited Human Resources (HR) competencies in terms of knowledge, skills, and work ethic. This community service initiative aims to enhance the HR competencies of Databajo Coffee's MSME actors through an outreach and mentoring program. The methodology includes preparation, implementation, mentoring, monitoring and evaluation, as well as outlining expected outcomes and sustainability. The results of the activity show an increase in knowledge, skills, and work ethic. With good knowledge, Databajo Coffee MSMEs can continue to improve their HR competencies. This enhancement in HR competency will lead to improved performance for both individuals and the Databajo Coffee MSME itself. Thus, strengthening HR competency is proven to be a vital strategy for improving the performance of coffee MSMEs in community-based tourism areas. It not only impacts the performance of Databajo Coffee MSMEs but also supports the competitiveness and sustainability of community-based tourism in Labuan Bajo.

Keywords: *coffee MSMEs, HR competency, community-based tourism/CBT, Labuan Bajo*

INTRODUCTION

Community-Based Tourism (CBT) is a tourism management concept that emphasizes the active participation of the community with the goal of providing welfare while maintaining environmental quality and protecting social and cultural life (Manurung & Rahmayani, 2022). The concept of CBT has been widely used in developed countries but is also applicable to developing nations (Yulianah, 2021). CBT plays an important role in improving welfare due to its role in sustainable community development (Purnomo et al., 2020) through the

support of sustainable tourism management (Rahmasari et al., 2023). Therefore, CBT offers an opportunity to leverage community potential to develop a tourist environment that is in harmony with social and cultural life, leading to prosperity.

In realizing CBT, the role of Human Resources (HR) is often a major challenge. Yulianah (2021) suggests that the primary challenge for rural communities is their participation and involvement in tourism development and management. A lack of information and learning opportunities

compared to urban communities results in limited knowledge and skills. According to the explanation of Article 5 of Law Number 10 of 2009 on Tourism, tourism should be managed based on the principle of empowering local communities. Permatasari (2022) revealed in her research that empowering local communities and their active involvement are essential for tourism development.

The development of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is a priority in national economic development. MSMEs are not only aimed at reducing income disparities and business inequalities, alleviating poverty, and absorbing labor, but also at expanding the economic base to make a significant contribution to accelerating structural changes, namely boosting regional economies and national economic resilience (Huzaifi et al., 2022).

MSMEs have a vital role in supporting the national economy, especially in the community-based tourism (CBT) sector. Within the framework of sustainable tourism development, CBT positions local communities not just as beneficiaries but as key players who contribute through managing tourist attractions, local products, and supporting tourism services (Abreu & Costa, 2024). One tangible form of community contribution in CBT is the development of coffee-based MSMEs.

Coffee is not only a leading economic commodity but also serves as a cultural medium, a local identity, and a tourist attraction that holds appeal for visitors (Windarsari et al., 2021). In some tourist destinations, coffee is processed into derivative products and also becomes a tourist experience. However, the success of coffee MSME development is inseparable from the quality of its human resources.

The concept of human capital emphasizes the importance of knowledge, skills, and work ethic in improving business performance. Suindari & Juniariani (2020) explain that HR competency is a key factor in enhancing MSME performance. Quality HR is not only capable of managing a business effectively but also plays a

role in innovation and marketing strategies that drive competitiveness. Therefore, HR competency can be seen as the main pillar for the sustainability of MSMEs.

Recent research shows that human capital competency has a positive effect on the productivity, product quality, and market expansion of MSMEs (Syarifah et al., 2020). Without strengthening human resource capacity, the economic potential of the coffee sector is difficult to optimize, especially in facing an increasingly competitive and digital market (Nabawi & Basuki, 2022).

Labuan Bajo, as a super-priority tourist destination in Indonesia, makes the role of MSMEs highly strategic. Databajo Coffee MSME, as one of the local coffee businesses, has great potential to contribute to the CBT ecosystem by producing quality coffee products integrated with the tourism experience. However, limited HR competency remains a major challenge. Therefore, a community service activity in the form of outreach and mentoring focused on strengthening HR competency is needed.

Through this activity, it is hoped that Databajo Coffee MSME will be able to improve HR competency in terms of knowledge, skills, and capabilities. This includes technical aspects (coffee processing, presentation, and service), managerial aspects (business record-keeping and marketing strategies), and work values (discipline, innovation, friendly service), so that the business can grow with good and sustainable quality.

With good knowledge, it is hoped that Databajo Coffee MSME can continue to improve the HR competencies of both owners and employees through learning, training, comparative studies, and other efforts. Improved competency will lead to maximum performance for Databajo Coffee MSME, both individual and overall business performance. The hope is that strengthening HR competency will not only impact the performance of Databajo Coffee MSME but also support the attractiveness and sustainability of community-based tourism in Labuan Bajo.

METHOD

This international community service (PkM) activity was held on July 30, 2025, at Politeknik eLBajo Commodus, Labuan Bajo, East Nusa Tenggara. The activity was conducted at one of the coffee MSMEs, Databajo Coffee, using the following steps:

Preparation Phase: This included communication with Politeknik eLBajo Commodus, identifying needs through a brief interview and on-site observation to map out the strengths, weaknesses, opportunities, and challenges faced by Databajo Coffee MSME. The outreach material was then prepared, focusing on knowledge, skills, and abilities. This covered technical aspects (coffee processing, presentation, and service), managerial aspects (business record-keeping and marketing strategies), and work values (discipline, innovation, friendly service) so that the business could grow with good and sustainable quality.

Implementation Phase: This involved the outreach activity itself, through interactive discussion sessions and participatory lectures on the importance of HR competency in improving Databajo Coffee MSME performance. The topics covered included technical aspects (coffee processing, presentation, and service), managerial aspects (business record-keeping and marketing strategies), and work values (discipline, innovation, friendly service).

Mentoring Phase: This involved mentoring Databajo Coffee MSME after the outreach. The team accompanied the MSME actors in implementing the technical knowledge and skills (coffee processing, presentation, and service), managerial skills (business record-keeping and marketing strategies), and work values (discipline, innovation, friendly service) in their business practices. The mentoring included strengthening HR competency and was collaborative, so the Databajo Coffee

MSME actors played an active role in designing solutions for the business problems they faced.

Monitoring and Evaluation Phase: This was carried out using a simple pre-test and post-test method to measure the increase in HR competency, in the form of knowledge and skills, among the Databajo Coffee MSME actors. Additionally, business development was monitored through performance indicators such as the improvement in the knowledge and skills of the MSME actors, employee performance, production volume, product quality, and expansion of marketing reach. Feedback from the Databajo Coffee MSME actors served as the basis for program improvement and follow-up.

Outcomes and Sustainability: The expected outcomes of this service are an increase in the knowledge of Databajo Coffee MSME actors about the importance of HR competency in business management, the development of practical skills that support increased productivity, product quality, and market expansion, and the creation of a follow-up plan for a sustainable training program that can be accessed by similar MSMEs in the Labuan Bajo area.

RESULT AND DISCUSSION

The community service activity was conducted with the active participation of Databajo Coffee MSME actors, Politeknik eLBajo Commodus, and the speakers. From the results of interviews and observations conducted before the outreach, the Databajo Coffee MSME actors still had limited HR in terms of knowledge and skills related to technical, managerial, and work value aspects. After the implementation of the participatory lectures and interactive discussions on the importance of HR competency in improving the performance of Databajo Coffee MSME, there was an increase in knowledge.

The field mentoring conducted after the outreach included strengthening HR competency. The collaborative mentoring model had a practical impact on Databajo Coffee MSME. At this stage, the MSME actors

not only listened to the material, but also implemented the knowledge by practicing technical skills (coffee processing, presentation, and service), managerial skills (business record-keeping and marketing strategies), and work values (discipline, innovation, friendly service) in their business operations. This included CBT-based customer service, where the MSMEs were taught how to serve coffee to tourists with a focus on friendliness and a brief explanation of the origin of Databajo Coffee. Digital marketing strategies were also introduced, such as creating simple content for social media (Instagram and TikTok) and using free, easy-to-use applications for order tracking. The mentoring results showed an increase in the confidence of the MSME actors in managing their business.

The results of this activity reinforce the view that HR competency is a key factor in improving the performance of coffee MSMEs in CBT areas. Adequate knowledge enables MSME actors to understand quality standards and market trends; good skills support increased productivity and service quality; and a strong work ethic encourages business sustainability through discipline, responsibility, and a commitment to quality.

In the context of Databajo Coffee MSME, strengthening HR is proven to have an impact not only on internal aspects (product quality and business management) but also on external aspects, such as expanding market reach through community-based tourism. The skill of storytelling about local coffee opens up opportunities to make coffee part of the Labuan Bajo tourism experience package.

These findings are in line with various studies that affirm that strengthening the capacity of local HR can increase the competitiveness of MSMEs in the tourism sector. In other words, the success of CBT does not solely depend on natural beauty or cultural attractions, but also on the readiness of the local community to manage a competitive business. This is consistent with the research by Nursyifa et al., (2022) which found that competency, including knowledge, skills, and abilities, is

positively correlated with the productivity level of Molah Mudi MSMEs in Gumantar Village. These findings indicate that the higher the competency of MSME actors, the better their productive business performance. Conversely, low-quality HR competency will lead to a decrease in business productivity.

Furthermore, continuous mentoring is needed so that the results of the service do not stop after one activity. In addition, collaboration with the local government, destination managers, and the tourism community will strengthen Databajo Coffee's position as a local coffee icon in the Labuan Bajo tourism ecosystem. In the context of community-based tourism, MSMEs have a close relationship with the participation of the local community.



Fig. 1. Community Service Activities



Fig. 2. Group Photo



Fig. 3. With Databajo Coffee MSME

CONCLUSION

The international community service carried out at Databajo Coffee MSME on July 30, 2025, had a tangible impact on increasing the capabilities of business actors. Through the outreach and mentoring activities, participants gained a better understanding of the importance of HR competency, which includes knowledge, skills, and work ethic, in supporting the success of a community-based tourism coffee business.

The results of the activity show an increase in knowledge in the following areas: **Technical aspects:** related to the processing, presentation, and service of CBT-based coffee. **Managerial aspects:** related to business record-keeping, digital marketing strategies, and product presentation skills for tourists. **Work value aspects:** the growth of a work ethic that emphasizes discipline, quality, and friendly service, so that the business can grow with good and sustainable quality.

Thus, strengthening HR competency is proven to be an important strategy for improving the performance of coffee MSMEs in community-based tourism areas. The success of CBT is not only determined by the attractiveness of the destination but also by the readiness of the local community to manage a professional, competitive, and sustainable business.

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