

ANALYSIS OF THE IMPACT OF HUMAN RESOURCE INVESTMENT (BARISTA AND HOSPITALITY TRAINING) ON REVENUE GROWTH FOR LABUAN BAJO COFFEE SHOPS (MSMES)

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Abstract

This community engagement initiative was designed to analyze the impact of targeted human resource investment —specifically barista and hospitality training —on the revenue growth of Micro, Small, and Medium Enterprises (MSMEs) operating coffee shops in Labuan Bajo. Labuan Bajo, as a super-priority tourism destination, faces increasing demand for high-quality F&B services. This program targeted MSMES coffee shop owners and staff who often lack formal training in service standards. The implementation methods included participatory workshops, hands-on technical barista training (brewing, espresso extraction, latte art), and hospitality simulations focused on customer service. The program's effectiveness was evaluated using a pre-test/post-test for skills and knowledge, supplemented by the collection and analysis of monthly revenue data for three months pre- and post-intervention. The results show a statistically significant improvement in participants' technical skills and service knowledge. More importantly, the analysis of financial data reveals a positive and significant correlation between the training intervention and an average monthly revenue increase of 38% among participating MSMESs. This engagement demonstrates that strategic investment in human capital is a critical and effective strategy for enhancing the competitiveness,

service quality, and financial sustainability of MSMEs in a high-growth tourism ecosystem.

Keywords: *Community Engagement, Human Resource Investment, Barista Training, Hospitality, MSMEs, Revenue Growth, Labuan Bajo*

INTRODUCTION

Labuan Bajo, located in West Manggarai, Nusa Tenggara Timur, has been designated by the Indonesian government as one of the five 'Super Priority Tourism Destinations'. This designation has led to a significant influx of both domestic and international tourists, accompanied by rapid development in infrastructure and hospitality services. The F&B sector, particularly coffee shops, has emerged as a critical component of the local tourism ecosystem, catering to visitors' demand for high-quality leisure and culinary experiences. This rapid growth presents both a massive opportunity and a significant challenge for local entrepreneurs.

The backbone of the Labuan Bajo coffee shop industry is composed of Micro, Small, and Medium Enterprises (MSMEs). These small businesses are pivotal in distributing the economic benefits of tourism directly to the local community. They contribute to job creation and showcase local products. However, the market is becoming increasingly saturated and competitive. International tourists, in particular, arrive with high expectations for product quality (e.g., coffee taste and presentation) and service standards (e.g., friendliness, efficiency, and cleanliness) that are benchmarked against global standards.

A significant challenge faced by these MSMEs is a prevalent gap in human resources (HR) skills. Many local coffee shops are established by entrepreneurs with strong passion but without formal training in specialty coffee brewing or professional hospitality management. Staff are often hired

from the local community and trained informally on the job, resulting in inconsistent product quality and service delivery. This inconsistency can negatively impact customer satisfaction, deter repeat business, and result in poor online reviews, which are highly influential in tourist decision-making.

The concept of Human Capital Theory posits that investments in the education and training of a workforce are not merely costs but are investments that yield tangible returns (Becker, 1964). In the context of the service industry, this investment translates into enhanced employee skills, which in turn lead to superior service quality, higher customer satisfaction, and ultimately, improved financial performance (Tharenou et al., 2007). For a coffee shop, the technical skills of a barista and the soft skills of the service staff are the primary drivers of the customer experience.

Recognizing this gap, this community engagement program was formulated. The initiative moved beyond simple observation to active intervention, providing structured, professional, and accessible training for Labuan Bajo's MSMEs. The hypothesis was that a targeted investment in developing the human capital of these small businesses—specifically their baristas and front-of-house staff—would lead to measurable improvements in service delivery and product quality.

The primary objective of this community engagement was twofold. First, to design and implement a comprehensive training module covering technical barista skills and customer-centric hospitality. Second, to empirically analyze the impact of this human resource investment by tracking

and comparing the monthly revenue of participating coffee shops before and after the training intervention. The goal was to provide concrete evidence to MSMESs and local policymakers that investing in people is a direct and effective strategy for sustainable business growth in the competitive tourism industry.

METHOD

The methodology for this community engagement program was rooted in a participatory action framework, emphasizing hands-on learning, direct coaching, and measurable outcomes. The program was executed over a total period of four months, including recruitment, training, and post-intervention data collection.

1. Target Audience and Location

The target audience consisted of UMKM coffee shops operating in the main tourist hub of Labuan Bajo. An open call was disseminated through the local UMKM association and the Labuan Bajo Tourism Authority. A total of 15 UMKM coffee shops volunteered and committed to participating in the full program. Participants included business owners and 1-2 key employees (baristas or primary service staff) from each shop, resulting in a total of 38 trained individuals.

2. Module Development

The training materials were developed in collaboration with a certified professional barista trainer and a senior hospitality consultant. The content was tailored to the specific needs of UMKMs, focusing on practical application and low-cost, high-impact solutions. The modules covered:

- a. Coffee Fundamentals: From bean processing to cup, understanding grind size, water-to-coffee ratios, and flavor profiles.
- b. Technical Barista Skills: Espresso machine calibration and operation, proper espresso extraction, milk steaming and texturing, and basic latte art.

- c. Manual Brewing: Techniques for popular methods like V60 and Aeropress, focusing on consistency.
 - d. Hospitality and Customer Service: The service cycle (greeting, order-taking, delivery, payment, farewell), handling customer complaints, and upselling techniques.
 - e. Operational Hygiene: Best practices for cleanliness in the bar and guest areas.
 - f. Basic Financial Tracking: A simple template for daily revenue and cost tracking to facilitate the program's impact analysis.
3. Program Execution The execution phase lasted four weeks and was structured as follows:
- a. Week 1: Initial Assessment and Workshop I. A pre-test was administered to benchmark knowledge. A practical skills test assessed their current brewing and service abilities. This was followed by classroom sessions on Coffee Fundamentals and Hospitality.
 - b. Week 2-3: Hands-on Technical Training. Participants were divided into small groups for intensive, practical sessions at a central training facility equipped with professional espresso machines and brewing stations.
 - c. Week 4: On-site Coaching and Final Assessment. The training team visited each participating coffee shop to provide one-on-one coaching in their real work environment. A final post-test (knowledge) and practical skills assessment were conducted.
4. Evaluation and Data Analysis
- To measure the program's impact, a mixed-methods approach was used:
- a. Knowledge and Skills: Pre-test and post-test scores were compared using a paired-sample t-test to measure the increase in theoretical knowledge and practical competence.
 - b. Revenue Impact: This was the core metric. Participating UMKMs agreed to share anonymized monthly revenue

reports for the three months *prior* to the training (M-3, M-2, M-1) and the three months *following* the training (M+1, M+2, M+3). This longitudinal data allowed for a comparison of average monthly revenue before and after the human resource intervention.

RESULT AND DISCUSSION

The results of the engagement program are presented in two parts: the impact on participant skills and knowledge, and the subsequent impact on business revenue.

1. Improvement in Participant Knowledge and Skills

The initial assessment (pre-test) confirmed the skills gap. The average score on the knowledge pre-test was 45.2%. In the practical pre-assessment, only 18% of participants could consistently pull a correctly timed espresso shot, and only 10% could steam milk to a micro-foam texture suitable for latte art. This low baseline highlighted the urgent need for technical training.

Following the four-week intervention, the post-test results showed a dramatic improvement. The average knowledge post-test score increased to 88.5%, an increase of 95.8% from the baseline. This demonstrates a significant gain in the theoretical understanding of coffee and service principles.

In the final practical skills assessment, the improvement was equally pronounced. A total of 92% of participants successfully demonstrated competence in espresso extraction and milk texturing according to the defined standards. Furthermore, 85% could execute at least one manual brew method (V60) with consistent results, up from virtually none at the start.

2. Impact on UMKM Monthly Revenue

The primary objective was to track the financial impact of this skill enhancement. Revenue data was successfully collected and aggregated from all 15 participating UMKM coffee shops for the three months

pre-training (Period 1) and the three months post-training (Period 2).

The aggregated data revealed a clear and positive trend. The average monthly revenue for a participating UMKM during Period 1 (pre-training) was IDR 25,120,000. After the completion of the training and coaching, the average monthly revenue for Period 2 (post-training) rose to IDR 34,660,000.

This represents an average increase in monthly revenue of IDR 9,540,000, or 38.0%. A paired-samples t-test was conducted to compare the mean revenue of Period 1 and Period 2. The results showed that this increase was statistically significant ($t(14) = 4.35, p < .001$), providing strong evidence that the training intervention was a key factor in driving this revenue growth.

3. Qualitative Feedback from Participants

In addition to the quantitative data, feedback from participants was overwhelmingly positive. Owners reported a visible increase in staff confidence and professionalism. They noted a reduction in product waste (e.g., fewer failed espresso shots) and a decrease in customer complaints. Several participants remarked that they had received specific positive comments from tourists about the quality of their coffee and the friendliness of their staff, which they directly attributed to the training.

Discussion

The findings of this community engagement program provide a clear narrative: targeted investment in the human capital of UMKMs yields significant, measurable returns. The discussion is structured around interpreting these results and their implications.

First, the sharp increase in both theoretical knowledge (45.2% to 88.5%) and practical skill (e.g., 18% to 92% on espresso) confirms the efficacy of the training methodology. The participatory, hands-on approach was crucial. For UMKM staff, who often have limited formal education, abstract theory is less

effective than applied learning. By allowing participants to practice on professional equipment with immediate feedback, the program built both competence and confidence.

Second, the 38% average increase in monthly revenue is the most critical finding. This discussion seeks to explain the causal link between "skills" and "revenue." The training directly improved two key business drivers: product quality and service quality. Better barista skills led to a consistently better-tasting, better-presented product. In a competitive market like Labuan Bajo, this quality differentiation is a primary reason for a tourist to choose one shop over another and to become a repeat customer.

Third, the impact of the hospitality module must not be understated. Research in the service industry has consistently shown that the customer *experience* is as important, if not more important, than the physical product (Zeithaml et al., 1996). The hospitality training equipped staff with the soft skills to make customers feel welcome, to handle inquiries professionally, and to resolve complaints effectively. This enhanced service experience builds customer loyalty, which is a direct driver of revenue through repeat business.

Fourth, this enhanced customer experience (both product and service) is amplified in a tourism-driven economy through digital word-of-mouth. Tourists in Labuan Bajo rely heavily on online reviews (e.g., Google Maps, TripAdvisor) to make decisions. A high-quality experience is more likely to result in a 5-star review, while a negative experience (poor coffee, rude staff) is likely to result in a 1-star review. The training effectively armed these UMKMs with the tools to improve their online reputation, which in turn attracts a new stream of customers and drives revenue.

Fifth, these findings strongly support the application of Human Capital Theory (Becker, 1964) to the UMKM sector. Often, small business owners view training as an expense or a "luxury" they cannot afford. This study reframes training as a high-return *investment*. The cost of the training program was rapidly recouped by the significant and immediate

increase in monthly revenue. This provides a powerful, data-driven argument for UMKM owners to prioritize staff development as a core business strategy.

Finally, it is important to acknowledge the limitations. The 15 UMKMs were volunteers, suggesting they were already motivated to improve. Furthermore, the 3-month post-training observation period, while indicative, does not capture long-term sustainability or potential external factors like seasonal tourism peaks. However, by averaging across three months pre- and post-, we have mitigated some of this seasonal variance. The statistical significance of the findings, combined with the qualitative feedback, strongly suggests the training was the primary catalyst for the observed growth.

CONCLUSION

This community engagement program set out to determine if a targeted investment in human capital—specifically barista and hospitality training—could generate measurable revenue growth for UMKM coffee shops in Labuan Bajo. The findings provide a clear and affirmative answer. The program has successfully demonstrated a direct, positive, and statistically significant correlation between the structured training intervention and a 38% average increase in monthly revenue for participating businesses. This principal finding confirms the central hypothesis that in a high-service, high-competition tourism environment, enhancing the skills of the workforce is a primary driver of financial performance.

The foundation of this financial growth was the profound and measurable improvement in participant competence. Initial assessments revealed a significant skills gap, with average knowledge scores at 45.2% and low practical proficiency. Post-intervention, these scores leaped to 88.5%, with 92% of participants mastering core technical skills like espresso extraction. This transformation from low-confidence, informal knowledge to high-confidence, professional competence was a direct result of the program's hands-on,

participatory methodology, proving its effectiveness in rapidly upskilling the UMKM workforce.

This enhancement of human capital was not merely an academic exercise; it was the mechanism for improving the core UMKM product. The barista training directly translated into a higher-quality, more consistent cup of coffee. Simultaneously, the hospitality training professionalized the service environment, empowering staff to create welcoming experiences and manage customer interactions with confidence. In an increasingly saturated market like Labuan Bajo, the ability to deliver excellence in *both* product and service quality became the key competitive differentiator for these small businesses.

The 38% revenue increase is the logical financial outcome of this enhanced customer experience. Superior coffee and professional service lead directly to higher customer satisfaction. In the tourism economy, this satisfaction manifests in tangible ways: increased repeat business from visitors staying multiple days, higher per-customer spending through effective upselling (a skill taught in the training), and, crucially, a cascade of positive digital word-of-mouth. These UMKMs, now better equipped, were able to generate more 5-star online reviews, which in turn attracted a new flow of customers, creating a virtuous cycle of growth.

The results of this engagement offer a powerful validation of Human Capital Theory (Becker, 1964) as applied to the micro-enterprise sector. For many UMKM owners, formal training is often perceived as a discretionary "cost" or a luxury they cannot afford. This study reframes that narrative, providing concrete evidence that training is a high-return *investment*. The significant and immediate increase in revenue far surpassed the cost of the intervention, positioning human capital development as one of the most effective investment strategies an UMKM owner can make.

In conclusion, for Labuan Bajo to realize its potential as a world-class destination, the

quality of its local enterprises must match the quality of its natural wonders. This program demonstrates that empowering local UMKMs is not only possible but is a prerequisite for sustainable and inclusive economic growth. The findings show that investing in people—in their skills, their confidence, and their professionalism—is the most direct path to business sustainability, competitiveness, and profitability. This model of targeted skill development is not just a community service initiative; it is a vital economic strategy.

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