

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are an important part of the local economy in Indonesia, including in the food and beverage sector. One example is MSME XYZ in Sidoarjo, East Java, which produces crackers with a capacity of 800-1400 kg per day. This MSME faces challenges in maintaining product quality, especially since more than 60% of its employees are elderly. Factors such as the work environment, workload, work stress, and low motivation have an impact on employee performance. This study uses the Partial Least Squares (PLS) method to evaluate how the work environment, workload, and stress affect employee motivation and performance. The results show that the work environment has a positive and significant effect on employee motivation, with an original sample value of 0.479 and a T-Statistics of 2.540 (p Values 0.011). Work stress also has a positive impact on employee performance, with an original sample value of 0.389 and a T-Statistics of 2.943 (p Values 0.003). With good stress management, employee performance can be improved.

This study highlights the importance of managing workload, work environment, and work stress to improve employee motivation and performance at XYZ MSMEs. Implementation of these findings can help XYZ MSMEs create a better work environment, improve employee welfare, and ensure consistent product quality, which ultimately increases the company's competitiveness in the market.

Keywords: MSMEs, Employees, Variables