

The Influence of Technical Competencies and Psychological Well-being on the Competitiveness of Micro, Small, And Medium Enterprises (MSMEs)

Ahmad Prayudi^{1*}, Henny Pratiwi², Muhammad Reza Aulia³, Warsani Purnama Sari⁴

^{1, 4} Universitas Medan Area, Indonesia

² Politeknik LP3I, Indonesia

³ Universitas Teuku Umar, Indonesia

✉ ahmadprayudi@staff.uma.ac.id*

Keywords:

Technical Competencies, Psychological Well-Being, Ecotourism Sector

Copyright holder:

© Authors, (2023)

This article is under:



How to cite:

Prayudi, A., Pratiwi, H., Aulia, M. R., & Sari, W. P. (2023). The Influence of Technical Competencies and Psychological Well-being on the Competitiveness of Micro, Small, And Medium Enterprises. *Bulletin of Counseling and Psychotherapy*, 5(3). <https://doi.org/10.51214/002023051310000>

Published by:

Kuras Institute

E-ISSN:

2656-1050

ABSTRACT: This study aims to assess the impact of participatory training on enhancing the psychological well-being and technical skills of Micro, Small, And Medium Enterprise (MSME) artisans in Tangkahan's ecotourism sector. Fifty MSME participants, who had previously attended training sessions organized by government agencies and universities, were selected as respondents. The study employed observation and statistical analysis, specifically paired samples t-tests, to evaluate changes in knowledge and skills before and after the training. The results revealed a significant improvement in both the well-being and performance of participants, with t-values exceeding the t-table and significance values (p) below 0.05. Additionally, Structural Equation Modeling with Partial Least Squares (SEM-PLS) was utilized to analyze the interrelationships between variables and test the hypotheses. This approach provided a robust framework for evaluating the direct and indirect effects among the factors, enhancing the validity and depth of the findings. These findings highlight that participatory training improves the psychological well-being and technical skills of handicraft MSME actors in managing their businesses. This study also reveals that psychological well-being has a significant direct impact on technical skills and competitiveness. Additionally, technical skills directly influence competitiveness, while psychological well-being indirectly affects competitiveness through the mediation of technical skills. This study advocates for a holistic training approach that not only focuses on technical skill enhancement but also prioritizes psychological well-being to enhancing competitiveness. The success of MSMEs depend not only on technical skills but also on the psychological well-being such as job satisfaction, stress management, mental health, motivation and positive emotion of the workforce. By adopting this comprehensive strategy, future training programs can drive long-term improvements in both individual well-being and business performance, ensuring the resilience and competitiveness of MSMEs in Tangkahan's ecotourism sector.

INTRODUCTION

In recent years, ecotourism activities in Tangkahan have significantly transformed local livelihoods. Historically dependent on illegal logging and hunting, the community has transitioned to tourism-related enterprises. A growing number of local residents are now engaged in micro, small, and medium enterprises (MSMEs) within the creative economy sector, producing handicrafts, souvenirs, furniture, and providing various tourism services. Tangkahan's tourism activities provide an economic solution for the community and have successfully changed the previous habits of the community, which relied on forest products through illegal logging and hunting (Siregar, Prayudi, Sari, Rosalina, & Pratama, 2023; Wiratno, Withaningsih, Gunawan, & Iskandar, 2022). Despite the sector's promising potential, the creative economy in Tangkahan has not yet made a substantial contribution to regional economic growth. Observations reveal that MSME actors face significant challenges in fully optimizing business opportunities, especially when interacting with foreign tourists. Key issues include limited proficiency in foreign languages and inadequate business management skills (Haryana, 2020). Tangkahan is a prime example of a thriving ecotourism destination in Indonesia, offering visitors a unique opportunity to immerse themselves in nature (Saputra & Kamilah, 2024). The local community has actively embraced this sector, with MSMEs playing a crucial role in providing accommodations, tour guides, food services, and other supporting services (Ismarizal et al., 2023).

However, MSMEs in Tangkahan face various challenges, including limited resources, income fluctuations, and difficulties in maintaining high-quality services. These challenges can put significant strain on the well-being of the human resources, potentially impacting their performance and the overall sustainability of the ecotourism sector. The concept of human resource well-being in the ecotourism sector encompasses various psychological and human resource management perspectives (Dwikardana & Teressia, 2023). The psychological well-being of workers can be influenced by factors such as job satisfaction, work-life balance, stress management, and sense of purpose (Grant, 2013). Human resource well-being in the ecotourism sector refers to the overall psychological and emotional state of the employees, which can have a significant impact on their performance, motivation, and commitment to the organization (Carvache-Franco et al., 2020).

Psychological well-being components, such as job satisfaction, work-life balance, and stress management, are particularly relevant in the context of ecotourism (Martínez-Falcó, 2024). For example, the fluctuating nature of the ecotourism industry and the need to provide high-quality services can lead to increased stress and burnout among employees, which can negatively impact their well-being and the overall sustainability of the sector (Agarwal, 2024). The importance of addressing psychological aspects to enhance human resource well-being in the Tangkahan ecotourism sector is critical for the success and long-term viability of MSMEs. An equally crucial, yet often overlooked, aspect is the psychological well-being of human resources. The sustainability and success of MSMEs depend not only on technical skills but also on the mental health and emotional resilience of the workforce (Haryana, 2020; Suarja et al., 2021). Psychological well-being plays a vital role in several key aspects of MSME performance, including job satisfaction, stress management, and overall productivity. These factors are crucial in determining the competitiveness of MSMEs (Lembut et al., 2022). Employees with higher levels of psychological well-being tend to exhibit positive attitudes, strong interpersonal skills, and a problem-solving mindset, all of which are essential for effective customer service and business operations (Machin et al., 2023; Manuain et al., 2021).

Furthermore, psychological well-being can enhance employee engagement, creativity, and resilience, enabling MSMEs to better adapt to changing market conditions and seize new opportunities (Junaidi et al., 2023; Aulia et al., 2023). Therefore, addressing the mental health and emotional needs of MSME actors is essential for improving their capacity to thrive in a competitive and dynamic market. One significant similarity is the emphasis on the importance of psychological well-being in enhancing business performance. This aligns with the studies of Shir et al. (2019) and Jaboob et al. (2025), which highlight the importance of autonomy and active engagement in

entrepreneurial tasks. This is highly relevant in the ecotourism sector, such as in Tangkahan, where work challenges are often more complex.

Farrington's (2017) findings indicate that attributes such as environmental mastery, self-acceptance, and autonomy not only enhance the psychological well-being of business owners but also positively impact financial performance. With a focus on mental development, this study aligns with the idea that strengthening mental capacity can be a key strategy in facing intense business competition. Additionally, the study is in line with the findings of Tabala (2023) and Maziriri (2019), which discuss the critical role of psychological capital in fostering high personal initiative and adaptability in dynamic work environments. Despite many similarities, several notable differences exist. Previous studies, such as those conducted by Shir et al. (2019) and Farrington (2017), primarily focused on business owners as the subjects of research. In contrast, this study places greater emphasis on the well-being of workers at the operational level, particularly in the ecotourism sector, which has unique and demanding work characteristics.

Several previous studies have explored the effectiveness of participatory training using experimental research designs. For instance, a controlled experiment by Lehman et al. (2021) found that stress management training not only reduced stress levels but also contributed to various other positive outcomes. Luthans et al. (2017) provided evidence that psychological capital can be enhanced through a training intervention utilizing a pretest-posttest experimental design. These findings reinforce the notion that participatory training can be a crucial intervention strategy for enhancing psychological well-being and skill development, particularly in high-pressure work environments like ecotourism (Bolier et al., 2013).

In the context of the Tangkahan ecotourism sector, this study highlights the importance of managing workers' mental well-being to maintain business competitiveness and resilience in a unique environment. The focus on this sector is a significant distinction that has not been extensively explored in previous studies, which generally focus on the trade or manufacturing sectors. This includes examining previous studies that have investigated interventions aimed at improving employee well-being and technical skills, particularly in the tourism sector. This study employs experimental research to enhance the psychological well-being and skills of handicraft MSME actors.

Based on the background and several supporting studies, the research hypotheses are as follows:

H₁: Participatory training significantly improves the psychological well-being of handicraft MSME actors.

H_{1a}: Participatory training enhances job satisfaction among handicraft MSME actors in the tourism sector.

H_{1b}: Participatory training improves the ability of handicraft MSME actors to manage stress.

H_{1c}: Participatory training increases the motivation of handicraft MSME actors in running their businesses.

H_{1d}: Participatory training has a positive impact on the mental health of employees in handicraft MSMEs.

H_{1e}: Participatory training has a positive impact on employees' positive emotions in handicraft MSMEs.

H₂: There is a significant improvement in the technical skills of handicraft MSME actors after participating in participatory training.

H_{2a}: Participatory training enhances the service quality of handicraft MSME actors in the tourism sector.

H_{2b}: Participatory training improves employee performance among handicraft MSME actors in the tourism sector.

H_{2c}: Participatory training enhances product innovation among handicraft MSME actors.

H_{2d}: Participatory training positively influences marketing strategy in handicraft MSMEs.

H₂e: Participatory training positively impacts business management in handicraft MSMEs.

METHODS

Design

This study employs an experimental research design to examine the effectiveness of participatory training on the psychological well-being and business performance of MSME actors in the Tangkahan ecotourism sector. The study compares pre- and post-training outcomes using a paired samples t-test to assess the impact of interventions on participants. Additionally, Partial Least Squares (PLS) analysis is used to explore relationships between psychological well-being variables and business performance.

Participants and Procedure

The research population consists of 117 MSME actors engaged in the ecotourism sector in the Tangkahan area. Using purposive sampling, 50 participants were selected based on specific criteria: (1) prior participation in training programs related to service quality, employee well-being, or tourism services, (2) training in stress management and motivation, (3) experience in leadership or team-building training, (4) a minimum age of 21 years, and (5) at least a high school education or its equivalent. Data collection involved Focus Group Discussions (FGD) and questionnaires. FGDs were conducted to explore participants' psychological well-being, methods for improving technical skills, and the impact of well-being interventions on their business practices.

Training Package

Participatory training is a learner-centered approach that actively involves participants in the learning process, fostering engagement, collaboration, and skill development. The structure of this training consists of several key components designed to ensure effective learning and real-world application for handicraft MSME actors.

1. Needs Assessment and Training Preparation

Before the training begins, a thorough needs assessment is conducted to identify the specific challenges, skill gaps, and psychological well-being concerns of handicraft MSME actors. This phase includes: (1) Surveys and Interviews: Gathering input from MSME actors regarding their training needs. (2) Stakeholder Consultation: Engaging experts, business mentors, and local leaders in identifying key focus areas. (3) Curriculum Design: Developing training content tailored to the participants' needs.

2. Training Implementation

The participatory training consists of the following structured sessions:

A. *Psychological Well-being Enhancement Sessions (H₁)*

These sessions focus on improving the mental and emotional resilience of MSME actors in the tourism sector.

Session 1: Job Satisfaction Improvement (H_{1a})

- Understanding the factors affecting job satisfaction.
- Interactive discussions and case studies on motivation in business.
- Role-playing activities to enhance workplace engagement.

Session 2: Stress Management Techniques (H_{1b})

- Identifying sources of stress in the MSME business environment.
- Practical exercises on stress reduction, including mindfulness and relaxation techniques.
- Peer-sharing sessions on personal experiences and coping strategies.

Session 3: Motivation and Entrepreneurial Mindset (H_{1c})

- Group discussions on intrinsic and extrinsic motivation.

- Vision-building exercises for long-term business success.
- Real-world examples of successful MSME entrepreneurs.

Session 4: Mental Health Awareness and Support (H_{1d})

- Understanding mental health challenges in business operations.
- Strategies for maintaining work-life balance.
- Psychological resilience-building exercises.

Session 5: Positive Emotion Development (H_{1e})

- Techniques for fostering optimism and confidence.
- Interactive storytelling and personal reflection activities.
- Group encouragement and motivation-building exercises.

B. Technical Skill Development Sessions (H₂)

These sessions aim to improve the business competencies of handicraft MSME actors.

Session 6: Service Quality Improvement (H_{2a})

- Customer service training and handling customer feedback.
- Role-playing exercises in tourism customer interaction.

Session 7: Employee Development (H_{2b})

- Strategies for improving team performance and collaboration.
- Leadership and conflict resolution training for small business owners.

Session 8: Product Innovation Strategies (H_{2c})

- Design thinking exercises for product differentiation.
- Hands-on workshops on crafting and enhancing product quality.

Session 9: Marketing Strategy Development (H_{2d})

- Digital marketing techniques for MSMEs.
- Social media engagement and branding exercises.
- Case studies on effective marketing campaigns.

Session 10: Business Management Skills (H_{2e})

- Financial literacy and bookkeeping for MSMEs.
- Strategic planning and goal-setting activities.
- Business continuity and crisis management training.

3. Post-Training Support and Evaluation

- Mentorship and Coaching: Participants receive follow-up mentoring to apply their new skills.
- Peer Networking Groups: Creating collaborative groups for ongoing support.
- Performance Assessment: Evaluating business performance improvements through surveys and feedback mechanisms.

This structured approach ensures that participatory training effectively enhances both psychological well-being and technical skills, leading to better business sustainability for handicraft MSME actors in tourism areas.

Instruments

The study utilized two primary data collection instruments: questionnaires and Focus Group Discussions (FGDs). The questionnaires assessed psychological well-being, stress management, motivation, leadership, and business performance. The FGDs provided qualitative insights into participants' experiences, challenges, and perceptions regarding training effectiveness. The combination of both methods ensured a comprehensive evaluation of the training impact.

Data Analysis

The data analysis involved both inferential and multivariate statistical techniques. A paired samples t-test was conducted to determine whether there was a significant difference before and

after the participatory training. The hypothesis was accepted if the significance value was less than 0.05 ($\alpha = 0.05$) and rejected if greater than 0.05 (Irawan & Ghonisyah, 2023). Additionally, Partial Least Squares (PLS) analysis was applied to examine the relationships between psychological well-being, motivation, stress management, and business performance. PLS was chosen for its suitability in analyzing complex models involving multiple dependent and independent variables, especially when normality assumptions are not met.

PLS Analysis Steps

1. **Model Specification:** The first step in PLS analysis is defining the model, including both the measurement model and structural model. The measurement model represents the relationship between observed variables (indicators) and latent variables (e.g., psychological well-being, stress management, motivation). The structural model examines the relationships between latent variables and their impact on MSME performance.
2. **Data Collection and Preparation:** Data for the PLS analysis will be gathered from the questionnaire responses related to psychological well-being, stress levels, motivation, and other relevant factors. The data will be checked for completeness, outliers, and missing values to ensure accuracy before analysis.
3. **Outer Model (Measurement Model) Evaluation:** In this step, the outer model will be evaluated by assessing the reliability and validity of the indicators. This involves checking construct reliability (using Cronbach's alpha or composite reliability), convergent validity (by examining average variance extracted or AVE), and discriminant validity (ensuring that latent variables are distinct from each other).
4. **Inner Model (Structural Model) Evaluation:** After ensuring the validity of the measurement model, the next step is to evaluate the structural model. This involves testing the relationships between the latent variables. The path coefficients will be analyzed to assess the strength and significance of the relationships between psychological well-being and MSME performance. R-squared values will be examined to determine the explanatory power of the model.
5. **Hypothesis Testing:** The hypotheses proposed in the study will be tested using bootstrapping techniques to assess the statistical significance of the path coefficients. If the path coefficient is statistically significant and supports the hypothesized relationships, it will provide evidence of the impact of psychological well-being on the success and sustainability of MSMEs in Tangkahan.
6. **Model Interpretation and Conclusion:** The final step involves interpreting the results from both the t-test and PLS analysis. Based on these results, conclusions will be drawn regarding the impact of psychological well-being on the business performance of MSMEs in Tangkahan. This will provide insights into the importance of addressing mental health and emotional resilience for the sustainable growth of MSMEs in the ecotourism sector.

Through the combination of t-test and PLS analysis, this study aims to provide comprehensive insights into the factors influencing MSME performance and the role of psychological well-being in driving long-term success and sustainability in the Tangkahan ecotourism sector.

RESULTS AND DISCUSSION

Results

Fifty souvenir craftsmen participated as respondents in this study. The demographic distribution of respondents includes gender, age, education, and training frequency. Based on the data collection results, sixty percent of the respondents were female, totaling thirty individuals, while the remainder were male, predominantly specializing in woodworking crafts.

In terms of age, fifty-six percent were aged 31 to 40, totaling twenty-eight percent. This data was followed by twenty-two percent of respondents aged 21 to 30, totaling eleven individuals. This

indicates that handicraft MSMEs in Tangkahan are dominated by productive age groups characterized by innovation and a penchant for learning new things.

From the data collection results, sixty-two percent of respondents had completed high school education (SMA), totaling thirty-one individuals. In contrast, twenty percent had completed junior high school education (SMP), totaling ten individuals. This data suggests that most handicraft MSMEs have a good level of education, enabling them to participate in and evaluate the training held in Tangkahan.

Table 1. Respondent Profile

Gender	Male	20	40%
	Female	30	60%
Age	< 20	0	0
	21 – 30	11	22%
	31 – 40	28	56%
	41 – 50	5	10%
	51 – 60	5	10%
	61 – 70	1	2%
Education	Elementary School	1	2%
	Junior High School	10	20%
	High School	31	62%
	Diploma	5	10%
	Bachelor's Degree	3	5%

Based on the data processing results from observing fifty handicraft MSME actors in the Tangkahan area, the next step is to analyze the difference in the perception of well-being among handicraft MSME actors before and after receiving training.

Table 2. Paired Sample t-test for Well-being of Handicraft MSME Actors

	Mean	T	Significancy	df
Pre training	5.42	25,404	0,00	49
Post training	11.88			

Table 3. Results of Analysis of Differences in Psychological Well-being Aspects

Well-being Aspect	Mean Before Training	Mean After Training	p-value	Conclusion
Job Satisfaction	1,52	4,04	0,00	Accepted
Stress Management	1,70	3,64	0,00	Accepted
Motivation	2,20	4,20	0,00	Accepted
Mental Health	2,13	4,02	0,00	Accepted
Positive Emotion	2,08	3,84	0,00	Accepted

Based on the data processing results above, it is obtained that the mean pre-training score of MSME actors is 5.42, which is < the post-training score of 11.88. This data indicates a difference in the average well-being before and after training among MSMEs in the handicraft sector. Based on the analysis results using the paired samples t-test, it can be observed that the calculated t-value of 25.404 is greater than the t-table value (2.010). The significance value shows $p=0.00$, thus accepting

the first hypothesis that there is an improvement in the well-being of handicraft MSME actors after receiving participatory training. Well-being indicators include the well-being handicraft MSME actors require to run businesses in tourism areas, such as job satisfaction, stress management, motivation, employee mental health and positive emotion. This is further clarified by the testing of differences in the three aspects, as detailed in the table 3.

From the table above, the well-being aspects of handicraft MSME actors in the three areas, including Job Satisfaction, Stress Management, Motivation, Mental Health, Positive Emotion an improvement. The most significant increase was observed in Job Satisfaction, which is relevant to the field conditions where the Tangkahan ecotourism area is frequently visited by foreign tourists, with sixty per cent originating from Europe and America throughout the year 2022 ([BPS] Badan Pusat Statistik, 2023). Based on the research team's findings, many handicraft MSME actors work as rangers, referring to small business owners serving as tour guides in the Tangkahan area. Based on the above results, several training programs implemented have been positively perceived by handicraft MSME actors. This positive perception is attributed to the fact that the training received meets their business needs, thus facilitating a smooth process of well-being.

Discussion

The following analysis tests the difference in technical skill among handicraft MSME actors. The test results are in the table below.

Table 4. Results of Analysis of Differences in Technical Skills of Handicraft MSME Actors

	Mean	T	Significance	Df
Pre training	8.14	26,624	0,00	49
Post training	18.00			

Based on the data processing above, the mean skill score of pre-training MSME actors is 8.14, less than the post-training score of 18.00. This data indicates a difference in the average skills before and after training among MSME actors in the handicraft sector. Upon analysis using the two-sample t-test, the calculated t-value of 26.624 exceeds the critical t-value (2.010). The significance value of $p=0.00$ indicates that there is an improvement in the skills of handicraft MSME actors after participating in participatory training, which is accepted. This aligns with the findings of Antonioli & Della Torre, (2016); Huang et al., (2023); Idris et al., (2023); Purnamasari, (2020) which states that training is urgent for developing the human resource psychological well-being of MSMEs, as it can foster innovation and creativity among MSME actors. Well-being indicators are the knowledge handicraft MSME actors require to conduct business in tourism areas, such as job satisfaction, stress management, motivation, mental health, and positive emotion.

Table 5. Results of Analysis of Differences in Technical Skill

Skill Aspect	Mean Before Training	Mean After Training	p-value	Conclusion
Service Quality (TS1)	1.88	4.46	0,00	Accepted
Employee Retention (TS2)	1.84	4.42	0,00	Accepted
Product Innovation (TS3)	2.38	4.42	0,00	Accepted
Marketing Strategies (TS4)	1.82	4,54	0,00	Accepted
Business Management (TS 5)	1,94	4,33	0,00	Accepted

From the table above, it is evident that the overall skill aspects of handicraft MSMEs, comprising service quality, employee retention, product innovation, marketing strategies, and business management, have improved, with the most significant increase observed in service quality. This statement is relevant to the local context, where the Tangkahan ecotourism area holds potential resources that can be developed into business breakthroughs, such as training in processing river wood waste, which began to be developed in 2024 and successfully stimulated the service quality of handicraft MSMEs. Thus, training plays a vital role in enhancing the well-being of human resources among handicraft MSME actors.

Product finishing is one of the skill elements that improved after the training. The focus of this research is on producing quality finished products. Based on the research team's investigation, training has significantly aided handicraft MSMEs in producing high-quality products. Similarly, relevant production training addresses MSMEs' simple production processes. Participatory training in production techniques has proven to enhance human resource well-being and performance, enabling them to compete effectively with handicraft MSMEs in other tourist areas on the island of Sumatra.

The analysis of the SEM-PLS model reveals that all proposed relationships are statistically significant at a 95% confidence level. The findings demonstrate that psychological well-being has a strong direct influence on technical skills, with a standardized beta value of 0.771 (Safitri et al., 2020). This aligns with the Self-Determination Theory, which highlights that individual with higher psychological well-being are more intrinsically motivated to enhance their competencies, including technical abilities (Deci & Ryan, 2008).

Table 6. Results of Hypothesis Testing (SEM-PLS)

No	Variables	Std. Beta	Std. Error	T statistics	P values	Effect	Hypothesis
1	Psy. Well-being -> Competitiveness	0.330	0.060	5.532	0.000	Direct	Accept
2	Psy. Well-being -> Technical Skill	0.771	0.090	8.597	0.000	Direct	Accept
3	Technical Skill -> Competitiveness	0.699	0.069	10.143	0.000	Direct	Accept
4	Psy. Well-being -> Competitiveness	0.539	0.053	10.081	0.000	Indirect	Accept

Moreover, the study confirms that technical skills are a critical determinant of competitiveness, with a standardized beta value of 0.699. This finding supports prior research emphasizing the pivotal role of technical capabilities in driving competitive performance, particularly in the context of technology-driven global competition (Safitri et al., 2020; Aulia & Syahputra, 2023).

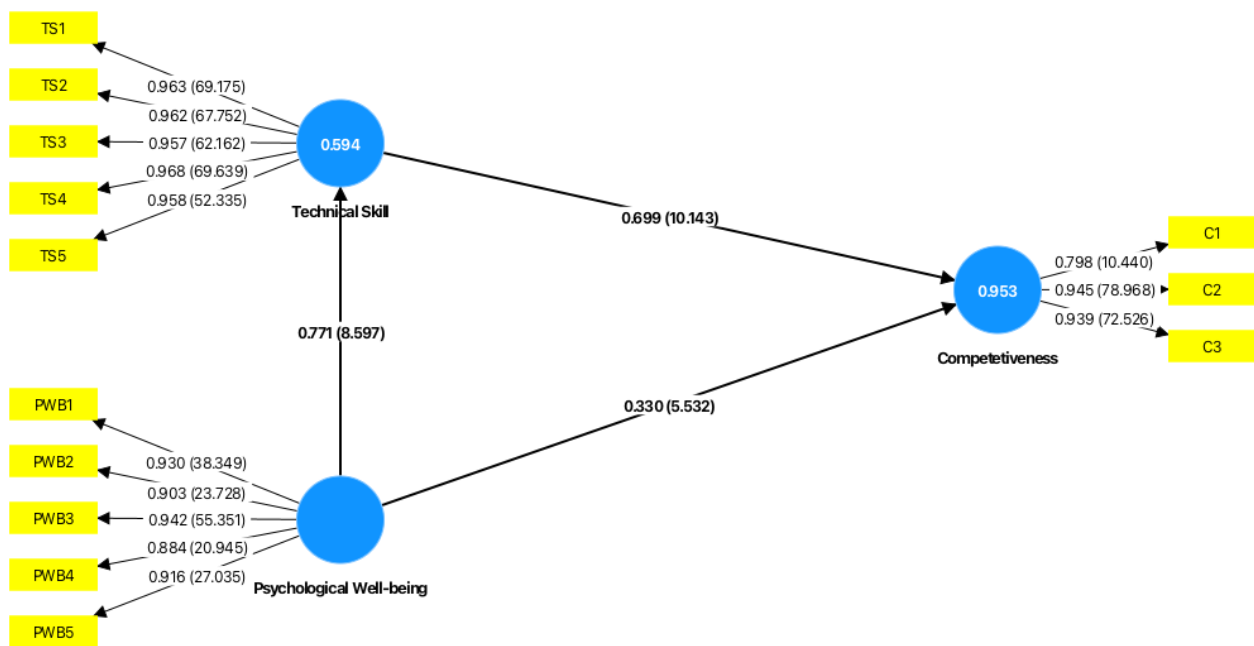


Figure 1. Graphical PLS Output

The results also indicate that technical skills serve as a partial mediator in the relationship between psychological well-being and competitiveness. The standardized beta value for the indirect path (0.539) suggests that psychological well-being exerts a greater impact on competitiveness when mediated by technical skills. These findings are consistent with previous studies demonstrating the indirect contribution of psychological well-being to organizational competitiveness through the enhancement of individual productivity and technical proficiency (Aulia, 2023; Rafiana, 2023).

Overall, the study underscores the importance of fostering psychological well-being and technical skills as essential drivers of competitiveness. These insights offer valuable contributions to both theoretical understanding and practical strategies, particularly in enhancing organizational performance in a competitive, technology-driven landscape.

The findings of this study indicate that participatory training significantly enhances the psychological well-being and business performance of MSME actors in the Tangkahan ecotourism sector. The paired samples t-test results demonstrated a significant increase in well-being indicators such as job satisfaction, stress management, motivation, mental health, and positive emotions. This suggests that interventions focusing on psychological well-being contribute to improving the overall resilience and efficiency of MSMEs.

Moreover, the study highlights the crucial role of technical skills in determining the competitiveness of MSMEs. The analysis revealed significant improvements in service quality, employee retention, product innovation, marketing strategies, and business management post-training. This underscores the importance of continuous training and capacity-building programs to help MSME actors keep pace with industry demands and market trends.

An interesting finding of this study is the mediating role of technical skills in the relationship between psychological well-being and competitiveness. The PLS analysis confirmed that psychological well-being indirectly influences competitiveness through technical skill development. This finding aligns with previous research emphasizing that mental well-being fosters motivation and creativity, which in turn enhances business performance.

Additionally, the study demonstrates that MSME actors in Tangkahan, despite facing challenges such as fluctuating income and limited resources, benefit significantly from structured training programs. The combination of skill enhancement and psychological support enables them to adapt better to changing market conditions and seize new opportunities in the ecotourism sector.

The findings of this study strongly suggest that human resource development in MSMEs, particularly in the Tangkahan ecotourism sector, should adopt a holistic approach that addresses both technical competencies and psychological well-being. This perspective aligns with previous studies emphasizing the importance of mental health in enhancing business performance and employee satisfaction. Shir et al. (2019) highlight that active engagement in entrepreneurial work tasks is strongly associated with well-being compared to non-entrepreneurial work. They stress the role of self-organization and autonomy as core elements that fulfill basic psychological needs, making entrepreneurial work more beneficial. Similarly, Farrington (2017) found that MSME owners with high levels of psychological well-being tend to achieve better financial performance. The research indicates that attributes such as environmental mastery, self-acceptance, and autonomy contribute to the success of MSMEs. This underscores the importance of fostering positive psychological states among business owners and employees to create sustainable and competitive enterprises.

The role of psychological capital is also critical for enhancing the adaptability and resilience of employees. Tabala et al. (2023) reports that employees with strong psychological capital are more proactive, capable of setting and achieving targets, and able to adjust their emotions and behavior in complex work environments. This adaptability allows employees to think, feel, and act positively, which ultimately benefits the business. Furthermore, Maziriri et al. (2019) demonstrates that prioritizing the psychological well-being of employees positively impacts MSME business performance. This finding suggests that investing in well-being assessments and counseling services for MSME employees can serve as a strategic initiative to promote a healthier and more productive workforce. Regular evaluations can help identify mental health concerns, enabling early intervention and tailored support, while professional counseling services can assist employees in managing work-related stress and maintaining a healthy balance between personal and professional life. The existing body of research underscores the critical role of psychological well-being in enhancing both individual and organizational performance. By prioritizing mental health alongside technical training, MSMEs in the Tangkahan ecotourism sector can create a more resilient and competitive business environment.

Another key intervention is the provision of training on stress management and emotional intelligence. Workshops and development programs focusing on these areas can equip MSME actors with the necessary skills to cope with work-related pressures. By improving their emotional resilience, MSME employees can enhance their decision-making abilities, maintain motivation, and sustain productivity even in challenging business conditions. In addition, work-life balance training can help them manage workloads effectively, reducing the risk of burnout and improving overall job satisfaction.

Creating a supportive work culture is equally essential in fostering psychological well-being. MSME actors should cultivate a workplace environment that values open communication, employee recognition, and mutual respect. Encouraging positive interactions among employees and promoting a work culture that prioritizes well-being can enhance motivation, strengthen teamwork, and increase overall job performance. Additionally, MSMEs can implement flexible work arrangements that enable employees to manage personal commitments while maintaining work efficiency.

Lastly, establishing mentorship and peer support networks can significantly enhance MSME actors' resilience and adaptability. By fostering collaborative relationships, MSME entrepreneurs can exchange knowledge, share experiences, and work together to address common challenges. Mentorship programs can also provide guidance for newer entrepreneurs, ensuring they receive the necessary support to navigate business uncertainties. By prioritizing these strategies, Tangkahan's ecotourism sector can unlock the full potential of its creative economy, leading to sustainable and inclusive economic growth while ensuring the long-term well-being of its workforce.

Implications

The results of this study have important theoretical and practical implications. Theoretically, it supports the growing body of research emphasizing the interplay between psychological well-being and technical skill development in determining business success. This study contributes to the literature by demonstrating that well-being, directly and indirectly, affects competitiveness, providing insights into how MSMEs can thrive in highly dynamic industries such as ecotourism. From a practical perspective, this research suggests that policymakers and stakeholders in the ecotourism sector should integrate psychological well-being programs into business development strategies. By doing so, MSME actors can sustain high levels of motivation, manage stress effectively, and remain competitive in the market. Organizations that provide training should consider adopting a dual approach that strengthens both technical skills and well-being interventions.

Additionally, government agencies and non-profit organizations working in ecotourism should invest in mentorship and peer-support networks. These initiatives can help MSME actors navigate business challenges while fostering collaboration and knowledge sharing within the community. Support structures such as counseling services and well-being assessments should be incorporated into broader economic empowerment programs. Finally, training providers should ensure that programs are designed with long-term sustainability in mind. Regular follow-up training sessions, refresher courses, and monitoring mechanisms should be established to measure the continued effectiveness of training interventions. By institutionalizing well-being-focused capacity-building programs, MSMEs in Tangkahan can achieve greater resilience and sustained growth.

LIMITATION OF THE STUDY

Despite its valuable contributions, this study has some limitations that should be acknowledged. First, the sample size was relatively small, consisting of only 50 MSME actors in the Tangkahan ecotourism sector. While the results provide meaningful insights, they may not be fully generalizable to other ecotourism destinations or broader MSME populations. Future studies should consider expanding the sample size and conducting cross-regional comparisons to validate the findings. Additionally, the study primarily relied on self-reported data collected through questionnaires and FGDs, which may be subject to response bias. Participants might have provided socially desirable answers rather than their true experiences. Future research should incorporate more objective performance indicators, such as financial records or customer feedback, to enhance the reliability of the findings.

CONCLUSION

Participatory training enhances handicraft MSME actors' psychological well-being and technical skills in running their businesses. In the case of Tangkahan Ecotourism, participants have positively perceived this training because it aligns with the needs of MSMEs. This research highlights the importance of training in enhancing the psychological well-being of human resources among handicraft MSME actors, which positively impacts their competitiveness in tourist areas. The success of Tangkahan's ecotourism sector relies not only on technical competencies but also on the psychological well-being of its human resources. Integrating these two dimensions into MSME capacity-building programs is crucial for enhancing service quality, improving employee retention, improving product innovation, enhancing marketing strategies and ensuring the business management of local enterprises. This study highlights the importance of adopting a holistic approach to human resource development, emphasizing the interconnectedness of psychological and technical factors in driving MSME competitiveness.

The government and relevant institutions must ensure the sustainability of training by conducting long-term evaluations of its effectiveness. This statement is crucial for monitoring progress and adjusting training materials according to the changing needs of MSME actors, ensuring that the quality of MSME human resources, in terms of both well-being and performance, can keep

pace with the times. Universities, government bodies, and MSMEs must actively collaborate in long-term partnerships to enhance MSME capacity building, particularly in improving the quality of human resources. This collaboration can provide benefits through quality training and business mentoring.

ACKNOWLEDGEMENT

Thank you for your cooperation and contributions to the success of this research. A special appreciation goes to the Department of Tourism and Culture of Langkat Regency and the Department of Cooperatives, Small and Medium Enterprises, and Regional Investment of Langkat Regency for their invaluable support, facilitation, and assistance in providing essential data and connections to MSME actors. Their collaboration has been instrumental in ensuring the smooth execution of this research. We would also like to express our gratitude to the MSME actors in the handicraft sector who generously participated in our study. Their willingness to share their experiences and provide valuable insights has greatly enriched our findings.

REFERENCE

- Agarwal, R., Mehrotra, A., Mishra, A., Rana, N. P., Nunkoo, R., & Cho, M. (2024). Four decades of sustainable tourism research: Trends and future research directions. *International Journal of Tourism Research*, 26(2), 26-43.
- Antonioli, D., & Della Torre, E. (2016). Innovation adoption and training activities in SMEs. *International Journal of Human Resource Management*, 27(3), 311–337. <https://doi.org/10.1080/09585192.2015.1042901>
- Aulia, M. R. (2023). Digital competencies and experience in partnership program on SMEs performance. *Journal Research of Social Science Economics and Management*, 2(7). <https://doi.org/10.59141/jrssem.v2i07.385>
- Aulia, M. R., Lubis, Z., Effendi, I., & Junaidi, J. (2023). Leveraging quality management and partnership programs for technopreneurial success: Exploring their impact on MSME performance. *Aptisi Transactions on Technopreneurship (ATT)*, 5(2), 157. <https://doi.org/10.34306/att.v5i2.303>
- Aulia, M. R., & Syahputra, R. (2023). Partnership modelling of entrepreneurial, digital and performance competencies among coffee SMEs in Bener Meriah Regency. *Jurnal Optimalisasi*, 9(2), 195. <https://doi.org/10.35308/jopt.v9i2.8515>
- Badan Pusat Statistik. (2023). *Kecamatan Batang Serangan dalam angka 2023* (Vol. 5). Langkat.
- Bolier, L., Haverman, M., Westerhof, G. J., Riper, H., Smit, F., & Bohlmeijer, E. (2013). Positive psychology interventions: a meta-analysis of randomized controlled studies. *BMC public health*, 13, 1-20.
- Carvache-Franco, M., Carvache-Franco, O., & Carvache-Franco, W. (2020). Exploring the satisfaction of ecotourism in protected natural areas. *Geo Journal of Tourism and Geosites*, 29(2), 672-683.
- Dwikardana, S., & Teressia, A. (2022). Mapping HRM implementation in Indonesia's SMEs: In search of new HRM model. *Trikonomika*, 21(2), 92-100.
- Farrington, S. M. (2017). Psychological well-being and perceived financial performance: An SME perspective. *South African Journal of Business Management*, 48(4), 47-56.
- Grant, C. A., Wallace, L. M., & Spurgeon, P. C. (2013). An exploration of the psychological factors affecting remote e-worker's job effectiveness, well-being and work-life balance. *Employee Relations*, 35(5), 527-546.
- Haryana, A. (2020). Economic and welfare impacts of Indonesia's tourism sector. *Jurnal Perencanaan Pembangunan*, 4(3), 300. <https://doi.org/10.36574/jpp.v4i3.127>
- Huang, C. C., Li, S. P., Chan, Y. K., Hsieh, M. Y., & Lai, J. C. M. (2023). Empirical research on the sustainable development of ecotourism with environmental education concepts. *Sustainability (Switzerland)*, 15(13), 1–15. <https://doi.org/10.3390/su151310307>

- Idris, B., Saridakis, G., & Johnstone, S. (2023). Training and performance in SMEs: Empirical evidence from large-scale data from the UK. *Journal of Small Business Management*, 61(2), 769–801. <https://doi.org/10.1080/00472778.2020.1816431>
- Ismarizal, B., Malihah, E., & Andari, R. (2023). Tourism potential analysis through community-based tourism approach: Talang Mamak and Melayu Tua tribe communities in Rantau Langsat Village. *Media Komunikasi Geografi*, 24(1), 64-72.
- Jaboob, M., Iqbal, S., & Hameed, S. F. (2025). How do emotional intelligence and psychological well-being affect decision making in Omani SMEs? Mediating role of entrepreneurial intention? *Current Psychology*, 1-15.
- Junaidi, J., Lubis, Z., Effendi, I., Aulia, M. R., Utami, M. P., & Supriatna, D. (2023). Strategy enhancement performance MSMEs through PTPN III partnership program. *Devotion Journal of Research and Community Service*, 4(2), 438. <https://doi.org/10.36418/devotion.v4i2.397>
- Lehmann, J. A. M., Schwarz, E., Rahmani Azad, Z., Gritzka, S., Seifried-Dübon, T., Diebig, M., Gündel, H. (2021). Effectiveness and cost effectiveness of a stress management training for leaders of small and medium sized enterprises–study protocol for a randomized controlled-trial. *BMC Public Health*, 21, 1-16.
- Lembut, P. I., Oktariani, F., & Yuswanto, Y. (2022). Cost object determination training to support Go-Barber business innovation in Malang City. *Abdimas Jurnal Pengabdian Masyarakat Universitas Merdeka Malang*, 7(3), 621. <https://doi.org/10.26905/abdimas.v7i3.7370>
- Luthans, F., Avey, J. B., & Patera, J. L. (2008). Experimental analysis of a web-based training intervention to develop positive psychological capital. *Academy of Management Learning & Education*, 7(2), 209-221.
- Machin, M. R., Joni, A., Elvina, H., Adhi, S., & Machin, B. (2023). Keberlanjutan UMKM di Jawa Barat di tinjau dari new-era business: Transformasi digital, dividen digital, dan kewirausahaan.
- Manuain, D. W., Tuati, N. F., & Usman, H. (2021). Strategy for acceleration of regional development to reduce unemployment and poverty in the District of Timor Tengah Selatan-NTT. *Advances in Social Science, Education and Humanities Research*. <https://doi.org/10.2991/assehr.k.210424.080>
- Martínez-Falcó, J., Sánchez-García, E., Marco-Lajara, B., & Millán-Tudela, L. A. (2024). Enhancing employee well-being and happiness management in the wine industry: Unveiling the role of green human resource management. *BMC Psychology*, 12(1), 203.
- Maziriri, E. T., Chuchu, T., & Madinga, N. W. (2019). Antecedents of psychological well-being among workers within small and medium enterprises. *SA Journal of Industrial Psychology*, 45(1), 1-13.
- Purnamasari, Warsani. (2020). Training on the utilization of citrus fruits in making dodol to improve the welfare of citrus farmers in Lau Riman Village, Tanah Karo Regency. *Budapest International Research and Critics in Linguistics and Education (BirLE) Journal*, 3(1), 318–323. <https://doi.org/10.33258/birle.v3i1.813>
- Rafiana, N. N. (2023). Technopreneurship strategy to grow entrepreneurship career options for students in higher education. *ADI Journal on Recent Innovation (AJRI)*, 5(2), 110. <https://doi.org/10.34306/ajri.v5i2.995>
- Saputra, F., & Kamilah, K. (2024). Youth leadership in ecotourism. *IOP Conference Series: Earth and Environmental Science*, 1366(1), 012034.
- Shir, N., Nikolaev, B. N., & Wincent, J. (2019). Entrepreneurship and well-being: The role of psychological autonomy, competence, and relatedness. *Journal of Business Venturing*, 34(5), 105875.
- Siregar, N. S. S., Prayudi, A., Sari, W. P., Rosalina, D., & Pratama, I. (2023). The role of social media literacy for micro small medium enterprises (MSMEs) and innovation in developing tourism village in Indonesia. *Przestrzen Społeczna*, 23(2), 221–249.

- Suarja, I. K., Dewi, N. I. K., & Mataram, I. G. A. B. (2021). Tourism marketing strategy based on superior potential of Pelaga Tourism Village, Petang District, Badung Regency. *Advances in Social Science, Education and Humanities Research*. <https://doi.org/10.2991/assehr.k.210424.040>
- Tabala, A., Munene, J. C., Kagaari, J., Mafabi, S., & Kyogabiirwe, J. (2024). Psychological well-being of small enterprise employees: A multi-theoretical perspective. *International Journal of Organizational Analysis*, 32(6), 1042-1059.
- Wiratno, W., Withaningsih, S., Gunawan, B., & Iskandar, J. (2022). Ecotourism as a resource sharing strategy: Case study of community-based ecotourism at the Tangkahan buffer zone of Leuser National Park, Langkat District, North Sumatra, Indonesia. *Sustainability (Switzerland)*, 14(6). <https://doi.org/10.3390/su14063399>