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The Effect of Human Resources, Financial Literacy, Financial Management, and Access to Capital on MSME Financial Performance

Bakri Soamole[1*], Mohammad Khotib[1], Asri Thalib[1], Arman Ali[1]

[1] Universitas Khairun, Ternate, Indonesia

[*] *Corresponding author: Bakri Soamole (Soamole@Unkhair.ac.id)*

Abstract

Micro, Small, and Medium Enterprises (MSMEs) are crucial for economic growth and employment, yet many in North Ternate District face challenges such as limited resources, uneven managerial skills, and restricted access to capital, making competency development essential for sustainable financial performance. This study examines the key factors influencing MSME financial performance, including human resources, financial literacy, financial management, and access to capital. Data were collected using a quantitative approach from 88 MSME actors through structured questionnaires and analyzed using multiple linear regression with SPSS version 27. The results show that human resource capability does not have a significant impact on financial performance, while financial literacy, effective financial management, and access to capital positively and significantly contribute to improving financial outcomes. The findings provide practical implications for policymakers and MSME practitioners. By strengthening financial literacy programs, promoting sound financial management practices, and facilitating easier access to capital, stakeholders can support the sustainable growth of MSMEs. This study also contributes to the academic literature by highlighting the critical factors beyond human resources that drive MSME success and offering actionable insights for regional economic development.

Keywords

Access to Capital, Financial Literacy, Financial Management, Financial Performance, Human Resources.

1. Introduction

The performance of Micro, Small, and Medium Enterprises (MSMEs) is a key pillar of the national economy, requiring entrepreneurs to understand market dynamics, emerging trends, and competitive pressures to develop their businesses effectively (Febriyanti et al., 2024; Kautsar et al., 2025). MSMEs in Ternate City, North Maluku, have shown consistent growth and resilience despite economic fluctuations. According to the Office of Cooperatives and MSMEs of Ternate City, from 2020 to 2023, there were 14,629 MSMEs employing 22,634 workers, averaging 1–2 employees per business unit, highlighting the significant role of entrepreneurial actors in sustaining local economic development.

South Ternate District is a hub of economic activity in Ternate City, with 4,356 MSMEs spanning trade (3,256 units), industry (722), services (368), and fisheries (19). The trade sector dominates economic activity, while the industrial sector shows high potential, employing over 1,400 workers. Despite this, many MSMEs face constraints such as limited capital, low financial literacy, and weak business management, including inadequate financial record-keeping and underutilized access to institutional financing. These challenges highlight the need for local government support through mentoring, training, and capital assistance to foster independent and competitive MSMEs. In this context, financial performance serves as a key indicator of MSME success, reflecting income and expenses during a reporting period, as presented in the income statement in accordance with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) (Rochmah et al., 2023).

Financial performance evaluates how accurately a company applies financial principles, with financial transactions as the primary measure reflected in financial statements (Febriyanti et al., 2024). Human resources play a key role by driving innovation, goal achievement, and organizational development, serving as valuable assets that must be well managed to enhance performance (Amelia et al., 2022; Hutapea, 2024). Financial literacy, defined as the knowledge and ability to manage and plan finances, also affects business profitability (Dewi & Abdullah, 2023). Effective financial management, including planning, directing, monitoring, organizing, and controlling resources, positively influences financial performance. According to the Theory of Planned Behavior by Ajzen (2020), MSMEs that implement sound financial management practices are more likely to improve performance, whereas poor financial management can hinder understanding of the business's financial condition.

Access to capital is the ability of MSMEs to obtain financing from outside their organization or business entity. There is a positive relationship between financial performance and access to capital. If MSME actors do not manage capital effectively, funding may be obtained either externally or internally. However, if the business fails to generate income, this will affect financial performance, particularly in terms of returning the invested capital (Firdaus & Ifrochah, 2022).

Research findings show varying results. Rochmah et al. (2023) found that financial literacy does not affect financial performance. In contrast, Dewi and Abdullah (2023) and Anggreini et al. (2024) reported that financial literacy has an impact on financial performance. Furthermore, Wulandari (2025) revealed that financial management does not affect financial performance, which contradicts the findings of Rochmah et al. (2023), who stated that financial management influences financial performance. Oktariani et al. (2022) found no relationship between access to capital and MSME performance, whereas Rosiana and Mahardhika (2021) concluded that capital has a positive and significant effect on MSME performance. Additionally, human resource factors have produced mixed results. Febriyanti et al.

(2024) found that human resources affect MSME financial performance, while Sulistiogo (2019) reported no such effect.

Based on this background and the research gap, this study examines the factors influencing MSME financial performance, focusing on human resources, financial literacy, financial management, and access to capital. It aims to provide a comprehensive understanding of the determinants that improve financial outcomes for MSMEs, particularly in South Ternate District, and to serve as a reference for future research. The findings are expected to help the Ternate City Government in formulating MSME development policies, guide cooperatives and MSME actors in enhancing financial management and competitiveness, and raise public awareness of MSMEs' strategic role in regional economic growth. Additionally, the study offers MSME owners insights into key factors affecting performance, supporting more effective and sustainable business management decisions.

2. Literature Review and Hypothesis Development

2.1. The Effect of Human Resources on Financial Performance

Human Resources (HR) refers to individuals who productively carry out organizational activities and serve as valuable assets whose competencies must be continuously developed (Amelia et al., 2022). Sentiago et al. (2019) describe HR as encompassing labor, employees, and broader human potential that enables an organization to survive and grow, functioning not merely as operational inputs but also as intangible, non-material capital. Febrian and Kristianti (2020) further explain that employee performance reflects the interaction of motivation, drive, and ability in achieving organizational goals. Human resource competence is also a crucial determinant of MSME performance. As the primary capital of small businesses, human resources influence the extent to which enterprises can operate professionally and competitively (Musthafa et al., 2024). The success of a business unit largely depends on how effectively the individuals involved manage and develop it. Consequently, efforts to improve MSME performance must be accompanied by continuous human resource development across multiple dimensions. In particular, competencies related to knowledge, skills, and entrepreneurial abilities are essential to support business growth and sustainability (Wahyudiati & Isroah, 2018).

Competent human resources, characterized by adequate knowledge, skills, and work abilities, contribute directly to higher productivity and better decision-making within MSMEs (Sari, 2019; Razak, 2024). Empirical evidence suggests that MSME actors with stronger human resource competencies are more capable of making appropriate strategic decisions, thereby improving business performance. This argument is further supported by findings from Kakilo et al. (2022) and Suyono and Zuhri (2022), which demonstrate that higher levels of human resource competence are associated with improved MSME performance. Sulistiogo (2019) found that the quality of human resources does not directly affect MSME performance, highlighting that workforce competencies alone are insufficient without adequate access to capital. Conversely, inadequate human resource quality may hinder operational effectiveness and lead to declining business performance.

H1: Human resources does not have a significant effect on financial performance.

2.2. The Effect of Financial Literacy on Financial Performance

Financial literacy is the ability of an individual to read, analyze, manage, and communicate financial conditions that influence their well-being (Sanistasya et al., 2019; Ferdyan & Hartawan, 2024). Financial literacy encompasses an understanding of various skills and knowledge that enable individuals to make appropriate and efficient decisions regarding all financial resources under their control (Kristanto &

Gusaptono, 2021). By possessing financial literacy, individuals are better equipped to make sound financial decisions and manage their funds more effectively than those with a limited understanding of financial concepts. Financial literacy related to bookkeeping information involves the process of recording accounting transactions systematically in accounting records (Chimucheka et al., 2025). Bookkeeping skills are therefore essential for MSME owners, as accurate and consistent financial records form the basis for evaluating performance, controlling costs, and supporting strategic decision-making aimed at improving business outcomes.

Kristanto and Gusaptono (2021) define financial literacy as a set of skills and knowledge that facilitate effective financial decision-making, which has been shown to exert a positive influence on MSMEs' financial performance. This implies that higher levels of financial literacy among MSME actors are associated with improved business financial outcomes. Individuals with stronger financial knowledge tend to manage their finances more prudently, ensuring that expenditures do not exceed revenues and that resources are allocated efficiently. Such disciplined financial management enables businesses to maximize profits and maintain financial stability. When consistently practiced, these behaviors contribute to stronger and more sustainable financial performance over time (Rochmah et al., 2023). Empirical studies conducted by Alamsyah (2020) and Oktariani et al. (2022) further confirm that financial literacy significantly affects MSMEs' financial performance, reinforcing the view that enhancing financial knowledge and skills is a critical factor in strengthening business sustainability and competitiveness.

H2: Financial literacy has a significant effect on financial performance.

2.3. The Effect of Financial Management on Financial Performance

Financial management, according to Sudana and Sallama (2015), is a functional field that examines investment, financing, and the management of a company's net profit, whether it is distributed as dividends or reinvested within the company. Financial management consists of three main activities. First, fund utilization activities involve allocating funds to assets owned by the company. Second, fundraising activities, which refer to obtaining financial resources from internal as well as external sources of funding. Third, asset allocation activities, which relate to the distribution of funds into various forms of assets; these funds must be managed as efficiently as possible to ensure optimal financial outcomes.

According to Sudana and Sallama (2015), financial management is a functional area concerned with investment decisions, financing decisions, and the management of net profits, whether these profits are distributed as dividends or reinvested in the company. Financial performance and financial management are positively correlated, meaning that improved financial management practices lead to better financial performance (Kholilah & Iramani, 2013). Individuals or business actors who manage their funds effectively, for example by allocating more capital into banking instruments or other financial investments, are likely to obtain higher interest or returns. As a result, future financial performance will improve due to increased income generation. This relationship is supported by empirical research conducted by Tina et al. (2023) and Rochmah et al. (2023), which demonstrates that financial management has a positive effect on financial performance.

H3: Financial management has a significant effect on financial performance.

2.4. The Effect of Access to Capital on Financial Performance

MSME access to capital refers to the ability of MSMEs to obtain financing from external institutions or entities outside their own business operations (Oktariani et al., 2022; Alamsyah, 2024). Capital represents the amount of money required to support the operational activities of a business (Rhenald, 2010). Without sufficient funds, business actors are unable to provide adequate inventory or maintain sufficient cash flow to support sales transactions. Access to capital refers to the absence of obstacles related to administrative costs or procedures imposed by capital-providing institutions, as perceived by MSMEs when applying for credit (Lusimbodo, 2016). The Indonesian government has undertaken various efforts to expand access to capital in order to address existing barriers, including mechanisms regulated under Bank Indonesia policies to facilitate MSMEs' access to financing. However, these initiatives have not been entirely successful due to high interest rates and collateral requirements that MSME actors are often unable to fulfill.

Capital is a crucial financial resource for sustaining business operations (Rhenald, 2010). Without sufficient funds, entrepreneurs may struggle to maintain inventory levels and ensure smooth transactions. Access to capital indicates that MSMEs can obtain financing without significant administrative or procedural barriers (Lusimbodo, 2016). Greater access to funding enables businesses to manage operations more effectively, increase production capacity, and meet market demand, which ultimately improves financial performance. Additional capital, including loans from financial institutions, can expand business opportunities and support growth. Previous studies by Ratnawati (2020) and Rochmah et al. (2023) also confirm that financial management positively influences financial performance.

H4: Access to capital has a significant effect on financial performance.

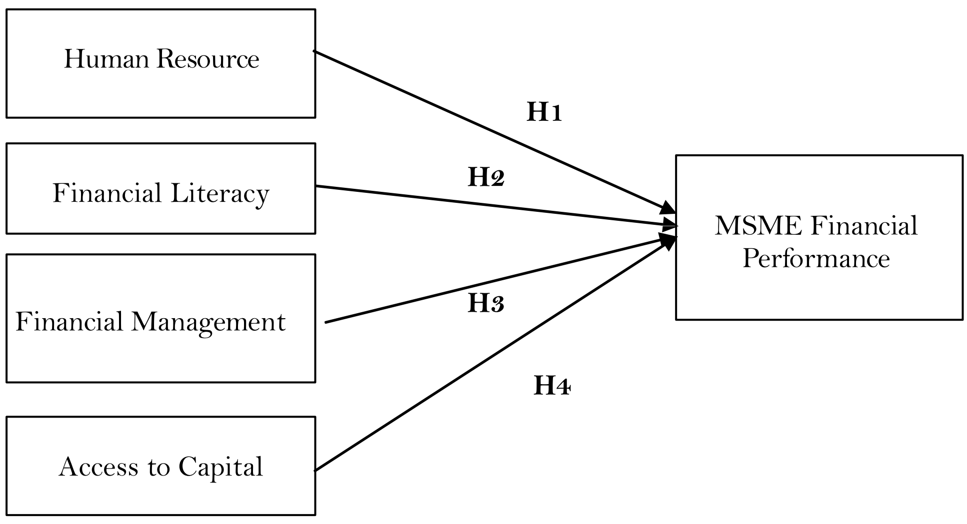

Figure 1. Conceptual Framework

Figure 1 illustrates the conceptual framework of this study, showing the influence of four independent variables: human resources, financial literacy, financial management, and access to capital on the financial performance of MSMEs. Each factor is hypothesized to directly impact MSME financial outcomes, highlighting their potential roles in enhancing business efficiency, profitability, and sustainability.

3. Methods

This study used a quantitative research approach to investigate the factors that influence the financial performance of MSMEs in the North Ternate District. The target population comprised 4,356 MSME actors in the district. However, the research specifically focused on the industrial sector, which consists of 722 business units employing a total of 4,356 workers. A probability sampling approach was applied, using simple random sampling to ensure that each unit in the relatively homogeneous population had an equal chance of being selected. The Slovin algorithm with a 10% margin of error was used to calculate the sample size, which came out to 88 respondents. In-person distribution of structured questionnaires allowed for the direct collection of primary data from qualified respondents.

Data collection relied on a questionnaire instrument in which MSME actors were asked to indicate their level of agreement with a series of statements. Each item was measured using a five-point Likert scale ranging from 1 to 5. The use of this scale aimed to obtain clear and differentiated responses regarding respondents' agreement or disagreement with the proposed statements, thereby enhancing the relevance and interpretability of the findings (Sugiyono, 2020).

The study incorporated one dependent variable, financial performance, and four independent variables: human resources, financial literacy, financial management, and access to capital. Financial performance was measured through indicators such as increased business revenue, growth in profit margins, and revenue enhancement driven by budget growth (Lestari et al., 2020). Human resources were assessed based on formal education level, leadership spirit, entrepreneurial experience, motivation, and skills (Munizu, 2010). Financial literacy was measured through general knowledge of financial management and loans (Sanistasya et al., 2019). Financial management included indicators of short- and long-term financial planning, financial control capability, and bookkeeping practices (Alamsyah, 2020). Meanwhile, access to capital was evaluated through sources of business capital, availability of additional government funding, and the impact of additional capital on business operations (Oktariani et al., 2022).

Data analysis was conducted using multiple linear regression in SPSS version 27 to determine whether two or more independent variables significantly influence the dependent variable (Amrin, 2016). Prior to hypothesis testing, instrument validity and reliability were assessed. Reliability was assessed using Cronbach's Alpha coefficient, while validity testing used item-total correlation analysis. After that, traditional assumption tests were run, such as the Glejser test for heteroskedasticity, the Variance Inflation Factor (VIF) for multicollinearity, and the Kolmogorov–Smirnov test for normality. The explanatory power of the hypotheses was assessed using partial tests (t-test), simultaneous tests (F-test), and the coefficient of determination (R^2). The following formula was used to analyze multiple linear regression.

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_i$$

Description:
Y = MSMEs' Financial Performance
X_1 = Human Resources
X_2 = Financial Literacy
X_3 = Financial Management
X_4 = Access to Capital
α_0 = Constant
e = Error term (tolerance limit)
$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients

4. Results

The tabulated results of the 88 respondents were processed using SPSS version 27, producing a descriptive profile of respondents based on gender, age, education level, and length of business operation. The data regarding these respondent identity characteristics are presented in Table 1.

Table 1. Respondent Demographics

Characteristics	Category	Frequency	Percentage
Gender	Male	17	19.3 %
	Female	71	80.7 %
Age	21-30	37	42.0 %
	30-40	39	44.3 %
	40-50	3	3.4 %
	50-60	9	10.2 %
Education	Elementary School	16	18.2 %
	Junior High School	8	9.1 %
	Senior High School	28	31.8 %
	Diploma (D3)	21	23.9 %
	Bachelor (S1)	15	17 %
Length of Business	< 5 Years	53	60.2 %
	5-10 Years	22	25 %
	>10 Years	13	14.8 %

Table 1 shows that the data indicate that 19.3% of respondents were male, while the remaining 80.7% were female. In terms of age distribution, among the 88 business actors, respondents were grouped into four categories: 42.0% were aged 21–30 years, 44.3% were 30–40 years old, 3.4% were between 40–50 years, and approximately 8.9% to 10.2% were aged 50–60 years. Regarding educational background, the majority of respondents had completed senior high school, accounting for 28 business actors (31.8%), indicating that most respondents were educated at the high school level. Furthermore, based on the length of business operation, the largest proportion of respondents had been in business for less than five years, totaling 53 business actors (60.2%). This finding suggests that most respondents were relatively new entrepreneurs with less than five years of business experience.

Table 2. Validity Test

Variable	Indicators	r-count	r-table	Information
Human Resource	X1.1	0.895	0.174	Valid
	X1.2	0.311		
	X1.3	0.322		
	X1.4	0.305		
Financial Literacy	X2.1	0.607	0.174	Valid
	X2.2	0.628		
	X2.3	0.649		
	X2.4	0.705		
	X2.5	0.608		
	X2.6	0.621		
	X2.7	0.627		
Financial Management	X3.1	0.447	0.174	Valid
	X3.2	0.631		
	X3.3	0.582		
	X3.4	0.593		
	X3.5	0.655		
	X3.6	0.509		
Access to Capital	X4.1	0.398	0.174	Valid
	X4.2	0.889		
	X4.3	0.868		
MSME Financial	Y.1	0.744	0.174	Valid

Variable	Indicators	r-count	r-table	Information
Performance	Y.2	0.785		
	Y.3	0.537		

Every statement item for the variables of human resources, financial literacy, financial management, access to capital, and MSMES' financial performance has computed r-values higher than the r-table value of 0.174, according to the validity test findings shown in Table 2. The calculated r-values range from 0.305 to 0.895 for human resources, 0.607 to 0.705 for financial literacy, 0.447 to 0.655 for financial management, 0.398 to 0.889 for access to capital, and 0.537 to 0.785 for MSMES' financial performance. Since all calculated r-values exceed the r-table threshold, each statement item is considered valid and appropriate for use as a research instrument in this study.

Table 3. Reliability Test

Variable	Cronbach's Alpha	Information
Human Resource	0.630	Reliable
Financial Literacy	0.743	Reliable
Financial Management	0.635	Reliable
Access to Capital	0.627	Reliable
Financial Performance	0.640	Reliable

According to Table 3, the reliability test results show that the Cronbach's alpha values for human resources, financial literacy, financial management, access to capital, and MSMES' financial performance are 0.630, 0.743, 0.635, and 0.640, respectively. According to the results of the reliability test, every variable's Cronbach's Alpha value is greater than 0.60, indicating that every variable is deemed reliable.

Table 4. Classical Assumption Test

Normality Test	Multicollinearity Test			Heteroscedasticity Test	
Asymp. Sig. (2-tailed)	Variable	Tolerance	VIF	Variable	Sig
0.200	Human Resource	0.979	1.022	Human Resource	0.664
	Financial Literacy	0.696	1.437	Financial Literacy	0.455
	Financial Management	0.715	1.398	Financial Management	0.849
	Access to Capital	0.943	1.061	Access to Capital	0.588

According to the test findings shown in Table 4, the data are deemed to be normally distributed since the significance value of the normality test is 0.200, which is greater than 0.05. Additionally, the multicollinearity test shows that all variables have Variance Inflation Factor (VIF) values less than 10.00 and tolerance values greater than 0.100, indicating that multicollinearity is absent from the regression model. In addition, the heteroskedasticity test results show that the significance values for each variable, human resources (0.664), financial literacy (0.455), financial management (0.849), and access to capital (0.588), are all greater than 0.05. The regression model does not exhibit heteroskedasticity and satisfies the classical assumption tests.

Table 5. Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t-statistics	Sig.
	B	Std. Error	Beta		
(Constant)	-1.142	2.553		-0.448	0.656
Human Resource (X1)	0.021	0.083	0.022	0.249	0.804
Financial Literacy (X2)	0.229	0.061	0.382	3.717	0.000
Financial Management (X3)	0.203	0.064	0.323	3.191	0.002
Access to Capital (X4)	0.110	0.046	0.212	2.402	0.019

The statistical technique used to solve the research problem in this study is multiple linear regression analysis, which uses SPSS version 27 to investigate the effect of multiple independent variables on a dependent variable. The regression equation applied in this study is as follows: $Y = - 1.142 + 0.021X1 + 0.229X2+ 0.203X3+ 0.110X4+ e$. Based on the regression equation, the constant value of -1.142 indicates that when all independent variables (X1, X2, X3, and X4) are equal to zero, the dependent variable (Y) is -1.142, this value represents the baseline of the model and does not necessarily have substantive meaning. The regression coefficient of X1 is 0.021, indicating a positive direction of association. Meanwhile, X2 has a coefficient of 0.229, X3 has a coefficient of 0.203, and X4 has a coefficient of 0.110; all are positive, implying that a one-unit increase in each respective variable will increase Y, assuming the other variables remain constant.

The human resources variable (X1) has a regression coefficient of 0.021 with a significance value of 0.804 (> 0.05), according to the partial test findings (t-test), suggesting that it has no statistically significant partial effect on MSMEs' financial performance (Y). As a result, the idea that X1 influences Y is disproved. On the other hand, financial literacy (X2) demonstrates a positive and statistically significant impact on Y with a coefficient of 0.229 and a significance value of 0.000 (< 0.05). As a result, the corresponding hypothesis is accepted. Similar results are observed for financial management (X3), with a coefficient of 0.203 and a significance value of 0.002 (< 0.05), demonstrating a positive and significant effect on MSMEs' financial performance. Additionally, access to capital (X4) has a coefficient of 0.110 with a significance value of 0.019 (< 0.05), indicating a positive and statistically significant effect on Y. Hence, X2, X3, and X4 are proven to have significant effects on MSMEs' financial performance, whereas X1 does not exhibit a significant effect.

Table 6. Coefficient Determination and F-Test

Test	Result
R	0.625
R-Squared	0.391
Adjusted R-Square	0.362
Std. Error of the Estimate	1.30821
Prob-F Stat	0.0010
F-Statistics	13.32

The results of the simultaneous test (F-test) and the coefficient of determination are shown in Table 6. To ascertain if all independent factors have an overall impact on the dependent variable, the simultaneous test is employed. The F-value is 13.326 with a significance level of 0.000 (< 0.05) according to the F-test results. This suggests that the financial performance of MSMEs is statistically significantly impacted by human resources, financial literacy, financial management, and capital access at the same time. As a result, the hypothesis that the independent variables have a combined effect on the dependent variable is accepted.

The coefficient of determination measures the extent to which the independent variables explain variations in the dependent variable. Based on the results in the table, the R^2 value is 0.391, indicating that 39.1% of the variation in MSMEs' financial performance can be explained by human resources, financial literacy, financial management, and access to capital. Meanwhile, the remaining 60.9% is influenced by other factors outside the scope of this study. Furthermore, the Adjusted R^2 value of 0.362 indicates that, after adjusting for the number of independent variables, the model still explains 36.2% of the variation in MSMEs' financial performance. These results suggest that the regression model has a moderate level of explanatory power.

5. Discussion

The analysis of this study indicates that human resources do not have a significant effect on MSMEs' financial performance. This finding suggests that factors such as formal education, entrepreneurial experience, motivation, and skills among MSME actors are not yet strong enough to directly enhance business outcomes. While human resources are recognized as a crucial internal resource in the Resource-Based View (RBV) theory by Barney et al. (2011), their potential as a competitive advantage cannot be fully realized if competencies and skills remain suboptimal. This condition highlights the importance of improving training, knowledge, and practical entrepreneurial experience to enable human resources to contribute effectively to the financial performance of MSMEs. This result is consistent with Sulistiogo (2019), who reported that human resource attributes alone may not significantly affect MSME financial performance, particularly when other supporting factors are weak.

In contrast, financial literacy has a significant positive influence on MSMEs' financial performance. Entrepreneurs who possess higher financial literacy are better equipped to manage funds efficiently, implement cost-control measures, plan for future business needs, utilize formal financial institutions, and allocate resources strategically. Financial literacy also enhances decision-making abilities, allowing business actors to respond effectively to market fluctuations and operational challenges. This finding aligns with Oktariani et al. (2022), who emphasized that greater financial knowledge and understanding enable business owners to manage finances prudently, maintain expenditures within income limits, and achieve sustainable business outcomes. The Theory of Planned Behavior by Ajzen (2020) further supports this relationship by explaining that financial literacy shapes attitudes, subjective norms, and perceived behavioral control, which collectively influence financial behavior and ultimately enhance business performance.

Similarly, financial management plays a crucial role in determining MSMEs' financial performance. Effective financial management encompasses systematic recording, planning, monitoring, and control of organizational funds, enabling business actors to manage cash flow efficiently, reduce potential losses, and increase profitability. Entrepreneurs who adopt sound financial management practices demonstrate better control over operational and strategic decisions, supporting long-term business sustainability. This finding corroborates Rochmah et al. (2023), who found that companies with structured financial management achieve improved financial performance. Well-organized financial management allows MSMEs to allocate resources appropriately, invest prudently, and maintain stability even during economic uncertainty (Hussain et al., 2021).

Access to capital also shows a significant positive effect on MSMEs' financial performance. Availability of sufficient funding enables entrepreneurs to manage operations more efficiently, expand production capacity, and seize business opportunities (Okello et al., 2017). Capital from formal financial institutions, loans, or other external sources provides flexibility in resource allocation, allowing MSMEs to respond to market demand and enhance competitiveness. This outcome supports the findings of Rochmah et al. (2023), who noted that greater access to capital facilitates business growth and strengthens financial outcomes by enabling better investment and operational management.

These results highlight the varying roles of internal and external factors in driving MSME financial performance. While human resources alone may not significantly improve outcomes, financial literacy, effective financial management, and access to capital emerge as key determinants of success. The practical implications of this study suggest that local governments and related institutions should focus on providing training programs to enhance financial literacy and financial management skills, as well as facilitating access to capital for MSMEs. By doing so, MSME actors can make more informed financial decisions, manage resources efficiently, and improve business sustainability. Furthermore, business owners are encouraged to continuously develop their competencies and adopt systematic financial practices to strengthen their enterprises, ultimately contributing to regional economic growth.

6. Conclusion

The findings indicate that human resources do not have a statistically significant effect on MSMEs' financial performance, suggesting that formal education, experience, and basic skills alone are insufficient to directly determine financial success. In contrast, financial literacy, financial management, and access to capital demonstrate positive and significant effects. Higher levels of financial literacy enable business actors to improve financial recording, fund allocation, and planning, thereby enhancing profitability. Effective financial management through systematic recording, cost control, and cash flow planning further strengthens financial outcomes. Additionally, adequate access to capital increases opportunities for production expansion, business growth, and revenue improvement, establishing capital strength as a fundamental driver of sustainable financial performance.

These findings highlight the importance of strengthening financial literacy and financial management capabilities among MSME actors through structured training, mentoring, and continuous assistance. Improved access to diverse funding sources, including financial institutions and government programs, is also essential to enhance competitiveness and long-term viability. Although human resources were not found to be a significant determinant, capacity-building initiatives in entrepreneurship and managerial skills remain important as supporting factors. Local governments and related institutions are encouraged to provide integrated support in financial education and capital facilitation. This study has several limitations, including its focus on a limited geographical area, a relatively small sample size, and the examination of only a few variables, excluding factors such as marketing strategies, product innovation, and digital technology that may also affect MSMEs' financial performance. Future research should expand the sample size and geographical coverage while incorporating additional variables, such as marketing strategy, product innovation, and digital technology utilization, to obtain a more comprehensive understanding of MSMEs' financial performance determinants.

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