

Assessing Human Resource Competence In Financial Management Among MSME Actors In Makassar City

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Abstract

This study aims to describe human resource competence in financial management among Micro, Small, and Medium Enterprise (MSME) actors in Makassar City. A quantitative descriptive approach was employed using a structured questionnaire distributed to MSME owners and managers who were directly involved in managing business finances. The research instrument measured eight indicators of financial management competence, namely knowledge of business financial management, ability to record financial transactions, ability to prepare financial planning, cash-flow management skills, ability to control business expenditures, discipline in managing business finances, responsibility for financial decision-making, and willingness to improve financial management competence. The data were analyzed using descriptive statistics, including frequency, percentage, mean score, and category interpretation. The validity and reliability tests confirmed that all questionnaire items were valid and reliable. The findings show that MSME actors in Makassar City generally have a high level of perceived competence in financial management. The strongest aspects were willingness to improve financial management competence and responsibility for financial decision-making, indicating positive learning orientation and financial accountability among MSME actors. However, financial planning and cash-flow management require further strengthening. The study implies that MSME development programs should focus not only on general financial literacy, but also on practical training in bookkeeping, cash-flow planning, budgeting, expenditure control, and simple digital financial applications.

Keywords : Human Resource Competence; Financial Management; MSMEs.

BACKGROUND

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economic structure because they contribute substantially to productive economic activities, employment creation, regional economic resilience, and inclusive growth. The Indonesian government has consistently positioned MSMEs as the backbone of the national economy, with their contribution exceeding 60% of national GDP and absorbing almost 97% of the workforce. From an academic perspective, Gherghina et al. (2020) emphasize that small and medium-sized enterprises are important drivers of economic growth through investment,

innovation, job creation, and regional value creation. Therefore, MSME development should not only be understood from the perspective of business quantity, but also from the quality of managerial capacity possessed by business actors.

Despite their major contribution, MSMEs continue to face structural constraints related to limited access to capital, weak human resource quality, limited managerial capability, and inadequate business legality. The *Profil Industri Mikro dan Kecil 2024* published by Statistics Indonesia indicates that micro and small industries still encounter challenges in access to finance, human resource quality, management capability, and business legality. These issues are consistent with Surya et al. (2021), who argue that SME productivity is not only determined by economic growth, but also by government policy, business capital support, innovation, and human resource capacity strengthening. This implies that MSME problems are not merely financial in nature, but are also rooted in the competence of business actors to manage their enterprises effectively.

One critical dimension of human resource competence among MSME actors is financial management competence. This competence includes knowledge of business financial management, the ability to record financial transactions, prepare financial plans, manage cash flow, control expenditures, maintain financial discipline, make responsible financial decisions, and continuously improve financial capability. Graña-Alvarez et al. (2024) explain that financial literacy in SMEs is associated with financial attitudes, financial behaviour, organizational capabilities, and firm performance. Thus, financial competence should not be interpreted merely as conceptual knowledge, but also as the practical ability to apply financial knowledge in daily business management.

The urgency of financial management competence becomes more evident when linked to Indonesia's financial literacy and inclusion conditions. The Financial Services Authority reported that Indonesia's financial literacy index in 2024 reached 65.43%, while the financial inclusion index reached 75.02%. This gap indicates that access to financial products and services is higher than the public's ability to understand and manage financial matters properly. Molina-García et al. (2023) also show that research on financial literacy in SMEs has developed rapidly but remains uneven, particularly across themes such as firm performance, financing access, innovation, risk attitude, and the role of owner-managers. Therefore, access to financial services alone is insufficient without adequate competence in planning, recording, controlling, and evaluating business finances.

In MSMEs, owners or managers often perform multiple roles simultaneously as decision-makers, cash managers, transaction recorders, expenditure controllers, and business sustainability planners. Consequently, the quality of financial management is highly dependent on the individual competence of the business actor. Rekha et al. (2025), through a systematic literature review and bibliometric analysis, found that although publications on financial literacy have increased, studies specifically addressing MSME/SME financial literacy remain relatively limited. This indicates the need for more specific empirical mapping of financial competence indicators that reflect the practical realities of small business management.

From the Resource-Based View perspective, financial management competence can be understood as an internal intangible resource that supports business sustainability. Padi

et al. (2025) found that SME owner financial literacy and entrepreneurial competencies are associated with financial performance, while corporate governance strengthens this relationship. This finding suggests that financial competence is not merely an administrative capability, but also a strategic capacity that enables business actors to manage resources, reduce financial risk, and improve decision-making quality. Therefore, mapping human resource competence in financial management is essential to understand the internal readiness of MSMEs.

In the Indonesian MSME context, financial management remains a crucial issue because many business actors still lack systematic financial recording and control practices. Herdiyanti et al. (2024) found that financial literacy and financial inclusion influence MSME development through the mediating role of financial management. This finding confirms that financial management serves as a mechanism that connects financial knowledge and financial access with business development. Accordingly, MSMEs do not only require access to financing, but also practical competence in transaction recording, budgeting, cash-flow management, and expenditure control.

Another common challenge among MSMEs is the gap between financial knowledge and financial management behaviour. Selvi et al. (2024) found that financial literacy and financial knowledge significantly influence the financial management behaviour of MSME actors. This shows that financial understanding must be translated into managerial habits, including discipline in recording transactions, controlling expenses, taking responsibility for financial decisions, and willingness to improve competence. Therefore, behavioural indicators such as discipline, responsibility, and learning orientation are relevant in assessing human resource competence in MSME financial management.

The implementation of financial accounting standards also remains a major challenge for MSMEs. Didied et al. (2024) found that the implementation of SAK EMKM is influenced by accounting knowledge, business actor readiness, and tax compliance, while information technology and education level do not always directly affect implementation. This indicates that technology and formal education alone do not automatically improve MSME financial reporting practices if they are not supported by practical competence and readiness. Therefore, the ability to record financial transactions, prepare financial plans, and manage cash flow should be considered core indicators in assessing MSME financial management competence.

Recent empirical studies in Indonesia also confirm the importance of human resource competence in improving the quality of MSME financial management. Giantina and Nikolaus (2026) found that human resource competence, financial literacy, and internal control have a positive and significant effect on the quality of MSME financial management in West Java. However, their study used a causal-associative approach, while the present study adopts a descriptive quantitative approach. This distinction is important because descriptive mapping is needed to identify the actual condition of MSME actors' competence before designing training, mentoring, or policy interventions.

Makassar City provides a relevant empirical context for this study because it is one of the major economic centres in Eastern Indonesia. The Makassar City Open Data portal provides indicators related to the number of MSMEs by district, the total number of MSMEs,

the number of workers by industrial scale, and the number of enterprises by industrial scale. In a study on MSMEs in Makassar City, Alam et al. (2024) found that skill is the dominant indicator forming the human resource competence variable, while market growth is the dominant indicator of business performance. Nevertheless, that study did not specifically examine human resource competence in financial management, leaving a research space for a more focused descriptive study on financial management competence among MSME actors in Makassar.

Previous research in Makassar has also shown that financial literacy and financial management are related to MSME performance. Aditia et al. (2023) found that financial literacy and financial management positively affect MSME performance in Makassar City, particularly among culinary MSMEs. However, most prior studies have focused on testing causal relationships among variables, while limited attention has been given to descriptive mapping of financial management competence indicators. This study therefore contributes by identifying the level of competence across indicators such as financial management knowledge, transaction recording, financial planning, cash-flow management, expenditure control, financial discipline, responsibility in financial decision-making, and willingness to improve financial competence.

Based on the preceding discussion, the main research problem lies in the fact that MSMEs make a substantial contribution to the economy but continue to face weaknesses in human resource competence and financial management practices. The research gap is threefold. First, conceptually, previous studies often discuss MSME competence in general terms, while human resource competence in financial management has not been sufficiently mapped as a specific construct. Second, empirically, studies on MSMEs in Makassar have mostly examined financial literacy, social media use, human resource competence, and business performance, while descriptive evidence on financial management competence remains limited. Third, methodologically, prior studies have predominantly used causal, regression-based, or structural models, whereas descriptive statistical analysis is still necessary to provide an empirical baseline for policy, training, and mentoring programs.

Therefore, this study is urgent because strengthening MSMEs cannot rely solely on capital assistance, digital marketing, or broader access to financial services. MSME development also requires the improvement of business actors' competence in recording transactions, preparing financial plans, managing cash flow, controlling expenditures, maintaining financial discipline, making responsible financial decisions, and continuously improving financial capability. By using a descriptive quantitative approach based on questionnaire data, this study aims to provide empirical evidence on the level of human resource competence in financial management among MSME actors in Makassar City. The findings are expected to support local government, higher education institutions, business communities, and MSME development agencies in designing more targeted financial management training and mentoring programs.

METHODS

This study used a quantitative descriptive approach to examine human resource competence in financial management among MSME actors in Makassar City. This approach

was appropriate because the study aimed to describe respondents' competence based on questionnaire data, rather than to test causal relationships among variables. Descriptive quantitative research enables the researcher to present empirical findings through frequency, percentage, mean score, standard deviation, minimum value, and maximum value (Creswell & Creswell, 2018).

The study was conducted in Makassar City, South Sulawesi, Indonesia. The population consisted of MSME actors operating in Makassar City. The respondents were MSME owners or managers who were directly involved in managing business finances. This criterion was used because the study focused on financial management competence, including transaction recording, financial planning, cash-flow management, expenditure control, financial discipline, responsibility in financial decision-making, and willingness to improve financial competence. The sampling technique used in this study was purposive sampling. This technique was selected because respondents had to meet specific criteria relevant to the research objective. The inclusion criteria were: MSME actors operating in Makassar City, owners or managers of MSMEs, directly involved in financial management, and willing to complete the questionnaire. Purposive sampling is suitable when researchers need respondents with particular knowledge, experience, or characteristics related to the study focus (Etikan et al., 2016).

A total of 196 MSME actors completed the questionnaire and were used as the final sample. The sample size was considered adequate based on the Lemeshow formula for an unknown or large population. Using a 95% confidence level, a population proportion of 0.5, and a margin of error of 7%, the minimum required sample was approximately 196 respondents (Lemeshow et al., 1990). Therefore, the use of 200 respondents exceeded the minimum sample requirement. However, since the study used purposive sampling, the findings are interpreted descriptively based on the surveyed respondents and are not intended for full statistical generalization to all MSMEs in Makassar City.

$$n = \frac{Z^2 \times p(1 - p)}{d^2}$$

Where:

n = minimum sample size

Z = Z value at 95% confidence level, namely 1.96

p = estimated population proportion, namely 0.5

d = margin of error, namely 0.07

Thus, the calculation was:

$$n = \frac{1.96^2 \times 0.5(1 - 0.5)}{0.07^2}$$

$$n = \frac{3.8416 \times 0.25}{0.0049}$$

$$n = 196$$

Data were collected using a structured questionnaire. The questionnaire was designed to measure human resource competence in financial management. The indicators included knowledge of business financial management, ability to record financial transactions, ability to prepare financial plans, skill in managing cash flow, ability to control business expenditures, discipline in managing business finances, responsibility in financial decision-making, and willingness to improve financial management competence. These indicators were adapted from financial literacy and MSME financial management studies that emphasize financial knowledge, financial behaviour, recording, budgeting, financial control, and responsible financial decision-making (Atkinson & Messy, 2012; Putri & Husna, 2024; Giantina & Nikolaus, 2026).

Each item was measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. Higher scores indicated higher perceived competence in financial management.

The data were analyzed using descriptive statistics. Frequency and percentage were used to describe respondent characteristics, while mean score and standard deviation were used to describe the level of competence for each indicator. The mean scores were interpreted using five categories:

Tabel 1. Mean Score Interval

Mean Score Interval	Category
1.00–1.80	Very Low
1.81–2.60	Low
2.61–3.40	Moderate
3.41–4.20	High
4.21–5.00	Very High

The results were then interpreted by comparing the mean score of each indicator. Indicators with the highest mean scores were interpreted as the strongest aspects of MSME actors' financial management competence, while indicators with the lowest mean scores were interpreted as areas requiring improvement. Since this study was descriptive in nature, no hypothesis testing, regression analysis, correlation analysis, or structural model testing was conducted. Berisi bagaimana data dikumpulkan, sumber data dan cara analisis data

RESULTS AND DISCUSSION

Before conducting the descriptive analysis, validity and reliability tests were performed to ensure the quality of the questionnaire instrument.

Tabel 2. Validity And Reliability Test Results

No.	Indicator	Pearson Correlation	Sig.	Validity Result
1	Knowledge of business financial management	0.718	<0.001	Valid
2	Ability to record financial transactions	0.733	<0.001	Valid
3	Ability to prepare financial planning	0.651	<0.001	Valid

4	Cash-flow management skills	0.689	<0.001	Valid
5	Ability to control business expenditures	0.704	<0.001	Valid
6	Discipline in managing business finances	0.707	<0.001	Valid
7	Responsibility for financial decision-making	0.683	<0.001	Valid
8	Willingness to improve financial management competence	0.656	<0.001	Valid

Source: SPSS output processed by the authors, 2026.

The validity test showed that all items had significant Pearson correlation values ranging from **0.651 to 0.733** with significance values of **p < 0.001**. In addition, the reliability test produced a Cronbach's Alpha value of 0.844, indicating that the instrument had good internal consistency because the value exceeded the recommended threshold of 0.70 (Hair et al., 2019). These results indicate that all questionnaire items were valid and reliable. Therefore, the instrument was appropriate for measuring human resource competence in financial management among MSME actors and could be used for further descriptive statistical analysis.

Tabel 3. Respondent Characteristics

Characteristic	Category	Frequency	Percentage
Gender	Female	141	71.94%
	Male	55	28.06%
	Total	196	100.00%
Education Level	Junior High School	4	2.04%
	Senior High School	56	28.57%
	Diploma	12	6.12%
	Bachelor's Degree	121	61.73%
	Master's Degree	3	1.53%
	Total	196	100.00%
Business Experience	< 1 year	86	43.88%
	1–3 years	64	32.65%
	4–6 years	24	12.24%
	> 6 years	22	11.22%
	Total	196	100.00%
Business Type	Trade	131	66.84%
	Services	44	22.45%
	Manufacturing Industry	21	10.71%
	Total	196	100.00%

Source: Questionnaire data processed by the authors, 2026.

Therefore, respondent characteristics show that the majority of MSME actors involved in this study were female, accounting for 140 respondents or 71.79%, while male respondents represented 55 respondents or 28.21%. This indicates that the surveyed MSMEs in Makassar City were predominantly managed or represented by female business

actors. In terms of education level, most respondents had a bachelor's degree, with 120 respondents or 61.54%, followed by senior high school graduates with 56 respondents or 28.72%. This profile suggests that the majority of respondents had relatively adequate educational backgrounds to understand and respond to questions related to financial management competence.

Based on business experience, most respondents had operated their businesses for less than one year, representing 86 respondents or 44.10%. This was followed by respondents with 1–3 years of business experience, accounting for 63 respondents or 32.31%. These findings indicate that the majority of MSMEs in the sample were relatively new or early-stage businesses. In terms of business type, trade was the dominant sector, with 131 respondents or 67.18%, followed by services with 43 respondents or 22.05%, and manufacturing industry with 21 respondents or 10.77%. This suggests that the respondents were mainly concentrated in trade-based MSMEs, which are generally characterized by frequent daily transactions and therefore require adequate competence in recording, managing cash flow, and controlling business expenditures.

After describing the characteristics of the respondents, the next analysis focuses on the level of human resource competence in financial management among MSME actors in Makassar City. This profile is important because trade-based MSMEs generally deal with frequent daily transactions, cash inflows and outflows, inventory-related spending, and short-term financial decisions. Therefore, financial management competence becomes a critical capability for ensuring that MSME actors are able to record transactions, control expenses, manage cash flow, and make responsible financial decisions in their daily business operations. The descriptive results of financial management competence are presented in Table 2.

Tabel 4. Descriptive Statistics of Financial Management Competence Indicators

No.	Indicator	Mean Score	Category
1	Knowledge of business financial management	3.93	High
2	Ability to record financial transactions	3.88	High
3	Ability to prepare financial planning	3.84	High
4	Cash-flow management skills	3.79	High
5	Ability to control business expenditures	3.98	High
6	Discipline in managing business finances	3.99	High
7	Responsibility for financial decision-making	4.09	High
8	Willingness to improve financial management competence	4.11	High
	Overall Mean	3.95	High

Source: Questionnaire data processed by the authors, 2026.

The descriptive statistical results indicate that the overall mean score of human resource competence in financial management was 3.95, which falls into the high category. This finding suggests that MSME actors in Makassar City generally perceive themselves as having adequate competence in managing business finances. The high overall score reflects that respondents have developed positive financial awareness, particularly in understanding

the importance of financial management, maintaining discipline, controlling expenditures, and taking responsibility for financial decisions. This result is consistent with the financial literacy perspective, which views financial competence not only as knowledge, but also as behaviour, attitude, and decision-making capacity in managing financial resources (Atkinson & Messy, 2012; Graña-Alvarez et al., 2024).

The highest mean score was found in the indicator willingness to improve financial management competence with a mean score of 4.11. This indicates that MSME actors have a strong learning orientation and openness to improving their ability to manage business finances. This result is important because willingness to improve competence can serve as a foundation for future training, mentoring, and capacity-building programs. In MSMEs, financial management practices are often developed through experience, informal learning, and practical exposure. Therefore, when business actors demonstrate strong willingness to improve, they are more likely to accept financial literacy programs, bookkeeping assistance, digital financial application training, and business mentoring. This aligns with Graña-Alvarez et al. (2024), who emphasize that financial literacy contributes to financial behaviour and organizational capability in SMEs.

The second-highest indicator was responsibility for financial decision-making, with a mean score of 4.09. This result shows that MSME actors tend to recognize their responsibility for financial decisions made in their businesses. This is particularly relevant in the MSME context because owners or managers usually act as the main decision-makers, financial controllers, and risk bearers. A high level of responsibility indicates that respondents are aware that every financial decision, such as spending, borrowing, reinvesting profits, and managing cash flow, has consequences for business continuity. This finding is in line with Padi et al. (2025), who found that financial literacy and entrepreneurial competence among SME owners are related to financial performance, especially when supported by good governance practices.

The indicators discipline in managing business finances and ability to control business expenditures also obtained high mean scores of 3.99 and 3.98, respectively. These results show that MSME actors already have relatively strong behavioural competence in maintaining financial order and controlling business spending. This is a positive finding because discipline and expenditure control are essential for MSMEs that often operate with limited working capital. From the Resource-Based View perspective, these competencies can be understood as internal intangible resources that help MSMEs allocate limited financial resources more effectively and reduce the risk of inefficient spending (Barney, 1991). In practical terms, disciplined financial behaviour allows MSME actors to prioritize essential expenses, avoid unnecessary costs, and maintain business liquidity.

Meanwhile, the indicators knowledge of business financial management and ability to record financial transactions obtained mean scores of 3.93 and 3.88, respectively. Although both indicators are categorized as high, the lower score on transaction recording compared with general financial knowledge indicates that technical implementation may still be slightly weaker than conceptual understanding. This pattern suggests that MSME actors may already understand the importance of financial management, but not all of them have fully implemented systematic bookkeeping practices. Molina-García et al. (2023) explain that

financial literacy in SMEs involves not only financial knowledge, but also the ability to apply that knowledge in business processes. Therefore, transaction recording remains an important area for continuous strengthening, particularly for trade-based MSMEs that conduct frequent daily transactions.

The two lowest indicators were ability to prepare financial planning with a mean score of 3.84 and cash-flow management skills with a mean score of 3.79. Although both indicators remain in the high category, they are relatively weaker than other indicators. This suggests that MSME actors may still experience difficulties in preparing structured financial plans and managing cash inflows and outflows systematically. In small businesses, cash-flow management is often more complex than general expenditure control because it requires regular monitoring, forecasting, separation between personal and business finances, and prioritization of payment obligations. Rekha et al. (2025) argue that research on MSME/SME financial literacy still requires stronger attention to practical dimensions and measurement indicators. Therefore, the relatively lower scores in financial planning and cash-flow management indicate that these technical aspects should become priority areas in MSME development programs.

Overall, the findings show that MSME actors in Makassar City have a high level of perceived financial management competence. However, the pattern of the results also indicates that behavioural aspects, such as responsibility, willingness to improve, discipline, and expenditure control, are stronger than technical aspects, such as financial planning and cash-flow management. This means that the main challenge is not the absence of financial awareness, but the need to transform awareness into more structured and systematic financial management practices. This condition is relevant to Human Capital Theory, which views knowledge, skills, and attitudes as productive assets that can improve business management quality (Becker, 1964). In this study, the competence of MSME actors becomes a form of human capital that supports their ability to manage business finances more effectively.

The practical implication of these findings is that MSME development programs in Makassar City should not only focus on general financial literacy, but also on applied financial management skills. Training programs should prioritize simple bookkeeping, daily transaction recording, cash-flow planning, budgeting, expenditure control, and the use of basic digital financial applications. Since the highest score was found in willingness to improve competence, MSME actors appear to have a positive readiness to participate in capacity-building programs. Therefore, local government, universities, business associations, and MSME assistance institutions can use this finding as a basis for designing practical and continuous mentoring programs. In particular, trade-based MSMEs need practical modules on daily transaction recording and cash-flow monitoring because their business activities involve frequent financial transactions.

From a policy perspective, these findings imply that MSME empowerment should not rely solely on capital assistance, market access, or digital marketing support. Financial assistance may not produce optimal results if MSME actors are unable to plan, allocate, record, and control their business finances properly. Therefore, strengthening financial management competence should be integrated into MSME development policies as a core

component of business capacity building. The relatively lower mean scores on financial planning and cash-flow management indicate that future interventions should be more technical, practice-oriented, and tailored to the actual needs of MSME actors. In this sense, the findings provide an empirical basis for developing more targeted financial management training and mentoring programs for MSMEs in Makassar City.

Discussion

The findings of this study indicate that MSME actors in Makassar City have developed a positive level of human resource competence in financial management. This result reflects that MSME actors are not only aware of the importance of managing business finances, but also show readiness to improve their competence, take responsibility for financial decisions, maintain discipline, and control business expenditures. In MSMEs, financial management competence is particularly important because owners or managers often act as financial decision-makers, cash-flow controllers, transaction recorders, and business risk bearers at the same time. This condition makes financial competence a central element of business sustainability, especially for trade-based MSMEs that deal with frequent daily transactions and short-term financial decisions. The questionnaire results used in this study show that the indicators of financial management competence are closely related to financial knowledge, financial behaviour, financial planning, cash-flow management, expenditure control, discipline, responsibility, and learning orientation among MSME actors.

The findings are consistent with the financial literacy framework developed by Atkinson and Messy (2012), which explains that financial capability consists of financial knowledge, financial behaviour, and financial attitude. This framework is relevant because MSME financial competence cannot be reduced to the ability to understand financial concepts alone. Instead, MSME actors must be able to apply financial knowledge in daily business practices, such as recording transactions, controlling expenses, preparing financial plans, and making responsible financial decisions. In this study, the stronger behavioural orientation among respondents suggests that financial competence is shaped not only by cognitive understanding, but also by discipline, responsibility, and willingness to learn. This interpretation is supported by Graña-Alvarez et al. (2024), who found that financial literacy in SMEs is related to financial attitudes, financial behaviours, organizational capabilities, and business performance.

From the perspective of Human Capital Theory, the competence of MSME actors in financial management can be understood as an individual productive asset. Becker (1964) argues that knowledge, skills, and individual attributes increase productivity and economic value. In the MSME context, this theory is highly relevant because financial management practices depend strongly on the competence of business owners or managers. When MSME actors have sufficient knowledge, skills, and discipline in managing finances, they are more likely to produce reliable financial information, allocate resources efficiently, and make more accurate business decisions. The findings of this study therefore suggest that strengthening human capital in financial management is essential for improving the internal capacity of MSMEs.

The results also align with the Resource-Based View, which emphasizes that internal resources can become sources of competitive advantage when they are valuable, difficult to imitate, and properly organized (Barney, 1991). Financial management competence can be categorized as an intangible resource because it is embedded in the experience, behaviour, judgement, and managerial routines of MSME actors. This competence helps business actors use limited financial resources more effectively, particularly in conditions of capital constraints and unstable market demand. Padi et al. (2025) found that SME owner financial literacy and entrepreneurial competencies are associated with financial performance, while governance mechanisms strengthen this relationship. This indicates that internal competence is not merely an administrative capability, but a strategic resource that supports business resilience and financial performance.

The findings also show that positive financial awareness needs to be transformed into more systematic financial routines. MSME actors may understand the importance of financial management, but technical practices such as financial planning and cash-flow management often require more structured methods. Molina-García et al. (2023) explain that research on financial literacy in SMEs has grown rapidly, but it remains fragmented across themes such as financing access, performance, innovation, risk attitude, and owner-manager roles. This suggests that financial literacy should be viewed as a multidimensional construct involving both knowledge and application. In the context of this study, MSME actors need not only general financial awareness, but also practical tools for budgeting, transaction recording, cash-flow monitoring, and expenditure evaluation.

The importance of practical financial capability is reinforced by Rekha et al. (2025), who conducted a systematic literature review and bibliometric analysis on MSME/SME financial literacy. Their study found that although publications on financial literacy have increased, research specifically addressing MSME/SME financial literacy remains relatively limited, particularly in terms of dimensions, measurement, and practical indicators. This supports the relevance of the present study because it focuses on practical financial management competence indicators among MSME actors, including transaction recording, financial planning, cash-flow management, expenditure control, discipline, responsibility, and willingness to improve competence. These indicators are important because they reflect the actual financial management practices required by MSME actors in daily business operations.

The findings further indicate that financial management competence should be linked to business sustainability. Widiyanti et al. (2024) found that MSME sustainability requires not only financial literacy and business capital, but also financial advisory support and tailored financial products that match MSME operational cycles. Their study emphasizes that financial knowledge alone may not be sufficient to support business sustainability if it is not accompanied by practical financial management skills, especially in budgeting and cash-flow management. This is highly relevant to the present study because MSME actors in Makassar City require practical competence to manage frequent transactions, prioritize expenditures, and maintain liquidity.

The relationship between competence and financial reporting quality is also important. Nayana et al. (2026) found that human resource competence, accounting

digitalization, and internal control significantly influence the quality of MSME financial statements. Their findings show that MSMEs need targeted interventions in human resource competence, accounting digitalization, and internal control to improve financial reporting quality. This supports the argument that financial management competence should not be limited to informal financial awareness, but should also be directed toward improving the quality of financial information. For MSME actors, the ability to record transactions accurately and use simple digital accounting tools can help improve transparency, decision-making, and access to external financing.

The implementation of accounting standards and financial reporting systems also depends on the readiness of MSME actors. Didied et al. (2024) found that the implementation of SAK EMKM is influenced by accounting knowledge, business actor readiness, and tax compliance. This finding shows that the availability of financial reporting standards does not automatically improve MSME financial practices if business actors do not have sufficient competence to implement them. In this study, financial management competence is therefore important because it forms the foundation for more formal financial reporting practices. Without adequate transaction recording, cash-flow monitoring, and financial planning, MSME actors may find it difficult to prepare reliable financial information and evaluate business performance objectively.

The relevance of human resource competence is also supported by Giantina and Nikolaus (2026), who found that human resource competence, financial literacy, and internal control have positive effects on the quality of MSME financial management in West Java. Their study confirms that financial management quality depends not only on financial literacy, but also on the competence of the individuals who manage business finances. This supports the interpretation that human resource competence in financial management is a critical factor for improving MSME governance. In the context of Makassar City, this finding suggests that MSME development programs should place stronger emphasis on improving practical competence, not merely increasing access to capital or financial products.

Recent research in Indonesia also shows that financial management competence is increasingly connected with digital transformation and e-commerce adoption. Miswati et al. (2026) found that financial management knowledge, workforce skills, and e-commerce implementation are important factors in explaining the financial performance of MSMEs in Palu City. This indicates that MSME competence should be understood in a broader managerial context, where financial knowledge, human resource capability, and technology adoption interact to support business performance. For MSMEs in Makassar City, this implication is important because financial management training should also introduce simple digital tools that can help business actors record transactions, monitor cash flows, and evaluate business performance more efficiently.

The need for practical and contextual training is further supported by Muslim (2026), who found that financial management training for MSMEs has shifted from generic models to more contextual and specific approaches. The study highlights that the most relevant training materials for MSMEs include simple financial record-keeping, cash management, separation of personal and business finances, and basic taxation. This is directly relevant to the findings of the present study, because MSME actors already show willingness to improve

competence but still require practical support in technical areas. Therefore, training programs should be designed not as one-time seminars, but as continuous mentoring activities that guide MSME actors in applying financial management practices to their daily business operations.

The findings also have important implications for sustainable MSME performance. A recent study on MSMEs in Bekasi found that social capital, human resource competence, and financial inclusion significantly affect sustainable performance, while financial literacy plays an important mediating role between financial inclusion and sustainable performance. This suggests that access to finance should be accompanied by competence development and financial literacy improvement to generate sustainable business outcomes. In relation to the present study, this supports the argument that MSME empowerment in Makassar City should not rely solely on financial inclusion or capital support. Instead, financial access must be combined with training, mentoring, and competence-based interventions that strengthen the ability of MSME actors to manage financial resources responsibly.

Overall, the discussion shows that human resource competence in financial management is a multidimensional capability that combines knowledge, technical skill, behavioural discipline, responsibility, and learning orientation. The findings of this study support the argument that MSME actors in Makassar City already possess positive financial attitudes and readiness for capacity development. However, they still require more systematic assistance to strengthen technical financial practices, especially financial planning, cash-flow management, transaction recording, and the use of simple digital accounting systems. Therefore, future MSME development programs should be designed around practical financial management needs rather than general financial literacy alone. The integration of Human Capital Theory and the Resource-Based View also strengthens the theoretical contribution of this study by showing that financial management competence functions both as individual human capital and as an internal strategic resource for MSME sustainability.

Practically, these findings imply that local government, universities, financial institutions, and MSME assistance agencies should develop integrated capacity-building programs. These programs should include simple bookkeeping, financial planning, cash-flow monitoring, expenditure control, financial reporting, digital accounting applications, and separation of personal and business finances. Such programs should also be adjusted to the characteristics of MSME actors, especially early-stage and trade-based businesses that face frequent daily transactions. In policy terms, financial management competence should become a core component of MSME empowerment because capital assistance and market access will be more effective when business actors are able to manage financial resources in a disciplined, accountable, and sustainable manner.

CONCLUSION

This study concludes that MSME actors in Makassar City have a high level of human resource competence in financial management. The strongest aspects are willingness to improve competence, responsibility in financial decision-making, discipline, and expenditure control, while financial planning and cash-flow management still require improvement. These

findings answer the research objective by showing that MSME actors already possess positive financial awareness but still need stronger technical skills. Therefore, local government, universities, and MSME assistance institutions should provide practical training in bookkeeping, cash-flow planning, budgeting, and simple digital financial applications to strengthen MSME financial management practices.

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