The Influence of Financial Aspects, Human Resource (HR) Competence, and Product Innovation on the Performance of Micro, Small, and Medium Enterprises (MSMEs) in Menteng District

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Abstract

MSMEs play a strategic role in Indonesia and are crucial for the economy, employment, job creation, and poverty reduction. In 2023, MSMEs contributed 61.07 percent to the national GDP and employed 97 percent of the Indonesian workforce. As competition increases, it is crucial to understand the factors that can help MSMEs perform more effectively. Good financial health combined with strong human resource capabilities supports better innovation capabilities, which in turn improves the level and quality of not only competitiveness but also overall business performance. The research conducted in this paper aims to investigate the influence of financial aspects, human resource competencies, and product innovation on business performance, both partially and jointly. The research method used is quantitative, employing a survey method. Data were collected through a questionnaire using a Likert Scale, which was distributed to 100 registered MSME owners in the Menteng area. The sampling method used a purposive sampling method. The data analysis method utilized SPSS to examine the relationship and influence between the variables of financial aspects, human resource competencies, and product innovation on business performance. The results of the study indicate that the financial aspect variable has a significant positive influence on business performance (0.000 at a 5% significance level). The HR competency variable also has a significant positive influence (0.000 at a 5% significance level), as does the product variable (0.023 at a 5% significance level). The simultaneous test also shows that the financial aspect variable, HR competency, and product innovation all have a significant positive influence (0.000 at a 5% significance level). Therefore, by improving these three elements simultaneously, integrated financial management, HR competency development, and product innovation can provide business actors with an effective means to increase performance competitiveness.

Keywords:
Financial Aspects; Human Resource Competence; Product Innovation; Business Performance.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in the Indonesian Economy and Society recognize that Micro Enterprises (MSMEs) are a set of technologies owned by individuals or families and have fewer than 20 workers including the owner, while Small Enterprises (SMEs) range from 20-100 employees. When the government established a comprehensive data statistics system to measure the responsible service industry in 2023, it was found that MSMEs contributed 61.07% to GDP and absorbed 97% of the workforce. In addition to driving the economy, MSMEs also make a significant contribution to employment. This relies

on Knights' management competency bias (Kristiawati et al., 2005; Putra et al., 2002), especially when entrepreneurs are at the helm. Therefore, government policies are needed that encourage human resource development, business climate, brand service levels, and rehabilitation models that allow rapid technological change to support the growth of new businesses, such as MSMEs (Hea et al., 2014). Globalization, increased competition in the market, improved facilities, and compliance with charitable regulations require MG & ME to increase product innovation; Initiating digital marketing; promoting human resource training capabilities; expanding their sales networks to compete with imported goods, which is increasingly difficult than before (Lestari, 2015). Difficulties in financial management still plague many MG & ME due to a lack of financial literacy, often resulting in failure to optimally plan business growth (Winarsa & Sumaryanto, 2020; Indriyani et al., 2012). Meanwhile, poor human resource capabilities impact operational decisions, marketing, customer service, and the adoption of digital technology (Alatas et al., 2013). Furthermore, this is a talent related to innovation. Product innovation can lead to the evolution of consumer preferences and, in turn, increase sales for ME if supported by market orientation and knowledge management (Setiyono et al., 2002).

Lestari (2021) conducted research on the influence of financial factors on company performance. The results showed that financial aspects have a positive and significant impact on company operations. However, Diansyah (2025) obtained different results, namely that financial aspects have no effect on business performance. The impact of HR competency on business performance is also still debated. Hadi (2024) argued that HR competency has a positive and significant impact on business performance; Halim and Rahayu (2024), on the other hand, argued that HR competency has no effect at all on business success. Furthermore, there are undoubtedly differences of opinion regarding a single variable such as Product Innovation. Aulia and Triyanto (2023) stated that product innovation has a positive and significant impact on business performance, while Rahmawati and Nugroho (2024) found their research results to be statistically insignificant. These differences in results indicate that there are factors that influence the relationship between variables. Having adequate HR competency can encourage innovation and competitiveness in business. However, limited capital makes it difficult for small businesses with limited access to funds to engage in innovative ventures. However, there are still several research gaps and empirical issues in previous research findings regarding the influence of financial aspects, human resource competency, and product innovation on the performance of MSMEs in Menteng Regency in today's society. The relationship between these three factors that determine business success also needs to be studied in more detail. Therefore, this study was conducted with the title "The Influence of Financial Aspects, Human Resource Competency (HR), and Product Innovation on the Performance of Micro, Small, and Medium Enterprises (MSMEs) in Menteng District."

In business management, the financial aspect is a crucial aspect related to financial records, cash flow, and feasibility research of business proposals. This financial aspect reflects a company's ability to plan and allocate resources effectively to the right channels. Good financial management encompasses more than just cash management: planning and providing working capital, and making informed decisions regarding financing methods that will ensure sustainable operations. Through well-planned financial management, business owners maintain their company's financial stability while achieving short-term and long-term goals (Brigham & Houston, 2021). As businesspeople have noted, in operational activities, the financial aspect also demonstrates an entrepreneur's ability to use funds effectively and economically to generate profits. Good management will reduce costs, mitigate financial risks, and increase profits. Adequate financial decisions determine the direction of the business: investing, expanding, and exploiting opportunities (Gitman et al., 2022). The financial aspect in MSMEs acts as a reflection of the health and sustainability of the business and is the basis for decision-making. Structured management can help MSMEs control costs, operate at a high level of efficiency, and thus become competitive (Sari, 2022). Thus, the financial aspect of a business can be understood as its capacity to manage and use funds for operations, development, cost control, and periodic review of financial performance.

The financial aspect is the foundation of business planning, particularly in calculating capital requirements and adjusting financial controls. For sound financial planning, business owners can schedule when they need development financing. For MSMEs, successful planning is crucial, at least to ensure that the business will not be threatened by mismanagement of funds (Kasmir, 2021). The financial aspect also acts as a kind of control and monitoring system. With regular and systematic record-keeping, business owners can track cash flow, control expenses, and assess the effectiveness of used funds. In finance, implementing financial controls helps ensure stability, allowing you to detect potential problems early and take corrective action. Furthermore, the financial aspect forms the basis for strategic decision-making and performance evaluation. Accurate financial information is used to assess profits earned, the ability to meet (bills, future) operations. The evaluation results support policy decisions, such as investment, business expansion, and product development (Putri, 2021). The financial aspect, in the Resource-Based View (RBV), is considered a type of strategic internal resource because by allocating funds appropriately, one can strengthen competitive advantage (Ghozali, 2020).

MSME finance is measured using several indicators. According to Munizu (2010), the financial aspect is an important internal factor that fundamentally influences MSME performance, because it is related to the ability of business actors to manage, allocate, and use finances effectively. This ability is the foundation for

maintaining operational continuity and increasing efficiency as well as providing a basis for rational business decision-making. With good financial management proven to be related to improved performance and sustainable operations, the indicators formulated by Munizu are still widely used in MSME research. Financial aspect indicators include (1) capital, namely the ability to obtain and manage business capital obtained from equity or loan funds; (2) financial management, namely the company's ability to plan, use, and control money wisely; (3) financial recording/management, namely systematic and logical transaction bookkeeping; and (4) business cash flow, the smooth flow of incoming and outgoing money to meet obligations and maintain business operations.

Competence in human resources refers to an individual's ability to effectively carry out their job duties and responsibilities by successfully utilizing knowledge, skills, and attitudes toward work. Competence is a person's inner quality. It not only means mastering knowledge but also being able to apply it in work situations to achieve business and organizational goals. In MSMEs, HR competency is crucial. Limited resources require business actors and workers to be flexible, possess multiple skills (multitasking), and be able to perform tasks in various fields (Sutrisno, 2021). Wibowo (2021) argues that HR competency encompasses cognitive, technical, and behavioral aspects of a person's work, which correlate with their level of performance. Competent individuals are able to produce work to high standards, behave responsibly, and take initiative in problem-solving. This competency (the ability to meet standards) is the basis for increasing productivity and work quality, thereby improving business performance. In modern management, HR competency is seen as a strategic asset that supports competitive advantage. Human resources (HR) with a higher level of suitability for role performance are better able to meet environmental and technological changes, as well as market demands, compared to others. Therefore, in order for MSMEs to remain competitive in the ever-changing competitive arena that is in transition from static traditional agriculture to an interconnected global trading system, sustainable competency development is crucial (Sinambela, 2021).

According to Anugrah (2023), human resource competency includes hard and soft elements. A person's competency is not only determined by technical skills (hard elements), but also by non-technical (soft) aspects such as character and work behavior. These elements are important considerations in the recruitment and placement of workers. These elements describe whether a person is ready for the task and can adapt in the workplace. According to Suwardi (2023), there are several factors that influence competency, including: (1) Beliefs and values, individual self-image and views of others that shape attitudes, ethics, and how people interact in the workplace; (2) Skills, the ability to do certain types of work that can be improved through learning and training both formal and informal; (3) Experience, which involves work or organizational activities that foster maturity in facing problems and making decisions; and (4) Motivation, internal and external encouragement that gets work enthusiasm, which can be strengthened by appreciation and recognition for performance.

For MSMEs, creating innovative products is not only a means to increase competitiveness and ensure the continuity of their business operations; it has also become a key strategy for playing an increasingly important role in the modern market economy. New products can be defined as efforts to update the appearance of existing goods by introducing new product designs or utilizing improvements to existing products. The goal is to provide better value to consumers, potentially increasing profitability. Innovation relates not only to reforming the physical properties of products but also to their quality, function, design, and packaging. Innovation also involves adapting products to market needs and tastes (Kotler & Keller, 2021). Product innovation refers to the ability of businesses to update product attributes such as quality, design, packaging, and variety to meet consumer preferences. Product innovation is a continuous process of adapting to changes in the business environment. This includes product changes that generate additional benefits. Product innovation is an effort to maintain product relevance and improve MSME performance by increasing their added value.

Micro, Small, and Medium Enterprises (MSMEs) are privately owned or privately managed entities operating on a small scale in the marketplace, as measured by both the number of people they employ (less than 250) and their annual turnover. MSMEs are crucial to national economic development; they not only provide large-scale employment but also help ensure equitable income distribution. Meanwhile, they are a major driving force behind domestic industrial development and are also relatively immune to changes in the economic climate that affect other types of companies, such as joint ventures or conglomerates (Siregar & Nasution, 2021). MSMEs possess social attributes. They not only stimulate the local economy, providing more stable livelihoods for residents, but also strengthen the community economy. With their flexibility in responding to market changes and quick understanding of business opportunities, MSMEs are more adaptable in today's digital economy. MSME performance consists of their business results over a specific period. This represents the MSME's success in achieving business targets, both financially and non-financially. Commonly used financial indicators to measure this include sales revenue growth, return on investment (ROI), and production cost efficiency. Non-financial indicators include customer satisfaction with services, product quality, business reputation, and company sustainability (Oktarini et al., 2021). MSME performance is influenced by internal and external factors. Internal factors primarily include entrepreneur skills and knowledge, market orientation, technological innovation, and comprehensive technology utilization. External factors include the natural business environment and government tax policies. Effective

resource management is crucial for MSMEs. MSMEs that manage their resources effectively will achieve good productivity and business resilience (Hendri & Kurniawan, 2023; Wahyuni & Susanti, 2022).

2. RESEARCH METHOD

This research was conducted on Micro, Small, and Medium Enterprises (MSMEs) operating in Menteng District, Central Jakarta. Menteng District was chosen because it is an area with significant economic potential and has established a number of MSMEs in specific sectors: culinary, fashion, services, and others. This allowed us to have a diverse range of businesses and different situations represented in our report. At the same time, the Menteng District Office had records available from other relevant agencies. Local residents in the area were interviewed to obtain firsthand information and capture clear details; this made things easier for the researcher and ensured that no time was wasted. The research is scheduled to take place from August 2025 to January 2026. This study uses a causal design to analyze the cause-and-effect relationships between variables. As reported by Sugiyono (2023), this design is used for cross-sectional data where the aim is to explore the influence of one attribute on another. The independent variables include financial aspects, human resource (HR) competency, and product innovation; the dependent variable is MSME performance. With this design, we can experimentally test the impact of each independent variable, either partially or completely at once, on the level of MSME performance. Variables are characteristics or value settings that you have chosen to analyze from your research object in this case: MSMEs. Each variable is defined using the words of experts so that you can measure it regularly to continue to do this type of work well. Variable X Financial Aspects (Capitalization, Financial Management, Record Keeping, Cash Flow), Human Resource Competence (knowledge, skills, attitudes, experience, motivation), Product Innovation (New Products, Design Quality and Customization or Differentiation). Variable Y MSME Performance (Sales Growth, Customer Growth, Product Quality, Customer Satisfaction and Business Sustainability).

Table 1. Operational Variables

Variable	Variable Concept	Indicator Questions	Reference
Financial Aspect (X1)	Independent Variable: The financial aspect covers all activities related to the planning, management, control, and supervision of a company's financial resources.	1. Capitalization 2. Financial management 3. Recordkeeping 4. Cash flow	Brigham and Houston (2021)
Human Resource Competence (X2)	Independent Variable: Human resource competence is a combination of knowledge, skills, and attitudes that an individual possesses to perform tasks and responsibilities effectively. This competence is a key factor in determining employees' or entrepreneurs' ability to achieve organizational goals, improve productivity, and support operational and strategic success.	1. Job knowledge 2. Job skills 3. Work attitude 4. Work experience 5. Work motivation	Sinambela (2021)
Product Innovation (X3	Independent Variable: Product innovation refers to the company's efforts to develop or update products by introducing new features, designs, quality, or benefits that can create added value for consumers. This innovation aims to meet the ever-changing market needs, increase customer satisfaction, and strengthen the company's competitiveness.	1. New products 2. Product quality improvements 3. Design innovation 4. Product adaptation 5. Differentiation	Kotler dan Keller (2021)
SME Performance (Y)	Dependent Variable: SME performance reflects how well SMEs can achieve the set business goals, both from a financial and non-financial aspect. Common financial indicators include sales growth, operating profit, and cost efficiency, while non-financial indicators include customer satisfaction and product quality.	1. Sales growth 2. Customer growth 3. Product quality 4. Customer satisfaction 5. Business sustainability	Oktarini et al., 2021

Source: Data processed for research

A population can be a single person, a group of people, an organization, data, or an event that has certain characteristics to be analyzed. Handayani (2020) explains that a population represents all elements with common characteristics that are the focus of the research. In this study, the population consists of all Micro, Small, and Medium Enterprises (MSMEs) registered and operating normally at that time in Menteng

Regency (Central Jakarta). Data on the number of MSMEs were taken from official sources such as the Jakarta Provincial Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises and from relevant local MSME associations during the research period. A sample is a subset of the analytical population from which the findings of a research study can be generalized. (Sugiyono, 2023) The sampling technique used was non-probability sampling that relies on deliberate requests, where respondents are selected according to specific criteria that align with the research objectives. Since we did not know the exact population size, the sample size n was calculated using the Lemeshow formula (Lemeshow et al., 1997) at a significance level of 5% (z = 1.96), P = 0.5 and d = 0.1, resulting in n = 96.04, which was then rounded to 100 due to a 10% error tolerance in data collection.

This study collected data using a questionnaire. This method involves presenting written questions or statements that must be completed by respondents. Respondents in this study can be taken as a representative sample of Micro, Small, and Medium Enterprises (MSMEs) in Menteng Regency. The questionnaire was designed to obtain respondent response data based on previous problems that have been formulated as preliminary statements and all types of question variable indicators. To save time and facilitate distribution, the questionnaire was distributed online using Google Forms. Arikunto (2021) defines what is meant by "data sources" - that data sources are where the data comes from. The research data sources came from MSME actors in Menteng Regency through questionnaires and field observations. The data used include: (1) primary data, data collected through questionnaires directly from respondents and (2) secondary data, data obtained from documents or other parties, such as scientific journals, books, research reports and previous works as reference material for research purposes. Data collection methods include: literature studies to obtain material, field studies using closed questionnaires consisting of a Likert scale, observation as an evaluation of business conditions, and interviews as a complement in the initial stage or when information is needed.

Data analysis is a systematic process of processing data in such a way that it becomes easily understood information and can be a basis for drawing conclusions. This study uses a quantitative method, namely SPSS version 26. The main method of analysis is multiple linear regression. Questions regarding the influence of financial aspects (X1), HR competencies (X2), and product innovation (X3) on MSME performance (Y) are formulated as follows: $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$. Before testing the hypothesis, the quality of the instrument is guaranteed through a product moment correlation validity test. A question is declared valid only if the calculated r value exceeds the table r at $df = n - 2$ and $\alpha = 5\%$. Reliability is also examined using Cronbach's Alpha. An instrument is considered reliable if $\alpha > 0.60$ (Arikunto, 2021). The next step is classical assumption testing, including normality tests (Kolmogorov–Smirnov and normal probability plots), multicollinearity tests (Tolerance and VIF with VIF <10), and heteroscedasticity tests using distribution patterns in plot diagrams (Umar, 2021). Hypothesis testing using t-tests (partial) and F-tests (overall impact) was performed at $\alpha = 0.05$. The relationship between variables was examined in terms of correlation coefficients, while the model's explanatory capacity was determined by the coefficient of determination (R^2).

3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Respondent Characteristics

Respondent characteristics were used to identify and provide an overview of the research respondents' profiles. Respondents were categorized as female and male. After administering a questionnaire to 100 MSME owners living in the Menteng District, respondents were classified based on gender, age group, and type of MSME they operate. This categorization quickly resulted in better data analysis and aligned with our objectives.

Table 2. Respondent Characteristics (n = 100)

Characteristic	Category	Number	Percentage
Gender	Male	41	41%
	Female	59	59%
Age	20–25 years	27	27%
	26–30 years	34	34%
	31–35 years	20	20%
	> 35 years	19	19%
SME Category	Culinary	43	43%
	Fashion & accessories	33	33%
	Services	5	5%
	Handicrafts & creative products	10	10%
	Others	9	9%

Source: Processed data, 2026.

According to the data table, the respondents were mostly female MSME owners (59%). The population tends to be dominated by young people. The largest age group is 26-30 years old (34%), followed by 20-25 years old (27%). The culinary sector tops the list with a 43% business share, followed by fashion and accessories (33%). This distribution indicates a tendency for MSMEs in the Menteng District to develop in consumption-related sectors, particularly gourmet food and clothing.

3.1.2. Data Analysis Results

The characteristics of the research data are shown in the mathematical mean (average), standard deviation, highest value, lowest value, and range of each variable. Product quality and service quality can be used as representative variables. Both are factors contributing to customer satisfaction. Based on the processing of the average of one dependent variable and one independent variable, I obtained the results of the descriptive statistical analysis shown in Table 3.

Table 3. Descriptive Statistical Variables

Variables	N	Min.	Max.	Mean Statistic	Std. Error	Std. Deviation
Financial Aspects	100	33	50	38,97	0,54	5,42
Human Resources Competence	100	37	50	39,39	0,59	5,92
Product Innovation	100	12	50	45,95	0,26	2,65
Business Performance	100	34	50	49,00	0,56	5,60

Source: SPSS, Processed in 2026

This table presents descriptive statistics regarding 100 respondents for the financial aspects of how a business operates, human resource professional competence, innovation by and for products, changes in company direction, and other variables. This means the range between the minimum or most frequent occurrences and the maximum. The financial aspect had an average of 97.38 (SD 5.42), human resource competence an average of 99.59 (SD 5.02), product innovation an average of 93.14 (SD 2.65), and business performance reached 100%. You might find this odd, as all variables were generally above 90%.

3.1.3. Research Instrument Quality Test

Validity testing was conducted to determine whether each item in the questionnaire was able to measure the research variables accurately. This testing aimed to ensure that the indicators used were appropriate and suitable as data collection tools. Validity testing in this study was conducted on 100 respondents using SPSS software. The r table was obtained from the product moment r table at 98 degrees of freedom (df) = n-2, namely, when = 5%, 0.197. The r value for each item was obtained using the Corrected Item-Total Correlation column. The decision-making criteria were as follows: if the calculated r value of an item > r table, then the item is valid, whereas if the calculated r value of an item < r table, then the item is invalid. The results of the validity test for each variable are summarized in Table 4.

Table 4. Financial Aspect Validity Test

Question Item	r calculated	r table	Remarks
The capital I have is sufficient to run a business in the Menteng sub-district area.	0.735	0.197	Valid
I can obtain additional capital (personal savings, loans, or government assistance) to develop my business.	0.747	0.197	Valid
I prepare business financial planning regularly according to the operational needs in Menteng.	0.757	0.197	Valid
I consistently separate personal finances from business finances.	0.532	0.197	Valid
I manage business expenses to maintain balance with income.	0.677	0.197	Valid
I regularly record every sales transaction and business expenses.	0.456	0.197	Valid
I have financial records that help me track the profits of my business.	0.493	0.197	Valid
My business cash flow runs smoothly despite relatively high operational costs in Menteng.	0.640	0.197	Valid
Business income is sufficient to cover operational costs and other business needs.	0.635	0.197	Valid
I regularly monitor the cash inflow and outflow of my business.	0.646	0.197	Valid

Source: SPSS, Processed in 2026.

By comparing the calculated r value for each item of the financial aspect variable in the table (r = 0.197), the results in the Table indicate that the items in question are valid. Response: All items in the statement have a calculated r value > r according to the table, for example 0.456-0.757. The results show that

each item of this statement correlates sufficiently with the total score of the variable while meeting the validation conditions. Thus, all financial indicators for the Activity Aspect, including capital, financial management, financial records, and cash flow, have been declared valid and can be used as research instruments.

Table 5. Human Resource Competency Validity Test

Question Item	r calculated	r table	Remarks
I have a good understanding of the work process and operational activities of the MSME business in Menteng sub-district.	0.677	0.197	Valid
I know how to manage a business to compete with similar businesses in the Menteng area.	0.652	0.197	Valid
I possess the skills required to carry out tasks in this business.	0.751	0.197	Valid
I am capable of using the equipment or technology needed for business operations.	0.648	0.197	Valid
I work with discipline and responsibility in running the business.	0.687	0.197	Valid
I have good customer service attitudes toward clients.	0.711	0.197	Valid
My work experience helps me solve business-related problems.	0.762	0.197	Valid
Running a business has made me more efficient in my work.	0.691	0.197	Valid
I am highly motivated to develop the business in Menteng sub-district.	0.814	0.197	Valid
I am motivated to continuously improve my skills for the advancement of the business.	0.766	0.197	Valid

Source: SPSS, Processed in 2026.

The table shows the results of validity testing using the HR Competency instrument for specific items. All statement items have calculated r values from the Rand table, with a maximum value of 0.8 and a minimum of 0.7 (increases and decreases as background factors). This finding implies that each item in this list is sufficiently related to the total scale for its own value; all statements directly or indirectly related to HRC are declared valid as items as a whole under favorable conditions.

3.1.4. Reliability Test

After all statement items were declared valid, a reliability test was conducted to assess the stability and consistency of respondents' answers to each variable in the Financial Aspect, Human Resource Competence, Product Innovation, and Business Performance. This test was conducted using Cronbach's Alpha. According to the criteria for an instrument to be declared reliable, α must be greater than 0.60. The test results showed that all variables had Cronbach's Alpha exceeding this minimum limit; thus, the research instrument for each of the four variables was declared reliable. Therefore, to conclude the overall process: the statement items in each variable can produce consistent measurements; and consequently, the data obtained is suitable for further processing.

Table 6. Research Instrument Reliability Test Results

Variable	Cronbach's Alpha	Number of Items
Financial Aspect	0.826	10
Human Resource Competency	0.892	10
Product Innovation	0.642	10
Business Performance	0.822	10

Source: SPSS, Processed in 2026.

Based on the reliability test results, all variables obtained a Cronbach's Alpha value greater than 0.60, thus the research instrument can be considered reliable. The Financial Aspect obtained a value of 0.826, HR Competence 0.892, and Product Innovation 0.642, while Business Performance obtained a value of 0.822 with 10 statements each. These values demonstrate good internal consistency of each variable, so it can be used for further analysis using this questionnaire.

3.1.5. Classical Assumption Test

Prior to hypothesis testing, classical assumption tests were performed to ensure the regression model met statistical requirements. Using a multicollinearity test, we assessed whether the independent variables were highly correlated. This was measured based on the criterion that one variable was lower than 0.10 and the other variable was lower than 10. The results show that all variables met this standard. Therefore, there is no multicollinearity in this model; aliasing effects exist among all combinations of predictor variables, despite speculation about their interplay. We conducted a scatterplot to test for heteroscedasticity. This method uses a single random residual point from above and below the Y=0 axis with no specific relationship. No signs of heteroscedasticity were found. Using the Kolmogorov-Smirnov test, we ran a normality test. The

test results showed an Asymp. Sig. (2-tailed) value of 0.200 (>0.05), indicating that the normal distribution was not rejected. Furthermore, the histogram through the visual output and the normal probability plot above both agree with this conclusion; therefore, all residual points meet the assumption of normality.

Table 7. Summary of Classical Assumption Test Results

Test Type	Indicator/Criteria	Result	Conclusion
Multicollinearity	Tolerance > 0.10; VIF < 10	X1: Tol 0.580; VIF 1.723 • X2: Tol 0.580; VIF 1.725 • X3: Tol 0.999; VIF 1.001	No multicollinearity
Heteroscedasticity	Random scatterplot residual, without pattern	Points randomly scattered above and below the Y-axis	No heteroscedasticity
Normality	Asymp. Sig. > 0.05 (K-S)	Asymp. Sig. (2-tailed) = 0.200	Data is normally distributed

Source: SPSS, Processed in 2026.

3.1.6. Multiple Linear Regression Analysis

Based on the results of data processing using the SPSS program, a linear regression equation was obtained that describes the relationship between the independent and dependent variables. The regression equation is shown in Table 8.

Table 8. Multiple Linear Regression Test Results

Variable	B	Std. Error
Constant	-9.882	5.377
Financial Aspect	0.558	0.968
Human Resource Competency	0.390	0.062
Product Innovation	0.246	0.116

Source: SPSS, Processed in 2026.

Based on the analysis presented in Table 8, the multiple linear regression equation is: $Y = -9.882 + 0.558X_1 + 0.390X_2 + 0.246X_3 + e$. Here Y is business performance, X_1 is the financial aspect, X_2 is human resource competency, and X_3 is product innovation. The constant -9.882 means that business performance without improvement in any independent variable tends to be low. The coefficient of 0.558 on X_1 means that in all financial aspects, it has the largest positive impact on output. Human resource capability (0.390) also has a positive impact, and product innovation (0.246) is what makes the improvement in competitiveness and business performance continue.

3.1.7. Hypothesis Testing

This study uses a t-test to measure the impact of independent factors on company performance. With $\alpha = 0.05$, df = n − k = 100 − 4 = 96, the t-table value is 1.660. Based on the test results, Financial Aspects, HR Competence, and Product Innovation have a larger t-table value and a significance level (P) <0.05, so all three are significant to business performance. The F test was conducted to measure the influence of the three independent variables simultaneously. The test results show a calculated F value of 102.453 and P 0.000 for the regression model which is declared significant. The correlation coefficient (R) of r = 0.872 is very strong for the independent variables and business performance. $R_2 = 0.761$, squared ($R^2 = 0.753$).

Tabel 9. Hasil Uji t, Uji F, dan Koefisien Korelasi

Pengujian	Variabel/Model	Nilai Uji	Sig.	Kesimpulan
Uji t (parsial)	Aspek Keuangan	t = 8,261	0,000	Signifikan
	Kompetensi SDM	t = 6,290	0,000	Signifikan
	Inovasi Produk	t = 2,315	0,023	Signifikan
Uji F (simultan)	X1, X2, X3 → Kinerja Usaha	F = 102,453	0,000	Signifikan
Koefisien korelasi	R	0,872	—	Hubungan sangat kuat
	R Square	0,761	—	76,1% variasi dijelaskan
	Adjusted R Square	0,753	—	Koreksi model

Sumber: SPSS, diolah tahun 2026.

The results of the tests indicate that the value of Financial Aspect (t = 8.261; sig. 0.000), HR Competence (t = 6.290; sig. 0.000) and Product Innovation (t = 2.315; sig. 0.023) have an impact on business performance. They are all less than.05 in significance. At the same time, the regression model is significant with F = 102.453 and sig. 0.000. The R correlation value is 0.872, indicating a strong relationship between variables. The R Square is 0.761 and Adjusted R Square 0.753.

3.2. Discussion

This study indicates that the first hypothesis is accepted. That is, finance has a positive and significant impact on business performance. The t-value is 0.558, meaning that any improvement in business management can be expected to yield results when financial management remains unchanged in the formula that operates on all other variables. The t-test also supports this point, with a calculated t-value of 8.261, greater than the t-table of 1.660. The significance value is 0.000, less than $p<0.05$. Therefore, the financial aspect is statistically significant. In terms of practical business practice, better money management by business actors with significant investments, such as entrepreneurs or shareholders, reduces operating costs and lowers operating costs as a percentage of total revenue at one point in time compared to another. Good financial management also means that cash flow is always up-to-date and this well-run business, in a predictable development cycle, facilitates transactions effectively and more smoothly, even with the low risks that often accompany a truly productive lifestyle. At a high level, when a business has experienced years of successful production in the same location and is therefore unlikely to fail in its operations unless unforeseen changes occur in the future. These findings align with Rohmania and Solikhah (2024), who argue that financial aspects have a significant influence on business performance.

The results of the study indicate that the second hypothesis is supported. Human resource competency has a significant and positive impact on business performance. This is because the coefficient is 0.390 in the multiple regression equation (1). If all other dependent variables remain constant, then increasing human resource competency will lead to an increase in business performance. This is supported by the t-statistic of 6.290 in the t-test, greater than the t-value of 1.660 and at a significance level of 0.000 (less than 0.05). Human resource competency can be seen to have a statistically significant influence. Concretely, human resource competency, expressed in terms of knowledge, skills, and work attitudes, helps increase productivity and operational effectiveness. Competent operators tend to better understand market needs, make the right decisions, and adapt to new changes in the business environment. This point illustrates the need to train people, develop their capacity, and improve managerial knowledge so that business performance will improve. These results are consistent with Lestari (2021), who shows that human resource competency will play a strategic role in improving business performance.

The results of the study indicate that Hypothesis No. 3: Product innovation has a positive and significant impact on company performance is true. This can be seen from the regression coefficient of 0.246, which means that every increase in product innovation will lead to growth in business performance, assuming other variables remain constant. The t-test supports this result, with a calculated t-value of 2.315 greater than the t-table of 1.660 and a significance value of 0.023, less than 0.05, therefore the t-test or vice versa product innovation was found to have a statistically significant element. Practically, product renewal and development whether in design, quality, variety, or adaptation to customer needs is the driving force behind business competitiveness. Product innovation ensures that products maintain their popularity in changing market trends, increases added value and helps retain customers and attract new consumers. This finding emphasizes the importance of continuous innovation efforts to maintain business performance and sustainability. The results of this study are consistent with Dewantoro et al. (2013) who in fact stated that product innovation has a significant impact on business performance.

The F-test results show that the simultaneous influence on business performance from a financial perspective, HR Quantification (number of competencies), and product innovation is significant. The F-value of this test is 102.453, where the significance level is shown at 0.000 (<0.05), which means our equation is significant. The business performance is related to several interrelated composite factors; the financial perspective supports company stability, competent HR improves managerial effectiveness, while product innovation is a major factor for competitive advantage. The coefficient of determination (R^2), which is 0.761 or 76.1% of the variance (variation) in business performance can be explained by the third variable, and 23.9% is explained by things outside the model. The results of our study are in line with Sulistyo et al. (1995) who stated that the total influence of the third variable is significant on business performance.

4. CONCLUSION

Based on the analysis and discussion, it can be concluded that financial aspects, human resource capabilities, and product innovation have a relatively significant impact on the performance of Menteng's MSMEs. Financial aspects are crucial because business actors' abilities in planning, understanding accounting records, managing cash flow, and controlling costs are factors that drive operational stability and improve the quality of business decision-making. Human resource capabilities are another important factor, meaning the knowledge, skills, work attitudes, habits, and consumption history of business actors, both management and employees, can help determine the influence on the company's operations and achievements. Furthermore, the introduction of new products has a significant impact on business performance, meaning that products improved through quality modifications, newer or updated designs in line with the market, and enhanced product differentiation features can significantly increase business competitiveness. At the same time, these three factors have a significant impact on individual business performance, so MSME performance appears

to consist of a combination of mutually supportive internal elements. This study has several shortcomings in several areas. Because its scope is limited to financial aspects, human resource capabilities, and product innovation, it ignores other factors that may influence performance, such as sales strategies or market conditions, access to technology, government support, and so on. The data comes from respondents' questionnaire responses, so there may be differences between perceived conditions and actual conditions on the ground. The scope of this study is also limited to the Menteng District, so the findings may not be applicable to other areas or types of businesses.

For business owners, based on these findings, data sources need to be better developed and maintained to ultimately lead to better management. Management skills enhancement training sessions combined with improved performance appraisals should form an integrated system for personnel development. Business owners also need continuous product innovation to keep pace with market dynamics. Furthermore, further research is recommended to add variables, expand the scope, and use other methods to validate the research findings.

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