

# The Relationship Between Financial Management, Marketing, and Human Resources with the Competitiveness Of MSME

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## ABSTRACT

*Increasingly fierce competition in Pasar Raya Padang poses significant challenges for Micro, Small, and Medium Enterprises (MSME) in maintaining their market position. Many MSME face obstacles related to financial management, marketing strategies, and Human Resource (HR) management, which can hinder business growth and long-term sustainability. This study aims to analyze the relationship between financial management, marketing, and human resources with the competitiveness of MSME in Pasar Raya Padang. The research employed a quantitative method with a survey approach involving 50 purposively selected MSME owners. Data were analyzed using the Chi-Square test to determine the significance of the relationship among variables. The results showed that financial management, marketing, and HR have a significant relationship with MSME competitiveness. The Chi-Square test revealed p-values of 0.002 for financial management, 0.010 for marketing, and 0.030 for HR, all below 0.05, indicating statistically significant effects. MSME with better financial management, more planned marketing strategies, and more effective HR practices tend to demonstrate higher competitiveness. In conclusion, strengthening financial management, marketing, and HR is crucial for enhancing MSME competitiveness in Pasar Raya Padang. The study implies the importance of providing intensive training and mentoring programs to support MSME capacity building.*

**Keywords:** MSME Competitiveness, Financial Management, Marketing Strategy, HR Management

## INTRODUCTION



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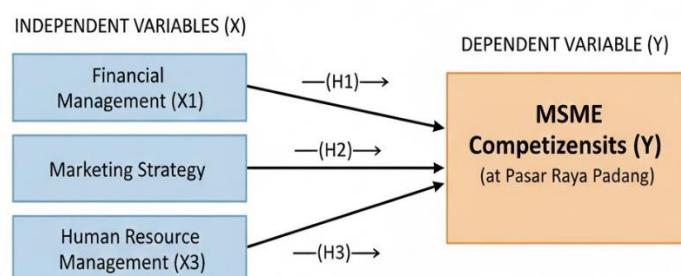
Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone of the Indonesian economy, contributing 60.34% to the Gross Domestic Product (GDP) and absorbing over 97% of the national workforce. Beyond economic statistics, MSMEs play a pivotal role in reducing social inequality and promoting economic equity in areas often unreachable by large corporations. Therefore, enhancing MSME competitiveness is vital for long-term sustainability (Ministry of Cooperatives and SMEs, 2020). However, Indonesian MSMEs face significant hurdles, particularly in competing with more organized large-scale businesses. A primary barrier is inadequate financial management; without structured financial oversight, MSMEs struggle with long-term planning and remain vulnerable to economic shocks (Supriyadi, 2020).

Pasar Raya Padang, one of the largest traditional markets in West Sumatra, serves as a critical hub for diverse MSMEs. In this environment, businesses face intense pressure to maintain competitiveness against both peers and modern retail entities. A notable issue is the underutilization of digital marketing; many vendors still rely on conventional, oral, or printed promotions, which severely limits their market reach (Astuti & Setyawan, 2021). Furthermore, effective financial management encompassing cash flow control and investment planning is often neglected, leading to strategic decision-making paralysis (Supriyadi, 2020).

In addition to finance and marketing, Human Resource (HR) management remains a critical yet overlooked factor. Many MSMEs in Pasar Raya Padang rely on family-based labor without formal training, resulting in low productivity and inconsistent service quality. According to Sari (2022), systematic HR development is essential to improve operational efficiency and service standards in a competitive market. Furthermore, the dependence on a limited local market with restricted purchasing power necessitates a shift toward more innovative and technology-driven strategies to tap into broader opportunities (Arianto, 2022).

While the importance of these factors is acknowledged, a significant gap exists in the literature regarding how these variables interact within the unique socio-economic ecosystem of a traditional market like Pasar Raya Padang. Most studies focus on modern MSMEs in urban hubs, often overlooking the traditional market dynamics where cultural and conventional factors play a heavy role. This study utilizes the Resource-Based View (RBV) Theory, which suggests that internal resources—financial capital, marketing capabilities, and human capital are the primary drivers of competitive advantage. To analyze these relationships, the following conceptual framework is proposed:

### Conceptual Framework:



**Figure 1. Conceptual Framework of MSME Competitiveness**



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- a. Independent Variables: Financial Management  $X_1$  Marketing Strategy  $X_2$ , Human Resource Management  $X_3$ .

- b. Dependent Variable: MSME Competitiveness  $Y$ .

Based on this framework and the identified managerial gaps, the following hypotheses are formulated:

- a. H1: There is a significant relationship between financial management and the competitiveness of MSMEs.
- b. H2: There is a significant relationship between marketing strategy and the competitiveness of MSMEs.
- c. H3: There is a significant relationship between human resource management and the competitiveness of MSMEs.

#### Novelty Statement:

While previous research has explored these variables in general contexts, this study offers a distinct "novelty" by situating the analysis specifically within the traditional landscape of Pasar Raya Padang. It bridges the gap between modern managerial theories and traditional market practices. By employing a Chi-Square analysis, this research provides a robust statistical justification for why these specific managerial interventions are urgent for traditional market actors. This study does not merely replicate previous findings but identifies a specific "managerial lag" in traditional environments, providing a strategic roadmap for local policymakers to revitalize traditional markets in the digital age.

## METHODS

This study employs a quantitative method with a cross-sectional survey approach to examine the relationship between financial management, marketing strategy, and human resource management (HRM) with the competitiveness of MSMEs. This approach was selected to provide an objective and measurable representation of the variables within the specific ecosystem of Pasar Raya Padang.

### 1. Population and Sample

The population consists of MSME owners in Pasar Raya Padang. A sample of 50 MSME owners was selected using purposive sampling. The inclusion criteria required respondents to be active owners/managers of their business for at least one year. This ensures that the respondents possess sufficient experience and knowledge regarding the operational aspects being studied, such as financial oversight and marketing activities.

### 2. Research Instrument and Measurement

Data were collected using a structured questionnaire. To ensure the robustness of the findings, the instrument was designed based on established indicators:

- a. Financial Management ( $X_1$ ): Measured by 5 items focusing on cash flow recording and investment planning (adapted from Supriyadi, 2020).
- b. Marketing Strategy ( $X_2$ ): Measured by 5 items regarding the use of digital platforms and promotional planning (adapted from Astuti & Setyawan, 2021).
- c. Human Resource Management ( $X_3$ ): Measured by 5 items assessing employee skills and training (adapted from Sari, 2022).
- d. MSME Competitiveness ( $Y$ ): Measured by 5 items regarding market share and service quality.



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The instrument utilizes a 5-point Likert Scale. Before the actual data collection, a pilot study was conducted to test Validity and Reliability. Reliability was confirmed using Cronbach's Alpha (threshold  $> 0.60$ ). For analysis, variables were categorized into binary groups (e.g., "Good" vs "Less Good") based on the median score of the total points.

### 3. Data Collection and Ethics

Data collection was carried out through face-to-face distribution of questionnaires at the Pasar Raya Padang site. Ethical considerations were strictly maintained; all respondents provided informed consent, and their anonymity was guaranteed. The data processing involved cleaning, coding, and entry into the SPSS version 26 software.

### 4. Data Analysis Technique

The analysis was conducted in two stages using SPSS:

- a. Univariate Analysis: Used to describe the frequency distribution and characteristics of each variable.
- b. Bivariate Analysis (Chi-Square Test): As the primary tool to test the association between categorical variables. The Chi-Square test ( $\chi^2$ ) was employed to determine if a significant relationship exists ( $p < 0.05$ ) between the independent variables ( $X$ ) and the dependent variable ( $Y$ ). This test is particularly suitable for the nominal/ordinal nature of the data collected in this traditional market context, providing a clear statistical justification for the proposed hypotheses (H1, H2, and H3).

## RESULTS

The results of the study on the relationship between financial management, marketing, human resource management (HRM), and the competitiveness of MSME in Pasar Raya Padang are presented in the form of univariate and bivariate tables. Univariate analysis was used to describe the frequency distribution and characteristics of each variable studied, while bivariate analysis used Chi-Square test to test the significant relationship between the independent variables with the competitiveness of MSME. This study aims to provide a clearer picture of the influence of these three managerial factors on the competitiveness of MSME, as well as to understand how each variable contributes to the ability of MSME to compete in an increasingly competitive market.

### 1. Univariate Analysis Results

This table illustrates the frequency distribution of each variable tested, namely financial management, marketing, human resources, and competitiveness of MSME.

**Table 1. Distribution Of Financial Management, Marketing, Human Resources, And Competitiveness Of MSME**

Variable	Categories	Frequency (n)	Percentage (%)
Financial Management	Good	35	70%
	Less Good	15	30%
Marketing	Planned	40	80%
	Unplanned	10	20%
SDM	Effective	30	60%



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Variable	Categories	Frequency (n)	Percentage (%)
MSME competitiveness	Ineffective	20	40%
	Height	25	50%
	Low	25	50%

The majority of MSME in Pasar Raya Padang show good financial management, with 70% of them managing their finances quite effectively, although there are still 30% who need to improve this aspect. In terms of marketing, most MSME (80%) have a well-planned strategy, but the other 20% do not have a clear plan, which could hinder their competitiveness. Similarly, in HR management, although 60% of MSME have managed HR effectively, there are 40% who still face challenges in this regard, which certainly affects the performance and competitiveness of their businesses. Overall, 50% of MSME have high competitiveness, while the rest show low competitiveness, reflecting a significant gap in the ability to compete among MSME in the region.

## 2. The Relationship Of Financial Management With MSME Competitiveness

This table illustrates the relationship between each independent variable (financial management, marketing, HR) with the dependent variable (competitiveness of MSME) using The Chi-Square test.

**Table 2. The Relationship Of Financial Management With MSME Competitiveness**

Variable	High Competitiveness	Low Competitiveness	Total	Chi-Square (p-value)
Financial Management	30	5	35	0,002
	5	10	15	
Marketing	35	5	40	0,010
	5	5	10	
SDM	25	5	30	0,030
	5	15	20	

The results showed that there is a significant relationship between financial management, marketing, and Human Resources Management with the competitiveness of MSME in Pasar Raya Padang. Good financial management was shown to be associated with higher competitiveness ( $p = 0.002$ ), where MSME who manage finances well tend to have stronger competitiveness, while those who are less good in this case have low competitiveness. In addition, planned marketing strategies also have a significant influence on competitiveness ( $p = 0.010$ ), where MSME with clear and planned marketing are more likely to have high competitiveness. Similarly, HR management, where MSME who are effective in managing their human resources tend to have better competitiveness ( $p = 0.030$ ), indicating that these three aspects are closely interconnected with success in maintaining the competitiveness of MSME.

## DISCUSSION

The findings of this study provide empirical evidence regarding the critical role of internal managerial factors in determining the competitiveness of MSMEs within the traditional ecosystem of Pasar Raya Padang. In line with the Resource-Based View (RBV) theory, the results confirm that



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financial, marketing, and human resources are strategic assets that, when managed effectively, create a sustainable competitive advantage.

### **1. The Impact of Financial Management on Competitiveness (H1)**

The Chi-Square analysis revealed a significant relationship between financial management and MSME competitiveness ( $p = 0.002$ ). This low p-value indicates a very strong association, suggesting that financial discipline is a primary predictor of a business's ability to survive. MSMEs with "Good" financial management (70% of the sample) demonstrate a higher capacity for strategic investment and risk mitigation.

These results align with Supriyadi (2020) and Fauzi (2022), who argue that structured financial recording prevents liquidity crises. In Pasar Raya Padang, the 30% of MSMEs with poor financial management face a "managerial risk" where they cannot distinguish between personal and business funds, leading to stagnant growth. From an RBV perspective, financial literacy is not just an administrative task but a "capability" that allows MSMEs to optimize limited capital to compete with more organized modern retailers.

### **2. The Impact of Marketing Strategy on Competitiveness (H2)**

The study found a significant association between marketing strategy and competitiveness ( $p = 0.010$ ). Although 80% of respondents reported having "Planned" marketing, the qualitative reality in Pasar Raya Padang shows a heavy reliance on conventional methods. The significance of this relationship implies that even basic planning such as price consistency and identifying target segments drastically improves an MSME's market position compared to those with no plan at all (20%).

This supports Kotler and Keller's (2016) theory on strategic planning and Astuti & Setyawan's (2021) findings on digital adoption. The "odds" of having high competitiveness are significantly lower for MSMEs that ignore market trends. The risk for the 20% unplanned group is market invisibility; without shifting toward digital platforms (social media and online delivery), traditional traders will struggle to reach younger demographics, which is the current "gap" in Pasar Raya Padang's market reach.

### **3. The Impact of Human Resource Management on Competitiveness (H3)**

Human Resource Management (HRM) showed a significant relationship with competitiveness ( $p = 0.030$ ). While significant, the higher p-value compared to finance and marketing suggests that HRM is often the most challenging variable to optimize in a traditional market. With 40% of MSMEs reporting "Ineffective" HRM, there is a clear productivity gap.

In accordance with Sari (2022) and Dessler (2017), HRM in MSMEs is often hindered by the "family-hiring" trap, where social ties are prioritized over professional skills. The findings suggest that MSMEs that invest in basic training or clear task delegation achieve higher service quality, which is a key differentiator in a crowded market like Pasar Raya Padang. The "Risk" identified here is operational inefficiency; ineffective HR leads to inconsistent service, which directly erodes customer loyalty and competitive standing.

### **4. Holistic Synthesis and Novelty**

The equal split in competitiveness (50% High vs. 50% Low) underscores a "competitiveness gap" in Pasar Raya Padang. This study highlights a novelty in traditional market management: the synergy of these three variables. It is not enough to have capital (Finance) if there is no reach (Marketing) or capability (HR).



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The results suggest that for MSMEs in Pasar Raya Padang to bridge the 50% low-competitiveness gap, they must adopt a holistic managerial transformation. Government intervention should not only focus on providing credit (Finance) but must be integrated with digital literacy (Marketing) and managerial training (HRM). This integrated approach is the key to revitalizing traditional markets as resilient economic hubs in the digital age.

## CONCLUSIONS

Overall, the findings of this study indicate that financial management, marketing, and Human Resources (HR) have a significant influence on the competitiveness of MSME in Pasar Raya Padang. The results of univariate analysis showed that most MSME in Pasar Raya Padang have managed these three aspects well, with 70% of respondents having effective financial management, 80% having planned marketing well, and 60% showing effective HR management. However, there are still 20% of respondents who face problems in marketing planning, and 40% of respondents face obstacles in HR management. These results show that although many MSME have taken advantage of these three aspects, there are still challenges that need to be overcome to improve their competitiveness.

In bivariate analysis, Chi-Square test results showed a significant relationship between financial management and competitiveness of MSME with a p-value of 0.002, marketing with competitiveness of MSME with a p-value of 0.010, and Human Resources Management with competitiveness of MSME with a p-value of 0.030. This indicates that MSME that have good financial management, planned marketing, and effective HR management tend to have higher competitiveness. On the other hand, MSME that face problems in these three aspects show low competitiveness. These findings confirm that these three internal factors are interrelated and greatly affect the ability of MSME to compete in a competitive market.

Based on the results of this study, it can be concluded that to improve the competitiveness of MSME in Pasar Raya Padang, good management in these three aspects is very important. Therefore, it is necessary to improve managerial skills in terms of finance, marketing, and human resources so that MSME can utilize their potential to the fullest. Training and mentoring in the management of these three aspects need to be improved to help MSME overcome existing challenges, as well as strengthen their position in the market. Thus, effective management in financial management, marketing, and human resources will increase the competitiveness of MSME and support the sustainability and growth of their businesses.

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