

Is Financial Management Mediating the Role of Love of Money and Human Resources Competence in Explaining MSMEs' Performance?

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ABSTRACT

This study aims to analyze the role of financial management in mediating the impact of the love of money and human resource competence on MSMEs' performance. It used primary data gathered from 143 respondents through a direct survey. The respondents were the owners of culinary MSMEs in the City of Jambi that were selected based on a cluster sampling method to represent all types of culinary MSMEs. Six hypotheses were formulated to achieve the aim of the study. Path analysis based on multiple regression and Sobel tests were applied to test the hypotheses. The analysis results show that human resource competence affects financial management and impacts MSMEs' performance directly and indirectly. On the other hand, love of money did not impact financial management. It did not impact MSMEs' performance either directly or indirectly. Thus, this study provides a piece of evidence for financial management as a mediating variable between human resources competence and MSMEs' performance.



KEYWORDS

Financial management,
Competence,
Love of money,
MSME



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Introduction

The existence of Micro, Small, and Medium Enterprises (MSMEs) during the economic crisis can support Indonesia's economic movement. The COVID-19 pandemic has been hitting the world and Indonesia for the last two years. Based on the data obtained from the Ministry of Cooperatives and SMEs of Indonesia, the impact of the COVID-19 pandemic was mostly experienced by MSMEs. The Ministry of Cooperatives and SMEs said that in April 2020, 37,000 MSMEs had reported being affected by the pandemic. The pandemic period has different impacts on every MSME. Several MSMEs reported that the impacts are mostly decreased sales, difficulty to obtain capital, hampered distribution, and decreased profits.

MSMEs need financial management that can support their business performance. Financial management should have started from recording transactions to preparing financial reports by applying the accounting cycle and making financial reports following the Indonesian Financial Accounting Standards (*SAK-Standar Akuntansi Keuangan*). Many MSMEs have not prepared financial reports due to many factors, one of which is that MSME owners believe that spending on accounting professionals and providing training to employees is still considered unnecessary. This behavior shows that MSME owners have a high love of money behavior. The behavior of love of money in managing a business such as MSME is natural because these businesses aim to seek profit. However, excessive love of money behavior makes MSME owners love money. Usually, someone who loves money always needs a longer time to think about expenses that are considered unimportant (Icih & Kurniawan, 2020). The higher the love of money behavior that a person has, the more fear he has of using his money for unnecessary interests (Saputra et al., 2018).

Based on data from the Ministry of Cooperatives and SMEs, the number of SMEs has increased yearly. Based on the information from the Cooperatives and MSME Office of Jambi city in 2022, the number of MSMEs in Jambi city always increases from year to year. The increase happened from 2016 to 2020, before the pandemic. The number of micro-scales MSMEs in 2016 was 4,255, increasing in 2017 to 5,051. In 2018 there were 5,714. In 2019 there were 7,102, and in 2020 there were 8,140. The number of small-scale MSMEs was 2,142 in 2016 and then increased to 2,668 in 2017. In 2018 there were 3,086. In 2019, there were 3,657, and in 2020 it increased to 4,465. So, the total number of micro and small-scale MSMEs in 2020 was 12,605.

The number of MSMEs that have problems and are unable to manage their finances is also large. Financial management and competence issues in Human Resources (HR) are some of the causes for many MSMEs having problems, especially during the COVID-19 Pandemic. Suindari and Juniariani (2020) stated that the higher the competence carried out by individuals in running a business, the higher the performance of the company will be. The results of this research show that human resource competence and financial management affect the performance of MSMEs. According to the performance report of the Office of Cooperatives and SMEs (2020), one of the targets achieved by the Office of Cooperatives, Small and Medium Enterprises of Jambi Province is to increase the quality of human resources for MSME administrators or managers. The Indonesian Minister of Cooperatives and Small and Medium Enterprises, Teten Masduki (2020), stated that the number of MSME owners reached 99% of the total number of business owners in Indonesia, MSME income for labor was 97%, and input to Gross Domestic Product (GDP) was 60%. The number of MSMEs in Indonesia has increased from 59.26 million in 2015 to 64.1 million in 2018 and grew to 68.60 million in 2020.

The increase in the number of MSMEs must be accompanied by developments in the competency of human resources (HR) and financial managers. According to Saputra et al. (2018), an increase in the quality of human resources is urgently needed by increasing human resource competencies such as knowledge, skills, abilities, and behavior. Research related to MSME HR competencies was also carried out by Suindari and Juniariani (2020), who showed that competence and financial management affect performance. Meanwhile, Pakpahan and Gaol (2020) said that competence cannot moderate the relationship between the variables of financial report quality and the use of information on MSME performance. Prakasa and Putri (2020) proved that entrepreneurial competence can mediate the relationship between the entrepreneurial climate and business performance. Moreover, research by Icih and Kurniawan (2020) stated that the love of money and knowledge affect financial management.

The development of MSMEs in Jambi city, spreading across 11 (eleven) sub-districts, has also increased every year. The district with a very high increase in the number of MSMEs was Alam Barajo district which increased significantly from 2019 to 2020. In 2019, there were 932 MSMEs, and in 2020 increased by 68.7% to 1,572. The sub-districts that rank second and third with the highest growth percentage are Kota Baru district at 40.6% and Pelayangan district at 38.5%. The district with the lowest growth of MSMEs was Danau Sipin district by 2.3%, where in 2019, the number of MSMEs was 1,578 and only increased to 1,615 MSMEs in 2020.

This study uses financial management as a mediating variable for the love of money behavior and HR competence on performance. Financial management in MSMEs is an important thing that has an impact on business continuity. Financial management that is carried out properly following applicable regulations affects the financial information. MSMEs can use this information to maintain the continuity of their business.

Several studies have shown different tests of variables and results where it can be seen that HR competency and a statement of love of money that is managed effectively and efficiently can realize professional MSME financial management (Saputra et al., 2018). Suindari and Juniariani's (2020) found that financial management positively affects the performance of MSMEs. Financial management is needed

if MSME owners need additional new capital since banks are unwilling to provide loans if MSMEs have non-transparent bookkeeping. Based on the background of the COVID-19 pandemic situation and the differences in research results in examining the previous variables, the researchers are interested in re-examining to find out and analyze the effect of love of money behavior and human resource competence on financial management and performance of MSMEs in the city of Jambi in the pandemic era.

Literature Review

The Love of Money Behavior

Experts have expressed the definition of the behavior of love of money differently. One of them is defined by Locke and Latham (2002), who stated that it is a way to evaluate the values of needs, and one's expectations of money. In general, it can be said that the love of money is a different view of money. The concept of the love of money was first introduced by Tang (1992), who explained how a person views money subjectively. Love of money is interpreted as an evaluation of someone's need for money and can also be interpreted as the benefits of money and one's behavior towards money.

Human Resource Competency

According to Spencer (2007), competency is an underlying characteristic of an individual which is causally related to criterion-referenced effective and/or superior performance in a job or situation. Handoko (2015) said that, in general, human resources can be interpreted as all residents in a territory of the country who have entered productive age, both those who have worked and those who have not worked, and specifically human resources can be interpreted as residents who already have jobs in an organization or business entity. According to Spencer (2007), competency indicators consist of five indicators. The first one is Knowledge, which is the knowledge that a person has in doing the job, then Skill, which is the ability of a person to perform certain tasks, and the next one is Motives, which is the desire that causes someone to do something. Then there is Trait (innate nature), which is the response to events that occur, and the last one is Self-Concept, which is the nature or character of a person.

Financial Management

Preparing financial reports is important for MSME owners, especially during the pandemic when the level of product sales has decreased, which is why competent human resources who can manage finances well are needed. Financial management can be carried out by taking into account the accounting cycle that occurs. According to Hery (2015), the accounting cycle is the process of compiling all business transactions within the company until a financial report is prepared. Meanwhile, Riyanto (2013) mentioned that financial management is the whole of activities related to obtaining capital. The purpose of financial management is to obtain certain profits in the future, protect and increase individual assets, control cash flows, and carry out risk management and control.

Risnarningsih (2017) explained that financial management is a problem that is sometimes forgotten by business people, especially those related to implementing financial management. Proper financial management will positively affect the continuity of a business. Mulyawan (2017) defined financial management as a way of preparing the financial transactions of an organization in which there are planning, analysis, and financial management activities. Managing finances to increase and improve financial management requires a financial attitude that can be a habit, for example, spending, saving, or hoarding money that must be considered carefully (Agus et al., 2022).

MSME Performance

Bastian (2015) stated that work performance is a form of gain from implementing a work activity or responsibility in carrying out the targets, direction, and thoughts of an organization. Work performance is a performance that a business wants to obtain over a certain period. All business activities must be assessed to know whether the activity is successful or has failed. Assessment can be carried out on existing inputs, processes, and outputs. Based on the Strategic Plan of the Ministry of Cooperatives and SMEs (2020), there

are 2 performance indicators for cooperatives and SMEs: target performance indicators and program performance.

Research on the performance of MSMEs has been carried out by Dhamyantie and Fauzan (2017), who stated that entrepreneurial competence affects improving MSME performance where MSME performance indicators are measured by the level of sales, the amount of profit, the number of assets, and the number of customers.

Hypothesis Development

Love of Money and MSME Performance

Research on the love of money behavior on MSME performance and financial management has been carried out by several researchers. A person's love for money can increase the person performance. Many previous researchers have researched the love of money. Widiyani (2019) also investigated the love of money behavior, but the results of his research stated that the love of money behavior did not affect the performance of MSMEs. Someone with a relatively high love of money behavior will have a relatively high-level ability to meet his needs and appearance (Wicaksono & Urumsah, 2016).

H1. The love of money behavior has a positive effect on MSME performance.

HR Competency and MSME Performance

A person's competence will encourage the individual to do something in the maximum possible way so that he can achieve the desired performance. Suindari and Juniariani (2020) stated that quality HR competencies and financial management affect MSME performance. Other research conducted by Claudia and Sangen (2021), Ilarrahmah and Susanti (2021), Prakasa and Putri (2020), Saputra et al. (2018), and Dhamyantie and Fauzan (2017) also revealed that HR competency has a positive effect on MSME performance.

H2. HR competence has a positive effect on MSME performance.

Financial Management and MSME Performance

According to Jatmiko (2017), financial management is management related to planning, directing, monitoring, organizing, and controlling the financial resources of a company. The purpose of financial management is to realize the company's desires by achieving the company's goals of obtaining profits. Irfani (2020) states that financial management means that the activity of managing the finances of a business is related to how to trace and utilize the budget efficiently and effectively in achieving the company's goals. Research conducted by Suindari and Juniariani (2020) and Puspitaningtyas (2017) proved that financial management affects the performance of MSMEs.

H3. Financial management has a positive effect on MSME performance.

Love of Money Behavior and Financial Management

The love of money behavior explains how a person views money by including several elements: character, behavior, and level of intelligence (Wicaksono & Urumsah, 2016). The results of Saputra et al. (2018) stated that the love of money behavior affects financial management. In line with Saputra et al. (2018), research by Ichi and Kurniawan (2020) and Astungkara and Widayanti (2020) also stated that the love of money behavior affects financial management.

H4. Love of money behavior has a positive effect on financial management.

HR Competence and Financial Management

Sufficient competence makes someone work better. Competence in the form of knowledge and expertise must be possessed by someone in managing the finances of a business or company. Saputra et al. (2018) also examined HR competence in financial management, where the results of their research show that HR competence affects financial management.

H5. HR competence has a positive effect on financial management.

The Effect of Love of Money Behavior on MSME Performance through Financial Management

Previous research examined the love of money behavior towards financial management and also the love of money for MSME performance. Saputra et al. (2018) and Icoh and Kurniawan (2020) examined the love of money for financial management. This study uses financial management as a mediating variable. Transparent financial management and meeting the criteria will impact the ability to achieve company goals. Financial management is very important in achieving company targets and managing risks so that the company's survival can be maintained.

H6. The love of money behavior has a positive effect on MSME Performance through financial management.

The Effect of HR Competence on MSME performance through Financial Management

This research differs from previous research where financial management is used as a mediating variable between the love of money behavior and HR competence on performance. Pakpahan and Gaol (2020) examined competence as a moderating variable for the quality of financial reports and the use of performance information. The results show that competence has not been able to moderate the relationship between the quality of financial reports and the use of information on MSME performance. This study uses competence as an independent variable and financial management as a mediating variable because financial management is an important matter in an entity. Business people must be aware of the importance of financial reporting accountability so that the accounting concept in running MSMEs can run as it should (Saputra et al., 2018).

Data from the Office of Cooperatives and MSMEs in Jambi City revealed 50 MSMEs had kept accounting records. This means that only a small number of MSMEs have already implemented accounting in their business. The constraint in financial management is the competence of human resources owned by MSMEs. Good financial management is inseparable from the understanding of business people on the application of accounting in their business. According to IAI (2016), there are several benefits to be gained if MSMEs are able to carry out accounting in their business, including being able to identify financial performance, knowing the sources and expenditure of funds, separating business assets from their assets, making budgets and knowing the flow of existing funds.

H7. HR competence has a positive effect on MSME performance through financial management

Research Method

Research Design

This study used secondary data from the Office of Cooperatives and MSME and primary data by distributing questionnaires directly to respondents that consisted of culinary types of MSMEs in Jambi City. The research variables are the love of money behavior and HR competency as independent variables, financial management as a mediating variable, and MSME performance as the dependent variable. This study uses the classical assumption test, which are the normality test, multicollinearity, and heteroscedasticity tests. The questionnaire used ordinal data, which were converted first to interval data using the Method of Successive Interval (MSI). The research questionnaire uses a Likert scale with five (5) rating points, which the answer "always" as a rating of 5, the answer "often" with a rating of 4, the answer "sometimes" with a rating of 3, the answer "ever" with a rating of 2 and the answer "never" with a rating of 1.

The research questionnaire was carried out by testing the validity and reliability. According to Ghozali (2018), the validity test is used to see whether a questionnaire can measure what it wants to measure, while the reliability test is to determine the consistency of answers when used at different times. Based on data from the Jambi City Manpower, Cooperative, and MSME Office (2022), there are 18,587 culinary-type MSMEs spread across eleven sub-districts in Jambi city. The sampling technique used in this study is the Slovin formula:

$$n = \frac{N}{1 + Ne^2}$$

The number of MSMEs in this study is $n = 18,587 / (1+18,587 (0.1)^2) = 99.46$ rounded up to 100 MSMEs. Each MSME had two respondents in this study: one business owner and one employee or person who helps the MSME. So, the number of respondents in this study was 200 respondents.

The Definition of Operational Variables

Table 1 explains the operational research variables.

Table 1. Operationalization of Research Variables

Variable	Definition	Indicator	Scale
The Love of Money Behavior (X1)	Love of money behavior is a behavior that shows the level of a person's love for money and how someone considers the importance of money in their life. Money is a very important aspect of everyday life. (Tang, 1992)	1. Wealth 2. Motivation 3. The importance of money 4. Success (Icih & Kurniawan, 2020)	Ordinal
Human Resource Competence (X2)	HR competence is an underlying characteristic of an individual which is causally related to criterion-referenced effective and/or superior performance in a job or situation. (Spencer, 2007)	1. Knowledge 2. Skills, 3. Motives, 4. Traits 5. Self Concept (Spencer, 2007)	Ordinal
Financial Management (M)	Financial management is a procedure that aims to control tasks related to finance effectively and efficiently (Icih & Kurniawan, 2020)	a. Budget's utilization b. Recording c. Reporting d. Control (Icih & Kurniawan, 2020)	Ordinal
MSME Performance (Y)	All activities or actions of an organization within a certain period with a standard such as past costs predicted by accountability efficiency or management accountability (Zainal, 2015)	1. Sales on line 2. Assets 3. Profit 4. Number of Customers 5. Product innovation (Dhamayantie & Fauzan, 2017)	Ordinal

Source: Processed for research, 2022

Data Analysis Method

The analytical tool used in this research was path analysis. Path analysis is an extension of multiple linear regression analysis, or path analysis is the use of regression analysis to estimate the causal relationship between variables determined based on theory (Ghozali, 2011). The path equation can be explained as follows:

$$Y = P_{yx1}X_1 + P_{yx2}X_2 + e_1 \dots\dots\dots \text{(Equation 1)}$$

$$Y = P_{yx1}X_1 + P_{yx2}X_2 + P_{yz}M + e_2 \dots\dots\dots \text{(Equation 2)}$$

The equation above explains that M is financial management, Y is MSME performance, X_1 is the love of money behavior, X_2 is HR competence, P_{yx1} , P_{yx2} , P_{yz} is the path coefficient, and $e_{1,2}$ is the term of error. This study also used the Sobel test to see the effect of the independent variable on the dependent variable through mediating variables.

Results and Discussion

Respondent Profile

This study used questionnaires distributed to 200 MSMEs. The number of returned questionnaires was 143 or 71.5%, which fulfilled the data processing requirements. Respondents answered as many as 30 questions. The love of money variable had six questions, ten questions on HR competency, nine questions on financial management, and five questions on performance. Based on Table 2, it can be seen that the

characteristics of the respondents are regarding gender, age of the respondent, education of the respondent, age of business, and turnover per month.

Table 2. Characteristics of Respondents

Characteristics	Description	Frequency	Percentage (%)
Gender	Male	47	32.9%
	Female	96	67.1%
Total		143	100%
Age	≤ 25 years old	16	11.2%
	26 - 40 years old	70	49.0%
	41 - 55 years old	49	34.3%
	> 55 years old	8	5.6%
Total		143	100%
Education	Elementary school	7	4.9%
	Junior high school	46	32.2%
	Senior/Vocational high school	75	52.4%
	Diploma degree	6	4.2%
	Bachelor degree	9	6.3%
Total		143	100%
Business Age	Start-Up	1	0.7%
	1 - 5 years	57	39.9%
	6 - 10 years	53	37.1%
	11 - 15 years	18	12.6%
	> 15 years	14	9.8%
Total		143	100%
Turnover per month	≤ 5 million rupiahs	71	49.7%
	6 - 10 million rupiahs	55	38.5%
	11 - 20 million rupiahs	11	7.7%
	21 - 40 million rupiahs	4	2.8%
	> 40 million rupiahs	2	1.4%
Total		143	100%

Source: Primary Data Processed, 2022

Based on Table 2, it can be seen that the profile of respondents where business owners were dominated by women, as many as 67.1%. The age of 26-40 years old was the largest number of respondents. The dominant education was senior or vocational high school education, as many as 52.4%. Most MSMEs were aged 1-5 years, which is still considered new for a business. The amount of turnover was still small, under 5 million rupiah.

Validity Test and Reliability Test

The validity test was carried out on the statements in the returned questionnaire so that all statements were considered valid. The validity test is carried out to determine whether the statements proposed can measure what should be measured. After all valid statements were followed by reliability tests on the statements in the questionnaire, all statements were reliable. It means that even though these statements are used repeatedly, they still produce the same answer from the respondent, or there is consistency in the answer from the respondent.

Classic Assumption Test

This study used the classic assumption test, namely the normality test, where the residual data appear normally distributed. The multicollinearity test was used to see how strong the relationship between the variables studied was. Based on Table 5 and Table 6, the multicollinearity test shows that the VIF is less than ten, meaning there is no multicollinearity. The heteroscedasticity test is useful to see that the variance between residuals is not homogeneous by using a scatterplot graphic pattern which shows a special pattern formed in that the points on the graph are evenly spread above and below the number 0, then

heteroscedasticity does not occur. The results of the coefficient of determination for sub-structure I can be seen in Table 3 and for sub-structure II in Table 4.

Table 3. Determinant Coefficient of Variables X1 and X2 to M

Equation	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	0.444 ^a	0.197	0.185	6.02707

a. Predictors: (Constant), HR competence, Love of Money

b. Dependent Variable, financial management

Source: Primary Data Processed, 2022

Based on Table 3, it can be seen that the Adjusted R-Square value is 0.185 or 18.5%. This means that 18.5% of the effect of financial management is caused by the love of money and HR competence, and the remaining 81.5% is affected by other factors not examined in this research.

Table 4. Determinant Coefficient of Variables X1 and X2 and M to Y

Equation	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	0.711 ^a	0.506	0.495	2.13507

a. Predictors: (Constant), Financial Management, Love of Money, HR Competence

b. Dependent Variable, MSME performance

Source: Primary Data Processed, 2022

Based on Table 4, it can be seen that the Adjusted R-Square value is 0.495 or 49.5%, which means that 49.5% of the effect of MSME performance is caused by love of money, HR competence, and financial management, while the remaining 50.5% is influenced by other variables that are not examined in this study.

Hypothesis Testing

Based on the data analysis, it can be seen that the results support some of the hypotheses, and some do not. The study's results support the second, third, fifth, and seventh hypotheses. Table 5 shows the results of hypothesis testing for the first model using Equation 1.

Table 5. The Hypothesis Test Result for Equation 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-3.192	5.185		-0.616	0.539		
1 Love of Money behavior	0.115	0.176	0.053	0.653	0.515	0.885	1.130
HR Competence	0.646	0.123	0.423	5.251	0.000	0.885	1.130

Source: Primary Data Processed, 2022

Previous research studying the effect of love of money behavior and HR competence on financial management and MSME performance has been carried out by researchers whose research results are still inconsistent. Some research on the love of money has been done by Saputra et al. (2018), Ichi and Kurniawan (2020), and Astungkara and Widayanti (2020).

Ardiana and Brahmayanti (2010) used competency indicators with knowledge, skills, and abilities. Prakasa and Putri (2020) used competency indicators: innovation, leadership, network, and risk-taking competencies. Research on financial management has been conducted by Puspitaningtyas (2017), Ichi and Kurniawan (2020), and Suindari and Juniariani (2020). Research on the performance of MSMEs has also been carried out by Claudia and Sangen (2021) and Hanifawati and Listyaningrum (2021), and Ilarrahmah and Susanti (2021).

Based on previous research, the researcher made seven hypotheses to see how the direct and indirect effects of the love of money behavior variable and HR competence have on financial management and MSME performance.

Based on Table 5, it is indicated that the love of money behavior variable does not have a direct effect on financial management. It can be seen from a significance number of 0.515 which is greater than 0.05.

Meanwhile, the competence of human resources has a direct effect on financial management which is seen from the significance number that 0.000 is less than the significance level of 0.05 (5%). The results of this study are not in line with the research of Saputra et al. (2018) and Ichi & Kurniawan (2020), which revealed that the love of money behavior affects financial management.

Table 6. The Hypothesis Test Result for Equation 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.479	1.839		0.260	0.795		
2 Love of Money behavior	0.008	0.062	0.008	0.128	0.899	0.882	1.134
HR Competence	0.270	0.048	0.392	5.651	0.000	0.739	1.353
Financial Management	0.199	0.030	0.443	6.658	0.000	0.803	1.245

Source Source: Primary Data Processed, 2022

Based on Table 6. it is evident that the love of money behavior variable has no direct effect on the performance of MSMEs with a significance number of 0.899 which is greater than the 0.05 significance level. This research is in line with Widiani (2019), which stated that the love of money behavior has no direct effect on performance but has an effect on performance when mediated by Organizational Citizenship Behavior (OCB).

The love of money variable in this study does not affect the financial management and performance of MSMEs, which can be seen from the respondents' answers to the statements submitted. The number of respondents who answered that they strongly agreed with the statement, "Money allows being whatever you want" was only 46.8% respondents. Meanwhile, for the statement saying that "Money motivates you to work harder", only 27.9% of respondents strongly agreed. The statement "You use money very carefully" is responded to by 35.7% of respondents, saying that they strongly agreed. The statement "Financial statements are a very important factor for your life" was answered as strongly agreed by 26.6% of respondents, and the statement saying that "Money symbolized your success" was answered by 32.2% of respondents as strongly agree.

The HR competence and financial management variables have a direct effect on the performance of MSMEs with a significance level of 0.000, which is less than the 0.05 (5%) significance level. The results of this study are in line with the research of Claudia and Sangen (2021), Ilarrahmah and Susanti (2021), Suindari and Juniariani (2020), Prakasa and Putri (2020), Saputra et al. (2018), and Dhamayantie and Fauzan (2017) which stated that HR competencies affect the performance of SMEs. This research is also in line with Suindari and Juniariani (2020) and Puspitaningtyas (2017), which explained that financial management affects the performance of MSMEs.

Testing Hypothesis Using Mediating Variables

Based on previous research, this hypothesis was made to see how the indirect effect of the love of money behavior variable and HR competency on MSME performance through financial management as a mediating variable. The research model is shown in Figure 1.

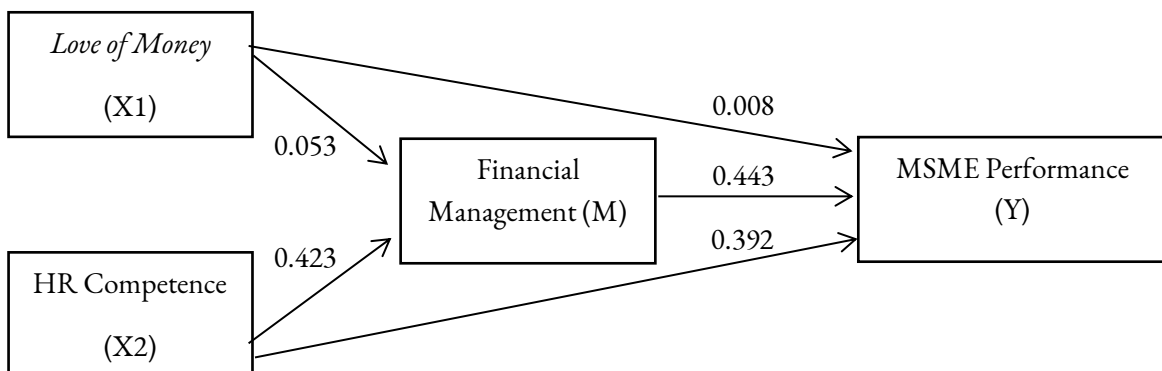


Fig. 1. Research Model

Based on Figure 1, a structural equation can be made for each sub-structure where Equation 1 is $Y = 0.053X_1 + 0.423X_2 + e_1$ and Equation 2 is $Y = 0.008X_1 + 0.392X_2 + 0.443M + e_2$. Based on Figure 1, the beta value (β) of each variable effect is obtained, as shown in Table 7.

Table 7. Direct, Indirect, and Total Beta Value (β) Equation of Sub-structures I and II

Hypothesis Testing	Beta Value (β)
The Effect of Love of Money Behavior on Financial Management	0.053
The Effect of HR Competence on Financial Management	0.423
The Effect of Love of Money Behavior on MSME Performance	0.008
The Effect of HR Competence on MSME Performance	0.392
The Effect of Financial Management on MSME Performance	0.443

Source: Primary Data Processed, 2022

The magnitude of the indirect effect is determined by multiplying the beta value of the effect of the independent variable on the dependent variable. The total effect is determined by adding the Beta value of the direct effect of the independent variable on the dependent variable with the value of the indirect effect of each independent variable. The indirect and total effect calculations are shown below:

Indirect Effect

1. The Effect of Love of Money Behavior on Financial Performance with Financial Management as a Mediating Variable ($PMX_1 \times PYM$) = $0.053 \times 0.443 = 0.023479$
2. The Effect of HR Competence on Financial Performance with Financial Management as a Mediating Variable ($PMX_2 \times PYM$) = $0.423 \times 0.443 = 0.187389$

Total Effect

1. The Effect of Love of Money Behavior on Financial Performance with Financial Management as a Mediating Variable ($PMX_1 + (PMX_1 \times PYM)$) = $0.008 + 0.023479 = 0.031479$
2. The Effect of HR Competence on Financial Performance with Financial Management as a Mediating Variable ($PMX_2 + (PMX_2 \times PYM)$) = $0.392 + 0.187389 = 0.579389$

Table 8. Indirect Effect and Total Effect

Effect	Indirect effect value	Total effect value
X1 to Y through M	0.023479	0.031479
X2 to Y through M	0.187389	0.579389

Source: Primary Data Processed, 2022

To find out whether the effect of mediation is significant or not, the Sobel Test was carried out. Based on Table 9, the t count is smaller than the t table $0.064492 < 1.977$, which means that the financial management variable with an effect of 0.02349 shown in Table 8 cannot be a mediating variable in the love of money behavior variable on MSME performance. The calculated t value is $4.08913 > 1.977$, which means that the financial management variable with the effect of 0.187389, as shown in Table 9, can mediate the HR competence variable on MSME performance.

Table 9 shows the relationship between financial management as a mediating variable which the T value is taken from the calculation of the Sobel test as a mediating variable.

Table 9. Summary of Financial Management Variable Mediation Relations

Relationship	T _{value}	T _{table}	Sig	Conclusion
X1 to Y through M	0.06449	1.977	0.51552	Have no effect
X2 to Y through M	4.08913	1.977	0.00003	Have effect

Source: Primary Data Processed, 2022

Financial management as a mediating variable is unable to mediate the love of money behavior variable on MSME performance, meaning that good financial management has not been able to mediate the respondents' love of money for the performance of MSMEs in Jambi City. Financial management as a mediating variable is able to mediate the HR competence variable on MSME performance, meaning that good financial management is able to mediate HR competencies in MSME in Jambi City in improving MSME performance.

The results of this study are in accordance with the theory that financial management comes from the word management, which means how to manage finances. According to Riyanto (2015), financial management is all existing activities related to efforts to obtain a budget. Based on this definition, financial management is very important in improving the performance of an organization, in this case, MSME.

Conclusion

The results of this study show that the behavior of love of money does not directly affect the financial management and performance of MSMEs, while the competence of Human Resources (HR) directly affects the financial management and performance of MSMEs. The greater a person's love for money, it turns out that in this study, it has no effect on better financial management and increasing performance. Broader HR capabilities can directly affect financial management to be better and are also able to improve the performance of MSMEs. Financial management affects the performance of MSMEs. It means that if financial management is carried out properly and wisely according to the stages, the performance of MSMEs will also be better. The results of this study also show that financial management has not been able to mediate the love of money behavior on MSME performance, but financial management is able to mediate HR competence on MSME performance. Good financial management is not able to mediate the love of money behavior on MSME performance for the better, but good and smart financial management can mediate HR competency for MSME performance for the better.

To improve performance, MSMEs should often participate in HR training to increase knowledge about the consumer, problem-solving, good communication methods, and marketing strategies to increase sales. Regional governments can help MSMEs by providing conveniences in services, for example, providing credit with low interest and easy procedures and providing training through related agencies so that they can improve the human resources of business owners. Further research is expected to increase the population not only in the culinary field but also in other fields such as agri-business, travel, fashion, and others.

The questionnaire about HR competencies contained in this research questionnaire is only general and does not specifically explain the competencies in the financial and non-financial fields. Respondents used as research samples were only MSMEs engaged in the culinary field and did not involve other types of MSMEs. Future researchers can distinguish between financial and non-financial competencies.

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