
STRATEGIC MODEL FOR MSME DEVELOPMENT IN MALUKU PROVINCE

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KEYWORDS

Strategic Model;
and MSME
Development;

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) in Maluku Province play an important role in driving the local economy. This study discusses the strategic model of MSME development with a focus on financial literacy, digital marketing, and improving the ability of Human Resources (HR). This type of research is quantitative research. The sample of this study was 100 MSME actors in Maluku Province with questionnaire collection techniques. Data analysis tactics using regression analysis with the help of SPSS applications. 20. The result of this study is a strategic model of MSME development with a focus on financial literacy, digital marketing, and improving the ability of Human Resources (HR) can affect the performance of MSMEs both partially and simultaneously. Cooperation between governments, educational institutions, and local businesses is key in implementing in-depth training programs. By strengthening financial literacy, digital marketing, and human resource capabilities, MSMEs in Maluku Province can strengthen the local economy, create jobs, and support sustainable economic growth.

INTRODUCTION

The province of Maluku, with its cultural diversity and natural beauty, is a beautiful portrait of Eastern Indonesia. However, behind the exoticism of tropical islands, there are real economic challenges, especially in developing Micro, Small and Medium Enterprises (MSMEs). MSMEs in Maluku have great potential as drivers of the local economy, create jobs, and preserve cultural heritage through unique products and services.

Despite having great potential, MSMEs in Maluku are still faced with a number of obstacles that hinder their growth. Lack of access to capital is one of the main problems faced by MSME entrepreneurs, who often find it difficult to get loans with affordable interest. According to Purwanti (2018) explained that MSMEs are individual businesses or companies

that are closed, so relying on capital from limited owners, this can hinder business operations.

Changes in consumer trends and technological developments are also serious challenges. MSMEs in Maluku need to adapt quickly to utilize online platforms and social networks in order to reach a wider market. In addition, in this digital era, data security and privacy are also a serious concern for MSME entrepreneurs who want to utilize technology to develop their business. Limited marketing approaches hamper the competitiveness of local MSMEs in an increasingly global market. The marketing sector is changing drastically, changing the way manual marketing is changing to become all-digital (Musnaini, et al., 2020).

In addition to external constraints, MSMEs in Maluku are also faced with internal challenges in Human Resource competencies such as weak management, lack of access to business training, and low awareness of sustainable business practices. All these constraints hinder the business growth of MSMEs, limit their contribution to local economic growth, and affect the welfare of local communities.

In this context, research on MSME development strategies in Maluku Province. This research is expected to provide deep insight into the condition of MSMEs, identify factors that influence their growth, and formulate concrete policy recommendations to address the challenges faced by MSMEs in the region. These factors include financial literacy, digital marketing and HR capabilities. By understanding these constraints deeply, the steps taken to support Moluccan MSMEs can be more targeted and effective, creating an inclusive and sustainable business ecosystem in the region.

METHOD RESEARCH

This type of research is quantitative research with the aim of being able to provide a deep understanding of the factors that contribute to the success of MSMEs in Maluku Province. These factors include financial literacy (X1), digital marketing (X2) and HR capabilities (X3) that can contribute to MSME performance (Y). The sample of this study was carried out on 100 MSME actors in Maluku Province using questionnaire collection techniques. Data analysis tactics using regression analysis with the help of SPSS applications. 20. This analysis will be a solid basis for designing effective and evidence-based development strategies, helping to overcome challenges and improve the performance of MSMEs in the region.

RESULTS AND DISCUSSION

RESULT

1. Prerequisite Test

a. Error Normality Test

The normality test of regression errors in MSME performance on financial literacy obtained the following results.

Table 1. Normality Test Results of Error Y over X1

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
	Mean	0E-7
Normal Parameters ^{a,b}	Std. Deviation	4,32704978
Most Extreme Differences	Absolute	,066
	Positive	,066
	Negative	-,045
Kolmogorov-Smirnov Z		,663
Asymp. Sig. (2-tailed)		,772

a. Test distribution is Normal.

b. Calculated from data.

Based on the results of the analysis in Table 1, the Kolmogorov-Smirnov value is 0.663 with a significance of 0.772. Because the significance value of the normality test is greater than 0.05, it can be concluded that the residual regression of MSME performance on normal distributed financial literacy. Furthermore, the normality test of regression errors in MSME performance on digital marketing obtained the following results.

Table 2. Error Y over X2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
	Mean	0E-7
Normal Parameters ^{a,b}	Std. Deviation	3,50776058
Most Extreme Differences	Absolute	,115
	Positive	,081
	Negative	-,115
Kolmogorov-Smirnov Z		1,146
Asymp. Sig. (2-tailed)		,144

a. Test distribution is Normal.

b. Calculated from data.

Based on the results of the analysis in Table 2, the Kolmogorov-Smirnov value is 1.146 with a significance of 0.144. Because the significance value of the normality test is greater than 0.05, it can be concluded that the residual regression of MSME performance over normal distributed digital marketing. Furthermore, the normality test of regression errors in MSME performance on HR capabilities obtained the following results.

Table 3. Normality Test Results of Error Y over X3

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
	Mean	0E-7
Normal Parameters ^{a,b}	Std. Deviation	4,08549496
Most Extreme Differences	Absolute	,085
	Positive	,085
	Negative	-,064
Kolmogorov-Smirnov Z		,851
Asymp. Sig. (2-tailed)		,464

a. Test distribution is Normal.

b. Calculated from data.

Based on the results of the analysis in Table 3, the Kolmogorov-Smirnov value is 0.851 with a significance of 0.464. Because the significance value of the normality test is greater than 0.05, it can be concluded that the residual regression of MSME performance on the ability of human resources to be normally distributed.

b. Uji Linearitas

After the data is tested for normality, the next step is the linearity test. Linearity test is a statistical method used to test whether there is a linear relationship between two or more variables. In the context of linearity tests, "linear" refers to linear or straight relationships between those variables. In other words, if one variable increases, the other variable is also expected to increase (or decrease) at a constant rate.

Table 4. Results of Regression linearity Test X1 to Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Say.
Kinerja_UMKM * Literasi_Keuangan	Between Groups	(Combined)	949,353	19	49,966	2,612	,002
		Linearity	626,227	1	626,227	32,733	,000
		Deviation from Linearity	323,126	18	17,951	,938	,537
	Within Groups	1530,487	80	19,131			
	Total	2479,840	99				

The results of the linearity test calculation can be seen in the significance value of deviation from linearity, where the $F_{\text{calculate}}$ price is 0.938, with a probability sig price of $0.537 > 0.05$ which means the regression equation Y over X1 is linear.

Table 5. Results of Regression linearity Test X2 to Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Say.
Kinerja_UMKM * Pemasaran_Digital	Between Groups	(Combined)	1544,274	15	102,952	9,244	,000
		Linearity	1261,706	1	1261,706	113,283	,000
		Deviation from Linearity	282,568	14	20,183	1,812	,051
	Within Groups	935,566	84	11,138			
	Total	2479,840	99				

The results of the linearity test calculation can be seen in the significance value of deviation from linearity, where the $F_{\text{calculate}}$ price is 1.812, with a probability sig price of $0.051 > 0.05$ which means that the Y regression equation for X2 is linear

Table 6. Results of Regression linearity Test X3 to Y

ANOVA Table

			Sum of Squares	df	Mean Square	F	Say.
Kinerja_UMKM * Kemampuan_SDM	Between Groups	(Combined)	1283,272	19	67,541	4,516	,000
		Linearity	827,404	1	827,404	55,318	,000
		Deviation from Linearity	455,868	18	25,326	1,693	,058
	Within Groups	1196,568	80	14,957			
	Total	2479,840	99				

The results of the linearity test calculation can be seen in the significance value of deviation from linearity, where the $F_{\text{calculate}}$ price is 1.693, with a probability sig price of $0.058 > 0.05$ which means the Y regression equation for X3 is linear.

2. Uji Hipotesis

Hypothesis testing is carried out to find out whether the hypothesis expressed in this study can be accepted or rejected. Based on the results of the requirements analysis test, it

turns out that hypothesis testing can be done because a number of requirements determined for hypothesis testing have been met.

a. Hypothesis Testing 1. The Effect of Financial Literacy on MSME Performance

Table 7. Donation Results X1 to Y

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,503 ^a	,253	,245	4,34907

a. Predictors: (Constant), Literasi_Keuangan

b. Dependent Variable: Kinerja_UMKM

Based on the values in Table 7, it is known that the value of r square = 0.253. This shows that the financial literacy variable has a contribution of 25.30% to the improvement of MSME performance, the rest is predicted by things other than financial literacy.

Table 8. Simple Linear Regression Test Results X1 to Y

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	40,456	7,920		5,108	,000
Literasi_Keuangan	,558	,097	,503	5,754	,000

a. Dependent Variable: Kinerja_UMKM

The regression equation model can be seen in Table 8, namely

$$Y = 40.456 + 0.558X_1$$

Based on the equation obtained, it can be interpreted that every change in the score / increase in financial literacy score by 1 unit, the performance of MSMEs will increase by 0.558 units with a constant of 40.456. In addition, it can be seen that the calculated t value is 5.754 with a significance of $0.000 < 0.05$. Based on the regression equation, it can be illustrated that an increase in financial literacy score has a tendency to be followed by an increase in MSME performance scores, which means that there is a significant influence of financial literacy on MSME performance.

b. Hypothesis Testing 2. The Influence of Digital Marketing on MSME Performance

Table 9. Donation Results X2 to Y

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,713 ^a	,509	,504	3,52561

a. Predictors: (Constant), Pemasaran_Digital

b. Dependent Variable: Kinerja_UMKM

Based on the values in Table 9, it is known that the value of r square = 0.509. This shows that digital marketing variables contribute 50.90% to improving MSME performance, the rest is predicted by things other than digital marketing.

Table 10. Simple Linear Regression Test Results X2 to Y

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21,468	6,411		3,349	,001
	Pemasaran_Digital	,779	,077	,713	10,075	,000

a. Dependent Variable: Kinerja_UMKM

The regression equation model can be seen in Table 10, namely

$$Y = 21.468 + 0.779X_2$$

Based on the equation obtained, it can be interpreted that every change in the score / increase in digital marketing score by 1 unit, the performance of MSMEs will increase by 0.779 units with a constant of 21.468. In addition, it can be seen that the calculated t value is 10.075 with a significance of $0.000 < 0.05$. Based on the regression equation, it can be illustrated that the increase in digital marketing score has a tendency to be followed by an increase in the performance value of MSMEs, which means that there is a significant influence of digital marketing on MSME performance.

c. Hypothesis Testing 3. The Effect of HR Capabilities on MSME Performance

Table 11. Donation Results X3 to Y

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1				

1	,578a	,334	,327	4,10629
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a. Predictors: (Constant), Kemampuan_SDM

b. Dependent Variable: Kinerja_UMKM

Based on the values in Table 11, it is known that the value of r square = 0.334. This shows that the variable HR ability has a contribution of 33.40% to the improvement of MSME performance, the rest is predicted by things other than HR capabilities.

Table 12. Simple Linear Regression Test Results X3 to Y

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	32,897	7,586		4,337	,000
	Kemampuan_SDM	,654	,093	,578	7,005	,000

a. Dependent Variable: Kinerja_UMKM

The regression equation model can be seen in Table 12, namely

$$Y = 32.897 + 0.654X_2$$

Based on the equation obtained, it can be interpreted that every change in the score / increase in HR ability score by 1 unit, the performance of MSMEs will increase by 0.654 units with a constant of 32.897. In addition, it can be seen that the calculated t value is 7.005 with a significance of $0.000 < 0.05$. Based on the regression equation, it can be illustrated that an increase in HR ability score has a tendency to be followed by an increase in MSME performance score, which means that there is a significant influence on MSME performance.

d. Hypothesis Testing 4. The Effect of Financial Literacy, Digital Marketing and HR Capabilities on MSME Performance

Table 13. Simultaneous Donation Results to Y

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,822a	,676	,665	2,89481

a. Predictors: (Constant), Kemampuan_SDM, Pemasaran_Digital, Literasi_Keuangan

b. Dependent Variable: Kinerja_UMKM

Based on the value in Table 13, it is known that the value of r square = 0.676. This shows that the variables of financial literacy, digital marketing and HR capabilities have contributed together by 67.60% to improving MSME performance, the rest is predicted by things other than the variables in this study.

Table 14. Multiple Linear Regression Test Results

Coefficients^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	11,616	7,087		-1,639	,104
	Literasi_Keuangan	,254	,071	,229	3,605	,000
	Pemasaran_Digital	,583	,069	,534	8,419	,000
	Kemampuan_SDM	,352	,073	,311	4,816	,000

a. Dependent Variable: Kinerja_UMKM

The regression equation model can be seen in Table 14, namely

$$Y = 11.616 + 0.254X_1 + 0.583X_2 + 0.352X_3$$

In addition, it can be seen that each significance of financial literacy, digital marketing, and HR capabilities has a value of $0.000 < 0.05$. Based on the regression equation, it can be illustrated that the increase in financial literacy score, digital marketing, and HR ability has a tendency to be followed by an increase in MSME performance score, which means that there is a simultaneous and significant influence of financial literacy, digital marketing, and HR ability on MSME performance.

DISCUSSION

The development of Micro, Small and Medium Enterprises (MSMEs) in Maluku Province requires a strategic approach that includes financial literacy, digital marketing, and improving the ability of Human Resources (HR) to improve the performance of this sector. Based on the results of the analysis obtained, financial literacy, digital marketing, HR capabilities have a positive effect both partially and simultaneously on the performance of MSMEs. First of all, financial literacy plays a key role in strengthening MSMEs. With a good understanding of financial management, MSMEs can manage their capital wisely, reduce financial risks, and optimize the use of limited financial resources. Financial literacy also opens the door to MSME access to more affordable financing, enabling them to develop and invest in improving the quality of products and services.

Financial literacy has brought significant changes in the global financial sector. However, its growth also faces technical and legal challenges that need to be addressed in order for its potential to be fully utilized, especially in the context of sustainable finance (Macchiavello and Siri, 2022). Investing in MSME lending companies has an element of impact investment and is best done through sustainable funds and not commercial funds. Impact investing, sustainable funds, and microfinance are some of the common activities included in sustainable finance (Aggarwal and Elembilassery, 2018). Based on a previous theoretical study by Aliansari (2021), explaining the results of training and assistance in making simple bookkeeping and preparing financial statements increases MSME awareness of the importance of information produced by financial statements as a basis for decision making and business strategy preparation to achieve a sustainable business.

Meanwhile, digital marketing is the key to increasing the visibility of MSMEs in the global market. In this digital era, marketing through online platforms, social media, and search engines allows MSMEs in Maluku to reach a wider audience and gain new customers. By leveraging this technology, MSMEs can build strong brands, create effective marketing campaigns, and measure results with data analysis. This not only opens up greater sales opportunities, but also creates closer relationships with customers, builds trust, and strengthens customer loyalty.

Digital marketing has a huge opportunity in the development of the business world from now to the future where the target market has transformed into a digital platform. Meanwhile, the challenge that must be faced by the business world in implementing digital marketing is readiness in terms of human resources and financial resources in supporting digital marketing activities (Hendarsyah, 2020). Digital marketing is seen as the best media as the most effective and efficient means of promotion and is able to increase significant sales volume (Pradiani, 2017). Digital marketing has made products evolve regardless of territory. Various digital platforms are prepared by business actors to improve their marketing (Musnaini, et al., 2020) digital marketing facilities provide convenience provided by each service provider (Lamiran, Wijoyo, and Sutawan, 2021)

By optimizing the use of their financial resources, increasing the visibility of products or services through digital marketing, and achieving sustainable business growth (Chandra, et al. 2023). In line with Jayanti and Karnowati (2023) explained that digitalization of MSMEs and Financial Literacy have a partial and simultaneous effect on MSME Sustainability. In addition, there is a positive influence on Financial Aspects and HR Competencies together have a positive effect on MSME Performance (Wahyudiati and Isroah, 2018).

In addition to financial literacy and digital marketing, improving human resource capabilities is also an important factor in developing MSMEs in Maluku Province. Training and skill development for MSME workers not only increases productivity and product quality, but also helps in efficient business management. Skilled HR can better manage supply chains,

design smarter marketing strategies, and respond more quickly to market changes. In addition, improving HR skills also creates an innovative work environment, where new ideas can be applied to improve the competitiveness of MSMEs at the local and international levels.

The human resource competence of small-medium entrepreneurs is recommended to be improved so that their competence further improves their business performance globally. Furthermore, the Human Resource Competence of Small and Medium Entrepreneurs has a significant effect on their business performance partially and simultaneously (Ardiana, Brahmayanti, and Subaedi, 2010; Callista, 2016.) Furthermore, the competence of human resources (HR) turned out to be one of the most important factors in the MSME industry. By increasing HR competence through increasing knowledge and skills, it is the key to improving MSME performance (Widjadja, et al., 2018).

In order to optimize the potential of MSMEs in Maluku Province, support from various parties is needed, including the government, educational institutions, and the private sector. Well-planned financial literacy, digital marketing, and HR development training programs must be designed and implemented. With this approach, MSMEs in Maluku Province can become a solid economic pillar, create jobs, increase people's incomes, and ultimately, support sustainable economic growth in the region.

CONCLUSION

The development of Micro, Small and Medium Enterprises (MSMEs) in Maluku Province requires a comprehensive strategy involving financial literacy, digital marketing, and improving the ability of Human Resources (HR). Based on the results of the analysis and discussion obtained, financial literacy, digital marketing, HR capabilities have a positive effect both partially and simultaneously on the performance of MSMEs.

In facing the future, cooperation between governments, educational institutions, and local businesses is key. Structured and in-depth training programs need to be introduced to ensure that MSMEs have knowledge and skills relevant to the changing needs of the global market. By strengthening the foundation of financial literacy, smart digital marketing, and well-trained human resources, MSMEs in Maluku Province have a great opportunity to grow, create jobs, and support sustainable economic development in this area.

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First publication right:

JoSS - Journal of Social Science



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