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Human Resource Capacity Development Based on Financial Literacy in Realizing the SDGs: A Study of MSMEs in Central Maluku

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Abstract
This study aims to examine the development of human resource capacity of Micro, Small, and Medium Enterprises (MSMEs) in Central Maluku Regency through a financial literacy approach as a strategy to support the achievement of the Sustainable Development Goals (SDGs). This study uses a quantitative approach with a survey method, with a stratified random sampling technique.This study maps the financial literacy status of MSMEs and analyzes its relationship to improving management capacity and business sustainability to support the achievement of the SDGs. The results show that low levels of financial literacy in human resources are a major obstacle to efficient business management and delay the achievement of national sustainable development goals. Therefore, strengthening human resource capacity based on financial literacy is essential as a strategic intervention that not only increases the competitiveness of MSMEs but also directly contributes to the achievement of SDGs indicators, particularly in the areas of financial inclusion, poverty reduction, and sustainable local economic growth.
Keywords: Financial Literacy, Financial Performance, Human Resource Capacity Development, SDGs, MSMEs.

Abstrak
Penelitian ini bertujuan untuk mengkaji pengembangkan kapasitas sumber daya manusia (SDM) pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) di Kabupaten Maluku Tengah melalui pendekatan literasi keuangan sebagai strategi untuk mendukung pencapaian Tujuan Pembangunan Berkelanjutan (*Sustainable Development Goals*). Penelitian ini menggunaan pendekatan kuantitatif dengan metode survey, teknik sampling yang digunakan dalam penelitian ini adalah stratified random sampling. Penelitian ini memetakan kondisi literasi keuangan pelaku UMKM serta menganalisis keterkaitannya dengan peningkatan kapasitas pengelolaan dan keberlanjutan usaha demi mendukung ketercapaian SDGs. Hasil penelitian menunjukkan bahwa rendahnya SDM akan literasi keuangan menjadi salah satu faktor penghambat dalam pengelolaan usaha secara efisien dan memberian keterlambatan pencapaian tujuan pembangunan berkelanjutan nasional. Oleh karena itu, penguatan kapasitas SDM berbasis literasi keuangan sangat diperlukan sebagai intervensi strategis yang tidak hanya meningkatkan daya saing UMKM, tetapi juga berkontribusi langsung terhadap pencapaian indikator SDGs, khususnya dalam aspek inklusi keuangan, pengurangan kemiskinan, dan pertumbuhan ekonomi lokal yang berkelanjutan.
Kata Kunci: Literasi Keuangan, Kinerja Keuangan, Pengembangan Kapasitas Sumber Daya Manusia, SDGs, UMKM.

INTRODUCTION

Sustainable development has become a global agenda summarized in the Sustainable Development Goals (SDGs) as a framework adopted by member states of the United Nations in 2015 (Scheyvens et al, 2016) . The SDGs have 17 interconnected goals. integrated with target achievement on 2030. In an effort to achieve the SDGs, every country, including Indonesia, is required to optimize all its potential, including the development of human resource (HR) capacity, which is a key actor in sustainable development (De Silva et al, 2022).

Micro, Small, and Medium Enterprises (MSMEs) are a crucial pillar of the Indonesian economy, contributing significantly to Gross Domestic Product (GDP) and employment. According to data from the Ministry of Cooperatives and SMEs, by 2023, MSMEs will contribute 61% to Indonesia's GDP, employing 97% of the total national workforce. However, MSMEs in Indonesia still face various challenges, one of which is limited human resource capacity, particularly in financial literacy, which impacts access to capital and business financial management (Syafitri, 2025).

Province Maluku in particular Regency Maluku Middle own potential a large economy with abundant natural resources in the fisheries, agriculture, and tourism sectors. MSMEs in this region play an important role in driving economic growth. The local economy and a source of livelihood for a large portion of the community. Data from the Maluku Province Cooperatives and SMEs Office shows that the number of MSMEs in Central Maluku continues to increase annually, but business sustainability remains relatively low, partly due to weak financial management.

Financial literacy is a crucial factor in the development of MSMEs. The Financial Services Authority (Otoritas Jasa Keuangan, 2017) defines financial literacy as knowledge, skills, and beliefs that influence attitudes and behavior in financial decision-making. The 2022 National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) showed that the financial literacy index in Maluku Province remains below the national average, at only 32.04%, compared to the national average of 38.03%. This indicates that more intensive efforts are needed to improve the financial literacy of the public, particularly MSMEs in Central Maluku.

Based on a survey of several MSMEs, the facts show that the low financial literacy of MSME actors in Central Maluku causes various problems, including: (1) difficulty accessing formal financing from financial institutions, (2) the inability to separate personal finances from business finances, (3) limitations in long-term financial planning, and (4) low adaptability to economic shocks. These problems ultimately impact business sustainability and hinder the contribution of MSMEs in achieving SDGs at the local level. Based on initial observations conducted on several MSMEs, researchers found new evidence that many business actors tend to rely heavily on informal financial practices and lack confidence in interacting with formal financial institutions, which further exacerbates their financial management challenges.

A financial literacy-based human resource capacity development program is one strategic solution to address these issues. This capacity development focuses not only on improving technical financial management knowledge and skills but also encompasses changes in mindset and financial behavior that support sustainable business practices. Through this approach, it is hoped that MSMEs will not only be able to manage their businesses profitably but also consider social and environmental aspects in accordance with the prevailing laws and regulations . with the principles of SDGs (Marpaung & Sibarani, 2018).

The link between financial literacy and achieving the SDGs can be seen in several relevant SDGs, such as Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation, and Infrastructure), and Goal 10 (Reduced Inequality). Good financial literacy supports more efficient and sustainable business management, potentially increasing income, creating jobs, encouraging innovation, and reducing economic disparities in society.

The cultural context and local wisdom in Central Maluku have a significant influence on the business patterns and financial behavior of its people. Practices such as "pela gandong" (inter-village brotherhood) and "masohi" (mutual cooperation) is a form of social capital that can be integrated into financial literacy development. An approach that combines local values with modern financial principles has the potential to create a more relevant and sustainable model for human resource capacity development.

Government area, institution finance, college tall, And organization Civil society plays a crucial role in supporting financial literacy-based human resource capacity development programs. Multi-stakeholder collaboration is key to ensuring program sustainability and maximizing its impact on achieving the SDGs at the local level. Mapping the roles and responsibilities of each stakeholder is necessary to avoid program duplication and optimize available resources.

Evaluation of the impact of literacy-based human resource capacity development programs Financial evaluation needs to be carried out comprehensively, taking into account indicators related to the SDGs. An evaluation approach that focuses not only on short-term achievements such as increased knowledge and skills, but also considers the long-term impacts on business sustainability, improved welfare, and environmental sustainability will provide a more holistic picture of the program's contribution to achieving the SDGs (United Nations Development Programme (UNDP), 2009).

Based on this background, this study aims to identify and analyze the key factors that influence the development of human resource capacity based on financial literacy among MSMEs in Central Maluku. In addition, this research seeks to assess the existing level of financial literacy among MSME actors in the region as an important foundation for strengthening business management capabilities. Furthermore, this study aims to formulate strategic recommendations for developing financial literacy–based human resource capacity that can effectively support the achievement of the Sustainable Development Goals (SDGs) through the role of MSMEs in Central Maluku.

METHODOLOGY

This study uses a descriptive quantitative approach to investigate the determinants of MSME performance in supporting the achievement of the SDGs. A descriptive quantitative approach is appropriate because it enables the measurement of relationships between variables and the identification of factors influencing financial literacy based Human Resource capacity among MSMEs. The data used in this study are primary data collected from respondent questionnaires. The respondent sampling method was stratified random sampling. sampling by considering the type businesses (micro, small, & medium) and business sectors (trade, services, manufacturing, agriculture / fisheries) and also divided based on 3 sub-districts in the research object. With a 90% confidence level and a 10% margin of error, determined by the Slovin formula until the required sample size is 96 MSME actors. Quantitative data obtained through the distribution of closed questionnaires to MSME respondents, then analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the help of SmartPLS software. The analysis stages include testing the validity and reliability of the instrument, testing the measurement model (outer model), and the structural model (inner model) to determine the direct and indirect influence between variables. The following research model was formed for testing:

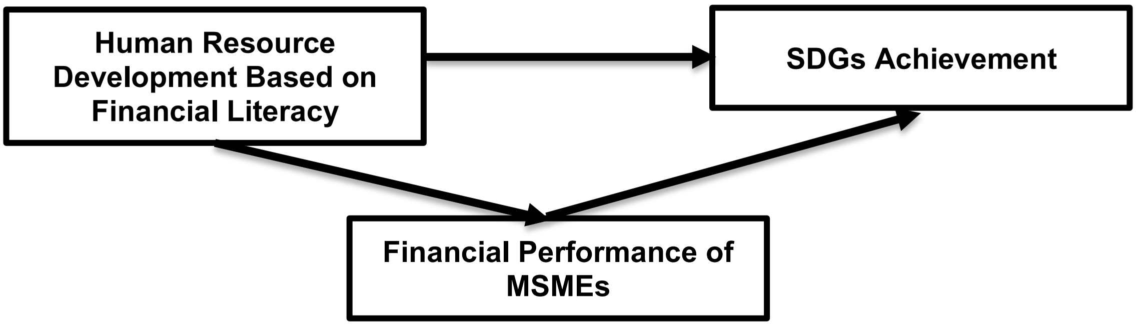

Figure 1.
Research Models

DISCUSSION AND FINDINGS

Bootstrapping Result

The bootstrapping results from SmartPLS reveal three structural relationships tested within the model. First, the relationship between Financial Performance of MSMEs and SDGs Achievement demonstrates a highly significant effect, as indicated by an original sample value of 0.465, a t-statistic of 6.248, and a p-value of 0.000. This confirms that higher Financial Performance of MSMEs contributes strongly and consistently to improved SDGs achievement. Second, Human Resource Development based on Financial literacy (HRD) shows a significant positive effect on Financial Performance of MSMEs, with a coefficient of 0.255, a t-statistic of 2.718, and a p-value of 0.007. This implies that investments in training, capacity building, and competency enhancement effectively strengthen Financial Performance of MSMEs. In contrast, the direct effect of HRD on SDGs Achievement is not significant (coefficient = 0.138, t-statistic = 1.167, p-value = 0.244), suggesting that HRD does not directly contribute to SDGs achievement and may require a mediating mechanism.

Table 1
Bootstrapping Result

Relationship Between Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values
Financial Performance of MSMEs > Achievement SDGs	0.465	0.480	0.074	6.248	0.000
Human Resource Development > Financial Performance of MSMEs	0.255	0.279	0.094	2.718	0.007
Human Resource Developmen> Achievement SDGs	0.138	0.157	0.119	1.167	0.244
Mediation Pathway	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values
Human Resource Development > Financial Performance of MSMEs > Achievement SDGs	0.119	0.135	0.054	2.215	0.027

Source: Processed results with SmartPLS, 2025

The indirect effect analysis supports this view by showing that Financial Performance of MSMEs functions as a significant mediator between HRD and SDGs Achievement. The indirect effect coefficient of 0.119, supported by a t-statistic of 2.215 and a p-value of 0.027, indicates that HRD positively influences SDGs Achievement only through improvements in Financial Performance of MSMEs. Thus, HRD does not exert a direct impact on SDGs Achievement; rather, its influence becomes significant when it first enhances Financial Performance of MSMEs. This finding highlights a full mediation effect, emphasizing that strengthening Financial Performance of MSMEs is a necessary pathway through which HRD contributes to SDGs Achievement.

Descriptive Statistics

Descriptive statistical analysis aims to provide a description and illustration of the data displayed through minimum, maximum, average, median, and standard deviation values. A total of 96 questionnaires were collected (100%). The results of the indicator analysis are presented in Table 2:

Table 2
Descriptive Statistics

Indiator	Mean	Median	Min	Max	Standard Deviation
Human Resources Development					
X1	3.91	4	1	5	1,234
X2	4.41	4	2	5	0.622
X3	4.13	4	1	5	0.812
X4	3.80	4	1	5	1,373
X5	4.01	4	1	5	1,036
X6	3.67	4	1	5	1,448
X7	4.07	4	2	5	0.781
X8	4.03	4	2	5	0.847
Financial Performance of MSMEs					
Z.1	4.03	4	2	5	0.653
Z.2	4.05	4	3	5	0.619
Z.3	3.97	4	3	5	0.620
Z.4	3.95	4	2	5	0.667
SDGs Achievement					
Y.1	3.90	4	2	5	0.797
Y.2	3.53	4	1	5	0.901
Y.3	3.86	4	1	5	0.824
Y.4	3.81	4	3	5	0.485

Source: Processed results with SmartPLS, 2025

Based on the results of the indicator analysis in table 2, it can be seen that from the 96 questionnaires collected and processed, it shows that each indicator in the research variable has a minimum value of 1 point - 2 points and a maximum of 5 points. In the Human Resource Development based on financial literacy (X1), which consists of five indicators, the analysis results show an average value ranging from 3.667 to 4.406. Indicator X1.2 obtained the highest average value of 4.406, reflecting a very good respondent assessment. Conversely, the lowest average value was found in indicator X1.5 at 3.667. The highest standard deviation was shown by indicator X1.4 with a value of 1.373, which indicates a fairly large variation in respondent responses to this indicator. On the other hand, indicator X1.2 had the lowest standard deviation of 0.622, which indicates that respondents gave responses that tended to be uniform. All indicators in this variable have a median value of 4,000, which strengthens the interpretation that respondents' perceptions of HRD are in the good category.

This variable consists of four indicators, namely Z.1 to Z.4. Based on the analysis results, all indicators show a fairly high average value, namely between 3.95 and 4.05. Indicator Z.2 has the highest average value of 4.05 and is accompanied by the lowest standard deviation of 0.619, which reflects a very good and relatively uniform assessment of respondents. On the other hand, the indicator with the lowest average is Z.4 with a value of 3.95 and a standard deviation of 0.667. Overall, all indicators in this variable have a median value of 4, so it can be concluded that the financial performance of MSMEs according to respondents' perceptions is at a good and relatively stable level.

The Sustainable Development Goals (SDGs) achievement in this study is represented by four indicators, namely Y.1 to Y.4. The highest average value was recorded in indicator Y.3 at 3.86, followed by Y.4 with a score of 3.81, which reflects that the participation of MSMEs in supporting aspects of the SDGs is starting to be visible in their operational practices. Indicator Y.1 has an average value of 3.90, while Y.2 recorded the lowest score, namely 3.53, with a standard deviation of 0.901 indicating a fairly large variation in respondents' views on the indicator. In contrast, Y.4 shows a high level of uniformity of responses, indicated by the lowest standard deviation of 0.485. Judging from the consistent median value of 4 across all indicators, it can be concluded that in general, respondents' perceptions of the contribution of MSMEs to the achievement of the SDGs are positive and in the fairly good category.

Measurement Model Test Results (Outer Model)

The validity test of a research instrument measures the extent to which the indicators used are able to represent the intended construct or latent variable. In this study, validity was tested using two common approaches in Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis, namely Convergent Validity and Discriminant Validity, with the help of SmartPLS software.

Based on the data in Table 3, all indicators representing the three latent constructs, namely Human Resource Development based on Financial literacy, Financial Performance of MSMEs, and SDGs Achievement, showed outer loading values above 0.70. This achievement indicates that each indicator has a strong correlation with the construct it represents, thus being considered to meet the requirements for convergent validity. Indicator X6 has the highest loading value of 0.958, followed by X4 (0.953) and X1 (0.927), all of which are classified as very representative of the Human Resource Development based on Financial literacy construct. On the other hand, indicators such as X8 (0.720) and Y3 (0.730), although close to the minimum threshold, are still declared valid because they meet the recommended statistical criteria.

Table 3
Convergent Validity

Latent Variables	Indicator	Outer Loading Value	Information
Human Resource Development Based on Financial Literacy	X1	0.927	Valid
	X2	0.804	Valid
	X3	0.780	Valid
	X4	0.953	Valid
	X5	0.702	Valid
	X6	0.958	Valid
	X7	0.831	Valid
	X8	0.720	Valid
Financial Performance of MSMEs	Z1	0.769	Valid
	Z2	0.819	Valid
	Z3	0.857	Valid
	Z4	0.812	Valid
SDGs Achievement	Y1	0.826	Valid
	Y2	0.784	Valid
	Y3	0.730	Valid
	Y4	0.741	Valid

Source: Processed results with SmartPLS, 2025

According to the guidelines (Hair Jr. et al., 2017), the ideal outer loading value to demonstrate convergent validity is a minimum of 0.70 . However, under certain conditions, such as in the early stages of model development, a value between 0.60 and 0.70 is still acceptable as long as the indicator has a significant theoretical contribution. Based on these considerations, all indicators used in this study are considered valid in measuring the intended constructs. Therefore, the measurement model applied in this study is declared to have good convergent validity and is worthy of proceeding to the next stage of structural analysis testing.

Table 4
Discriminant Validity

	Financial Performance of MSMEs	SDGs Achievement	Human Resources Development
Financial Performance of MSMEs	0.815		
SDGs Achievement	0.470	0.771	
Human Resources Development	0.255	0.138	0.840

Source: Processed results with SmartPLS, 2025

Based on Table 4, discriminant validity analysis was conducted using the Fornell-Larcker approach, where the square root of the Average Variance Extracted (AVE) of each construct was compared with the correlation value between that construct and other constructs. Discriminant validity is said to have been achieved if the square root of the AVE (listed on the diagonal of the table) is greater than the correlation value of the construct with other constructs in the same column and row (Hair Jr et al, 2014).

Based on the calculation results, it is known that the square root of AVE for the construct of Financial Performance of MSMEs is 0.815, SDGs Achievement is 0.771, and Human Resource Development based on Financial literacy is 0.840. These three values are higher than the correlation values between constructs, for example the correlation between Financial Performance of MSMEs and SDGs Achievement which is 0.470, and between SDGs Achievement and Human Resource Development based on Financial literacy which is 0.138. Therefore, it can be concluded that each construct in this model is able to clearly distinguish itself from other constructs, so that its discriminant validity is met. This finding supports that the measurement model used has met the requirements for discrimination between constructs, as suggested by (Hair Jr et al, 2014) , which states that discriminant validity is very important to ensure that each construct is unique and does not overlap statistically.

Reliability testing aims to ensure that each construct (latent variable) in the model has adequate internal consistency. In this study, construct reliability was tested using Cronbach's Alpha values, which were processed using SmartPLS software.

Table 5
Croncbach's Alpha Values

Latent Variables	Cronbach Alpha
Human Resources Development	0.941
Financial Performance of MSMEs	0.833
SDGs Achievement	0.777

Source: Processed results with SmartPLS, 2025

Based on the reliability test listed in Table 4.4, it can be seen that all latent variables in this study obtained Cronbach Alpha values that exceeded the minimum limit of 0.70. The Human Resource Development based on Financial literacy variable had the highest value of 0.941, followed by Financial Performance of MSMEs with 0.833, and SDGs Achievement with 0.777. According to (Hair Jr et al, 2014), a Cronbach Alpha value above 0.70 indicates that the instrument has adequate internal consistency and is suitable for use in measuring the intended construct. The higher the value, the stronger the correlation between indicators in a construct, so that the instrument can be declared reliable. Therefore, all constructs in this study are declared to meet the reliability criteria and can proceed to the structural model analysis stage.

Results of Structural Model Testing (Inner Models)
R^2 Square Result

Table 6
R^2 Square

Endogen Variable	R Square	R Square Adjusted
Financial Performance of MSMEs	0.065	0.055
SDGs Achievement	0.222	0.205

Source: Processed results with SmartPLS, 2025

Based on the R Square results, the variable Financial Performance of MSMEs obtained an R^2 value of 0.065 with an adjusted R^2 of 0.055. This indicates that the predictors in the model explain only 6.5% of the variance in Financial Performance of MSMEs, while the remaining 93.5% is influenced by factors outside the model. Accordingly, the model demonstrates a very low explanatory power in predicting changes in MSME Performance.

In contrast, the SDGs Achievement variable shows an R^2 value of 0.222 and an adjusted R^2 of 0.205. This means that the model is able to explain 22.2% of the variance in SDGs achievement, with 77.8% accounted for by external factors not included in the model. Although still classified as weak, this result suggests that the model exhibits a better explanatory capability for SDGs achievement compared to Financial Performance of MSMEs.

Q^2 Predictive Square Result

Table 7
Q^2 Predictive Square

Endogen Variable	RMSE	MAE	Q^2_predict
Financial Performance of MSMEs	1.012	0.753	0.033
SDGs Achievement	1.036	0.738	-0.005

Source: Processed results with SmartPLS, 2025

The results of the LV Prediction Summary indicate that the model's predictive capability varies across the endogenous variables tested using the PLS Predict procedure. For the Financial Performance of MSMEs variable, the RMSE value of 1.012 and the MAE value of 0.753 reflect the level of prediction error produced by the model. The positive Q^2 predict value of 0.033 suggests that the model possesses predictive relevance, although the magnitude is very weak. This indicates that the model is able to generate predictions that are only slightly better than those produced by a simple benchmark model.

In contrast, for the SDGs Achievement variable, the RMSE of 1.036 and MAE of 0.738 show a similar pattern of prediction error. However, the Q^2 predict value of -0.005 reveals that the model lacks predictive ability for this construct. The negative value suggests that the model performs worse than a naïve prediction based on the mean, indicating that the predictive power for SDGs achievement remains insufficient.

F^2 (Effect Size)

Table 8
F^2 (Effect Size)

Relationships between variable	F^2 (Effect Size)
Human Resource Development Based on Financial Literacy> Financial Performance of MSMEs	0.069
Financial Performance of MSMEs> SDGs Achievement	0.069
Human Resource Development Based on Financial Literacy> SDGs Achievement	0.000

Source: Processed results with SmartPLS, 2025

The F^2 (effect size) results indicate that the relationship between Human Resource Development based om Financial Literacy and Financial Performance of MSMEs has an F^2 value of 0.069, which falls into the small category. This suggests that the contribution of Human Resource Development based om Financial Literacy in explaining variations in Financial Performance of MSMEs is limited and does not exert a strong influence within the model.

Similarly, the relationship between Financial Performance of MSMEs and SDGs Achievement also shows an F^2 value of 0.069, classified as small. This finding implies that improvements in Financial Performance of MSMEs contribute only marginally to the SDGs Achievement and do not serve as a dominant factor in influencing changes in this variable.

Meanwhile, the relationship between Human Resource Development based om Financial Literacy and SDGs Achievement produces an F^2 value of 0.000, indicating no effect at all. In other words, within the context of this study, Human Resource Development based om Financial Literacy does not contribute to explaining variations in SDGs Achievement. Overall, these results illustrate that all relationships within the model demonstrate very small effect sizes, suggesting weak explanatory power and indicating the need for additional variables or structural model refinement.

Path Coefficient

In the analysis using SmartPLS, each hypothesis was tested using bootstrapping techniques on the research sample. This method is used to address potential problems with data distribution abnormalities. A hypothesis is declared supported if the t-statistic value exceeds the t-table value at the 5% significance level (Hair Jr et al, 2014). In the two-tailed test, the t-table value used was 1.96. Based on the bootstrapping results, the following findings were obtained:

Table 9
Path Coefficient

	Original Sample	Sample Mean	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PFC > SDGs	0.465	0.483	0.074	6,268	0.000
HR > PFC	0.255	0.271	0.097	2,621	0.009
HR > SDGs	0.020	0.025	0.111	0.179	0.858

Source: Processed results with SmartPLS, 2025

Based on the results of testing the structural model in Partial Least Squares Structural Equation Modeling (PLS-SEM) as presented in Table 9, the relationship between variables can be explained as follows:

1) The Impact of Financial Performance of MSMEs on SDGs Achievement
   This path has a coefficient of 0.465, a t-statistic of 6.268, and a p-value of 0.000. Since the t-statistic is >1.96 and the p-value is <0.05, this effect is statistically significant. This means that improving the financial performance of MSMEs positively contributes to SDGs Achievement.
2) The Influence of Human Resource Development based on Financial literacy on the Financial Performance of MSMEs
   The results show a coefficient value of 0.255 with a t-statistic of 2.621 and a p-value of 0.009, which is also significant at the 95% confidence level. This indicates that Human Resource Development based on Financial literacy has a positive and significant impact on Financial Performance of MSMEs.
3) The Direct Impact of Human Resource Development based on Financial

literacy on SDGs Achievement.

This path shows a coefficient of only 0.020 with a t-statistic of 0.179 and a p-value of 0.858. Because the t-statistic is <1.96 and the p-value is >0.05, no significant direct effect was found between Human Resource Development based on Financial literacy and the SDGs Achievement.

According to (Hair Jr et al, 2014), in hypothesis testing using bootstrapping in PLS-SEM, a relationship is considered significant if the t-statistic value is > 1.96 and the p-value is < 0.05 for two-tailed testing. The bootstrapping technique itself is used in PLS-SEM to assess the stability of parameter estimates and reduce the problem of normal distribution assumptions (Hair Jr. et al., 2017).

The Impact of Financial Performance of MSMEs on SDGs Achievement.

These results indicate that the financial performance of MSMEs has a positive and highly significant influence on SDGs Achievement in central maluku. With a path coefficient of 0.465, a t-statistic of 6.268, and a p-value of 0.000, these findings underscore the strategic role of the MSME sector in promoting sustainable development at the local level. This statistical value not only demonstrates the strength of the relationship between variables but also the consistency of MSMEs' contributions to the key goals of the global development agenda. These results support the assumption that economic sustainability is inseparable from the stability and growth of financially healthy MSMEs. When MSMEs achieve good financial performance in profitability, cost efficiency, and cash flow management, they are better prepared and empowered to support the social and environmental agendas that are at the core of the SDGs. Theoretically, this is reinforced by the Triple Bottom Line approach (Elkington, 1997), which places business performance on three main dimensions: economic (profit), social (people), and environmental (planet). In the context of MSMEs, financial success is the foundation that enables them to expand social benefits and reduce negative impacts on the environment. Financially strong MSMEs will more easily provide decent jobs (SDG 8), help reduce local poverty (SDG 1), and actively participate in supporting basic infrastructure such as transportation, clean water, and technology (SDG 9).

This experience demonstrates a reciprocal relationship between financial performance and awareness of environmental impact, two important aspects in achieving the SDGs. Previous research also supports this finding. MSMEs with good financial management tend to show increased contributions to local economic development, particularly through job creation and family economic empowerment (Lubis et al, 2024) . This is in line with research findings (Purwanti et al, 2025), which state that MSMEs with high financial literacy and healthy financial performance have a greater potential for business expansion while promoting sustainable business practices. They have easier access to external capital and allocate funds to social activities, such as workforce training or environmental activities at the community level. The financial performance of MSMEs in the manufacturing sector is strongly correlated with their contribution to reducing unemployment and improving welfare in rural areas (Tambunan, 2019). When MSMEs survive and thrive financially, they help strengthen inclusive local economic structures, reduce inequality, and expand access to basic services. This directly contributes to the achievement of SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced

Inequalities).

The Impact of Human Resource Development based on Financial literacy on Financial Performance of MSMEs.

This study clearly demonstrates that Human Resource Development based on Financial literacy has a positive and significant impact on the financial performance of MSMEs in Central Maluku. This is supported by a path coefficient of 0.255, a t-statistic of 2.621, and a p-value of 0.009, which meet the statistical significance criteria at the 5% level ($p < 0.05$). These empirical findings confirm that increasing HRD capacity through education, training, and experience in financial literacy can significantly impact the financial performance of MSMEs. Theoretically, these results are consistent with Human Capital Theory (Becker, 1964), where increasing knowledge and skills through education and training is considered an investment in human capital that directly contributes to increased productivity and individual and organizational performance. In the context of MSMEs, financial literacy is a form of intellectual capital that enables business actors to make more appropriate financial decisions, from cash flow management and budgeting to profitability evaluation. This increased competence reduces financial risk, increases the efficiency of resource use, and increases the potential for sustainable business growth.

Empirically, these findings are supported by various previous studies that underscore the importance of financial literacy in improving the financial performance of MSMEs. (Suryani, 2024) MSMEs with high financial literacy tend to show more stable business growth and better access to formal financing. This indicates that financial literacy competency not only influences internal decisions but also the trust of financial institutions. Research (Sriningsih, Eva & Mustamin, 2024) also revealed that financial literacy directly contributes to increased profits and financial management efficiency for MSMEs, particularly in areas with limited access to formal financial institutions. They noted that practical and applicable training, such as the use of simple financial reports and cash management simulations, significantly impacts MSMEs' financial behavior and improves business performance. The integration of financial and digital literacy has a greater impact on increasing business efficiency and achieving financial targets (Ayustia et al, 2023) (Rahmawati et al., 2023). MSMEs that not only understand basic financial principles but also utilize digital applications for finance, such as e-wallets, bookkeeping applications, and online payment systems, are more adaptive to market changes and excel in operational cost efficiency.

It is important to note that positive effects on financial performance do not necessarily guarantee significant contributions by MSMEs to the social and environmental dimensions of the SDGs. Human resource capacity building in financial literacy remains focused on the economic dimension and has not been explicitly directed at creating broader social impacts, such as improving the welfare of local communities or reducing environmental impacts. Therefore, even though financial performance has improved, the transformation towards a sustainable business that aligns with the SDGs principles still requires a more holistic approach to human resource development.

Human Resource Development Based on Financial Literacy has been shown to significantly impact the financial performance of MSMEs in Central Maluku. Investments in education, training, and hands-on experience not only improve business efficiency and profitability but also open up opportunities for MSMEs to grow independently and sustainably. Furthermore, human resource capacity development strategies in the MSME sector must be more structured, sustainable, and integrated with regional development agenda. Local governments, educational institutions, and development partners need to collaborate to design a financial literacy curriculum that is not only technical but also contextual and inclusive.

The Impact of Human Resource Development Based on Financial Literacy on SDGs Achievement

The results of a study on Human Resource Development Based on Financial Literacy, including through education, training, and experience, did not show a positive or significant impact on the SDGs Achievement among MSMEs in Central Maluku. Statistically, the hypothesis of this positive impact was not supported, with a path coefficient of 0.020, a t-statistic of 0.179, and a p-value of 0.858. This finding has important implications that deserve to be analyzed from various perspectives, both theoretical and empirical, for a comprehensive understanding of real conditions on the ground. Theoretically, this study refers to (Becker, 1964), which argues that investment in education, training, and work experience will increase individual productivity and performance in an economic context. In the context of MSMEs, this theory assumes that increased financial literacy will improve financial decision-making, which in turn supports business continuity and contributes to the SDGs Achievement. However, the empirical results of this study contradict this theory, reflecting the reality in Central Maluku. Differences in their understanding suggest that the financial literacy training they received was too general and irrelevant to their businesses. The training did not address the specific needs of the food sector, such as calculating seasonal production costs, managing perishable raw material stocks, or setting fair and sustainable prices. As a result, the knowledge gained was difficult to apply to day-to-day business operations.

Empirically, these findings are supported by various previous studies. Financial literacy training often ignores the local characteristics of MSMEs and tends to adopt a one-size-fits-all approach, resulting in low implementation of the material in daily business (Walansendow, Agustien & Bakary, 2024). Although many MSMEs participate in financial literacy training, their understanding is still limited to basic recording, such as income and expenditure. Strategic aspects such as long-term financial planning, the use of digital technology in finance, and its socio-environmental impacts remain under-explored. This confirms that Human Resource Development Based on Financial Literacy capacity through shallow and non-contextual training will not have a significant impact on SDGs Achievement.

From a sustainable development perspective, the SDGs demand more than just economic growth and integrate social and environmental dimensions. If financial literacy is only understood as a tool for cost efficiency and profit, its contribution to the SDGs will be minimal. (Herdinata, Christian & Pranatasari, 2020) confirmed that understanding of financial literacy among MSMEs is still at the operational level, not including strategic aspects such as social impact evaluation or transparent financial reporting. (Setyasih et al, 2025) added that the integration of financial and digital literacy is crucial to encouraging MSMEs' contribution to the SDGs. However, in many regions, such as Central Maluku, limited digital infrastructure and low technical capabilities hinder the maximization of this potential. In fact, financial digitalization can actually be an obstacle for MSMEs with minimal basic technological capabilities. The insignificance of this study's results can also be attributed to the training program delivery method. (Sihombing et al , 2025) The success of training depends not only on the materials and methods, but also on its sustainability and long-term impact. One-off training without follow-up will not optimize knowledge transfer, especially if it does not involve a practical approach or case studies relevant to local realities.

CONCLUSION

This study provides comprehensive empirical evidence on the role of Human Resource Development Based on Financial Literacy in shaping Financial Performance of MSMEs and their contribution to the Sustainable Development Goals (SDGs) Achievement in Central Maluku. The findings show three key conclusions aligned with the research objectives. First, Human Resource Development Based on Financial Literacy does not have a significant direct impact on SDGs Achievement In Central Maluku, as indicated by the very low path coefficient (0.020) with a significance level that does not meet statistical criteria (p-value 0.858). This finding indicates that even though financial literacy programs have been implemented, their impact on achieving the SDGs cannot occur directly without appropriate intermediary mechanisms.

Second, Human Resource Development Based on Financial Literacy has a positive and significant effect on the financial performance of MSMEs in Central Maluku with a path coefficient of 0.255 and a significance level that meets statistical criteria (p-value 0.009). This proves that investment in financial literacy education, training, and experience has a real impact on improving the financial performance of MSMEs, which is reflected in increased turnover, profitability, working capital management efficiency, and access to financing sources.

Third, the financial performance of MSMEs has a positive and highly significant effect on the SDGs Achievement in Central Maluku with a path coefficient of 0.465 and a very high significance level (p-value 0.000). This finding confirms the strategic role of well-performing MSMEs as a driving force for sustainable development at the local level.

This study reveals an indirect relationship between Human Resource Development Based on Financial Literacy and the SDGs Achievement through the mediation of Financial Performance of MSMEs. These findings provide a more comprehensive understanding of the transformation mechanism from inputs in the form of financial literacy programs to outputs in the form of contributions to sustainable development. The results also indicate that in the context of an island region such as Central Maluku, achieving the SDGs through MSME development requires a more holistic and gradual approach, where improving business performance is a crucial prerequisite for achieving significant sustainable development impact.

Suggestion

Based on the research findings, several strategic suggestions need to be implemented to optimize the Human Resource Development Based on Financial Literacy capacity in supporting the SDGs Achievement in MSMEs in Central Maluku. First, The Central Maluku Regional Government needs to reformulate its financial literacy development by prioritizing improvement on MSMEs, performance as an essential intermediary step before achieving SDGs objectives. financial literacy programs need to be tailored to the specific characteristics of key local economic sectors, such as agriculture, fisheries, and traditional crafts. The regional government also needs to supporting by a comprehensive monitoring and evaluation system that measure not only improvements in financial literacy knowledge but also its impact on business performance and contribution to the SDGs.

Second, Strategic collaboration between local governments, financial institutions, universities, and civil society organizations is required to build an integrated financial literacy ecosystem. Such collaboration should include developing financial products tailored to the needs of local MSMEs, providing sustainable business consulting services, and establishing digital platforms accessible to MSMEs across islands. Financial institutions need to develop more flexible and innovative financing schemes to support MSMEs that have demonstrated improved financial literacy, while universities can play a role in developing more effective curricula and training methodologies.

Third, financial literacy programs, starting with strengthening the foundations of business performance before moving on to achieving more complex SDG targets. The first phase should focus on improving basic financial management skills, simple bookkeeping, and access to formal financial services. The second phase can integrate aspects of sustainable development such as environmentally friendly business practices, empowering local workers, and developing products based on local wisdom. The third phase should then focus on actively contributing to achieving specific and measurable SDG targets.

Fourth, supporting infrastructure especially in terms of technology, information, and logistics to address the challenges of island geography. Local governments need to allocate adequate budgets for developing internet connectivity, market information systems, and distribution networks that can support MSMEs in optimally implementing financial literacy. Furthermore, integrated service centers across various islands need to be developed to provide easy access to financial services, market information, and business mentoring.

Fifth, Researchers and academics are encouraged to expand future studies, by examining contextual factors influencing the effectiveness of financial literacy programs in the context of island regions. Longitudinal research is needed to understand the long-term impact of financial literacy programs on the sustainability of MSMEs and the achievement of the SDGs. Furthermore, developing measurement instruments that reflect the unique characteristics of island based MSMEs and SDG indicators relevant to the local context will help generate more precise and contextually grounded findings.

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