
**THE INFLUENCE OF FINANCIAL GOVERNANCE ON FINANCIAL
PERFORMANCE THROUGH APPARATUS COMPETENCE:
A STUDY AT BPKAD OF TTS REGENCY****Febra Novita Penna¹, Petrus Emanuel De Rozari², Anthon Simon Y. Kerihi³**^{1,2,3} Universitas Nusa CendanaE-mail: pennafebra@gmail.com¹, petrus.rozari@staf.undana.ac.id², anthon.kerihi@staf.undana.ac.id³

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Abstract

This study aims to analyze the influence of financial governance, encompassing accountability, transparency, efficiency and effectiveness, and regulatory compliance, on local government financial performance, as well as to examine the moderating role of apparatus competence at the Regional Financial and Asset Management Agency (BPKAD) of Timor Tengah Selatan Regency, East Nusa Tenggara Province. This study employs a quantitative-explanatory approach using total sampling with 259 respondents from 66 Regional Government Organizations (OPD). Data were collected through online questionnaires and analyzed using Structural Equation Modeling Partial Least Square (SEM-PLS) with SmartPLS 4.0 software. The results indicate that apparatus competence, efficiency and effectiveness, and regulatory compliance have a positive and significant influence on local government financial performance. In contrast, accountability and transparency do not exhibit a significant influence on financial performance. Regarding the moderation effects, apparatus competence does not significantly moderate the influence of any financial governance variables on financial performance at BPKAD TTS Regency. These findings suggest that efficiency, effectiveness, and regulatory compliance are strategic factors in improving regional financial performance, while apparatus competence needs to be developed more systematically in order to function as an effective moderator in the relationship between financial governance and financial performance.

Keywords: Financial Governance, Accountability, Transparency, Efficiency and Effectiveness, Regulatory Compliance, Apparatus Competence, Financial Performance, SEM-PLS.

INTRODUCTION

Public financial management is an essential component in supporting regional development and realizing good governance in the era of regional autonomy. Regional governments are granted authority to independently manage financial resources; therefore, the quality of financial management has become one of the primary indicators of government performance and accountability. Effective financial performance reflects the ability of local governments to manage public resources efficiently and effectively while ensuring accountability to the community (Mardiasmo, 2018). Consequently, the implementation of transparent, accountable, efficient, and effective financial governance has become a strategic requirement for improving public trust and service quality. The implementation of good governance principles in regional financial management is supported by various regulations in Indonesia, including Law Number 23 of 2014 concerning Regional Government and the Regulation of the Minister of Home Affairs Number 77 of 2020 concerning Regional Financial Management Guidelines. Nevertheless, several issues remain in practice, such as weak internal control systems, delays in financial reporting, and non-compliance with regulations. These conditions indicate that the availability of regulations alone is insufficient without strengthening institutional capacity and improving the competence of government officials (Mahmudi, 2019). Human resource competence has become a crucial factor in determining the success of public financial management implementation. Competence encompasses knowledge, skills, and work attitudes that enable employees to perform their duties effectively (Spencer & Spencer, 1993). In regional financial management, competent personnel are expected to understand financial regulations, government accounting systems, asset management, and information technology applications. Inadequate competence may lead to administrative errors,

weak financial reporting quality, and suboptimal financial performance. Therefore, strengthening the competence of financial management personnel is considered a strategic effort to improve regional financial performance (Wibowo, 2016). From a theoretical perspective, agency theory explains the relationship between society as the principal and government as the agent, where conflicts of interest and information asymmetry may arise in public financial management processes (Jensen & Meckling, 1976). Hence, governance mechanisms emphasizing accountability and transparency are necessary to ensure effective public resource management. Furthermore, the Resource-Based View (RBV) theory emphasizes that human resources represent strategic assets capable of creating organizational advantages (Barney, 1991). In this context, personnel competence is expected to strengthen the relationship between financial governance and regional financial performance.

The selection of the Regional Financial and Asset Management Agency (BPKAD) of Timor Tengah Selatan Regency as the research location is based on empirical financial performance conditions observed in recent years. The realization of Regional Original Revenue (PAD) during 2020–2024 demonstrated fluctuating performance. In 2020–2021, PAD realization exceeded the established targets; however, during 2022–2024, effectiveness declined despite significant increases in nominal revenue values. This condition indicates that increasing financial management complexity requires stronger governance implementation and higher personnel competence to maintain financial performance quality. Moreover, the fiscal structure of Timor Tengah Selatan Regency remains highly dependent on central government transfers, indicating limited regional financial independence. At the same time, digital transformation and financial system reforms require government personnel to adapt to electronic-based financial management systems. These challenges highlight the importance of improving both governance quality and personnel competence in achieving better financial performance.

Previous studies have emphasized the role of transparency, accountability, and personnel competence in improving financial performance; however, limited studies have examined personnel competence as a moderating variable in the relationship between financial governance and regional financial performance, particularly within the context of BPKAD Timor Tengah Selatan Regency. Therefore, this study aims to analyze the influence of financial governance dimensions, including accountability, transparency, efficiency and effectiveness, and regulatory compliance on regional financial performance, while examining the moderating role of personnel competence. The findings of this study are expected to contribute theoretically to the development of public sector accounting and regional financial management literature. Practically, the results are expected to provide recommendations for local governments, particularly BPKAD Timor Tengah Selatan Regency, in improving financial governance quality, strengthening personnel competence, and enhancing regional financial performance sustainability.

LITERATURE REVIEW

Financial governance and regional financial performance have become central issues in public sector management, particularly in the context of decentralization and regional autonomy. Previous studies have consistently emphasized that effective financial governance contributes significantly to improving government performance through accountability, transparency, efficiency, and regulatory compliance. However, the empirical findings remain fragmented, especially regarding the role of personnel competence as a moderating factor in strengthening financial governance outcomes. Previous empirical studies provide substantial evidence regarding the relationship between governance practices and financial performance. found that regional financial management, accountability, and transparency significantly influenced financial performance in the Regional Financial and Asset Management Agency (BPKAD) of Tanjungpinang City. Their study highlighted transparency as the strongest determinant of financial performance. The strength of this study lies in its direct examination of financial governance dimensions within a regional government institution. Nevertheless, the study did not incorporate moderating variables that could explain variations in governance effectiveness.

Similarly, demonstrated that public accountability significantly affected the performance of local government officials in BPKAD Pali Regency. The study successfully established accountability as a critical component of financial performance improvement. However, its limitation lies in the use of a single independent variable, preventing a broader understanding of financial governance dimensions. Research examining competence-related variables has also produced important findings. Faradisa and Khafid (2019) reported that human resource competence and accounting standard implementation positively affected financial statement quality, while internal control systems strengthened this relationship. Likewise, Ulisanti and Asrori (2021) found that human resource competence moderated the relationship between information technology utilization and the quality of local government financial reports. These studies provide strong evidence regarding the importance of

competence in public financial management; however, they focused primarily on financial reporting quality rather than regional financial performance outcomes. Further studies have explored governance moderation mechanisms. Murib et al. (2024) examined organizational culture as a moderating variable in the relationship between financial management, accountability, transparency, and financial performance in Papua Province. Their findings confirmed significant effects of governance variables on financial performance, with organizational culture strengthening these relationships. Despite these contributions, organizational culture differs conceptually from personnel competence, leaving opportunities to examine competence as an internal organizational capability.

Theoretically, this study is grounded in several complementary frameworks. Stewardship Theory argues that public officials act as stewards who prioritize collective interests over personal gain, emphasizing integrity, accountability, and moral responsibility in public financial management (Donaldson & Davis, 1991). This perspective supports the argument that effective financial governance contributes directly to regional financial performance through responsible resource management. Good Governance Theory serves as the primary framework explaining financial governance dimensions. The theory emphasizes accountability, transparency, efficiency, effectiveness, participation, and rule of law as essential principles of public sector governance (World Bank, 1992). In local government contexts, these principles ensure that planning, implementation, and reporting processes are conducted transparently and accountably, thereby improving financial outcomes.

Agency Theory further explains governance mechanisms through principal–agent relationships, where society acts as the principal and government officials as agents responsible for managing public resources. Information asymmetry and conflicting interests create governance challenges that require transparency and accountability mechanisms (Jensen & Meckling, 1976). Therefore, accountability and regulatory compliance become critical instruments in reducing agency problems and enhancing financial performance. Additionally, Resource-Based View (RBV) theory provides the conceptual foundation for positioning personnel competence as a moderating variable. Barney (1991) argued that unique organizational resources, particularly human capabilities, create sustainable advantages and improve performance outcomes. In local government settings, personnel competence represents a strategic resource that strengthens the implementation of governance systems and enhances financial performance. Competency Theory further supports this perspective by emphasizing knowledge, skills, and attitudes as determinants of organizational effectiveness (Spencer & Spencer, 1993).

Despite the growing body of literature, several debates and inconsistencies remain. Some studies reported significant effects of transparency and accountability on performance outcomes (Astuti et al., 2024; Damaiyanti et al., 2024), whereas others found that governance variables alone were insufficient without supporting organizational capacities such as internal control systems, organizational culture, or technology utilization. Furthermore, prior studies predominantly examined financial reporting quality instead of financial performance indicators, creating discrepancies in empirical interpretations. Another important issue concerns the moderating role of competence. Existing studies have mainly positioned competence as an independent variable or examined other moderators such as internal control systems, organizational culture, and information technology. Empirical evidence investigating personnel competence as a moderating variable in the relationship between financial governance dimensions and regional financial performance remains limited, particularly within Regional Financial and Asset Management Agencies (BPKAD) contexts. Therefore, this study addresses an important research gap by examining the moderating role of personnel competence in the relationship between financial governance dimensions—accountability, transparency, efficiency and effectiveness, and regulatory compliance—and regional financial performance in BPKAD Timor Tengah Selatan Regency. This study contributes theoretically by extending governance and RBV perspectives within public financial management research and contributes practically by providing recommendations for strengthening governance quality and human resource capacity in local governments.

METHOD

Research Design

This study employed a positivist paradigm using a quantitative explanatory research design to examine causal relationships among variables and empirically test the proposed hypotheses. The explanatory approach was selected because the study aimed to investigate the effect of financial governance on regional financial performance while examining the moderating role of personnel competence in the Regional Financial and Asset Management Agency (BPKAD) of Timor Tengah Selatan Regency. The quantitative approach enabled objective measurement of variables through numerical data and statistical analysis to produce generalizable findings regarding organizational behavior and public financial management practices. The study adopted a structural

model approach to simultaneously examine direct and moderating effects among variables. Structural Equation Modeling–Partial Least Squares (SEM-PLS) was selected as the analytical method because of its flexibility in handling complex models and its suitability for public sector datasets.

Target Population and Sampling Technique

The target population consisted of financial management personnel within reporting entities coordinated by the Regional Financial and Asset Management Agency (BPKAD) of Timor Tengah Selatan Regency. The population included officials responsible for regional financial administration across 66 reporting entities, comprising regional apparatus organizations (OPDs) and district offices

Respondents represented strategic financial management positions, including:

1. Budget Users (*Pengguna Anggaran – PA*);
2. Budget User Authorities (*Kuasa Pengguna Anggaran – KPA*);
3. Technical Activity Implementation Officers (*PPTK*);
4. Financial Administration Officers (*PPK-SKPD*); and
5. Expenditure Treasurers.

The study employed a census (total sampling) technique, whereby all population members occupying strategic financial management positions were selected as respondents. This approach was adopted because each respondent possessed specific responsibilities, competencies, and authority related to regional financial management, making them irreplaceable sources of information regarding governance practices and financial performance

Variables, Materials, and Research Instruments

The study involved three principal constructs:

- a) Financial Governance (X) as the independent variable, measured through four dimensions:
 - Accountability;
 - Transparency;
 - Efficiency and effectiveness; and
 - Regulatory compliance.
- b) Personnel Competence (M) as the moderating variable, measured through:
 - Knowledge;
 - Skills; and
 - Attitude/Ethics.
- c) Regional Financial Performance (Y) as the dependent variable, measured using:
 - Regional Original Revenue (PAD) effectiveness ratio;
 - Expenditure efficiency ratio;
 - Audit opinion;
 - Solvency ratio; and
 - PAD growth indicators

The primary research instrument was a structured questionnaire developed based on operational indicators derived from previous theories and empirical studies. The questionnaire utilized a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree, enabling transformation of respondents' perceptions into quantitative data suitable for statistical analysis.

Instrument Design, Performance, and Productivity Assessment

Instrument development was based on operational definitions of each variable. Measurement items were adapted from established theoretical indicators to ensure content validity and construct reliability.

Instrument performance evaluation involved validity and reliability testing. Construct validity was assessed using convergent validity and discriminant validity, while reliability was examined through Cronbach's Alpha and Composite Reliability. The acceptance criteria included:

- Factor loading > 0.70 ;
- Average Variance Extracted (AVE) > 0.50 ;
- Cronbach's Alpha > 0.70 ; and
- Composite Reliability > 0.70

These procedures ensured that the instrument accurately measured governance dimensions, personnel competence, and financial performance constructs.

Data Collection Techniques

Data collection employed three techniques:

Questionnaire Survey

Structured questionnaires were distributed to financial management personnel within BPKAD and related reporting entities. Closed-ended questions were used to capture respondents' perceptions regarding financial governance implementation, personnel competence, and financial performance.

Observation

Direct observations were conducted to understand organizational contexts and financial management practices within BPKAD Timor Tengah Selatan Regency.

Data Analysis Technique

Data analysis employed Structural Equation Modeling–Partial Least Squares (SEM-PLS) using SmartPLS version 4.0. SEM-PLS was chosen because it effectively analyzes complex models involving moderating relationships and accommodates non-normal data distributions commonly found in public sector research

The analysis procedure consisted of:

a) Measurement Model Evaluation (Outer Model)

The outer model evaluation assessed construct validity and reliability through:

- **Convergent Validity:** loading factor > 0.70 and AVE > 0.50 ;
- **Discriminant Validity:** Fornell–Larcker criterion and HTMT < 0.90 ;
- **Reliability Testing:** Cronbach's Alpha and Composite Reliability > 0.70 .

b) Structural Model Evaluation (Inner Model)

The inner model evaluation examined:

- Path coefficients;
- Coefficient of determination (R^2);
- Effect size (f^2); and
- Predictive relationships among latent variables.

The interpretation criteria followed Hair et al. (2019), where R^2 values of 0.75, 0.50, and 0.25 indicate strong, moderate, and weak explanatory power respectively.

c) Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure with 5,000 subsamples. Statistical significance was determined using:

- t -statistics > 1.96 ; and
- p -value < 0.05 .

Moderating effects of personnel competence were examined through interaction constructs within the SEM-PLS model. The results were interpreted to determine the influence of financial governance dimensions on regional financial performance and the extent to which personnel competence strengthened these relationships.

RESULTS AND DISCUSSION

A. Result

1. Respondent Characteristics

This study involved 259 respondents consisting of financial management personnel from 66 Regional Apparatus Organizations (OPDs) and district offices under the coordination of BPKAD Timor Tengah Selatan Regency. Respondents represented strategic financial management positions including Budget Users (PA), Budget User Authorities (KPA), Technical Activity Officers (PPTK), Financial Administration Officers (PPK-SKPD), and Expenditure Treasurers. Based on gender distribution, 175 respondents (67.6%) were male, while 84 respondents (32.4%) were female, indicating that financial management positions within the study area were predominantly occupied by male personnel. Regarding working experience, the majority of respondents had 1–5 years of service (43.2%), followed by respondents with more than 10 years of experience (40.2%). This composition indicates a balanced combination of relatively young personnel and experienced employees, providing comprehensive perspectives regarding financial governance implementation and regional financial performance.

2. Descriptive Statistical Analysis

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The descriptive statistics revealed that all questionnaire indicators were fully completed (missing value = 0), indicating complete participation from respondents.

The mean values ranged between 3.838 and 4.417, reflecting respondents' agreement toward statements related to financial governance, personnel competence, and financial performance.

Among all indicators:

- Y1 (Financial Performance) obtained the highest mean (4.417);
- X1.1 (Accountability) recorded 4.347;
- X3.1 (Efficiency and Effectiveness) reached 4.344.

Meanwhile, the lowest means were observed in:

- Y4 (Financial Performance) = 3.838
- X2.4 (Transparency) = 3.853

These findings indicate that respondents generally perceived financial governance implementation positively, although transparency and certain financial performance dimensions still require improvement.

3. Measurement Model Evaluation (Outer Model)

a) Convergent Validity

The convergent validity assessment showed that all indicators achieved outer loading values above 0.70, fulfilling the validity criterion proposed by Hair et al. (2019). Similarly, all constructs exceeded the AVE threshold of 0.50.

Table 1 Convergent Validity

| Variabel | Indikator | Outer Loading | | AVE | |
|----------------------------------|-----------|---------------|------------|-------|------------|
| | | Nilai | Keterangan | Nilai | Keterangan |
| Kompetensi Aparatur | M1 | 0,827 | Valid | 0,684 | Valid |
| | M2 | 0,853 | Valid | | |
| | M3 | 0,854 | Valid | | |
| | M4 | 0,833 | Valid | | |
| | M5 | 0,794 | Valid | | |
| | M6 | 0,798 | Valid | | |
| Akuntabilitas | X1.1 | 0,838 | Valid | 0,673 | Valid |
| | X1.2 | 0,846 | Valid | | |
| | X1.3 | 0,751 | Valid | | |
| | X1.4 | 0,843 | Valid | | |
| Transparansi | X2.1 | 0,855 | Valid | 0,717 | Valid |
| | X2.2 | 0,856 | Valid | | |
| | X2.3 | 0,892 | Valid | | |
| | X2.4 | 0,781 | Valid | | |
| Efisiensi dan Efektivitas | X3.1 | 0,852 | Valid | 0,690 | Valid |
| | X3.2 | 0,766 | Valid | | |
| | X3.3 | 0,830 | Valid | | |
| | X3.4 | 0,857 | Valid | | |
| | X3.5 | 0,804 | Valid | | |
| | X3.6 | 0,872 | Valid | | |
| Kepatuhan Regulasi | X4.1 | 0,863 | Valid | 0,741 | Valid |
| | X4.2 | 0,878 | Valid | | |
| | X4.3 | 0,882 | Valid | | |
| | X4.4 | 0,820 | Valid | | |
| Kinerja Keuangan | Y1 | 0,809 | Valid | 0,729 | Valid |
| | Y2 | 0,893 | Valid | | |
| | Y3 | 0,903 | Valid | | |
| | Y4 | 0,806 | Valid | | |

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b) Discriminant Validity

Discriminant validity was evaluated using HTMT, Fornell–Larcker Criterion, and Cross Loadings.

Table 2 Heterotrait Monotrait Ratio (HTMT)

| Indikator | M | X1 | X2 | X3 | X4 | Y | Ket |
|-----------|-------|-------|-------|-------|-------|---|-------|
| M | | | | | | | |
| X1 | 0,847 | | | | | | Valid |
| X2 | 0,906 | 0,951 | | | | | Valid |
| X3 | 0,952 | 0,902 | 0,945 | | | | Valid |
| X4 | 0,938 | 0,898 | 0,897 | 0,961 | | | Valid |
| Y | 0,981 | 0,817 | 0,870 | 0,934 | 0,946 | | Valid |

The HTMT analysis indicated acceptable discriminant validity overall, despite several values approaching the upper threshold (0.90), particularly between Efficiency–Effectiveness and Regulatory Compliance.

Table 3 Cross Loadings

| Cross Loadings | M | X1 | X2 | X3 | X4 | Y | Ket |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|
| M1 | 0,827 | 0,622 | 0,659 | 0,699 | 0,692 | 0,703 | Valid |
| M2 | 0,853 | 0,609 | 0,681 | 0,712 | 0,678 | 0,718 | Valid |
| M3 | 0,854 | 0,666 | 0,691 | 0,762 | 0,756 | 0,725 | Valid |
| M4 | 0,833 | 0,619 | 0,726 | 0,749 | 0,726 | 0,698 | Valid |
| M5 | 0,794 | 0,589 | 0,609 | 0,660 | 0,652 | 0,745 | Valid |
| M6 | 0,798 | 0,571 | 0,617 | 0,707 | 0,667 | 0,743 | Valid |
| X1.1 | 0,599 | 0,838 | 0,673 | 0,675 | 0,637 | 0,601 | Valid |
| X1.2 | 0,637 | 0,846 | 0,679 | 0,670 | 0,701 | 0,619 | Valid |
| X1.3 | 0,527 | 0,751 | 0,593 | 0,538 | 0,524 | 0,492 | Valid |
| X1.4 | 0,659 | 0,843 | 0,716 | 0,703 | 0,678 | 0,620 | Valid |
| X2.1 | 0,673 | 0,781 | 0,855 | 0,740 | 0,717 | 0,643 | Valid |
| X2.2 | 0,677 | 0,654 | 0,856 | 0,731 | 0,697 | 0,714 | Valid |
| X2.3 | 0,708 | 0,733 | 0,892 | 0,746 | 0,704 | 0,691 | Valid |
| X2.4 | 0,663 | 0,583 | 0,781 | 0,630 | 0,549 | 0,586 | Valid |
| X3.1 | 0,747 | 0,726 | 0,737 | 0,852 | 0,746 | 0,700 | Valid |
| X3.2 | 0,647 | 0,539 | 0,600 | 0,766 | 0,592 | 0,659 | Valid |
| X3.3 | 0,718 | 0,707 | 0,721 | 0,830 | 0,712 | 0,683 | Valid |
| X3.4 | 0,768 | 0,693 | 0,775 | 0,857 | 0,777 | 0,731 | Valid |
| X3.5 | 0,679 | 0,575 | 0,645 | 0,804 | 0,673 | 0,701 | Valid |
| X3.6 | 0,747 | 0,703 | 0,713 | 0,872 | 0,801 | 0,760 | Valid |
| X4.1 | 0,698 | 0,680 | 0,656 | 0,741 | 0,863 | 0,677 | Valid |
| X4.2 | 0,762 | 0,687 | 0,700 | 0,762 | 0,878 | 0,742 | Valid |
| X4.3 | 0,758 | 0,705 | 0,738 | 0,804 | 0,882 | 0,772 | Valid |
| X4.4 | 0,673 | 0,607 | 0,622 | 0,666 | 0,820 | 0,674 | Valid |
| Y1 | 0,715 | 0,660 | 0,676 | 0,752 | 0,722 | 0,809 | Valid |
| Y2 | 0,774 | 0,631 | 0,707 | 0,755 | 0,739 | 0,893 | Valid |
| Y3 | 0,779 | 0,625 | 0,712 | 0,754 | 0,736 | 0,903 | Valid |
| Y4 | 0,717 | 0,517 | 0,562 | 0,637 | 0,648 | 0,806 | Valid |

Cross-loading analysis demonstrated that every indicator loaded highest on its intended construct, confirming adequate construct differentiation.

c) Reliability Test

Reliability analysis showed that all constructs achieved Cronbach’s Alpha and Composite Reliability values above 0.70, indicating strong internal consistency.

Table 4 Reliability Test

| Varibel | Cronbach's Alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Keterangan |
|---------|------------------|-------------------------------|-------------------------------|------------|
| M | 0,907 | 0,907 | 0,928 | Reliabel |
| X1. | 0,838 | 0,846 | 0,892 | Reliabel |
| X2. | 0,868 | 0,874 | 0,910 | Reliabel |
| X3. | 0,910 | 0,912 | 0,930 | Reliabel |
| X4. | 0,884 | 0,887 | 0,920 | Reliabel |
| Y | 0,875 | 0,915 | 0,933 | Reliabel |

d) Structural Model Evaluation (Inner Model)

The structural model evaluation showed that Financial Performance (Y) obtained an R² value of 0.814, indicating that 81.4% of financial performance variation was explained by accountability, transparency, efficiency and effectiveness, regulatory compliance, and apparatus competence.

Table 5 R Square (R2) and adjusted R-square values for endogenous variables

| Variabel | R-square | R-square adjusted |
|-----------------------------|----------|-------------------|
| Kinerja Keuangan (Y) | 0,814 | 0,807 |

According to Hair et al. (2019), the obtained value falls into the substantial category, suggesting strong explanatory power of the model.

Effect size analysis (f²) revealed that Apparatus Competence had the strongest practical contribution.

Table 6 F Square (f2) Values on Variables

| Variabel | Nilai F ² Variabel Endogen Kinerja Keuangan (Y) | Keterangan |
|----------|--|------------|
| M | 0,233 | Sedang |
| X1 | 0,004 | Kecil |
| X2 | 0,006 | Kecil |
| X3 | 0,047 | Kecil |
| X4 | 0,041 | Kecil |
| M x X1 | 0,001 | Kecil |
| M x X2 | 0,003 | Kecil |
| M x X3 | 0,006 | Kecil |
| M x X4 | 0,002 | Kecil |

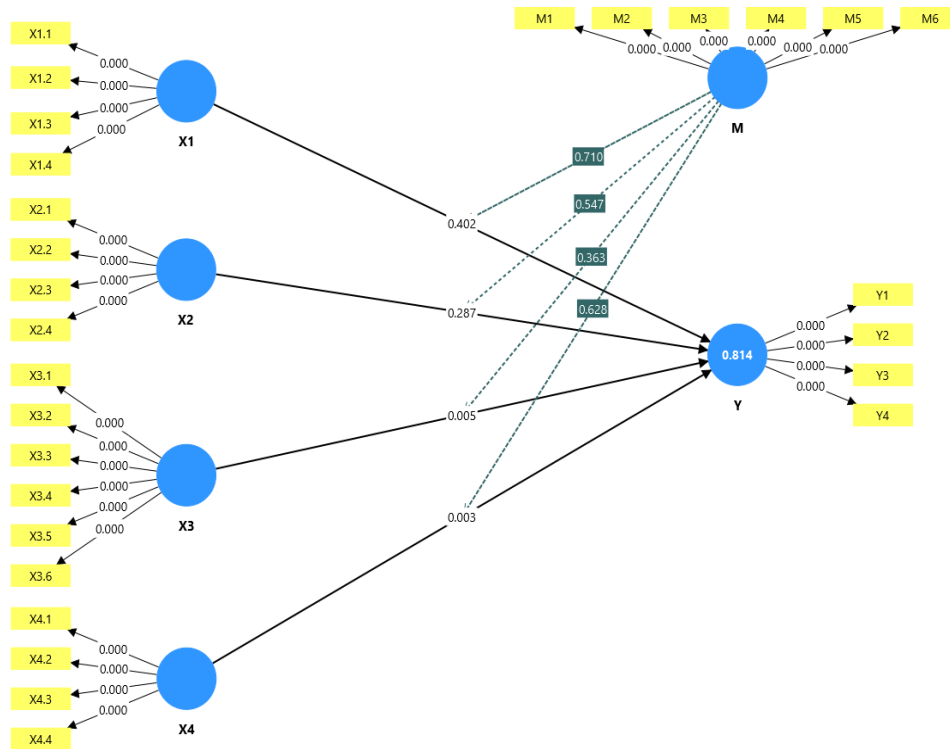
Apparatus competence showed moderate substantive influence, while the remaining variables contributed small effects to financial performance.

e) Hypothesis Testing

The hypothesis testing results are presented below.

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Tabel 4.10 Hasil Uji Model Struktural

| Hipotesis | Pengaruh | Original Sample (O) | T statistis (O/ST DEV) | P values | Keterangan | |
|-----------|-------------|---------------------|--------------------------|----------|------------------|------------------|
| 1 | X1 -> Y | -0,058 | 0,838 | 0,402 | Tidak Signifikan | |
| 2 | X2 -> Y | 0,079 | 1,066 | 0,287 | Tidak Signifikan | |
| 3 | X3 -> Y | 0,246 | 2,811 | 0,005 | Signifikan | |
| 4 | X4 -> Y | 0,204 | 3,023 | 0,003 | Signifikan | |
| 5 | M x X1 -> Y | -0,022 | 0,372 | 0,710 | Tidak Signifikan | Tidak Memoderasi |
| 6 | M x X2 -> Y | -0,050 | 0,602 | 0,547 | Tidak Signifikan | Tidak Memoderasi |
| 7 | M x X3 -> Y | 0,093 | 0,909 | 0,363 | Tidak Signifikan | Tidak Memoderasi |
| 8 | M x X4 -> Y | -0,043 | 0,484 | 0,628 | Tidak Signifikan | Tidak Memoderasi |
| 9 | M -> Y | 0,459 | 7,020 | 0,000 | Signifikan | |

The results indicate that efficiency and effectiveness (X3), regulatory compliance (X4), and apparatus competence (M) significantly influence financial performance, whereas accountability and transparency do not significantly affect financial performance. Furthermore, apparatus competence failed to moderate all relationships examined.

B. Discussion

1. Accountability and Financial Performance

The findings demonstrate that accountability does not significantly affect financial performance ($\beta = -0.058$; $p = 0.402$). This indicates that accountability implementation at BPKAD Timor Tengah Selatan remains largely administrative, emphasizing compliance with reporting obligations rather than outcome-oriented

accountability. Consequently, accountability practices have not yet translated into measurable improvements in financial performance.

From the perspective of Stewardship Theory, public officials should act as stewards serving public interests. However, accountability that merely focuses on procedural reporting limits the realization of stewardship values. Likewise, Good Governance Theory emphasizes accountability as a mechanism for improving organizational performance, yet the current implementation appears insufficient to produce tangible performance outcomes.

The implication of this finding is that accountability systems in BPKAD TTS should evolve from compliance-based reporting toward performance-based accountability emphasizing outcomes and impacts.

2. Transparency and Financial Performance

Transparency was found not to significantly affect financial performance ($\beta = 0.079$; $p = 0.287$). This finding suggests that transparency practices remain limited to fulfilling administrative disclosure requirements and have not yet encouraged meaningful public participation or financial oversight.

The findings imply that transparency in BPKAD TTS has not matured into participatory transparency. Financial information disclosure alone may be insufficient unless accompanied by stakeholder engagement mechanisms that enhance accountability and institutional learning.

Practically, BPKAD should strengthen transparency through broader public access, stakeholder participation, and interactive financial reporting systems.

3. Efficiency and Effectiveness and Financial Performance

Efficiency and effectiveness significantly influence financial performance ($\beta = 0.246$; $p = 0.005$). This indicates that improved budget utilization and effective program implementation directly enhance financial performance.

The result confirms that optimal resource allocation, reduced waste, and achievement of program targets substantially improve regional financial outcomes. Under fiscal constraints, efficiency becomes a critical determinant of performance sustainability.

This finding supports prior studies indicating that effective financial management enhances local government performance. Therefore, strengthening performance-based budgeting and expenditure evaluation systems should become strategic priorities in Timor Tengah Selatan Regency.

4. Regulatory Compliance and Financial Performance

Regulatory compliance significantly affects financial performance ($\beta = 0.204$; $p = 0.003$). Higher compliance levels improve reporting quality, reduce audit findings, and strengthen financial credibility. Stewardship Theory explains that compliance reflects moral commitment toward public responsibility, while Agency Theory emphasizes compliance as an effective control mechanism reducing agency problems.

The findings imply that adherence to regulations should not merely be viewed as legal obligation but as a strategic instrument to improve financial governance quality.

5. Moderating Role of Apparatus Competence

The moderating analysis revealed that apparatus competence failed to moderate the relationships between accountability, transparency, efficiency and effectiveness, and regulatory compliance toward financial performance.

Although competence directly influences financial performance significantly ($\beta = 0.459$; $p < 0.001$), it does not strengthen the influence of governance variables.

This result indicates that governance mechanisms in public institutions tend to be standardized and regulation-driven. Consequently, variations in competence levels do not substantially alter the effects of governance practices on financial outcomes.

Nevertheless, competence remains strategically important because it directly contributes to performance improvement and adaptation to evolving systems such as SIPD implementation.

Overall, the findings indicate that financial performance improvement at BPKAD Timor Tengah Selatan depends primarily on strengthening efficiency, effectiveness, regulatory compliance, and apparatus competence, while accountability and transparency require transformation from administrative compliance into outcome-based governance systems.

CONCLUSION

The conclusion explains what is expected in the Introduction section, as well as conclusions from the Results and Discussion section. Conclusions can also be added to the development plan for the implementation of the future service. Based on the objectives of this study, which aimed to analyze the influence of accountability, transparency, efficiency and effectiveness, and regulatory compliance on financial performance with apparatus competence as a moderating variable at BPKAD Timor Tengah Selatan, several conclusions can be drawn from the results and discussion. The study found that governance dimensions do not contribute equally to improving regional financial performance, and apparatus competence emerged as the most important internal factor in strengthening financial management performance. The findings also confirm that improving financial performance in public sector organizations requires not only compliance with administrative procedures but also transformation toward outcome-oriented governance and stronger human resource capacity. First, accountability was found to have no significant effect on financial performance. This indicates that accountability practices at BPKAD Timor Tengah Selatan are still predominantly administrative and focused on fulfilling reporting obligations rather than evaluating outcomes and impacts of financial management. Therefore, accountability has not yet functioned as an instrument for improving financial performance. Second, transparency also showed no significant influence on financial performance. Existing transparency practices remain limited to one-way information disclosure without sufficient stakeholder participation and feedback mechanisms. Consequently, transparency has not yet generated meaningful improvements in financial management performance.

Third, efficiency and effectiveness significantly and positively influenced financial performance. The results demonstrate that efficient budget allocation, effective implementation of priority programs, and optimal resource utilization directly contribute to better financial outcomes. Thus, strengthening expenditure control and performance-based budgeting remains essential for improving regional financial governance. Fourth, regulatory compliance significantly improved financial performance. Compliance with accounting standards, financial procedures, procurement regulations, and reporting requirements reduced audit risks and strengthened the credibility of regional financial reports. Therefore, regulatory compliance constitutes a fundamental pillar of sustainable financial performance improvement. Fifth, apparatus competence was not proven to moderate the relationships between accountability, transparency, efficiency and effectiveness, and regulatory compliance toward financial performance. This suggests that governance practices in the public sector are strongly determined by institutional systems, regulations, and external controls rather than differences in individual competence levels. However, apparatus competence independently showed a strong and positive direct effect on financial performance, indicating that human resource quality remains the key driver of effective financial management.

Overall, this study concludes that financial performance improvement at BPKAD Timor Tengah Selatan depends primarily on strengthening efficiency and effectiveness, maintaining regulatory compliance, and continuously improving apparatus competence. Meanwhile, accountability and transparency require transformation from administrative compliance toward participatory and outcome-based governance systems. For future implementation, BPKAD Timor Tengah Selatan is expected to strengthen apparatus capacity development programs through continuous technical training in government accounting, regional asset management, and financial information systems such as SIPD and digital financial platforms. In addition, governance reform should focus on transforming accountability into performance-based accountability, enhancing participatory transparency mechanisms, and strengthening performance-based budgeting systems supported by periodic evaluations. Future development initiatives may also integrate digitalization, internal control strengthening, and innovation-based governance to sustain regional financial performance improvements.

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