Global Academy of Business Studies (GABS)
Vol 2, No 1, 2025, 63-80 https://doi.org/10.35912/gabs.v2i1.3587

The influence of regulation, planning and controlling on financial management performance through competence as an intervening variable in Regional Apparatus Organizations in the district of Karimun

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Article History
Received on 10 July 2025
1st Revised on 23 July 2024
Accepted on 28 July 2024

Abstract
Purpose: This study aims to provide empirical evidence of the effects of regulation, planning, and control on financial management performance, with competency serving as a mediator.
Research Methodology: The population of this study was 122 Financial Management Employees in the OPD Mandatory Basic Services of Karimun Regency, and all population elements were used as respondents using the census sampling technique. The data analysis method used was SEM-PLS with Smart-PLS software version 3.0.
Results: Regulation and control had a positive but insignificant impact on financial management performance, whereas they significantly affected competence. Planning positively and significantly influenced both financial management performance and financial competence. Competence mediated the effect of planning on performance but did not mediate the impact of regulation and control.
Conclusions: Although regulation and control positively influence competence, they do not directly affect financial management performance. Planning significantly enhances both performance and competence, with competence mediating the impact of planning.
Limitations: The study is limited to the financial management employees of Karimun Regency; therefore, its findings may not be generalizable to other regions. Second, the study utilized cross-sectional data, which restricts causal inferences.
Contribution: This study deepens the understanding of how regulation, planning, and control impact financial management performance and highlights the mediating role of competence in government organizations' financial management performance.

Keywords: *Competence, Controlling, Financial Management Performance, Planning, Regulation*

How to Cite: Sari, P. H. B., Rumengan, A. E., & Indrawan, M. G. (2025). The influence of regulation, planning and controlling on financial management performance through competence as an intervening variable in Regional Apparatus Organizations in the district of Karimun. *Global Academy of Business Studies,* 2(1), 63-80.

1. Introduction

As a public sector organization, the government is required to perform well in terms of explaining its duties and responsibilities. It must be admitted that thus far, the government apparatus has not optimally shown the image and performance expected based on the principles of good, clean, and responsible state and government administration. The problems that can be felt by the community are slow services and untimely completion of development (Sari, 2023). This is because the performance of the government apparatus deviates from the regulations of each agency, and the community demands better

government performance. The demand for good government performance occurs in almost all governments, along with the implementation of regional autonomy and the establishment of legislation related to government management.

The low performance of regional financial management poses macroeconomic risks and leads to the failure to achieve economic growth targets. Meanwhile, the slow performance of regional financial management or accumulation in the last quarter also poses a risk to financial budget planning, such as forcing the implementation of unnecessary activities, weak activity planning, and declining quality of activity implementation (Muliyanto, Indrayani, Satriawan, Ngaliman, & Catrayasa, 2023). The late performance of regional financial management requires serious attention from the government.

The first factor that influences financial management performance is the regulatory factor, which refers to rules made to regulate instructions used to organize something and provisions that must be implemented and adhered to. Public organizations use regulations to implement organizational policies to address existing issues and problems (Thanh & Canh, 2020). However, due to the many rules that change rapidly while the time available is not too long, financial management experiences obstacles in its implementation from an activity that causes financial performance management in government agencies to be suboptimal.

Regulations are the main basis for OPD employees to carry out planning that has been made for the next year, where the existence of regulations will be a guide for employees to carry out the planning. The lack of an employee's ability to understand the intent and purpose of the regulation has caused them to experience differences in the interpretation of existing regulations. In addition, there are changes in regulations that not all OPD employees understand the changes that have occurred, so the realization of the planning is hampered.

The next factor that influences financial management performance is the financial planning factor, where financial planning itself can be interpreted as a controller and determinant of the direction that will be taken by an organization to achieve an organizational goal (Firaldi, Wibisono, Ngaliman, Indrayani, & Satriawan, 2023). The problems that arise in financial planning are caused by the concept of planning, which is not mature in determining finances and has an impact on work programs that do not run according to what is desired. In addition, the problems that occur in financial planning are due to the assumption that not all proposed finances will be approved. Therefore, they propose finances that are greater than what is needed, without considering the real needs in the field. Weak planning is also an obstacle when preparing a plan that causes the management of financial performance in the Karimun Regency OPD to be suboptimal.

The essence of control is to prevent the occurrence of deviations, waste, embezzlement, obstacles, errors, and failures in achieving goals and implementing organizational tasks as early as possible. In general, controlling can be interpreted as a way for an organization to realize effective and efficient performance and further support the realization of its vision and mission. Regional financial performance management is carried out based on a financial accounting system, and in the implementation of this system, there is no guarantee that there are no errors or deviations; therefore, an adequate form of control is needed from superiors directly to their subordinates (Heydari, Torabi, & Jahromi, 2023). This control can provide assistance in order to verify transactions so that funds can be traced according to their purpose, and then checks are carried out on the authority, efficiency, and validity of spending funds (Syafrizal, Wibisono, & Nurhatisyah, 2024).

The next factor that affects financial management performance is employee competence, where the State Civil Apparatus (ASN), which manages finances, is also a factor in financial management performance. The lack of optimal financial performance management in OPDs is caused by the competence of the state apparatus employees. Competence problems that manage finances include the lack of employees with expertise certificates in financial management, the existence of dual jobs, and uneven mutation patterns. The quality of the Government Apparatus is the performance of the ASN in carrying out all its responsibilities, which is measured in terms of human resource competence.

Based on the description above, the author is interested in conducting research related to regulation, planning, and control through competence in financial management. The title of this study is " The Influence of Regulation, Planning, and control on Financial Management Performance Through Competence as an Intervening Variable in Regional Apparatus Organizations in Karimun District."

2. Literature Review

2.1 Financial Management Performance

Performance is an Indonesian word derived from a root word that translates to the foreign word achievement. Word performance in the context of tasks is the same as that of work achievement. Performance in an organization is defined as the success or failure of the organization's set goals. Raymond, Siregar, Indrawan, and Sukma (2023) performance can only be known if the individual or group of individuals has predetermined success criteria. These success criteria are in the form of goals or targets to be achieved. Without goals or targets, the performance of a person or organization cannot be determined because there is no benchmark. Performance emphasizes what is produced by a job's function. Further, what happens in a job is a process that processes inputs into outputs (work results) (Andifra, 2018).

Financial management performance is a measure of organizational financial management linked to the center of responsibility. According to *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor* 77 in 2020, concerning Technical Guidelines for Regional Financial Management, performance is the output or results of activities or programs that will or have been achieved in connection with the use of the budget with measurable quantity and quality. The performance of regional government financial management describes the level of achievement of financial management for the implementation of a policy program activity in realizing the goals, targets, vision, and mission of the regional government (Noeng, Ardini, & Kurnia, 2023).

Regional financial management can be observed in the regional work unit (SKPD). SKPD is a center of responsibility led by the head of the work unit and is responsible for its entities, such as the Health Service, Population and Civil Registration Service, Education Service, Youth and Sports Service, and others (Andry & Handrian, 2017). SKPD is a regional government work unit that manages regional budgets and goods. Regional financial management aims to ensure that the government's management of finances is carried out transparently, from the preparation process to accountability, so that budget planning is created in its management (Karsana & Suaryana, 2017).

Performance measurement is a method or tool used to record and assess the achievement of activity implementation based on goals, targets, and strategies. The traditional view of measuring organizational performance often emphasizes minimizing costs (input), for example, by saving operational costs. In addition to assessing input and output, the modern performance measurement system also assesses the level of flexibility of the organization in serving customers. When measuring performance, the government should abandon the traditional view and adopt a modern view. This is because all services and products produced by the government aim to meet the expectations and desires of customers or communities.s

2.2 Regulation

Regulation comes from English, namely regulation or regulation. In the Indonesian dictionary, the word "regulation" means rules made to regulate, instructions used to organize something with rules, and provisions that must be implemented and obeyed. Public regulations are provisions that must be implemented and obeyed in the process of managing public organizations, including central government organizations, regional governments, political parties, foundations, NGOs, religious organizations/places of worship, and other social organizations (Mramra, Kambuaya, & Werimon, 2021; Rahu, Neolaka, & Djaha, 2023).

According to Malcom in Sepriano et al. (2023), regulation can be interpreted as a field that emphasizes the processes of regulation, implementation, and control. Regulation is needed to ensure the

effectiveness of budget implementation and execution in public organizations. Regulation allows public managers to regulate their activities through monitoring, control, and law enforcement systems. An activity must be known and understood in a regulated manner. Therefore, regulation is enforced to provide convenience in decision-making and budget implementation, which will have a direct impact on financial management performance.

Regulations are rules that govern the instructions used to organize something and contain provisions that must be obeyed. In public sector organizations, regulations are used to implement policies and address existing problems. Employees must comply with regulations when implementing various activities; thus, in this case, regulations influence financial management. On the one hand, employees must comply with all existing rules, while the rules that appear sometimes change quickly, which hampers the implementation of each activity. One obstacle is related to the influence of regulations on financial management performance (Hvidman, 2019).

Based on the explanation above, a synthesis can be made from the regulation that regulations can be said to be a guideline in regulating the arrangement of something, especially in the performance of financial management in a region, as the basis for budget implementation in accordance with planning and realization, so that there is no misuse of the budget that has been set.

2.3 Planning

Planning is the process of determining appropriate future strategies in accordance with the programs, procedures, and methods required to achieve these goals. Financial planning is the process of preparing an appropriate plan for a certain period (Yuliani, 2021). Preparing a financial plan for an organizational program is time-consuming. However, when analyzing an ongoing program, we realized that finance is an important component. Planning is important for long-term management. Performance in planning must be monitored regularly, both regarding the results achieved and the time taken to achieve them. Goals must be specific and measurable.

According to Ramberg (2017), planning is done because the implementation of certain activities can be more orderly. With planning, it is hoped that there will be a direction for activities and guidelines for implementing activities aimed at achieving the set goals. Seen from another side, planning is a preparation for each activity and is also a process of laying the foundation for each action. Planning is the process of thinking both rationally and intellectually to determine activity plans as guidelines for future work so that goals can be achieved as desired (Putra, Ahadiyat, & Keumalahayati, 2023). Thus, planning is the basic foundation of all management functions and the result of mature and comprehensive thinking and considerations for selecting several alternative activities for the future for each unit in the organization.

2.4 Controlling

According to George R. Terry in Syahputra and Aslami (2023) controlling can be formulated as a process of determining what must be achieved, namely standards, what is being done, namely implementation, assessing implementation, and if necessary making improvements, so that implementation is in accordance with the plan, namely in line with standards (measures). Controlling is a process that compares what is being carried out, implemented, or organized with what is desired, planned, or ordered. The results of controlling must be able to show the extent to which there is a match or mismatch and what the causes are. Thus, control can be (1) political, when measuring effectiveness and/or legitimacy, and (2) legal (law), when the goal is to enforce jurisdiction and/or legality of the law. (3) Economic, when the target is efficiency and technology; (4) moral and ethical, when the target or goal is to determine the state of morality (Palandeng, Pioh, & Tulung, 2022).

According to Lotulung (1993), the main purpose of government control (control) is to avoid mistakes, both intentional and unintentional, as a preventive measure, or as an effort to correct them if the mistake has occurred as a repressive effort. In practice, controlling is often seen as a means to prevent any form of deviation from government duties from what has been outlined. According to Syahputra and Aslami

(2023) and Binawati and Badriyah (2022), to determine what has been achieved, evaluate and implement corrective actions, and if necessary, ensure that the results are in accordance with the plan.

Based on the explanation above, the synthesis of financial control can be considered as the activity of observing, paying attention to, monitoring, checking, assessing, and reporting the use of the budget allocated to finance programs so that the budget is used properly and can be implemented effectively and efficiently.

2.5 Competence

Competence is defined as an ability based on skills and opinions supported by work behavior and implementation in fulfilling work in the workplace, which refers to specific work qualifications. According to Manpower Law No. 13 of 2003 (Article 1, paragraph 10), work competence is the work ability of each individual, which includes the perspectives of opinion, discipline, and work attitude, which are comparable to the specified standards. Kemala (2022) This exists because through competence, the employee concerned will become more experienced in fulfilling the obligations assigned to him.

Individual competence can determine the various types of work that have been carried out by individuals to continue long term, and the individual will be able to fulfill the desired work. The more mature a person's work skills, the more experienced they are in fulfilling the best work patterns and attitudes when working to achieve the predetermined goals (Latunusa, Timuneno, & Fanggidae, 2023). Competence affects the performance of individual workers who have sophisticated competencies such as insight, discipline, power, and actions that are comparable to the position they hold; they are still motivated to work effectively, practically, and usefully (Mulia & Saputra, 2021).

According to Kemala (2022), competence is the basic foundation of a person's character and shows how to think, compare the atmosphere, and accommodate for a long period: (1) beliefs and estimates, (2) discipline, (3) personal character, (4) motivation, (5) sentimental ideas, (6) scientific power, and (7) habits. Competence is defined as the perspective of a worker's figure that requires the achievement of the best performance. This personal perspective includes character, ornaments, value methods, behavior, insight, and discipline, where competence guides character, and character manifests performance. Competence is defined as the power to fulfill work or obligations based on knowledge and opinions and is supported because work actions require listed workers. Competence, as an individual's ability to produce a satisfactory level of work, is in the midst of the individual's ability to transfer and practice the analysis and insight into new situations and develop the benefits that have been agreed upon (Firaldi et al., 2023).

2.6 Framework of Thought

The framework of thought is an argument that can be used to formulate a hypothesis from a temporary answer to a problem posed (Sugiyono, 2016). The framework of thought helps to understand the workflow clearly, quickly and easily. The framework of this study assumes that regulation, planning, and controlling influence financial management performance. Competence is an intervening variable that mediates the relationship between regulation, planning, and controlling financial management performance. Based on the theory presented above, the framework of thought used in this study is as follows.

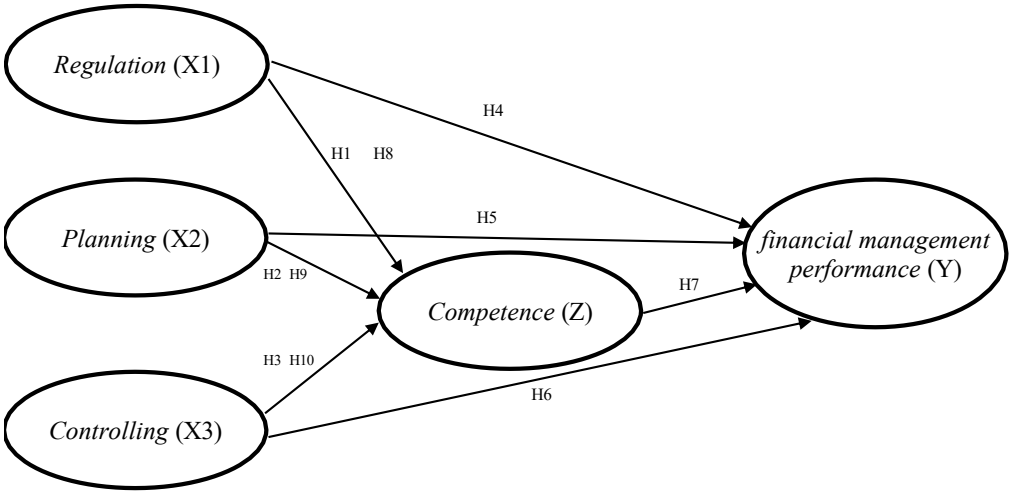


Figure 1. Research Model

2.7 Hypothesis

According to Sugiyono (2016), a hypothesis is a temporary answer to the formulation of a research problem, where the formulation of the research problem is stated in the form of a question. This is said to be temporary because the answer given is only based on relevant theory, not yet based on empirical facts obtained through data collection (Endi, Fanggidae, & Ndoen, 2023; Rahu et al., 2023). Therefore, a hypothesis can also be stated as a theoretical answer to the formulation of a research problem, but not yet an empirical one.

Based on the research model, the following hypotheses were formulated:

H1: Regulation influences the competence of the Regional Apparatus Organization of Karimun Regency.
H2: Planning influences competence in the Regional Apparatus Organization of Karimun Regency.
H3: Controlling influences competence in the Regional Apparatus Organization of Karimun Regency.
H4: Regulation influences financial management performance in the Regional Apparatus Organization of Karimun Regency.
H5: Planning influences the financial management performance of the Regional Apparatus Organization of Karimun Regency.
H6: Controlling influences financial management performance in the Regional Apparatus Organization of the Karimun Regency.
H7: Competence influences financial management performance in the Regional Apparatus Organization of Karimun Regency.
H8: Regulation influences financial management performance through competence in the Regional Apparatus Organization of Karimun Regency.
H9: Planning influences financial management performance through competence in the Regional Apparatus Organization of Karimun Regency.
H10: Controlling influences financial management performance through competence in the Regional Apparatus Organization of Karimun Regency.

3. Research Methodology

3.1 Population

The population of this study was Financial Management Employees at the Regional Apparatus Organization for Basic Service Obligations in Karimun Regency, totaling 122 (one hundred and twenty-two) people, with the following description:

Table 1. Research Population

No	Financial Manager	Sum
1.	Budget User/KPA	7 people
2.	Financial Administration Officer	7 people

3.	Technical Activity Implementation Officer	36 people
4.	Expenditure Treasurer	7 people
5.	Planning and Finance Executor	65 people
	Total Population	122 people

In this study, the researcher used all elements of the population as respondents, namely 122 (one hundred and twenty-two) people.

3.2 Operational Definition of Variables

The research variables and their operational definitions are presented in Table 2.

Table 2. Research Variables and Operational Definitions

Variable	Operational Definition	Indicators	Scale
Regulation (X1)	The regional financial regulation system is a system created to control the implementation of the regional financial cycle so that all actions regarding this control can be summarized in certain regulations (Yunita & Putra, 2018).	1. Overlapping regulations 2. Socialization of regulations 3. SOP (Alimuddin, 2018)	Likert (1-5)
Planning (X2)	Planning as a continuous process includes decisions or choices of various alternative uses of resources to achieve certain goals in the future. (Sudastri, 2016)	1. Suitability to needs 2. In accordance with OPD's duties and functions 3. Achievement of Renja/Renstra targets (Zarinah & Darwanis, 2016)	Likert (1-5)
Controlling (X3)	Controlling is a process of activities to find out the results of implementation, whether there are errors or failures that will later be corrected and prevent the repetition of errors (Madiong, 2012)	1. Sustainable 2. Effectiveness 3. Comprehensive 4. Subjective 5. Rational 6. Oriented (Anugerah, 2019)	Likert (1-5)
Competence (Z)	Competence is defined as an ability based on skills and opinions supported by work behavior and implementation in fulfilling work in the workplace, which refers to specific work qualifications. (Kemala, 2022)	1. Education and training (Education) 2. Understanding (Understanding) 3. Skills (Skills)	Likert (1-5)
Financial management performance (Y)	The level of achievement of a work result in the field of regional finance which includes regional revenue and expenditure using a financial system determined by policies or statutory provisions during one budget period. (Pera, Ga, & Kiak, 2024)	1. Efficient 2. Economical 3. Financial reporting 4. Effectiveness (Andifra, 2018)	Likert (1-5)

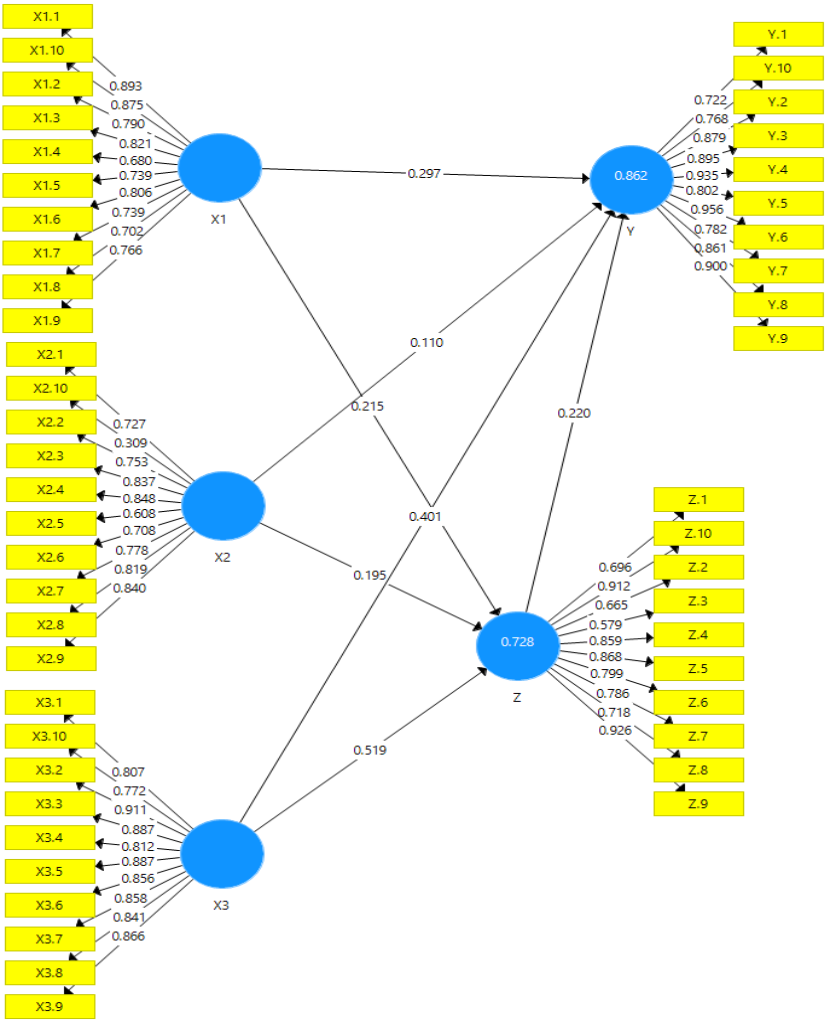


Figure 2. Research Model using SmartPLS 3.0 software
Source: Primary Data processed in 2024 (SmartPLS Output)

4. Result and Discussion

4.1 Discriminant Validity

The Fornell-Larcker Criterion (FLC) and cross-loading values are common approaches used in discriminant validity testing. The FLC and cross-loading values of an indicator on its own latent construct are expected to be greater than those of the other latent constructs. The results of the discriminant validity tests.

Table 3. Fornell-Larcker Criterion (FLC) values)

	Regulation	Planning	Controlling	Financial Management Performance	Competence
Regulation	0.789				
Planning	0.748	0.820			
Controlling	0.664	0.793	0.830		
Financial Management Performance	0.746	0.834	0.764	0.864	
Competence	0.689	0.759	0.779	0.780	0.846

Source: Primary Data processed in 2024 (SmartPLS Output).

Table 4. Cross Loading Values

	X1	X2	X3	Y	Z
X1.1	0.879	0.679	0.569	0.674	0.586
X1.10	0.846	0.698	0.576	0.744	0.602
X1.2	0.805	0.539	0.474	0.490	0.469
X1.3	0.781	0.575	0.484	0.554	0.521
X1.6	0.783	0.716	0.636	0.683	0.659
X1.7	0.709	0.468	0.446	0.419	0.457
X1.8	0.706	0.458	0.444	0.411	0.446
X1.9	0.786	0.497	0.507	0.605	0.543
X2.1	0.679	0.807	0.536	0.664	0.581
X2.2	0.723	0.779	0.626	0.686	0.592
X2.3	0.609	0.855	0.619	0.660	0.572
X2.4	0.685	0.822	0.638	0.671	0.650
X2.6	0.558	0.770	0.612	0.757	0.596
X2.7	0.585	0.842	0.740	0.685	0.676
X2.8	0.526	0.799	0.711	0.675	0.602
X2.9	0.547	0.881	0.704	0.665	0.699
X3.1	0.562	0.751	0.802	0.635	0.652
X3.10	0.593	0.638	0.798	0.630	0.599
X3.2	0.470	0.647	0.829	0.546	0.559
X3.3	0.580	0.732	0.849	0.661	0.639
X3.4	0.550	0.746	0.828	0.645	0.606
X3.5	0.414	0.596	0.797	0.566	0.644
X3.6	0.561	0.584	0.867	0.618	0.674
X3.7	0.552	0.566	0.823	0.599	0.678
X3.8	0.581	0.613	0.846	0.715	0.724
X3.9	0.623	0.702	0.853	0.695	0.663
Y.1	0.436	0.615	0.629	0.711	0.633
Y.10	0.706	0.734	0.704	0.832	0.766
Y.2	0.587	0.646	0.558	0.855	0.622
Y.3	0.676	0.634	0.623	0.869	0.625
Y.4	0.660	0.680	0.641	0.901	0.584
Y.5	0.635	0.740	0.607	0.863	0.646
Y.6	0.701	0.758	0.688	0.934	0.715
Y.7	0.610	0.756	0.713	0.855	0.707
Y.8	0.675	0.772	0.743	0.885	0.696
Y.9	0.714	0.828	0.669	0.915	0.714
Z.10	0.632	0.706	0.757	0.688	0.904
Z.4	0.574	0.596	0.740	0.714	0.875
Z.5	0.539	0.618	0.687	0.692	0.865
Z.6	0.500	0.614	0.599	0.616	0.813
Z.7	0.660	0.704	0.617	0.639	0.832
Z.8	0.566	0.612	0.572	0.620	0.754
Z.9	0.603	0.642	0.617	0.638	0.868

Source: Primary Data processed in 2024 (SmartPLS Output)

Based on the table above, each indicator has the largest FLC value on its own latent construct compared to the FLC values of the other constructs. This explains why the indicators used in this study had good discriminant validity in forming the respective variables. Based on the cross-loading value, each indicator had a loading factor on the intended construct that was greater than the other values, and the standard value for each construct was greater than 0.7.

4.2 Composite Reliability

In the SEM-PLS analysis, a construct is declared reliable if it has a composite reliability value >0.6 and is strengthened by a Cronbach's alpha value >0.7. The results of the composite reliability test are listed in the following table:

Table 5. Composite Reliability and Cronbach's Alpha Values

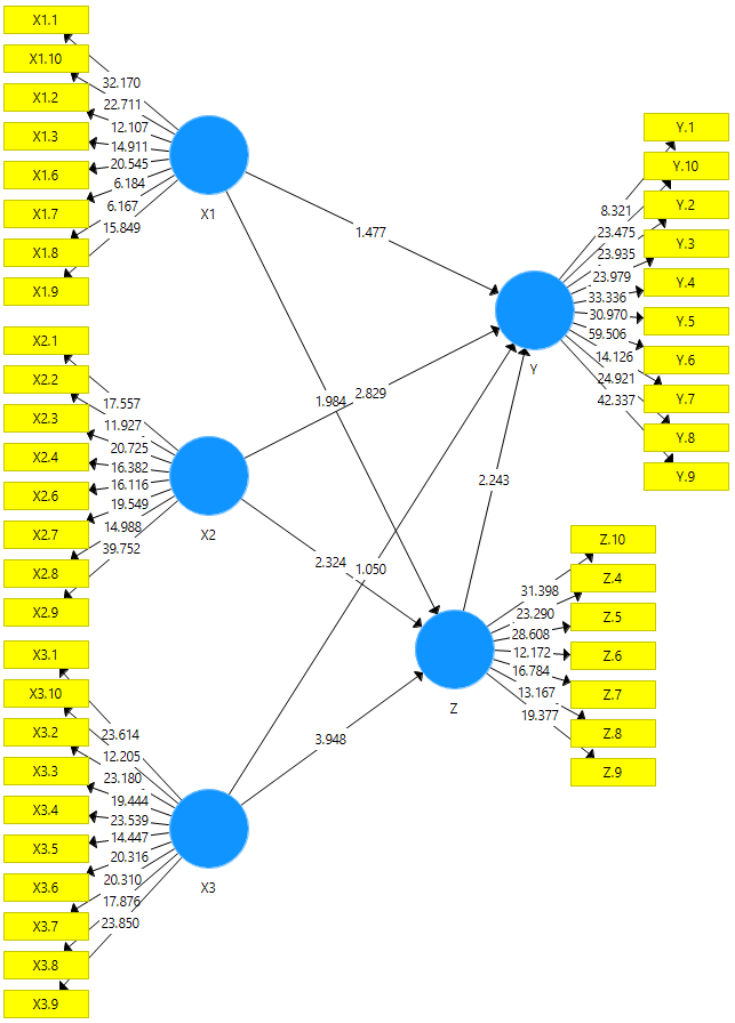
	Cronbach's Alpha	*Composite Reliability*	*Average Variance Extracted (AVE)*
Regulation	**0.914**	**0.929**	**0.622**
Planning	**0.930**	**0.943**	**0.672**
Controlling	**0.950**	**0.957**	**0.688**
Financial Management	**0.962**	**0.967**	**0.746**
Performance Competence	**0.933**	**0.946**	**0.715**

Source: Primary Data processed in 2024 (SmartPLS Output).

The table above shows that all variable values in the reliability test, both Cronbach's alpha and composite reliability, were greater than 0.7. Thus, it is concluded that the variables tested are valid and reliable, and structural model testing can be carried out (Duryadi, 2021).

4.3 Results of Structural Model Analysis (Inner Model)

The measurement of the inner model in this study was carried out through the R-squared test and path coefficient based on bootstrapping testing of the research model. The results of the Bootstrapping Algorithm are presented in the following figure.



Source: Primary Data processed in 2024 (SmartPLS Output)

Figure 3. Bootstrapping Algorithm Test Results

4.3.1 R-Square (R^2)

The R-squared or determinant coefficient value (the amount of determination) and Q2 Predictive Relevance or how good the observation value is can be seen in the following table:

Table 6. R *Square*

	R *Square*	R *Square Adjusted*
Competence (Z)	0.679	0.670
Financial Management Performance (Y)	0.767	0.759

Source: Primary Data processed in 2024 (SmartPLS Output)

The table shows that the R Square adjusted value of 0.670 means that the endogenous variable Competence is 67% influenced by the exogenous variables of regulation, planning, and controlling, while 33% is influenced by other factors outside the variables studied. The R Square adjusted value of Financial Management Performance of 0.759 can be interpreted as the endogenous variable Financial Management Performance being 75.9% influenced by the exogenous variables of regulation, planning, controlling, and competence, while 24.1% is influenced by other factors outside the variables studied. The goodness of fit of the model is shown in the following table:

Table 7. Model Fit/ Goodness of Fit Model (NFI Value))

	Saturated Model	*Estimated Model*
SRMR	0.084	0.084
d_ULS	6.691	6.691
d_G	9.734	9.734
Chi-Square	3868.51	3868.51
NFI	0.534	0.534

Source: Primary Data processed in 2024 (SmartPLS Output)

From the data, the NFI value is 0.534 or 53.4%, above 0.33 and below 0.67, so it can be concluded that the goodness of the model is moderate. In addition, the goodness of the model is determined by paying attention to the Q-square (Q2) value, where the higher the Q-square value, the more suitable (fit) the structural model (Duryadi, 2021). The Q-square test can be seen in the results of the blindfolding calculation in the construct cross-validated redundancy section of this study, as shown in the following table:

Table 8 Model Goodness of Fit (Q-Square Value))

	SSO	**SSE**	**Q^2 (=1-SSE/SSO)**
Regulation	976.000	976.000	
Planning	976.000	976.000	
Controlling	1220.000	1220.000	
Financial Management Performance	1220.000	557.945	0.543
Competence	854.000	458.333	0.463

Source: Primary Data processed in 2024 (SmartPLS Output)

Based on the table above, the sum of the Q-Square values of the two endogenous variables is 0.543. Because the Q2 value is greater than zero, the model has met the predictive relevance, where the model has been reconstructed well. Thus, this research model meets the requirements of goodness (model fit).

4.4 Path Coefficient

Two methods were used to determine the significance of the influence of the variables. First, the P Value <level of significance (alpha = 5%) or 0.05. If these criteria are met, there is a significant influence of exogenous and endogenous variables. Second, the significance value can be determined using the T-statistic value in the bootstrapping report algorithm. The relationship is said to be influential if it meets the criteria, namely, a T-count value (T statistics)> 1.96. (Duryadi, 2021). The results of the Path Coefficient test with bootstrapping are shown in the following table:

Table 9. Path Coeficient

	Original Sample (O)	*Sample Mean (M)*	*Standard Deviation (STDEV)*	*T Statistics (|O/STDEV|)*	*P Values*
X1 -> Z	0.204	0.223	0.103	1.975	**0.049**
X2 -> Z	0.261	0.269	0.112	2.331	**0.020**
X3 -> Z	0.437	0.410	0.105	4.144	**0.000**
Z -> Y	0.239	0.216	0.107	2.224	**0.027**
X1 -> Y	0.190	0.216	0.133	1.432	**0.153**
X2 -> Y	0.411	0.427	0.149	2.755	**0.006**
X3 -> Y	0.126	0.100	0.118	1.072	**0.284**

Source: Primary Data processed in 2024 (SmartPLS Output)

Table 10. *Specific Indirect Effects*

	Original Sample (O)	*Sample Mean (M)*	*Standard Deviation (STDEV)*	*T Statistics (|O/STDEV|)*	*P Values*
X1 -> Z -> Y	0.049	0.048	0.034	1.432	**0.153**
X2 -> Z -> Y	0.062	0.058	0.041	1.502	**0.134**
X3 -> Z -> Y	0.104	0.089	0.051	2.035	**0.042**

Source: Primary Data processed in 2024 (SmartPLS Output)

From the table above, it can be concluded that all the original sample values are positive; therefore, it can be said that there is a positive influence or a tendency for a unidirectional relationship between variables.

4.5 Hypothesis Testing

The output results of the inner model can be interpreted as follows.

1. The direct influence of the regulation variable (X1) on the competence variable (Z) has a path coefficient of 1.975 (positive); therefore, an increase in the value of the regulation variable (X1) is followed by an increase in the competence variable (Z). The influence of the X1 variable on Z has a P-value of 0.049 <0.05; therefore, it can be stated that the influence between Regulation and Competence is significant. Thus, H1 is **accepted**, and it can be concluded that regulation directly has a significant influence on competence.
2. The direct influence of the planning variable (X2) on the competence variable (Z) has a path coefficient of 2.331 (positive); therefore, an increase in the value of the planning variable (X2) is followed by an increase in the competence variable (Z). The influence of X2 on Z has a P-value of 0.020 <0.05; therefore, it can be stated that the influence between Planning and Competence is significant. Thus, H2 is **accepted**, and it can be concluded that planning directly has a significant effect on employee competence.
3. The direct effect of the controlling variable (X3) on the competence variable (Z) has a path coefficient of 4.144 (positive); thus, an increase in the value of the controlling variable (X3) will be followed by an increase in the competence variable (Z). The effect of variable X3 on Z has a P-value of 0.000 <0.05, so it can be stated that the effect of Controlling on Competence is significant. Therefore, H3 is **accepted**, and it can be concluded that direct control has a significant effect on competence.
4. The direct effect of the regulation variable (X1) on the Financial Management Performance variable (Y) has a path coefficient of 1.432 (positive); therefore, an increase in the value of the regulation variable (X1) will be followed by an increase in the Financial Management Performance variable (Y). The effect of X1 on Y has a P-value of 0.153> 0.05, so it can be stated that the effect of Regulation on Financial Management Performance is not significant. Thus, H4 is **rejected**, and it can be concluded that regulation does not have a significant effect on Financial Management Performance.
5. The direct effect of the planning variable (X2) on the Financial Management Performance variable (Y) has a path coefficient of 2.755 (positive); therefore, an increase in the value of the planning variable (X2) will be followed by an increase in the Financial Management Performance variable (Y). The effect of X2 on Y has a P-value of 0.006 <0.05, so it can be stated that the effect of Planning on Financial Management Performance is significant. Therefore, H5 is **accepted**, and it can be concluded that planning directly has a significant effect on Financial Management Performance.
6. The direct effect of the controlling variable (X3) on the Financial Management Performance variable (Y) has a path coefficient of 1.072 (positive); therefore, an increase in the value of the controlling variable (X3) will be followed by an increase in the Financial Management Performance variable (Y). The effect of the X3 variable on Y has a P-Value of 0.284> 0.05, so it can be stated that the effect of Controlling on Financial Management Performance is not significant. Thus, H6 is **rejected**, and it can be concluded that direct control does not have a significant effect on Financial Management Performance.

7. The direct effect of the competence variable (Z) on the Financial Management Performance variable (Y) has a path coefficient of 2.224 (positive); thus, an increase in the value of the competence variable (Z) will be followed by an increase in the Financial Management Performance variable (Y). The effect of the Z variable on Y has a P-Value of 0.027 <0.05, indicating that the effect of Competence on Financial Management Performance is significant. H7 is **accepted**; therefore, it can be concluded that competence has a direct and significant effect on Financial Management Performance.
8. The indirect effect of the regulation variable (X1) on Financial Management Performance (Y) through competence (Z) has a path coefficient of 1.432 (positive); thus, competence cannot mediate the effect of Regulation on Financial Management Performance. The effect of X1 on Y through Z has a P Value of 0.153> 0.05; therefore, it can be stated that the effect of Regulation on Financial Management Performance through Competence is not significant. Thus, H8 is **rejected**.
9. The indirect effect of the Planning variable (X2) on Financial Management Performance (Y) through Competence (Z) has a path coefficient of 1.502 (positive); thus, it can be stated that Competence is unable to mediate the effect between Planning and Financial Management Performance. The influence of variable X2 on Y through Z has a P Value of 0.134 > 0.05; therefore, it can be stated that the influence of Planning on Financial Management Performance through Competence is not significant. Thus, H9 is **rejected**.
10. The indirect influence of the Controlling variable (X3) on Financial Management Performance (Y) through Competence (Z) has a path coefficient of 2.035 (positive), thus it can be stated that Competence is able to mediate the influence between Controlling on Financial Management Performance. The influence of variable X3 on Y through Z has a P Value of 0.042 < 0.05, so it can be stated that the influence of Controlling on Financial Management Performance through Competence is significant. Thus, H10 is **accepted**.

5. Conclusion

5.1 Conclusion

Based on the results of the data analysis and discussion, the following conclusions can be drawn:

1. Regulation (X1) has a direct effect on Competence (Z). This result was indicated by a positive path coefficient of 0.049 (p <0.05) and T-statistic = 1.975 (T-statistic > 1.96), with an effect of 20.4%. These results indicate that the effect of regulation on competence is empirically proven; therefore, it can be stated that Hypothesis 1 is accepted.
2. Planning (X2) had a significant direct effect on competence (Z). This result was indicated by a positive path coefficient of 0.020 (p-value <0.05) and T-statistic = 2.331 (T-statistic > 1.96), with an effect of 26.1%. These results indicate that the effect of planning on competence is empirically proven, so it can be stated that Hypothesis 2 is accepted.
3. Controlling (X3) has a significant direct effect on competence (Z). This result was indicated by a positive path coefficient of 0.000 (p-value <0.05) and T-statistic = 4.144 (T-statistic > 1.96), with an influence of 43.7%. These results indicate that the influence of Controlling on competence is empirically proven, so it can be stated that Hypothesis 3 is accepted.
4. Regulation (X1) does not directly affect the Financial Management Performance (Y). This result is indicated by a positive path coefficient of 0.153 (p-value > 0.05) and T-statistic = 1.432 (T-statistic < 1.96), with an influence of 19%. These results indicate that the influence of regulation on financial management performance is not empirically proven, so it can be stated that Hypothesis 4 is rejected.
5. Planning (X2) has a direct and significant effect on Financial Management Performance (Y). This result is indicated by a positive path coefficient of 0.006 (P- Values <0.05) and T-statistic = 2.755 (T-statistic > 1.96), with an influence of 41.1%. These results indicate that the influence of planning on financial management performance is empirically proven; thus, Hypothesis 5 is supported.
6. Controlling (X3) does not have a significant direct effect on Financial Management Performance (Y). This result is indicated by a positive path coefficient of 0.284 (p-value > 0.05) and T-statistic = 1.072 (T-statistic < 1.96), with an effect of 12.6%. These results indicate that the effect of Controlling on financial management performance is not empirically proven, so it can be stated that Hypothesis 6 is rejected.
7. Competence (Z) has a direct and significant effect on Financial Management Performance (Y). This result was indicated by a positive path coefficient of 0.027 (p-value < 0.05) and T-statistic = 2.224

(T-statistic > 1.96), with an effect of 23.9%. These results indicate that the effect of competence on financial management performance is empirically proven; thus, Hypothesis 7 is supported.

8. Indirectly, Regulation (X1) does not significantly affect Financial Management Performance (Y) through competence (Z). This result is indicated by a positive path coefficient of 0.153 (p-value > 0.05) and T-statistic = 1.432 (T-statistic <1.96), with an effect of 4.9%. These results indicate that the effect of regulation on financial management performance through competence is not empirically proven, so it can be stated that Hypothesis 8 is rejected.
9. Indirectly, Planning (X2) does not significantly affect Financial Management Performance (Y) through competence (Z). This result is indicated by a positive path coefficient of 0.134 (p-value > 0.05) and T-statistic = 1.502 (T-statistic <1.96), with an effect of 6.2%. These results indicate that the effect of planning on financial management performance through competence is not empirically proven, so it can be stated that Hypothesis 9 is rejected.
10. Indirectly, Controlling (X3) significantly influences Financial Management Performance (Y) through competence (Z). This result is indicated by a positive path coefficient of 0.042 (p-value < 0.05) and T-statistic = 2.035 (T-statistic > 1.96), with an influence of 10.4%. These results indicate that the influence of Controlling on financial management performance through competence is empirically proven, so it can be stated that Hypothesis 10 is accepted.

5.2 Suggestions

Based on the conclusions of this study, the following factors can be suggested.

1. For OPD Karimun Regency
   a. To overcome problems in regulations that occur in OPD, especially in the implementation of financial management regulations and SOPs, it is better to conduct socialization related to regulations and SOPs in regional financial management so that employees have the ability to understand the implementation of rules and SOPs that have been made and evaluate SOPs periodically so that the implementation of activities can run well to achieve organizational goals.
   b. Maintaining a good planning system in financial management, namely by using appropriate approaches and instruments, paying attention to the principles of efficiency, effectiveness, transparency, and accountability, as well as the availability of complete supporting data in preparing plans, can produce programs and activities that have an impact on regional development. To overcome planning problems, it is better to require employees to actively participate in the planning process.
   c. To overcome problems in controlling that occur in OPD, especially internal control, control should be carried out periodically and continuously, from planning, implementation, and accountability for budget use, and the involvement of leaders in controlling. Furthermore, it is necessary to optimize the government's internal control system (SPIP) in the OPD environment and conduct periodic coaching for SPIP OPD supervisors to realize good regional financial management. d. To overcome problems in employee competence, it is better to place employees according to their abilities, expertise, educational background and experience. Furthermore, it is necessary to periodically re-implement training activities or technical guidance on regional financial management, considering the changes in the provisions of laws and regulations on regional finances, which are very dynamic, and the turnover/rotation of employees that often occurs in the OPD.
   d. To overcome problems in financial management that occur in OPD, the use of the budget should be carried out in accordance with the priority scale and targets that have been set, and there should be budget transparency so that financial management becomes effective and efficient. Furthermore, the leadership's role is needed to monitor every planning and implementation of the activity program so that it is in accordance with the schedule that has been set.
2. For further research, we will add data collection techniques through interviews to provide more detailed information, expand research objects, and add other variables that influence financial management performance, such as motivation, emotional intelligence, and optimization of budget absorption capacity.

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