The Influence Of Human Resource Competency, Performance-Based Budgeting, Accountability, And Transparency On The Financial Performance Of District Governments

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Abstract

This study aims to analyze the influence of human resource competency, performance-based budgeting, accountability, and transparency on the financial performance of sub-district governments, with a case study of all sub-district offices in East Tanjung Jabung Regency in 2024. This study uses a quantitative approach through a survey method, with primary data collection from 55 civil servant respondents in 11 sub-districts. Data analysis was carried out using validity, reliability, classical assumption tests, and multiple linear regression with the help of IBM SPSS Statistics 29. The results of the simultaneous test (F test) showed that the four independent variables together had a significant effect on the financial performance of sub-district governments (F count = 10.638 > F table = 2.56 and Sig = 0.000). Partially (t test), human resource competency had a significant positive effect (t = 3.195, Sig = 0.002), and performance-based budgeting also had a significant positive effect (t = 2.406, Sig = 0.020). Conversely, accountability (t = -2.179, Sig = 0.034) and transparency (t = -2.430, Sig = 0.018) had a significant negative effect on financial performance. This finding suggests that improving employee competency and strengthening performance-based budgeting can drive improvements in sub-district government financial performance. However, the lack of substantive implementation of accountability and transparency principles has a negative impact, indicating that both tend to remain merely administrative formalities. This study suggests the need for reformulation of accountability and transparency implementation strategies to truly promote the efficiency and effectiveness of public financial management.

Keywords: Human Resource Competency, Performance-Based Budget, Accountability, Transparency, Financial Performance, Sub-District Government.

INTRODUCTION

The development of public sector accounting in Indonesia has made significant progress, especially since the implementation of regional autonomy which gives broader authority to local governments in managing their regional resources and finances. Regional autonomy is an important policy that allows local governments to regulate and manage community interests according to their local potential and needs (Septiani et al., 2019). Along with the implementation of this autonomy, public sector accounting functions as the main tool for government accountability to the community. Therefore, regional financial management must be based on the principles of accountability, transparency, and effectiveness in order to create good and accountable governance (Citrayanti & Yuhertiana, 2021). According to Mahmudi (2016), public sector accounting not only plays a role in recording financial transactions, but also as an important instrument in planning, controlling, and evaluating government performance. Thus, the quality of local government financial performance is highly dependent on good financial management and accurate reporting. Manaf (2016) added that effective and efficient financial management will support the achievement of regional development goals and increase public

trust in the government. However, in practice, there are still various obstacles that hinder the achievement of optimal financial performance, especially at the sub-district government level.

One of the main problems faced is the low competence of human resources tasked with managing regional finances. Inadequate competence causes the budget management process to be ineffective and less targeted, thus having a negative impact on the quality of financial reporting and budget use (Veronika & Nugraeni, 2023). In addition, the implementation of performance-based budgeting which should be a tool to increase the efficiency and effectiveness of budget use has not been fully implemented properly. As a result, the measurement and evaluation of financial performance achievements are less clear and less structured (Mardiasmo, 2018).

Furthermore, the principles of accountability and transparency which are the foundation of good governance are often only carried out as administrative formalities without having a significant impact on improving the quality of financial management. Weak accountability leads to a lack of clear responsibility for budget use, while suboptimal transparency hinders public participation and oversight of sub-district government financial management (Rosnidah et al., 2022). This condition potentially reduces public trust and impedes overall regional development.

Previous research supports these concerns. Sirait et al. (2022) found that performance-based budgeting significantly enhances financial performance when accompanied by strong institutional accountability frameworks. However, they also noted that superficial implementation of transparency measures could fail to deliver real improvements. Similarly, Wahyuni (2021) highlighted that many local governments implement transparency and accountability policies mainly to fulfill regulatory requirements, rather than to genuinely promote public engagement or financial integrity. In a related study, Wibowo and Putri (2020) revealed that while human resource competence and budgeting practices showed a strong positive effect on financial performance, the influence of transparency was statistically insignificant, indicating that its implementation may be procedural rather than substantive. Moreover, Harahap and Nasution (2021) emphasized that without an internal culture of responsibility and open communication, accountability mechanisms tend to stagnate and lose public relevance.

Based on this background, this study aims to analyze the influence of human resource competence, performance-based budgeting, accountability, and transparency on the financial performance of sub-district governments in East Tanjung Jabung Regency. By understanding the relationship between these variables, this research is expected to provide recommendations for local governments to increase their apparatus' capacity and improve financial management systems to be more effective, efficient, and accountable. This study also seeks to enrich academic discourse on the determinants of financial performance at the local government level, especially at the sub-district level which serves as the front line of public service delivery.
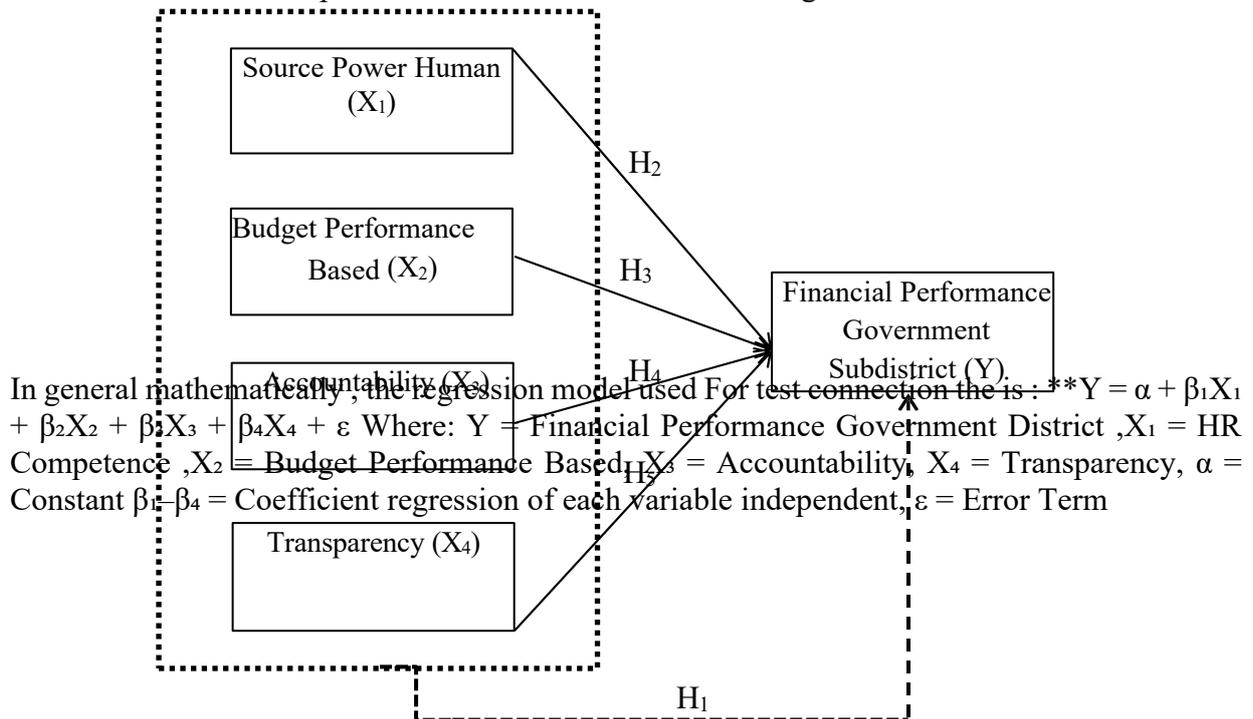
RESEARCH METHODS

This study uses a confirmatory and deductive quantitative approach to test the effect of human resource competence, performance-based budgeting, accountability, and transparency on the financial performance of sub-district governments in East Tanjung Jabung. Primary data were collected through questionnaires distributed to all permanent employees (ASN) in 11 sub-district

offices with a saturated sampling technique, so that the total number of respondents was 55 people. The independent variables were measured using a Likert-scale-based questionnaire, while the dependent variable, namely government financial performance, was measured using the efficiency and effectiveness ratio based on sub-district financial reports. Data analysis was carried out quantitatively through the stages of descriptive analysis, validity and reliability tests, classical assumption tests (normality, multicollinearity, heteroscedasticity), and multiple linear regression analysis to determine the effect of independent variables on dependent variables, with hypothesis testing using the F test and t test, and measuring the coefficient of determination (*Adjusted R²*) to assess how much the independent variables explain the dependent variable (Sugiarto, 2022).

Research Model

Study This test influence four variable independent to One variable dependent . Research model This arranged based on framework thinking that refers to theory agency as well as findings empirical previously , where the relationship between variable tested in a way simultaneous and partial . This model consists of from : Independent Variables : 1. Competence Source Power Human (X_1) 2. Budget Performance Based (X_2) 3. Accountability (X_3) 4. Transparency (X_4). Variables Dependent : Financial Performance Government Subdistrict (Y) Relationship between variable can depicted in Research Model as following :

In general mathematically , the regression model used For test connection the is : **$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ Where: Y = Financial Performance Government District ,X_1 = HR Competence ,X_2 = Budget Performance Based ,X_3 = Accountability, X_4 = Transparency, α = Constant $\beta_1 - \beta_4$ = Coefficient regression of each variable independent, ε = Error Term

RESULTS AND DISCUSSION

Analysis statistics descriptive

Used in study This For give description about variable data characteristics research , namely Competence Source Power Human , Budget Based on Performance, Accountability , Transparency , and Financial Performance . Based on results processed data from 55 respondents , HR competency has average value of 63.91 with standard deviation 5.867, indicating sufficient perception good and relative homogeneous . Budget based on performance has an average of 104.42 with standard deviation 9.347, indicating good implementation However with variation between Respondents . Accountability obtained an average of 59.62 and a standard deviation 5.759, indicating level good accountability and uniform perception . Variables transparency has an average of 34.84 with standard deviation 6.798, indicating level transparency currently with variation more perception big . While performance measured finance from 11 data shows an average of 1.0066 with standard deviation 0.0075, reflects stability and consistency between the units studied . In general overall , results descriptive This describe perception positive Respondent to variable independence and stability performance finance , which becomes base For analysis connection more carry on in study This .

Data Quality Test Results

Data quality testing in study This includes validity and reliability tests Instrument . Validity test use technique correlation *Pearson Product Moment* with compare r value count every grain question to r table value of 0.266 at the level 5% significance with 55 respondents . The results show that all over grain questions on variables Competence Source Power Human , Budget Performance Based , Accountability , and Transparency own r value count more big from r table , so that all over instrument declared valid and capable measure variable in a way accurate . Next , the reliability test done with use *Cronbach's Alpha* , where all variable to obtain mark *Alpha* above 0.70 (HR Competence 0.870; Budget Performance Based 0.913; Accountability 0.908; Transparency 0.902), which indicates instrument research is very reliable and consistent in generate data. With Thus , the instruments used has fulfil condition validity and reliability , so that the data obtained can trusted and worthy For analyzed more carry on .

Classical Assumption Test

tests to ensure that the multiple linear regression model meets the requirements for valid analysis. The normality test using *the One-Sample Kolmogorov-Smirnov Test* produces a significance value of 0.200 (> 0.05), which indicates that the residual data is normally distributed and the model is feasible to use. The multicollinearity test shows a *Variance Inflation Factor* (VIF) value below 10 and tolerance above 0.1 for all independent variables, indicating that there is no high correlation between independent variables so that multicollinearity does not occur. The heteroscedasticity test with *a scatterplot* shows a random residual distribution without a particular pattern, indicating constant residual variance (homoscedasticity) and the regression model is free from heteroscedasticity. With the fulfillment of these three classical assumptions, the regression parameter estimates can be considered valid and unbiased, so that the multiple linear regression analysis can be continued with high confidence.

Hypothesis Testing

1. F Test

The ANOVA test or F test is used to determine whether the independent variables simultaneously (together) have a significant effect on the dependent variable. (Ghozali, 2018).

Tabel Hasil Uji F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,000	4	,000	115,240	,009[b]
	Residual	,000	2	,000		
	Total	,000	6			

a. Dependent Variable: Kinerja Keuangan

b. Predictors: (Constant), Transparansi, Akuntabilitas, Anggaran Berbasis Kinerja, Kompetensi Sumber Daya Manusia(SDM)

Source : Processed by IBM SPSS statistics 29 (2025)

Based on the ANOVA table, the calculated F value is 115.240 with a significance value (*Sig.*) of 0.009. This significance value is smaller than the limit of $\alpha = 0.05$ (0.009 < 0.05), so it can be concluded that the simultaneous regression model is significant. This means that the four independent variables together have a significant influence on financial performance. This result shows that the success or failure of financial performance in the sub-district government is not only determined by one factor, but is the result of a combination or synergy between HR competencies, performance-based budgets, accountability, and transparency.

F value (115.240) also reflects that the regression model used is quite good at explaining the variations that occur in the dependent variable. This strengthens the belief that variations in financial performance can be explained significantly by variations in the four independent variables.

2. t-test

Partial test or t-test is used to determine the influence of each independent variable individually on the dependent variable. In this study, the independent variables include Human Resources (HR) Competence, Performance-Based Budget, Accountability, and Transparency **,** while the dependent variable is Financial Performance **.**

Table t-Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,894	,010		90,649	<,001
	Kompetensi Sumber Daya Manusia(SDM)	,004	,000	3,402	16,403	,004
	Anggaran Berbasis Kinerja	,001	,000	2,190	10,943	,008
	Akuntabilitas	-,004	,000	-5,267	-15,705	,004
	Transparansi	-,001	,000	-1,865	-13,350	,006

a. Dependent Variable: Kinerja Keuangan

Source : Processed by IBM SPSS statistics 29 (2025)

Based on the output results in the Table, the significance value (*Sig* .) and t-value of each variable are obtained as follows .

1. Human Resources (HR) Competence

The regression coefficient (B) for this variable is 0.004 , with a t-value of 16.403 and a significance value of 0.004 . Since the Sig value <0.05 , it can be concluded that HR Competence has a significant positive effect on Financial Performance. This means that the higher the

competence of employees, the financial performance of the sub-district government will increase.

2. Performance Based Budget

The regression coefficient is 0.001 and the t count is 10.943 with a Sig value of 0.008 **.** Because the significance value is also smaller than 0.05, the Performance-Based Budget has a positive and significant effect on Financial Performance. This shows that the use of a budget based on performance encourages the efficiency and effectiveness of financial management.

3. Accountability

The regression coefficient is **-**0.004 , with a t count of -15.705 and a Sig value of 0.004 Although significant, the direction of the influence is negative **,** indicating that increased accountability is actually related to decreased financial performance. This result may occur due to the possibility of a gap between the principle of accountability and technical implementation in the field.

4. Transparency

The regression coefficient for this variable is -0.001 , with a t count of -13.350 and *Sig* 0.006 . Like accountability, the effect is significant but negative. This indicates that the transparency implemented has not had a fully positive impact, possibly because transparency is only carried out as a formality or is not supported by a responsive system.

Coefficient of Determination (*Adjusted R-Square* **)**

The determination coefficient test aims to determine how much influence the independent variables have on the dependent variables simultaneously in the regression model. (Philadelphians dkk, 2020) .

Tabel Hasil Uji Koefisien Determinasi*(Adjusted R-Square)*

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,998[a]	,996	,987	,0005586960

a. Predictors: (Constant), Transparansi, Akuntabilitas, Anggaran Berbasis Kinerja, Kompetensi Sumber Daya Manusia(SDM)

b. Dependent Variable: Kinerja Keuangan

Source : Processed by IBM SPSS statistics 29 (2025)

Based on table obtained that :

1. *R Square* value = 0.996 indicates that 99.6% of the variation in financial performance can be explained by the four independent variables in the model. This means that this model has a very high explanatory power , because it is close to 1 (100%).
2. The remaining 0.4% (100% - 99.6%) is explained by other factors outside the model, such as external environmental aspects, macro policies, or institutional factors that are not included in this study.
3. *Adjusted R Square* value = 0.987 also shows excellent model power even though it has been corrected for the number of independent variables and sample size. This confirms that the regression model remains *valid* and is not too influenced by the number of predictors (not *overfitting*).

The results of the determination coefficient test indicate that the regression model built is very strong and reliable in explaining the factors that influence financial performance. The variables of HR Competence, Performance-Based Budget, Accountability, and Transparency together are able to explain almost all changes in the financial performance of the sub-district government.

Influence Competence source Power human , budget based on performance , accountability and transparency to performance finance government in all Sub-district Offices Regency Cape East Java

Based on results research , competence source Power human and budget based on performance influential positive significant to performance finance government sub-district in Regency Cape East Jabung , showing that improvement ability employees and implementation budget that focuses on achievement results support effectiveness management finance . On the other hand , accountability and transparency show influence negative significant , which indicates that implementation second aspect the not optimal and maybe Still nature formality without support systems and adequate understanding , so impact not enough positive on performance finance . Findings This in line with study the previous one emphasized importance HR competency and budget based on performance in increase performance finance , as well as underline the need evaluation and improvement in implementation accountability and transparency to be more effective and contextual . Therefore that , improvement human resources capacity through training and strengthening motivation , and development system budgeting based on supported performance proper evaluation , to be priority main For push improvement performance finance government subdistrict in a way sustainable .

Influence Competence source Power man to performance finance government in all Sub-district Offices Regency Cape East Java

Research result show that competence source Power man influential significant to performance finance government sub-district in Regency Cape East Jabung . Increasingly tall competence employees includes ability technical , understanding regulation , skills planning , and reporting finance increasingly good management too finance area . Findings This in line with study the previous one confirms role strategic competence in support governance efficient and accountable finance . In addition knowledge technical , skills use system information finance and attitude Work like integrity and responsibility answer is also very important quality performance finance . For maintain and improve competence , training sustainable and development capacity apparatus becomes very important . Therefore that , evaluation ability employee in a way routine and investment in improvement competence must become priority government subdistrict use ensure management effective , transparent and accountable finance trusted public .

Budget based on performance influential to performance finance government throughout the District Office of East Tanjung Jabung Regency

The results of the study indicate that performance-based budgeting has a significant positive effect on the financial performance of sub-district governments in Tanjung Jabung Timur Regency. This budget system links fund allocation to the achievement of real results, thereby encouraging efficiency, effectiveness, and responsibility in financial management. This finding is in line with previous studies which confirm that the implementation of performance-based budgeting improves the quality of public financial management and encourages a results-oriented work culture. The success of this system is highly dependent on the readiness of human resources who understand the concept of performance as well as the support of effective

information systems and monitoring mechanisms. With a combination of competent human resources and adequate support systems, performance-based budgeting can be the main instrument in improving the quality of sub-district government financial performance in a sustainable manner.

Accountability has an impact on the financial performance of the government in all Sub-district Offices of East Tanjung Jabung Regency

Research result show that accountability influential significant However negative to performance finance government in offices sub-district head Regency Cape East Jabung . This is indicates that implementation accountability that is administrative and formalities Not yet touch aspect substantial management finance , so that No impact positive on performance finance . Improvement accountability that only focus on reporting and documentation can cause burden bureaucracy excessive , inhibiting flexibility taking decisions , and divert source Power from implementation of strategic programs . In addition that , strengthening accountability often to reveal weakness previously hidden No recorded , so that performance finance looks decrease even though Actually is phase beginning repair systemic . For that , accountability must integrated in a way comprehensive in cycle management finance with approach oriented results, supported by coaching source Power human and managerial reforms to truly increase effectiveness and efficiency management finance area .

Transparency has an impact on the financial performance of the government in all Sub-district Offices of East Tanjung Jabung Regency.

Research result show that transparency influential negative to performance finance government sub-district in Regency Cape East Jabung . Although principle transparency has applied , the impact not optimal because its implementation often nature formality administrative without openness comprehensive information and participation active stakeholders interests . Partial and less transparency . supported by capacity source Power man as well as system management adequate finances can cause burden bureaucracy , slowing down taking decision , and lower effectiveness management budget . Besides that , improvement transparency often to reveal previous old weaknesses hidden , so that performance finance looks decrease whereas Actually currently in the process of repair . For make transparency effective , required approach strategic involving communication two direction , reinforcement capacity apparatus and systems integrated information Quality transparency will build trust public and encourage accountability as well as efficiency management finance in a way sustainable.

CONCLUSION

Based on results research, can concluded that in a way simultaneous competence source Power human, budget based on performance, accountability and transparency influential significant to performance finance government in all Sub-district Offices Regency Cape East Jabung . HR competency and budget based on performance give influence positive, indicating that improvement ability apparatus and implementation system budget oriented results support management effective and accountable finance. On the other hand, accountability and transparency influential negative, which indicates that implementation second aspect the Still nature formality administrative and not yet give impact substantial to improvement performance finance. Research furthermore recommended For to study factors supporters and inhibitors in

implementation accountability and transparency in a way more in depth, including aspect culture organization, participation public, and the role technology information. In addition that, research can expand variable with enter aspect management risk, internal control, or innovation service public For get a better picture comprehensive about factors that influence performance finance government area. Approach qualitative can also used For understand dynamics implementation accountability and transparency in the field in a way more details.

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