Financial Management, Accountability, and Supervision: Determinants of Local Government Employee Performance in Buton

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Abstract. This study aims to analyze the influence of regional financial management systems, accountability, and supervision on the performance of regional financial management employees in Buton Regency. The background of this research is based on the importance of transparent, accountable, and effective regional financial governance to realize good governance. However, in practice, there are still various problems, such as delays in reporting, weak supervision, and low internalization of accountability values in employee work culture. The research method uses a quantitative approach with survey techniques through questionnaires distributed to regional financial management employees. Data analysis was carried out by multiple linear regression to test the partial and simultaneous influence between variables. The results of the study show that the financial management and supervision system has a significant positive effect on employee performance, while accountability has no significant effect. Simultaneously, the three variables have been proven to have a significant effect on the performance of regional financial management employees. These findings affirm the importance of strengthening the management system and supervisory function as the main strategy for improving performance, accompanied by efforts to internalize the value of accountability so that it is not only an administrative obligation, but also part of the work ethics of the apparatus.

Keywords*:* Financial Management System, Accountability, Supervision, Employee Performance, Buton Regency.

1 Introduction

Regional financial management is a fundamental aspect in the implementation of effective and efficient government. Local governments as state representatives at the local level have a mandate to manage public resources to support development and improve community welfare. In the framework of regional autonomy, the success of local governments is largely determined by how finances are managed in a transparent, accountable, and regulatory manner. Therefore, a good regional financial management system is not only limited to an administrative mechanism, but also the main instrument in realizing good governance. Regional financial performance, which is reflected in the

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ability of the apparatus to prepare budgets, make accurate reports, and manage regional original revenue (PAD), is one of the important benchmarks in assessing the quality of government administration.

Along with the increasing demands for democratization and public information disclosure, the public is increasingly paying great attention to the transparency and accountability aspects of regional budget management. Accountability in this context is interpreted as the government's obligation to account for every use of public resources through open and accountable reports [10]. However, despite the regulatory framework in place, accountability practices on the ground still face challenges. Often there are delays in the preparation of financial statements, lack of consistency in the application of transparency principles, and weak integrity of the apparatus. This phenomenon indicates that there is a considerable gap between the ideal concept of accountability and real implementation in local government.

The supervisory function is one of the determining factors in maintaining the quality of regional financial governance. Internal and external supervision functions to ensure that each stage of regional financial management runs in accordance with applicable regulations. However, in many cases, the implementation of supervision has not been optimally carried out due to limited human resources and institutional capacity. This condition results in the potential for irregularities and reduces the quality of performance of regional financial management employees. This phenomenon is also felt in Buton Regency, Southeast Sulawesi. As one of the archipelagic areas that has distinctive geographical characteristics in the form of a combination of mainland areas and small islands, Buton Regency faces serious challenges in regional financial management. Limited infrastructure and accessibility often cause delays in the collection of financial data from scattered regional apparatus. In addition, the integration of financial information systems is still not fully optimal, so the planning, reporting, and financial accountability processes are less efficient. Other phenomena that emerge are delays in the preparation of financial documents, lack of openness in the budget reporting process, and weak coordination between work units. It is not uncommon to find inconsistencies in the application of the principle of accountability, so that it has the potential to reduce public trust in local governments.

The problem of accountability in Buton Regency is exacerbated by weak internal supervision. Regional internal supervisory officers (APIP) who are supposed to play an important role in ensuring compliance with regulations are often constrained by the limited number of supervisors who have adequate technical competence. As a result, the supervisory function cannot be carried out thoroughly and in-depth. This has direct implications for the performance of regional financial management employees, who have not been able to achieve the expected standards. This condition indicates that there is a significant gap between expectations for an ideal regional financial management system and the reality of implementation on the ground.

Various previous studies have indeed highlighted the importance of management, accountability, and supervision systems in influencing the performance of government organizations. For example, [17] examines the influence of supervision and work discipline on the performance of BPKAD Gianyar employees, while [12] highlight the role of budget targets and accounting control on performance accountability in North

Sumatra Province. However, research that specifically examines the relationship between the regional financial management system, accountability, and supervision of the performance of financial management employees in Buton Regency is still rare. In fact, the geographical and structural context of Buton Regency which is different from other regions makes this research important to be carried out.

Thus, the urgency of this research is increasingly real. The analysis of the influence of the regional financial management system, accountability, and supervision on the performance of financial management employees in Buton Regency is expected to provide a comprehensive picture of the factors that affect the quality of apparatus performance. The results of this study are not only academically important to enrich the literature on public financial management in the archipelago, but also practical benefits for the Buton Regency government in improving financial governance. Furthermore, this research is expected to be able to provide strategic recommendations that support the realization of transparent, accountable, and public service-oriented governance according to the principles of good governance.

2 Literature Review

2.1 Grand Theory: Agency Theory

The most relevant grand theory for this study is Agency Theory put forward by [6]. This theory emphasizes the relationship between the principal (the authoritative, in this context the community and the central government) and the agent (the recipient of the mandate, i.e. the local government and its employees). The main principle of this theory is that there is a potential conflict of interest between principal and agent due to information asymmetry and differences in objectives.

In the context of local government, the community as the principal gives a mandate to government officials to manage regional finances, carry out public accountability functions, and ensure that public services run effectively. However, in practice there are often irregularities, inefficiencies, or lack of transparency. Therefore, a supervision mechanism, good financial governance, and a public accountability system are needed so that agents (local government employees) can work in accordance with the interests of the community.

The agency's theory emphasizes that if the financial management system is good, accompanied by transparent accountability and effective supervision mechanisms, then the behavior of the apparatus will be controlled and the performance of local government employees can improve. This theory provides a large framework to understand why these variables have a significant effect on employee performance.

2.2 Stewardship Theory

As a complement to the agency theory, Stewardship Theory explains that not all government apparatus will act opportunistically. This theory assumes that government employees (stewards) have an intrinsic motivation to work in the public interest, maintain public trust, and prioritize organizational success [3]. In this study, stewardship theory is relevant to explain that with supervision and accountability, employees will be encouraged to show loyalty, responsibility, and the best performance

2.3 New Public Management (NPM) Theory

The second derivative theory that supports this research is New Public Management (NPM). NPM emphasizes the importance of efficiency, effectiveness, and results-orientation in government bureaucracy The NPM principles require local governments to adopt private sector management practices in terms of transparency, accountability, and financial management. In this framework, financial management is the main instrument to improve employee performance, because efficient budget management will affect productivity and the achievement of organizational goals.

2.4 Good Governance Theory

This research is also relevant to the principles of Good Governance, which emphasizes transparency, accountability, effectiveness, efficiency, participation, and the rule of law. Accountability as a research variable is one of the main pillars of good governance. With accountability, employees are encouraged to work according to the rules, avoid abuse of authority, and improve the quality of public services [1].

2.5 Supervision Theory

Supervision Theory explains how the control mechanism is carried out by superiors against subordinates. Supervision includes monitoring, evaluation, and giving direction so that employees can work according to standards. In the context of this research, supervision is very important to ensure that financial management runs according to the rules and accountability can be enforced. The supervision theory also explains that effective supervision will increase discipline, performance, and public trust in local governments[9].

To explain the dependent variable, namely the performance of local government employees, this study can use Performance Theory that emphasizes performance determinants, both internal and external. According to this theory, the performance of the apparatus is influenced by the ability, motivation, work environment, and organizational management system. Thus, financial management, accountability, and supervision are important determinants that can affect the quality of employee performance [5].

2.6 Integration of Grand Theory and Derivative Theory

Combined, the grand theory (agency theory) and derivative theory (stewardship theory, NPM, good governance, supervision theory, and performance theory) provide a strong conceptual framework for this research. Agency theory explains the principal–agent relationship and the importance of control mechanisms; Stewardship theory emphasizes the intrinsic motivation of employees; NPM emphasizes efficiency and results-oriented; Good governance prioritizes accountability and transparency; the theory of supervision explains the mechanism of control; and performance theory explains the factors that determine employee productivity.

With this integration, research can explain that: (1) Good financial management reflects NPM-style efficiency and prevents agency conflicts. (2) Accountability is in line with the principles of good governance which demands openness and public accountability. (3) Supervision acts as a mechanism to control agents to work according to the principal's interests. (4) All three contribute directly to improving employee performance as described in performance and stewardship theory

2.7 Financial Management

The Financial Management variables in this study refer to the process of planning, budgeting, implementing, recording, reporting, and evaluating the use of regional finances. According to the perspective of New Public Management, good financial management is not only about ensuring compliance with regulations, but also emphasizing efficiency, effectiveness, and results-orientation in the use of public budgets. In the context of local government, financial management includes the ability of employees to manage the Regional Revenue and Expenditure Budget (APBD), prepare transparent financial reports, and control the use of the budget in accordance with regional development goals [1].

Effective financial management reflects good governance practices, where every rupiah used can be clearly accounted for and generate benefits for the community. If financial management is carried out professionally, then agency conflicts between the community (principal) and local governments (agents) can be minimized. Thus, this variable plays an important role in improving employee discipline, integrity, and productivity.

2.8 Accountability

The Accountability variable refers to the obligation of local government officials to be accountable for the results of work, policies, and the use of public resources to the community as a sovereign holder. In the framework of Good Governance, accountability is the main principle that requires openness, transparency, and clarity of indicators of work success.

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For local government employees, accountability is not only about compiling accountability reports, but also includes moral attitudes, ethics, and compliance with public service standards. Accountability creates a social control mechanism, where the public can assess the extent to which employees carry out their duties according to the mandate. A high level of accountability encourages the apparatus to work more disciplined, reduce opportunities for corruption, and increase public trust in the regional bureaucracy. In this study, accountability is measured from the extent to which employees are able to show transparency in the implementation of tasks, clarity of individual and work unit responsibilities, and consistency in meeting performance targets that have been set [7].

3 Research Methodology

This study uses a quantitative approach with a survey method, because it aims to test the influence of independent variables on dependent variables empirically. Quantitative approaches are chosen to obtain objective, measurable, and generalizable results in the context of regional financial management.

The research location was conducted in Buton Regency, Southeast Sulawesi, with the object of the research being financial management employees in the regional apparatus who are directly involved in planning, implementation, reporting, and regional financial accountability. The research population is all financial management employees within the Buton Regency government, while the sample determination technique uses purposive sampling, which is to select respondents who are considered to have knowledge, experience, and authority related to regional financial management.

Primary data was collected through the deployment of a structured questionnaire on a five-point Likert scale, ranging from "strongly disagree" to "strongly agree". The research instrument contains question items that represent each variable, namely: regional financial management system (X1), accountability (X2), financial supervision (X3), and performance of regional financial management employees (Y). To ensure the validity and reliability of the instrument, a validity test was performed using item-total correlation and a reliability test with Cronbach Alpha.

Data analysis was carried out using multiple linear regression techniques, in order to determine the simultaneous and partial influence of independent variables on the performance of regional financial management employees. Classical assumption tests (normality, multicollinearity, heteroscedasticity) were performed to ensure the feasibility of the regression model. Furthermore, a hypothesis test was carried out using the ttest (partial) and the F-test (simultaneous) at a significance level of 5%.

4 Results

4.1 Partial Test (t-test)

A partial test or t-test is a statistical test used to determine the influence of one independent variable (X) on the dependent variable (Y) individually, assuming that other independent variables are considered constant.

Table 1. Partial Influence Hypothesis Test

Hypothesis	Variable → Employee Performance (Y)	Coefficient (B)	t-count	Sig	Information
H1	Financial Management System (X1)	0.219	2.578	0.011	Significant
H2	Accountability (X2)	-0.074	-0.683	0.495	Insignificant
H3	Financial Supervision (X3)	0.542	5.996	0.000	Significant

Source: SPSS output, 2025.

Based on the table above, the financial management system (X1) and supervision (X3) have a significant positive effect on the performance of regional financial management employees, while accountability (X2) has no significant effect.

4.2 Simultaneous Test (F-Test)

Simultaneous tests or F tests are statistical tests used to determine the influence of all independent variables (X1, X2, X3, etc.) together on dependent variables (Y)

Table 2. Simultaneous Tests

Type	Sum of Squares	Df	Mean Square	F-count	Sig.	Information
Regression	36.746	3	12.249	15.241	0.000	Significant
Residual	159.933	199	0.804	-	-	-
Total	196.680	202	-	-	-	-

Source: Data Processing (2025)

Based on the table above, simultaneously, the financial management, accountability, and supervision system has a significant positive effect on the performance of regional financial management employees

4.3 Multiple Linear Regression Equations

$$Y = 1.019 + 0.219X_1 - 0.074X_2 + 0.542X_3 \tag{1}$$

Information:

Constant (1.019): the value of employee performance if all independent variables are zero.

X1 (Management System): each upgrade of one unit increases performance by 0.219.
X2 (Accountability): insignificant, even tend to be negative.
X3 (Supervision): each single unit upgrade increases performance by 0.542.

The results of multiple linear regression analysis showed that the variables of the regional financial management system (X1) and financial supervision (X3) had a significant effect on the performance of regional financial management employees, while the accountability variable (X2) had no significant effect. Simultaneously, the three independent variables have been proven to have a positive and significant effect on employee performance. These findings provide an overview that improving the quality of financial management and good supervision is able to encourage the achievement of more optimal performance in Buton Regency, even though the accountability factor has not been fully a significant driver in practice in the field.

5 Discussion

5.1 The Influence of the Financial Management System on Regional Financial Performance in Buton Regency

Based on the results of research conducted in Buton Regency, the financial management system variable (X1) has a significant positive influence on regional financial performance (Y). This can be seen from the positive regression coefficient which shows that the better the financial management system is implemented, the better the performance of regional financial management employees. This research is in line with a study conducted by [2], which found that an effective financial management system can improve the efficiency and effectiveness of government work.

A good financial management system allows employees to work more purposefully and measurably. For example, an integrated and easily accessible system will make it easier for employees to manage documents and financial statements according to a predetermined schedule. In this study, indicators that show that the financial information system used in the agency is integrated and easily accessible has a fairly high average value, reflecting the ease of accessibility that improves performance.

Previous research by [18] shows that good financial management, which is based on clear procedures and regulations, has a direct impact on improving the performance of local governments. This is also reflected in this study, which emphasizes that financial management that follows existing regulations has a positive impact on the quality of employee performance.

More general theories regarding public management also support these findings. According to the New Public Management (NPM) theory, efficiency in the management of public finances is one of the main goals to create effective governance. NPM proposes that the use of appropriate technology and information systems can increase efficiency and transparency in the management of government finances.

5.2 The Influence of Accountability on Regional Financial Performance in Selayar Regency

Accountability is one of the important aspects in regional financial management. In the context of government, accountability means the responsibility possessed by regional financial managers in managing and accounting for the use of the public budget. High accountability will encourage transparency, integrity, and public trust in the government, which in turn will improve the quality of regional financial performance. This study focuses on the influence of accountability on regional financial performance in Buton Regency, with results showing that accountability has a positive and significant influence on regional financial performance. This means that the higher the level of accountability in regional financial management, the better the financial performance achieved.

Previous research, such as that conducted by [17], shows that accountability plays a very important role in improving the performance of regional financial management. The results of Wahyudi's research also show that a high level of accountability leads to a more transparent and efficient use of the budget. A similar thing was also found in a study by [15], which emphasized that accountable financial management allows for the creation of effective supervision, improved financial administration, and increased compliance with financial regulations. This research supports the finding that good accountability not only improves budget management, but also strengthens the supervision carried out by various related parties, including the community.

Accountability, in the context of regional financial management, refers to the government's obligation to provide explanations of the decisions taken and the use of the public budget to the public. This accountability is closely related to transparency and good internal control in financial management. The theory that underlies the influence of accountability on financial performance is the theory of Stewardship and Good Governance. In the theory of Stewardship, financial managers are responsible for safeguarding public resources and ensuring that the use of the budget is carried out efficiently and effectively for the benefit of the community. Meanwhile, Good Governance emphasizes the importance of transparency, participation, and accountability in government management, which contributes to improving the quality of public services, including in regional financial management.

5.3 The Effect of Financial Supervision on Regional Financial Performance in Selayar Regency

Regional financial supervision is one of the important factors in ensuring that regional financial management is carried out in a transparent, accountable, and in accordance with applicable regulations. Good supervision can assist local governments in improving the quality of financial management, preventing budget misuse, and ensuring that budgets are used efficiently and effectively. In the context of Buton Regency, financial supervision has a positive influence on regional financial performance, which is reflected in the results of research that show a significant influence between the two.

Regional financial supervision can be understood as an effort to monitor and evaluate the entire financial management process carried out by local governments. This supervision can be carried out by various parties, including internal (such as inspectorates and internal auditors) and external (such as BPK or the public). Agency theory provides the basis for the importance of financial supervision, in which government officials as agents have the responsibility to manage public resources and must act in accordance with the public interest, which is supervised by the principals (the public and the supervisory body).

The theory of Good Governance emphasizes the importance of the principles of transparency, accountability, and supervision in the management of public finances. Effective oversight ensures that the policies taken and the budgets used are oriented to the public interest, not for the interests of individuals or certain groups.

Previous research, such as that conducted by [18], found that good financial supervision has a significant influence on improving regional financial performance. In the study, it was found that supervision carried out by external (such as BPK) and internal (such as the Inspectorate) can increase public trust in the government and increase the effectiveness of budget management. These findings are in line with the results of research in Buton Regency, which shows that financial supervision contributes directly to improving budget management and regional financial performance.

5.4 Research Implications

The implications of this research for the Buton Regency Government are quite clear. First, there needs to be a strengthening of the financial management system with integrated digitalization between regional apparatus so that employee performance can be more efficient. Second, internal and external supervision must be strengthened, both in terms of the number and quality of auditors and regional inspectorates, so that potential irregularities can be suppressed. Third, it is necessary to internalize the values of accountability in the work culture, not only limited to the formality of reports, but also part of the professional ethics of employees.

6 Conclusion

This study aims to analyze the influence of regional financial management systems, accountability, and supervision on the performance of financial management employees in Buton Regency. Based on the results of the hypothesis test, several important things can be concluded: The regional financial management system has a positive and significant effect on employee performance. This shows that the better the procedures, mechanisms, and governance of financial management, the better the performance of employees in carrying out their duties. Financial supervision has the strongest and most significant influence on employee performance. These findings confirm that the role of internal and external supervision is very important in maintaining discipline, preventing deviations, and encouraging employees to work according to standards

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