



Influence of Strategic Planning and Competence on Performance Mediated by Compliance Management in TNI Service

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Abstract

Purpose: This study aims to analyze the effect of strategic planning and personnel competence on organizational performance, with compliance management as a mediating variable in the material feasibility service within the Ministry of Defense and the TNI.

Research Methodology: The research applies a hypothesis-testing approach using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS 3.0). The respondents consist of 50 material feasibility inspectors working in the MoD and TNI, selected through non-probability and saturated sampling methods.

Results: The findings indicate that strategic planning has a positive but not statistically significant effect on organizational performance, while personnel competence shows a significant positive effect. Furthermore, compliance management plays an important mediating role. It significantly strengthens the relationship between strategic planning and organizational performance, as well as between personnel competence and organizational performance. Among all variables, personnel competence has the strongest influence on organizational performance when mediated by compliance management

Conclusions: These results highlight the importance of improving compliance management practices to enhance organizational performance, particularly in government defense institutions responsible for ensuring personnel and material safety. The study also introduces novelty by incorporating compliance management as a mediating variable between strategic planning, personnel competence, and organizational performance.

Limitations: This study is limited to two strategic management variables—strategic planning and personnel competence—suggesting that future research should explore additional factors influencing organizational performance.

Contributions: The practical implication is that organizations, especially within the Ministry of Defense and the TNI, should prioritize strengthening compliance management across all levels.

Keywords: *Compliance Management, Organizational Performance, Personnel Competence, Strategic Planning*

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1. Introduction

The Center for Feasibility of the Ministry of Defense of the Republic of Indonesia is an organization tasked with carrying out material feasibility functions, which include elaborating policies, drafting program plans, and ratifying military feasibility programs, with the aim of ensuring the safety of personnel and materials when defense materials are used/operated in accordance with the development of science and technology. technology (Ministry of Defense of Indonesia, 2014a)

The important role of the Ministry of Defense's feasibility organization in formulating a military airworthiness strategic plan includes activities to guarantee the feasibility of defense materials for domestic products/types of products, research and development materials, domestic and foreign procurement materials, production and/or maintenance facilities, construction/facilities/buildings /laboratories, and development of airworthiness personnel as military feasibility inspectors and supervisors of the technical functions of the force's military worthiness institutions. Meanwhile, the airworthiness institution in preparing the strategic plan of the airworthiness program includes the following activities: fostering military feasibility and technical supervision of Alutsista and military commodities/defense facilities, carrying out military feasibility activities against Alutsista and other military commodities/defense facilities (Ministry of Defense of Indonesia, 2014b).

In addition, to improve the competence of the Indonesian Ministry of Defense's Puslaik personnel, the Ministry of Defense conducts annual routine programs to develop airworthiness personnel as military airworthiness inspectors, which include activities, certification of military airworthiness inspectors, certification of marine military airworthiness inspectors, certification of military airworthiness inspectors, and dissemination of military airworthiness (Parmenas, 2021; Ricardianto et al., 2021). The main task of military feasibility inspectors is to carry out activities related to the assessment of the eligibility status of a military commodity, production facility, maintenance facility and other infrastructure to be operated through material verification activities. Material verification is a series of activities carried out by the Military Airworthiness Technical Implementation Team to conduct inspections, tests, and conformity assessments based on the military eligibility standard criteria that have been set and check the functions of all installed systems to be declared "accepted" or "rejected".

Personnel serving as the military feasibility technical implementation team are personnel who have the required qualifications with the following conditions: a. Have attended workshops/courses/training for military feasibility inspectors and skills as required; b. have a letter of authorization as evidence of recognition of their qualifications to be involved in the administration of military fitness certification; c. have a background of expertise/qualification in accordance with military commodities, production facilities, and maintenance facilities; and D. master, understand, and understand the regulations and requirements that are directly or indirectly related to the military worthiness certification process. Although the Indonesian Ministry of Defense Puslaik has a strategic role in ensuring the fulfillment of defense material safety requirements when operated, it faces obstacles in the development of the strategic environment and the rapid advancement of technology in its implementation.

With this phenomenon, it is hoped that there will be efforts to anticipate through the concept of "Strategic Management" so that the performance of a material feasibility organization like a company in the future must be continuously developed and improved to ensure the fulfillment of regulations and material safety requirements that are in line with the era of globalization and technological advances.

The researcher determined two independent variables, namely "Strategic Planning" and "Personnel Competence," which influenced the dependent variable, arguing that the role of these two variables was very dominant in influencing the performance of the feasibility organization within the Ministry of Defense and the TNI. Strategic planning should be directed at realizing a viable organization with

a competitive advantage to improve its performance in certain environmental conditions. Improving the competence of the feasibility inspector is one aspect that determines the success of a feasibility organization. Research by [Tsohou and Holtkamp \(2018\)](#) explains that competence is the knowledge and skills as well as certain attitudes that are needed by a person to carry out a task assigned to them in a certain context. organizational performance with variable compliance management as a mediation, especially those discussing the performance of military feasibility organizations.

The concept discussed in this study has two aspects of novelty: the influence of strategic planning on organizational performance mediated by compliance management and the influence of personnel competence on organizational performance mediated by compliance management. The motivation of this research is the development of a model by adding compliance management as a mediating variable to maximize strategic planning and personnel competence related to improving the performance of the Military Airworthiness Organization. The general purpose of this research is to provide an overview of the importance of planning aspects and personnel competence supported by compliance management to support organizational performance in the face of strategic environmental developments.

Based on the description of the background of the problem and some previous research results, the researcher considers that strategic planning and personnel competence greatly affect the performance of the material feasibility organization. Thus, this dissertation is titled "The Effect of Strategic Planning and Personnel Competence on Organizational Performance Mediated by Compliance Management at the Material Feasibility Service. TNI".

Referring to the background and previous research literature, the formulation of the problem of this research is whether Strategic Planning has a positive and significant effect on Organizational Performance. Does personnel competence have a positive and significant effect on Organizational Performance? Does Strategic Planning have a positive and significant effect on compliance management? Does personnel competence have a positive and significant effect on compliance management? Does Compliance management have a positive and significant effect on organizational performance? Does strategic planning have a positive and significant effect on organizational performance through compliance management? Does personnel competence have a positive and significant impact on organizational performance compliance management?

2. Literature Review & Hypothesis Development

2.1 Strategic Planning

The strategic planning of an organization is strongly influenced by the dynamics of the development of the strategic environment, which often changes frequently. Some literature emphasizes that environmental uncertainty and turbulence are decisive variables in an organization's strategic planning ([Bolisani & Bratianu, 2017](#)). In order for organizational goals to be achieved, direction is needed in formulating and implementing strategies, this is in accordance with the opinion of Wheelen T ([Wheelen & Hunger, 2015](#)) that strategic planning is long-term planning concerned with developing the company's mission, goals, strategies, and policies that begin with the process of analyzing the environmental situation, external and internal. Strategic planning is a set of concepts, procedures, tools, and organizational resources used to determine the strategic direction to achieve organizational goals. ([Donkor et al., 2018](#); [Susanto et al., 2021](#)) states that strategic planning is a real input for organizations and has the ability to accelerate organizational performance. Based on a review of the literature above, it can be concluded that strategic planning is a series of long-term organizational planning activities involving vision, mission, and goals with a review of organizational resources and environmental conditions to achieve superior performance.

2.2 Personal Competence

According to McClelland in [Shaheen et al. \(2019\)](#) and [Susanto and Parmenas \(2021\)](#), competence is defined as the basic characteristics possessed by a person that have a direct effect on or can predict excellent performance. According to Spencer in [Ismail et al. \(2019\)](#), competence is the basic characteristic possessed by individuals, including the following aspects: personality. [Hertanto \(2017\)](#) stated that competence is the main variable that must be owned by an employee in carrying out his work. [Hu \(2018\)](#) knowledge-based employee competence in e-commerce affects individual performance, and has a significant positive effect on organizational performance. Based on a review of the literature above, it can be concluded that personnel competence is a person's capacity, which includes knowledge, skills, attitudes, and fighting power in completing a job or task in accordance with what has been determined by the organization.

2.3 Organizational Performance

Organizational performance is the level of achievement of results that realize organizational goals. Organizational performance, which is the accumulation of the performance of all individuals, can be explained through assessment and measurement. This is supported by the research of [Alosani et al. \(2019\)](#) and [Setyawati et al. \(2021\)](#), which states that organizational performance is a series of achievements obtained on a job after implementing a series of work practices. [Habidin and Fuzy \(2016\)](#) stated that performance measurement helps organizations identify their strengths and weaknesses. [Vasconcelos and Oliveria \(2017\)](#) measures company performance through company age, size, and innovation. [Sabiu et al. \(2018\)](#) performance appraisal is a process in which managers examine and evaluate employees comparing them to predetermined standards. [Alosani et al. \(2019\)](#) found that to achieve the best overall organizational performance, it is necessary to apply strategic planning and innovative practices to the Police Agency in Dubai. [Pollanen et al. \(2017\)](#) states that organizational performance will be better with the use of strategic performance measures in every strategic decision-making. Based on a review of the literature above, it can be concluded that organizational performance is the level of achievement of results or an accumulation of performance from all personnel involved in an organization.

2.4 Compliance Management

Compliance management is an organizational monitoring process that ensures that all rules and norms can be complied with by all employees and leaders that have an impact on organizational performance. This is supported by [Dudek \(2019\)](#) research, which states that compliance management is an audit and consulting activity related to the organization's global legal environment, which includes preventive and corrective measures, support of the organization in legal action, and the development of procedures that impact legal liability and the image of the organization. Compliance management is an activity that includes the development, implementation, establishment of mechanisms, cultural inculcation and prevention of compliance risk ([Wu & Liang, 2016](#)). Compliance management is an initiative to prevent errors and violations of the law to detect and prevent corporate crimes and errors, minimize and prevent the recurrence of problems, and improve business processes and controls ([Benedek, 2012](#)). Ideally, compliance management can help personnel at all levels to operate an organization effectively without finding any incidents of noncompliance. Based on a review of the literature and previous research, it can be concluded that compliance management is a management activity in the form of supervision of the organization to ensure that organizational behavior from the leadership level to the subordinate level always complies with all applicable laws and social norms.

2.5 Conceptual Framework

Based on the formulation of the problem, the research developed consists of four variables, which are stated in the conceptual framework picture as follows:

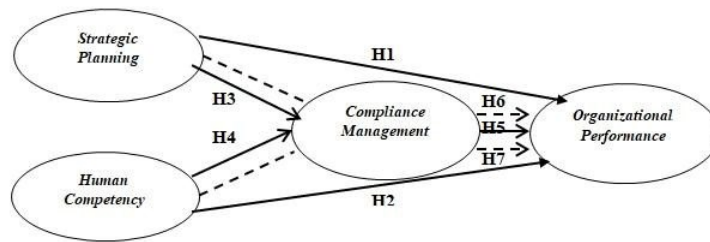


Figure 1. Conceptual Framework

2.6 Hipotesis Penelitian

The hypotheses developed in this study are as follows:

- H_1 : Strategic Planning has a positive and significant impact on Organizational Performance.
- H_2 : Personnel competence has a positive and significant impact on organizational performance.
- H_3 : Strategic Planning Has positive and significant impact on compliance management.
- H_4 : Personnel competence has a positive and significant effect on compliance management.
- H_5 : Compliance management positively affects organizational performance.
- H_6 : Strategic Planning has a positive and significant impact on organizational performance through compliance management.
- H_7 : Personnel Competence has a positive and significant impact on organizational performance through compliance management.

3. Methodology

This study employed a cross-sectional research design to examine the influence of strategic planning and personnel competence as independent variables on organizational performance as the dependent variable, with compliance management as a mediating variable. The population consisted of TNI officers serving as material feasibility inspectors across the Ministry of Defense Airworthiness Center and the airworthiness services of the Army, Navy, and Air Force, with a saturated sample of 50 respondents. Data were collected and analyzed using SmartPLS 3.0 for structural equation modeling (SEM), enabling simultaneous testing of measurement and structural models, while validity and reliability tests were conducted using SPSS. The use of PLS was justified due to its suitability for small sample sizes and its ability to analyze predictive models effectively.

3.1 Research Design

The variables tested included strategic planning and personnel competence (independent variables), organizational performance (dependent variable), and compliance management (mediating variable). The time dimension of the research was cross-sectional

3.2 Data Collection

In this study, the population used as respondents were TNI officers who met the requirements and had competence as material feasibility inspectors and were assigned to the military feasibility service at the Indonesian Ministry of Defense Airworthiness Center, the TNI-AD Airworthiness Service, the TNI-AL Airworthiness Service, and the TNI Airworthiness Service. -AU. The sample in this case is the material feasibility inspector at the Indonesian Ministry of Defense, Army Airworthiness Service,

Naval Airworthiness Service, and Air Force Airworthiness Service. The sample used in this study was a saturated sample of 50 respondents.

3.3 Data Analysis

The data analysis method uses Smart PLS software version 3.0, which is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as the structural model. Validity and reliability tests were performed using SPSS, and a structural model was used to test causality (testing hypotheses with predictive models). There are several reasons why PLS is used in research studies. In this study, PLS was selected because it is a data analysis method based on the assumption that the sample size does not have to be large; that is, a sample size of less than 100 can be analyzed.

4. Results and Discussion

4.1 Results

4.1.1 Hypothesis Test

The criteria for accepting or rejecting the hypothesis are based on the t-statistics value. If the t-statistics value is < 1.96 (degree of error 5%), the hypothesis is rejected (Hair et al., 2010). The results of hypothesis testing using SmartPLS are as follows:

- (a) Testing the influence of the Strategic Planning variable on Organizational Performance (H1) obtained a regression coefficient value of 0.071, with a t-statistics value of 0.676. Since the t-statistics value < 1.96 , Strategic Planning has a positive but not significant effect on Organizational Performance. Therefore, the hypothesis stating that Strategic Planning has a positive and significant effect on Organizational Performance is rejected.
- (b) Testing the influence of Personnel Competence on Organizational Performance (H2) obtained a regression coefficient value of 0.224, with a t-statistic value of 2.323. Since the t-statistics value > 1.96 , Personnel Competence has a positive and significant effect on Organizational Performance. Therefore, the hypothesis is accepted.
- (c) Testing the influence of the Strategic Planning variable on Compliance Management (H3) obtained a regression coefficient value of 0.397, with a t-statistics value of 3.138. Since the t-statistics value > 1.96 , Strategic Planning has a positive and significant effect on Compliance Management. Therefore, the hypothesis is accepted.
- (d) Testing the influence of the Personnel Competence variable on Compliance Management (H4) obtained a regression coefficient value of 0.322, with a t-statistics value of 3.260. Since the t-statistics value > 1.96 , Personnel Competence has a positive and significant effect on Compliance Management. Therefore, the hypothesis is accepted.
- (e) Testing the influence of the Compliance Management variable on Organizational Performance (H5) obtained a regression coefficient value of 0.703, with a t-statistics value of 7.620. Since the t-statistics value > 1.96 , Compliance Management has a positive and significant effect on Organizational Performance. Therefore, the hypothesis is accepted.
- (f) Testing the influence of the Strategic Planning variable on Organizational Performance through Compliance Management (H6) obtained a regression coefficient value of 0.279, with a t-statistics value of 2.513. Since the t-statistics value > 1.96 , Strategic Planning has a positive and significant effect on Organizational Performance through Compliance Management. Therefore, the hypothesis is accepted.

- (g) Testing the influence of the Personnel Competence variable on Organizational Performance through Compliance Management (H7) obtained a regression coefficient value of 0.226, with a t-statistics value of 3.213. Since the t-statistics value > 1.96 , Personnel Competence has a positive and significant effect on Organizational Performance through Compliance Management. Therefore, the hypothesis is accepted.

4.2 Discussion

- (a) **The Effect of Strategic Planning on Organizational Performance** The findings from this study can explain that although the Feasibility Organization has a written plan regarding its long-term goals, a written plan on organizational strategy, a procedure for detecting/anticipating errors on an ongoing basis, and an effort to consider factors outside the immediate environment of the organization, it will not necessarily be able to improve organizational performance. Thus, this study is not in line with previous studies conducted by [Alfin \(2014\)](#), [Suwono \(2018\)](#), and [Raymundus \(2018\)](#), whose research results show that Strategic Planning has a positive and significant effect on Organizational Performance, in contrast to the results of this research, which explained that Strategic Planning has a positive but not significant effect on Organizational Performance.
- (b) **The Influence of Personnel Competence on Organizational Performance** The findings of this study can be explained by the fact that if a personnel has the will to increase work motivation, is able to control emotions, is tenacious in completing work, has confidence in his abilities, always has a positive attitude towards problems, always tries to be able to understand each problem, and is able to master the field of knowledge related to work, have innovation in work, and are able to use and optimize facilities related to their work, then Organizational Performance can be improved. Therefore, leadership must pay attention to the increase in the competence of personnel above if they want to improve organizational performance. Thus, this study is in line with various previous studies, such as those conducted by [Ngo and Loi \(2014\)](#), [Hendrawan et al. \(2018\)](#), and [Shet et al. \(2019\)](#).
- (c) **The Effect of Strategic Planning on Compliance Management** The results of testing the third hypothesis provide empirical evidence that Strategic Planning carried out by the organization will affect compliance management, so that all members of the organization will be effective at work because they rarely waste time at work, carry out as much work as possible that can be carried out all the time, will always try to come to work on time regardless of circumstances or situations, to always produce high-quality work in accordance with the main task, be mentally ready to work when they arrive at work, be very careful to follow work procedures and instructions so that opportunities make zero mistakes, and work with an attractive and appropriate personal appearance in accordance with the applicable provisions as a military airworthiness inspector. Thus, this study is in line with the research conducted by [Hadi, \(2013\)](#).
- (d) **The Influence of Personnel Competence on Compliance Management** The results of testing the fourth hypothesis regarding Personnel Competence proved to have a positive and significant effect on compliance management. The results of this test show that if the personnel have the will to increase work motivation, emotional control, tenacity in completing work, confidence in their abilities, positive attitude towards problems, understanding of problems, mastery of work-related knowledge areas, innovation in work, and being able to use facilities related to work, these personnel will be more obedient, so that they have qualified, effective, and efficient personnel in implementing compliance management. The results of this study are consistent with those of previous studies conducted by [Vanni \(2017\)](#), [Konwea and Ogunsile \(2018\)](#), and [Tsohou and Holtkamp \(2018\)](#).
- (e) **The Influence of Compliance Management on Organizational Performance** Compliance man-

agement positively significantly impacted organizations in this study. The results of this study recommend that if all members of the organization or personnel in the ranks of the Indonesian Ministry of Defense feasibility center, the TNI-AD Airworthiness Service, the TNI-AL Airworthiness Service, and the TNI-AU Airworthiness Service, in their work are able not to waste time while working, carry out work as much as possible at all times, always try to come to work on time regardless of the circumstances or situations, always produce high-quality work in accordance with the main task, are mentally ready to work when they arrive at work, are very careful to follow work procedures and instructions so that there are zero chances of making mistakes, and work with an attractive and appropriate personal appearance in accordance with the provisions as a military feasibility inspector, then organizational performance will automatically be achieved well, because research proves this effect. The results of this study are in line with previous studies conducted by [Busse and Doganer \(2018\)](#), as well as [Hadasch et al. \(2015\)](#), [Muntaha \(2019\)](#), and [Razi \(2017\)](#).

- (f) The Effect of Strategic Planning on Organizational Performance through Compliance Management The results of the sixth hypothesis test show that compliance management mediates the effect of strategic planning on organizational performance, which is positive and significant. Thus, the results of this study are in line with previous studies conducted by [Arifin \(2017\)](#) and [Pangarso and Susanti \(2016\)](#), who concluded that compliance has a significant effect on organizational performance. The results of this test show that in order to achieve and improve organizational performance, the strategic planning carried out by the organization must go through the implementation of compliance management. This study explains that strategic planning cannot directly affect the achievement of organizational performance.
- (g) The Influence of Personnel Competence on Organizational Performance through Compliance Management Compliance management mediates the effect of personnel competence on organizational performance, and the results are positive and significant. This means that it is in line with various previous studies conducted by [Yulia et al. \(2020\)](#), [Supriyanti and Nurhidayati \(2019\)](#), and [Kusmeilia et al. \(2019\)](#), which show that competence has an effect on compliance. Furthermore, other research shows that personnel compliance has a positive and significant influence on organizational performance ([Rohmah & Gilang, 2020](#)); ([Saputra & Heryanto, 2019](#)). These results indicate that personnel competence can positively and significantly influence organizational performance, directly or indirectly mediated by compliance management. This shows that the main factor that can support organizational performance is the competence of the feasibility inspector personnel.

5. Conclusions

5.1 Conclusion

Based on the results of this study, the following general conclusions can be drawn:

- (a) Strategic planning has a positive but insignificant effect on organizational performance. This finding proves that the respondents consider the Strategic Planning variable to make a weak contribution to the achievement of Feasibility Organizational Performance at the Ministry of Defense and the TNI, which is formed by the strategic management process.
- (b) Personnel competence has a positive and significant impact on Organizational Performance. This finding proves that the respondents consider the personnel competency variable to make a strong contribution to organizational performance, so that material feasibility organizations can guarantee defense material safety requirements, military feasibility inspectors are needed who have the competence “Mastery of the use of facilities/tools related to work” in dealing with duties as an inspector of material feasibility in the field.

- (c) Strategic Planning has a positive and significant impact on compliance management. This finding proves that the respondents consider the strategic planning variable to make a strong contribution to compliance management. To implement compliance management, a feasibility organization must have a written strategic plan regarding its long-term goals.
- (d) Personnel competence has a positive and significant impact on compliance management. This finding proves that the higher the knowledge, attitudes, and skills of the personnel in the material feasibility organization, the higher the compliance management.
- (e) Compliance management is proven to have a positive and significant impact on Organizational Performance. This finding proves that the compliance management variable in terms of “Prudence in following work procedures” which is understood and obeyed by all levels in the organization, contributes greatly to the achievement of material feasibility organizational performance.
- (f) Compliance management has a positive and significant mediating function between Strategic Planning and Organizational Performance. This finding proves that the mediating effect of compliance management has a positive and significant effect on the relationship between strategic planning and organizational performance. Thus, to improve the performance of the organization’s feasibility in ensuring the fulfillment of defense material safety, the strategic planning made by the organization must implement compliance management.
- (g) Compliance management has a positive and significant mediating function between Personnel Competence and Organizational Performance. This finding proves that the mediating effect of compliance management has a positive and significant effect on the relationship between personnel competence and the performance of the organization’s feasibility. Thus, improving the performance of the feasibility organization in ensuring the fulfillment of defense material safety can be achieved if the airworthiness personnel carry out compliance management.

5.2 Research Limitations

This research is inseparable from several limitations, especially in terms of time. In addition, this study also has the following limitations:

- (a) The study only discusses two elements of strategic management, namely strategic planning and personnel competence as independent variables on organizational performance, excluding other variables that also greatly affect the feasibility of organizational performance.
- (b) The sample of this research is only material feasibility inspectors from the Ministry of Defense of the Republic of Indonesia, the Indonesian Army, Navy, and Air Force. Therefore, further research with wider involvement is still needed to obtain an overall panorama.

5.3 Suggestions and Directions for Future Research

Future research is expected to explore variables that are directly related to improving the performance of the feasibility organization to ensure the material safety of defense equipment so that the “Zero accident” program can be realized. Suggested variables include:

- (1) Incorporating technology variables as factors that greatly affect organizational feasibility performance (Sagieva & Kotsemir, 2018; Zanjirchi et al., 2019).
- (2) Examining several variables that were not included in this study but are suspected to significantly influence organizational performance, such as value systems (Escofet & Rosanas, 2019), organizational culture (Shahzad et al., 2012), Armanda2020, social innovation processes (Vezina et al., 2019), and strategic management information systems (Ghazmahadi et al., 2020).

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Author Contributions

Conceptualization (S.); study design (S.); data collection (K.); formal analysis (K.); writing — original draft (S.); writing — review & editing (S.); final approval (K.).

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this paper. This research was conducted independently without any financial or commercial relationships that could be construed as a potential conflict of interest.

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