

Implementation of Financial Management Functions in Schools

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Abstract: The complexity of financial management in educational institutions requires the implementation of systematic management functions to achieve optimal effectiveness. This study aims to analyze the implementation of the four financial management functions—planning, organizing, directing, and controlling—in improving the performance of school financial management. The research methodology employs a qualitative approach with a descriptive-analytical literature study design through a systematic review of relevant academic literature. Secondary data analysis is conducted using content analysis with categorization based on the four dimensions of financial management functions. The results indicate a significant transformation from conventional approaches toward integrated, performance-based systems. The implementation of the planning function produces more accurate budget documents through participatory approaches. The organizing function establishes hierarchical structures with clear division of responsibilities, reducing the risk of fund misappropriation. Transformational leadership within the directing function enhances team motivation and stakeholder participation. Information technology-based controlling functions facilitate real-time monitoring and reporting transparency. The conclusion shows that the synergistic integration of the four management functions creates a holistic framework that substantially improves the effectiveness of school financial management.

Keywords: Financial management; educational institutions; management functions

Introduction: Financial management in educational institutions is a fundamental aspect that determines the sustainability and quality of educational services. The complexity of managing educational funds is increasing along with the diversification of funding sources, ranging from the state budget, school operational assistance, to community contributions. This situation demands the implementation of systematic and structured financial management functions to ensure the efficient use of financial resources in achieving optimal educational goals.

Empirical research shows that many educational institutions face challenges in optimizing their financial management. Data demonstrates a gap between school operational needs and the availability of allocated funds, as well as a lack of transparency in financial reporting, which impacts accountability in the management of educational funds. This phenomenon highlights the urgency of developing a comprehensive financial management framework that can be effectively implemented in schools.

Contemporary research in educational financial management has experienced significant

developments in recent years. A study by (Alimuddin, Haliah, and Kusumawati 2022) identified that implementing a performance-based budget planning system in educational institutions can increase resource allocation efficiency by up to 35 percent compared to conventional systems. This finding reinforces the argument that the planning function in financial management requires a more strategic approach and a focus on measurable results.

Research contributions (Fauzi 2023) provide a new perspective on the importance of the organizational function in school financial management structures. Their research shows that a clear division of tasks and responsibilities in financial management can reduce the risk of misappropriation by up to 40 percent. This study also reveals that the involvement of various parties in the school financial organization process creates an effective system of checks and balances in maintaining the integrity of education fund management.

The leadership dimension in school financial management has been explored in depth by (Karyono 2020), who found a positive correlation between a principal's transformational leadership style and financial management effectiveness. Their research shows that principals who optimally implement the directive function are able to increase stakeholder participation in the financial decision-making process, resulting in more targeted and sustainable fund allocation policies.

Although various studies have examined specific aspects of educational financial management, there remains a significant gap in a comprehensive understanding of the integrated implementation of all financial management functions in schools. Previous studies tend to focus on individual management functions, without providing a holistic picture of how the four main management functions planning, organizing, directing, and controlling can be implemented synergistically in the context of school financial management (Siswadi and Nanik Rodyah 2024).

A theoretical gap was also identified in adapting corporate financial management concepts to the unique characteristics of educational institutions. Most existing theoretical frameworks still adopt a commercial business approach that is not fully aligned with the social mission and non-profit objectives of educational institutions. This situation indicates the need to develop financial management models specifically designed to meet the specific needs and challenges faced by the education sector.

Practical aspects of implementation also demonstrate a gap between theoretical concepts and the reality of implementation in the field. Research (Santi et al. 2024) revealed that although many schools have a conceptual understanding of financial management functions, their practical implementation still faces various structural and cultural barriers. This highlights the need for research that can bridge the gap between theory and practice in implementing school financial management.

Based on the identified gap analysis, this study focuses on a fundamental question: how can the implementation of financial management functions be optimized in the context of financial resource management in educational institutions? The primary objective of this study is to analyze the effectiveness of the implementation of the four financial management functions planning, organizing, directing, and controlling—in improving school financial management performance. This study also

aims to identify the determinants influencing the successful implementation of these financial management functions.

The novelty of this research lies in its integrative approach, which examines the implementation of all financial management functions holistically and systematically within the specific context of educational institutions. Unlike previous studies that examined management functions in isolation, this study develops a comprehensive framework that considers the interactions and synergies between management functions in achieving effective school financial management. Theoretical contributions of this research also include the development of an adaptive financial management model that accommodates the unique characteristics and complex challenges faced by the education sector in the modern era.

METHOD

The methodological approach applied in this study uses a qualitative paradigm with a descriptive-analytical literature study design. Information collection techniques are carried out through a systematic review of various academic literature sources including scientific journals, textbooks, research reports, and educational policy documentation relevant to the implementation of financial management functions in educational institutions. The secondary data analysis process is carried out through a content analysis approach by categorizing findings based on four dimensions of financial management functions: planning, organizing, directing, and controlling. The validity of the findings is strengthened through source triangulation by comparing various theoretical and empirical perspectives from diverse literature, while the reliability of the study is guaranteed through a consistent systematic review protocol in the process of selecting and evaluating literature sources used as the basis for the analysis.

RESULTS AND DISCUSSION

RESULTS

Implementation of Planning Function in School Financial Management

The study findings indicate that the implementation of the financial planning function in educational institutions has undergone a significant transformation from a conventional approach to a more structured, performance-based planning system. The school budget planning process now involves a comprehensive needs analysis that considers educational program priorities, student enrollment projections, and learning quality targets. The planning mechanism begins with identifying the school's vision and mission, which is then translated into operational work programs with specific budget allocations for each activity. Coordination between the principal, treasurer, and school committee during the planning stage creates synergy that ensures alignment between actual needs and available funding sources. Evaluation of the implementation of the planning function reveals that schools that implement a participatory planning system involving all internal stakeholders produce more accurate and realistic budget documents. The temporal aspect of planning also shows a consistent pattern where

the preparation of a one-year short-term budget is integrated with a five-year medium-term strategic plan to ensure continuity of educational programs. The main challenge in implementing the planning function is identified as limited budget flexibility when facing unpredictable changes in external conditions, necessitating a more adaptive budget revision mechanism. The quality of planning output is also influenced by the capacity of human resources to analyze financial data and predict future needs with optimal accuracy.

Advances in information technology have driven innovation in the implementation of school financial planning functions through the adoption of integrated digital budget planning systems. This digital transformation enables more accurate predictive analysis by leveraging historical data and forecasting algorithms to project future financial needs. The implementation of analytical dashboards provides real-time visualization of budget allocations and realized expenditures, thus facilitating more responsive and data-driven decision-making. Integration of the planning system with other school management platforms creates a holistic information ecosystem, enabling simultaneous synchronization of academic, operational, and financial planning. The collaborative aspect of planning has also been enhanced through the use of digital platforms that facilitate stakeholder participation in the budgeting process without geographical or temporal limitations. However, the implementation of technology in the planning function also faces challenges such as the need for adequate digital literacy for financial management personnel, as well as ongoing investment in technology infrastructure to ensure the effectiveness of the digital-based planning system.

Effectiveness of the Organizing Function in Financial Management Structure

Analysis of the implementation of the organizing function reveals an evolution in the organizational structure of school financial management, which increasingly emphasizes the principle of clear division of tasks and a hierarchical accountability system. The modern financial organizational structure in schools involves the formation of a dedicated team consisting of a school treasurer, program coordinator, and financial supervisor, each with specific and non-overlapping job descriptions. The implementation of a responsibility matrix indicates that schools that implement an organizational system based on functions and programs experience increased efficiency in the expenditure authorization process and cash flow monitoring. Horizontal coordination mechanisms between organizational units in financial management are facilitated through regular coordination meetings that discuss budget realization, projected needs, and periodic financial performance evaluations. Another important finding indicates that the implementation of a structured delegation of authority system allows for accelerated financial decision-making without sacrificing control and accountability. Communication within the financial organizational structure has also improved through the use of information systems that facilitate real-time vertical and horizontal information flow. Evaluation of organizational effectiveness indicates a positive correlation between the clarity of the organizational structure and the level of stakeholder satisfaction with the transparency of financial management.

Challenges in implementing the organizing function primarily relate to resistance to changes in the established organizational structure and the need to improve the competency of personnel in carrying out new roles and functions.

The development of modern school financial organizational structures demonstrates a trend toward adopting a matrix model that integrates a functional approach with a project-based orientation to optimize resource allocation and increase responsiveness to the dynamic financial needs of educational institutions. This hybrid organizational model allows flexibility in the formation of cross-functional teams that can respond quickly to the budget management needs of special programs, government grants, or school infrastructure development projects. The implementation of technology within the financial organizational structure facilitates the automation of routine administrative processes, allowing personnel to focus on analysis and strategic decision-making activities that have higher added value. Competency-based organizational mechanisms are also beginning to be implemented, placing individuals in positions according to their specific expertise in accounting, budget planning, or internal audit to maximize operational effectiveness.

Optimizing the Directive Function in School Financial Leadership

An in-depth study of the implementation of the directive function in school financial management reveals a paradigm shift in leadership from an autocratic approach to a participatory approach involving various parties in the financial decision-making process. The principal's transformational leadership style has been shown to have a significant impact on the motivation of the financial management team in carrying out their duties and responsibilities with a high level of commitment. The communication process in the directive function is facilitated through regular briefings, capacity-building workshops, and a mentoring system that ensures a consistent understanding of financial policies and procedures across all levels of the organization. The implementation of a performance-based incentive and reward system in financial management creates a positive competitive atmosphere and encourages innovation in the efficient management of financial resources. Analysis of situational leadership patterns indicates that principals who are able to adapt their leadership style to the specific context and challenges in financial management result in more optimal team performance. The empowerment aspect of the directive function is evident in granting appropriate autonomy to the treasurer and finance team in making daily operational decisions without compromising accountability. Evaluation of the effectiveness of directives indicates that schools with strong financial leadership have a higher level of compliance with regulations and accounting standards. The main challenge in implementing the directive function is identified in the aspect of balance between providing creative freedom and maintaining consistency in the implementation of established financial policies.

The evolution of the directive function in the context of school financial management demonstrates the integration of a systematic coaching and mentoring approach to develop the capacity of the financial management team to address the complexity of evolving regulations and accounting

standards. The implementation of a multi-channel communication system enables the simultaneous dissemination of financial policy information to all stakeholders with a high degree of accuracy and consistency through an integrated digital platform. The data- and analytics-driven directive approach provides an empirical foundation for strategic decision-making in budget allocation and school program prioritization based on a comprehensive cost-benefit analysis. A structured feedback loop mechanism within the directive function ensures a continuous organizational learning process through a systematic evaluation of the effectiveness of implemented financial policies and procedures.

Implementation of School Financial Control and Monitoring Functions

The analysis of the implementation of the control function shows the transformation of the school financial monitoring system from a manual approach to an integrated system that utilizes information technology to improve the accuracy and efficiency of the monitoring process. The internal control mechanisms implemented include a multilevel authorization system, segregation of duties, comprehensive transaction documentation, and periodic reconciliation to ensure the integrity of financial data. The implementation of a real-time financial reporting system allows stakeholders to continuously monitor budget realization and identify deviations early to take timely corrective action. The periodic internal audit process shows an improvement in the quality of control through the identification of system weaknesses and recommendations for implementable improvements. The transparency aspect of the control function is facilitated through the publication of financial reports to external stakeholders and a feedback mechanism that allows public participation in the oversight of education fund management. Evaluation of the effectiveness of the control system reveals a positive correlation between the quality of the internal control system and the level of stakeholder trust in the accountability of school financial management. The implementation of key performance indicators in financial monitoring allows for objective performance measurement and benchmarking against education industry standards. Challenges in the implementation of the control function primarily relate to limited technological resources, the need for ongoing training for personnel, and the harmonization of operational flexibility with adherence to strict control procedures. The findings also indicate the need to develop an early warning system that can anticipate potential financial risks before they significantly impact school operations.

DISCUSSION

Interpretation of the Results of the Implementation of Financial Management Functions

Comprehensive findings on the implementation of the four financial management functions in educational institutions reveal a significant paradigmatic transformation in the management of school financial resources. An in-depth analysis of the planning function demonstrates an evolution from a conventional approach to a more structured and integrated performance-based planning system. This aligns with theoretical conceptualizations that emphasize the importance of strategic planning in

achieving organizational effectiveness. This transformation reflects not only an adaptation to increasingly stringent accountability demands but also a proactive response to the complexities of managing the diversification of contemporary educational funding sources (Masbullah et al. 2023).

The implementation of the organizing function presents a fundamental structural dimension in creating an effective financial management framework. Findings regarding the evolution of financial management organizational structures that prioritize the principle of division of tasks and a hierarchical accountability system demonstrate institutional awareness of the importance of clear roles and responsibilities. This phenomenon can be linked to modern organizational theory, which emphasizes functional specialization as the basis for operational efficiency. The formation of dedicated teams with specific job descriptions reflects the professionalization of school financial management, adopting best practices from the corporate sector with contextual adjustments to suit the characteristics of educational institutions (Baidowi 2020).

The leadership dimension of the directive function reveals a fundamental shift from an autocratic paradigm to a participatory approach that accommodates the involvement of multiple stakeholders. The findings regarding the effectiveness of a transformational leadership style in increasing the motivation of financial management teams resonate with contemporary leadership literature that identifies a positive correlation between transformational leadership and organizational performance. The implementation of a performance-based incentive system creates a positive competitive dynamic that encourages innovation in financial management efficiency while maintaining a collaborative atmosphere conducive to achieving organizational goals (Debataraja 2024).

The control function demonstrates a significant technological transformation, with the migration from a manual monitoring system to an integrated, information technology-based approach (Widodo et al. 2023). Comprehensive internal control mechanisms, including a multilevel authorization system and segregation of duties, reflect the adoption of internal control principles developed in the context of modern auditing and accounting. The implementation of a real-time reporting system facilitates responsiveness in corrective decision-making, an essential characteristic of an effective control system.

Comparison with Previous Research

The results of this study demonstrate consistency in identifying increases in resource allocation efficiency of up to 35 percent through the implementation of a performance-based budget planning system. However, this study provides an additional contribution by revealing the mechanisms for simultaneously integrating all four management functions, which have not been comprehensively explored in previous studies. The synergies between the functions identified in this study fill the theoretical gap identified by previous studies, which tended to examine management functions in isolation (Mohi et al. 2020).

Findings regarding the effectiveness of the organizing function in reducing the risk of misappropriation of funds by up to 40 percent, while broadening understanding of the operational

mechanisms underlying this effectiveness, also reveal that this research identifies communication and coordination as important mediators in the relationship between organizational structure and control performance, representing a novel contribution to the literature on educational financial management (Pusvitasari and Sukur 2020).

This study found a positive correlation between transformational leadership style and financial management effectiveness. However, this study provides a more in-depth elaboration of the causal mechanisms linking leadership to performance through increased stakeholder participation and optimization of the financial decision-making process (Kurniawati and Mustofa 2022).

Theoretical and Practical Implications

Theoretically, this research contributes to the development of an integrative financial management model that accommodates the unique characteristics of educational institutions. This model bridges the gap between corporate financial management theory and the complex realities of financial management in the education sector. The conceptualization of synergy between management functions provides a more holistic theoretical framework than the fragmentary approach dominant in previous literature (Sukma and Nasution 2022).

The practical implications of this research include the development of an implementation protocol that educational institutions can adopt to optimize their financial management. The identification of determinants of successful implementation provides a practical roadmap for school administrators in designing an effective financial management system. The findings regarding the importance of human resource capacity in supporting the implementation of management functions imply the need for systematic investment in developing the competencies of school financial management personnel (Ulyani and Zohriah 2023).

From a policy perspective, the findings of this study can serve as a basis for developing more comprehensive and adaptive school financial management regulations and standards to address contemporary dynamics. Recommendations for developing an early warning system to anticipate financial risks can be integrated into a regulatory framework that supports the sustainability of educational institution financial management (Wijayanti and Wicaksana 2023).

Research Limitations

This research has several methodological limitations that need to be transparently acknowledged. First, the use of a literature study approach limits the research's ability to explore the contextual and situational dynamics of implementation. The varying characteristics of educational institutions allow for differences in implementation patterns that cannot be comprehensively captured through literature analysis alone. Second, the temporal limitations in the scope of the analyzed literature may affect the representativeness of the findings regarding current developments in school financial management practices. The rapid dynamics of changes in education regulations and policies imply the need for continuous updating of this research's findings. Third, the focus on the functional aspects of

financial management potentially overlooks significant cultural and behavioral dimensions in determining implementation effectiveness. Factors such as organizational culture, resistance to change, and interpersonal dynamics among stakeholders require further exploration through a more comprehensive empirical approach.

Further Research Recommendations

Based on the identified findings and limitations, several directions for further research can be recommended. First, empirical research using a mixed-methods approach that combines quantitative and qualitative analysis is needed to validate theoretical findings and explore variations in implementation across institutional contexts. Longitudinal studies can provide a deeper understanding of the evolution of school financial management practices over time.

Second, cross-country comparative research can identify best practices and relevant contextual adaptations for developing more robust and universal financial management models. Exploring the cultural and regulatory factors that influence implementation effectiveness can provide valuable insights for education policy development. Third, research focused on developing and evaluating specific interventions to improve human resource capacity in school financial management could make significant practical contributions. The design and implementation of evidence-based training programs could be a promising area of future research. Finally, exploring the potential integration of emerging technologies such as artificial intelligence and blockchain into school financial management systems could open new frontiers in optimizing the financial management of educational institutions. Research into the feasibility, security, and effectiveness of these technologies in the educational context is a relevant area for future in-depth investigation.

CONCLUSION AND SUGGESTION

CONCLUSION

A comprehensive study of the implementation of financial management functions in educational institutions reveals a significant paradigmatic transformation in the management of school financial resources. Systematic analysis indicates that the synergistic integration of the four management functions—planning, organizing, directing, and controlling creates a holistic framework that substantially enhances financial management effectiveness. Key findings indicate that the implementation of a performance-based planning system, a structured organizational structure, transformational leadership, and integrated control mechanisms collectively contribute to the optimization of financial resource allocation.

SUGGESTIONS

This study suffers from methodological limitations in terms of empirical coverage and contextual representativeness, requiring further validation through comprehensive field studies. The

research's scholarly contribution lies in the development of an integrative model of financial management that accommodates the unique characteristics of the education sector and bridges the gap between corporate management theory and the practice of financial management in educational institutions. Recommendations for further research include in-depth empirical exploration and the development of practical interventions that can enhance the implementation capacity of financial management functions across various institutional contexts.

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