



Financing for Accountability: A Multi-Site Analysis of Islamic Governance-Driven Budget Practices in Private Islamic Higher Education Institutions

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ABSTRACT

This study investigates how educational financing practices influence managerial accountability in Private Islamic Higher Education Institutions (PIHEI). Although financing and accountability have been widely discussed in higher education, limited research has explored how financing systems specifically shape accountability within PIHEI, particularly in relation to Islamic governance values. This study addresses this gap by analyzing the extent to which financing sources, allocation patterns, and evaluation mechanisms contribute to strengthening managerial accountability. A qualitative multi-site case study was conducted across 30 PIHEI involving 123 informants. Data were collected through questionnaires and semi-structured interviews, and analyzed using descriptive techniques and thematic analysis to identify patterns in financing practices and accountability processes. The findings indicate that, first, PIHEI remains highly dependent on student tuition fees, while access to government and community funding is limited due to administrative barriers and accreditation requirements. Second, budget allocation is concentrated on basic operational needs, with insufficient support for research, community service, and institutional development. Third, financing evaluations related to adequacy, efficiency, equity, and cost effectiveness are not consistently implemented, weakening accountability mechanisms. These findings highlight the need for financing diversification, improved reporting systems, and stronger alignment with Islamic governance principles. The study concludes by recommending performance-based funding support and institutional capacity building to enhance financial sustainability and managerial accountability in PIHEI.

ABSTRAK

Penelitian ini mengkaji bagaimana praktik pembiayaan pendidikan memengaruhi akuntabilitas manajerial pada Perguruan Tinggi Keagamaan Islam Swasta (PTKIS). Meskipun isu pembiayaan dan akuntabilitas telah banyak dibahas dalam konteks pendidikan tinggi, masih sedikit penelitian yang menelaah bagaimana sistem pembiayaan secara spesifik membentuk akuntabilitas di PTKIS, terutama terkait penerapan nilai-nilai tata kelola Islam. Studi ini mengisi kesenjangan tersebut dengan menganalisis sejauh

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mana sumber pembiayaan, pola alokasi anggaran, dan mekanisme evaluasi berkontribusi dalam memperkuat akuntabilitas manajerial. Penelitian ini menggunakan pendekatan kualitatif dengan desain studi multi-lokasi pada 30 PTKIS dan melibatkan 123 informan. Data dikumpulkan melalui kuesioner dan wawancara semi-terstruktur, kemudian dianalisis menggunakan teknik deskriptif dan analisis tematik untuk mengidentifikasi pola dalam praktik pembiayaan dan proses akuntabilitas. Hasil penelitian menunjukkan tiga temuan utama. Pertama, PTKIS masih sangat bergantung pada biaya kuliah mahasiswa, sementara akses terhadap pendanaan pemerintah dan masyarakat terbatas akibat hambatan administratif dan persyaratan akreditasi. Kedua, alokasi anggaran lebih banyak difokuskan pada kebutuhan operasional dasar, dengan dukungan yang minim untuk penelitian, pengabdian kepada masyarakat, dan pengembangan kelembagaan. Ketiga, evaluasi pembiayaan terkait kecukupan, efisiensi, pemerataan, dan efektivitas biaya belum diterapkan secara konsisten sehingga melemahkan mekanisme akuntabilitas.

Introduction

Private Islamic Higher Education Institutions (PIHEI) play a strategic role in expanding access to higher education grounded in Islamic values at the global and national levels. The sustainability and quality of educational services in higher education are strongly influenced by the effectiveness, efficiency, and accountability of financing systems. Prior studies highlight that transparent financial governance based on Islamic principles (Salsabila, 2025), autonomy in budget management (Nurdiyanti, 2024), and alignment between financial planning and institutional vision (Zikrawahyu, 2024) contribute significantly to improving educational quality. Salsabila (2025) argues that financial governance grounded in Islamic principles enhances transparency and strengthens institutional credibility. Her work positions Islamic governance values as a normative foundation for accountability. In contrast, Nurdiyanti (2024) emphasizes managerial autonomy as a driver of accountability, suggesting that decentralized budget authority enables more responsive and efficient financial decision-making. These perspectives differ in their conceptualization of accountability: one rooted in ethical and religious values, the other in organizational structure and managerial discretion.

The application of Good University Governance further strengthens institutional accountability (Puspitowati, 2024), while efficiency and diversification of funding sources are essential for long-term sustainability (Hidayat, Rismawati, & Fadilatul, 2025). Puspitowati frames accountability as a product of formal governance mechanisms such as transparency, participation, and rule compliance. Meanwhile, Riyanti and Mulyawan (2024) argue that systematic financing evaluations based on the CIPP model are essential for improving accountability, pointing to the importance of evidence-based decision-making. Their work contrasts with Liu (2021), who critiques the dominance of New Public Management approaches that prioritize measurable indicators while neglecting the broader mission of higher education.

Empirical conditions in PIHEI show persistent structural and functional challenges. Survey data indicate that most PIHEI remain heavily dependent on student tuition fees as their primary funding source, with limited contributions from government and community support, reported at only 16 percent and 18 percent, respectively. This lack of diversification reduces institutional resilience and financial flexibility (Nurhasanah, 2017; Johnstone, 2019). Budget allocation also tends to prioritize basic operational needs such as teaching and curriculum, while strategic areas, including research, community service, laboratory development, learning technology, and faculty capacity building,

receive disproportionately low funding. For example, scientific publications and laboratory procurement receive less than 30 percent consistent allocation (Fadda, 2022). These patterns indicate weak implementation of allocative efficiency and limited support for strategic institutional development (Lee & Johnson, 2021; Wang & Ma, 2023).

Furthermore, financing evaluation mechanisms, which should serve as a foundation for managerial accountability, are not consistently implemented. Only 22 percent of PIHEI regularly assess resource adequacy and cost effectiveness, despite evidence that systematic financing evaluations based on the CIPP model are essential for improving learning quality and managerial accountability (Riyanti & Mulyawan, 2024). Within the broader New Public Management framework, higher education institutions are encouraged to adopt entrepreneurial governance and external performance evaluations, yet these mechanisms often fail to capture the complexity of institutional missions (Liu, 2021). Ineffective budget allocation has also been shown to hinder institutional performance globally (Daniel & Leonardo, 2020; Grigoli, 2014).

Despite extensive discussions on financial governance, three gaps remain evident. First, existing studies rarely examine how financing practices directly shape managerial accountability in PIHEI. Second, the integration of Islamic governance values into financial decision-making is acknowledged conceptually but has not been empirically linked to accountability mechanisms. Third, the unique structural constraints faced by PIHEI, including accreditation barriers and limited access to external funding, have not been systematically analyzed in relation to their impact on accountability. These gaps underscore the need for a study that empirically investigates how educational financing practices influence managerial accountability within the specific institutions.

This study aims to address these gaps by analyzing the role of educational financing practices in strengthening managerial accountability in PIHEI. The research focuses on financing sources, allocation patterns, and evaluation mechanisms, and examines how these elements contribute to transparency, efficiency, and participatory decision-making within institutional governance.

This study contributes to offering an integrated analysis that connects financing practices with managerial accountability through the lens of Islamic governance values, an area that remains underexplored in existing literature. The study provides empirical evidence from multi-site qualitative data, demonstrating how financing structures directly shape accountability mechanisms in PIHEI. Practically, the findings offer policy-relevant insights for designing performance-based funding schemes, strengthening institutional capacity, and promoting more sustainable and accountable financial governance in Islamic higher education.

Method

This study employed a qualitative multi-site case study design to explore how educational financing practices shape managerial accountability in Private Islamic Higher Education Institutions (PIHEI). The multi-site approach, as described by Yin (2018), was selected because it enables an in-depth understanding of complex institutional phenomena across varied contexts, which is essential for answering the research question concerning the relationship between financing systems and accountability mechanisms. A qualitative approach was appropriate because the study sought to capture subjective experiences, institutional practices, and contextual nuances that cannot be adequately represented through quantitative measures alone. As noted by Moleong (2021), qualitative inquiry allows researchers to interpret meanings embedded in participants' perspectives, making it suitable for examining governance, financial decision-making, and managerial processes within PIHEI.

The population of this study consisted of all PIHEI registered under the Coordinator of Private Islamic Higher Education Institutions (CPIHEI) Region I Jakarta, totaling 60 institutions. A multi-stage sampling strategy was applied to ensure proportional representation and relevance. In the first stage, stratified random sampling was used to select 30 institutions based on characteristics such as managerial capacity and financing systems, ensuring that institutions with diverse profiles were included. In the second stage, purposive sampling was used to select 123 individual informants from these institutions, including institutional leaders, heads of finance units, lecturers, administrative staff, and students. Inclusion criteria required participants to hold strategic roles or possess direct experience with financing and accountability processes, while individuals without relevant knowledge or involvement in financial governance were excluded. Data were collected using two complementary techniques: questionnaires designed with validated indicators and semi-structured interviews that allowed deeper exploration of participants' experiences and perceptions. The questionnaire items can be seen in Appendix 1.

Data analysis followed a systematic, multi-step process to ensure credibility and analytical rigor. Questionnaire data were analyzed descriptively to identify response patterns and contextual tendencies related to financing sources, allocation practices, and accountability indicators. These descriptive findings served as supporting data rather than statistical generalizations. Interview data were analyzed using thematic analysis, beginning with data familiarization, followed by coding of meaningful units related to financing practices and managerial accountability. Codes were then grouped into broader themes that reflected recurring patterns across institutions. Triangulation was applied at two levels. Method triangulation compared findings from questionnaires and interviews, while data triangulation compared information across different categories of informants. Following Patton (2015), triangulation strengthened the credibility and trustworthiness of the findings by ensuring that interpretations were supported by multiple data sources. This analytical process enabled the study to generate a comprehensive understanding of how financing structures influence accountability mechanisms within PIHEI.

Results and Discussion

Results

a. Educational Financing Practices

Educational financing practices refer to three leading indicators of educational financing instruments, namely: 1) Sources of financing; 2) Allocation and use of funds; and 3) Assessment of financing (adequacy, efficiency, equity, cost-effectiveness).

The results of in-depth interviews accompanied by documentation and a recap of responses from 123 informants at 30 Private Islamic Higher Education Institutions (PIHEI) indicate that the financing of education at Private Islamic Higher Education Institutions (PIHEI) still heavily relies on the primary source from students through tuition payments. About 50% of informants stated that tuition fees are a consistently received funding source. Meanwhile, 84% indicated that they rarely or never receive such assistance. This finding reflects the existence of administrative barriers and limitations in institutional capacity to meet the requirements for receiving assistance, such as minimum accreditation and comprehensive financial accountability reports.

Table 1. The Finding

No	Statement Items	The Answer											
		SL		SR		KD		PR		TP		TOTAL	
		Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Total	%
1	The source of revenue for PIHEI comes from student tuition fees.	62	50	31	25	28	23	1	1	1	1	123	100
2	One source of revenue for PIHEI comes from the government	20	16	31	25	38	31	14	12	20	16	123	100
3	Another source that PIHEI may receive is funding from the community.	22	18	29	24	36	29	16	13	20	16	123	100

The analysis of Table 1 above indicates that Private Islamic Higher Education Institutions (PIHEI) remain structurally dependent on student tuition fees as their primary and most stable source of income. Several informants described tuition fees as “the only predictable source of funding” that sustains day-to-day institutional operations. One senior administrator noted that tuition payments are “received regularly every semester and become the backbone of operational financing,” underscoring their centrality in institutional survival. This reliance reflects not only financial necessity but also limited alternatives for sustainable revenue generation.

Despite the availability of external funding schemes, most informants reported minimal access to government subsidies or institutional assistance. Approximately 84% of participants stated that they “rarely or never receive external financial support,” indicating a significant gap between policy availability and institutional accessibility. One informant emphasized that “most funding programs exist only at the policy level but are difficult to access in practice,” highlighting the disconnect between regulatory frameworks and institutional realities.

Administrative complexity emerged as a dominant barrier to accessing external funding. Informants frequently referred to “overly complicated administrative requirements” and “heavy reporting obligations” as key deterrents. As one financial manager explained, “We are often discouraged before applying because the documentation and reporting demands exceed our current capacity.” This suggests that administrative burdens disproportionately affect institutions with limited human and technical resources.

Accreditation status further exacerbates these challenges. Several informants acknowledged that “many funding schemes require minimum accreditation levels that we have not yet achieved,” effectively excluding PIHEI at the initial screening stage. One rector candidly stated that “we need funding to improve quality, but we are required to be high-quality before we can receive funding.” This paradox reflects a systemic barrier that reinforces financial inequality among higher education institutions.

In addition, weaknesses in financial accountability systems were repeatedly mentioned. Informants admitted that financial reporting mechanisms remain “fragmented” and “not yet fully standardized,” reducing institutional credibility in competitive funding environments. As one administrator noted, “transparency is demanded, but the system to support it is still developing.”

Several leaders of PIHEI highlighted that the complex application procedures and competition among institutions pose a challenge in accessing government funds, especially for developing institutions. This dependency reflects the weak diversification of educational funding sources. These findings align with research by Ayusla, R. S., Wibowo, A., & Prasetyo (2024), which emphasizes that the costs of higher education through UKT in many universities are still not equitable and suppress access to education for students from disadvantaged backgrounds, ultimately disrupting the financial sustainability of private higher education institutions. This research underscores the need for policy interventions for equitable financing and subsidized assistance from the state to create the sustainability of higher education institutions.

In-depth interviews with leaders and financial managers at 30 Private Islamic Higher Education Institutions (PIHEI) in the Kopertais I Jakarta region revealed that access to funding sources from the government is still minimal. Only a small portion of institutions regularly receive grant assistance or Operational Assistance for Private Higher Education (OAPHE), with about 16% of informants stating their institution receives such aid. The majority of informants indicated that their institutions do not meet the administrative requirements or do not have adequate institutional accreditation, thus automatically eliminating them from the opportunity to receive funding. Some leaders stated that the application process for assistance is very complex and requires detailed reporting, which is difficult for institutions with limited managerial capacity and human resources to fulfill.

This finding reinforces the research results of Marliyah and Budi dharma (2025), which states that the distribution of government funding for private universities in Indonesia is carried out selectively based on accreditation and institutional performance. Institutions with low accreditation and an unstable management system tend to fall behind in the competition for government funds. This finding is also consistent with an international study by Berg, L. N., Pinheiro et al (2019), which concluded that global public financing in the higher education sector is increasingly directed towards a competitive approach, where institutions must demonstrate high performance and accountability to access public funds. In the context of PIHEI, this creates disparities among institutions, where established institutions tend to benefit more, while weaker ones fall further behind.

Furthermore, from the perspective of alternative funding, such as public donations, corporate social responsibility (CSR), or alumni contributions, it was also found not to have a significant impact. Based on interviews with all respondents, it was found that only 18% of respondents indicated that their institution received donations from the public or alumni. Informants revealed weak relationships between PIHEI and the outside community, including alumni, industry partners, and community leaders. Many alumni do not feel an emotional or institutional connection with their alma mater. Some lecturers and leaders admitted that there has not yet been a structured communication strategy and alumni engagement program to encourage long-term financial contributions.

This situation reflects what Bray (1996) Has conveyed that developing institutional relationships with the community is an important element in building alternative funding sources. In addition, the findings of H. Liu and Li (2025) Reinforce the importance of alumni perceptions of the campus organizational environment in influencing their willingness to donate. They concluded that alum perceptions of campus governance and

emotional relationships play a crucial role in the decision to give. On the other hand, Faria et al (2018) Highlight a snowball effect, where increased alum participation in donations positively impacts the institution's reputation, attracting more donors. Unfortunately, most PTAs that are the subjects of this research do not yet have a fundraising unit or a planned public communication strategy, so the great potential of this source has yet to be maximized.

One important aspect of financing management in Private Islamic Higher Education Institutions (PIHEI) is how budget allocation is strategically carried out to support the learning process, institutional strengthening, and the implementation of the tridharma of higher education. In-depth interviews with leaders, lecturers, and educational staff show that the allocation of funds is most consistently provided for curriculum development and the provision of teaching materials. Fifty-nine informants stated that curriculum development is always a budget priority, while 64 others stated it is often prioritized.

On the contrary, allocating funds for the tridharma of higher education, such as scientific publications, community service, and student interest development, has not been a primary concern in most PIHEI. Only 27% of informants indicated that funding for faculty scientific publications and community service is provided. This imbalance suggests that institutional capacity strengthening and social roles are still not systematically allocated. This finding is supported by Priyono (2018) Research states that many higher education institutions in Indonesia face challenges in implementing the principles of transparency and accountability in budgeting, particularly in long-term non-operational programs.

Furthermore, Handayani et al. (2023) Explain that the financial sustainability of private universities is highly influenced by revenue diversification and is not solely dependent on student tuition fees. Their study found that institutions with a broader funding distribution, including donations, endowments, and commercial funding, tend to be better able to allocate budgets for resource development and the tridharma of higher education. Therefore, the results of this study emphasize the importance of strategic financial planning that is responsive to routine needs and proactive in building long-term institutional capacity.

Looking at the aspect of funding assessment, the adequacy of funds has not been fully met, as PIHEI relies too much on one dominant source. The efficiency of fund usage also appears not optimal, especially in non-academic areas such as student interests and talents and faculty training. Research Ningrum (2020) Reveals that information openness and transparency in student program budgets can enhance the efficiency of fund usage and strengthen the trust of the academic community towards the institution.

Furthermore, in terms of equity, the disparity in access to government funds and learning facilities shows that not all private Islamic tertiary education institutions (PIHEI) are at the same level of readiness. This reflects the importance of fairer funding redistribution policies and the need to enhance managerial capacity so that smaller PIHEIs can compete and grow. From a cost-effectiveness perspective, allocating funds towards the curriculum and teaching materials is appropriate. However, long-term effectiveness would be improved if supported by strengthening research, community service, and human resource development.

Overall, the findings of this research support previous studies indicating that financial management in higher education, particularly in Islamic private higher education institutions (PIHEI), still requires systemic reforms that touch on aspects of source diversification, efficiency of use, and equity in distribution. Integration of policies, strengthening financial governance, and enhancing external relations with the

community are strategic steps in building the sustainability of higher education institutions based on Islamic values and strong managerial accountability.

b. Managerial Accountability

Managerial accountability relates to three leading indicators: 1) Transparency; 2) Efficiency and effectiveness; 3) Participation. The institution's commitment to providing a structured strategic plan reflects the application of transparency principles in managing Private Islamic Higher Education Institutions (PIHEI). Based on interview results and data recapitulation, 68% of informants stated that their institution has a clear Strategic Plan (Renstra), serving as evidence of an organized policy direction in achieving institutional vision and mission. This transparency is evident not only in planning documents and the institution's efforts to provide stakeholders with access to information, but also in other areas. Only 37% of informants stated that all parties can easily and openly access institutional information. This condition reflects an initial initiative towards the principle of openness, but it has not yet been fully implemented comprehensively.

This aligns with the views of Paramitha, M., Agustia, D., & Soewarno (2017), who emphasize that information openness in the education sector is essential in building public trust and as a basis for data-driven decision making. In this context, implementing modern and integrative information systems becomes crucial, as Sutanto (2021) Underscored, who stated that digital-based strategic planning can enhance the efficiency and accountability of educational institution governance.

Furthermore, institutional transparency is also reflected in the programs' reporting and evaluation process within the PIHEI environment. Most informants (63%) stated that all work units must prepare accountability reports for their programs. In comparison, 44% mentioned that the results of program evaluations are communicated openly to stakeholders. From the field findings, interviews with PIHEI leaders indicated that this reporting is conducted periodically, although it is not fully integrated with a digital-based financial information system. These results strengthen Mildawati's (2019) Findings, which state that accountability in budgeting in higher education greatly depends on the integration between information systems and consistent reporting. Mafturrahman (2024) Also adds that openness of information to the public can enhance community participation while strengthening legitimacy and trust in educational institutions. In this context, transparency practices in PIHEI are still at the stage of strengthening organizational culture and developing an information infrastructure that supports accountable and inclusive governance.

However, there is still room for improvement. This research data shows that only 26% of informants stated that PIHEI policies are always communicated promptly and accurately. In contrast, the majority stated 'sometimes' or 'ever,' and that evaluations of cost-effectiveness and resource adequacy have not become routine practices. This finding is supported by Tjoetra (2018), who stated that 'many universities have not maximally implemented the principle of information openness due to weak awareness and the absence of a strong supporting system at the institutional level.' In the aspect of program evaluation, Martins and Toletina (2024) state that 'although routine evaluations have been conducted, the assessment of cost-effectiveness and resource adequacy has not been a primary concern,' supporting data that indicate that cost evaluation practices in PIHEI are still not routine. Faruq (2022) adds that 'various higher education policies have not been evaluated comprehensively due to limited human resources, budgets, and understanding of evaluation standards,' reinforcing that evaluations in PIHEI have not been conducted systematically. Thus, the issues of information openness and weak

evaluations found in this data align with previous empirical findings that highlight institutional and structural challenges in the governance of higher education policies.

The survey results of 123 respondents in the environment of Private Islamic Higher Education Institutions (PIHEI) indicate that efficiency in educational management is still partial. 33% of respondents believe that the cost of education aligns with the work plan, and 42% feel it is consistent with the students' study plan. In comparison, 41% state that resource utilization has been conducted efficiently. This shows that PIHEI has begun to implement the principle of efficiency, but still requires strengthening based on information systems and transparent financial governance. Research by Putri (2024) The IAIN Metro shows that the efficiency of fund management through transparency in financial reporting encourages public accountability and increases internal trust. Additionally, Noviyana (2024) Emphasizes the importance of using information technology to facilitate student data processing to achieve operational efficiency within PIHEI.

On the other hand, the involvement of lecturers and staff in decision-making is still low, with only 29% of informants stating that leadership always involves them in the process. However, this involvement is vital to healthy participatory governance. In their research, Sukirno, D.S. and Siengthai (2011) Found that lecturer participation in decision-making can significantly improve lecturer performance; thus, creating a participatory culture in universities must be supported through collaborative and transparent work patterns among work units. Interestingly, 47% of informants stated that the work relationship patterns between participants and the campus already have a precise mechanism. This indicates that structurally, PIHEI has provided channels for participation, but they have not yet been fully utilized or felt equally by all parties. The research by Muhammad Habib Ilham Kholik & Fadriati Fadriati (2023) Supports this by stating that cross-unit communication and policy socialization are key factors in improving the quality of educational participation.

Furthermore, 41% of informants stated that PIHEI considers the impact of decisions on the community and outside parties, indicating a social awareness in policy making. This sensitivity to the social effects reflects an essential form of institutional accountability in creating sustainable and contextual higher education. Putri, S. S., & Sunarti (2022) Research reinforces these findings by showing that local government support and open communication with the community significantly enhance public involvement in non-formal education. Therefore, PIHEI needs to optimize external collaboration and expand participatory approaches as part of an accountability and sustainability-based governance strategy.

Based on the findings of this study, several typologies of financing and managerial accountability practices can be identified across PIHEI. The first typology consists of institutions with a high dependence on tuition fees, where funding relies almost entirely on student payments and receives minimal or no support from external sources such as government assistance or community donations. Institutions in this category often face significant barriers in accessing grants or BOPTN due to limited administrative capacity and insufficient accreditation status. The second typology includes PIHEI with moderate diversification of funding sources. These institutions have begun to cultivate relationships with alumni and the broader community, although contributions from these groups remain limited. Their alternative funding strategies are not yet fully optimized, and external engagement mechanisms are still weak and unstructured. The third typology represents institutions with strong financial management and high levels of accountability. These PIHEI demonstrate better managerial capacity, draw funding from

multiple sources such as grants, CSR programs, and donations, and maintain transparent financial practices supported by modern information systems.

Overall, the findings reinforce earlier studies indicating that financial management in higher education, particularly within PIHEI, requires systemic reform that addresses diversification of funding sources, efficient utilization of resources, and equitable distribution. However, this study contributes a new insight by revealing a direct relationship between dependence on a single funding source and weak cost evaluation practices. Most institutions lack a structured and systematic mechanism for evaluating costs, with only 26 percent of informants reporting that assessments of resource adequacy and cost effectiveness are conducted routinely and accurately. The absence of systematic evaluation exacerbates institutional dependence on limited funding sources and restricts the ability to allocate resources efficiently. This finding suggests that PIHEIs with high reliance on tuition fees are less likely to implement effective cost evaluations, which in turn reinforces inefficiencies in budget allocation and weakens overall financial governance.

Discussion

The Practice of Educational Financing in Efforts to Improve Managerial Accountability

Based on the research findings on educational financing in Private Islamic Higher Education Institutions (PIHEI), this study supports prior research by Nurhasanah. (2017) and Johnstone (2019), who argue that private higher education institutions in developing countries tend to rely excessively on tuition-based financing due to limited state subsidies and weak alternative funding mechanisms. Similar to their findings, this study confirms that tuition fees are perceived as “the only predictable source of funding,” creating financial vulnerability and limiting institutional flexibility. The empirical data showing that 50% of informants consistently rely on tuition, while 84% rarely or never receive external assistance, reinforces Johnstone’s cost-sharing theory, which highlights the growing burden placed on students when public funding is insufficient.

The findings regarding budget allocation patterns **support and refine** the arguments of Fadda et al. (2022) Concerning outcome-based budgeting. Consistent with their work, this study finds that PIHEI budgets are predominantly allocated to routine operational needs, such as teaching and curriculum development, while strategic areas like research, laboratories, and faculty development receive disproportionately low funding. However, this study contributes new insight by linking this imbalance to **allocative inefficiency**, as conceptualized by Robert D. Lee Jr. and Ronald W. Johnson (2021). The empirical evidence that less than 30% of respondents consistently allocate funds to research and laboratory development illustrates how the failure to align budgeting with institutional strategic goals limits long-term institutional performance.

This finding strengthens the theory of Good Governance, which emphasizes the importance of transparency and accountability in the management of public institutions. In the context of PIHEI, dependence on a single main source of funds (tuition fees) creates challenges in terms of financial management transparency and stakeholder participation. Budget transparency is not only important for the trust of the academic community but also for ensuring that limited funds are used effectively, especially in more strategic aspects such as research and community service. (Hood, 2010; Sutanto, 2021). The findings complement and extend the CIPP-based evaluation framework proposed by Wang and Ma (2023) and Triska Riyanti and Mulyawan (2024).

While prior studies emphasize the importance of systematic evaluation in improving educational quality, this research reveals that evaluation practices in PIHEI remain sporadic and underdeveloped. Only 26% of informants reported routine assessments of

cost-effectiveness and resource adequacy. This study extends the CIPP literature by empirically demonstrating that weak evaluation practices are closely associated with high dependence on a single funding source, suggesting a feedback loop where financial dependency discourages systematic evaluation, which in turn perpetuates inefficient resource allocation. The limited access to government grants, received by only 16% of the informants, underscores the importance of administrative capacity and governance in qualifying for access to public funding sources.

This finding supports the New Public Management (NPM) theory, which expects higher education institutions, including PIHEI, to enhance their managerial capacity and meet high accountability standards in order to access competitive public funding. Furthermore, the reliance on a single source of funding, coupled with weak cost evaluation, highlights the importance of data-driven financial evaluation and planning as part of results-based management within the NPM framework. (Nguyen, T. H., & Le, 2021). In this regard, Principal-Agent theory is also relevant, where the managing party (the agent) must be able to account for the use of funds to the stakeholders (the principal), which in the context of PIHEI are the government, the community, and the academic community. Inability to meet proper transparency and reporting standards can trigger distrust and hinder access to more public funding sources. (M. Berg, L. N., Pinheiro, R., Utomo, P. P., & Nurhayati, 2019). From a governance perspective, the findings partially challenge the assumptions of the New Public Management (NPM) framework as discussed by S. Liu, (2021). NPM promotes efficiency, competition, and performance-based accountability through standardized indicators and external audits. However, this study shows that for PIHEI with limited managerial capacity, such mechanisms may unintentionally reinforce inequality. Competitive funding schemes and strict accountability requirements tend to favor well-established institutions, while weaker PIHEIs are systematically excluded. This challenges the universality of NPM principles and suggests that accountability models must be adapted to institutional contexts, particularly for faith-based and resource-constrained institutions.

Alternative funding sources, such as alumni donations or CSR, have also not had a significant impact. This reflects a gap in institutional relationships with external parties. Consistent with research by Weerts, D. J., & Ronca (2007), developing closer alumni relationships can strengthen institutional legitimacy and create more sustainable alternative funding sources. However, the weakness of this relationship in many Islamic higher education institutions indicates challenges in building external accountability and expanding stakeholder participation in financial management, which should be an important part of the principles of Good Governance.

Additionally, the higher allocation of funds for curriculum and teaching material development reflects PIHEI's awareness of the importance of academic aspects in maintaining educational quality. However, funding for the three pillars of higher education, such as research and community service, is still limited. This indicates that, despite efforts to strengthen the academic aspects, there is still a lack of long-term strategic vision in comprehensively managing resources and integrating institutional capacity with broader social missions. This challenges the theory of Good Governance in the context of higher education, which expects a balance between operational needs and investment in research and community service for long-term sustainability. (OECD, 2020). Less than optimal transparency in fund management at most PIHEI hinders building public trust and strong accountability. Based on Good Governance and Principal-Agent theory, transparency in financial management should not only cover the management of internal funds, but also how the institution communicates with external stakeholders to maintain accountability. Additionally, adopting a more transparent and

integrated financial information system can strengthen management efficiency and provide better access for all parties to monitor the fairer and more targeted use of funds. (Melchor-Ferrer, E., & Buendía-Carrillo, 2014)

The participation of lecturers, educational staff, and other stakeholders in decision-making is still low, indicating a lack of participatory governance in Islamic higher education institutions. Stakeholder participation in planning and decision-making is crucial for building transparent and accountable participatory management. This aligns with Stone's findings that active participation in decision-making improves managerial quality and accountability. This lack of participation can affect coordination between work units, which in turn hinders the ideal implementation of Good Governance principles. (Stone, 2022)

Finally, this study adds a novel contribution to the literature on Islamic higher education management by empirically linking financing systems to managerial accountability grounded in Islamic values. While studies by Salsabila et al., (2025) and Zikrawahyu (2024) Emphasizing transparency, autonomy, and alignment with institutional vision, this research demonstrates that without diversified funding and systematic cost evaluation, these principles are difficult to operationalize. The newly identified relationship between high tuition dependence and weak cost evaluation has not been explicitly addressed in prior studies, positioning this finding as a significant theoretical and practical contribution.

Overall, this study supports existing theories on tuition dependence and funding diversification, extends the literature by uncovering structural and evaluative mechanisms underlying financial inefficiency, and challenges standardized governance models that overlook institutional capacity differences. By situating PIHEI within broader theories of public budgeting, CIPP evaluation, and higher education financing, this research enriches the academic discourse and provides context-sensitive insights for policy and institutional reform.

Conclusion

The findings of this study show that educational financing practices in Private Islamic Higher Education Institutions (PTAIS) remain dominated by a single funding source, namely student tuition fees. This dependence directly weakens managerial accountability by limiting institutional capacity for development, reducing transparency in financial management, and restricting access to government grants and public funding. The study also reveals that the absence of structured cost evaluation mechanisms further exacerbates inefficiencies in resource allocation, indicating that current governance practices have not yet met the standards of professional, transparent, and accountable financial management expected in sustainable higher education.

Despite offering rich qualitative insights, this study has several methodological limitations. The research was conducted only in 30 PIHEI within the Kopertais I Jakarta region, which may not fully represent the diverse conditions of Islamic higher education institutions across Indonesia. The data relied heavily on participants' perceptions, which may be influenced by subjective experiences and institutional contexts, potentially introducing interpretive bias. These limitations affect the generalizability of the findings and suggest caution in applying the results to institutions with different characteristics or operating environments.

The study carries important implications for institutional governance and policy development. The results underscore the need for PTAIS to diversify funding sources, strengthen financial reporting systems, and enhance administrative capacity to meet accreditation and accountability standards. The findings also highlight the relevance of

integrating Islamic governance values into financial decision-making, as these principles can reinforce transparency, efficiency, and ethical stewardship in institutional management. For policymakers, the study provides evidence supporting the development of more inclusive, performance-based funding schemes that can reduce disparities between well-established and resource-limited institutions.

Future research should expand the geographical scope to include PIHEI from different regions in Indonesia to capture broader institutional variations. Studies employing mixed-methods or longitudinal designs may also provide deeper insights into how financing reforms influence accountability over time. Further investigation into the role of alumni engagement, industry partnerships, and digital financial systems could enrich understanding of sustainable financing models for Islamic higher education. Such research would strengthen the theoretical and practical foundations needed to advance accountable and resilient financial governance in PTAIS.

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Questionnaire items

Transparansi (*transparency*)

No	Statement
1	PTAIS has a Renstra (strategic plan) to realize its vision and mission.
2.	PTAIS provides easy access to information to stakeholders
3	PTAIS provides sufficient, accurate and timely information about the policies it takes.
4	PTAIS informs stakeholders about the work programs it will implement.
5	PTAIS provides open information to stakeholders regarding the evaluation of programs it has implemented.
6	Each component in PTAIS in each work unit is required to make an accountability report for the programs it has implemented.
7	PTAIS makes regulations that guarantee stakeholders' rights to obtain information.
8	There is governance that guarantees the realization of the vision, the implementation of the mission, the achievement of goals, the success of the strategies used in a credible, transparent, accountable, responsible and fair manner.

Efisiensi dan Efektivitas (*Efficiency&Effectiveness*)

No	Statement
1	The education costs incurred by PTAIS are in accordance with the previously established work plan.
2.	The tuition fees paid by students per semester are in accordance with the study plan taken by the student.
3	The programs/activities implemented by the unit have specific targets.
4	Existing physical and financial resources are utilized appropriately and efficiently.
5	Learning programs/activities and academic services have clear and definite mechanisms/procedures in accordance with public interests.
6	The education costs incurred by students are in accordance with the competencies expected of PTAIS graduates.
7	The success of PTAIS graduates in the world of work is the success of the learning process provided by higher education.

Partisipasi (*participation*)

No	Statement
1	PTAIS understands the regulations that underlie community participation.
2.	College leaders always involve lecturers and staff in the decision-making process.
3	The community understands the regulations that underlie community participation in PTAIS.
4	The working relationship pattern between participants and the campus clearly has a clear mechanism.
5	PTAIS considers the impact on society and external parties of every decision it makes.

Pembiayaan Pendidikan (*funding*)

No	Statement
1	The source of revenue for PIHEI comes from student tuition fees.
2.	One source of revenue for PIHEI comes from the government
3	Another source that PIHEI may receive is funding from the community.

Spending Allocation

No	Statement
1	PTAIS allocates curriculum development costs for faculties and departments
2.	PTAIS allocates costs for providing teaching materials for lectures
3	PTAIS allocates funds for the development of student interests and talents.
4	PTAIS allocates funds for publication of research results or scientific works by lecturers.
5	PTAIS allocates funds for community service
6	PTAIS allocates funds for the procurement of IT/ICT learning to support PBM.
7	PTAIS allocates funds for the procurement of learning laboratories required by each department.
8	PTAIS allocates book procurement costs for the library
9	PTAIS allocates costs for workshop procurement to develop the competencies of lecturers and staff.
10	PTAIS allocates funds for seminars for both lecturers and students.

Evaluation of Educational Spending

No	Statement
1	PTAIS has criteria that are used to assess the education financing system.
2.	PTAIS carries out an assessment of the adequacy (adequacy) of the availability of resources for educational services.
3	PTAIS conducts cost-effectiveness analysis in design to compare the costs and impacts of two or more alternatives with a specific objective.