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FACTORS AFFECTING THE EFFECTIVENESS OF BUDGET MANAGEMENT OF HIGHER EDUCATIONAL INSTITUTION

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ABSTRACT

The research was a documentary research using qualitative approach that aimed to study the factors affecting budget management of the higher educational institution of College of Allied Health Sciences. The study especially shaded light (a) budget disbursement, (b) budget transfer, and (c) action plans on the budget management. This research relied on the purposive sampling technique and content analysis. Data collection was derived from reports of the budget disbursement, reports of budget transfer and reports of action plan in pursuits of four main strategies of the university namely 1) strategy on university development towards sustainable niche guru, 2) strategy on academic works construction and local wisdom elevation, 3) strategy on establishment of network relationship links to community, and 4) strategy on international recognition. Findings were indicated that budget disbursement that exceeded the budget plan affected the effectiveness of budget management in high level, prior to budget transfer caused by faculty employment expenditures, as well as the delayed evidences of disbursement of the action plans handed to officers, respectively. With this findings, implications were identified that executive directors should determine the policy of working direction through the plans, seek for outsource allocations, generate the effective disbursement standard in order to avoid the budget transfer. This outcomes can contribute to strategy planning for personnel development and the management of action plan.

Keywords— budget management, higher educational institution, the effective disbursement

INTRODUCTION

A budget in term of a financial system is a formal statement of estimated income and expenses based on future plans (<https://en.wikipedia.org/wiki/Budget>, 2019) and company's objectives that follow an organization's policy. A budget is a financial plan for a defined period, In other words, a budget is a document that estimates the revenues and expenses for an upcoming period based on their business goals. The financial budget may also include operation budget (planned sales volumes and revenues, costs and expenses, assets, resource quantities, liabilities and cash flows. Companies, governments, families and other organizations use the financial budget to express strategic plans or activities or events in measurable terms. Furthermore, it presents a company's strategy on the managing of assets, cash flow, income, and expenses. A financial budget is used to illuminate a picture of a company's financial health and present a comprehensive overview of its spending related to the revenues from core operations. (<https://hmhub.me/contact/>, 2019)



Figure 1 Financial Budget

Source: <https://en.wikipedia.org/wiki/Budget> (2019)

In terms of the stability and development of the institute, the financial budget management system is the key to success. The financial budget is a design that guarantees a sustainable organization. Thus, the accurate financial budget and its plan should be reviewed by the Board of the committee in order to make the plan effectively happen. However, some institutes cannot achieve their goals due to inefficient performance. The researcher would also like to find out what the factors affect the budget management that the organization should directly concern.

OBJECTIVE

To study the factors affecting budget management of the higher educational institution of College of Allied Health Sciences.

METHODOLOGY

This study was a documentary research using qualitative approach. Then, to determine with the descriptive research. The study especially shaded light (a) budget disbursement, (b) budget transfer, and (c) action plans on the budget management. This research relied on the purposive sampling technique and content analysis. Data collection was derived from reports of the budget disbursement, reports of budget transfer and reports of action plan in pursuits of four main strategies of the university namely as following of the strategy;

1. The university development towards sustainable niche guru.
2. The academic works construction and local wisdom elevation
3. The establishment of network relationship links to community.
4. The international recognition.

LITERATURE & THEORITICAL REVIEW

This study is to identify the financial budget to establish a picture of a company's financial health and present a comprehensive overview of its spending relative to revenues from the core business. The key topics of this study were as follows: 1) The meaning of analysis of the financial budget, 2) The elements of a financial statement, 3) The key success of financial management, and 4) The performance management.

1. The meaning of analysis of financial budget.

The financial budget is concerned with revenue, financial position, cash flow and change in equity (Antle, Rick, & Garstka, Stanley J, 2002). All topics show the performance of the growth of a company in term of the position in the business as shown in figure 2 (Hiranrasmee, T, Piyawan, P. and Tumanon, W, 2014).

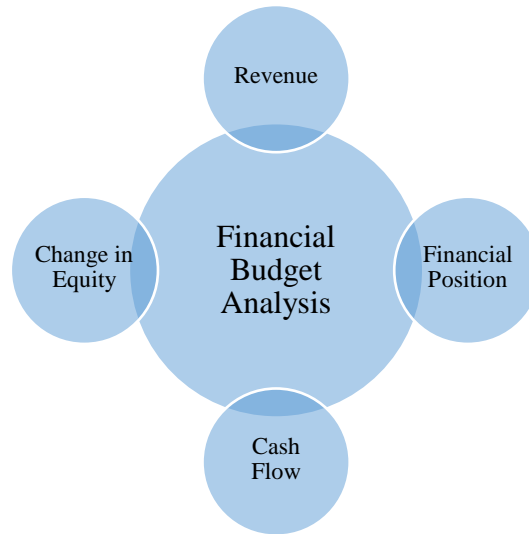


Figure 2 Financial Budget Analysis
Adapted from: Antle, Rick, & Garstka, Stanley J (2002)

2. The elements of financial statement

The financial statement analysis is a management method or process to evaluate risks, performance, financial health, and future prospects of the organization. The financial statements are the key factors that make the managing decision on the business. This process is to evaluate the financial statement of the company in uncertain economic circumstances (King, Thomas E., Lembke, Valdean C., & Smith, John H. J.J, 2001). The elements of the financial statement include the income statement, balance sheet, statement of cash flows, and a statement of changes in equity. ([https://en.wikipedia.org/wiki/ Financial_statement_analysis](https://en.wikipedia.org/wiki/Financial_statement_analysis), 2019) as in figure 2.

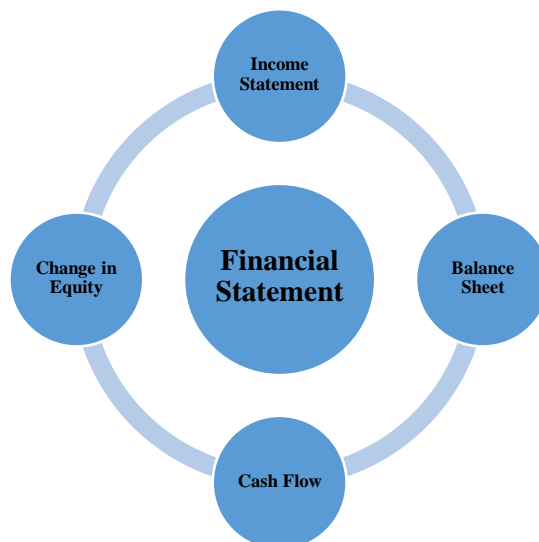


Figure 2 Financial Statement

From: King, Thomas E., Lembke, Valdean C., &Smith, John H. J.J (2001)

3. The key success of financial management

The financial management is at the important process that effectively moves forward a successful organization. Financial management will, directly and indirectly, influence on every aspect and dimension, from managing cash flow and tracking business performance to the developing plans - this is to ensure that business owners can make the most of opportunities (Hiranrasmee, T, Piyawan, P. and Tumanon, W, 2014). Successful growing businesses take a proactive approach to financial management. (The Association of Chartered Certified Accountants, 2016). Thus, the important tasks should be focused on are consisted of 1) Business Planning and 2) Goal achievement as follows.

1. Business Planning – is the key to look at the new opportunities for the business whether for exiting or updating the strategy in order to make choice, to think through possible courses of action and what might happen and to focus on the assumption which makes.

2. Goal achievement: concerns with the long-term goal, objectives, strategy, tactics and financial review.

4. The performance management

Performance management is a process that proved the activity's achievement. It is implied that the organization goals are successful. On the other words, the performance management is focused on the performance of organization, department, employee, and processes in order to build a product or service. Furthermore, the organization has achieved its strategic plan. ([https://en.wikipedia.org/wiki/Action_\(philosophy\)](https://en.wikipedia.org/wiki/Action_(philosophy))). In addition, the performance management in terms of the word "Professional" is an accomplished performance of their activities which leads to the effectiveness of budget management the challenge.

RESULTS

The results from this study about the factors affecting budget management of the higher educational institution of College of Allied Health Sciences. The budget disbursement, the reports of budget transfer and reports of the action plan in pursuits of four main strategies of the university namely strategy on the following;

- 1) The university development towards sustainable niche guru,
- 2) The academic works construction and local wisdom elevation,
- 3) The establishment of network relationship links to community, and
- 4) The international recognition.

Findings were indicated that budget disbursement from the fiscal year 2016-2018. The data showed that exceeded the budget plan affected the effectiveness of budget management in high level. The factors from this study were the budget disbursement, the document of financial expense, budget allocation from different types and curriculum projects. All factors could lead to faculty employment expenditures, as well as the delayed pieces of evidence of disbursement of the action plans handed to officers, respectively.

DISCUSSION AND CONCLUSION

The budget disbursement that exceeded the budget plan affected the effectiveness of budget management in high level, prior to budget transfer caused by faculty employment expenditures, as well as the delayed evidences of disbursement of the action plans handed to officers, respectively. With this findings, implications were identified that executive directors should determine the policy of working direction through the plans, seek for outsource allocations, generate the effective disbursement standard in order to avoid the budget transfer. This outcomes can contribute to strategy planning for personnel development and the management of action plan.

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