Budgeting In Different University Settings: The Case of Indonesia

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DEDICATION

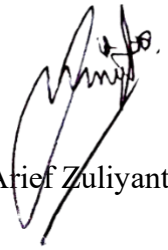
This thesis is dedicated to knowledge — to the endless pursuit of understanding —

and to myself,

for the discipline, patience, and resilience it took to see this journey through.

Declaration

I hereby declare that the research presented in this thesis is entirely my own work, except where due acknowledgement is made and indicated through full references. I further declare that the material contained in this thesis has not previously been submitted for a higher degree at any other university or institution. I affirm that all information in this document has been obtained and presented in accordance with academic conventions and ethical conduct.



Arief Zuliyanto Susilo

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Abstract

This study compares how two types of higher education institutions in Indonesia handle their budgets. Financial autonomy, university governance, and the interests of stakeholders who fund universities play significant roles in university budgeting processes. This study was conducted using a qualitative case study approach within the interpretivist philosophical stance. Data were collected from two universities, namely PTNBH (a public university with autonomous status as PTN-BH) and PRIVATE (a private Islamic higher education institution funded by stakeholders). This study employs Stakeholder Theory and Resource Dependence Theory (RDT) as analytical frameworks to compare how the two very different types of higher education institutions manage their budgetsThe findings highlight that despite increased financial autonomy, public universities remain constrained by government regulations, limiting their flexibility in budget allocations. In contrast, private universities, while financially independent, face sustainability risks due to their reliance on tuition fees and external donors. Stakeholder dynamics play a crucial role, with public universities balancing government policies and student demands, whereas private universities prioritize donor and market influences. Additionally, while cultural diversity shapes institutional identity, it has a limited direct impact on financial decision-making, as economic sustainability remains the primary concern. The study contributes to the literature by demonstrating how higher education institutions navigate resource dependencies and stakeholder pressures in financial planning. The findings provide practical insights for policymakers and university administrators, emphasizing the need for adaptive financial strategies that ensure both institutional sustainability and stakeholder alignment.

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List of Abbreviations

The following glossary provides definitions of key Indonesian terms, abbreviations, and technical concepts used throughout this thesis. Entries are arranged alphabetically. Where a term first appears in the text, its definition is also provided in a footnote.

Term / Abbreviation	Definition
ASEAN	Association of Southeast Asian Nations – a regional intergovernmental organisation comprising ten Southeast Asian countries, promoting economic, political, and cultural cooperation.
BLU	Badan Layanan Umum (Public Service Agency) – a status granted to Indonesian public institutions, including universities, allowing them to manage their own finances with greater flexibility than standard government agencies, while still operating under state ownership.
BPTN-BH	Bantuan Pendanaan PTN-BH (PTN-BH Funding Assistance) – government operational funding provided to autonomous public universities (PTN-BH) as regulated by Government Regulation No. 26 of 2015.
CEO	Chief Executive Officer – the highest-ranking executive in an organisation, responsible for overall strategic direction and decision-making.
CSR	Corporate Social Responsibility – a business model in which companies integrate social and environmental concerns into their operations and interactions with stakeholders.
DTPK	Dosen Tetap dengan Perjanjian Kerja (Permanent Lecturers with Work Agreements) – academic staff employed under renewable contracts at private universities in Indonesia, who are not civil servants.
Gotong royong	An Indonesian cultural concept meaning communal cooperation and mutual assistance. It reflects a collectivist value system in which community members work together for shared goals, often influencing organisational and governance practices.
HEI	Higher Education Institution – any post-secondary educational establishment, including universities, institutes, and colleges.
Halal	An Arabic term meaning 'permissible' under Islamic law. In the context of finance, halal refers to funding sources and financial practices that comply with Islamic principles (e.g., prohibition of interest/riba).
IMF	International Monetary Fund – an international financial institution that provides monetary cooperation, financial stability, and economic growth support to member countries.
Kemendikbud	Kementerian Pendidikan, Kebudayaan, Riset, dan Teknologi – the Indonesian Ministry of Education, Culture, Research, and Technology, responsible for overseeing national education policy, including higher education governance and funding.
Majelis Wali Amanat (MWA)	Board of Trustees – the highest governing body of PTN-BH universities in Indonesia. The MWA oversees financial management, strategic direction, and institutional accountability, and represents the interests of the government and other stakeholders.

Term / Abbreviation	Definition
MNE	Multinational Enterprise – a company that operates in multiple countries, managing production or service delivery beyond its home country.
PTN	Perguruan Tinggi Negeri – State-owned university in Indonesia, operating under the authority of the Ministry of Education.
PTN-BH	Perguruan Tinggi Negeri Badan Hukum – an Indonesian public university with legal entity status, granting it significant financial and managerial autonomy under Law No. 4 of 2014. PTN-BH universities can generate their own revenue and manage their finances independently, while remaining subject to certain government oversight mechanisms.
PTNBH	PTNBH is the research location representing PTN-BH type.
RDT	Resource Dependence Theory – a theoretical framework developed by Pfeffer and Salancik (1978) that explains how organisations manage their dependencies on external resources by developing strategies to reduce uncertainty and maintain operational autonomy.
RKAT	Rencana Kerja dan Anggaran Tahunan (Annual Work Plan and Budget) – the annual budgeting document used by Indonesian universities to plan and allocate financial resources for each academic year.
Waqf	An Islamic endowment – an inalienable religious endowment in Islamic law, typically involving the donation of assets (e.g., land, buildings) for charitable or religious purposes. The income generated from waqf assets is used to support the institution's operations and mission, such as funding education and research at Islamic universities.
Waqf Board	The governing body responsible for managing waqf (Islamic endowment) assets and ensuring their income is utilised in accordance with the institution's Islamic mission and principles. At PRIVATE university, the Waqf Board serves as the highest governance authority.
Yayasan	Charitable foundation – a non-profit legal entity under Indonesian law that establishes and oversees private educational institutions. Private universities in Indonesia are legally and organisationally subordinate to their respective yayasan, which holds authority over key decisions such as the appointment of the university rector.

Chapter 1

Introduction

1.1. Introduction

The Indonesian higher education system is currently at a crossroads following a period of significant changes within the sectors of governance, finance, and academic freedom. Indonesia, with 4,004 of its tertiary institutions catering to the educational needs of 280 million people, offers an education environment of exceptional scale. These conditions create specific challenges which creative financial and governance structures must address. A fundamental change in the Indonesian government's policy for public universities, under the PTN-BH (Perguruan Tinggi Negeri Badan Hukum) system, entails significant changes in the way these institutions operate, compete with one another, and are financed.

The facts above present the basis for examining the budgetary procedures employed in Indonesia's higher education sector, considering the various governance systems utilized by the relevant institutions. The country's varied geography and population demographics have a profound impact on the provision of education in Indonesia, which spans a large area. A crucial factor in the development of the modern university has been its increased financial autonomy over the past century. The trend is one of significant change in the funding models. Economically pressured universities are being compelled to adopt new funding methods. The changes have heightened competition between government schools and private educational institutions, resulting in significant issues with resource allocation and the management of various parties' interests.

This chapter one discusses navigating the challenges faced by higher education institutions in achieving financial viability, academic quality, and fairness in access. This diversity of budgeting practices can be attributed to several variables, including cultural factors,

stakeholder expectations, and institutional diversity. When applying the frameworks of stakeholder and resource dependency theory to analyse the resource allocation and distribution decisions of a higher education institution, the institution's leadership must make choices about where to allocate its resources. This chapter also discusses the development of budgeting practices in Indonesian higher education, establishing its context to facilitate an investigation into how the unique organisational cultures of these institutions, their governance structures, and strategic priorities influence budgeting.

1.2 Background and Context

The Indonesian archipelago, which holds the title of being the world's largest archipelago, faces particular challenges in providing better education to its 280 million citizens who reside across various islands. The large nation needs innovative educational leadership approaches because its diverse terrain forces Indonesian officials to develop educational systems that span across different island regions. The exceptional location of the area has drawn government attention, but it presents a significant problem for central control of higher education institutions (Moeliodihardjo and Basaruddin, 2013).

The government needs help from private higher education institutions that operate with different backgrounds to solve this problem. By 2022, Indonesia had established 4,004 tertiary institutions[1], reflecting a significant expansion of higher education capacity. The government achieved cost reduction in higher education through the significant difference between public and private institutions; however, this approach introduced new problems that affect both educational quality and student equality. The Indonesian government can provide accessible

[1] *Data sourced from DataIndonesia.id (2022), available at: https://dataindonesia.id/pendidikan/detail/ada-4004-perguruan-tinggi-di-indonesia-pada-2022 [16 April 2023]*

higher education to citizens without adding more funds, since private universities must secure their own funding

The Indonesian higher education system has undergone significant changes since public universities were granted autonomous status. To minimize the amount of educational subsidies allocated to universities, the Indonesian government has encouraged public universities to transform into autonomous institutions known as Perguruan Tinggi Negeri Badan Hukum (PTN-BH) through Law No. 4 of 2014. PTNBH became one of the first five universities to receive autonomous status, which made it a key institution for this research. Kerr and Kerr (2001) describe the excellence of being an autonomous university, noting the advantages of greater flexibility in management and financial decision-making. Organizations that obtain autonomy will experience reduced external monitoring, which may reduce some opinion differences; however, it could trigger opportunistic actions from particular groups that would generate governance challenges requiring strategic solutions.

University autonomy has evolved through the interplay of multiple forces, leading to this trend. The Indonesian government has reduced educational funding since the 1990s economic crisis, which negatively affected national economic performance (Amaral et al., 2012). The Indonesian government needs to follow the regulations of the IMF and the World Bank because these organizations offer financial assistance to the country (Koning and Maassen, 2012), which necessitates reforms in higher education financing. Despite these pressures toward autonomy, the government has allocated a permanent education fund of seven trillion rupiahs[2], approximately 350 million pounds, to autonomous public universities (https://puslapdik.kemdikbud.go.id/16-ptn-bh-peroleh-dana-abadi-perguruan-tinggi/).

However, the increase in the number of PTN-BH institutions without a corresponding increase

[2] *Source: Puslapdik Kemdikbud (2022). Available at: https://puslapdik.kemdikbud.go.id/16-ptn-bh-peroleh-dana-abadi-perguruan-tinggi/ [29 November 2023]. The fund covers all sixteen PTN-BH institutions, meaning each receives a proportionally smaller allocation as the number of PTN-BH institutions grows.*

in the permanent education fund has led to funding challenges, with each institution receiving reduced allocations, including PTNBH.

Public universities often face financial difficulties, which create challenges for both their public and private counterparts. The financial situation of PRIVATE, along with other private universities, suffers from this development because they have continuously operated without receiving state funding. Organizations need to discuss self-governance because they obtain their funding from external sources. The government reduced education maintenance funding for public universities that received PTN-BH status, forcing these institutions to optimize their operations and search for new revenue streams.

Independent public universities face an impossible decision because they must choose between various difficult options as result from increasing financial needs and decreasing state funding support. The institution needs to raise tuition rates or accept more students, as these measures will help maintain financial stability at the school. Students from all PTN-BH institutions have shown their opposition to tuition fee increases during 2024, which proves that this strategy creates political challenges. The alternative of accepting more new students has become more popular because it leads to public university enrolment growth, which reduces private university admission numbers and creates greater competition in the market.

The current economic situation has led to higher business expenses, as companies must allocate most of their budget to employee costs, which have become their primary business expense. The current situation requires universities to establish efficiency programs that will protect their academic standards. The budget needs to include detailed operational planning because traditional budgeting methods have been criticized by Radu (2011), Jensen (2003), Parmenter (2003), and Player (2009). Nevertheless, academics and practitioners, as noted by Armstrong et al. (1996) and Libby and Lindsay (2010), maintain that budgeting remains a vital

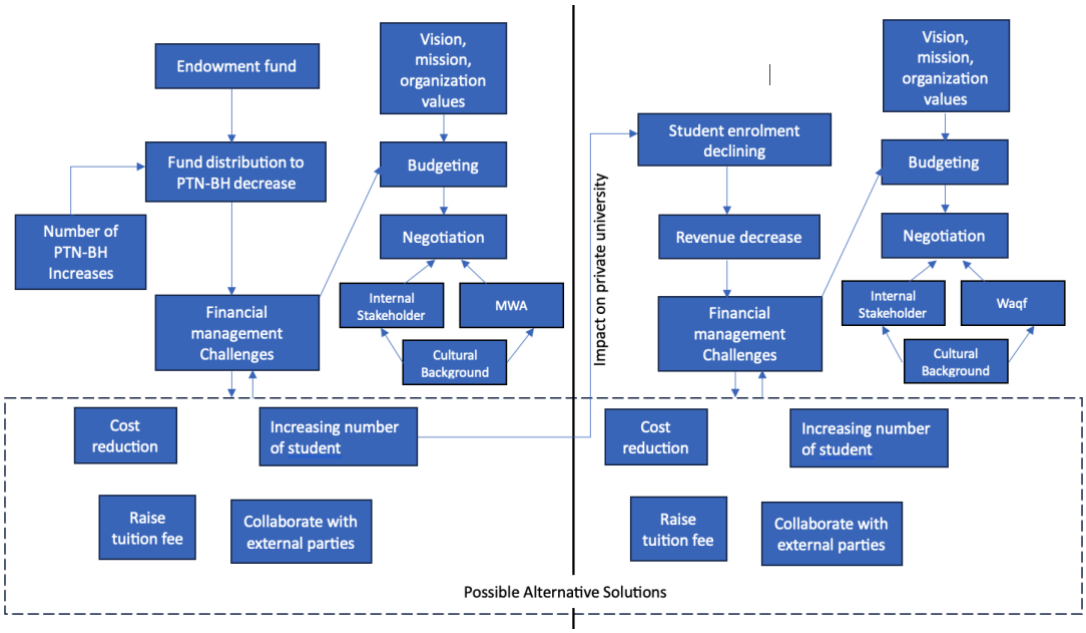
organizational function because they support different budgeting methods yet understand its fundamental value for resource management and institutional development.

The university should raise its tuition rates because it provides outstanding educational programs that lead to successful career paths for its students. The excellent accreditation status of multiple universities attracts new students and prospective faculty and staff members from throughout Indonesia to join the organization, leading to increased diversity. The official structure of private universities and their governing foundations does not reveal their complex operational bond, which Urbanek (2020) studied. The system faces complexity because university rectors, managers, and officials within the controlling foundation may have different priorities and interests. The institution faces challenges in its decision-making processes because different groups maintain opposing views about its direction.

Organizations face institutional complexity when they need to handle two or more institutional logics, which create opposing forces (Greenwood et al., 2011). The literature contains multiple terms that scholars use to describe the opposing forces present in these situations (Kallio et al., 2022), such as academic logic versus market logic (Juusola et al., 2015). University rectors and managers base their decisions on academic and operational needs, which they use to improve the institutional reputation and educational quality. On the other hand, yayasan[3]'s staff pursue different philanthropic and administrative objectives. The organization faces different opinions, which lead to disputes about resource distribution, strategic development, and management structure. The disputes require proper communication and decision-making systems to be resolved.

[3] *Yayasan: a non-profit charitable foundation under Indonesian law. Private universities in Indonesia are legally subordinate to their yayasan, which holds authority over key institutional decisions including rector appointments.*

Figure 1. 1 PTN-BH and Private University Connection



1.3 The Research Problem

The process of becoming PTN-BH status, together with changing financial conditions in Indonesian higher education institutions, requires researchers to study the existing budgeting and financial management systems. Academic researchers currently debate the university methods that institutions use to achieve self-governance through autonomous status in academic literature. Koning and Maassen (2012) explain that organizations need to execute this transition process with exactness to develop autonomous operations and tracking systems for operational performance. Okebukola (2015) presents an opposing viewpoint, stating that complete academic freedom might block students from low-income families from accessing education, while also potentially damaging educational goals.

University students must become independent because universities face reduced funding during times of economic uncertainty. Student oragnisation must be able to get support from outside the university to support their activities due to budget restriction. Amaral et al.

(2012) advise organizations to explore new funding sources while reducing costs, as public funding remains in decline. Bok (2009) predicts that such extensive educational expansion will lead to the commercialization of education, which threatens to compromise both academic performance and educational principles. Universities need to address two primary issues: they must address their internal organizational problems and eliminate external institutional barriers that result from varying institutional approaches (Greenwood et al., 2011). The authors propose that organizations need to develop efficient management systems that will handle this complex situation. Jay (2013) recommends that organizations should embrace complex situations because this approach enables them to create innovative organizational designs that solve problems through their inherent difficulties.

The debate extends beyond financial matters to encompass how management teams manage organizational systems and conflicts. Management control systems operate based on the cultural environment that exists within organizations. The authors Ahrens and Mollona (2007) advocate for culturally sensitive-based management and control systems, yet Hofstede (1984) suggests that management principles function across cultures when organizations make suitable adjustments. Universities must balance their cultural aspects with the operational needs of their financial systems and the effectiveness of their decision-making processes.

Universities face two significant challenges in managing their financial affairs while navigating complex relationships among various stakeholders within their organization. Universities must establish and maintain stakeholder relationships because this strategy enables them to secure vital resources, which in turn result in their success (Willems et al., 2019). The research by Mitchell et al. (1997) indicates that organizations which prioritize their stakeholders above all else risk forgetting their core mission and organizational path. The growing diversity of the student body at universities (Johnston, 2019) has created new

challenges for stakeholder relationships, which now impact how universities allocate their financial resources.

Academic researchers continue to conduct research on the effects of workplace diversity on organizational performance through ongoing studies. Turi et al. (2022) shows organizations need to support diversity and build improved management skills because successful diversity management creates significant business advantages. Mannix and Neale (2005) challenge this perspective by showing that social unity might actually decrease according to their research. Academic researchers have expressed opposing views about the research by Inegbedian et al. (2020), which examines how cultural diversity affects organizational productivity. The authors offer organizations specific methods to handle diversity, but Noon (2007) recommends that organizations should eliminate tokenism and reverse discrimination when they activate their diversity management systems.

Universities need to evaluate diversity when they create their control systems. Many scholars debate the effectiveness of coercive versus enabling controls in organizations. Seneviratne and Hoque (2023) explain that coercive controls maintain their rule through power relationships, while they suggesting to using enabling controls to counterbalance this power. According to Adler and Borys (1996), universities that focus on knowledge activities should utilize enabling controls to achieve better results. Organizations need to connect their control management systems with their institutional culture to achieve diversity targets while maintaining their organizational targets. The authors Martinez-Acosta and Favero (2018) demonstrate that cultural transformation programs create organizational environments that foster team member inclusion. Research by Kezar and Eckel (2002) indicates that organizations undergoing rapid cultural changes are likely to encounter internal conflicts between different groups and protests from their members.

Organizations face complex relationships, which make planning and control systems essential for educational institutions to function correctly. The public discussion about budget management training programs reveals opposing views which different groups of stakeholders maintained. Wagner et al. (2011) support budget management training for all participants involved in budget development tasks. The research by Frow et al. (2010) showed that organizations that enforce rigid budgeting systems tend to develop lower creative abilities and poorer adaptability. The current academic discussion reveals that universities, along with Indonesian higher education institutions, encounter ongoing financial planning difficulties because they require strategic approaches that address various perspectives and future developments.

The process of budgeting serves as a fundamental element that enables institutions to sustain themselves and set their strategic path. Yet, researchers have not conducted enough studies to understand how Indonesian universities with varying governance systems handle their budgeting challenges. The research gap has become more urgent because organizations continue to maintain their basic operational systems based on budgeting, despite receiving academic criticism. The Indonesian higher education sector requires its own research investigation because it functions through distinct governance structures, financial limitations, and cultural aspects that differ from other educational institutions. Higher education institutions will develop enhanced financial management and governance systems through their assessment of their organizational and personal diversity elements.

1.4. Research Stance and Theoretical Framework

Ahrens and Mollona (2007) show that cultural elements serve as essential elements which make management control systems operational. Organizational norms, values, and behaviours that stem from culture determine how employees view and implement control systems in their

workplace. According to Ansari and Bell (1998), research on cultural contingencies, which studies how cultural elements influence management methods, has not successfully handled the multiple elements that exist in organizations with different ethnic groups and cultural backgrounds. The lack of consideration for these specific situations becomes crucial because these environments create special obstacles that affect how management control systems function and achieve their goals. Organizations need to understand these cultural elements because they will help create better control systems that adapt to the different cultural backgrounds found in modern international business organizations.

Organizational researchers now study different types of workplace diversity which exist in contemporary work environments. Public universities face significant budgetary changes because their financial stability depends on both organizational and individual diversity elements. Research demonstrates that workplace diversity positively impacts organizational performance, with leadership expertise serving as a mediating factor in this relationship (Turi et al., 2022). Organizations face two main challenges, which stem from their cultural diversity management practices and employee views about workplace discrimination that affect their operational performance (Inegbedion et al., 2020). University leadership, together with workforce diversity, shapes budget decisions and financial performance because it establishes organizational settings that influence both strategic planning and resource allocation decisions. However, coercive controls tend to exert greater influence than enabling controls, primarily because dominant individuals wield power and influence resulting from ongoing conflicts among those pursuing varied interests and strategic initiatives (Seneviratne and Hoque, 2023).

Organizations face ego-centric problems because their budget development prevents them from achieving their future organizational growth targets, according to Parmenter (2003). Individuals develop ego-centrism through which they create communities that follow their

established standards regarding idealism and cultural values. This thesis assumes that each person carries an ego-centric based culture that will form a community that will fight for themselves or their group. At a higher level, this becomes a characteristic feature of an organization. The way budgeting decisions are implemented, and their final results, depend on two main factors, which include organizational diversity and individual diversity. The United States Department of Education, through its Office of Planning (2016), conducted a study that demonstrated that academic success and economic standing between different racial and ethnic groups in higher education institutions continue to show significant differences.

Studies about institutional diversity and inclusiveness reveal that organizations face multiple barriers that prevent them from achieving their diversity and inclusiveness goals because of their current systems and resistance to change (Martinez-Acosta and Favero, 2018). Higher education institutions need to understand how diversity and inclusiveness affect budgeting decisions and results to create successful plans that boost student success and reveal fresh ways to boost revenue (Chen et al., 2019). The research study excluded two groups of people who did not receive project budget management training and who used financial strategies that differed from those of central accountants. The two groups consisted of staff members who allocated their entire budget to research activities instead of taking steps to reduce institutional risk exposure (Wagner et al., 2011) contains valuable information which would help develop complete financial planning strategies.

The research uses two theoretical frameworks that supplement one another while analysing university budgeting systems through their complete complex systems. Vukasovic (2017) explains that European higher education institutions now use stakeholder involvement to establish their quality assurance governance framework as their main governance approach. The different expectations and experiences of various stakeholder groups will lead to better quality assurance system effectiveness and complete coverage

(https://www.enqa.eu/projects/effective-involvement-of-stakeholders-in-external-quality-assurance-activities-esqa/). The systems will receive different expectations from stakeholders, but institutions need to establish specific boundaries that define their operational limits. The engagement process functions as a system that connects stakeholder needs to the operational capabilities of institutions.

The delivery of satisfaction to present and future external stakeholders requires institutions to match their vision and mission with their strategic plan and these parties. The institution needs to develop solid programs that will demonstrate their value through additional funding to achieve better support levels. The resources available at higher education institutions do not suffice to fulfill all requested needs, which results in conflicts between their desired outcomes and their actual abilities.

The application of two theories therefore enable to shed light on a budgeting principle that demonstrates organizations must manage their connections with outside organizations that control vital resources. Organizations need to manage their relationships with stakeholder groups, which consist of funders, beneficiaries, and suppliers, because these groups impact or experience the impact of the organization (Willems et al., 2022). Organizations that practice effective stakeholder management obtain vital resources while preserving their legitimacy and gaining support from various groups of stakeholders (Willems et al., 2022).

Organizations require external resources that under other entities' control, according to resource dependence theory, which determines how organizations operate (Nienhüser, 2008). The level of resource dependence depends on how abundant and vital and how much control exists over the resources being studied. The budgeting process requires organizations to manage their stakeholders and resource dependencies, as they need to obtain sufficient resources to execute their budgets and achieve their targets (Nienhüser, 2008; Willems et al., 2022). The two theories operate together to let researchers investigate external factors that

affect organizational budgeting systems and determine which resource allocation methods institutions select when they have restricted funding.

The theoretical integration provides its most significant value to Indonesia because cultural elements determine how organizations establish stakeholder connections and obtain resources. Previous research examining individual cultural backgrounds in Indonesian organizations demonstrates how cultural values such as gotong royong, hierarchical respect, and collectivist norms influence leadership methods, financial management, and ethical behaviour. The cultural dimensions in formal governance systems and resource access patterns give rise to unique budgeting practices that necessitate detailed analysis to determine their actual characteristics.

1.5. Research Question

The thesis poses the following question: "What are the main factors influencing the budgeting process at two different universities, and how does organizational and personal diversity influence budgeting decisions and outcomes?" To answer that question, this study focuses on five different aspects, which are University ownership, scarce resources consideration, the method selected, individual cultural background, and the university board.

Chapter 2

LITERATURE REVIEW

2.1 Introduction to Higher Education Landscape

Indonesia, one of the world's largest countries, is an archipelago. This geographical condition necessitates the Indonesian government to develop higher education that is accessible to its citizens. Providing higher education services to Indonesia's population of 280 million, scattered across various islands, requires significant attention and presents a substantial responsibility for the government to manage centrally (Moeliodihardjo and Basaruddin, 2013).

In the 21st century, higher education constitutes a massive organisation, educating over 250 million students and projected to reach 377 million by 2030 (Calderon, 2018). With a presence in more than 30,000 institutions worldwide, they will make substantial contributions to global research. It assumes a pivotal role in educating an expanding population, with certain countries even surpassing an 80 percent enrolment rate (Calderon, 2018). These establishments also bear significant cultural and intellectual significance. The expansion of higher education is driven by massification and the global knowledge economy. A firmly established university providing individuals and society at large with access to employment opportunities and intellectual capital (Altbach et al., 2010).

As higher education evolved from catering to a privileged few to assuming a central societal role, the challenge of financing this expansive sector has gained attention and sparked significant debate. In the past, securing funds from either public or private sources was less contentious when universities primarily served an elite group and did not emphasize research. However, with the widening scope of higher education, funding has emerged as a global concern of both contention and significance. Nowadays, there is a widespread recognition that a combination of financial resources, encompassing both public and private contributions, is

crucial for sustaining higher education (Jones-Esan, 2022; Marginson, 2018a; Sanyal and Johnstone, 2011). The ongoing global conversation revolves around determining the extent to which various sources contribute to the HEI's financial performance. The sources may come from students, public funding, private philanthropic organizations, companies, and families (Drezner, 2019; Jongbloed and Vossensteyn, 2016; Mortenson, 1994; Sanyal and Johnstone, 2011). The core inquiries revolve around determining the appropriate student financial contribution and clarifying the roles different stakeholders play in sharing the financial burden (Johnstone and Marcucci, 2010).

2.2 Types of Higher Education Institutions

2.2.1 Public Universities

In case of Bangladesh university, public universities enjoy a strong reputation and do not charge tuition fees[4] making them the evident preference for most students (Hossain et al., 2018). Students from very low economic backgrounds will receive a scholarship if they meet the minimum requirements. Middle-income families can apply for a tuition fee discount. Students often view higher education as a privilege and overlook essential amenities, such as health and safety services (Hossain et al., 2015). Public universities are the best choice for students due to various factors, including their convenient location, appealing surroundings, and modern facilities (Hossain et al., 2018).

At the heart of public university funding is a straightforward yet significant gap: what students pay in tuition rarely covers the actual cost of their education. The difference is covered by government subsidies, state funding that fills the gap between tuition income and the actual costs of running degree programs, paying academic staff, and maintaining research facilities

[4] *This is a generalisation applicable to some national contexts. In Indonesia and the United Kingdom, public universities do charge tuition fees, though these are regulated and partially subsidised. Indonesian public universities under PTN-BH status are governed by Minister of Education Regulation No. 25 of 2020, which requires ministerial approval for any tuition fee increase.*

(McPherson and Shulenburger, 2010; Shulman, 2019). However, this subsidy has never been uniform across all types of institutions. Research-intensive universities have historically relied on it far more heavily than community colleges[5] or broad-access four-year institutions, where instructional costs tend to be lower, and the gap between fees and actual costs has been narrower (Winston, 2000). Understanding this structural gap matters because it leaves public universities acutely vulnerable to the sustained decline in state funding per student that has reshaped the financial landscape of higher education over recent decades.

Over the last few decades, public universities have experienced substantial reductions in state funding per student (Bound et al., 2019). In addition, they argue that public universities play a significant role in supplying individuals with college education and driving scientific advancements (Bound et al., 2019). Nevertheless, experts have increasingly voiced concerns in the past decade about the "crisis-like state" of public higher education (Ehrenberg et al., 2003). Aghion et al. (2009) suggest that the decreasing state support for higher education is also likely to impact the research productivity of public universities.

A public university is a type of university that is primarily funded by the public sector, meaning it is supported through a national or subnational government. Several characteristics of public universities have been identified, including funding, ownership, affordability, mission, and accountability (Kalamova et al., 2020; Mitchell et al., 2016).

State or national governments play a substantial role in providing a significant portion of the funding for public universities (Mitchell et al., 2016). The fund is typically distributed through government institutions such as ministries of science and technology or similar governing bodies (Kalamova et al., 2020). Unlike private universities, which rely heavily on

[5] *In this thesis, "college" is used interchangeably with "higher education institution" to avoid repetition. Note this differs from UK usage (pre-university institution) and US usage (often synonymous with "university"). See Glossary for full definition.*

charitable donations and endowments, public universities rely on state and local tax revenues as a primary source of funding (Mitchell et al., 2016).

Public universities are owned by the governmental body that supplies their funding, resulting in their accountability to the public and their duty to address the community and state's needs. Governmental agencies might also play a role in shaping policies and regulations governing public universities (Kalamova et al., 2020).

Affordability is a central tenet of public universities, often tasked with offering cost-effective education to a diverse student body (Kalamova et al., 2020). By maintaining relatively lower tuition fees compared to private counterparts, public universities widen access to higher education for a broader populace (Mitchell et al., 2016). This affordability aspect importantly promotes social mobility and equal educational opportunities.

Public universities typically have a broader mission that transcends education alone. Public universities frequently engage in research and development, community interactions, and public service (Kalamova et al., 2020). In other words, public universities make significant contributions to knowledge, fostering innovation, and driving economic growth in the areas where they are located.

Public universities are held accountable to both the government and the public for their utilization of public funds and the quality of education they offer (Kalamova et al., 2020). They might be subject to performance benchmarks and evaluations to ensure they effectively meet the needs of students and society.

Furthermore, Blass (2001) provides several characteristics of public universities as shown in table 2.1.

Table 2. 1 Public University Characteristics

Historical account	Medieval/classical roots. Development of old uni. sector 17–19th century, new uni. sector 20th century, mass expansion.
Aims	To provide liberal and/or professional education at a 'higher' level to the public.
Outcomes	Qualifications (degrees, professional qualifications) & research
Level of education	Undergraduate, postgraduate, and doctoral.
Size & diversity of student body	Any member of the global public who fulfils the entry requirements.
Knowledge generation	Mode 1 production of knowledge. Some mode 2 through industry partnership arrangements. Published for public consumption, peer reviewed.
Ownership & control	'Owned' by the state in terms of funding. Reports publicly & is accountable to state organizations. 'Control' is loose due to concept of academic freedom.
Links with public universities	Primarily collaboration exists in research projects.

Source: (Blass, 2001)

A key feature of higher education institutions worldwide is autonomy. Here, we are referring to both public and private higher education institutions. The extent to which autonomy is implemented across different types of institutions, however, can vary widely. For public higher education institutions, autonomy is primarily about not being meddled in by the government, particularly in academic and financial affairs. As noted by Kerr and Kerr (2001), granting sufficient autonomy to universities is important because it allows these institutions to make decisions that are best for their students and faculty. Moreover, institutions must be able to respond quickly to a host of environmental issues. There are, however, also several negative aspects to granting public universities greater autonomy. One such aspect is that reducing external oversight of public universities will decrease accountability, leading to the mismanagement of funds and substandard educational experiences for students, as noted by Leveille (2006). Of course, there is also the point made by Sapir et al. (2009) that autonomy alone is insufficient to achieve optimal performance at higher education institutions.

Competition—between said institutions for funding, faculty, and students—plays a very important role in the implementation of said autonomy. In the Indonesian higher education system, the PTN-BH model has been implemented to grant public universities greater financial and managerial autonomy. As noted in Article 22 of Law No. 4 of 2014, for example, increases in tuition fees at PTN-BH universities are within the purview of the relevant minister. It is precisely this kind of limitation on the autonomy of public universities, however, that has resulted in Indonesia failing to develop world-class universities, unlike what has been achieved through the Swiss[6] model of higher education governance studied by Aghion et al. (2008). To achieve said goal, the key is to implement effective accountability measures for public universities granted increased autonomy. However, as noted by Rosser (2023), there are a host

[6] *Swiss federal universities such as ETH Zurich operate under a federal governance model that limits institutional budget autonomy but provides generous public funding, enabling strong research performance without requiring revenue diversification strategies typical of PTN-BH institutions in Indonesia.*

of challenges facing the Indonesian higher education system that must be addressed to achieve that goal.

2.2.2 Private Universities

Private (non-state) participation in higher education has a long history, dating back to thirteen centuries ago in China and three hundred years later in the West. The oldest universities in the UK, such as Oxford and Cambridge, remain legally private institutions to this day, but have generally received government subsidies, as well as support from private sources. Harvard, as the oldest university in the United States, is a private institution, but in its early years, it received public financial support. Moreover, the Massachusetts Institute of Technology, also a distinguished private institution, is a land-grant university that received significant state support in the nineteenth century (Altbach et al., 2021).

Although Oxford was established as one of the oldest universities in the UK, the development of public universities in Europe dates back more than eleven centuries, with the support of monarchs (Schachner, 1962, in Altbach et al., 2021). This university model spread and gained popularity in numerous countries (Middlehurst and Fielden, 2014). The existence of these universities serves as proof of the state's commitment to providing educational facilities for its population. However, it appears that this trajectory has begun to change since the introduction of the term "privatization" (Johnstone and Marcucci, 2010), including Indonesia (Gupta, 2008).

Altbach et al. (2021) highlight that no country exclusively possesses private universities. Levy (1986) highlights the importance of private universities in providing educational access to the middle and lower classes. Private university institutions also offer a less rigorous selection process, which can increase the chances of acceptance. While private

universities were established initially without profit-seeking motives, their orientation has evolved in the present era (Altbach et al., 2021).

The combination of the increasing demand for higher education and limited government funding to provide equitable education has led to the private sector becoming a solution in many countries. The advantage of non-state providers lies in their flexibility and lack of adherence to established traditions (Altbach et al., 2021). Robertson and Komljenovic (2016) suggest that market desires can be more effectively realized without bureaucratic constraints, and private universities can also be more innovative and efficient.

Although providing benefits, the existence of private universities is not acceptable to everyone. The transformation of private universities from non-profit to profit-oriented institutions through the commercialization of education is considered to erode the state's role in providing educational services (Altbach et al., 2021). This situation poses challenges for private universities in the Central and Eastern European region to be recognized by the state as legitimate institutions (Kwiek, 2008).

Private universities in Argentina must be capable of identifying and securing funding sources, as well as managing resources more efficiently. Despite receiving a smaller portion of public funds, establishing new organizations is not as straightforward as in public universities (Rabossi, 2011). In contrast to Argentina, Indonesia applies the same laws regarding the establishment and closure of higher education institutions for both public and private universities. Private universities in Indonesia receive research funding assistance and competitive grants, in addition to the possibility of receiving support for faculty salaries and other academic expenses. Farag (2005) revealed the existence of education programs offered by public universities in Egypt that require students to pay higher tuition fees. These programs are conducted in two foreign languages, in addition to Arabic. A similar program is readily

available in both private and public universities in Indonesia, as it can generate significant income and provide solutions to support the universities' daily operations.

Private higher education institution (HEIs) is an integral parts of charitable foundations known as "yayasan" (Rosser, 2023). Because the university is part of the Yayasan, the relationship between them implies that private HEIs are legally and organizationally subordinate to Yayasan. The impact of this relation is that the rector election to lead these private institutions is usually vested in the hands of the yayasan. In principle, this framework ensures a unified and coordinated approach between the HEIs and their overseeing foundations. The mechanism puts the rector as an agent of the yayasan.

However, the practical dynamics between private universities and the yayasan that govern them can be more intricate than their formal relationship suggests (Urbanek, 2020). The complexity arises due to the potential disparities in interests and priorities that may exist between top-management parties. Top managers' divergence of perspectives and agendas can lead to tensions and challenges in decision-making processes and the strategic direction of the institution.

Organizations encounter institutional complexity when they grapple with the influence of two or more conflicting institutional logics (Greenwood et al., 2011). Academia offers various descriptors for these competing logics (Kallio et al., 2022), such as academic logic versus market logic (Juusola et al., 2015). For instance, while internal managers may be driven by academic and operational considerations to enhance the institution's reputation and quality of education, Yayasan's officials may have different goals in mind. The different viewpoints can result in conflicts over resource allocation, strategic planning, and overall governance.

The tension between the two major parties is normal and can affect the autonomy of private HEIs. While the yayasan's involvement is an integral part of the functioning and sustainability of these institutions. Balancing between the university's educational mission and

the broader objectives of the foundation needs attention that requires effective communication, collaboration, and shared understanding between both parties.

The autonomy of private universities functions differently from that of public universities. Private universities need to maintain their independence while functioning within the framework set by the governing foundation. While public universities are fighting for autonomy from the government, private universities in Indonesia are accountable to the governing foundation, or yayasan, which formally holds authority over key issues such as the appointment of the rector. In practice, however, private universities have considerable operational autonomy. They have greater flexibility in using their resources to make decisions, set tuition fees, and respond to the market within a shorter period than public universities, which are constrained by bureaucratic red tape (Nikunen, 2012; Robertson and Komljenovic, 2016). The major advantage of autonomy in private universities, therefore, is their operational flexibility. However, the lack of an external body to regulate such universities can lead them to make decisions that benefit certain interest groups over others, thereby being non-inclusive (Lynch and Ivancheva, 2015).

Excessive market-driven autonomy within higher education can lead to the commercialization of education. University education is meant to be focused on learning, but if a university becomes too autonomous, it can shift toward profit (Altbach et al., 2021). Thus, in managing the risks of commercialization, a university is not a polity or an entity to be governed by a government and is therefore accountable to none. However, that does not mean it is completely unaccountable to anyone and can do as it wishes. As noted in Lynch and Ivancheva (2015), a university is accountable to all stakeholders and must make decisions that are inclusive of them. Thus, a university is governed by its governance structure, and, while balancing the university's autonomy, the board of trustees safeguards its academic integrity and oversees the university. How well a university is able to achieve a balance of autonomy can

vary from university to university. For private universities, it is managed within the institution's framework or structure of yayasan.

2.3 Financial Challenges and Resource Management

2.3.1 Funding Challenges in Higher Education

At the sector level, higher education (HE) has been grappling with a substantial surge in student enrolment, consequently increasing public expenditures (OECD, 2015). Simultaneously, the notion that the educational and research activities conducted within HE institutions (HEIs) contribute to the public good (Marginson, 2018a), which has traditionally justified their public funding, has come under scrutiny. Divergent viewpoints have arisen regarding whether higher HE enrolments translate to economic growth (Hanushek and Woessmann, 2015), whether academic research fosters innovation (Salter and Martin, 2001), and whether increased funding per student results in a higher quality education (Massy, 2003).

Meanwhile, there is evidence suggesting that these pressures have also prompted changes in the allocation of public resources to HEIs, with policies urging HEIs to enhance service efficiency. The prevailing trend has been an inclination toward allocating resources through competitive mechanisms. Examples include formulas based on student or graduate numbers (Jongbloed and Vossensteyn, 2016) or linked to research performance assessments (Hicks, 2012), fostering a competitive environment for research funding allocation.

Differences between countries in the level of expenditures and how public funding is allocated, however, remain very large (Lepori and Jongbloed, 2018). The educational cost in Indonesia is just above that in the Philippines, yet significantly lower when compared to India, Malaysia, and Japan. To bolster the transformation of select state-owned universities (PTN-BH) into world-class institutions, the Indonesian government allocates funds for endowments, as highlighted by Kemendikbud in 2022. One such beneficiary of this endowment fund

management is PTNBH. PTN-BH is a recipient of these funds due to government regulations that grant it the autonomy to manage financial resources independently. This advantageous allocation spares PTN-BH from the need to extensively deliberate upon funding sources to support various activities, which stands in contrast to the private sector's obligation to self-source. Nevertheless, private universities enjoy the privilege of greater flexibility in managing day-to-day operations compared to their public counterparts, who are constrained by stringent regulations (Nikunen, 2012).

Although granted organizational autonomy, State-Owned Universities with Legal Entity (PTN-BH) cannot easily increase tuition fees. According to Minister of Education Regulation No. 25 of 2020[7], any tuition fee increase requires approval from the Minister of Education. In addition to tuition fees, universities are allowed to collect Institutional Development Contributions[8] from the students. As part of tuition fees, the amount of which must consider principles of fairness, proportionality, and equity while taking into account the economic capability of students, their parents, or other supporting parties. Students from economically disadvantaged families are exempted from these charges, and their number should be at least twenty percent of new students each year. The presence of this regulation restricts public universities from determining tuition fee amounts. For PTN-BH, this results in relatively smaller income compared to private universities that can rely on tuition fees as a source of financial support.

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[7] *Peraturan Menteri Pendidikan dan Kebudayaan Republik Indonesia Nomor 25 Tahun 2020 tentang Standar Satuan Biaya Operasional Pendidikan Tinggi pada Perguruan Tinggi Negeri di Lingkungan Kementerian Pendidikan dan Kebudayaan (Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 25 of 2020 concerning the Standard Unit Cost of Higher Education Operations at State Universities under the Ministry of Education and Culture).*

[8] *Institutional Development Contributions (Uang Kuliah Tunggal/UKT and Sumbangan Pengembangan Institusi/SPI) are additional financial contributions collected from students beyond base tuition fees. SPI, in particular, is a one-time contribution collected at the point of admission and is subject to fairness and equity principles under Minister of Education Regulation No. 25 of 2020. Students from economically disadvantaged families are exempted, and institutions are required to allocate at least 20% of new student places to such students.*

To ensure the funding of operational activities, universities must adeptly manage their resources. Kitching et al. (2016) propose that researchers examine how culture impacts sticky costs. In a study encompassing non-financial companies across twenty-two European nations, Prabowo et al. (2018) unearthed evidence suggesting that government ownership of companies contributes to the stickiness of labor costs. This cost rigidity is a result of regulations and standardized salary structures for civil servants (PNS), in contrast to private universities that adhere to minimum wage standards specific to each region, affording greater flexibility in adjustments.

In less favorable economic condition, government agencies might encounter limitations in reducing staff due to cost considerations. Conversely, private entities possess the ability to curtail costs by streamlining the termination of employment (Prabowo et al., 2018). As an examples cases in financial institutions take distinct approaches. Public banks often opt to reduce their staff to safeguard revenue, while private banks may adopt similar strategies to ensure compliance with capital adequacy requirements. Reducing the number of staff is a possible solution, while focusing on the cost behaviour may help the institution to survive during unfavorable conditions.

Ibrahim et al. (2022) investigate the factors influencing cost stickiness, including cultural, competitive, and industry effects. They emphasize the importance of investigating the presence of underutilized capacity. Universities with substantial working capital possess idle capacity that can impact their planning and activities.

Prabowo et al. (2018) and Chung et al. (2019) examine the influence of ownership on resource management in non-financial companies, whereas Hall (2016) investigates the same phenomenon within financial companies. However, these three studies do not specifically review or compare institutions owned by the state and the private sector, particularly in the

context of higher education. Balakrishnan and Gruca (2008) provide an illustrative instance of cost stickiness within a state-owned clinic, stemming from the "use it or lose it" concept.

2.3.2 Limited Resources and Coping Strategies

Limited resources are affecting universities' budgets in several ways, including those reported by Chen et al. (2019) and Mitchell et al. (2016), (2017). The financial situation of numerous higher education institutions has deteriorated due their operational expenses exceed their income, resulting in ongoing budget deficits like what happens in Australia case (Irvine and Ryan, 2019). The goal of achieving economic stability requires universities to increase their revenue gradually per year, but this objective has become increasingly challenging due to declining public funding (Irvine and Ryan, 2019).

Public universities must increase tuition costs because state funding reductions have led to this necessity, resulting in negative impacts on students through teacher layoffs, reduced educational choices, and closed campuses (Deming and Walters, 2017; Mitchell et al., 2017). The reduction in state funding makes higher education less accessible and expensive for students who need degrees to enhance their economic status in today's competitive job market.

To confront these difficulties, universities are working to tackle these issues by implementing cost-cutting measures, adopting austerity strategies, and expanding revenue streams through diversification (Chen et al., 2019). Nevertheless, it is crucial to recognize that the connection between expenditures and results is intricate, and a consensus on the correlation between educational funding levels and student achievements is lacking (Lafortune, 2022). As a result, universities must prioritize enhancing student outcomes and exploring innovative avenues for revenue growth while maintaining prudent cost management (Chen et al., 2019).

2.4 Governance Structures in Higher Education

2.4.1 Governance Models and Structures

Governance structures in autonomous universities consist of a Board of Trustees (BoT), a university senate, and a rector. In contrast, non-autonomous universities have only a university senate and a rector as their governance arrangement, excluding the BoT (Rosser, 2023). The BoT's responsibilities encompass the development of overall university policies, the selection and removal of the rector, and the endorsement of university strategic plans, annual plans, and budgets.

Trow (1983) has argued that leaders in higher education institutions, including chancellors, vice-chancellors, and presidents, can play a crucial role in determining institutional priorities. The leadership's role is proper despite potential resistance from specific segments of the academic staff, even though "the profound division of expertise within academic society concentrates much of the practical authority and influence of the institution at the lower levels, within the departments and professorships" (Trow, 1983).

Kaplan (2004) has evaluated the distinct roles of managers and academic staff in internal decision-making within U.S. universities, concluding that faculty members "appear to have a significant role in governance at numerous institutions, and their participation seems to be valued". Stakeholder groups and their role shows as in following table. Hammond (2004) has developed a series of propositions about how variations in internal institutional structures can mediate the relationship between academic staff and university management. This mediation consequently shapes the nature of decision-making processes and their ultimate outcomes.

Table 2. 2 University's Stakeholders and Their Roles

Stakeholder Group	**Main Roles/Influence**	
Government & Regulators	Set policy, provide funding, accredit programs, define quality standards	(Gogiashvili, 2021; Marshall and Marshall, 2018; McCann et al., 2022; Saurbier, 2021)
Academic Staff	Deliver teaching and research, shape reputation, influence strategic direction	(Ferrero-Ferrero et al., 2018; Langrafe et al., 2020; McCann et al., 2022; Sarturi and Aragão, 2025)
Students	Primary recipients of education, influence quality and reputation, provide feedback	
Non-Academic Staff	Support operations, mediate between students and academics	(Ferrero-Ferrero et al., 2018; Sarturi and Aragão, 2025)
Financial Stakeholders	Influence through funding, investment, and resource allocation	(McCann et al., 2022; Sarturi and Aragão, 2025)
Employers & Industry	Inform curriculum relevance, employ graduates, collaborate on research	(Labanauskis and Ginevičius, 2017; Sarturi and Aragão, 2025)
Alumni & Donors	Provide funding, networking, and advocacy	(Labanauskis and Ginevičius, 2017;

Parents & Community	Influence institutional reputation and student choices	Marshall and Marshall, 2018)
Accrediting Agencies	Oversee quality assurance and compliance	(Gogiashvili, 2021; Marshall and Marshall, 2018; Saurbier, 2021)

While the government has made strides in providing financial aid for progress, it remains inadequate in resolving the challenge of enhancing the caliber of tertiary institutions in Indonesia. A conundrum rooted in power dynamics impedes these universities from attaining world-class status. Individuals with considerable potential may occasionally be perceived as adversaries or even threats within the university ecosystem, thereby allowing those in positions of authority to lack the requisite experience (Kompas, 2022). This predicament can manifest within any organization and invariably exerts a palpable influence on strategic planning. The following table shows the stakeholder groups and their perspectives and priorities.

Table 2. 3 Stakeholder's perspectives and priorities

Stakeholder Group	Typical Perspectives and Priorities	Citations
Students	Focus on educational quality, employability, campus experience, inclusion, and support services.	(Beerkens and Udam, 2017; Jain et al., 2024; Richards et al., 2023)
Academic Staff	Emphasize academic freedom, research opportunities, fair workload, and professional development.	(Beerkens and Udam, 2017; Richards et al.,

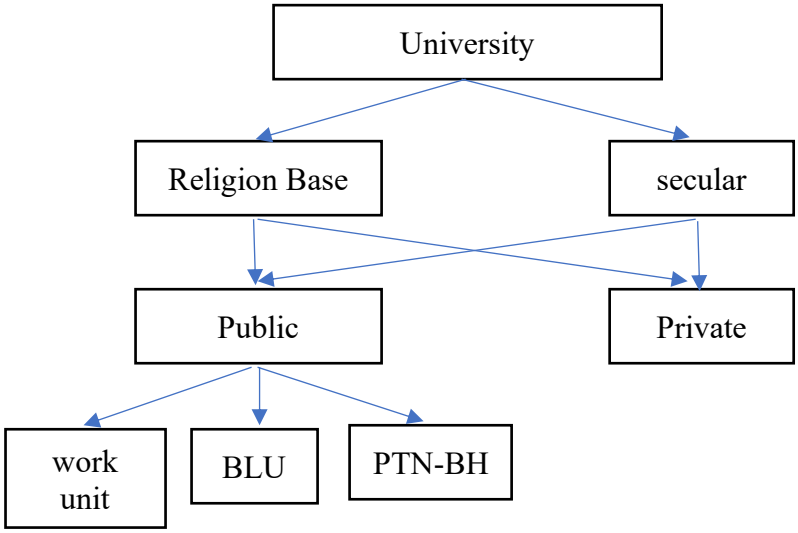
		2023; Vos et al., 2016)
University Leadership	Strategic management, institutional reputation, stakeholder engagement, and long-term sustainability.	(Langrafe et al., 2020; Sarturi and Aragão, 2025)
Employers	Value graduate skills, work readiness, and alignment of curricula with labor market needs.	
Government/Regulators	Prioritize accountability, quality assurance, public value, and policy compliance.	(Beerkens and Udam, 2017; Jain et al., 2024; Riad Shams and Belyaeva, 2019)
Community/Partners	Seek collaboration, social responsibility, and local impact.	(Sarturi and Aragão, 2025)

Every organization possesses unique attributes that set it apart from others (Bromiley and Rau, 2016; Özçelik et al., 2016), and this distinctiveness extends to its organizational culture. Galay (2022) highlights the pivotal role of organizational culture as a determinant of success, while governance dynamics largely sway its impact on resource management. To discern the intricate governance patterns, an exploration of the higher education governance structure becomes imperative, forming the basis of this thesis.

2.4.2 Governance in Indonesian Higher Education

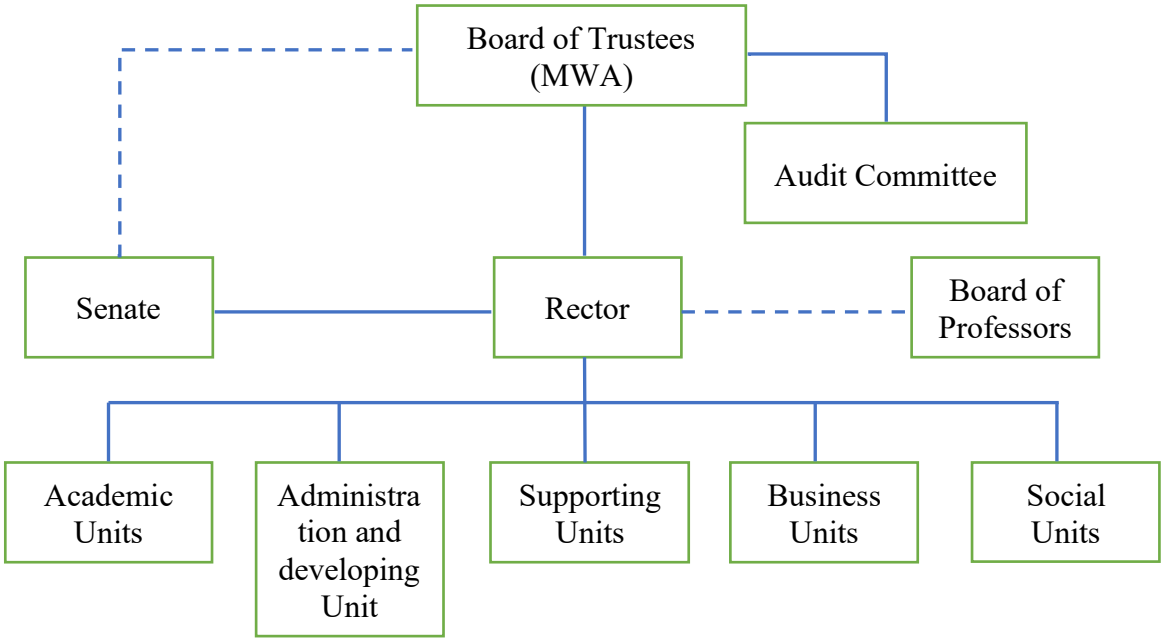
In a broader context, the divergent categories of higher education institutions under the jurisdiction of the Ministry of Education (MoE) are delineated in Figure 1. The specific governance framework of PTNBH is elucidated in Figure 2.2, and that of PRIVATE is presented in Figure 2.3.

Figure 2. 1 Types of tertiary institutions in Indonesia



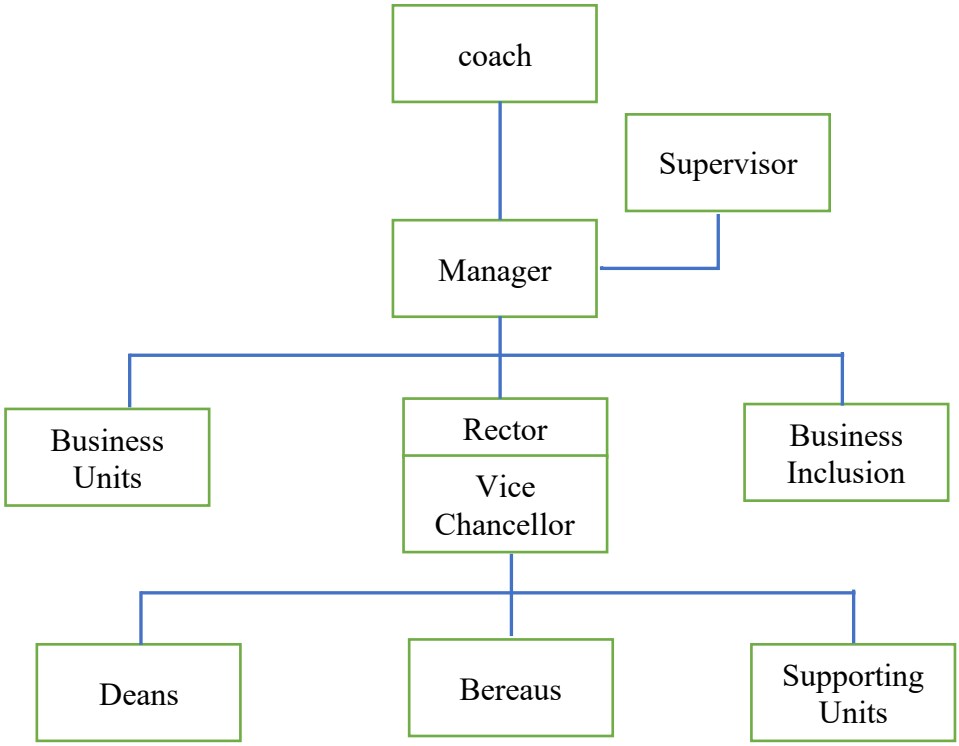
The governance structure at PTN-BH requires a Board of Trustees. The governance structure at PTNBH is shown in the following figure.

Figure 2. 2 Governance structure of PTNBH



The governance structure in private universities, in general is as follows:

Figure 2. 3 Governance Structure of Private University



Source: Modern College Management

Governance in higher education reflects broader political, economic, and cultural contexts that differ considerably across national systems. As shown in Table 2.4, Welch (2019) identifies several reform trajectories across Asian higher education, and Indonesia features prominently across multiple categories — including limited decentralisation, pilot autonomy projects, privatisation of public universities, and the spread of Islam in higher education. This is not coincidental. It reflects the overlapping pressures Indonesia has faced in reforming its higher education system simultaneously from state, market, and religious directions. Both case universities in this thesis sit squarely within these trajectories: PTN-BH embodies the autonomy and corporatisation agenda, while PRIVATE represents the Islamic private governance model, making Table 2.4 a useful regional frame for contextualising the two institutions examined here.

Table 2.4 Governance Reforms in Asia

Reforms	Countries
Moves towards market socialism	Viet Nam, China
Limited decentralization of university governance	Indonesia, Malaysia, China
Distinctions between public and private sectors	China, ASEAN
Massification outstripping regulatory capacity	China, Viet Nam, Indonesia, Thailand
Pilot projects for administrative autonomy	Thailand, Indonesia, Malaysia
Transformation into 'world-class' institutions	China, Malaysia, Viet Nam
Devolution of administration to local levels	China
Privatization and corporatization of public	Malaysia, Indonesia, Thailand

Table 2.4 Governance Reforms in Asia

Reforms	Countries
universities	
Spread of Islam in higher education	Indonesia, Malaysia, Thailand, Philippines
Higher education regionalism	ASEAN, ASEAN-China
Emphasis on competition, rankings, and league tables	ASEAN, China
Greater regulation of certain functions in Chinese universities	China

Source: Welch (2019)

2.4.3 Mission and Strategic Planning in Universities

Lussier and Achua (2015) define an organization's mission statement as a claim of purpose that distinguishes one organization from others in the same industry. It illustrated the expected organization's business activities in a well-detailed manner and is crafted to offer several advantages to the organization. The benefits of having a mission include guidelines, a basis for goals and strategies, evoking positive sentiments about the institution, ensuring a shared sense of purpose, and minimising confrontation among managers (Yazhou and Jian, 2011). The mission statement comprises two key elements: the core of both values and purpose. It is essential to recognize that both the mission and vision play an important role in establishing the groundwork for an organization.

Strategic planning has become a adopted by private, public, and non-profit sectors proofed by uncountable evidence on its successful implementation demonstrates its efficacy,

often beyond the expectations (Bryson, 2010). Bart (2001) stated that mission statements underpin any strategic planning, as they emphasize steering strategic planning, outlining the extent of the business endeavors, establishing a shared purpose and direction, fostering a sense of shared expectations, and guiding leadership approaches.

Drucker (2007) recognized the importance of a mission statement in business strategic development; however, at the same time, he realized the potential for misinterpretation (Bartkus et al., 2006). To address this concern, Drucker (2007) contended that formulating a MS was akin to answering the questions: What is our business? Furthermore, what should it be?

Morphew and Hartley (2006) discovered that the institutional statuses, public or private, anticipate the constituents of mission statements, with certain aspects appearing more frequently than others (e.g., commitment to diversity), and a prevalence of elements particularly linked to service or products offered. Atkinson (2008) observed that university mission statements function as cultural-cognitive signals, serving as conceptual indicators of group unity, shared convictions, and mutual consensus. Kuenssberg (2011) found the similarities of university mission statements and a less emphasis on crucial areas (e.g., the student experience). Kosmützky and Krücken (2015) concluded that mission statements enable universities to gain a positioning advantage in the competition. Cortés-Sánchez (2018) identified that public universities prioritize the individual student, whereas private universities emphasize education as a process. He also noted that the composition of a mission statement is influenced by the primary constituents, allowing private universities to align their mission with the educational market.

Finley, Rogers, and Galloway (2001) found that many universities' mission statements have been designed for marketing or public relations purposes instead of using them as guidelines, because the mission outcomes should be measurable (Carver, 2000). Morphew and

Hartley (2006) point out that accrediting bodies are obligating universities to have mission statements to help the board formulate the strategic planning. Additionally, mission statements tie the funding parties to the university (Wang et al., 2007).

Public universities are typically funded by the government and have a degree of autonomy in decision-making. Private universities, on the other hand, are funded by tuition fees and private donations and have more autonomy in decision-making. Public university autonomy makes them completely like private universities can be related to concerns about the financial sustainability of public universities and the need to diversify and grow revenues (Chen et al., 2019). However, there is no strong evidence yet on how and in what aspects public universities will become more similar to private universities. That is because there are inherent organizational cultures that are distinctive and need to be taken into consideration.

2.4.4 PTN-BH Governance and the Role of Majelis Wali Amanat[9] (MWA)

The Indonesian government has pioneered the establishment of PTN-BH since 1999, following Government Regulation 61, which established state-owned LPTs as legal entities. Specifically, the government issued this regulation as a legal effort to privatize higher education institutions. Privatization is the transfer of ownership or control from a government-owned or publicly funded institution, such as a company or service, to private ownership or management. Higher Education in Indonesia has begun to be privatized. The government abdicated its obligation to spend school fees. The Indonesian government gave the opportunity to the university to maintain its institution as a company and the opportunity to be a profit-oriented organization.

After 13 years, the government finally issued Law Number 12, which regulates higher education. In those 13 years, various conflicts arose because the community was worried that

[9] *The Board of Trustees, which functions as the highest governing body of PTN-BH universities. It is responsible for overseeing financial management, approving strategic plans, and representing government and stakeholder interests at the institutional level.*

the cost of education would increase and that the government's obligation to provide quality education for citizens would fail.

Not all state-owned universities automatically become PTN-BH status. Initially, this status was tested on several universities deemed capable of being financially independent. In 2013, five tertiary institutions were the first to change their status to PTN-BH. These universities were the University of Indonesia and PTNBH. Apart from universities, two institutes also changed their status to PTN-BH in the same year. They were the Bandung Institute of Technology and the Bogor Agricultural Institute. Until now, the number of PTN-BH continues to grow.

Freedom regarding financing is the main aspect that distinguishes it from other types of higher education. PTNBH has a more complex mechanism because it must obtain approval from the highest institution in a university, known as the Board of Trustees (MWA). MWA represents the interests of stakeholders, including the government. MWA becomes a controller and a supervisor for the university to ensure that all activities organized by the university align with the government's goals, namely to educate the nation's future generations. The decline in MWA independence due to political pressure or unfair appointment methods has led to its being occupied by representatives of the ruling regime.

Even though PTN-BH may seek sources of funding, the government still assists in the implementation of operational activities called PTN-BH Funding Assistance (BPPTN-BH). Government Regulation Number 26 of 2015 regulates the amount of PTN-BH based on a calculation of operational costs and revenue while maintaining the efficiency and quality of education. The same regulation also stipulates the permitted use of BPPTN-BH. The use of these funds may only be for operating costs, lecturer fees, employee costs, Investments, and Development.

PTN-BH and the government must sign a performance achievement agreement. There are seven things that must be agreed upon between the two parties. First, improving the performance and accountability of state finance. Second, realization of good governance and service quality. Third, improving the quality of learning and student affairs. Fourth, increasing the relevance. Fifth, quality and quantity of resources. Sixth, increasing the relevance and productivity of research and development. Seventh, institutional quality improvement, and strengthens innovation capacity.

PTN-BH parties cannot change the seven points that have been agreed upon, but may adjust performance indicators. The performance indicators proposed by the university must also be agreed upon by both parties because the availability of government-owned funds will heavily influence them.

2.5 Budgeting in Higher Education

2.5.1 Public Budgeting: Conceptual Framework

The definition of budgeting has evolved significantly over the past six decades (Cangiano and Sarmento, 2018). Fundamentally, it remains a series of processes and procedures linking expenditure to planned objectives (Schick, 2013), or "attempts to allocate financial resources through political processes to serve different human purposes" (Wildavsky, 1986). Budgeting in the public sector means to authorize the expenditure of public funds, ensure compliance through budget execution and reporting, and ultimately, guarantee accountability for both decisions made and the actual utilization of public resources (Saliterer et al., 2018). However, these seemingly straightforward definitions belie a complexity and multidimensionality that require careful analysis to comprehend the various phases, components, key functions, and actors involved (Cangiano and Sarmento, 2018).

Additionally, Cangiano and Sarmento (2018) mention that the focus of budgeting has shifted from central and local administrations to encompass all public resources under a broader public financial management framework. This expansion now includes state enterprises and public-private partnerships (PPPs) alongside all levels of government (Cangiano et al., 2013).

The primary goals of public financial management, which include maintaining a sustainable fiscal position or overall fiscal discipline, efficiently allocating resources, and effectively delivering public goods and services, have been well-established in the literature (Cangiano et al., 2013). Saliterer et al. (2018) mention the benefit of public budgeting from a managerial perspective. Budgets serve as a tool to achieve the missions and strategies outlined by governments and public sector entities, while also holding public managers accountable for their performance and resource utilization. This expansion of budgeting roles has transformed the annual financial plan into a more comprehensive framework encompassing financial and performance aspects, extending over a longer term (Yamamoto, 2018).

Public budgeting encompasses the financial decisions made by governments (including municipalities, counties, states, and countries) and public organizations. These budgets serve the unique purpose of facilitating governmental functions, such as addressing market failures (such as supplying public goods), economic stabilization, and redistribution. For further discussion on market failures, refer to (Weimer and Vining, 2017).

Rubin (2019) asserts that the realm of public budgeting is significantly influenced by politics in the processes involved. While some may perceive budgets as mere numerical figures, those familiar with the budgeting process understand it as more than just financial amounts. It reflects power dynamics among branches of government, elected officials, citizens, political parties, interest groups, and bureaucrats, among other stakeholders (Caiden and Wildavsky, 2004).

Public budgets chart the trajectory of government activities and determine what services governments will provide to their citizens (Flink, 2018). In a broader context, these financial allocations serve as indicators of the government's priorities. As legally binding documents, public budgets also serve as a mechanism for accountability.

Public budgeting differs from the other two categories (individuals and businesses) in four significant ways (Mikesell, 2011). Firstly, government resources can be obtained through taxation. Governments can increase their financial resources without necessarily enhancing the quality of goods or services provided. In contrast, businesses need to expand production, attract new customers, or raise prices (which can reduce demand) to acquire more financial resources. Secondly, there exists a multitude of stakeholders, which creates ambiguity regarding who truly "owns" the government. In contrast, in business and private budgeting, the "owners" and decision-makers are identifiable to members, employees, and customers.

The third distinction between public and other forms of budgeting lies in the challenge of quantifying or assessing government services. Many goods and services offered by the government are normative or broadly defined as public goods. In contrast, evaluating success in businesses often relies on tangible metrics such as sales figures or overall profits, which are more easily quantifiable or widely accepted as valid indicators of success.

Furthermore, governments have task with safeguarding the "public trust and reputations of all citizenry" (Mikesell, 2011). Consequently, not every financial mechanism available to businesses and individuals, such as bankruptcy or default, can be viable options for governments. Businesses, on the other hand, can freely implement alternative mechanisms and budgeting decisions.

In the public sector, particularly within government entities, the budget is formulated and presented by the executive branch to the legislature for approval (Yamamoto, 2018). He also mentioned argues that public sector unlike the private sector, where resources for activities

and programs are determined autonomously. In the public sector, they are constrained by the budgetary allocation as the maximum limit.

The budget cycle entails a lengthy procedure comprising various phases and steps, with numerous individuals responsible for different policy domains or representing specific interests, whether personal, collective, or professional (Pattaro, 2016). He claims that the negotiation process can be intricate and time-consuming. Budgeting processes involve various actors such as politicians, managers, accountants, economists, each bringing their own cultural backgrounds, perspectives, expectations, and professional standards into play (Saliterer et al., 2018). Wildavsky and Caiden (2004) describe budgets as "struggles for power" or "conflicting commitments." Nonetheless, it is crucial to ensure some stability in the budgetary decision-making process while adhering to national laws.

2.5.2 Nature of Budgeting in Organizations

Budgeting is considered a phenomenon that emanates from social interactions, not only as a technical rationale triggered by internal business activities. Hayes (1983) stated that budgeting should be considered a myth or a symbol of social interaction in maintaining social truth, other than reflecting reality. Wildavsky (1986) argued that business decisions tend to be served by the asymmetrical conflict between the budget setter and the entire organization that supports budgeting in a political negotiation mode. Covaleski et al. (1985) argue that budgeting focuses on the appearance of rationality rather than defining it.

An accounting and organization's point of view argues that budgeting did not reflect an imperative fact in an ideologically impartial sense (Bigoni, 2021; Li and Soobaroyen, 2021). The view suggests that traditional budgeting theory has limitations in its ability to explain the function of budgeting in the scope of power and politics only. Organizations, as a whole, face some flustering conditions in what they have to accomplish and how to achieve an

accomplishment while they have to assure the public that they are strict to the guidance and manage their limited resources to satisfy or meet the public expectations.

A budget should be a perfect and sufficient guide for each organization to accomplish its objectives with limited resources (Goldstein, 2005). A budget must be well settled, considering the efficiency and possibility to finish. A good budget figure normatively reflects a particular set of resource amounts to cover all programs in a year or a specific time window. When creating a budget, there are several factors that must be considered, the most crucial factor is the organization's income. This includes revenue from sales, investments, and other sources. Expenses must also be taken into account, such as payroll, materials, and overhead. Additionally, the organization must consider any potential risks, such as inflation, market volatility, and political instability.

It is important to remember that budgeting is an ongoing process. The budget must be constantly monitored and adjusted as needed. A budget must be regularly updated to ensure it is up-to-date and accurate. This can lead to costly mistakes and missed opportunities.

2.5.3 Budgeting Approaches: Top-Down and Bottom-Up

One way to handle spending is to use either a top-down or bottom-up approach. In the top-down approach, leaders create a single overall budget and then allocate it to teams. On the other hand, the bottom-up style lets line staff suggest spending tied to goals (Belch and Belch, 2004). Picking the best approach depends on how well it fits each department's reality and on ensuring key people have a voice.

Top-down budgeting begins with a general budget allocated to units, enabling senior management to control funds and align with strategic objectives (Anthony et al., 2007). Top-down budgeting is commonly used in large organizations and is based on affordability rather than detailed realities. This approach uses strategies such as the affordable method, subjective

allocation, sales rate, or ROI—often called the "all-you-can-afford method" (Belch and Belch, 2004). The CEO specifies targets and directives (Kramer and Hartmann, 2014).

Bottom-up budgeting begins with units submitting detailed requests for higher-level approval, fostering ground-up evaluation and targeted allocations (Belch and Belch, 2004). The main strategy in this approach is the objective-and-task approach, which goals are set first, then budgets are set to support them (Belch and Belch, 2004). It lacks rigid targets, accepting deviations, and applies beyond budgeting, e.g., in portfolios (Kim et al., 2014; Li et al., 2019).

Table 2. 4 Top-Down and Bottom-Up Differences

Aspect	**Top-Down Approach**	**Bottom-Up Approach**
Advantages	Clear, concise resource allocation and efficient finance management.	Greater input from all levels, collaboration, accurate forecasting.
	Enables future planning and market adjustments.	Transparency, accountability, flexibility, innovation.
	Minimizes overspending; top management sets global frameworks (Anthony et al., 2007).	Optimizes resources for organizational benefit (Belch and Belch, 2004).
	CEO specifies targets (Kramer and Hartmann, 2014) (Belch and Belch, 2004).	
Disadvantages	Hard to assess lower-level needs accurately.	Time-consuming; bias in requests, over-inflation.

	Tracking fund usage challenging, risks misuse/waste.	Lacks coordination, misses company objectives (Kramer and Hartmann, 2014).

2.5.4 Alternative Budgeting Models[10] for Higher Education

Independence is a fundamental requirement for achieving the fundamental objectives of any university, regardless of whether it is publicly or privately owned, and irrespective of its specific focus (https://www.universityworldnews.com/post.php?story=202104200600527). Nevertheless, the extent of autonomy bestowed upon public universities varies based on the country and the prevailing political circumstances (Clarice et al., 1984).

The suitable approach to determining autonomy for both public and private universities relies on a range of factors. First, the manner in which universities allocate and are sanctioned to use public funds (Lane, 1981). Second, the external pressures influencing universities to amend their educational, research, and administrative policies (Clarice et al., 1984). Third, the financial accountability stance of private higher education management (Rachman et al., 2017). Fourth, the contrasting realities of public versus private participation in higher education (Altbach et al., 2021). Fifth, the necessity for increased autonomy to enhance the delivery of university-level education (Ritzen, 2016).

The research findings suggest that bolstering autonomy for universities should be a high priority on policymakers' agendas. However, it is challenging to secure parliamentary majorities willing to endorse autonomy-oriented legislation while still upholding accountability (Ritzen, 2016). Therefore, policymakers must devise viable strategies to confer

[10] *Zero-Based Budgeting (ZBB) requires managers to justify all expenditure from zero each budget cycle, rather than using the prior year's budget as a baseline. Activity-Based Budgeting (ABB) allocates resources based on the cost of planned activities. Responsibility-Based Budgeting (RBB) ties allocations to clearly defined organisational units accountable for specific outcomes. Each model has been applied in various higher education contexts internationally.*

more autonomy upon universities, all while ensuring financial responsibility and upholding the governance and management of quality education.

Radecki (2020) mentioned that six budget models are available for higher education institutions. These models are outlined below, along with their advantages and disadvantages:

Table 2. 5 Alternative Budgeting Models

Budgeting model	**Advantages**	**Drawbacks**
Incremental Budgeting	Incremental budgeting has been favored by institutions due to its straightforward implementation, budgetary stability, and the ability to plan for multiple years with predictability.	Incremental budgeting lacks a comprehensive perspective, making it challenging to discern cost allocations and their contributions to revenue and value creation. The accountability for spending is limited to the basic level.
Zero-Based Budgeting	Zero-based budgeting serves as an effective strategy for curbing unnecessary expenses. With departments not automatically receiving a predetermined sum annually, funds allocated to each unit have a specific purpose, thus minimizing wastage and discretionary spending. The Mackinac Center for Public Policy	Zero-based budgets demand more time for preparation and might be an excessively radical approach for the current task. As an expert has pointed out, "using a sledgehammer to pound in a nail" might be unnecessary.

	notes that zero-based budgeting reduces the inclination towards presuming cost increases as entitlements, and it has the potential to render budget discussions more purposeful.	
Activity-Based Budgeting	If a university can accurately trace the origins of its revenues and link them to broader strategic objectives, this approach might contribute to future revenue growth.	Insights from Interim University of Washington Provost Mary Lidstrom indicate that implementing an activity-based model demands significant time and resource commitments, which might not be feasible for all institutions. Referring to the University of Washington's decision to postpone the introduction of its activity-based model, a choice influenced in part by the recession's impact, Lidstrom commented that "No other university has been able to

		implement something like this in less than three years, and we were trying to do it in less than two."
Responsibility Center Management	Some university administrators are considering RCM as a response to budgetary challenges arising from economic downturns. Advocates of RCM argue that requiring individual units to compete for their survival motivates deans to seek new revenue streams.	Boston University President Robert A. Brown contends that the competition for students encouraged by RCM might prompt deans to adopt inefficient strategies to deter students from enroling in courses.
Centralized Budgeting	Professor William Lasher from the University of Texas at Austin views a more centralized budgeting system as a prudent approach to navigate challenging financial situations, owing to the power granted to top	However, when budgeting is centralized and competition is eliminated, departments might lose motivation to generate revenue.

	administrators in making tough choices for the entire university.	
Performance-Based Budgeting	A performance-based budget offers institutions a transparent insight into how funds are anticipated to yield outcomes. This system is may fit to implemented by institutions that are required to be more accountable. Connecting funding to achieved results enhances expenditure transparency for institutions reliant on public financial support. Though performance-based funding is not new in higher education, a study by Virginia Tech researchers reveals that it is "currently more likely to be mandated by legislation than ever before."	However, the budgeting process must incorporate time for reviewing performance measures (which necessitates prior data collection and analysis) and time for discussing performance against expectations. Only then can specific dollar values be assigned to divisional outcomes.

From a selection of six diverse budgeting models, universities can opt for the one most suitable at a given time. Budgeting models can be adapted to align with the university's mission (as noted by Paul Courant and Amy Dittmar in Radecki, 2020). As these models are a matter

of choice, it is essential to explore why an institution prefers one over others, despite each model having its pros and cons.

2.6 Diversity and Its Impact on Planning and Budgeting

2.6.1 Types and Impact of Diversity

The topics of diversity[11] and differentiation have been extensively explored in academic discussions about higher education (Van Vught, 2008). Parsons and Platt (1973) investigated the process of differentiation within the system alongside other themes. Their main argument centered around the idea that differentiation occurs when new functions emerge within a system. Clark (1978) presented a perspective on diversity and differentiation rooted in the belief that the development of knowledge leads to increased fragmentation within colleges.

According to Clark (1986), the complexity of diversity is triggered by external factors such as the emergence of new disciplines. While Parsons and Platt (1973) and Clark (1978) suggest that diversity will continue to increase, Riesman in (Van Vught, 2008) and Birnbaum (1983) argue otherwise. Riesman contends that low-reputation universities will mimic the actions of well-regarded universities. Meanwhile, Birnbaum provides evidence that between 1960 and 1980, there was no increase in diversity. Academic political competition and stringent regulations hinder the development of diversity (Rhoades, 1983).

Van Vught (2008) enumerates various benefits of diversity. Increased diversity within the higher education system aids access for students from diverse educational and achievement backgrounds. Diversity also fosters social mobility with diverse entry opportunities. Furthermore, diversity addresses labour market needs as diversified systems are more responsive. It also caters to the political needs of different interest groups by ensuring a variety

[11] "Diversity" refers either to diversity among individuals within an organisation — cultural, cognitive, demographic (Turi et al., 2022) — or to diversity of institutional types across the higher education system (Van Vught, 2008; Clark, 1978, 1986); this thesis uses the former sense unless stated otherwise.

of factional needs are met. Diversity facilitates a crucial balance between elite and mass education.

2.6.2 Organizational and Personal Diversity in Higher Education

Moving to the realm of budgeting procedures within higher education institutions, the intricacies of this process are intertwined with a complex web of interorganizational connections (Head and Alford, 2015). As such, identifying the primary factors that influence these procedures can become a formidable task. Among the array of factors impacting higher education institutions are variables such as institutional prestige, financial commitments, employment prospects, parental guidance, academic program offerings, and geographical location (Maniu and Maniu, 2014). The factors mentioned collectively contribute to the intricate landscape of decision-making and resource allocation within the higher education sector.

The budgetary process in public universities is shaped by a variety of factors, encompassing revenue streams, government fund allocations, and ancillary sources such as housing, university presses, bookstores, and food service (Ward et al., 2020). Revenue sources play an important role in molding the financial landscape of public universities and directly affect the decisions and outcomes of budgeting. Government subsidies and tuition fees stand out as notable revenue sources for public universities, with any shifts in these funding streams exerting a direct influence on budgetary decisions (Ward et al., 2020).

Furthermore, diversity at both organizational and personal levels is a factor in determining budgetary decisions and outcomes within an organization. Turi et al., (2022) describe that a diverse workplace positively contributes to organizational performance under leadership expertise role as a mediating factor in this relationship. Moreover, the effective management of cultural diversity and employees' perceptions of marginalization affects

organizational efficiency (Inegbedion et al., 2020). In short, the diversity within the organization's levels can affect budgetary decisions by incorporating organizational culture, influencing decision-making processes, and guiding strategies for resource allocation. However, coercive controls exert greater influence than enabling controls, primarily because dominant individuals wield power and influence resulting from ongoing conflicts among those pursuing varied interests and strategic initiatives (Seneviratne and Hoque, 2023).

Organizational and individual diversity also has an impact on budgeting decisions and outcomes. To illustrate, a study centered on promoting diversity and inclusivity within higher education underscores the ongoing existence of discrepancies in academic achievements and socio-economic standing when broken down by racial and ethnic categories (United States Department of Education, Office of Planning, 2016).

An examination of diversity and inclusiveness within institutions highlights that the prevailing institutional culture and reluctance to embrace change might hinder the attainment of diversity and inclusiveness objectives (Martinez-Acosta and Favero, 2018). Consequently, comprehending the manner in which diversity and inclusiveness impact budgeting choices and results can assist higher education establishments in formulating advanced approaches to enhance student achievements and discover fresh avenues for broadening and strengthening revenues (Chen et al., 2019). Additionally, Individuals without formal training in project budget management, as well as those with divergent interests compared to central accountants (specifically, allocating their entire budget to benefit their research projects versus reducing institutional risk), were disregarded (Wagner et al., 2011).

2.6.3 Cultural Diversity and Strategic Priorities

Cultural diversity can impact work group functioning in both positive and negative ways, which affecting overall strategic priorities (Ely and Thomas, 2001). Their study explores the

complex relationship between cultural diversity, workgroup dynamics, and their impact on overall outcomes. Cultural diversity in a workgroup pertains to the presence of individuals with distinct cultural backgrounds, experiences, values, and perspectives. Diversity can also encompass a range of aspects, including ethnicity, nationality, language, religion, and others.

A workgroup with divers member may received various advantages. The possible advantage include creativity improvement, innovation, and comprehensive problem-solving due to different viewpoints. In contrast, diversity can also lead to challenges such as communication misunderstandings and conflicts between members. The impact on an organization's strategies is significant; a well-functioning diverse team can drive innovation and customer connections, while a poorly managed one might lead to decreased productivity and missed growth opportunities. To harness the benefits, organizations should create an inclusive environment, offer training, and prioritize effective communication.

In conclusion, the relationship between cultural diversity and innovation is a powerful one. Organizations take advantages by making synergies of diverse perspectives and create an environment where these points of view can flourish tend to experience enhanced innovativeness. As organizations adapt to the challenges and opportunities of an increasingly interconnected world, recognizing the role of cultural diversity in shaping strategic priorities becomes essential for sustainable growth and success.

Cultural diversity can lead to conflicts and misunderstandings in the workplace, which can impact strategic decision-making and priorities (Eriksson and Hägg, 2016). The discussion about diversity and inclusivity at the institutional level highlights the need for executable plans and measurable outcomes, suggesting that understanding the impact of cultural diversity on strategic priorities is important for fostering inclusivity (Martinez-Acosta and Favero, 2018).

Delving into the realm of budgeting, Gibson (2009) highlights the crucial roles held by certain parties in the budgeting team. Budgeting team member in an organisation may consist

of cost center managers, and the vice presidents. The involvement of these representatives increases the complexity during budgeting process, as they advocate respective group's aspirations and power. Consequently, this dynamic aligns with what Ehrenberg et al. (2003) describes as determining "who is in charge". Pusser (2015) further contends that higher education becomes a place for political and social power to compete, reflecting diverse interests that might even culminate in a predatory agenda.

The predatory agenda seeks to maximize political and bureaucratic control over budgetary resources, personnel, and procurement processes, thereby exploiting opportunities for corruption and rent extraction, particularly for political and bureaucratic officials and their business associates. The predatory agenda refers to the actions of political, bureaucratic, and business figures who have exploited public institutions to further their political and economic motives. More specifically, these actions include but are not limited to gaining access or control over public institutions and resources for personal accumulation (Hadiz, 2010). Concerning state HEIs, it seeks to maximize opportunities for politicians, bureaucrats, and HEI managers to misuse government-provided HEI budgets and facilities for personal gain or to fund patronage networks or political party activities. Concerning private HEIs, it aims to maximize the extent to which such figures can illicitly extract payments, excessive profits, or privileges from these institutions (Rosser, 2023).

The predatory agenda has exerted dominant influence over HEI governance and decision-making in Indonesia, mainly due to the prevalence of predatory political and bureaucratic persons and their business associates within the country's political economy (Rosser, 2023). Notably, their engagement with officials from the Ministry of Education and various regional chapters of Kopertis (an organization established by the Ministry of Education to oversee and guide private HEIs) has played a significant role. Consequently, at the HEI level, the key proponents of predatory agendas have been HEI managers and senior academics who

oversee internal patronage networks, as well as national and local state officials with whom they interact.

Despite the potential negative impacts arising from differences in group backgrounds and power dynamics, these disparities can actually be advantageous for an organization. Kearney et al. (2009) discovered that teams benefit from a diverse range of knowledge perspectives rather than uniformity. Teams comprised of members with varying backgrounds are more likely to discuss critical matters due to the differing viewpoints. This dynamic is not achieved when team members share the same cultural background. Rock and Grant (2016) state that teams with diverse backgrounds can operate more effectively by considering a broader spectrum of factors and taking a cautious approach to decision-making. Various emerging interests must be communicated and negotiated to reach potentially equitable decisions.

2.6.4 Islamic Principles in Management and Budgeting

Religion, specifically Islam in this study, has several principle that relates to one another. The Quranic verse states: "We raise some of them above others in ranks, so that some may command work from others" [43:32] (Translation by Ali). This verse succinctly explains why God elevates certain individuals over others, allowing them to delegate tasks. It encapsulates the philosophy and wisdom underlying modern management principles.

On the other part, the Holy Quran discourages wastefulness and extravagant spending, stating: "verily spendthrifts are brother of the Satans; and the Satans is to his lord (Himself) ungrateful" [17:27]. Adhering to these principles can enable an organization to produce high-quality products at minimal expense. In budgeting, it means a company or organization should spend money carefully to reduce less important expenditures.

The fundamental requirement for effectively delegating and completing tasks is obedience and respect for authority. The successful execution of tasks through others depends on their willingness to comply. Therefore, individuals entrusted with tasks must obey all lawful and reasonable commands and carry them out responsibly, as instructed in the Holy Quran: "Obey Allah and His Messenger and those in authority among you" [4:59]. This verse is a directive, not a request. Being a devout Muslim necessitates adhering to this command with sincerity and eagerness.

When employees embrace this spirit of voluntary obedience, it reinforces the hierarchical structure envisioned in the verse [43:32]. It goes without saying that without the voluntary compliance of those in the workforce, the establishment of hierarchy would serve no purpose. Islam uses ulul-amr to represent the leader after the Prophet Muhammad, PBUH. Based on [4:59] and [43:32], a Muslim should follow the leader. However, following incompetent ulul-amr in crucial decision-making matters can have adverse consequences for the organization.

In business, accounting has been employed in Muslim societies since the era of the second Caliph, Umar bin Khattab (Trokic, 2015). Since the mid-twentieth century, there has been a notable surge in discussions surrounding Islamic economics and financial systems, culminating in the development of Islamic accounting principles (El-Ashker and Wilson, 2006). As Farhan (2018) points out, "budgets are not merely technical outputs; rather, they are outcomes of intricate negotiations among various stakeholders."

2.6.5. Islamic Public Expenditure Principles

Khan (2001) subsequently formulates six additional principles derived from several different sources, which include the Quranic verses, Hadith, the practices of early Caliphs, and Islamic literature. The principle starts with public spending to adhere to a hierarchy of needs, with

primary emphasis on essentials (daruriyyat), followed by complementary (hajiyyat), and desirables (tahsiniyyat). Secondly, the public expenditure must avoid waste or extravagance. Thirdly, the government should be free from nepotism, favoritism, or discrimination based on ethnicity, gender, caste, or creed in matters of public expenditure. Fourth, equitable distribution among regions and generations should be considered in public spending. Fifth, income (salary) transfers should be executed promptly, minimizing bureaucratic obstacles. Lastly, the government is accountable to both the people and to Allah for every expenditure or withholding of funds.

Muslim leaders are expected to prioritize the public interest in budget management, as illustrated in Khan's (2001) framework on public expenditure and the model of good governance outlined by Naqvi et al. (2011).

2.7 Research Gaps and Justification

2.7.1 Summary of Key Themes

The existing debate revolves around how the government provides funding to both private and public universities and the actual role of the government in education provision. Hence, the assertion is made that the state bears the primary responsibility for providing primary and secondary education in socially optimal ways. The rate of return analysis can be employed to prioritize the allocation of limited public resources (Montenegro and Patrinos, 2014).

However, it overlooks the aspect of the state's limitations in providing assistance to ensure equitable education. Equally important and worth considering is how the budgeting process takes place to ensure that every cent spent supports the organization's strategic projects. The discussion regarding restrictions imposed by the state on university funding is intricately connected to the changing roles of both public and private universities in the higher education domain.

2.7.2 Identified Research Gaps

A debate has been opened by the universities' shift towards the status of autonomy (PTN-BH). According to Koning & Maassen (2012), the changes require execution to balance independence and accountability. Nevertheless, Okebukola (2015) presents the opposite, cautioning that complete autonomy could reduce access for students from lower-income backgrounds and possibly undermine objectives.

The move towards independence is intricately linked to difficulties. During times of turmoil, universities' funding structures have decreased significantly. Amaral et al. (2012) propose an organization to expand their funding and introduce money-saving strategies. However, Bok (2009) argues that this kind of expansion could lead to the commercialization of education, potentially compromising ethics.

Universities grapple with strains while encountering organizational hurdles amidst conflicting institutional logic (Greenwood et al., 2011). They recommend establishing effective tactics to navigate this complexity. In contrast to this approach, Jay (2013) proposes that embracing complexity rather than trying to resolve it could pave the way for pioneering organizations.

The debate also gets broader to how management teams manage systems, such as conflicts. The debate also extends to how an organization's culture influences management control systems. Ahrens & Mollona (2007) support adapting management and control to incorporate cultural sensitivity. Nevertheless, Hofstede (1984) argues that management principles work across different cultures.

Universities face two significant challenges, with aspects that prove difficult to manage and connections with the parties involved in the organization. Developing and maintaining relationships with stakeholders to access resources is an important task for universities' success

(Willems et al., 2019). Mitchell et al. (1997) caution that an excessive emphasis on stakeholders might result in a shift from the core mission and organizational focus.

The focus on shifting connections with stakeholders has become more intricate due to the growing diversity in current university populations (Johnston, 2019). The influence of workplace diversity on how organizations perform is a subject that is constantly being discussed. Turi et al. (2022) suggest promoting diversity and enhancing management skills, proving that mishandling diversity may have resulted in its advantages. However, Mannix and Neale (2005) dispute the notion of diminished social unity.

Expanding on this point further is the discussion around how handling cultural diversity impacts the productivity of organizations. It has sparked debates where Inegbedian et al. (2020) suggest adopting strategies for managing diversity. Noon (2007) takes a stance on diversity management, cautioning against tokenism and reverse discrimination.

The consideration of diversity also impacts how control is managed in universities. Many scholars debate the effectiveness of coercive versus enabling controls in organizations. Seneviratne and Hoque (2023) argue that coercive controls prevail due to power dynamics. They propose balancing them by enabling controls. However, Adler and Borys (1996) argue that enabling controls may be more effective in universities that focus on knowledge activities.

The connection between managing control and institutional culture is crucial to maintaining diversity while pursuing the organization's goals. However, the researcher cannot agree with the benefit of diversity in workplace. Martinez-Acosta and Favero (2018) assert that implementing cultural transformation programs can enhance inclusivity. In contrast, Kezar and Eckel (2002) argue that swift cultural transformations may provoke protest and factions within an organization.

Complicated interactions in an organization underscore the significance of planning and control practices in educational institutions. Budgeting member with knowledge about the

process and well trained can help to reduce the conflict during interaction problem. However, the discussion necessary training related to budget management reveals viewpoints. Wagner et al. (2011) advocate offering budget management training to all parties involved in the process. On the contrary, Frow et al. (2010) argue that rigid procedures in budgeting may reduce creativity and adaptability within institutions.

The ongoing discussions between parties highlight the nature of financial planning in universities and the Indonesian higher education sector, as well as the importance of adopting thoughtful strategies that consider various viewpoints and potential outcomes.

2.7.3 Research Stance and Contribution

Ahrens and Mollona's (2007) highlight the essential role of culture in the management control systems. Culture contributes to shapes organizational norms, values, and behaviours, which determine how control systems are perceived and enacted within a business. However, Ansari and Bell (1998) argue that the research on cultural contingencies, how cultural variables affect management practices, has often failed to address the complexities and nuances present in ethnically diverse and multi-cultural business settings. Ansari and Bell's argument oversight is significant because such contexts present unique challenges and dynamics that can impact the implementation and success of management control systems. Ansari and Bell (1998) note that understanding these cultural factors is crucial for developing more effective and responsive control mechanisms that accommodate the diversity inherent in today's global business environment.

The diversity emerging within the organization has sparked discussions among researchers. Workplace diversity has a positive impact on organizational performance, with leadership expertise serving as a mediator in this relationship (Turi et al., 2022). Furthermore, the effective management of cultural diversity and employees' perceptions of marginalization

significantly affect organizational efficiency (Inegbedion et al., 2020). Consequently, diversity within university leadership and the workforce can shape budgetary decisions and outcomes by molding organizational culture, influencing decision-making processes, and guiding strategies for resource allocation. However, coercive controls tend to exert greater influence than enabling controls, primarily because dominant individuals wield power and influence resulting from ongoing conflicts among those pursuing varied interests and strategic initiatives (Seneviratne and Hoque, 2023).

Parmenter (2003) explains the existence of ego-centric problems that arise during budget preparation, which can interfere with the organization's long-term development. Ego-centrism can also emerge at the individual level, forming communities based on standards such as idealism and culture. This thesis assumes that each person carries an ego-centric-based culture that will form a community that will fight for themselves or their group. At a higher level, it will be a characteristic feature of an organization.

Both organizational and individual diversity can also impact budgeting decisions and results. For example, a study focused on promoting diversity and inclusivity within higher education highlights the persistent disparities in academic achievements and socio-economic status when analysed by racial and ethnic categories (United States. Department of Education. Office of Planning, 2016).

Examining diversity and inclusiveness within institutions reveals that the prevailing institutional culture and resistance to change might hinder the achievement of diversity and inclusiveness objectives (Martinez-Acosta and Favero, 2018). Consequently, understanding how diversity and inclusiveness impact budgeting choices and outcomes can help higher education institutions develop effective strategies to enhance student achievement and identify new opportunities for expanding and increasing revenues (Chen et al., 2019). Additionally, individuals without formal training in project budget management and those with interests

differing from central accountants (specifically, those who prioritize spending their entire budget on research projects versus reducing institutional risk) were overlooked (Wagner et al., 2011).

Stakeholder engagement has become standard practice in higher education governance in Europe, especially in the realm of quality assurance (Vukasovic, 2017). The diverse expectations and experiences of various stakeholder groups are anticipated to enhance the effectiveness and comprehensiveness of the quality assurance system (https://www.enqa.eu/projects/effective-involvement-of-stakeholders-in-external-quality-assurance-activities-esqa/). While diversity in expectations can enhance the system, it may also compel the quality agency to define the boundaries of a public quality assurance system. Additionally, the engagement process itself can help align these diverse expectations.

On the other hand, to deliver satisfaction to the current external and new potential stakeholders, the institution has to align its vision, mission, and strategic plan with those parties. To support the institution's activities, it needs to establish a well-structured and convincing program that may require additional resources and potentially attract more funding. In fact, a higher education institution might not have enough.

2.7.4 Link to Research Questions

Based on those considerations, this study employs two different theories, stakeholder and resource dependence theory. The key connection between stakeholder theory and resource dependence theory in the context of budgeting is that both theories emphasize the importance of managing relationships with external entities that holding critical resources.

Stakeholder theory states that organizations must manage relationships with stakeholder groups (e.g., funders, beneficiaries, suppliers) that can influence or are influenced by the organization (Willems et al., 2022). Effective stakeholder management helps

organizations access critical resources (Willems et al., 2022). While resource dependence theory posits that organizations are dependent on external resources controlled by other entities, and this dependence shapes organizational actions and decisions (Nienhüser, 2008). The abundance, importance, and control of the resources might influence the degree of the organization's dependence. Stakeholder management and addressing resource dependencies are thus crucial considerations in the budgeting process, as organizations must ensure they have adequate access to the resources to achieve their objectives (Nienhüser, 2008; Willems et al., 2022).

This thesis aims to explore the effects of cultural diversity on the budgeting process, which relies on the experiences and perspectives of individuals, so it cannot be quantified. By examining personal accounts and subjective viewpoints, the study tries to gain a deeper understanding of how cultural diversity affects budgeting practices. A qualitative approach was chosen due to its ability to enable a nuanced analysis that captures the complexity of human experiences and the subtle ways in which cultural diversity influences organizational processes. Scotland (2012) illustrates a framework for investigating the interactions among individuals within their historical and cultural contexts. Scotland's approach emphasizes that social realities are affected by experiences and the specific social contexts. The approach is crucial for enhancing understanding of the dynamic interplay between individuals' actions and the broader societal structures. The understanding is crucial for comprehending how individual and collective behaviours are shaped by and contribute to the evolving cultural and historical landscapes.

In fact, multiple realities can coexist, as different individuals and groups may interpret the same phenomena in varied ways (Rehman and Alharthi, 2016). The diverse interpretation, caused by several factors such as perspectives and experiences, may lead to the formation of distinct realities during the same events or circumstances. Each person's or group's unique

background, including beliefs, contribute to their specific understanding and interpretation of the world.

Chapter 3

THEORETICAL FRAMEWORK

3.1 Introduction

This chapter presents the theoretical foundations that underpin this study's investigation of budgeting processes in different university settings in Indonesia. The research employs two complementary theoretical frameworks, Stakeholder Theory and Resource Dependence Theory, to analyse how universities manage their financial resources, navigate external dependencies, and balance the diverse interests of multiple stakeholders. These theoretical lenses provide a robust analytical framework for understanding the complex dynamics of university budgeting in both public autonomous (PTN-BH) and private institutions.

3.2 Stakeholder Theory

Stakeholder theory highlights the problems that arise due to the existence of various stakeholders. This theory views that the company represented by the CEO will endeavour to meet the expectations of the stakeholders, although not all of them. Coleman et al. (2008) argue that this theory has strengths and weaknesses. The weakness of this theory is that it is peculiar because it considers shareholders to be the primary interest group of a company. The advantage of this theory is the point of view that involves other parties.

Stakeholder theory is well-known because it has been commonly used to investigate the relationship between business entity activities and other parties that require information disclosure to shareholders and investors. Freeman et al. (2004) argue that economic value is created because of a group of people who voluntarily work together to improve each other's welfare. Jensen (2001) criticizes this theory because profit is the sole indicator of the company's

goals, which are distributed to interested parties in various forms, such as dividends and bonuses to employees and company leaders.

Rodriguez et al. (2002) classify stakeholders into substantial, contractual, and contextual stakeholders. Substantial stakeholders in a business are those who are essential to the company, including shareholders, investors, company partners, and employees. There are two types of stakeholders, contractual and contextual. Contractual stakeholders are parties who have a relationship based on business legal contracts with the company, including financial institutions and legally bound suppliers. Contextual stakeholders are parties that represent the environment in which the business operates, including communities and independent persons. Keep in mind that one of the parties included in the definition of stakeholders is employees.

Rajan and Zingales (2000) state that the interests of all parties who contribute to the formation of the company's general values must be protected. In theory, the parties described by Rajan and Zingales (2000) and Rodriguez et al. (2002) should have security guarantees, therefore the company must carry out adequate governance.

Despite its widespread application, stakeholder theory has some critics because it is less objective and instrumental, and lacks an anchor in normative and ethical principles. The stakeholder repellent highlights the fact that the theory is less moral, as it prioritizes profit over human well-being by using humanity as a means to an end. Disregarding its human and ethical responsibilities, the company can optimize its profit and allocate a percentage of it to support the neighbourhood.

Although there is a competing party that does not agree with stakeholder theory, the main idea of the theory is to consider respecting people in company activities. Stakeholder theory provides greater protection and minimizes the likelihood of fraud and unethical practices during operational activities. Implementing this theory in every decision yields benefits for both humans and the environment.

3.3 Resource Dependence Theory

Resource Dependence Theory assumes that an organization can be independent and needs a business partner to handle the external environment (Pfeffer and Salancik, 2003a). Pfeffer and Salancik[12] suggest that understanding the ecology of the organization helps to understand the organization's behaviour.

Resource Dependence Theory is an organizational theory that posits that the availability of resources within an organization influences the decisions and actions it takes. This theory suggests that the number of resources available to an organization determines the strategies and tactics it can use and the level of success it can achieve. This theory also suggests that organizations should focus on resource acquisition and management to maximize their potential for success.

Resource Dependence Theory is an important concept for organizations to consider when making strategic decisions. The successful RDT revealed the problem within the organization (Pfeffer and Salancik, 2003a). RDT provides a framework for understanding how resources are used to generate value and how these resources can be managed to maximize their potential.

Resource Dependent theory is essential for organizations to understand how to allocate resources effectively, develop strategies, and make decisions that will lead to long-term success. The theory is also crucial for businesses to understand how their resources can be leveraged to create competitive advantages and how to manage them effectively to ensure the organization remains competitive. Resource Dependent theory is essential for businesses to remain competitive in today's ever-changing marketplace.

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[12] *Pfeffer and Salancik's The External Control of Organizations (first published 1978, reissued 2003) is the foundational text of Resource Dependence Theory. The 2003 Stanford Business Classics edition includes a new introduction reflecting on the theory's development and ongoing relevance.*

The paucity of scholarly focus on input-output linkages may be partially explained by the absence of universal agreement on a suitable framework for explaining the behaviour of public higher education institutions (Fowles, 2014). He argues that an alternative framework for understanding organizational behaviour, resource dependence theory, which builds on the ideas of open systems theory, focuses more on the external environment of organizations than internal dynamics and on the supply of resources that organizations depend on.

In higher education, there are 10 key stakeholder groups, as identified by Tuckman and Chang (1990). This list includes both internal and external groups, such as students, charitable organizations, state legislatures, state financing agencies, and the private sector. Internal groups include university teachers and administrators.

Resource dependence theory clarifies how organizations reconcile these competing needs by tying resources together. In other words, a strategic organization must put stakeholder requirements first since they provide the vital resources that a company must have to exist (Fowles, 2014).

We may better explain disparities in the production and behaviour of comparable public higher education institutions by using the lens of resource dependency theory, which provides a potent perspective (Fowles, 2014). This lens takes into account the institution's dynamics as well as the dynamics of the environment in which it functions and the resources required for survival and success.

These results provide a convincing justification for Titus' (2006) assertion that there is a connection between institutional revenue and student outcomes: as institutional income structures become more reliant on student tuition, institutions change their spending habits to contribute more funds. Place a focus on initiatives that benefit this specific client. The resource dependency hypothesis predicts that changes in financial institutions that put more of a focus

on college income would result in significant changes in how much money institutions spend on educational activities.

According to the resource dependency when institutions look for new revenue streams to make up for decreased allocations, which might have an impact on institutional behaviour, they engage in explicit or implicit contracts with their funding sources. Institutions place a greater emphasis on educational initiatives and depend more on lectures. Empirical evidence implies that institutions that receive private donations wind up being more reliant on donors in other places. Tolbert (1985) and Slaughter & Leslie (1997) found that institutions working with public or private entities to do applied research are more likely to move funding from other initiatives to meet their contractual responsibilities. The magnitude of the anticipated effect is also indicative of its significance.

To manage limited resources at the university when government funding is reduced or discontinued, it is essential to take a proactive approach. The approach includes exploring alternative funding sources, like grants, private donations, and corporate sponsorships. Plus, it is essential to prioritize resources and allocate them prudently. In a specific condition, cost-cutting should also be implemented. Cost-cutting strategies may include reducing staff, cutting operational costs, and streamlining processes. By taking a proactive approach, universities can ensure that they can manage limited resources even when government funding is not sufficient to cover all necessary expenses.

Limited resources trigger some business decisions, for example, mergers, acquisitions, joint ventures, and board of director composition (Hillman et al., 2009). However, they could have provided some perspectives on Higher Education as an organization with similar problems regarding scarce resources. Klein (2015) reveals that public universities in the US have budget problems because the government reduces the amount of state funding for

education. Compared to 2004, 32% of state revenue was used to support the educational sector, and only 23% in 2013 (Sav, 2016).

State universities in Indonesia are governed by the government through the Ministry of Education, representing a principal-agent relationship. The resource dependency theory describes the behavioural decisions and their implications affected by the limitation and maintenance of the resource (Bennett, 2018). Keeney (2018) argues that an organization's ability to survive is determined by its ability to receive revenues and maintain them. Need to remember that the main revenues of public universities are state funding and tuition fee revenue. Powell and Rey (2015) mention three critical things to consider in resource dependency theory in the educational sector: (1) external effects on organizations; (2) organizational efforts to tackle external conditions; and (3) how the external factors affect the organizational dynamics internally.

Agency theory and resource dependence theory have an impact on the educational process. Bennett & Law (2020) stated that those theories impacted the university's strategies in the recruitment process, tuition fees, resource allocation, and cost reduction.

The resources-dependent theory will increase agency problems. Reduced educational funding assistance from the government forced universities to find new funding sources. One way to do this is to increase class capacity, which can lead to a decrease in the quality of the educational process. In Indonesia, the Ministry of Education has limited the maximum number of classes for the exact sciences and humanities. This rule may be violated by manipulating information so that it looks normal or close to normal. To reduce costs, universities can recruit new, cheaper, less-qualified teaching staff or force existing resources to perform additional tasks beyond their primary responsibilities. Roberts & Taylor (2016) argue that universities will likely invest more in physical aesthetics to attract new students than in improving the

quality of the educational process. This step contradicts the government's wishes, which prefer aspects of the quality of education provided to students.

3.4 Theoretical Justification

The key connection between stakeholder theory and resource dependence theory in the context of budgeting is that both theories emphasize the importance of managing relationships with external entities that control critical resources. This section demonstrates how the integration of these two theoretical frameworks provides a more comprehensive understanding of university budgeting processes.

Stakeholder theory states that organizations must manage relationships with stakeholder groups (e.g., funders, beneficiaries, suppliers) that can influence or are influenced by the organization (Willems et al., 2022). Effective stakeholder management helps organizations access additional resources from related parties (Willems et al., 2022). While resource dependence theory posits that organizations are dependent on external resources controlled by other entities, and this dependence determines organizational actions and decisions (Nienhüser, 2008). The degree of dependence might be influenced by the abundance, importance, and control of the resources.

In the budgeting context, both theories suggest that organizations need to focus on actively engaging with key stakeholders and resource providers in order to secure the resources (e.g., funding, supplies, partnerships) necessary for their operations and survival. Stakeholder management and consideration of resource dependencies are thus crucial in the budgeting process, as organizations must ensure they have adequate access to resources to support their plan and achieve their objectives (Nienhüser, 2008; Willems et al., 2022). Integrating insights from both theories can provide a more comprehensive understanding of the external factors shaping organizational budgeting decisions.

However, to attract new donors, universities need to promote that they have some interest in the donor. In this condition, a university or a smaller unit within a university needs to set a plan to show that they are good enough to utilize funds to ensure they can fulfil the stakeholder interests.

Organizations must balance resource dependence and stakeholder theory considerations in the budgeting process for several reasons discussed by previous researchers. Resource dependence theory suggests that organizations are dependent on external resources, and this dependence shapes their budgeting decisions (Frooman, 1999; Gomes, 2006). Due to limited capability to cover all resources, organizations need to manage relationships with resource providers (e.g., funders, suppliers) to secure the resources required for their operations (Gomes, 2006). Stakeholder theory states that organizations must manage relationships with stakeholder groups (e.g., funders, beneficiaries, partners) that can influence or are influenced by the organization (Frooman, 1999; Gomes, 2006). Shortly, effective stakeholder management helps organizations access critical resources.

To balance these perspectives, organizations must identify their key resource providers and stakeholders. The organisations also need to assess their level of dependence and influence, and then proactively manage these relationships in the budgeting process. Balancing the perspectives may involve activities like securing funding commitments, negotiating supply contracts, and aligning budgets with stakeholder priorities (Gomes, 2006). To keep those perspectives in balance, the companies require competent leadership.

Boards and managers play a key role in these boundary-spanning activities (Willems et al., 2022). The managerial team needs to consider aspects that may influence the whole problem. By integrating insights from both theories, managers can develop budgets that ensure access to critical resources while also considering the needs and concerns of influential stakeholders (Gomes, 2006; Willems et al., 2022).

In short, the goal of elaborating stakeholder theory and resource dependence theory is to create budgets that enable the organization to survive and thrive by effectively managing its resource dependencies and stakeholder relationships.

As others have noted, combining Stakeholder Theory and Resource Dependence Theory is not simply a matter of joining two relevant theories. Instead, you must address the limitations of each theory. RDT explains a university's budgeting behavior within the scope of available resources, based on its dependencies on external actors who supply resources the university cannot generate. However, RDT offers little help in determining how an institution decides between various external and internal claims when available resources are insufficient to meet all relevant demands. The combination of the two theories is therefore necessary to better understand the factors that shape a university's budgeting behavior. STT explains how stakeholders' claims are handled based on their power, legitimacy, and the urgency of their claims. However, viewed in isolation, STT creates the impression that all stakeholder claims can be satisfied, provided that the necessary will to manage is present. In reality, however, material circumstances of dependency determine which stakeholder claims can be satisfied and which cannot, even if all claims are legitimate. STT therefore must be combined with RDT to provide a satisfactory explanation of the various factors that determine a university's budgeting behavior. From the perspective of the two research questions addressed in this study, combining the two theories is necessary to avoid leaving half of the question unanswered. A STT-based explanation of budgeting in PTN-BH and a private Islamic higher education institution would not explain why some stakeholders are unable to attain their goals, while an RDT-based explanation would not explain why certain stakeholders are treated more favorably than others of similar legitimacy.

The researcher views the two theories in combination, as two parts of a research question. That is, the first part of the research question deals with factors affecting budgeting,

i.e., a resource-dependency question. The second part of the research question focuses on how diversity among people affects decisions concerning and resulting from budgeting, i.e., a stakeholder-salience question which is influenced by the researcher's cultural orientation toward research on individuals in different countries, including Indonesia. RDT and ST were selected because, in the researcher's opinion, Institutional Theory and Agency Theory would also be appropriate; however, their relevance is limited to understanding aspects of control/compliance in a university and, thus, they fail to address several aspects as presented in Chapters 5 and 6. The combination of RDT and ST for analyzing budgeting practices in higher education, as adopted in this study, treats RDT as the structural condition and ST as the selection mechanism within that condition, with Indonesian cultural orientation determining how selection is made.

3.5 Relating Stakeholder Theory and Resource Dependence Theory to Individual Cultural Backgrounds in the Indonesian Organizational Context

Indonesia, one of the countries with the most cultural diversity in the world, is a good case to explain organizational behaviour using stakeholder and resource dependence theories. Therefore, this study explores how cultural diversity affects how organizations engage with their stakeholders and manage resources using the stakeholder theory and the resource dependence theory. These theories in this study are integrated at the organizational level with individual cultural backgrounds to determine the leadership styles, decision-making processes, and ethical considerations.

3.5.1 Stakeholder Theory in the Indonesian Organizational Context

Stakeholder theory is a disciplinary framework that focuses on identifying and managing different groups interested in an organization (Freeman, 2010). In Indonesia, these cultural factors significantly impact internal stakeholder dynamics.

One of the most important aspects is how cultural values determine internal stakeholder dynamics. Based on the study by Arun and Kharaman Gedik (2020), it has been found that employees of different ethnic groups have different expectations of their leaders and management. For instance, the Javanese culture, which is a high-power distance culture, implies that there is respect for authority, and people tend to respect their superiors and not question them. This culture can lead to a lack of openness but aligns with the cultural norms of harmony and hierarchy (Tomohardjo et al., 2019). Therefore, leaders in Indonesian organizations must be careful to ensure they are inclusive without being culturally insensitive.

Cultural diversity also determines how organizations engage with the external environment, including other stakeholders. Sponsors havepreferences to support wider society impact rather than specific part of community. This preference is because such an approach is consistent with the stakeholder theory, which involves trying to satisfy all the stakeholders while simultaneously trying to satisfy the cultural orientation of doing business.

The complexity of multicultural stakeholder engagement in organizations operating in Indonesia further complicates organizational practices. Feng and Liu (2023) investigated how national culture affects MNEs' strategies for engaging with the environment in culturally diverse countries. Indonesia has different regions; hence, one has to know how to handle the stakeholders in each region. For instance, stakeholders may have different expectations in Aceh and Papua due to historical and cultural differences (Perks and Sanderson, 2000; Tomohardjo et al., 2019). Organizations should, therefore, develop everyday strategies that can be

effectively internalized within the organization for application in the market (Jacobsen and Johnsen, 2020).

3.5.2 Resource Dependence Theory in the Indonesian Organizational Context

Resource dependence theory (RDT) is an organizational theory that explains how organizations manage their dependencies on other organizations or institutions to reduce uncertainty and increase their stability (Johnson Jr, 1995). In Indonesia, how resources are perceived, acquired, and managed in organizations is primarily a function of individual cultural orientations (Stone et al., 2007).

For instance, the concept of *gotong royong* is a good example of how cultural values determine resource acquisition strategies. Nienhüser (2008) added that resource dependencies are not just facts but are also constructed by cultural practices. In many Indonesian organizations, *gotong royong* is a model of cooperative resource management (Lukiyanto and Wijayaningtyas, 2020). For instance, managers may prefer to establish long-term relations with their suppliers or partners rather than try to outcompete them in the market. This negative relation is similar to RDT in that it is also concerned with reducing uncertainty through forming alliances.

Human resource management practices also reflect the interplay between RDT and cultural values. In Indonesian organizations, collectivist norms are more likely to be associated with group-based incentives than individual rewards (Bennington and Habir, 2003). This norm boosts team member morale and improves internal resource utilization by increasing cooperation and loyalty (Simarmata et al., 2020). Moreover, the hierarchical culture may influence the recruitment process, in which experience or connection is often considered more than merit (Clauset et al., 2015; Hora, 2020).

Knowledge sharing is another area where RDT meets cultural backgrounds (Yang et al., 2018). In hierarchical cultures such as Javanese or Batak cultures, the low-ranking members

may be reluctant to share their ideas with their superiors because of the respect for authority (Rao Jada et al., 2019; Sackmann and Friesl, 2007). This social structure can be a problem for the organization because it may not be able to exploit all its knowledge resources. To address this challenge, organizations must create an environment where people feel comfortable sharing ideas without fear of punishment.

3.5.3 Ethical Considerations Shaped by Cultural Backgrounds

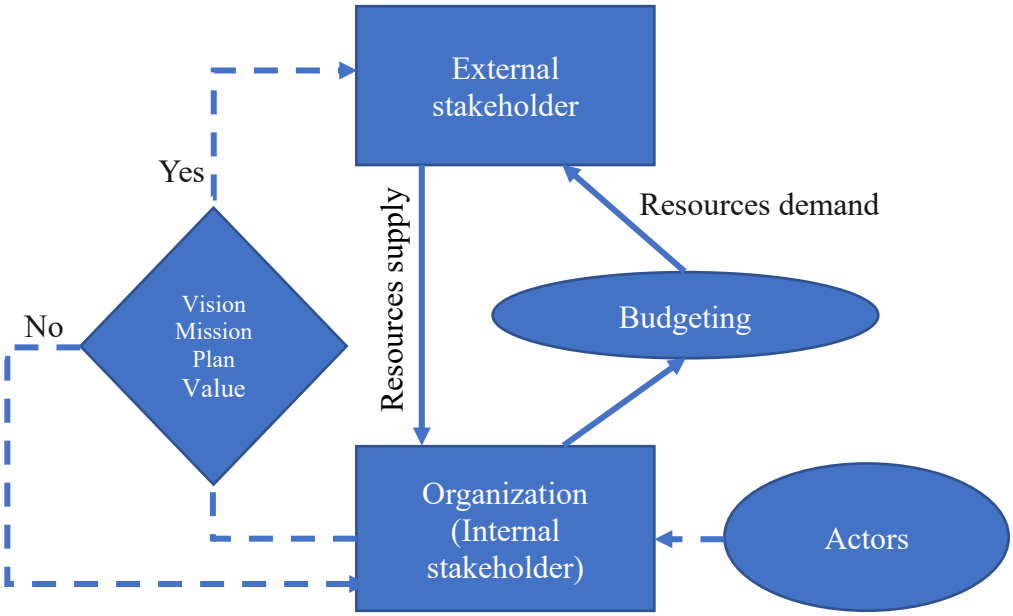
To a large extent, ethical decision-making in organizations is influenced by cultural factors. Based on the study by Parboteeah (2005), national culture determines how organizations handle ethical issues. For instance, familyism and paternalism influence leaders' decision-making process and create a conflict of interest between personal and professional ethics.

Tarjo et al. (2024) argue that religiosity plays a significant role in determining ethical practices within organizations in Indonesia. Most leaders set their decision-making processes based on religious principles, mainly when conflicts exist between stakeholders' interests (Chan and Ananthram, 2019; Jung, 2023). The alignment of ethical frameworks with cultural values explains the importance of context-oriented approaches to stakeholder engagement and resource management (Litz, 1996; Talley et al., 2016).

3.5.4 Integrating Stakeholder Theory and Resource Dependence Theory with Cultural Backgrounds

The integration of stakeholder theory and resource dependence theory in this study is best understood not as two parallel lenses applied separately, but as a single process in which cultural orientation shapes how external resource dependencies are managed and how stakeholder demands are filtered and prioritized. Figure 3.1 illustrates this integrated model in the context of Indonesian university budgeting.

Figure 3.1 Theoretical Connection



At the center of this model is the organization, an internal stakeholder, which engages in continuous resource exchange with external stakeholders. Resources flow into the organization in response to demand signaled by external stakeholders, while the organization supplies outputs, services, or accountability mechanisms that justify continued access to those resources. This bidirectional flow is the core mechanism described by resource dependence theory (Pfeffer and Salancik, 2003a): organizations are rarely self-sufficient, and dependence on a given external party shapes strategic behavior, including how budgets are constructed and adjusted.

However, not every external resource demand is treated equally, nor is every internal actor's influence on resource allocation identical — and this is where stakeholder theory and cultural orientation enter the model directly, rather than as separate add-ons. Internal actors bring their own cultural orientation into the organization, shaping budgeting decisions, conflict resolution over limited resources, and the evaluation of external stakeholder demands. Before resources are released to or accepted from an external stakeholder, the organization filters that exchange through an internal alignment check: does the resource request or external demand

align with the institution's vision, mission, plan, and values? This filtering process reflects stakeholder salience: not all stakeholders carry equal power, legitimacy, or urgency, and Indonesian organizational culture shapes how that salience is assessed. In high-power-distance, collectivist cultural contexts such as those found across much of Indonesia, this filtering process is rarely a purely technical or financial assessment; it is mediated by leadership style, hierarchical deference, and culturally specific notions of harmony and obligation (Karna et al., 2024; Mitchell et al., 1997; Tomohardjo et al., 2019).

This means that cultural orientation does not act independently on stakeholder theory and resource dependence theory. Instead, it operates at the point where the two theories meet: when an organization decides which external resource dependencies to prioritize and which stakeholder demands are sufficiently legitimate to shape budgeting outcomes. A leader operating within a *gotong-royong*-influenced cultural frame, for instance, may weigh long-term relational ties with stakeholders more heavily than short-term resource optimization (Lukiyanto and Wijayaningtyas, 2020; Wang et al., 2014). A decision that is both a stakeholder management choice and a resource dependence strategy, shaped by cultural orientation.

This integrated model, namely resource dependence as the structural mechanism, stakeholder salience as the filtering mechanism, and cultural orientation as the variable that shapes both, provides the analytical framework used throughout Chapters 5, 6, and 7 of this thesis.

3.6 Conclusion

In conclusion, stakeholder and resource dependence theories are helpful theoretical frameworks to help understand organizational behaviour in the context of culturally diverse Indonesia. At the organizational level, individual cultural backgrounds determine how stakeholders are engaged. Stakeholder engagement affects how resources are managed. The

engagement reflects leadership styles, decision-making processes, CSR practices, conflict resolution strategies, innovation adoption, and ethical considerations.

By integrating these theories with an awareness of Indonesia's rich cultural tapestry, including concepts like *gotong royong*, organizations are better positioned to develop effective strategies for managing stakeholder relationships and resource dependencies (Freeman et al., 2021). This approach improves organizational performance and promotes inclusivity and sustainability in one of the world's most culturally complex nations.

This theoretical framework provides the foundation for analyzing the budgeting processes in Indonesian universities, particularly in understanding how PTN-BH and private institutions navigate the complex interplay between stakeholder expectations, resource dependencies, and cultural contexts in their financial decision-making processes.

Chapter 4

RESEARCH METHOD AND METHODOLOGY

4.1. Introduction

In general, this chapter presents the research methodology and philosophical framework that guided the study on budgeting processes in Indonesian higher education institutions. To answer the research question, this study employed an interpretivist research paradigm to explore the intricacies of budgeting practices in depth. Given the considerable differences in perspectives and the experiences of individuals when observing organisational phenomena, consideration should be given to a methodology that collects non-statistical data.

At the outset, this chapter outlines the theoretical underpinnings of qualitative research, noting its philosophical assumptions of interpretivism and constructivism. This study's underlying philosophy is based on the hermeneutic theory of knowledge, which acknowledges that the cultural and organizational environment shapes accounting and budgetary procedures. The distinctive culture of institutions in Indonesia complicates their financial planning due to cultural diversity, governance structures, and the country's economic constraints.

This research employs a case study methodology to investigate the budgeting practices of two educational institutions. PTNBH, a public institution with PTN-BH status, and PRIVATE, to represent private Islamic institution. Researchers conducted in-depth interviews with staff at various levels of the institution, including both department and university administrators. In Indonesia, research participants were approached through 'snowball' sampling to circumvent the cultural sensitivities and institutional permission difficulties prevalent in the country.

This five-phase thematic analysis approach is grounded in stakeholder and resource dependence theories and is outlined in the final section of this chapter. The budgetary decisions

made in private and public institutions of higher learning are shaped by certain factors, including the structure of governance and how external parties and available resources influence such decisions.

4.2. Philosophical Foundations: From Positivism to Hermeneutics in Accounting Research

The research adopts a hermeneutic epistemology aligned with interpretive philosophy, emphasizing the meanings individuals assign to their experiences (Easterby-Smith et al., 2012). Hermeneutics[13], will be discussed separately, is recognized for its cultural innovation, diverging from the structured approach of modernism (Johnson and Duberley, 2000). This approach aligns with the research's focus on the interpretive, culturally embedded processes within organizations, allowing for a deeper understanding of how individuals and groups construct meaning in their social contexts. Such a perspective is particularly relevant in qualitative research, which recognizes the researcher and study participants as subjective persons with their own views, biases, and interpretations to bring to the research process. Individuals build and interpret reality, and researchers seek to comprehend and interpret the meaning and context of human experiences from the perspectives of participants (Denzin and Lincoln, 2011).

In this context, Smircich (1983), as cited by Saunders, Lewis, and Thornhill (2019), suggests that culture emerges through ongoing social enactment, leading to a subjective ontological understanding where culture becomes a defining feature of an organization. Culture is symbolic and carries meaning, as argued by Ahrens and Mallona (2007). This symbolic

[13] *Hermeneutics, derived from the Greek god Hermes (messenger), refers to the theory and methodology of interpretation. In social science research, it provides a framework for understanding how meaning is constructed through the relationship between a text (or data) and its interpreter, acknowledging that interpretation is always shaped by the researcher's own context, values, and prior understanding (Gadamer, 1975).*

nature allows social institutions, including accounting and control systems, to act as vehicles for the production and reproduction of social order and collective worldviews (Ansari and Bell, 2019). The relevance of environment and culture in affecting human experiences and behaviour is recognized in qualitative research. Denzin and Lincoln (2011) are interested in understanding the social, cultural, and historical elements that influence people's beliefs, attitudes, and behaviours. Researchers try to understand human behaviour in everyday situations by taking into account the social, cultural, and environmental elements that impact people's experiences and behaviours (Merriam and Tisdell, 2015).

From an ontological perspective, the research contrasts the subjective and interpretive view with the mainstream accounting research rooted in positivism. Positivist research, as Chua (1986) notes, is underpinned by the belief in an objective reality independent of human beings. This belief informs various accounting theories like contingency theory, principal-agent theory, and efficient capital market research, all seeking to uncover a knowable, objective reality (Chua, 1986). The normative approach, while significant, fell short in explaining accounting choices for areas such as depreciation and taxes (Zimmerman, 1990), highlighting the limitations of positivist assumptions.

Despite these limitations, positive accounting research has provided useful predictions about earnings, stock prices, and the impact of accounting choices on organizational behaviours, such as bonus plans (Zimmerman, 1990). Positive philosophy, regarded as a technical-rational instrument, focuses on prediction and empirical observation to enhance efficiency (Ansari and Bell, 2019). However, within the positivist framework, there are significant constraints. For example, Demski and Feltham (1978) view systems like the budgetary control system as external realities, reinforcing the objectivity central to positivist research. Positive Accounting Theory (PAT) includes assumptions of managerial opportunism but lacks the ability to account for socially constructed knowledge, which limits its

comprehensiveness in analyzing accounting policies (Chabrak, 2005). Additionally, Ohlson (2023) argues that empirical accounting research often relies on questionable practices that make the findings "non-persuasive."

The current trend in management accounting research, however, moves toward a more nuanced understanding of individual firms and their internal behaviours, demanding subjective interpretations that positivist approaches often exclude (Johnson and Duberley, 2000). This shift reflects the growing recognition of the limitations of objectivity in understanding complex organizational dynamics, underscoring the importance of interpretive and hermeneutic approaches. Qualitative research is usually flexible and iterative, allowing study subjects, methodologies, and ideas to arise and evolve during the research process. Researchers are continually gathering, analyzing, and interpreting data, and their understanding of the issue is always evolving as new insights arise (Creswell and Creswell, 2017). This flexibility is particularly significant in naturalistic and contextual research, which is often performed by observing or questioning study participants in their natural surroundings.

Qualitative research focuses on gathering rich and detailed data from study participants, including full descriptions, narratives, and views. Researchers can get rich and nuanced data that depicts the richness and diversity of human experiences by using data-collecting methods such as interviews, observations, and document analysis (Merriam and Tisdell, 2015). Inductive and deductive analyses are used in qualitative research to develop patterns, themes, and ideas from data rather than testing pre-determined hypotheses, as is done in quantitative research. Deductive analysis, on the other hand, can be used in qualitative research when researchers use pre-existing concepts or frameworks to guide their analysis (Creswell and Creswell, 2017).

4.3. Hermeneutics as a Framework for Interpreting Accounting Practices

The hermeneutic approach has its origins in the interpretation of classical texts, religious documents, and legal manuscripts. Traditionally, hermeneutics was applied primarily to understand sacred or significant writings. Over time, with the influence of philosophers, hermeneutics expanded beyond textual analysis, evolving into a comprehensive approach known as modern or contemporary hermeneutics (Yudi, 2023). Palmer (2003) cited in Yudi (2023) identifies six key categories that map the evolution of hermeneutics: (1) as the theory of interpreting sacred texts; (2) as a philological method; (3) as an understanding of language; (4) as a foundation of the humanities, (5) as a phenomenology of existence, and (6) as a system of interpretation.

In the field of accounting, particularly management accounting, hermeneutics has gained relevance due to the shift in understanding accounting as more than just a technical practice. Management accounting emerged as a discipline because of the recognition that accounting information serves as a valuable tool for both planning and control (Ryan, 2002). This perspective aligns with the interpretive philosophy underlying hermeneutics, which posits that reality is socially constructed rather than objectively determined (Easterby-Smith et al., 2012). The hermeneutic approach, therefore, is particularly useful for examining how accounting practices and knowledge are shaped by social contexts and interactions.

The application of hermeneutics in accounting involves interpreting and reinterpreting the social mechanisms that individuals use to make sense of their environments and the actions of others (Blaikie, 2007). Unlike positivism, which seeks objective truths and causal relationships, the interpretive approach offers a broader scope. It incorporates both subjectivist and objectivist elements, allowing researchers to explore not only the external factors influencing behaviour but also the meanings and interpretations that people assign to their experiences (Kakkuri-Knuuttila et al., 2008). This approach shifts the focus from merely

identifying causes and effects to understanding how social actors construct their realities through accounting practices.

Within this interpretive paradigm, accounting is seen as a social practice embedded within broader contextual paradigms (Hopwood, 1985, as cited in Chabrak, 2005). Accounting information is not merely a neutral representation of economic activities but is actively constructed through social interactions and practices. Hines (1989) argues that the knowledge of accounting and organizations is socially constructed including involving political factors.

Two key philosophical perspectives that support the hermeneutic approach are phenomenology and symbolic interactionism. Phenomenology focuses on how individuals make sense of the world through their subjective experiences, while symbolic interactionism explores the continuous process of interpreting the social world (Saunders et al., 2019). Both perspectives align with hermeneutics by emphasizing the fluid, evolving nature of meaning and knowledge, which are constantly shaped through social interaction.

Zimmermann (2015) highlights that hermeneutics goes beyond mere description; it involves understanding the meaningful structures we inhabit. Hermeneutic philosophers contend that modern thought has distorted our self-perception and knowledge acquisition. Defined as a fundamental human activity, hermeneutics focuses on interpreting communications and life situations. It explores how cultural traditions, language, and our historical context facilitate understanding. Ultimately, hermeneutics integrates facts into a coherent whole, offering deep familiarity and often serves as a set of interpretive rules to clarify complex texts.

4.4. Case Study Design: Bridging Theory and Practice in Higher Education Budgeting

Qualitative research methods are strategies and approaches for collecting and analyzing non-numerical data in order to get a better understanding of social phenomena from the viewpoints of the participants. These tactics are founded on constructivist and interpretative philosophical assumptions that recognize the subjective nature of reality and the necessity to comprehend social phenomena in their natural settings. According to Creswell and Poth (2016), the qualitative research paradigm is based on these constructivist and interpretative assumptions that emphasize understanding social processes from the perspectives of participants, recognizing the richness and diversity of human experiences and meanings.

A qualitative approach has been utilized in studying budgeting processes in higher education (Ferreri and Cowen, 1993; Moll and Hoque, 2011; Seneviratne and Hoque, 2023). The decision to opt for a case study approach is supported by justifications and methodological considerations that align with the nature of the research questions and the complexities involved in investigating real-world phenomena. Otley and Berry (1994) emphasize the importance of interpretive research through case studies in capturing the subtle dynamics of accounting practices, a view echoed by Ahrens and Chapman (2006), who argue that accounting is inherently shaped by constructs, influenced by settings and interactions. To fully understand these practices within their contexts necessitates an approach where regulations and behaviours are viewed as both outcomes of and prerequisites for social engagement (Ryan, 2002).

According to Creswell and Creswell (2017), Denzin & Lincoln (2011), and Merriam and Tisdell (2015), common qualitative research approaches include interviews, focus groups, observation, document examination and interpretation, case studies, grounded theory, phenomenology, and ethnography. The selection of a case study is particularly validated by its

potential for providing insights into the relationship between accounting, control mechanisms, and specific organizational cultures (Ahrens and Mollona, 2007). Through methodologies that prioritize subjectivity and the dynamic nature of human-environment relationships, researchers can explore how accounting practices impact contexts while being influenced by them as well (Braun and Clarke, 2013). Additionally, social constructionism plays a critical role in this decision-making process, suggesting that reality is shaped by interactions and that case studies are effective in exploring the context and meanings that emerge from these interactions (Phillips, 2023).

Stake (1995) classifies the motivations behind conducting case studies into instrumental and collective categories. In this research endeavor, an instrumental approach to case studies is adopted to gain insights into specific phenomena. By examining cases like Madsen's (2024) study on budgeting practices in Danish and Norwegian universities, it becomes evident how case studies can illuminate differences and similarities in policy contexts across various countries. Scholars like Yin (2009) and Scholz and Tietje (2002) highlight the usefulness of case studies, especially when dealing with situations where the boundaries between the subject being studied and its surrounding context are blurred, making them particularly suitable for this research's objectives. Additionally, Gibson (2009) points out that examining budgeting processes in higher education institutions requires an analysis that can be effectively provided by case studies.

In comparison to quantitative research, qualitative research has numerous advantages. Charmaz (2006), Creswell and Creswell (2017), Mertens (2014), Miles (2014), and Patton (2014) list the benefits of qualitative research, including its ability to allow for more in-depth analysis and comprehension of complex social phenomena that quantitative measures cannot fully capture. Qualitative approaches are often more adaptable and flexible than quantitative methods, allowing researchers to modify their methodology to suit the specific characteristics

of their study participants or location. Additionally, qualitative research focuses on the perspectives and experiences of participants, offering valuable insights into how individuals understand and navigate complex social events. Qualitative research can also provide a voice to those who are underrepresented or oppressed, allowing them to express their experiences and perspectives.

Moreover, qualitative research enables the generation of detailed data that can be used to explore various aspects of a phenomenon, revealing previously undiscovered themes and patterns that lead to a deeper understanding of the specific topic. To ensure data accuracy, qualitative research may employ multiple data sources. This approach is particularly important when conducting research in settings where social and cultural contexts play a significant role in shaping human experiences and behaviours. Thus, qualitative research not only contributes to theory development and refinement by identifying relevant concepts and correlations but also enhances our understanding of the social and cultural context in which phenomena occur. In terms of its application, qualitative research often utilizes case studies, fieldwork, and ethnography as tools for investigating phenomena, as suggested by Yin (2009). A case study, defined as an investigation that examines current events within real-world settings, aligns well with the goals of this particular research. By employing these qualitative methods, researchers can delve into the nuanced dynamics of human behaviour and social interactions, thereby gaining a comprehensive understanding of the subject matter under investigation.

4.5. In-Depth Interviews and the Value of Subjectivity in Organizational Research

The interpretive approach puts focus, on comprehending individuals' views and experiences in their social and cultural settings which brings both advantages and disadvantages to the table. On a note this method enables researchers to grasp a deeper insight into the significance and

background of particular events or situations by exploring the various perspectives and significances that individuals attribute to their encounters (Geertz, 1973).

The adaptability of the approach allows researchers to tailor their methods and analyses to suit the specific characteristics of the study scenario. This facilitates a thorough investigation of intricate phenomena through in depth interviews (Denzin and Lincoln, 2011; Patton, 2014). Such interviews prove effective in examining subjects such as budgetary procedures within educational establishments by providing a comprehensive insight into the decision making process for budgets. They shed light on the influencing factors, behind these decisions.

The challenges faced in varying organizational contexts (Frost and Rooney, 2021). There are downsides to relying solely on the interpretative approach too. Like using a limited sample size that might limit how broadly you can apply the results and potentially bring in biases from researchers and their personal views during data analysis or collection time which can be quite a task to manage when also accounting for the unique features of this method making it tough to reproduce or compare studies side, by side. Though there are downsides to consider still the interpretive method brings attention to the importance of in-depth data analysis and recognizes the researchers influence on the research process which can offer an more detailed understanding of the subject being studied. Especially when delving into organizational behaviours like those explored in this study the interpretive approach. Particularly, conducting interviews is incredibly valuable. Interviews not only reveal in-depth and detailed information that may not be obtained through other means but also guarantee thorough data collection by exploring until reaching the saturation point where further interviews stop yielding new revelations (Braun and Clarke, 2021). This method strikes a balance between depth and detail while acknowledging the aspect of human experiences—ideal, for intricate qualitative research purposes.

Furthermore " the interpretive approach stresses the aspect of human experience and urges researchers to consider the viewpoints and experiences of participants actively—an essential aspect of delving into intricate social occurrences effectively." Emphasizing subjectivity holds importance in qualitative inquiries as comprehending the intricacies and shades of participants' perspectives can unveil profound insights, on the matter being studied. In settings where budget planning is investigated conversations with financial managers and department leaders can unveil the complex interplay, between financial aims and broader organizational objectives offering a deeper insight into how these conflicting priorities impact decision making processes.

Interviews play a role in the interpretative approach according to Knott et.al (2022). They are effective in capturing experiences and emotions which offer a deeper understanding compared to other research methods available today. These conversations go beyond gathering facts; they also provide clarity and delve into the subject matter more profoundly—making them ideal for examining intricate subjects, like organizational strategies and decision making processes.

The methods use of subjective information also brings up worries, about researcher bias and the difficulties linked with reproducing studies. Because this method frequently includes a number of participants and a specialized methodology tailored to a specific context the results might be challenging to apply broadly or contrast with other research. Moreover the extended and repetitive procedure of gathering and examining data that's an integral part of the interpretative approach can consume a lot of time and resources.

Despite facing these obstacles and hurdles along the way the interpretative approach proves to be incredibly valuable in research due to its capability to generate detailed and extensive data that captures the intricate nature of human experiences. Its emphasis on embracing the perspectives of both researchers and participants lends itself to a deeper and

nuanced comprehension of the phenomena being examined. This is especially significant in situations where the interaction, between experiences and larger societal, cultural or organizational influences plays a pivotal role.

4.6. Ethical Protocols: Protecting Participants and Ensuring Research Integrity

When conducting research, ethical considerations are essential to ensure that the study is carried out responsibly and respects all involved. Ethics, in this context, is about determining what is right or wrong and guiding researchers on their moral responsibilities (Bos, 2020). Since ethical dilemmas rarely have straightforward solutions, researchers often need to find unique ways to address these challenges (BERA, 2024). A central focus is on protecting the rights and interests of participants, the academic community, and society at large (BERA, 2024).

Researchers must be careful not to influence participants by feeding them information or imposing personal views during interactions (Mack et al., 2005). Conflicts of interest are another important ethical issue, particularly when researchers have close relationships with participants (Halasa, 1998). While qualitative research is inherently subjective, making it impossible to fully eliminate bias (Peirce, 1995), researchers should strive to remain as objective as possible.

Language and cultural differences can pose ethical challenges, especially in translation. Researchers may interpret meaning based on their prior knowledge, which can introduce bias. However, translation is often necessary in studies involving participants from different linguistic backgrounds (Mirza et al., 2023).

Protecting the anonymity of participants and the confidentiality of data is a fundamental ethical principle (Dane, 1990). Standard practice includes not collecting unnecessary personal information, and when names or details are gathered, they should be anonymized to protect

participants from potential harm (Knott et al., 2022). Even when participants consent, it is difficult to predict all the consequences of revealing identities later, making anonymization the safer choice (Knott et al., 2022). In this study, oral consent was obtained before interviews, where steps to maintain anonymity, such as using pronouns instead of names, were explained.

4.7. Research Sites: Selection of PTNBH and PRIVATE as Case Studies

The governance framework of tertiary institutions in Indonesia is significantly influenced by the nation's political economy, characterized by a pervasive culture of patronage, rent-seeking, and corruption, as discussed by Rosser (2023). This cultural backdrop results in the appointment of unqualified individuals to key positions within higher education institutions, fostering an environment where corrupt officials and business groups misuse funds and resources. Rosser contends that the decentralization policies implemented in Indonesia have contributed to the fragmentation of higher education governance. This fragmentation, in turn, poses challenges to the effective implementation of reforms at the national level.

The study will focus on one PTN-BH university and one private university. PTNBH is chosen due to its unique status as the sole institution of higher learning holding the PTN-BH certification. On the other hand, PRIVATE represents an Islamic-based private higher education institution. The research aims to explore and analyse the specific manifestations of the political economy's impact on governance, corruption, and resource allocation within these institutions, shedding light on the broader challenges facing the higher education sector in Indonesia.

Within the context of PTNBH, the study will delve into how the PTN-BH certification influences governance structures and decision-making processes. Additionally, it will investigate whether the certification serves as a safeguard against the patronage and corruption prevalent in Indonesia's political economy.

At PRIVATE, the focus will be on understanding how being an Islamic-based private institution shapes governance practices and whether it presents distinct challenges or advantages compared to public universities. This exploration aims to uncover any unique dynamics influenced by the institution's private nature and religious foundation.

The study will employ a multifaceted interviews to gather comprehensive insights into the governance challenges, corruption issues, and the impact of political and economic factors on the academic environment. By doing so, the research aims to contribute valuable information for policy recommendations and reforms in the Indonesian higher education sector, considering the complexities arising from the intertwined relationship between politics, economics, and academia.

Furthermore, the research will investigate the extent to which decentralization has affected decision-making processes and governance structures at both PTNBH and PRIVATE. It will explore how autonomy granted to these institutions under decentralization policies has influenced their ability to resist or succumb to external pressures, patronage, and corruption.

Through in-depth case studies, the research seeks to highlight specific instances of mismanagement, corruption, or challenges in resource allocation that may be symptomatic of broader systemic issues within the Indonesian higher education landscape. By examining the experiences of these two distinct institutions, the study aims to provide a nuanced understanding of the complexities inherent in the governance of tertiary education in Indonesia. Ultimately, the research endeavors to contribute not only to academic scholarship but also to the ongoing discourse on policy reforms in higher education governance. By shedding light on the intricate interplay between political economy, decentralization, and institutional dynamics, the findings may inform strategies to enhance transparency, accountability, and overall effectiveness in the management of Indonesian tertiary institutions.

4.8. Snowball Sampling[14]: Navigating Cultural and Institutional Access Challenges

In conducting this study, a sample was drawn from individuals actively engaged in budgeting activities across various levels within the PTNBH and PRIVATE, ranging from departmental to university-wide roles. The selection process was initially straightforward, as identifying relevant participants based on their job titles within the organizational structure allowed for a clear understanding of who should be involved in the budgeting process. Positions such as department heads, finance officers, and administrative leaders were among those targeted for their critical roles in budget preparation and oversight.

However, a significant challenge emerged when attempting to contact these individuals directly. Despite their identifiable roles, many key personnel did not provide readily accessible contact information, such as email addresses, on their respective unit websites. This lack of publicly available contact details complicated efforts to reach out to potential participants for interviews or surveys. It necessitated additional strategies to locate and communicate with these individuals, which added complexity to the research process.

The difficulty in obtaining contact information highlights a broader issue within organizational communication practices, where privacy concerns or administrative policies may limit the availability of direct contact details. This challenge underscores the need for researchers to develop alternative methods for identifying and reaching key stakeholders, such as leveraging professional networks, utilizing internal communication channels, or employing referral-based approaches like snowball sampling. These strategies are essential to ensure that

[14] *Snowball sampling is a non-probability sampling technique in which existing participants recruit future participants from their networks. While this method may introduce selection bias, it is widely used and considered appropriate in qualitative research where access to participants is constrained by institutional or cultural gatekeeping, as was the case in this study (Patton, 2002).*

the study can gather comprehensive and representative data from all relevant participants involved in the budgeting process.

One of the significant challenges encountered in this research pertains to the cultural norms in Indonesia, where there is often a reluctance among individuals to engage with strangers, particularly in the context of interviews. This cultural tendency towards caution and reservation can significantly impede data collection efforts, as potential informants may be wary of sharing information with unfamiliar researchers. This hesitancy is not merely a personal preference but is deeply embedded in the social and cultural fabric, reflecting a broader societal inclination towards trust and familiarity in interpersonal interactions.

A practical example of this challenge arose during the initial phase of the research when I attempted to contact vice deans from various faculties to participate in the study. Despite reaching out to them through formal communication channels, I received no responses, neither affirming their willingness to participate nor declining the invitation. This lack of response underscores the difficulties in establishing initial contact and securing cooperation from potential informants who may be cautious about engaging with unknown researchers.

To address this issue and facilitate the data collection process, the study employs snowball sampling. This method involves identifying a few initial informants who are willing to participate and then relying on their referrals to connect with additional participants. By leveraging the existing trust and relationships within a social network, snowball sampling can effectively overcome the barriers posed by cultural hesitancies. It allows the researcher to gradually build a network of informants, each introduction facilitated by a known and trusted intermediary, thus enhancing the likelihood of participation and openness.

The adoption of snowball sampling in this context is strategic, as it not only helps in accessing hard-to-reach participants but also aligns with the cultural dynamics of trust and familiarity in Indonesia. It ensures that the researcher is not perceived as a complete outsider,

as each new contact is made through a trusted recommendation, thereby increasing the comfort level and willingness of informants to engage in the study.

Employing snowball sampling in this research is intended to streamline the process of gaining access to key individuals involved in the budgeting process. This sampling technique is particularly advantageous in contexts where direct access to participants is challenging due to cultural norms or logistical barriers. By initiating contact with a small group of willing informants, the researcher can leverage their networks to identify and connect with additional relevant participants. This chain-referral approach significantly enhances the efficiency and reach of the sampling process, ensuring a more comprehensive representation of the target population.

Moreover, snowball sampling mitigates the issue of being perceived as an outsider or a stranger by the participants. In cultures like Indonesia, where personal trust and familiarity play crucial roles in social interactions, the endorsement from a known and trusted individual can substantially increase the willingness of new informants to engage with the researcher. When an initial informant introduces the researcher to subsequent participants, it carries an implicit recommendation, thereby reducing skepticism and fostering a sense of legitimacy and trust.

This method also has the added benefit of creating a more comfortable and open communication environment. As each new participant is approached through a mutual contact, they are likely to be more receptive and cooperative, knowing that their involvement comes recommended by someone they know and trust. This can lead to richer, more candid data collection, as participants may feel more at ease discussing their experiences and perspectives with a researcher who is not perceived as a complete outsider.

In essence, snowball sampling not only facilitates logistical access to key informants but also helps navigate the cultural dynamics of trust and familiarity, ultimately contributing to the depth and quality of the research data collected. While snowball sampling was employed

as a methodological approach in this study across two universities, the execution of this strategy varied significantly due to institutional differences.

At PTNBH, I initiated contact with the vice rector, who was supportive of the research objectives. His assistance was instrumental in facilitating the data collection process. He appointed a designated individual responsible for helping me establish communication with relevant parties within the university. This point of contact acted as a liaison, easing the coordination with various departments and faculties. Additionally, the vice rector provided valuable insights by recommending specific faculties that could offer rich and relevant data for the study. This structured and supportive approach at PTNBH streamlined the sampling process, ensuring that I could efficiently reach the key informants required for my research.

In contrast, the process at PRIVATE presented more challenges. Although I adopted a similar approach by contacting the vice rector, the institutional policies at PRIVATE differed significantly. The vice rector expressed a willingness to assist and appointed someone from the finance department to aid in the process. However, the decentralized nature of decision-making at PRIVATE meant that this individual's authority was limited. Unlike PTNBH, where the vice rector's endorsement facilitated access to various faculties, at PRIVATE, the participation of lower-level parties had to be negotiated individually. Each unit had its autonomy, and the central administration did not have the authority to mandate participation. Consequently, I had to personally reach out to each potential informant, which was time-consuming and less straightforward.

To navigate these challenges, I employed an alternative strategy by leveraging personal connections within PRIVATE. I contacted colleagues who worked at the university and requested their assistance in introducing me to individuals who met the criteria for my study. These colleagues acted as intermediaries, using their professional relationships to facilitate introductions and endorse my research to potential informants. This approach helped overcome

the barriers posed by the decentralized decision-making process and the initial lack of direct access to key personnel.

4.9. Theoretical Framework: Integrating Stakeholder and Resource Dependence Theories

The study's methodology is based on philosophy that emphasizes interpreting experiences, within their socio-cultural settings. This enables an investigation of university administrators' personal experiences when dealing with organizational complexities, in their institution's. The study delves into the meanings and interpretations administrators associate with budget processes to offer insight into the interplay of governance structures, diversity and resource limitations.

The foundation of the theory is based on stakeholder theory and resource dependence theory which offer perspectives on how external factors impact the decision-making process within organizations. Willems et al., (2022) explain that stakeholder theory emphasizes the need for organizations to consider and balance the interests of both external stakeholders who have the potential to impact or be impacted by decisions. Resource dependence theory supports this view by highlighting that organizations rely heavily on resources that influence their decisions and plans (Nienhüser, 2008).

The investigation based on these theories would probably include recognizing parties involved in budget planning and their concerns in addition, to studying power dynamics among stakeholders and assessing how resource dependencies impact financial tactics and activities. It would delve into the methods that universities use to handle their resource dependencies, such, as broadening revenue streams or enhancing student enrolment. The study will also examine how PRIVATE and PTNB universities handle stakeholder concerns and resource

dependencies differently and explore how the independence given to PTNB universities, in establishing cost benchmarks influences their management and relationships with stakeholders. By incorporating stakeholder theory and resource dependence theory into the examination process we can gain a understanding of how stakeholder interests and resource management interact, within the context of budget planning in higher education institutions. This method uncovers the elements influencing decision making in these establishments providing a thorough comprehension of the budget allocation procedures, at private and public universities.

4.10. Five-Phase Thematic Analysis: From Immersion to Narrative Interpretation

In this study's thematic analysis to investigate the impact of governance frameworks, diversity and resource allocation, on budget choices in higher education institutions. The data is examined in five phases as follow.

4.10.1 Engaging with Institutional Information

In the phase of my work, on university budget management in Indonesia I delved into academic papers and official webpages from both university, online news, and the Ministry of Education. This deep dive helped me grasp the challenges confronting private universities along, with the internal factors shaping budget choices. Noteworthy topics that surfaced from this exploration encompassed distributing resources institution autonomy levels frameworks and the rich tapestry of backgrounds present.

During the immersion phase is when they really dig into the regulations that govern PTNs in Indonesia. Universities that have some independence but rely heavily on government funds and are closely monitored when it comes to things, like tuition fees and scholarships

distribution. This strict regulatory environment poses a balancing act for PTNs as they strive to boost income while still offering education that's accessible to all.

Private university encounter obstacles during the immersion process compared to universities. Despite having freedom, in determining tuition fees and resource allocation, private institutions grapple with the struggle to sustain financial stability in a fiercely competitive setting. Dependent on donations, grants and tuition payments for revenue private universities often find it challenging to predict these income sources leading to complexities, in range forecasting. Moreover private university are overseen by yayasan foundations, which introduces an element of intricacy, to the decision-making process since the priorities of the yayasan may not consistently match those of the leadership at the university.

Some key influences, for this study draw from Vukasovics (2017) that stresses the significance of involving stakeholders in university management and Willems et, al. (2022) that underscores the impact of relying on resources in guiding choices. These theories offered a framework for analyzing the information and gaining insights, into how governance systems and external factors impact budget planning procedures.

4.10.2. Developing The Framework.

During the second phase of my research project, I went back to the books on how universities run and how their budgets are planned to fine tune the study's framework. The goal of this analysis was to address queries about the influence of governance models on financial decision making and how the diversity, within these structures influences financial results.

In this phase of the project development processes I created a system to analyse transcripts of interviews. The focus of this system was on pinpoint topics like governance procedures, management of resources and fostering diversity. For instance, we established

codes to capture conversations regarding limitations in resources especially concerning government allocations for universities and contributions from donors, towards universities.

During this phase of research, a key insight emerged regarding the impact of diversity, on budget priorities in university leadership groups. Research conducted by Ely and Thomas (2001) and Eriksson and Hägg (2016) underscores the dual effects that diversity in leadership can have on organizational decision making processes. In universities specifically the presence of leadership teams composed of individuals from different academic fields and cultural origins often resulted in conflicting views, on how resources should be allocated. This discovery led to exploration of how diversity influences objectives in the subsequent phase of evaluation.

4.10.3. Exploring the Impact of Stakeholders and Cultural Variance.

During the phase of my research study investigated how participant, from private university talked about the impact of stakeholders in influencing their budget planning methods. The examination delved into recognizing stakeholders like government entities and private donors well as exploring how these stakeholders played a role, in shaping budget decisions. The results showed that both public and private universities face influences but the specific nature of these pressures differs based on the institutions governing system and financial support model.

PTN BH universities rely upon government involvement, in determining budget allocations despite having some independence in decision making processes. By balancing the need for sustainability, with the responsibility to offer education the universities navigate a challenging landscape shaped by state funding and regulatory frameworks governing student fees and financial aid opportunities. PTNBH university frequently face a dilemma where they are torn between meeting government regulations on one side and seeking avenues to enhance their stability on the side.

In universities run by foundations (yayasan) the allocation of resources plays a role, in their operations. Unlike state owned institutions (PTNBH) private universities have freedom to determine tuition fees and engage in ventures to generate income. However this flexibility is balanced by the necessity to maintain ties with donors and alumni who often have a say in how resources are distributed. The competition for funding, in the education sector is viewed as both an opportunity and a challenge since it compels universities to innovate and offer appealing programs to secure financial backing.

Diversity, in culture plays a role in shaping budget decisions at both types of universities well. In PTNBH university specifically the mix of leaders, from fields and cultural backgrounds influences how resources are distributed. Some leaders prioritize achievement and research funding while others emphasize community involvement and societal impact result in conflict during resources allocation. Balancing these priorities can be quite challenging. Often involves university leaders engaging in discussions and making compromises that can delay decision making and add complexity to the budgeting process.

In private university the mix of cultures played a role, in shaping budget choices in nuanced yet manners. The foundation governing these institutions usually comprises people with experiences and personal passions resulting in differing outlooks on the allocation of university funds. For instance while certain foundation members may emphasize the importance of ensuring the institutions stability for the run others could be more inclined towards pursuing immediate benefits by expanding lucrative programs. This dynamic can bring about conflicts, between objectives and financial constraints.

The impact of cultural diversity on strategic priorities was particularly evident in discussions about how universities should allocate funds for faculty recruitment, research, and student services. These diverse viewpoints occasionally caused fragmentation in budget planning due to differing opinions, on the university's priorities. The results mirror the research

conducted by Eriksson and Hägg (2016) which emphasizes the impact of diversity, on fostering innovation or conflicts within environments based on the effective handling of diversity.

4.10.4. Narrative Analysis of Attitudes Toward Autonomy and Resource Management

In the phase of the study's examination the focus was, on analyzing the viewpoints of university leaders and financial staff experts regarding independence and financial control practices. This phase aimed to understand how participants viewed the obstacles and advantages linked to autonomy within PTNBH organizations and how these views impacted their budget planning strategies.

At PTN BH universities scenario that the administrators face is quite complex. They seem unsure, about how control their institution has over its own decisions and actions despite having autonomy on paper to manage finances autonomously in theory but still feel tied down by relying heavily on government support and adhering to regulations set by authorities outside of their campus. One major issue they grapple with is the freedom to adjust tuition fees independently due to government mandates that require approval, from the Ministry of Education which often results in bureaucratic delays or even outright denials. The limitation, in freedom was seen as an obstacle to attaining lasting financial stability and academic excellence by many authorities in the field of education administration stated that despite having legal independence, on paper their ability to make crucial budgetary changes was severely limited by external regulations in reality.

Some administrators, at PTNBH also voiced their experiences with the challenges of overseeing state regulations and university activities. To illustrate they discussed the struggle of reconciling the necessity of complying with stringent government spending rules with the demands of meeting market needs and competing with universities. This conflict between

supervision and market driven requirements emerged as a thread in the narrative examination underscoring broader apprehensions, about the efficiency of the PTNBH framework.

Private university administrators held a perception regarding the autonomy of their institutions compared to universities administrators as they valued the freedom to decide on tuition fees and allocate resources independently without government intervention; nevertheless acknowledging the associated risks and duties that accompanied this liberty. They highlighted the significance of fostering connections, with stakeholders such as alumni and donors who played a vital role, in funding scholarships and supporting infrastructure improvements and academic initiatives. Rely based on funding gave room, for decision making flexibility but demanded careful financial management to sustain the university's stability and competitiveness.

One key idea that stood out in the narrative study was how autonomy was viewed as both a chance and a hurdle to overcome for universities. Autonomy granted universities the freedom to make choices independently; however it also made them vulnerable, to increased risks— so for private universities, where financial viability hinged on securing consistent external funding. Across private institutions participants stressed the importance of forward planning and prudent resource allocation to prevent autonomy, from resulting in financial insecurity or mishandling.

We interviewed representatives from various levels of positions involved in the budgeting process, including financial staff, program chairpersons, department heads, vice deans, vice rectors, and members of the university's board. The interview results were not analysed separately to identify conflicting statements for further confirmation but were instead treated as a cohesive whole. During this phase of the investigation revealed the conflicts, between independence and responsibility, in private institutions alike. Although independence permits choices to be made autonomously it also demands that universities answer to their

supporters—be they governmental organizations, private contributors or students themselves. The results imply that mere independence does not assure prosperity on its own; instead it must be complemented by governance systems and resource administration techniques that harmonize with the institutions overarching objectives.

Table 4. 1 Participant Role Group

Role	PTNBH	PRIVATE
University board	1	-
Vice rector	-	1
Vice Dean	2	1
Head of Study Program	1	4
Staff	2	-
Accounting Staf	4	-

4.10.5. Visual Analysis of Organizational Structures

In the phase we use the organizational structure as an additional information to conduct the analysis. This evaluation looked at the leadership hierarchies, decision making processes, and the allocation of responsibilities within each institution. The objective here was to grasp process line. However, this step is to build arguments regarding university board role in each university during budgeting process.

In PTNBH, universities administration and finance matters are overseen by the Board of Trustees (known as Majelis Wali Amanat) which holds a role, in making decisions for the institution future direction and financial stability. Although the board has power in approving budgets and guiding plans for the university's growth and sustainability; it was found that external factors such, as government regulations and political influences often sway their decisions and hinder their autonomy. Participants pointed out that the board often had to wait

for government approval before deciding on tuition increases or funding programs This delay, in decision making caused bottlenecks, in resource allocation.

Private universities operate under foundations governance that exert influence, over the institutions financial management decisions compared to public universities. These foundations usually consist of individuals with backgrounds like business people, academia members, and government officials. This range of experiences can offer insights, for decision making. May also result in clashes of interest or conflicting objectives Participants, from universities cited cases where yayasan members prioritized financial benefits over long term educational investments which led to conflicts, between the university's top management team and its governing board.

The visual analysis also pointed out variations, in how PTNBH institutions and private universities are organized. In PTNBH institutions decision making authority is centralized with the rector and the Board of Trustees having the power. This centralized setup may speed up decision making in situations. It also results in a bureaucratic hierarchy that could hinder the rollout of new projects. At colleges and universities the decision making process is less centralized compared to institutions; here each department and faculty has more independence, in managing their finances and allocating resources. This setup offers increased adaptability and quick response to market needs. May also result in challenges, like lack of coordination and fragmented budget decisions.

The examination of governance frameworks revealed information, about the distribution of authority in organizations and its impact on financial planning processes. In PTN BH university's decision making and external government supervision sometimes led to delays in resource allocation. Hindered quick responses to shifting financial circumstances. On the other-hand private university's decentralized structure provided more adaptability but posed difficulties, in aligning financial choices with academic objectives in the long run.

Chapter 5

EMPIRICAL ANALYSIS: COMPARATIVE FINANCIAL AND OPERATIONAL MANAGEMENT

5.1 Introduction

This empirical analysis explores the intricate budgeting processes within Indonesian higher education institutions (HEIs), focusing on the contrasting financial approaches of a public autonomous university (PTN-BH) and a private university. The research is situated within a hermeneutic philosophy that draws heavily on stakeholder theory and resource dependence theory. These frameworks are applied to understand how external and internal factors influence financial decision-making in a culturally diverse and institutionally varied environment.

The way budgets are managed in universities, in Indonesia is influenced by factors such as governance models and financial constraints alongside the expectations of stakeholders and institutional independence. Amidst the demand for sustainability and quality education, in higher education institutions (HEIs) it becomes crucial to grasp how diverse institutions navigate these challenges.

The main focus of this analysis revolves around the question of how governance systems and cultural variations influence how budget decisions are made in universities. The study seeks to explore how public universities operating under PTN BH status still heavily depend on government funding despite having autonomy but face restrictions, from regulations. On the hand private universities have flexibility but encounter challenges in securing funds outside of government sources due, to competition.

This study is inspired by the dynamic policy, in Indonesia that aim to empower public universities (PTNBH) and lessen their dependence on government funding resources. Meanwhile private universities encounter challenges of their own as they strive to utilize

limited resources and stay competitive in the education sector. The goal of this research is to explore how organizational variations, governance frameworks and financial limitations influence choices, in education institutions by juxtaposing these two different types of institutions.

5.2. FINANCIAL STRATEGY AND REVENUE MANAGEMENT

5.2.1 Financial Strategy and Revenue Sources (PRIVATE vs. PTNBH)

5.2.1.1 PRIVATE

The financial strategy, at PRIVATE seems to take a rounded approach by combining fee structures with diverse income sources. This method aims to maintain a predictable flow of revenue from tuition fees while also exploring financial options. The emphasis on student enrolment highlights the importance of marketing and recruitment efforts to sustain student numbers underscoring the university's investment in attracting and retaining students as mentioned by [PRIVATE6] and [PRIVATE2]. This strategy allows PRIVATE to ensure a stream of tuition income, which serves as the foundation of its stability.

Moreover the presence of business units[15], such as research unit, hospital, and hotels offers a source of revenue that can potentially safeguard the university against fluctuations in student enrolment. These business units may encompass on campus services research collaborations or consultancy services provided by faculty members externally. By generating income through these channels PRIVATE can mitigate risks associated with decreases in student numbers creating a safety net that bolsters its financial resilience.

[15] *Business units (unit bisnis) at Indonesian private universities refer to income-generating entities established and operated by the university as part of its revenue diversification strategy. These may include on-campus commercial services (cafeterias, bookshops, printing facilities), consultancy services provided by academic staff, training centres, and joint ventures with industry partners. Income from these units is managed by the university administration under the oversight of the governing board.*

This holistic approach contributes to ensuring stability and bolstering the institutions long term viability. By not depending on tuition fees PRIVATE is better prepared to navigate challenges or demographic shifts that could affect student enrolment. Diversifying income sources may involve initiatives such as projects, grants and endowments. Each playing a role, in building a more resilient financial framework.

Implementing such a plan not only ensures the financial wellbeing of the university but also paves the way, for its future growth and stability. While student enrolment remains crucial PRIVATE may explore avenues to lessen its reliance on tuition fees. This could involve forging partnerships with industries seeking support from alumni and charitable organizations or offering revenue generating programs like courses or online education platforms. Diversifying income sources helps fortify strength allowing the university to weather fluctuations in enrolment without jeopardizing its standing.

Through the adoption of a strategy PRIVATE exhibits forward thinking and flexibility. This approach not only addresses monetary requirements but also positions the university to seize upcoming prospects. By introducing programs forming strategic collaborations or expanding business initiatives PRIVATEs varied revenue streams establish a sturdy groundwork, for long term success. Consequently, the university can continue investing in top notch education, research endeavours and community engagement while upholding its stability.

PRIVATE 6: “Since PRIVATE is a private university, the primary factor in budgeting is the number of students, which influences the amount of revenue.”

PRIVATE 2: “The strategic plan greatly influences the budget, which will be adjusted based on the program's revenue from the number of enrolled students.”

PRIVATE's university financial strategy shows a complex understanding of the various nature of the higher education sector. The university has adopted a cautious approach to

investing and managing expenditures, clearly focusing on student enrolment. The approaches and focus indicate that the university is taking steps to ensure financial viability. The insight that customers are agencies that PRIVATE's spending on marketing and enrolment efforts seems to acknowledge is an understanding of the competitive nature of higher education. This approach is, however, a common trend in higher education where universities treat students as partners in the learning process.

The income generator units as other sources of income is mainly a significant strategy. The units offer benefits to the internal stakeholders, such as financial diversification, practical learning opportunities for students, and research possibilities for faculty members. Such benefit can bring a positive-consequences like increase the university's status and attract more students and other business partners, forming a positive loop of development and stability.

A practical and holistic finance approach also brings flexibility in unpredictable market conditions. The university is, therefore, in a better position to adjust to changes in the education system, such as government funding or changes in the number of international students. This position is significant when more and more higher education institutions are being asked to prove their value and respond to changing students' needs. The potential partners for cooperation are industries, alum networks, and charitable organizations, and the university does this. These connections ont only have financial benefits but also bring social benefits and may lead to improved graduation results for students and enhanced institution reputation.

PRIVATE is an institution that has embraced the future and has identified areas where it can develop innovative revenue generation models such as join facilities to the business entities. This diversification addresses the financial need and, at the same time, prepares the university for the changing educational needs that may arise in the future and involve new students and markets. Managing these different interests in a balanced financial portfolio, PRIVATE is successfully juggling the demands of various stakeholders. This approach allows

the university to continue to spend resources on its core academic functions while seeking out new growth, the institution is in a position to continue to meet its educational mission while being financially stable in a competitive environment. University's strategy depicts a complex connection between financial sustainability, academic excellence, and institutional reputation. By properly aligning elements, PRIVATE is developing an organization that will be strong and dynamic enough to face another issues and opportunities in the higher education sector.

5.2.1.2. PTNBH

PTNBH 5 asserts that PTNBH universities receive government subsidies to cover costs. They are also required to seek funding, through business initiatives and donations to address any financial shortfalls. This two-pronged strategy establishes a financial framework for universities enabling them to adapt to the ever changing landscape of educational funding. By diversifying their income sources beyond government support PTNBH universities can better weather fluctuations in state funding to ensure a steady revenue stream.

While the government partially subsidizes the expenses of PTNBH universities this support serves as a financial backing. However, relying on government subsidies is insufficient to meet all university expenses. Hence there is a need for alternative revenue streams to bridge the gap. While securing subsidies is crucial for meeting needs universities must explore additional avenues for long term financial viability.

PTNBH institutions are tasked with generating income through channels like business ventures and donations. Business endeavours may encompass a variety of activities ranging from campus services and research partnerships, to commercializing university developed innovations. On the hand donations can be sourced from alumni, philanthropists and corporate benefactors.

Having revenue streams is crucial for universities to cover the gaps left by government support. This allows them to fund initiatives upgrade facilities and enhance the quality of education. By taking this two-approach universities can diversify their funding sources reducing their dependence on any one and improving financial stability. This strategy helps PTNBH universities create a financial portfolio lessening the risks associated with relying solely on government funding or any other single income source. As a result, universities can stay financially sound in times of uncertainty or changes, in government policies.

By combining government subsidies with self-generated income PTNBH universities not only sustain their operations but also set the stage for long term planning. With an influx of funds from channels these institutions can strategize for future expansion and progress. They can allocate resources towards research, broaden offerings and enhance student support services—all aligned with their commitment to delivering top notch education. This holistic financial approach ensures that PTNBH universities remain competitive and adaptable, to evolving demands.

PTNBH 5: "For PTNBH (Legal Entity State Universities), part of the operational costs (BOP) is subsidized by the government, under the assumption that PTNBH is capable of raising funds to cover its operational expenses, which amounts to about one-third of the total. The shortfall is covered by two other sources: business ventures and donations."

PTNBH 2: "PTNBH allows flexibility in fund management. The university's SBU regulations and the university itself can set its own cost standard[16]s, and financial reporting is also easier."

[16] *Standar Biaya (literally: cost standard) is a fee guideline document issued by PTNBH that standardises the rates for all institutional financial activities, including honoraria for academic activities (thesis examinations, accreditation participation, committee membership), allowances for administrative roles, and rates for facility use. It serves as the internal reference for all financial transactions and staff remuneration decisions.*

PTNBH universities are ensconced in a rather complex financial environment that has both government support and self-generated revenue. The current trend in higher education financing is the diversification of income sources, which is reflected in this dual approach to funding. Government subsidies given to PTNBH universities provide financial support that helps cover part of the operating costs. The subsidies are not meant to cover all expenditures. Instead, they form the financial base upon which more robust and diverse funding structures can be built. Therefore, this partial funding model is designed to promote institutions' capacity to fund most activities independently.

To compensate for the shortage of government subsidies, PTNBH universities are required to engage in any possible revenue-generating activities, such as campus services, research partnerships with industry, or commercialization of intellectual properties developed within the institution. Also, the universities may approach financial support from alumni networks, philanthropic organizations, and corporate sponsors. They may also obtain financial support from competitive funding for specific projects or programs through research grants and fees for specialized courses offered to working professionals through executive education and professional development programs.

This multipurpose approach to revenue generation has several benefits. First, it protects from changes in government funding, which can be political and economic. Second, it helps the universities to fund activities that may not be covered by government subsidies, such as innovative research or improvements to campus facilities. The diversification of income sources also aligns with the PTNBH framework's general objectives: to increase institutional autonomy and the responsiveness of institutions to the needs of society.

Thus, the diversification of sources of financing enables the universities to increase their financial stability and resilience, invest in long-term strategic initiatives, respond to new opportunities for the development of education and research, and strengthen partnerships with

the business and community. However, this model also presents challenges. At the same time, universities must serve educational and revenue generation functions, and in doing so, they must ensure that commercial interests do not compromise academic integrity. Further, there may be differences in the ability of institutions to secure additional sources of funding, a situation that could lead to unevenness in the application of the higher education system.

PTNBH university's financial strategies correspond to the trend of an entrepreneurial model of higher education. While government subsidies are helpful, the institutions are expected to develop sustain alternative funding sources. Income generating activities contribute to the immediate financial needs of universities and prepares them for changes in funding and the delivery of higher education. Thus, the current financial environment in which the PTNBH universities operate calls for constant analysis of the revenue generation strategies. The success of PTNBH model will likely depend on institutions' ability to maintain a delicate balance between financial sustainability and other aspects. The aspects can include their core academic missions, ensuring that the pursuit of additional funding enhances rather than detracts from the quality and accessibility of education provided.

Both institutions' revenue strategies illustrate resource dependence theory in practice, though shaped by different constraints on what diversification is even available to them. PRIVATE's pursuit of business units such as its hospital, hotels, and research consultancy services reflects a deliberate effort to reduce reliance on tuition fees by acquiring control income streams (Pfeffer and Salancik, 2003a). PTNBH's two-pronged strategy, besides government subsidy which includes income-generating units and donations, responds to a similar underlying logic, but within a narrower range of options shaped by its institutional position. As a public entity, PTNBH cannot fully exit its dependence on government funding without risking its legal status and societal legitimacy as a public university. This contrast shows that resource diversification is not simply a matter of institutional preference, but is

bounded by each university's governance structure and its relationship to its primary resource-controlling stakeholder, namely the yayasan for PRIVATE, the state for PTNBH.

5.2.2 Fee Reference and Standardization

In Indonesia, university staff remuneration extends beyond a fixed base salary, incorporating structural allowances tied to administrative roles and activity-based honoraria for specific academic contributions — such as examining postgraduate theses, participating in accreditation panels, or leading curriculum review committees. The rates for these honoraria are governed by the fee guideline (Standar Biaya), making it far more than a budgeting document; it is a direct determinant of what staff actually take home each month. Consequently, two staff members on identical base salaries may end up with considerably different total incomes depending on the roles they hold and the activities they undertake. This creates a transparent, structured incentive for staff to engage more actively in institutional governance and quality assurance processes. In this way, the fee guideline simultaneously serves the institution's financial planning needs and shapes individual staff behaviour.

5.2.2.1. PRIVATE

The establishment of a fee guideline, as mentioned by [PRIVATE1] indicates an endeavor to introduce organization, clarity and effectiveness to the determination of honorarium fees. This strategy not aids in standardizing payments. Also plays a crucial role in optimizing costs maintaining budgetary oversight and fostering fairness within the financial procedures of the university. Through the implementation of a fee guideline PRIVATE aims to simplify operations and improve overall fiscal management within the institution.

Developing a fee reference implies that the university has set forth a set of principles or a structure for assessing honorarium fees for engagements. This standardization guarantees

uniformity and equity in how fees are distributed and disbursed. By having a reference point for fees the university can steer clear of improvised decisions regarding payments resulting in a transparent and fair system. This framework is essential for upholding consistency and equity in compensation which can be advantageous for all parties involved.

Standardizing fees can assist in optimizing the university's expenditures. By establishing boundaries and ranges for honorarium fees the university can better control its budget. Ensure that expenses align with its financial objectives and limitations. This systematic approach can lead to resource utilization as it enables improved forecasting and allocation of funds, across various activities and departments.

This could help create a foreseeable financial future, for the university. Using a fee reference aids in managing budgets effectively preventing overspending on honorariums. Different departments and units at the university can organize their activities with a grasp of the boundaries established by the fee reference. This control system promotes handling and contributes to upholding fiscal discipline throughout the institution. By having limits it becomes simpler to stick to the budget and adjust as needed promptly thus avoiding discrepancies.

Maintaining a documented fee reference enhances transparency in the university's procedures. Stakeholders such as faculty, staff and external auditors can readily. Comprehend the rationale behind honorarium payments. This transparency encourages accountability since any deviations from the agreed upon fee structure can be easily pinpointed and rectified. Furthermore, this openness fosters trust among stakeholders as they witness the university's dedication to transparent methodologies. The fee reference documents are accessible for staffs, so they can prepare activities budget based on tha guidance. Not only internal parties, but also the external stakeholder can acces the document freely without formaly ask the university.

With a fee reference established departments and project leaders can strategize their activities efficiently. Having knowledge of predetermined honorarium rates enables budgeting and financial planning, for programs and events. This enhanced planning ability can result in execution of activities by reducing uncertainties regarding honorarium payments.

Setting rates, for honorarium fees plays a role in promoting fairness and equality in compensation. When everyone carrying out responsibilities receives pay it minimizes the chances of conflicts or feelings of bias. This equitable system can boost job contentment and team spirit among employees and faculty members by showcasing an uniform method, for honouring payments.

PRIVATE 1: "There's a fee reference created by the university"

PRIVATE 2: "Budgeting is based on the work programs approved by the leadership meeting and the faculty senate."

The PRIVATE fee-setting guideline is transparent[17] among relevant staff, organized, and efficient for setting up honorarium fees. The transparency is helpful in standardizing payments and also in optimizing costs and maintaining budgetary oversight and equity in the financial procedures of the university. PRIVATE aims to increase the operation's simplicity and improve the overall management of finance in the institution by implementing a fee guideline.

The development of the fee reference is such that the university has provided a specific set of rules or a structure for the honorarium fees for different engagements. Fee references and guidance standardization help ensure uniformity and equity in the way fees are collected and disbursed. The university is unlikely to engage in ad-hoc payment decisions and adopt a

[17] The guideline is accessible to university staff and lecturers who require it for administrative purposes, on a need-to-know basis. It is not published or disclosed to students or external stakeholders. This distinguishes internal procedural transparency — clarity and consistency for those who administer the guideline — from public transparency.

transparent and fair system instead. The payment method adopted is important to ensure consistency and equity in compensation, which benefits all parties involved.

Fee standardization can also help optimize the university's spending. The university is in a better position to control its budget by providing specific ranges and limits for honorarium fees. The spending is controled to ensure the allignment with the financial strategy and means available. This systematic approach to the use of resources leads to better budgeting and accounting for funds across different activities and departments.

Making spending systematic could help to form a predictable financial future for the university. A fee reference helps to manage budgets so as not to overspend on honorariums. This way, different departments and units in the university can plan and organize their activities based on the fee ranges provided in the fee reference. This control system of limits assists in adequately handling and maintaining fiscal discipline in the institution. It is easier to stick to the budget and make adjustments as needed, and as such, there will be no discrepancies.

The documented fee reference enhances transparency in the university's processes. The reasons for honorarium payments are easily understood by faculty and staff as well as external auditors. Transparency makes accounting easier because any departure from the standard fee structure can be identified and corrected. In addition, this transparency demonstrates that the university employs transparent methods and builds trust with its stakeholders.

This way, department and project leaders can design their activities more effectively with a fee reference in place. Predetermined honorarium rates are beneficial for financial planning in order to budget and plan for programs and events. The listed job and fee can lead to the successful execution of activities by eliminating uncertainties concerning honorarium payments.

Setting fees for honorariums also contributes to the principles of fairness and equality in compensation. A way to prevent bias or favoritism is to ensure that everyone with a

responsibility is compensated. Such a system will likely enhance job satisfaction and teamwork among the employees and faculty members as it proves there is a principle of paying people equally.

5.2.2.2. PTNBH

Under the PTNBH framework PTNBH has the freedom to set its cost benchmarks, known as Standard Biaya Umum (SBU) as mentioned by [PTNBH2]. This significant level of independence allows the university to establish cost levels for expenses, like honorariums, travel expenses and seminar fees. By defining its standards PTNBH can ensure that its spending is both practical and reflective of its operational context.

This autonomy enables PTNBH to customize its procedures to better suit its realities and strategic objectives. Unlike an approach imposed by entities the SBU system enables the university to consider specific factors such as local economic conditions, institutional priorities and academic program characteristics. This personalized financial management empowers PTNBH to distribute resources efficiently ensuring that each expenditure is reasonable and in line with the university's mission and vision.

Furthermore, by establishing its benchmarks PTNBH can strengthen its stability and strategic planning. The ability to regulate cost standards ensures that financial practices remain adaptable and can adjust as per the university's evolving requirements. This level of autonomy aids, in upholding a budget optimizing resource utilization and supporting long term goals.
The SBU framework essentially enables PTNBH to control expenses in a manner that's both efficient and strategically wise promoting a stronger and more adaptable financial setting.

> **PTNBH 2**: "How revenue can be used for our expenses. PTNBH allows flexibility in fund management. The university's SBU regulations and the university itself can set its own cost standards, and financial reporting is also easier."

PTNBH 10: "Our autonomy is not complete because we still receive subsidies from the government. The autonomy we have mainly concerns the use of funds, rather than fundraising, even though we are allowed to obtain funds from outside the government."

The SBU standard PTNBH universities can establish is very independent in determining the cost benchmarks, particularly honorariums, travel and seminar fees, and many others. These internal standards assist the PTNBH universities to examine their spending practices and ensure that they are practical and consistent with the universities' operating environment.

The autonomy to set SBU enables the PTNBH institutions to develop financial rules to conform to their situations and strategic objectives. This kind of autonomy is quite convenient as opposed to a system where everything is standardized and imposed by an external body. The SBU system allows the universities to consider things like the general economic situation in the area, institutional priorities, and other factors that may be related to the programs offered by the university.

This personalized financial management approach enables the PTNBH universities to make their resources more effective in the sense that they are both reasonable and consistent with the mission and vision of the organization. Also, the ability to set benchmarks improves the financial strength and the strategic planning of the PTNBH universities. The internal regulation of cost standards is an instrument of flexible financial practices that can help the institutions evolve. This level of autonomy is beneficial in assisting in the attainment of a budget, which is derived from the optimal utilization of resources in order to support long-term institutional goals.

The SBU framework is, therefore, a rather good tool for expense control that is, at the same time, strategically sound and efficient for PTNBH universities. This approach leads to

the development of a stronger and more dynamic financial environment, which enables these institutions to better manage the challenges associated with the financing of higher education. Financial autonomy comes with some consequences that must be considered. SBU standards developed by PTNBH universities must be such that they are beneficial to the university and ensure public accountability and educational quality. The power to set cost benchmarks comes with the responsibility of considering the interests of the stakeholders, including the students and staff, as well as the communities the university serves.

Furthermore, the best custom financial standards can be a consequence that different PTNBH institutions can employ. Although this diversification can lead to increased innovation and efficiency, it also needs strong internal governance practices to avoid abuse or irrationalities that may compromise the entire PTNBH system.

The adoption of the SBU framework for financial management has introduced a new and more flexible system of accounting that can be adapted to the changing environment of the institution. Implementing SBU may increase effectiveness and continuity of institutions if only the goals and objectives of the institution and the wider public are considered.

5.2.3. Student Enrolment and Budgeting

5.2.3.1. PRIVATE

[PRIVATE6] emphasizes the significance of student enrolment figures, in influencing the framework of an university like PRIVATE. The number of students plays a role in determining revenue making it a pivotal factor in management and planning. Efficient handling of enrolment through strategies, investment in recruitment and retention and meticulous financial projections ensures the university’s wellbeing and its capacity to provide high quality education. Maintaining an expanding student body is essential for upholding the institutions stability and capability to invest in its future.

Being an university PRIVATE primarily relies on tuition fees paid by students as its source of income. This implies that the total number of enrolled students directly impacts the university's condition. A surge in student enrolment results in heightened revenue from tuition fees, which can then be utilized for expenses, faculty remuneration, infrastructure enhancements and other outlays. Conversely a drop in student enrolment would lead to decreased earnings, potentially impacting the university's capability to meet its expenses and enhance its facilities. The dependence on tuition fees underscores the significance of sustaining and expanding the student body.

Budget planning at PRIVATE entails estimations of student enrolment figures. Accurate forecasts, on enrolments enable the university to chart out its budget effectively. These estimates assist in predicting the income, which serves as the foundation, for distributing funds to departments and projects. Overestimating or underestimating student enrolment figures can result in imbalances underscoring the importance of forecasting for financial stability. Consequently, implementing enrolment management practices and data informed decision making is crucial for sustaining a balanced budget.

The significance of student enrolment in financial planning necessitates that PRIVATE closely monitors patterns in admissions and retention. Developing strategies to attract and retain students becomes a component of the university's plan. Enrolment figures impact choices regarding resource allocation, such as hiring faculty expanding infrastructure or introducing programs. The university must ensure that its offerings meet student demand to uphold or enhance enrolment numbers. Financial planning also entails preparing for fluctuations in enrolment like downturns or demographic changes that could affect student numbers. Taking steps to adapt to these shifts can help lessen their impact on the university's finances.

Given the role of student enrolment PRIVATE is likely making investments in marketing, recruitment and retention endeavours. Effective recruitment tactics aid in enticing students while retention programs ensure that current students persist with their education, at the university.

Efforts to improve the student experience and attract more students, at PRIVATE may involve scholarships, campus upgrades, academic support services and engaging activities. Creating a welcoming environment can help enhance recruitment and keep students enrolled leading to an income flow.

Considering tuition fees as a revenue source PRIVATE needs to manage its fee structure. The fees should be competitive enough to cover expenses and promote university growth. Striking a balance between affordability and financial stability is essential. PRIVATE could also provide aid or flexible payment plans to cater to students, from economic backgrounds ensuring a consistent influx of enrolments. Finding the equilibrium will help PRIVATE maintain its wellbeing while offering accessible education to a diverse student population.

> **PRIVATE 6**: "Since PRIVATE is a private university, the primary factor in budgeting is the number of students, which influences the amount of revenue."
>
> **PRIVATE 2**: **"**The strategic plan greatly influences the budget, which will be adjusted based on the program's revenue from the number of enrolled students. The strategic plan is developed based on evaluations of study programs, including quality audits, to be followed up in the next year's work program."

[PRIVATE6] focuses on the size of the student body as a determinant of the framework of PRIVATE. The size of the students is a determinant of revenue and, thus, an important determinant of management and planning. Properly handling enrolment through strategies,

investment in recruitment and retention, and financial projections will not only sustain the university but also ability to provide good quality education. Therefore, sustaining the student population is crucial to ensure that the institutions remain stable and can invest in the future.

As a university PRIVATE depends mainly on tuition fees paid by students as its source of income, the university's overall enrolment indicates its financial health. An increase in student enrolment will increase the revenue from tuition fees, which can cover expenses, faculty salaries, infrastructure, and other expenditures. On the other hand, a decrease in student enrolment will reduce revenues, which may affect the university's ability to meet its expenditures and develop its infrastructure. The reliance on tuition fees shows the importance of maintaining and increasing the student population.

Private and Public Budget Planning at UNIVERSITY It uses student enrolment estimates. The university can make its budget arrangements accordingly due to accurate enrolment forecasts.

These estimates help determine the income, which is the basis for allocating the funds to departments and projects. Over or underestimation of student enrolment numbers is costly and highlights the importance of forecasting for financial stability. Therefore, enrolment management and data-informed decision-making are critical to achieving a balanced budget.

As a result of the importance of student enrolment in financial planning, PRIVATE has to pay attention to admission and retention rates. At the university level, attracting and keeping students becomes a part of the plan. The choices on resource allocations, such as hiring faculty members, expanding infrastructure, or developing programs, are influenced by student body figures. The university must ensure that the decisions have the right programs to meet the student's needs which may maintain or even increase enrolment. Resources allocation also involves financial planning for fluctuation in enrolment rate anticipation. Some of these steps can be taken to reduce the impact of these changes on the university's finances.

Since student enrolment is an important component of PRIVATE, it is reasonable to assume that the institution invests in marketing, recruitment, and retention initiatives. Some good recruitment tactics help attract students, and retention programs keep the current students at the university.

Improvements to the student experience and increased attraction of students at PRIVATE include scholarships, improvements to the campus, academic support services, and recreational activities. The development of the environment can increase the recruitment and retention of students and, therefore, the income.

5.2.3.2. PTNBH

A major portion of the university's income comes from student's tuition fees. These fees vary depending on the programs, courses and types of students playing a role, in the financial plan. Tuition fees help cover expenses like faculty salaries, administrative costs and maintenance of campus facilities. This primary source of income is essential for the university's day to day operations ensuring it can provide quality education and upkeep its infrastructure.

Apart from tuition fees students may also contribute through charges such as exam fees, lab fees and activity fees. These additional expenses support extracurricular activities that enrich the overall learning experience. For example, lab fees can help purchase equipment and materials while activity fees can aid student clubs and organizations. These extra charges play a role in creating an educational atmosphere that extends beyond traditional classroom teachings.

Given that a substantial portion of revenue comes from students the financial wellbeing of the university is closely linked to enrolment figures. Fluctuations in student admissions directly affect the budget to the institution requiring management of enrolments and strategic

marketing efforts to attract and retain students. Effective recruitment strategies are key, to maintaining a student body which ensures a flow of income.

The significance of having an enrolment pipeline to ensure the financial stability of the university is highlighted in this relationship. While revenue, from students plays a role it is essential for the university to diversify its income sources to maintain security. Relying solely on student fees can be risky during times of decreasing enrolment or economic challenges impacting student's ability to pay. By expanding revenue streams through partnerships, grants and donations the university can reduce these risks. Create a safety net against uncertainties. Balancing student fees with sources of income allows the university to better weather changes and invest in its future development.

Funds generated from students are distributed across university requirements to support services and academic programs effectively. Proper allocation is vital for upholding standards and delivering quality services to students. Some portion of the revenue from students can also be set aside for initiatives like improving infrastructure, upgrading technology and expanding offerings. This investment in growth can boost the university's attractiveness and competitive position. Through management of these funds the university can cultivate an environment that promotes excellence and innovation securing its reputation and sustainability, in the long run.

PTNBH 4: "Revenue from student sources accounts for 35-40%."

PTNBH 2: "Each department creates its revenue plan based on the number of students expected to enrol and pay during the year"

PTNBH's reliance on students' tuition fees as the primary source of income is accompanied by a complex interplay between financial management and educational objectives. In other words, PTNBH depends on the changes in enrolment and the general economy, which call for good financial planning and diversification. The fee structure varies with programs and student's status, which shows that the university has a complex method of

charging fees to generate revenue to match the costs and needs of various academic activities. This strategy makes it possible to recover costs more precisely but, simultaneously, can result in unequal funding of programs and student financial support. The extra fees, such as exam fees, lab fees, and activity fees, are meant to address particular expenses incurred in improving the learning environment. Such fees make the learning experience more exciting and make the student question the actual cost of education and whether some are out of reach for some students.

The relationship between enrolment and the university's financial condition shows that student recruitment as important as retention. This connection makes admissions and marketing aspects of the institution's business crucial to its financial planning. The pressure to retain or increase enrolment may influence academic decisions and lead to a conflict of interest between educational quality and financial exigency. PTNBH realises the importance of developing diverse income sources, excluding student fees, and demonstrating an understanding of the risks of overdependence on a single income source. Finding more sources is consistent with the current financial management in the higher education sector, which has recognized student enrolment's unpredictability and other external factors that can affect it.

Using revenue from tuition fees to meet various university expenditures shows the fine leasing between the preservation of the current expenses and the accumulation for the future. PTNBH's strategy is to distributing the funds reveals the priority to address the present needs while simultaneously funding the future development goals.

Assigning part of the student revenue to infrastructure development, technology enhancement, and program development is proof of the university's strategic planning for the future. Investing in long-term aspects strategy is a form of investment meant to improve the university's standing and attract more students in the future, which in turn will create a good cycle of financial management and revenue generation.

The university's financial model, which is based primarily on student fees, is characteristic of the modern higher education system. Relying on tuition fees as main revenue source contains potential advantages and disadvantages that need to anticipate.

It is necessary for institution to adapt to the financial environment, which constantly changes. PTNBH should to find a proper equilibrium between the current financial decisions and the institution's strategic objectives.

5.3. Budgeting and Resource Allocation

5.3.1. Financial Autonomy and Budget Planning

PTNBH status provides similar institutions with increased flexibility, in handling their finances. This empowers the university to have autonomy in budgeting, allocating funds and making spending decisions. Such flexibility enables the university to address its needs and priorities efficiently without being overly bound by strict external rules.

Moving to PTNBH streamlines reporting procedures for PTNBH. This simplification is likely to reduce complexities and promote a transparent efficient approach to financial management. Simplified financial reporting[18] can enhance accountability. Simplify tasks, allowing the university to concentrate on its core academic and research pursuits.

PTNBH 2 highlights that PTNBH status strengthens the university’s financial management capabilities by offering flexibility setting cost standards tailored to its requirements and benefiting from financial reporting processes. This framework supports effectiveness and efficiency, in the university’s operations.

[18] *Simplified financial reporting refers to a streamlined reporting framework permitting PTN-BH institutions to submit a reduced set of standardised financial statements rather than the more extensive reporting required of standard government agencies, enabled by their legal entity status.*

PTNBH 2: “PTNBH allows flexibility in fund management. The university's SBU regulations and the university itself can set its own cost standards, and financial reporting is also easier.”

PTNBH 10: “SBU is not fixed at a specific number; for instance, seminar honoraria, travel expenses, etc., are structured within a range (a lower limit and an upper limit). Each unit will then discuss with the team whether to choose the lowest, highest, or somewhere in between. From this discussion, the annual budget is determined.”

Financial autonomy granted to PTNBH increases the universities' autonomy in managing their finances, which include allocating and spending the resources as they see fit. This freedom is because financial decisions are made in a way that is consistent with the organization's goals, resulting in a more strategic and agile approach to the budgeting process. PTNBH's capability to set cost standards specifically for the university. Cost standard enhances financial governance by allowing PTNBH to adjust resource utilization without compromising financial accountability. With that autonomy, the universities can make many important strategic decisions about academic and research investments without being tied down by financial rules and regulations.

Autonomy has many advantages, but the most important is simplifying financial reporting processes. Thus, the PTNBH institutions cut through the red tape, making financial reporting more efficient and less bureaucratic. Simplified reporting also enhances accountability in the organization since not many reports are to be submitted. Instead, administrators can concentrate on the most important strategic issues of the institution rather than losing time on unnecessary regulatory issues. As a PTNBH source explained, the institution's financial management capabilities have been enhanced by the ability to "establish

cost controls that are appropriate for the organization and to use a simplified financial reporting system."

The effectiveness in budgeting as shown by PTNBH indicates that they have the capability to maintain financial stability while making the necessary changes at the same time. By ensuring that initial budget frameworks are well-structured, PTNBH limits the financial alterations to control the effects. The minor adjustments showing that the initial forecast was accurate and financial planning was set comprehensively. Proper financial management and planning make PTNBH well-positioned for long-term viability while simultaneously being able to address changing financial requirements.

PTNBHs approach, to budget planning and management demonstrates a dedication to stability and efficiency. The university's capacity to make adjustments while keeping the budget structure intact showcases the strength of its initial planning. Through refinement of these processes PTNBH guarantees it can effectively support its objectives and sustain its operations. This careful handling of finances is crucial for creating an environment that promotes excellence and long-term growth.

The ongoing efforts outlined in section 5.3 focus on enhancing budget planning procedures to minimize the need for revisions. Despite the enhancements there is a prevailing perception that changes in the budget are usually minor indicating a well-designed initial planning phase. This implies that the university's financial planning is robust enough to accommodate modifications without affecting the overall budget framework. The success of these procedures underscores PTNBHs capability to forecast and allocate resources accurately from the start.

PTNBHs management of budgets is deemed effective requiring adjustments over time. This effectiveness underscores the institutions dedication, to planning and stability. By

ensuring that the initial budget is comprehensive and aligned with the university's objectives PTNBH reduces disruptions. Maintains seamless financial operations.

The university's budgeting system demonstrates maturity and proficiency through the adjustments needed to support administrative functions effectively. The budget planning and management process, at PTNBH focuses on refining procedures to minimize the frequency and impact of revisions which're typically small in scale and do not significantly alter the budget structure. This illustrates the robustness of the budget planning that enables the university to manage its finances even with occasional modifications. Such an organized approach reflects an understanding of dynamics and a commitment to ensuring fiscal stability.

PTNBH emphasizes that changes made are usually minor maintaining the integrity of the budget structure. This highlights the reliability of PTNBHs planning and management practices. While minor tweaks are unavoidable their limited impact on the budget indicates that the university's initial financial forecasts and allocations are sound. This level of consistency is essential for sustaining operations and term strategic planning.

As PTNBH enhances its budget planning processes there is a focus, on improving accuracy to reduce revisions. Effective initial planning helps minimize disruptions caused by budget adjustments leading to operations aligned with strategic objectives.

Minor changes, in the budgeting system suggest it is well established and managed efficiently supporting administrative functions consistently. PTNBH prioritizes continuous improvement in budget planning to boost efficiency and back strategic initiatives. By emphasizing planning and reducing the necessity, for major revisions PTNBH can uphold financial stability and allocate resources more efficiently toward academic and research goals. This proactive financial management approach enables the university to adjust to evolving situations while adhering to its objectives.

PTNBH 3: "...The goal is to improve planning and minimize revisions to the annual budget plan throughout the year. In practice, revisions are still frequently needed for both the budget and activities that were not well planned."

PTNBH 4: "The faculty has the independence to set projections for funding sources and amounts. The university has a scheduled budget revision policy, occurring four times a year."

PTNBH focuses on improving the budgeting process to ensure long-term financial sustainability. Ongoing improvements in financial management are focused on increasing the accuracy of estimation and decreasing the frequency of adjustments of financial decisions. The university is enhancing its forecasting processes to have a balanced budget with only some adjustments made over the years. This approach shows financial sophistication and a good understanding of the institution's financial aspects.

The system adopted can be seen as efficient because it allows the business to continue operating with minimal disruptions. To improve the unit's planning skill levels, PTNBH allows them to do only minor revisions that have negligible effects on the overall financial structure. The limitation indicates that the university's initial budgeting is robust and can handle changes without jeopardizing the institution's long-term financial stability. Non-impactful revisions indicate that PTNBH can predict the resource requirements precisely at the beginning of the financial year to inform long-term financial planning and achieve institutional goals.

PTNBH's budgeting approach emphasizes the importance of strategic financial management. The university tries to minimize errors in the initial planning so that the financial resources can be adequately allocated to support academic and research activities. A well-controlled budget system prevents the university from engaging in ad hoc decision-making and allows PTNBH to focus on long-term rather than short-term financial changes. The budget

system is also more structured and brings a flexiblity in making financial strategy. A well-controlled budget makes PTNBH accountable, effective, and excellent in academic pursuits.

The focus on reducing the budget revisions reveals the organization's capacity to exercise financial discipline. Do to the nature of planning is based on forecast, in which not fully accurate, some changes are always possible. Modifications are allow as long as the effect of such changes on the overall budget is insignificant and it is indicating an effective financial system. By improving the budget planning, PTNBH institutions can improve the utilization of resources while still being flexible to changes that may occur. This balance between financial stability and flexibility places PTNBH in a position to sustain success in the future, and financial resources must be managed to meet short and long-term institutional needs.

Here, the ways in which PTNBH sets cost standards for the programs it offers and makes the reporting for the individual higher education institutions easier are examples of the scope of the autonomy granted by the state to an institution such as PTNBH. Organizational theory research on resource dependence defines external controls needed to safeguard an organization’s continued receipt of resources, within which the autonomy of a higher education institution such as PTNBH is defined. As a major provider of resources to PTNBH, the state plays a very important role. In addition, the students attending programs at various higher education institutions are another very important resource. Thus, even though the internal processes of PTNBH set the cost standards for the programs, for example, there are established limits on the tuition that it can charge its students, which are approved by the government from time to time. The major proposition of resources dependence research on organization theory states that the degree of autonomy granted by a major resource provider to an organization (or organizations), which are able to achieve their goals through the resources received from that and other providers, is directly related to the extent to which the granted autonomy does not

threaten the major resource provider's control over the important resources(s) that are being provided by that organization (Pfeffer and Salancik, 2003a).

5.3.2. Priority Setting and Resource Allocation

5.3.2.1. PRIVATE

Private university, like PRIVATE employ a strategic prioritization approach to effectively manage their activities and expansion. This method helps the institution stay focused on its core responsibilities while addressing areas that require improvement as explain below.

PRIVATE gives priority to its essential routine activities, which include academic programs, student support services, administrative duties and maintenance tasks. These activities ensure the operation of the university on a basis and uphold its primary educational objectives.

By concentrating on these initiatives PRIVATE ensures that the quality of education and services provided to students remains consistently high. This commitment involves maintaining accredited programs ensuring course delivery and offering essential support services such as counseling and career guidance.

At PRIVATE, development initiatives are carefully planned using external audits as the foundation. These audits comprehensively evaluate aspects of the university's operations, including stability, academic performance, infrastructure conditions and stakeholder satisfaction. The data driven insights from these audits guide the identification of areas requiring improvement ensuring that decisions are evidence based.

All development initiatives must be in line, with the university's plan and long-term objectives. This alignment guarantees that resources are directed towards initiatives that uphold the university's mission and vision. Development projects are ranked according to both future

needs of the institution. For example, if an inspection reveals that certain facilities are outdated upgrading those facilities could take precedence.

Acknowledging the constraints of resources (human and material) PRIVATE meticulously allocates them. By giving priority to programs and selectively introducing new programs based on audit results the university maximizes the impact of its spending. This careful approach ensures that resources are utilized efficiently and effectively preventing waste and ensuring that investments contribute significantly to the university's development and sustainability.

The prioritization strategy includes a feedback mechanism where the results of development programs are monitored and evaluated. This emphasis aids in refining audits and planning procedures fostering a culture of enhancement. Involving stakeholders (faculty, students, staff and external partners)[19] in the audit (annual financial report or internal quality audit) and planning process ensures that diverse perspectives are taken into account leading to comprehensive and effective decision making.

PRIVATE 1: "The audit results create a priority scale. Routine programs are prioritised because they are essential for the regular learning process. After that, development programs are adjusted based on the audit results."

PRIVATE 6: "At the faculty level, there will be discussions about priority programs. For example, if a study program needs to increase its student numbers, one of the faculty's priorities will be to support promotional efforts to boost enrolment in that program."

[19] *Financial audits and internal quality audits involve stakeholders differently. In the annual financial audit, staff (finance/accounting) and faculty (as heads of budget-holding units) act as the primary auditees, while external partners refer to the independent public accountant (Kantor Akuntan Publik) engaged to conduct the audit. In the internal quality audit, students contribute mainly through satisfaction surveys and study programme self-evaluations, faculty members are often trained as internal quality auditors, and external partners refer to external accreditation assessors (e.g. BAN-PT/LAM) and industry partners consulted on curriculum relevance.*

PRIVATE's priority is daily operational aspects, including academic programs, student support services, administration, and maintenance. These activities are meant to make the university activities work correctly and to achieve its primary educational goals. The activities also help PRIVATE focuses on selected initiatives to ensure that the quality both education and services offered to the students is not jeopardized. The commitment entails ensuring that the programs offered are accredited, teaching is meet high standard, and essential support services like counseling and career guidance are available.

In the area of development initiatives at PRIVATE, these are planned carefully. Audits done externally are used as a basis for planning. These thorough audits cover stability, academic performance, infrastructure conditions, and stakeholder satisfaction. The data-driven insights from these audits are used to identify areas for improvement; thus, all decisions are evidence-based.

All the development initiatives should align with the university's plan and long-term objectives. This way, the resources are shifted toward the initiatives that sustain the mission and vision of the university. In the case of development projects, they are ranked according to the future needs of the institution. For instance, if an inspection shows that some facilities are outdated, then replacing those facilities could be given top priority.

As for the constraints of resources (human and material) here, PRIVATE is very careful in allocating them. PRIVATE is selective in its programs and introduces new programs based on audit results to maximize the use of its spending. Prioritizing helps to ensure the resources are not wastefully spent and the investments significantly impact the university's development and sustainability.

The prioritization strategy includes a evaluation of the outcome. The evaluation emphasis helps to refine the audits and planning processes to create a culture of enhancement.

The stakeholder involvement (faculty, students, staff, and external partners) in the audit and planning process ensures that a wide array of perspectives are considered when making decisions, resulting in sound and comprehensive decisions.

5.3.2.2. PTNBH

Public universities such as PTNBH have a defined and strict approach to setting priorities focusing on maintaining facilities and ensuring daily operations. PTNBHs priority system plays a role in sustaining an effective learning environment at the university.

PTNBH places importance on the upkeep of its buildings, classrooms, laboratories and other key facilities to create a conducive atmosphere for both students and faculty members. In addition to infrastructure PTNBH pays attention to the seamless functioning of daily activities. This involves managing schedules, administrative tasks, student support services and campus safety measures. The primary objective is to ensure that the university's fundamental operations operate smoothly and productively.

PTNBH follows a financial management approach by utilizing 'carry over' funds. Budget amounts left unspent from previous fiscal periods. Of exhausting these funds the university allocates them thoughtfully to address critical needs effectively. This prudent financial strategy helps maintain services. By managing resources PTNBH can navigate uncertainties without compromising the quality of education or services provided to its community.

Given resources PTNBH prioritizes expenditure in areas that have an impact, on students and faculty members. Key university services, like teaching, research activities including research assistance and campus upkeep are given priority when allocating funds. This approach guarantees the university's long term sustainability by prioritizing needs over expenses. PTNBH focuses on making enhancements than large scale transformations, with any additional funding it receives. This could involve upgrading facilities or implementing

technologies to enrich the learning environment. The university ensures that every penny spent aligns with its mission and objectives by concentrating on areas that have an impact.

PTNBH 6: "Reallocation can only occur within approved areas. There are 'carry-over' funds from the previous year that can be used this year, but only for facility procurement and maintenance, not for operational activities."

PTNBH 7: "At the faculty level, there is a form of reconciliation before the budget is approved. This includes checking for alignment with the university's strategic plan, ensuring tariff and account codes are correct, and reviewing activities and their associated costs… Any remaining budget will carry over to the next year… The use of carry-over funds is restricted, and special negotiations with the university may be required. It is necessary to verify at the university level."

PTNBH 9: "Unspent funds always accumulate over time and cannot be entirely avoided, especially if units tend not to carry out as many planned activities."

State universities such as PTNBH have a clear and strict procedure for setting priorities and more on the continuity of facilities and operations. This prioritization system is an important part of ensuring that PTNBH can sustain a good learning environment at the university.

PTNBH gives much attention to the university's physical facilities, including the buildings, classrooms, laboratories, and other relevant facilities, to create a good learning environment for the students and faculty members. Besides infrastructure, PTNBH also focuses on the smooth execution of daily activities, including timetable, administration, student affairs support, and campus security. The general goal is to guarantee that the essential functions of the university are correctly and effectively carried out.

The university also applies the concept of sound financial management where 'carry over' funds, i.e., unspent budget amounts from the previous fiscal years, are used. The university does not spend these funds lightly but uses them to meet the most important needs. Selective behaviour is a good financial management practice that ensures that essential services are maintained. Thus, PTNBH can manage uncertainties without adversely affecting educational opportunities or services for the community.

Since resources are not always sufficient, PTNBH spends money where it is most beneficial for students and faculty. In this respect, important university activities such as learning, research, and campus development are taking precedence when it comes to the distribution of resources which bring guarantees the sustainability of the university as it addresses the necessary needs rather than luxuries.

When more resources are available, PTNBH prefers to make gradual changes instead of trying to change the whole system. The decision could mean improving infrastructure or integrating new technologies to enhance learning. Thus, the university focuses on the real issues and ensures that every resources is well spent to achieve the organization's plan.

This prioritization strategy shows that PTNBH is dedicated to providing quality education with limited resources. Thus, the university can prioritize crucial functions and gradual developments in order to support the sustainable development of the institution. The careful spending and the step-by-step approach help PTNBH to manage the changes that are likely to occur in the institution.

The management of carry-over funds reveals sophisticated multi-year financial planning at PTNBH institutions, though with notable restrictions. PTNBH 7 clearly states that unused funds at year-end will be carried over to the following year. These might let departments support growth plans, as long as get approval. This setup enables units to stockpile funds - better for big projects than what regular budgets allow.

Still, there are limits on how these funds work. PTNBH 6 makes it clear that reallocation can only occur within approved areas. Still, PTNBH 7 recognizes a formal procedure, involving negotiation with the top management.

Funds pile up in the PTNBH setup, no exception. PTNBH 9 notes, untouched money cannot be writen off. So tight control, budgets never spent, creates wealth later on. Yet that same restraint might indicate weak execution or hesitation among unit leaders to move forward. While, PRIVATE often handle leftover rules differently. PRIVATE 5 says it uses any remaining funds from earlier periods to pay costs, indicating looser limits on their use.

The contrast in how PTNBH and PRIVATE manage carry-over funds is best understood as a difference in the strictness of the resource-control relationship under which each institution operates. PTNBH's restriction of carryover funds to facility procurement and maintenance reflects the tighter accountability expectations imposed on it by the state, which retains an interest in ensuring that public funds are not redirected informally. PRIVATE's comparatively looser practice, where leftover funds may be applied more flexibly to cover costs, reflects a resource relationship governed by the yayasan rather than government regulation, and therefore subject to different — and less codified — accountability norms. Both practices are coherent responses to resource dependence, but the form that dependence takes varies depending on who controls the resource and what conditions they attach to its use.

5.3.3. Revenue Estimation and Cost Categorization

5.3.3.1. PRIVATE

Private colleges meticulously categorize their expenses dividing costs into areas, like salaries, utilities, upkeep and educational materials. This breakdown provides a picture of their outflows. By organizing their spending in this manner the university gains insights into its

habits. For example, it can track the allocation of funds for facility maintenance versus research initiatives.

Within these categories private universities prioritize recurring expenses for daily activities, such as faculty wages, utility bills and key administrative functions. Emphasizing these costs ensures the continuation of core university operations. Meeting these routine expenditures is vital for sustaining the university's day to day functions and keeping teaching activities and campus services running without interruptions.

Given resources private universities must make decisions about budget allocations. Through categorization and prioritization of expenses they can allocate funds to areas that align with their mission and objectives effectively. This systematic approach aids in preventing expenditures by distinguishing between non critical outflows. By identifying essential, versus essential spending items the university can minimize or delay non critical expenses to ensure efficient resource utilization.

- **Essential Expenses**: These are the costs necessary for the university's operations. They include maintaining buildings, paying staff, and ensuring academic programs run effectively. These expenses are given top priority in the budget.
- **Non-Essential Expenses**: Non-essential costs are those that, while important, are not critical to day-to-day operations. These include certain luxury upgrades or additional amenities. The university can be more flexible with these expenses, adjusting or deferring them based on available resources.

Private universities employ a method, for organizing and ranking expenses enabling them to adjust to financial constraints. In times of declining funding they can make informed decisions on where to trim costs without jeopardizing university functions. This method also aids in decision making by identifying expenses and determining optimal investments and cost

saving strategies. By categorizing and prioritizing expenses private universities optimize resource management ensuring operations are sustained while maintaining flexibility, in managing less crucial expenditures.

PRIVATE 4: "We categorise costs into routine and development expenses. Routine costs are divided into primary and supporting, with priority given to routine expenses, followed by primary development expenses."

PRIVATE 6: “Revenue predictions are calculated, and policies for the annual budget plan are established, following updates from both the foundation and the university.”

Private colleges spend much time classifying their expenditures into different categories, including salaries, utilities, maintenance, and learning materials. This cost grouping is a detailed breakdown of their financial outflows. It gives a clear picture of where they spend their money because universities are very organized in how they spend their money to be able to tell how much they spend in an area like facility maintenance and research. In these categories, private universities first address the recurring costs of everyday operations, such as the salaries of the teaching staff, utilities, and strategic administrative expenses. Concentration on the strategic core operational costs ensures that the essential university functions are sustained. These are ordinary expenses that are necessary to incur in the course of everyday business in order to keep up with regular teaching and learning activities and other campus activities.

Being private universities, they have to work with limited resources and, therefore, devise wise management of the available resources. Thus, they can adequately target their expenditures to specific purposes important for the institution's mission and goals by categorizing and prioritizing the expenses. Prioritizing helps avoid spending funds where it is

not necessary by differentiating between necessary and unnecessary expenditure items. Thus, the distinction between the necessary and unnecessary costs helps the universities cut or at least delay some of the non-essential expenses to use resources effectively.

They are the essential expenses incurred in the normal course of business of the university and include such things as the cost of maintaining the buildings, employing staff, and running the academic programs. These expenses are privileged in the budget because they are necessary. On the other hand, non-essential expenses are necessary but not included in the university's day-to-day operations. These may include some of the luxury features or facilities. The universities can easily control or postpone these expenses according to their situation.

Private universities use this method of sorting and classifying expenses to enable them to make changes given the financial situation. In times of financial decline, they are, therefore, in a position to know what to cut without necessarily affecting the essential activities of the university. The process also helps make strategic decisions on important costs, proper deployment of resources, and cost reduction measures.

Therefore, through careful classification and prioritization of expenses, private universities can manage their resources well. Implementing this way, the essential functions of the university are guaranteed while at the same time allowing for the control of the expenses that are not so necessary. This is because of the systematic approach, which differentiates between the necessary and the unnecessary costs. Thus, universities can distinguish between the necessary and the unnecessary costs and reduce or postpone some non-essential expenses to ensure the effective use of resources.

5.3.3.2. PTNBH

Public universities utilize an activity-based budgeting approach to develop an flexible strategy. Of focusing on overall income and expenses this system delves into the costs and funding

requirements linked to specific activities or programs. For instance, it calculates the budget needed for teaching a courses, conducting research projects, or maintaining campus facilities. By segmenting the budget based on activities, the university can monitor the expenses for each area where funds are utilized. This level of detail aids, in identifying which activities demand resources.

Public universities often receive funding from sources such as government grants, student tuition fees, research grants and private donations. The activity-based budgeting system plays a role in integrating these sources of revenue into the overarching financial plan. It ensures that funds, from channels are distributed efficiently based on the requirements of activities. For example research grants are allocated towards research related costs while tuition fees support programs and student services.

This budgeting system offers a view of the needs of the university by taking into account all activities and their associated expenses. This facilitates an understanding of how different income streams contribute to aspects of the university's functioning.

The system enables a distribution of resources ensuring that funds are allocated to support the university's priorities and strategic objectives based on the costs associated with various programs and activities. By employing an activity-based approach public universities can swiftly adjust their budgets in response, to fluctuations in funding. Should a particular revenue stream vary the university can modify expenditures in areas to uphold financial stability. This method bolsters oversight and accountability by linking budgets to activities facilitating easier monitoring of expenses and adjustments when necessary. Such measures enhance supervision and aid in pinpointing areas for cost reduction.

The activity-based budgeting system contributes to planning by guaranteeing that funds align with the university's objectives. For instance, if enhancing research output is deemed crucial the budget can be realigned to provide support for this endeavor. It ensures an allocation

of resources across domains prioritizing well-funded critical activities while managing less essential expenditures efficiently.

In essence public universities utilize an activity-based budgeting system to ensure adaptable planning. By integrating revenue sources and focusing on the expenses tied to activities this approach offers clearer insights, into financial requirements and reinforces the robustness of financial strategies.

PTNBH 10: "When preparing the annual budget, we must also consider estimated income from various sources such as public funds, tuition fees, and grants. Our budget is activity-based."

PTNBH 4: “Preparing the Annual Work and Budget Plan (RKAT[20]) involves drafting the university’s revenue plan to account for all sources of income, with tuition fees as the main revenue source. This includes government funding, other income sources, asset utilization, and collaborations.”

PTNBH 7: “During the alignment process for the Annual Work and Budget Plan (RKAT), there will be discussions to address any inaccuracies in activities or tariffs not meeting standards.”

As for public universities, the financial strategy is based on the activity-based budgeting approach as a flexible financial strategy. This system does not focus on the single overall income and expenditure but on the cost and funding necessary for various activities or programs. It determines the budget for university activities such as offering courses, conducting research, or maintaining the campus. The university can look closer at the spending for each area and the funds used through this segment-based budget. This very detailed approach can help identify which activities require resources and where the money is being spent. Public

[20] *RKAT (Rencana Kerja dan Anggaran Tahunan): the Annual Work Plan and Budget, which is the primary financial planning document in Indonesian universities. It outlines planned income and expenditure for the coming academic year and serves as the basis for all financial decisions and reporting.*

universities get funding from several sources, including government grants, tuition fees, research grants, and private donations.

The activity-based budgeting system is an easy approach to make sure that these revenue sources are well incorporated into the university's overall financial plan. It guarantees that the money from different sources is well spent on different activities since it is used for a specific activity. For instance, research grants are used in research activities, tuition fees for academic programs, and other student services. It shows that the budgeting system is an all-inclusive approach to the financial requirements of the university, and this is done by identifying all the activities and their costs. It also helps provide a better view of the sources of income and how they are applied to the different aspects of the university's activities. This approach enhances the effective allocation of resources since the funds are disbursed to areas of the university's focus and goals depending on the costs of the programs and activities.

Thus, the activity-based approach enables public universities to make budget changes quickly when there is a change in funding. For instance, if a particular revenue stream is changed, the university can change the spending in some areas to maintain the financial equilibrium. The approach enhances oversight and accountability because the budgets are tied to activities, which makes it easier to track expenses and make changes where necessary. Such measures enhance supervision and help identify areas that can be potentially costly.

The activity-based budgeting system is also very valuable in long-term planning because it ensures that the funds align with the university's strategic objectives. For instance, if research output is considered very important, the budget can be readjusted to provide more funding for this effort. This budgeting approach provides a good balance in the distribution of resources between different areas with fully funded critical activities and reasonable management of the less critical spending. Therefore, public universities adopt the activity-based budgeting system for a flexible financial plan.

The combination of different funding sources and focus on the costs of activities provide a better understanding of financial needs and strengthen the university's financial planning as a whole, which provides a better insight into the decision-making process, not only the use of resources but also the flexibility of addressing financial issues while maintaining the primary purposes.

5.3.4. Strategic Planning and Budget Adjustments

5.3.4.1. PRIVATE

Strategic planning plays a role, in the operations of universities as it involves forecasting revenue based primarily on student enrolments. This process requires input from stakeholders including faculty and staff to ensure that budget decisions align with the university community’s needs. Keeping stakeholders informed about matters and how funds are allocated fosters trust and collaboration. Transparent financial practices demonstrate a commitment to the institutions mission and objectives.

Private universities heavily depend on tuition fees and other income related to students for their funding. The number of enrolled students significantly influences revenue projections making accurate forecasting crucial for setting budgets. Universities need to adapt to fluctuations in enrolment caused by factors like demographics, economic conditions or competition. A decrease in enrolment can lead to budget deficits while an increase can present growth opportunities.

To evaluate their performance across areas such as academics, infrastructure and student services private universities regularly conduct quality audits. These assessments offer insights into areas where the university excels and areas needing improvement. The results of these evaluations guide adjustments, in budget allocation.

For example, if an audit uncovers a need, for student support services or upgraded facilities the university could adjust its funding to address these areas. Unlike budgets private universities often utilize adaptable budgeting processes that allow for annual modifications. This flexibility enables the institution to promptly respond to changing situations and emerging priorities. In times of difficulties like lower than expected enrolment numbers universities can prioritize spending on essential services and strategic projects. This may involve postponing initiatives or implementing cost saving measures in essential areas.

While growth is important private universities also value stability. Maintaining stability includes managing reserves handling debt cautiously and avoiding excessive reliance on unpredictable revenue sources. By establishing a base universities can strategically invest in activities that enhance their long term competitiveness. Such, as expanding academic offerings investing in technology advancements or enhancing campus facilities to attract and retain students.

PRIVATE 2: “The strategic plan greatly influences the budget, which will be adjusted based on the program's revenue from the number of enrolled students. The strategic plan is developed based on evaluations of study programs, including quality audits, to be followed up in the next year's work program.”

PRIVATE 4: "We look at last year's realization as a reference and add any new elements. For anything related to money, we estimate our (PRIVATE's) expected income. Estimating tuition fees is a bit complicated because students in the same program may have different total tuition amounts based on their entry scores, not on their family's economic situation. We use past experience to calculate an average, then multiply it by the estimated number of new students."

PRIVATE 6: “After the foundation (yayasan) calculates based on the revenue plan from existing students and predictions for new students, it will then provide information on the revenue to be used for preparing the annual budget plan. The faculty will receive this information in detail for each department and all programs within the faculty, and they cannot modify it. This data is used to prepare the annual budget plan."

Strategic planning is a critical process in managing universities, and this is done by forecasting revenue mainly from student enrolments. To this end, faculty and staff input is required to ensure that budget decisions align with the university community's needs. Universities can create a credible working relationship by ensuring that stakeholders are informed on financial matters and how funds are spent. Open book accounting is an excellent way of illustrating the organization's commitment to the institution's mission and objectives.

Private universities depend highly on tuition fees and other student income to get their funding. Student enrolment is a significant determinant of revenue; thus, accurate forecasting is imperative when arriving at budgets. The trends in enrolment are affected by demographics, economic conditions, and competitiveness, and universities have to adjust to these changes. There is a challenge of budget deficits that result from decreased enrolment, while an increase is an opportunity for growth.

Private universities undergo quality audits to determine their performance in academics, infrastructure, and student services. The assessments provide the institution with information on which areas are strong and which are weak. The outcomes of these evaluations are used to revise the budget. For example, if an audit reveals a shortage of student support services or poor facilities, the university can increase its spending in these areas.

While private universities' budgets are not as rigid as public universities, they usually have an annual budget revision process. This flexibility helps the institution to be ready to face

new challenges and to address new priorities as they arise. In times of adversity, for instance, low enrolment, universities may have to consider spending on critical functions and strategic projects. This may involve putting off some plans or cutting expenses in areas that are not crucial.

Although growth is nice, many private universities also focus on stability. Stability includes aspects such as Fund management, Debt management, and the avoidance of over-reliance on uncertain income sources. By creating a solid financial foundation, universities can build up activities that will add value to the university in the future. Some of these include Developing new academic programs, expanding the infrastructure, or investing in technology to attract and retain students.

In this comprehensive financial planning and management approach, private universities attempt to meet their day-to-day financial needs and long-term strategic objectives for future financial stability.

5.3.4.2. PTNBH

Public universities give their faculty members a level of autonomy in determining funding estimates and overseeing plans. This approach offers benefits.

Faculty members at universities have the freedom to create funding estimates tailored to their requirements and objectives. This allows departments to structure their budgets to support their programs, research endeavors, and operational needs. By empowering faculty members to establish their estimates, the university ensures that financial planning is in sync with each department's priorities. This customized approach enhances the ability to cater to the demands of academic and administrative unity.

Public universities typically allow each unit's management team the flexibility to adjust their budgets annually. This adaptability is vital for responding to changing circumstances like

shifts in student enrolment, alterations in government funding, or unforeseen expenses. Annual budget adjustments enable faculty members to modify their strategies based on information or evolving necessities. For instance, if a faculty member secures research grants or encounters costs, they can revise their budget accordingly.

The capability to revise budgets annually empowers faculty members to react to fluctuations in revenue. In cases of anticipated funding or an upsurge, in revenue faculties can redistribute resources to address needs or capitalize on emerging opportunities. This flexibility ensures that resources are utilized efficiently and effectively according to the landscape.

Universities have the freedom to allocate funds strategically focusing on areas, like improving offerings or integrating new technologies without being restricted by rigid budget limits. By having the flexibility to adjust budgets as necessary universities can effectively manage their resources to ensure that funding is channeled towards areas that will make the impact. This leads to operations and better outcomes for both students and faculty members. The ability to modify budgets enables universities to swiftly address emerging needs and seize opportunities as they arise.

Whether launching a project or responding to challenges universities can adapt their financial strategies to remain agile and efficient. When universities have control over their budget they are better equipped to support initiatives and experiments. They can allocate resources towards testing out programs or research endeavors that may not fit within a rigid budget structure. This financial flexibility promotes a culture of adaptability and responsiveness, within universities empowering them to explore ideas and continuously enhance their operations.

PTNBH 4: "The faculty can set funding sources and amount projections. The university has a scheduled budget revision policy, occurring four times a year, providing flexibility to accommodate changes."

PTNBH 6: "Reallocation can only occur within approved areas. There are 'carry-over' funds from the previous year that can be used this year, but only for facility procurement and maintenance, not for operational activities."

It has several advantages for the institution and its academic staff. Public universities give their faculty members significant autonomy in initiating and implementing financial plans and estimating costs. The university faculty members can develop funding estimations suitable for their needs and goals. Individual autonomy enables departments to develop their budgets in a manner suitable to their programs, research, and other operations that they carry out. Faculty members have the freedom to propose their estimation, the university ensures that the financial planning aligns with each department's specific goals. This tailored approach helps the institution to meet the changing needs of its different academic and administrative units more efficiently.

Most public universities allow their faculty members[21] to vary their budgets annually to accommodate the flexibility to deal with unforeseen issues such as changes in student enrolment, changes in government funding, or even unexpected expenses. The ability of the faculty members to revise their budgets annually allows them to update their approaches based on current information or needs. For an example, if a faculty gets more research funds or faces unforeseen expenses, it can readjust its budget to suit these new developments.

The ability to change the budgets annually gives the faculty members the ability to respond to changes in revenue quickly. In case of expected increases in funding or improvement in revenue, faculties are in a position to redistribute the resources to address

[21] "Faculty members" here refers broadly to academic staff who may initiate or propose budget adjustments within their programmes or research activities. The formal authority to revise the budget itself — i.e., to enter and approve changes in the university's budgeting system (e.g., RKAT/SAKTI) — is restricted to those with system access, typically faculty-level finance officers or senior management. Proposal and system-level revision are therefore distinct: staff can propose, but only authorised personnel can execute the revision.

critical needs or to take advantage of new possibilities. The flexibility means that resources are appropriately used depending on the financial environment.

Universities appreciate the ability to spend their funds as they see fit, for instance, to enhance the curricula or incorporate technology without being stuck by inflexible budget constraints. This way, universities can adequately handle their funds and spend them in the most crucial areas. This results in more efficient use of resources and better results for students and faculty members.

The possibility of changing the budgets allows the universities to meet new challenges and exploit new opportunities as they develop. In any case, whether to start a new venture or to face unforeseen problems, the universities can alter their financial plans and be more effective in their management.

When universities have more control over their budgets, they can sponsor innovative activities and experiments better. The university can use the money to experiment with new programs or research initiatives that may not be feasible within a more conventional budget process. This financial flexibility encourages the organizations' spirit of adaptation and quick action in the universities to innovate and improve themselves.

This financial governance model in public universities cultivates a culture of trust and shared responsibility among the faculty members. It respects their professionalism and knowledge of the particular aspects of their departments' requirements. Thus, by granting this much autonomy, the universities are likely to induce faculty members to exercise prudent and optimal disposal of resources.

Ultimately, the flexibility and autonomy provided to the faculty members in the context of budget planning and management result in a more fluid and innovative university system. This approach helps the institutions be more versatile in the current fast changing environment of the higher education sector to continue delivering high-quality education and research.

A critical distinction between PTNBH and PRIVATE institutions lies in their budget revision mechanisms, which significantly impact strategic responsiveness. Table 5.1 summarizes these differences:

Tabel 5. 1 Budget Revision Mechanism

Dimension	PTNBH (PTNBH)	PRIVATE (PRIVATE)
Revision Frequency	Quarterly (4 times/year)	Annual (May only)
Primary Statement	The university has a scheduled budget revision policy, occurring four times a year. This provides flexibility and accommodates additional collaborations or reductions in collaborations, such as when the number of students admitted is lower than planned.	Revisions to the RKAT (budget reallocation) are only done once in May
Approval Process	University-level authorization with MWA oversight	There is a forum for RKAT revisions that will be approved by the senate.
Adaptability	High - can respond to mid-year enrollment changes, new partnerships, or emerging priorities	Moderate - changes must be anticipated well in advance and justified to senate
Strategic Advantage	Enables agile response to opportunities (e.g., new research grants, partnership shifts)	Provides budget stability and discourages frequent changes

Potential Risk	May encourage planning complacency if revisions are routine	Inflexibility may cause missed opportunities or inefficient resource use

PTNBH 4 mentioned how it works in real situations when some urgent activities been skipped from the budget. This shows how resources shift without gain - quarterly checks help keep things running smoothly.

> **PTNBH 4:** "In certain conditions, when there is no budget yet (due to the absence of the RKT), expenditures may not directly align with specific targets. Without increasing the budget, we need to reallocate existing funds to achieve performance targets."

Beyond daily operation, longer-term consequences shape how PTNBH place themselves in the competition. One key point is that PTNBH institutions work on quarterly rhythms to align with funding or grants dateline periode. Quarterly budget adujustment means for PTNBH, timing matters. While, PRIVATE institutions update their budget once in a year, suggesting a calmer setup. Activities or project like launching new courses or building facilities will be announced after extended planning phases tied to academic seasons.

Still, each framework recognizes something, just raising frequency does not make outcomes better. PRIVATE1 points out that even though updates happen just once a year, money can still shift within set categories - showing small-scale changes happen anyway. PTNBH 4 adds another layer: professors decide budgets and targets independently, shaping plans based on their own judgment - so planning keeps moving forward despite fixed review cycles.

PRIVATE 1: "In addition to input from the audit results, we also gather suggestions from lecturers about potential programs... There is flexibility in the use of funds."

A further note is needed regarding the frequency of revisions between the two institutions: PTNBH conducts quarterly revisions, whereas PRIVATE conducts a single annual revision. From a monitoring and revision perspective to steer the organization in light of the resource environment, PTNBH must closely monitor its environment quarterly. In contrast, PRIVATE can rely on the more stable resource environment of its yayasan and on fixed revenue forecasts for the faculties, within given boundaries for each faculty. Therefore, neither institution follows a superior strategy but rather one appropriate to its respective resource dependence structure.

5.4. Impact of Financial Constraints

5.4.1. Impact of Funding Drops and Budget Cuts

5.4.1.1. PRIVATE

Funding, at colleges relies heavily on the number of students enrolled, which has an impact on how these institutions manage their finances especially when it comes to non-routine expenses, as mentioned by [PRIVATE5].

Student tuition fees make up a portion of the funding for colleges. The number of students directly determines the financial resources available to a program. More students mean revenue providing flexibility in budget planning. Conversely lower student enrolment results in decreased income leading to budget constraints for non-essential expenses.

Programs with enrolled students face challenges in covering routine costs such as faculty development, research grants, student activities and growth-oriented projects. In times

of constraint these important but discretionary activities are often. Eliminated. Limited financial flexibility forces programs to prioritize expenditures like salaries and operational costs over opportunities for advancement. This limitation can hinder innovation and improvement within the program creating a cycle where low enrolment persists due to the inability to offer enhancements that could attract students. On the hand programs with student numbers typically enjoy better financial stability and can allocate resources, towards development initiatives.

Private universities can enhance their offerings by supporting faculty development encouraging student research and providing engaging activities. This can help in drawing students and boosting revenue. Conversely smaller programs face limitations that hinder their ability to make improvements or introduce new initiatives ultimately restricting their growth potential and capacity to attract additional students. The student population size directly influences funding at universities, especially impacting routine budgets. Programs, with enrolments encounter constraints on opportunities for advancement highlighting the close connection, between revenue and financial flexibility.

> **PRIVATE 5**: "University funding drops are based on the student body size. Non-routine budgets depend on the financial capability of each program. For example, faculty and student development opportunities are limited in programs with few students."

The colleges' funding model described here is rather complicated and evolves around student enrolment and financial management. This approach shows how higher education institutions must change their financial plans to the enrolment-driven funding model as organizations must alter their management accounting systems to fit particular business needs. The link between the number of students and the resources available produces a flexible financial environment that depends on the enrolment numbers. This situation determines the

decision-making and management of resources and, therefore, has implications on how the institutions discharge their expenses to different programs and initiatives.

The programs with low enrolment face the difficulty of covering everyday expenses and investing in growth strategies. Resource limitations may form positive feedback where the inability to provide enhancements that could stimulate students' enrolment results in low enrolment. This situation shows the effect of financial status on the performance of an institution and its potential to grow in the education sector.

On the other hand, student populations that are more abundant warrant more financial support and can channel their resources toward growth strategies. This disparity reveals that enrolment funding can lead to a thriving poor divide of programs within the same institution, which can cause internal conflicts and poor resource allocations.

The ability of the more extensive programs to spend on development when the smaller ones can hardly afford it emphasizes the role of enrolment management in the higher education sector. It is a decision-making and resource allocation tool that helps an institution develop and enhance its offerings and helps students select an institution in a highly competitive market.

This enrolment-driven funding model is a significant determinant of organizational behaviours, decision-making, and strategic planning for the long term. It reveals how financial management systems in educational institutions should be used to address challenges in complex environments and the concerns of multiple stakeholders, including students, faculty, and administrators.

5.4.1.2. PTNBH

Public universities are careful, with their budget adjustments to make sure they spend money wisely based on their income. They keep an eye on government funding, tuition fees and grants to stay within their limits. By staying on top of their finances these universities can decide

where to make changes in their budgets preventing overspending and making sure funds are used efficiently.

When it comes to carry over funds, money left over from budgets, public universities use them sparingly for expenses that are necessary but not part of the regular budget. Before dipping into these fund universities plan carefully. Provide reasons for the expenses, which could include maintenance costs, special research projects or new initiatives that were not accounted for initially.

Due to challenges faced by public universities they prioritize essential spending, like salaries, utilities and crucial academic programs. These priorities ensure that the university's core functions continue smoothly. While universities do have some room to adjust budgets when necessary they generally take an approach. They make sure not to stretch themselves which allows them to remain financially secure even during uncertain periods.

Public universities typically engage in term planning to forecast future requirements and potential shifts in revenue. This proactive approach enables them to ready themselves for hurdles without resorting to measures or abrupt alterations. By upholding budgeting practices universities establish trust with stakeholders such, as students, faculty and funding entities. This openness ensures that everyone comprehends the rationale behind decisions and how they are executed.

PTNBH 7: "Revised budgets may not necessarily be approved; final approval rests with the faculty. Expenditure budgets are adjusted according to revenue budgets, except for special expenditures that can be covered by carry-over funds."

PTNBH 6: "Reallocation can only occur within approved areas. There are 'carry-over' funds from the previous year that can be used this year, but only for facility procurement and maintenance, not for operational activities."

Public universities are careful with their budget adjustments to make sure they spend money wisely based on their income. The university monitors government funding, tuition fees, and grants as financial conditions need to be considered. PTNBH can decide where to change their budgets, preventing overspending and ensuring funds are used efficiently.

Regarding carry-over funds, unused money from previous budgets, PTNBH can use them sparingly for necessary expenses but not part of the regular budget. Before dipping into these funds, universities plan carefully and must provide reasons for the expenses, including maintenance costs.

Similar to other public university type, PTNBH must prioritize essential spending, such as salaries, utilities, and crucial academic programs. The priorities underpin core functions continue smoothly. While universities have some room to adjust budgets when necessary, they generally take an approach, allowing them to manage financial condition even during uncertain periods.

Looking from within PRIVATE as well as from the outside in, a cleavage can be discerned between high-enrollment programs (HEPs) and low-enrollment programs (LEPs) at the university. As for the external dimension of the matter, the programs at the university differ in the key resources they control. While high-enrollment programs hold a large share of the most important university resource (i.e., the tuition fees paid by students) in the allocation of the university's budget, and are also more relevant from a governance perspective, they are more relevant than low-enrollment programs. Although enrollment is not formally taken into account in deciding governance questions, HEPs are the most salient programs for stakeholders at the university (Mitchell et al., 1997). At the internal level, however, low-enrollment programs are being straitjacketed by meager budgets for faculty and student development, which in turn prevent them from attracting new students. The consequence is that the programs

are caught in a vicious circle of growing internal stratification, driven by their resource dependence.

5.4.2 External Funding and Efficiency

5.4.2.1. PRIVATE

Private colleges frequently encounter the issue of having sources of income prompting them to motivate their professors and departments to seek external funding. This approach assists, in bridging the gap and nurturing a culture of innovation and progress.

Given that tuition fees alone fall in covering all expenses private colleges encourage their faculty members to explore additional funding avenues. These funding sources may come from grants, business partnerships, donations or other forms of assistance. Colleges typically offer resources and support to aid faculty members and departments in applying for funds. This support may include workshops on grant writing, research funding offices and administrative help.

By urging faculty members to compete for funding opportunities colleges foster an environment of creativity. Research grants and specialized project funds are typically granted to those with the ideas motivating faculty members to think innovatively and pursue cutting edge projects. Securing funding enables departments to undertake research endeavors create programs and enhance existing ones. This endeavor enhances the colleges reputation while elevating its standards in education and research.

External funding plays a role in ensuring that crucial programs receive the financial backing they require. Adequate funds support research initiatives, academic conferences well, as specialized equipment or facilities that would otherwise be underfunded.

Private colleges can improve their stability by increasing their income through sources. This strategy of obtaining funds from avenues helps them better handle uncertainties and promotes sustainable development.

Often seeking funding entails establishing partnerships with businesses government agencies and other educational institutions. These collaborations can result in projects, shared resources and enriched learning experiences, for students. By teaming up with organizations private colleges can extend their reach and influence, within the community and beyond. This partnership not benefits the college. Also contributes to societal progress.

To sum up private colleges advocate for seeking funding to supplement their finances. This method fosters innovation and originality through funding opportunities. Ensures that crucial programs receive financial backing. By diversifying their sources of funding these colleges can strengthen their standing. Continue providing top notch educational opportunities and research initiatives.

PRIVATE 6: "Programs with limited revenue are encouraged to seek funding outside the annual budget plan. The university provides competitive funding assistance for programs."

PRIVATE 5: "Non-routine budgets depend on the financial capability of each program. For example, in programs with few students (lower input/revenue), faculty and student development opportunities are very limited."

To tackle financial constraints and resource dependencies, private universities encourage faculty and departments to pursue external. Increasing external funding is consistent with resource dependence theory as institutions work to diversify their revenue sources and decrease their dependence on tuition revenues.

The PRIVATE commitment to building the capacity of organizations to access external resources is an evident in the provision of support research grant and research funding applications. Increasing external resources meets immediate financial needs and fosters an innovative and entrepreneurial attitude among the academic staff. Encouraging faculty to develop new and innovative projects and to apply for competitive grants, the colleges are thus ensuring the development of a positive feedback loop between research and financial support.

External funding play important role to support critical programs and enhance the institution's reputation is evidence of the link between resource acquisition and strategic planning in the context of the higher education market. Grant applications and research projects enhance the college's standing, which may lead to more students and other funding opportunities.

Establishing partnerships with businesses, government agencies, and other educational institutions through funding opportunities is a clear example of how private colleges tap external relationships to boost their resource base. Such collaborations have financial advantages and bring benefits in knowledge sharing, facilities, infrastructure and more productive learning experiences for the students. This approach is consistent with both the resource dependence theory and the stakeholder theory as colleges manage their external relationships to secure resources and address the needs of different stakeholders.

PRIVATE colleges relieve the institution's financial burden on faculty and distribute the responsibility for financial sustainability. The decentralized approach to resource acquisition may result in more sustainable and flexible financial structures better positioned to manage the uncertainties of the higher education environment.

Suppose innovation and creativity are also emphasized in funding requests. In that case, this strategy may well determine academic and research agendas and, therefore, shape the

institution's scholarly inquiry direction. This dynamic shows that financial strategies can significantly impact the academic core of colleges.

PRIVATE promotion of seeking external funding is a multi-faceted approach to financial management that is about much more than obtaining resources. It catalyzes innovation, partnership, and institutional development and demonstrates a thorough understanding of the complex relationship between financial sustainability and academic excellence in higher education.

5.4.2.2. PTNBH

Public colleges are implementing approaches to boost their efficiency and sustainability. Ensuring that these methods are, in line with their objectives demonstrates a thinking approach to financial management. This process helps balance needs with aspirations securing the university's longevity while addressing current challenges.

Public universities are looking past funding avenues such as state funding and tuition fees. They are exploring alternative revenue sources like classes professional training programs and business ventures such as campus stores and services. They also actively seek grants and research funding from government bodies, private foundations and industry partners. This approach not only brings in funds but also promotes cutting edge research and development.

By investing in cutting edge technologies universities can enhance efficiency. For instance, incorporating learning management systems can streamline tasks and enhance the student learning experience. Public universities are committed to practices like eco buildings and waste reduction initiatives. These initiatives cut costs in the term while aligning with environmental objectives.

These innovative financial solutions must be consistent, with the university's goals. Every new source of funding or financial strategy should contribute to the university's long-

term objectives whether it involves expanding offerings enhancing research capabilities or improving student support services.

When universities align their strategies with plan they embrace forward thinking practices. This approach addresses challenges while laying the groundwork, for future growth and success. Public universities in prioritizing long term sustainability also ensure that current needs are met. This involves managing the budget to cover day to day operations and essential expenses such as salaries, utilities and maintenance. At the time they make investments in areas that promise lasting advantages. These investments may involve expanding research facilities, launching programs or establishing endowments to support scholarships and faculty roles.

Engagement with stakeholders, including faculty members, students, alumni and the broader community. Plays a role in financial planning. Their insights and backing contribute to well received financial strategies. Maintaining transparency regarding decisions and their alignment, with strategic objectives fosters. Backing from all university stakeholders.

PTNBH 9: "We want to think about innovative funding solutions to boost productivity, outcomes, and sustainability for future research funding. The main challenge is ensuring alignment with various strategic plans."

PTNBH 5: “The MWA (University Board of Trustees) actually has two main responsibilities: overseeing and controlling internal matters, and building external networks, such as seeking funding, which helps PTNBH establish good relationships outside the university.”

As part of their efforts to improve effectiveness and sustainability, public universities are encouraged to more innovative to settle new strategies, thus demonstrating a conscious approach to financial management. New financial management aims to reconcile the present and the future to preserve the university's sustainability while handling its present issues.

PTNBH is finding new sources of revenue from outside the traditional state appropriations and student fees, such as continuing education classes, professional training programs, and commercial activities such as campus stores and services. Furthermore, PTNBH actively seeks government, private foundations, and industry funding to support grants and research. The multiple income sources are expected to bring more resources, not only cash but also laboratory or shared facility, to foster innovation and research.

The optimization of the expenditure on high-tech equipment is also one of the priorities. For instance, adopting learning management systems can reduce on administrative functions and, at the same time, enhance the student's learning experience. Public universities are also encouraged to engage in more sustainable practices such as green campuses and reducing waste. In the long run, these efforts probably will be minimise cost and bring environmental benefits.

An important part of these financial plans relates to the university's strategic objectives. Every new source of funding or financial activity is examined based on its role in the future or whether it is related to the development of academic programs, research, or student services.

This visionary strategy tackles the present problems and creates a basis for the future and growth. Public universities are meeting their present needs and, at the same time, investing in future potential. Capability to achieve the goals means that the budgets are adequately managed to cover daily expenses and other essential spending while investing in research laboratories, new academic programs, or endowments for scholarships and faculty positions.

Engagement with other stakeholders is essential in the planning process. Meet the stakeholders' needs and ensure that the universities' financial plans are accepted and embraced by the key players on campus, including the faculty, students, alums, and the general population. The reason to do so is that the decision-making process should be transparent, and

people should be able to understand how the financial strategies relate to the university's strategic objectives.

Systematically financial management in public universities manifests the understanding of the relationship between current situations and future institutional objectives. The management reveals on how these institutions shift their strategies in the growing economic shifts without compromising their basic education and research purpose. Thus, public universities are ready for future challenges and continue to offer quality education that benefits society.

What is striking when reading through PRIVATE's focus on partnerships with businesses, alumni, and the community, and PTNBH's focus on partnerships with government and industry at the local and international levels, is that both go beyond mere transactions to secure the necessary resources. Trust in these relations is being built. A *gotong-royong* (cooperative) orientation towards resources is part of the organizational culture in Indonesia, as Lukiyanto and Wijayaningtyas (2020) have already described. Instead of transactional resource management, PRIVATE and PTNBH are managing a series of long-term relationships with the suppliers of resources to the two institutions. In line with an integrated approach towards management of an organization, as has been described in Chapter 3, i.e., its cultural orientation towards the organizational life determines how an organization can manage to depend on others for resources and how it manages its various stakeholders, PRIVATE and PTNBH are treating management of resources and of stakeholders as one strategy instead of two separate strategies.

5.5. Budgeting Approaches and Methods

5.5.1 Comparative Qualitative Analysis: Budgeting Methods for PTN-BH and Private Universities

5.5.1.1. PRIVATE

1. Top-Down with Flexibility

   PRIVATE follows a budgeting method where departments determine budget limits, for their study programs. This approach ensures resources are allocated systematically promoting consistency and financial discipline university wide. By setting budget boundaries PRIVATE can effectively manage its finances. Allocate funds according to institutional priorities and strategic goals. Despite the methods down nature there is flexibility for study programs to adapt and redistribute funds as needed to meet requirements.

   The budgeting process at PRIVATE is influenced by approved work programs from leadership meetings and the faculty senate. These meetings ensure that all budget decisions align with the university's objectives and receive oversight and approval from key stakeholders. Involving leaders and faculty in budgeting enhances accountability ensuring planning that encompasses critical academic areas. This approval mechanism helps maintain a budget that supports the university's mission.

   In addition, to the down approach PRIVATE also incorporates up elements by allowing study programs to shape their budgets in Each department then consolidates budgets before further examination, at the faculty and university levels. This process ensures that the specific needs and initiatives of each program are taken into account. By combining down and bottom-up approaches PRIVATE establishes a budgeting process that is both structured and responsive to the diverse requirements of academic units.

Moreover, PRIVATE places an emphasis on maintaining a budget where expenditures align with income. This commitment promotes stability prevents overspending and encourages resource utilization. Programs with student enrolment or tuition fees receive budgets to reflect their revenue generating capacity. For example, the faculty of medicine receives a budget despite having students due to its higher per student fees. This allocation strategy aims to distribute resources equitably based on each program's contributions.

PRIVATE also relies on revenue projections from the foundation to craft its budget plan. These projections consider student numbers and forecasts, for enrolments ensuring that the budget is rooted in realistic financial expectations. Faculties receive revenue data to inform their budget preparations.

Yet they are unable to alter these forecasts guaranteeing coherence and conformity with the university's plan. Relying on precise revenue information aids PRIVATE in developing a considered and practical budget that bolsters its operational objectives.

PRIVATE 1: "The department has already outlined the budget limits available for the study programs (Top-Down). In practice, the study program coordinates with the department, which can allocate part of its funds to the study program. There is flexibility in the use of funds."

PRIVATE 6: "The budget is allocated to meet the quality targets set for each unit. When a program needs support from the faculty, the faculty will accommodate this based on mutual agreement."

PRIVATE provides the financial frames to departments and programs that align with the university's strategic objectives through the top-down approach. This well-defined approach represents the university's strategic financial management and alignment focus. As one stakeholder explained, "The department has also defined the budget that is to be use for the study programs", this shows that there is a guide that will help in the financial decision-making process. Although the approach of PRIVATE is quite structured, it also incorporates flexibility, which allows the study programs to use the funds wherever they need them.

The flexibility given to the units is a valuable feature that helps study programs modify needs. For instance, one participant said that the use of the funds is rather determined by units; there are some specificities of each faculty. This dual focus on control and adaptability helps to achieve resource optimization without compromising on the needs of the departments. A model can only be effective if proper supervision prevents local decisions from contradicting the institution's strategic objectives. However, flexibility is advantageous because it enhances the organization's ability to respond to changing conditions; but, if not properly managed, it may result in unfair allocation of resources. Thus, to reduce such risks, PRIVATE should include the procedures for the regular assessment, e.g. through the faculty audits or strategic reporting.

2. Work Programs and Leadership Approval

PRIVATEs budgeting process is mainly guided by approved work plans ensuring that financial planning closely aligns with the university’s overarching goals. This alignment is achieved through an approval process involving leadership and the faculty senate, who carefully review and approve the proposed budgets. By engaging these

stakeholders PRIVATE upholds a level of responsibility and ensures that all financial decisions are made strategically in line, with the university's mission. This approach guarantees that all budgeting activities are coherent and aligned with the institutions long term objectives.

In addition to the alignment facilitated by the down method PRIVATEs budgeting process allows for considerable flexibility. Departments establish budget constraints for their programs. Within these limits programs have the freedom to allocate funds as necessary to address needs and priorities. This adaptable approach enables management empowering programs to respond to changing circumstances and unique challenges effectively. By striking a balance between budget limits and fund reallocation capabilities PRIVATE ensures resource utilization across the institution demonstrating a commitment, to incorporating audience needs and priorities into the budgeting process. Furthermore, PRIVATEs process incorporates a up element where each program initially crafts its budget plan.

The budgets of each department are first reviewed individually. Then consolidated, with further examination taking place at the faculty and university levels. This thorough review process ensures that the unique needs of each program are taken into account while also considering the priorities within a cohesive financial strategy. By integrating input, from levels within a structured framework the budgeting process becomes inclusive and strategically sound, allowing for comprehensive planning and resource allocation. This approach aims to address all aspects of the university's operations in a manner.

Furthermore, PRIVATE places emphasis on maintaining a budget where expenses align with income to ensure financial stability and sustainability. This practice helps prevent overspending and encourages the utilization of resources. The annual

budget plan is based on revenue projections derived from student enrolments well as future predictions provided by the foundation. By anchoring the budget in forecasts and sticking to these projections without unnecessary adjustments PRIVATE maintains consistency with its overall financial strategy. Such meticulous attention to budgeting supports PRIVATEs operational objectives allowing for resource management, in pursuit of its mission.

> **PRIVATE 2**: “Budgeting is based on the work programs approved by the leadership meeting and the faculty senate.”
>
> **PRIVATE 4**: “Units have discretion over what percentage of their budget is used to achieve the strategic goals set by the rector, ensuring no activities deviate from these goals… There is a forum for RKAT revisions that will be approved by the senate.”

The role of the leadership and the faculty senate in PRIVATE's budgeting process shows that financial planning is an integral part of the overall mission of the university. Work programs are used to approve budgets, which provide a clear structure of how resources should be spent and where strategic planning is most effective. For instance, one participant said, "Budgeting is done based on the work programs approved by the leadership meeting and the faculty senate." This kind of oversight leads to transparency and accountability of the organization since different people approve every budget. However, the process may also include delays in financial arrangements if needed. For instance, when there is a need to make changes quickly, relying on leadership meetings may slow the decision-making process and lead to operational difficulties.

To this end, PRIVATE may want to allow some departments to have limited discretionary powers to manage minor changes to maintain the integrity of the approval process while allowing for prompt action. Leadership is still a valuable affordance that helps align organizational goals. On the other hand, leadership might decrease the number of interactions between the strategic and operational levels.

3. Bottom-Up Planning

PRIVATE follows an approach, to budgeting starting with units like study programs crafting their budgets. This initial phase empowers each unit to identify and prioritize its needs and allocate funds accordingly. By giving these units a leading role in budget development PRIVATE fosters involvement from all levels within the institution. This strategy ensures that those closest to operations understand their programs unique challenges and opportunities and have a say in distributing resources.

After creating these budgets they undergo scrutiny and consolidation at levels beginning with the department level and progressing to the faculty and university levels. This comprehensive review process adds layers of oversight guaranteeing that the proposed budgets align with objectives and strategies. It also identifies synergies and opportunities for efficient resource allocation across different units. The consolidation process contributes to crafting a plan that balances individual unit needs with university priorities.

This bottom-up approach effectively encourages adaptability and responsiveness, within the budgeting process. PRIVATE can better address the evolving requirements of its programs by allowing units to articulate their needs and suggest budget allocations.

This approach ensures that budgeting is not only down and inflexible but also adaptable and rooted in the specific circumstances of each department. It establishes a budgeting atmosphere where changes can be implemented to mirror shifts, in situations guaranteeing effective resource utilization.

In general PRIVATEs method of starting from the bottom with budgeting cultivates a feeling of ownership and responsibility among departments as they play a role in the financial planning process. This collaborative approach not improves the precision and significance of budget allocations. Also reinforces the dedication of faculty and staff to the financial wellbeing and strategic goals of the institution. By merging the insights from a up procedure with oversight, at higher levels PRIVATE maintains a balanced, inclusive and adaptable budgeting framework.

PRIVATE 3: “Bottom-up, flexible in creating the annual budget plan.”

PRIVATE 4: "Bottom-up...Each unit, starting from the smallest program study, designs its programs, which are consolidated at the department level. At the faculty level, there is a review and a senate meeting to decide on the budget. This budget is then submitted to the university, where it is combined with the budgets of other faculties and units at the rectorate level."

The bottom-up approach PRIVATE adopts in budgeting shows the organization's open culture. The study programs come up with their budgets which are then sent to the department, faculty, and university for review and consolidation. This participative approach guarantees that the needs of academic units are met when it comes to the allocation of resources. One participant said, "Each unit, including the smallest program study, develops its programs, which are then compiled at the department level." The compilation process ensures that all departments participate in the financial decision-

making process since only those who are familiar with the day-to-day activities of the programs come up with the decisions. However, the multi-layered consolidation process presents challenges in terms of administrative coordination.

The involvement of several levels may reduce the impact of the smaller programs, especially when their needs are not in sync with those of the larger institution. Nonetheless, the bottom-up approach promotes accountability and equity, which are necessary for stakeholder participation. PRIVATE could use digital tools to improve data collection and communication across the levels, to improve efficiency. A digital system would preserve the participatory nature of the process while keeping it practical.

4. Balanced Budgeting

PRIVATE places importance, on maintaining a budget making sure that the university's expenses are in line with its income. This strategy helps PRIVATE stay financially stable by avoiding overspending and using resources efficiently. By matching expenses with revenues the university can effectively manage its finances operating within its means to support its operational objectives.

When creating budgets PRIVATE takes into account the size of each program and the tuition fees they bring in. Programs with student populations typically receive a portion of the budget reflecting their impact on the university's revenue. However PRIVATE also acknowledges the needs of high-cost programs like medicine or engineering which may require resources despite having fewer students. By addressing these programs specific requirements PRIVATE ensures they receive funding for quality education and resources.

This method guarantees that all programs receive funding tailored to their needs. High-cost programs are not disadvantaged by student numbers since PRIVATE distributes funds based on program size and tuition income. This balanced budgeting approach enables

PRIVATE to sustain a range of offerings while providing each program with necessary resources, for success and overall financial wellbeing.

> **PRIVATE 4**: “Balanced budget, meaning expenses must match income. Programs with more students naturally receive a larger budget. Tuition fees vary by program. For example, the faculty of medicine, which has high tuition fees, will have a larger budget even if it has fewer students because the per-student fee is higher.”

> **PRIVATE 5**: “University funding drops are based on the student body size”

The balanced budget principle indicates how PRIVATE gain financial sustainbility. Keeping expenditures within income means that the university does not spend more than the resources received also make financial discipline is maintained. The consideration is especially in allocating resources based on tuition fees and program costs. For instance, one respondent said, "Programs with more students will have a larger budget." However, this model also considers programs such as medicine, which may need more resources despite having fewer students.

This fair approach addresses the concerns of revenue-producing programs and cost-driven programs. Nevertheless, it opens up the possibility of tensions because the stakeholders may have a different perception of the distribution of resources. In this case, PRIVATE could increase the visibility of the reasons for the budget decisions.

Explaining the criteria for the funding decisions would increase the level of trust and decrease the level of dissatisfaction of the stakeholders. Ultimately, PRIVATE's balanced budgeting model shows that the university can handle the financial challenges while considering the principles of equity and sustainability.

5. Revenue-Based Budget Preparation

PRIVATEs budget preparation process relies heavily on revenue forecasts provided by the foundation. These forecasts are derived from analyses of student enrolments and future intake projections giving the university a solid financial outlook to inform its budget decisions. By utilizing this data PRIVATE ensures that its budget is based on expectations enabling more precise and reliable planning.

The systematic distribution of revenue information, from the foundation to the faculties promotes consistency in the university's approach. This method ensures that all departments work with data aligning their budget proposals with the university's overall revenue projections. This consistency plays a role in managing resources across the institution and ensuring that all units operate within a shared financial framework.

Nevertheless, this approach restricts faculties ability to modify these revenue forecasts. As the data is disseminated from authorities and cannot be altered faculties must structure their budget plans around these set figures even if they foresee financial requirements or opportunities. While this method fosters standardization and cohesion it may limit flexibility posing challenges for faculties to adapt to unforeseen circumstances, within their respective programs.

> **PRIVATE 6**: "After the foundation (yayasan) calculates based on the revenue plan from existing students and predictions for new students, it will then provide information on the revenue to prepare the annual budget plan. The faculty will receive this information in detail for each department and all programs within the faculty, and they cannot modify it. This data is used to prepare the annual budget plan."

PRIVATE 4: “We set revenue targets with a certain tolerance range based on the previous period's income.”

The foundation's revenue forecasts are the key input in the PRIVATE's budgeting process. These forecasts which are made from enrolment projections are somewhat accurate. A participant said, "The foundation calculates based on the revenue plan from the current students and the expected number of new students and shares this information with me to come up with the annual budget." The stages ensure that there is continuity and tolerance levels are therefore maintained. However, this approach constricts the faculties' ability to react to unforeseen factors.

The revenue figures are fixed, and the departments cannot request more or less funding than what has been targeted, even when they have other financial needs or opportunities. The rigidity may be a constraint to innovation or effectiveness at the operational level. To solve these limitations, PRIVATE may consider putting contingency funds or performance incentives in place.

These measures help departments to have a way of addressing unforeseen issues without necessarily jeopardizing the financial plan. Obviously, the revenue-based approach adopted depicting the notion of coherence and discipline. But the challange is a need to integrate some elements of flexibility.

5.5.1.2. PTNBH

1. Incremental and Flexible Budgeting

   PTNBH follows a budgeting strategy that uses the years financial data as a foundation, for the current budget ensuring consistency and stability in financial planning. This method helps guide budget decisions by leveraging existing benchmarks. By starting

with the years budget figures PTNBH can maintain expenses while allowing room for adjustments based on financial changes.

One key benefit of PTNBHs approach is its ability to address both regular and one-time expenses effectively. Routine costs like salaries and operational expenses can smoothly carry over from year to year ensuring university operations. Simultaneously this method enables PTNBH to make adaptations for recurring expenses such as equipment purchases or special projects. This balance between stability and flexibility empowers the university to manage its finances efficiently in response to evolving needs and unique situations.

During the budgeting process PTNBH departments play a role, in setting benchmarks and crafting revenue plans tailored to their needs and goals taking into account projected student enrolment figures for the upcoming year. By following this approach departments make sure that their budgets are based on revenue projections integrating their strategies, with the university's overarching goals. This decentralized approach empowers departments to have influence over their planning enabling them to customize their budgets according to their academic and operational requirements.

Moreover, PTNBHs emphasis, on departmental level planning ensures that the budgeting process is closely tied to student enrolment and program demand. Departments leverage their understanding of student figures to develop revenue projections and shape their budget requests. This strategy aligns resources with needs while motivating departments to actively manage their finances. By enabling departments to establish targets and structure their budgets PTNBH fosters an adaptable budgeting environment that caters to the needs of its academic programs.

PTNBH 2: "Incremental budgeting, but flexible. There is already a routine budgeting process that usually builds on the previous year's

figures, such as teaching honors and all regular payments. We use the previous year's benchmarks for routine expenses."

PTNBH 2: "Budgeting for goods and services is different, as some items are recurring while others may not be needed every year, like equipment procurement. The department sets the benchmarks, with the key requirement being that the budget does not exceed the allocated plan. Each department creates its revenue plan based on the number of students expected to enrol and pay during the year."

The PTNBH uses an incremental budget based on the previous year's financial data. This system is on solid ground regarding budgeting and simultaneously offers a way to incorporate changes as the needs or opportunities arise. For instance, expected costs such as staff salaries and other operating costs are easily transferred yearly since the university's regular activities do not change much. At the same time, the incremental method provides for the ability to incur additional, or more frequent, expenses such as equipment purchases or specific project funding. The incremental approach efficiently ensures that the organization can strike a balance between the need to plan and the need to be flexible. This way, financial decisions are based on actual data, but at the same time, the company is ready to face unforeseen problems.

Nevertheless, overreliance on past practices may be counterproductive, mainly if the previous expenditure patterns were incorrect. For instance, programs that used to be heavily funded may now need less but still get the same funding. To counter this, PTNBH could introduce periodic reviews of financial allocations to ensure they are appropriate to the current and future objectives. A review conducted routinely aligns

with the PTNBH's efforts to achieve financial sustainability while addressing the changing academic and operational environment.

2. Department-Centric Planning

PTNBHs budgeting procedure primarily focuses on departments than study programs. This department centered method enables strategic financial planning by aligning the budget with broader departmental objectives and initiatives. By prioritizing departments PTNBH ensures that resources are distributed in a manner that supports each departments goals of narrowly catering to specific program needs.

This strategy also guarantees that budget planning is closely linked to performance benchmarks and departmental endeavors. Departments are tasked with determining their priorities based on the aims they strive to accomplish whether, in research output, teaching excellence or student services. By connecting budget allotments to performance goals PTNBH establishes a framework where financial resources are channeled toward activities that enhance the departments progress and contribute to the university's overarching mission.

Moreover, consolidating budgeting processes around departments enables PTNBH to establish an financial strategy, throughout the university. As departments oversee study programs they can distribute resources to address program requirements while ensuring that the department stays on course for achieving its targets. This approach fosters a effective utilization of resources ensuring that the university's financial planning is strategic and harmonized with its long term aspirations.

PTNBH 2: "The basis is from the department, not the study program."

PTNBH 3: “The department receives performance targets and plans its activities accordingly, and the staff allocates these into the budget.”

The financial planning process of PTNBH is based on the departments rather than the study programs to guarantee that the financial planning aligns with the departmental goals to achieve research excellence, improve the teaching and learning environment, and enhance student services. It is up to departments to identify their needs and develop a budget that aligns with their performance and strategic objectives. The autonomy given to the unit is a good system that helps departments take responsibility for their finances. They can create revenue plans based on the expected students' enrolment and tuition fees to be generated to meet their specific needs.

According to a source from PTNBH, "The basis is from the department, not the study program." However, this department-centered approach may fail to capture the distinct needs of the study programs that the department supervises. For instance, a study program with high operational costs may not get enough funding from the department due to its focus on other priorities. In order to address this issue, PTNBH could improve the communication between departments and study programs to ensure that both levels' resource distribution is considered. This strategy aligns with PTNBH's mission to link financial management with the overall institutional mission while ensuring that departments are accountable for their finances.

3. Efficiency and Integration

PTNBH has made strides in simplifying its financial management procedures by downsizing the budgeting team. This shift, towards a team aims to boost efficiency enabling faster decision making and focused supervision of the budgeting process.

Involving individuals directly helps PTNBH streamline communication and coordination resulting in a more agile financial management system.

Alongside reducing staff numbers PTNBH has integrated tools into its budgeting operations. This integration plays a role in the university's efforts to modernize and enhance its financial management practices. By utilizing resources PTNBH can automate aspects of budgeting, such as data collection, analysis and reporting. This speeds up processes, minimizes errors. Ensures that decision making is based on current financial information.

The use of tools also promotes collaboration among different university departments and levels. By centralizing data on platforms PTNBH facilitates more efficient cooperation, between departments. This integration guarantees that all university units operate with data leading to more cohesive and well-coordinated budgeting choices.

The digital tools also offer real time insights enabling a responsive financial management approach that can adjust to evolving situations. In general, PTNBHs initiatives to streamline management through staff reduction and digital integration have notably enhanced the efficiency of the budgeting process. These modifications have enabled the university to allocate resources make better informed decisions and ultimately improve its capacity to reach its financial and academic objectives. By adopting a technologically advanced budgeting strategy PTNBH is positioning itself to handle its finances with increased accuracy and adaptability, in a complex educational setting.

PTNBH 3: "Changes in staff rules have streamlined financial management from four people per department to just one. (This change aims at efficiency and integration with applications.) (I asked them) The

implementation of the system has increased efficiency. (They responded: 'Absolutely.')

PTNBH 4: “We still need to fill out the budget application in the government system called 'SAKTI,' which only covers salaries and allowances for civil servants.”

In order to enhance its budgeting process, PTNBH has reduced the number of its financial management staff and has adopted digital tools to enhance productivity. For example, four people were required in each department to handle the budgets previously, but now, one person can do it effectively due to enhanced workflows and digital systems. Downsizing the number of administrative staff has positive contribution in decision-making and improved the financial processes' control. Furthermore, PTNBH has improved its budgeting processes by integrating digital tools.

The movement to digital makes the university's work to generate financial reports more efficient and accurate than it used to be. The digital tools need data integration to enhance the departments' cooperation so everyone has a clear insight into the financial issues. A participant commented that this shift to digital integration has 'definitely' enhanced effectiveness.

Nevertheless, it is important to ensure staff are appropriately trained to work with new technologies while implementing these changes. Furthermore, although applying digital tools is beneficial, using them only to support decision-making and not replace them is better. The efforts made by PTNBH to modernize its budgeting process show the university's willingness to adapt to the changing financial environment.

4. Combined Top-Down and Bottom-Up Approaches

At PTNBH they take a thought out and fair approach, to budgeting that involves both top down and up methods. The university sets overarching revenue plans at the level

giving a framework for the financial strategy of the entire organization. This top-down method ensures that PTNBHs financial planning is in line with its goals and objectives creating a vision for distributing resources among different departments and faculties. By establishing these revenue plans the university ensures that all parts of the institution work together towards financial goals.

In addition to this faculties at PTNBH actively participate in budgeting by submitting their revenue plans from the ground up. This part of the process allows faculties to address their needs and challenges making sure that their specific priorities are considered in the budget. By entrusting faculties with crafting plans PTNBH gives them a role in deciding how resources are allocated promoting a sense of ownership and responsibility at the grassroots level.

The combined approach of top down and up strategies at PTNBH supports planning where the university's overarching objectives are carefully balanced, with the specific needs of individual faculties. The university's financial strategy is well rounded and flexible blending high level goals, with the needs of each department. This approach encourages faculties to coordinate their plans with the university's financial objectives resulting in a cohesive budget that benefits the entire institution.

Furthermore, this method emphasizes collaboration and prioritization requiring the university and faculties to work to finalize the budget. Faculties present their revenue proposals based on their priorities, which are then examined and adjusted in alignment with the university's aims. This collaborative process enables a strategic distribution of resources ensuring that funds are allocated to key areas while taking into account the diverse requirements of different departments. It nurtures a culture of discussion and teamwork where financial choices are informed by input from all levels of the organization.

In essence PTNBHs combined budgeting approach ensures that the financial planning process is comprehensive, inclusive and in line with both objectives and specific faculty needs. By combining down direction with up input PTNBH achieves a well-rounded and strategic budget that reflects the university's mission while also being responsive, to individual departmental requirements. This thorough approach improves how resources are allocated and boosts the university's wellbeing and strategic course.

PTNBH 4: "Preparing the Annual Work and Budget Plan (RKAT) involves drafting the university's revenue plan to account for all sources of income, with tuition fees as the main revenue source. This includes government funding, other income sources, asset utilisation, and collaborations. We then calculate the university's and faculty's shares (a top-down approach). The faculty will submit their revenue plans (which is a bottom-up approach)."

PTNBH 6: "Bottom-up with negotiation based on priorities."

The PTNBH uses both the top-down and bottom-up[22] approaches in its budgeting process. First thing to do, PTNBH develops overall revenue projection at the institutional level, which form the basis of the university's financial strategy. At the same time, the faculties and departments come up with their revenue plans and send them for approval. The collaboration guarantees that the budget is consistent with the institutional goals and the needs of the individual faculties.

[22] *Top-down budgeting is a process in which senior leadership sets the overall budget parameters and communicates them downward to departments and units, which must then plan their activities within the given allocations. Bottom-up budgeting works in the opposite direction: individual units propose their own budgets based on planned activities, which are then consolidated and reviewed at higher levels. Hybrid approaches — common at both PRIVATE and PTNBH — combine elements of both, with leadership setting broad financial parameters while units retain some discretion in allocating resources within those boundaries.*

Adopting a dual approach creates a feeling of ownership within the faculties as they can handle their actual or potential problems and achieve goals. As one of the participants mentioned, "The faculty will submit their revenue plans, which is a bottom-up approach." This process also involves a process of bargaining and negotiation to ensure that the resources will be utilized appropriately and equally. However, integrating the top-down and bottom-up approach can be quite challenging, especially when the institutional goals are not in sync with the departmental goals.

PTNBH could improve the negotiation process by suggesting guidelines for setting the budget requests. Negotiation would ensure that the final budget is balanced between institutional and faculty needs. This approach manifests PTNBH's cultural values of partnership and shared decision-making in the budgeting process to develop a reasonable budget for the whole institution.

5. Outcome-Based and Strategic Planning

PTNBHs budgeting strategy is deeply ingrained in long term planning and goals ensuring that the university's financial resources are closely tied to its objectives. This approach prioritizes the desired outcomes PTNBH seeks to achieve, such as excellence, research innovation and community engagement. By concentrating on these aims the university ensures that every dollar spent contributes to advancing its mission and enhancing its position, as an institution.

The focus on performance targets within PTNBHs budgeting process means that clear measurable objectives guide decisions. Departments and faculties are expected to align their budget requests with the university's overarching aspirations showcasing how their proposed activities will contribute to achieving desired results. The results driven strategy assists PTNBH in realizing its goals. Encourages

accountability by requiring each unit to justify its budget based on its impact on the university's success.

Harmonizing budgets with objectives guarantees that PTNBHs financial planning is purposeful and efficient. Of distributing resources based on past spending habits or immediate requirements PTNBH carefully evaluates how each budget choice supports its strategic vision. This alignment fosters a approach to resource management where investments are directed towards areas that will yield significant benefits, for the university and its stakeholders.

Furthermore, the emphasis, on results promotes a culture of enhancement and creativity at the university. Connecting allocations to performance objectives motivates departments and faculties at PTNBH to devise programs that enrich their contributions to the institutions mission. This dynamic budgeting strategy fosters an environment where advancements are consistently assessed and acknowledged, resulting in progress and advancement throughout the campus.

Essentially PTNBHs budgeting method serves as an instrument for driving the university's priorities. By aligning strategies with long term goals and performance metrics PTNBH ensures utilization of resources to achieve key outcomes efficiently and effectively. This approach bolsters the university's aims while positioning PTNBH for triumphs through establishing a sturdy groundwork, for sustained growth and success.

PTNBH 7: "The budget is balanced according to the expenditures determined by the university."

PTNBH 7: "The creation of detailed plans comes from the strategic plan and performance targets (TCK). These will be reviewed at the faculty level to determine whether the activities are relevant. The budget

will then break down into accounts that must follow standard cost rules."

PTNBH 9: “For budgeting, we need to look at the objectives and outcomes, as we aim to practice outcome-based budgeting. This is based on documents, publications, and reputable scientific journals.”

The most significant change in PTNBH is autonomy, which has direct link to financial planning with strategic objectives and performance measures. Each department and faculties must relate their budget demands to the main university's strategic objectives, such as enhancing research, innovation, and community engagement. One of the respondents pointed out, that the creation of detailed plans comes from the strategic plan and performance targets.

The result-oriented strategy fosters accountability and helps align departments' efforts with the larger mission of PTNBH. For instance, budget allocations are sometimes connected to specific results such as research output, publication, or student performance. Due to the strict target and monitoring, every financial decision contributes to the university's advancement in a measurable way.

As part of monitoring, proper measurement must be set and implemented to ensure that the achievements of the budgeted activities are well monitored. Without explicit Key Performance Indicator and regular evaluations, it could be challenging to determine whether resources are being used effectively. To build on its approach, PTNBH could incorporate performance audits to determine the impact of its financial choices and readjust allocations if needed. PTNBH is shown to have integrated the aspect of budget tied to strategic outcomes to show that the institution is forward-thinking, accountable, and innovative.

5.6. Similiraties and Differeces

According to the information shared by representatives, from both PTNBH and PRIVATE we can analyse their financial management and operational strategies to find similarities and differences.

5.6.1. Similarities

The financial and operational management of higher education institutions (HEIs) is often similar, regardless of the governance model of the institutions. This chapter compares a Public Autonomous University (PTN-BH) and a Private University in Indonesia to show how both institutions tackle financial sustainability, resource management, and stakeholder participation. Although PTN-BH and PRIVATE universities have different funding sources and operational systems, there are several similarities in their approaches to financial and operational management.

The comparison between PTN-BH and PRIVATE universities is presented in the table below, focusing on their financial strategies, budgeting processes, and measures taken in the face of challenges. Both institutions have similarities in term of adopting diversified income sources, consider student enrolment as a significant source of revenue, and ensure that financial planning is based on well-defined strategies. PTNBH and PRIVATE also have a flexible budget, involve stakeholders in decision-making, and seek external funding to complement their income. Also, both PTN-BH and PRIVATE universities focus on financial stability through sound budgets and optimal utilization of resources, as well as on using technology and streamlining processes to improve operational efficiency.

These common strategies reveal the similarities in the problems of HEIs in Indonesia, independent of the institutions' public or private nature. The analysis reveals how understanding these similarities can help institutions adopt best practices to ensure financial

sustainability and operational effectiveness. This comparative analysis can be valuable for policymakers and institutional leaders who are working to enhance the robustness and productivity of Indonesia's higher education sector.

Tabel 5. 2 Comparative Financial Strategies and Budgeting Practices: PTNBH vs. Private Universities

Aspect	**PTNBH (Public Autonomous University)**	**PRIVATE (Private University)**
Diversification of Income Sources	Relies on multiple revenue streams: government subsidies, tuition fees, business ventures, and donations.	Combines tuition fees with income from business units, partnerships, grants, and donations.
Structured Financial Planning	Emphasizes strategic planning with incremental budgeting and activity-based approaches.	Uses structured financial planning with fee standardization and balanced budgeting.
Importance of Student Enrolment	Tuition fees are a significant revenue source (35–40%); enrolment stability is critical.	Budgeting and revenue heavily depend on student enrolment numbers.
Flexibility in Budgeting	Allows annual budget revisions and flexibility in reallocating funds within approved areas.	Provides flexibility in fund allocation within set budget limits for study programs.

Focus on Financial Stability	Prioritizes balanced budgets and long-term sustainability through strategic planning.	Ensures expenses align with income to maintain financial stability and prevent overspending.
External Funding Initiatives	Actively seeks external funding through research grants, partnerships, and business ventures.	Encourages departments to pursue competitive external grants and partnerships.
Stakeholder Involvement	Engages faculty and departments in budget planning and prioritization.	Involves faculty and leadership in budget approvals and strategic planning.
Cost Categorization	Uses activity-based budgeting to allocate costs to specific programs and activities.	Categorizes costs into routine (essential) and development (non-essential) expenses.
Strategic Adjustments	Adjusts budgets annually based on performance targets and strategic goals.	Revises budgets annually based on enrolment and revenue forecasts.
Efficiency Measures	Implements digital tools and streamlined processes to enhance budgeting efficiency.	Focuses on cost optimization and efficient resource utilization through fee standardization.

5.6.2. Distinguishing Factors

The financial and operational management of higher education institutions (HEIs) is an important growing research area in Indonesia's shifting higher education system. This chapter compares two types of universities: A Public Autonomous University (PTN-BH) and a Private University, which will be referred to as "PRIVATE" throughout this paper. This study examines how these universities develop financial strategies, budgeting practices, operational issues and how governance frameworks, cultural norms, and financial constraints influence budgeting. Based on the two institutions' revenue generation, resource allocation, and stakeholder engagement, the study shows that although the financial management models of both institutions are similar in many ways, there are some differences.

This comparison matrix below describes the financial and operational management of PTN-BH and PRIVATE universities. It presents their approach to financial strategy, fee standardization, student enrolment, budgeting, and financial constraint management. PTN-BH is subsidized by the government and has more operational freedom than PRIVATE, which depends heavily on tuition fees and entrepreneurial activities. Despite the differences, both institutions are equally concerned with financial health, diverse income, and stakeholder involvement in decision-making.

This comparative analysis also aims to contribute to the ongoing debate on financial sustainability in higher education. Based on the knowledge of how these institutions work with autonomy, accountability, and resource limitations, policymakers and institutional leaders can improve strategies for HEIs' growth and sustainability in Indonesia and other countries.

Tabel 5. 3 Comparative Financial Management Strategies: PTNBH vs. Private Universities

Aspect	**PTNBH (Public Autonomous University)**	**PRIVATE (Private University)**
Financial Strategy	Combines government subsidies with self-generated income (business ventures, donations).	Relies on diversified revenue (tuition fees, business units, partnerships, grants).
Fee Standardization	Sets internal cost standards (SBU) with autonomy; flexible fee structures.	Uses a structured fee reference to standardize payments and ensure transparency.
Student Enrolment & Budgeting	Revenue depends on tuition fees (35–40%); prioritizes enrolment stability for government funding.	Budgeting is enrolment-driven; tuition fees are the primary revenue source.
Financial Autonomy	High autonomy in fund management (SBU regulations); simplified financial reporting.	Structured autonomy with fee guidelines; limited by foundation-driven revenue projections.
Priority Setting	Focuses on infrastructure maintenance, operational continuity, and "carry-over" funds for critical needs.	Prioritizes routine academic programs first, then development projects based on audit results.

Budgeting Approach	Incremental budgeting with flexibility; combines top-down (university revenue plans) and bottom-up (faculty proposals).	Hybrid approach: top-down budget limits with bottom-up program-level flexibility.
Revenue Estimation	Activity-based budgeting; integrates government grants, tuition, and external funding.	Balanced budgeting; expenses strictly aligned with income (tuition fees and foundation forecasts).
External Funding	Seeks innovative funding (e.g., professional training, research grants) aligned with strategic plans.	Encourages departments to pursue competitive external grants; emphasizes partnerships.
Impact of Funding Drops	Adjusts budgets via "carry-over" funds for critical needs (e.g., facility maintenance).	Cuts non-routine budgets (e.g., faculty/student development) in low-enrolment programs.
Cost Categorization	Activity-based cost allocation (e.g., teaching, research, facilities).	Costs split into routine (essential) vs. development (non-essential); prioritizes essentials.
Strategic Adjustments	Annual budget revisions (4x/year); faculty-driven adjustments within approved areas.	Annual adjustments based on enrolment and revenue forecasts; limited flexibility in projections.

Efficiency Measures	Streamlined staff and digital tools for budgeting; outcome-based planning tied to strategic goals.	Focus on cost optimization via fee standardization and strict expense-revenue alignment.

5.6.3. Synthesis Through the Integrated Theoretical Framework

Chapter 5 looked at the budgeting of two types of higher education institutions. In Chapter 3, an integrated framework was presented to better understand organizations. This framework is based on three factors: the degree of an organization's resource dependence, the salience of stakeholders to an organization, and the organization's cultural orientation. From the perspective of this framework, the two types of institutions studied in Chapter 5, in order to diversify their resources, try to reduce their resource dependence on their main funding source. The way in which this type of diversification can take place is determined by two boundaries: (1) who controls the core resources and (2) under what conditions these resources are made available. Involving stakeholders in the budgeting process of higher education institutions means internal and external stakeholders. In both types of institutions studied in Chapter 5, stakeholders are involved in the budgeting process. The salience of stakeholders, however, plays a major role in both types of institutions. The voices of stakeholders are heard, and the loudness of these voices is determined by the scarce resources which they control. PRIVATE, for instance, is internally stratified by enrollment. Its external relations are not transactional/short-term in nature. These relations are long-term and of a trust nature. In Chapter 6 on governance and leadership, the three aspects of the integrated framework of Chapter 3 are studied from a different angle. The three aspects of the integrated framework of

Chapter 3 are used to explain the distribution of power and the various forms of leadership in the two types of higher education institutions studied in Chapter 5.

Chapter 6

EMPIRICAL ANALYSIS: GOVERNANCE AND INSTITUTIONAL LEADERSHIP

6.1. Comparative Roles and Influence of University Boards

6.1.1 PRIVATEs Waqf Board

PRIVATE1 highlights the board's position as a high-level governing entity that oversees but does not micromanage the university's budget. By refraining from engaging in the technical aspects of budgeting, the board allows the university's administration to have greater autonomy in planning and implementing budgetary allocations within various programs.

Stakeholder alignment serves as the foundation for this governance philosophy. The Waqf Board[23] trusts university administrators by refraining from micromanaging while recognizing them as authorized representatives who understand technical budgeting. Stakeholder theory accepts this form of stakeholder empowerment because it allows the board to validate internal actors' financial planning roles and establishes conditions where respect and responsibility can thrive together (Chams and García-Blandón, 2019).

The board's limited role in budgetary specifics points to a deliberate strategy of maintaining oversight without compromising the university's ability to handle its own finances (Kretek et al., 2013). This separation is significant because it allows the university's administrative departments to focus on technical budgeting matters, such as cost allocation, revenue projections, and program funding, without direct interference from the Waqf Board. This independence in budgetary planning fosters a more flexible and responsive operational environment.

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[23] *The Waqf Board at PRIVATE functions as the highest governance authority, overseeing the management of waqf-endowed assets and ensuring their income is used in accordance with Islamic principles. Unlike the MWA at PTNBH, the Waqf Board's authority derives from Islamic philanthropic law rather than government regulation.*

By restricting its involvement to high-level financial oversight, the Waqf Board ensures that it can address broader budgetary concerns without getting entangled in day-to-day financial details. This arrangement not only prevents redundancy but also promotes a streamlined decision-making process where administrative units are empowered to make practical, on-the-ground budgetary decisions. This approach creates a clear boundary between governance and administration, supporting efficiency and accountability within the university.

The division of responsibilities between these roles helps organizations handle possible power inequalities. The Waqf Board provides formal authority and legitimacy yet maintains no direct involvement in daily financial operations, preventing university administration from becoming overly dependent on them. The administration can handle operational difficulties through this governance structure, which maintains financial expectations established by the board.

> **PRIVATE 1**: "... The endowment board does not influence the technical aspects of the budget system or the details of the programs."

PRIVATE2 underscores the Waqf Board's role as a reviewing body rather than an entity involved in the initial planning stages. This process confirms that the university's administration has a substantial degree of autonomy in developing its plans before they are presented to the board for final review and approval. The board's role is to evaluate these proposals to ensure alignment with the university's broader goals and values.

This structure allows PRIVATE's administration to take ownership of the planning process. By crafting and refining its plans independently, the administration can respond more effectively to operational needs and emerging challenges (Alheet et al., 2021; Steinebach, 2023). Once the board receives these plans, it can focus on assessing strategic fit and feasibility without delving into every detail. This two-stage approval process thus reinforces the board's

role as a strategic body, tasked with ensuring that proposals meet institutional standards and are financially viable.

This governance system shows an invisible struggle between stakeholders to determine their positions. The Waqf Board maintains its position as strategic supervisor yet depends on the administration to create plans that both make sense and align with institutional goals. The board and administration demonstrate stakeholder theory principles through their joint process of legitimizing administrative proposals by board approval, strengthening the board's strategic position in the organization.

Furthermore, this approval process fosters a relationship of trust between the board and the administration. The administration has the freedom to set priorities and devise solutions based on its intimate understanding of university operations, while the board remains a guardian of the institution's mission. The structured approval mechanism supports an efficient governance model that upholds institutional checks and balances without stifling the administrative staff's ability to address everyday operational requirements.

Established trust is an essential tool for organizations to handle interdependent relationships. The Resource Dependence Theory states that trust minimizes the need for continuous monitoring from the dominant resource holder (Coşkun and Öztürk, 2024), such as the Waqf Board. A mutual understanding emerges between the university and the board because the university receives resource management discretion in return for maintaining board-directed accountability. The relationship stabilizes because this system handles formal authority differences between the parties.

PRIVATE 2: "The endowment board approves plans once they have been approved by the university."

When it comes to workforce issues, the Waqf Board does not just set rules or check budgets - it takes charge itself. What stands out about its role is how clearly it mixes big-picture planning with day-to-day activities. PRIVATE5 states that endowment board (Waqf Board) has become the decision maker in case of human resource.

Here's how oversight plays out in this HR function under private governance. Staff with DTPK status are paid professionals who are not civil servants, working on terms that are renewed periodically. Control still hold by Waqf Board to decide when contracts are continued or when reviews occur. Without board intervention, staff can remain even if performance dips, since terms automatically extend unless acted upon. This system also helps manage spending because DTPK salary expenses are hefty, ongoing fees that affect how much money the university can afford while relying on student tuition.

Still, stepping in like this might clash with the board's habit of staying back from day-to-day details. Even though they claim to keep out of "technical aspects" or specific program parts (PRIVATE 1), choices about staff can quietly shift money allocations - salaries become a concern - and also impact how healthy classes run. Outcomes are meant to speak for themselves through reports built by each study program, not handed down from above. The reports those get checked by the group, not crafted alone. This control process maintains academic oversight of teaching skills, while placing final control in the board's hands for resource allocation.

Power lies in one place because decisions about key assets are handled there. In case of DTPK, Wadf board treat them as academic resources (routine evaluation), financial liabilities (salary), and mission-critical assets (teaching). By putting the Waqf Board as the final decision maker, PRIVATE ensures that contracts decisions consider institutional financial sustainability alongside academic quality.

PRIVATE 5: "The control of DTPK (permanent lecturers with work agreements) is managed by the endowment board. They are responsible for extending contracts and evaluating performance based on the performance reports prepared by the study programs."

In PRIVATE4's statement underscores the board's formal authority and ownership over PRIVATE's resources. As the legal entity responsible for the university, the board holds a powerful position in determining high-level budgetary decisions. This formal ownership means the board has the ultimate say in how PRIVATE's financial resources are managed, although this control remains at a strategic level rather than a technical one.

This ownership role enables the Waqf Board to set the direction of the university's financial policies and to influence the allocation of resources across major areas, ensuring that they align with institutional goals. By occupying this position, the board can steer the university toward fulfilling its vision and mission without becoming entangled in technical aspects of budget distribution (Kretek et al., 2013). This separation allows the board to maintain a broad focus on PRIVATE's financial health and long-term sustainability.

Despite its formal ownership, the Waqf Board's budgetary influence is mainly symbolic, as it does not engage in granular details. Instead, it relies on PRIVATE's administrative units to translate high-level policies into operational budgets. This distinction enables the board to provide general financial direction without diluting the authority of PRIVATE's financial management teams, reinforcing the independence and expertise of the university's administrative staff in managing day-to-day budgetary concerns.

The formal ownership rights in this situation give no control over operational activities yet provide access to symbolic power and structural advantages. Organizations must address

dependence on actors who possess essential resources, including funding, approval, and legitimacy, according to RDT (Casciaro and Piskorski, 2005; Drees and Heugens, 2013). The Waqf Board maintains control over strategic decisions while minimizing operational challenges through its position as a strategic entity. PRIVATE achieves operational autonomy through this equilibrium system, which maintains the board's position as a resource gatekeeper.

PRIVATE 4: "The Waqf Board is the owner of PRIVATE, and formally, it plays a role in determining the budget."

PRIVATE6 reveals the Waqf Board's approach to financial policy-setting, which depends on receiving relevant data and updates from the university administration. By drawing on these inputs, the board can make informed decisions about PRIVATE's financial direction and ensure that annual budget policies are realistic and aligned with institutional capabilities.

PRIVATE's policy-setting process highlights the collaborative nature of the relationship between the board and the administration (Ansell and Gash, 2008; Garwe, 2023). While the Waqf Board determines financial policies, it does so based on information provided by the university. This ensures that its decisions are grounded in a realistic understanding of PRIVATE's financial standing and future prospects, enabling the board to set policies that are feasible and context-sensitive. The administration shares data with the board through a reverse dependency because the board needs accurate information from the university to complete its policy-setting duties. A stable relationship requires RDT to feature reciprocal exchanges between entities. The university reduces its exposure by maintaining board information while the board gains enhanced authority through evidence-based decision-making for policy development. The collaborative approach also prevents the board from becoming isolated from the operational realities faced by the university.

Additionally, this reliance on university updates reflects the board's commitment to maintaining an informed perspective on financial matters without overstepping into administrative functions. By allowing the administration to manage the technical aspects of revenue calculation, the board maintains a macro-level focus on financial sustainability while granting the administration discretion in operationalizing these policies. This approach supports a balanced distribution of responsibilities that leverages both the board's strategic oversight and the administration's operational expertise.

The stakeholder dynamic between the board and administration functions as a cooperative rather than a hierarchical chain because they maintain differentiated roles in their interdependent system. Strategic decisions at the university receive support from the board, ensuring they align with donor and public stakeholder interests as well as foundation donor interests. The distribution of duties matches stakeholder theory principles for handling various stakeholder interests, which sometimes conflict between organizational levels.

PRIVATE 6: "Revenue predictions are calculated, and policies for the annual budget plan are established, following updates from both the foundation and the university."

Not only underlining policy setting, PRIVATE6's statements also reveals separation duties between PRIVATE and Yayasan, and revenue allocation structure which will be interpreted in next two parts.

The Waqf Board's high-level role in budget management illustrates a deliberate separation of duties between governance and administration. This division allows the board to focus on strategic oversight and policy direction, while the university administration handles the technical and operational aspects of budgeting. By staying removed from budgeting

specifics, the board can concentrate on broader objectives without being hindered by day-to-day financial decisions.

This separation of duties is essential for maintaining efficiency and accountability within the university's governance structure (Trakman, 2008). The administration has the flexibility to make decisions regarding the allocation and management of resources in ways that directly address operational needs. In turn, the board's primary responsibility is to ensure that these decisions align with the university's long-term mission and objectives, offering guidance without dictating specifics.

This clear delineation also prevents potential conflicts or inefficiencies that could arise if the board were to become overly involved in operational matters (Vandenbroucke et al., 2019; Veltrop et al., 2025; Zattoni et al., 2015). Instead, each body can fulfill its role effectively—one focusing on governance and high-level policy, and the other on implementation. This division ensures that financial resources are used in ways that are both strategic and practical, supporting the university's sustainability and growth.

Qualitative data from such arrangements often reveal that resource control does not always manifest through overt action but through shaping narratives, expectations, and processes. The board demonstrates a refined resource-dependence management approach through its ability to influence strategic outcomes without directly intervening in operations by utilizing institutional norms and review mechanisms for alignment purposes.

The revenue allocation process at PRIVATE, as described in PRIVATE6, involves input from both the foundation and the university administration, creating a structured system for distributing funds. This structure allows the Waqf Board to set high-level financial policies while entrusting the university with the practical details of revenue management. The board's role in shaping this process reflects its commitment to providing overarching guidance while maintaining respect for the administration's operational autonomy.

The collaborative nature of this revenue allocation structure ensures that financial policies are both strategically sound and practically implementable. By working together, the board and the administration can establish a budget that aligns with institutional goals while addressing specific needs within the university. This partnership is crucial for creating financial policies that are grounded in the realities of university operations and capable of supporting long-term objectives.

This structured approach to revenue allocation also emphasizes the Waqf Board's focus on broad policy setting. Instead of micromanaging how funds are spent, the board provides a framework within which the administration can operate. This system allows PRIVATE's administrative units the freedom to respond to financial challenges as they arise, ensuring that the university can maintain financial stability while pursuing its mission and vision.

The board follows standard procedures observed in resource-dependent settings by building internal capabilities that reduce external management yet preserve essential relationship connections. Through strategic-level board operation, the board prevents bottlenecks while maintaining its position as a direction-setter for the institution. The board enabling autonomy and control for the university's long-term advantage.

In summary, the Waqf Board at PRIVATE operates as a high-level governing body responsible for setting broad financial and personnel policies without involving itself in the day-to-day details of budgeting and operations. Its primary focus is on strategic oversight, policy interpretation, and ensuring alignment with the institution's long-term goals. This governance structure supports a clear separation of duties, with the board providing a guiding framework while PRIVATE's administration handles the technical aspects of budgeting and operational management.

Viewed through the dual lens of stakeholder and resource dependence theories, the Waqf Board's governance model at PRIVATE illustrates how strategic oversight, autonomy,

and interdependence can coexist in a well-calibrated relationship. Stakeholder theory explains how various actors, board members, administrators, and possibly donors, negotiate legitimacy and voice within the budgeting process. RDT, on the other hand, helps clarify how PRIVATE manages its dependence on the board while preserving internal decision-making power. Together, these theories help understand how budgeting is a technical process and a continuous political process of power, trust, and influence within a complex institutional ecosystem.

6.1.2. PTNBH Board of Trustees (BOT)

The MWA at PTNBH is a high-level governing body with a multifaceted role that combines both oversight and strategic input. Unlike more narrowly defined governance bodies, the MWA does not simply act as an approving authority for budgets or policies; it takes on a proactive, guiding role in shaping PTNBH's trajectory as a major public institution. This role involves a blend of financial oversight, policy direction, and strategic alignment that reflects PTNBH's complex needs as a large, research-focused university with both national and international ambitions.

According to stakeholder theory, the MWA's broad role reflects an acknowledgment of multiple, often competing stakeholder interests (Magill et al., 2015), including those of the government, the academic community, students, and external partners. Strategic involvement means that no single interest prevails and thus promotes balanced representation and inclusivity in decision-making (Nahum and Carmeli, 2020). The MWA is an institutional mechanism that combines these various voices while reinforcing the university's public purpose.

In particular, the MWA's influence is seen in its engagement with stakeholders both within and outside the university. Internally, it collaborates closely with PTNBH's University Senate and executive leadership to ensure that all major initiatives align with the university's strategic vision. Externally, the MWA cultivates relationships with government bodies, private

sector partners, alumni networks, and international institutions. This network-building aspect is essential for PTNBH's fundraising efforts and enhances its access to resources beyond government funding, which is crucial for maintaining financial stability and supporting innovative programs.

RDT (Resource Dependence Theory) suggests that the MWA's external engagement is consistent because organizations have to manage relationships with external actors who control critical resources (Hillman et al., 2000). To reduce PTNBH's vulnerability to any single funding source, the MWA proactively cultivates ties with government agencies, donors, and private sector stakeholders. Networking starategies allows the university to diversify its income streams and gain influence in policy or regulatory environments that affect institution's funding.

The MWA's role in this broader context positions it as a bridge between the university and the broader community. This outward-facing function is especially important in today's higher education landscape, where universities are increasingly expected to demonstrate social and economic impact. By actively engaging with these external stakeholders, the MWA not only secures funding but also reinforces PTNBH's relevance and adaptability in addressing societal challenges. This multifaceted role illustrates that the MWA's influence extends far beyond traditional governance, contributing significantly to PTNBH's mission of public service and academic excellence.

Multifaced role bridging function also enhances PTNBH's legitimacy in the eyes of external stakeholders. In stakeholder theory, legitimacy is a form of non-financial capital essential for attracting resources and trust. The MWA's public-facing role not only secures funding for PTNBH but also reinforces its social contract with broader society and portrays itself as a transparent, engaged institution that meets the expectations of its stakeholders.

PTNBH4 highlighting the MWA's role in budgeting process. The MWA's involvement in the budget system at PTNBH is both comprehensive and strategic. Unlike boards that focus solely on high-level budget approvals, the MWA actively participates in shaping the budget process to ensure that it reflects PTNBH's strategic goals. When the University Senate submits budget proposals, the MWA reviews them with an eye toward alignment with PTNBH's long-term objectives, such as strengthening research capabilities, improving infrastructure, and expanding community outreach programs.

This budget review process serves as a crucial checkpoint, where the MWA can address any potential misalignments or inefficiencies. For instance, if a particular budget allocation appears overly concentrated in one department or does not support the university's strategic goals, the MWA can request revisions. This ensures that financial resources are distributed in a balanced way that supports PTNBH's diverse range of academic, research, and service initiatives. PTNBH's governance model in which resource control is not simply about funding decisions but defining institutional direction.

RDT suggests that when external bodies like the MWA have much power over resources, internal actors such as faculties or departments must ensure that their proposals align with the broader goals set by these power centers. This process of alignment is thus an indication of how resource dependence can influence behaviour in an organization even without direct operational control. The MWA's role in this process is not merely bureaucratic; it is actively shaping PTNBH's financial direction, ensuring that each department's needs are met while maintaining an overall focus on strategic priorities.

Additionally, the MWA's budget oversight emphasizes accountability and transparency. By thoroughly reviewing budget proposals and aligning them with PTNBH's mission, the MWA fosters a culture of responsible financial management within the university. This accountability is particularly important given PTNBH's status as a public university,

where financial decisions are subject to public scrutiny. The MWA's active engagement in budget oversight not only safeguards PTNBH's resources but also upholds its reputation as a responsible and transparent institution, which is critical for maintaining trust among stakeholders, including students, faculty, and government agencies.

The MWA's emphasis on transparency also reflects a response to stakeholder pressure for accountability in public institutions which align to stakeholder theory. The MWA addresses the reputational concerns of donors, regulatory bodies, and the public, who demand visible integrity and effective stewardship of financial resources, By publicly demonstrating prudent budgetary control.

PTNBH 4: "The MWA reviews the budget once proposals have been submitted by the university senate."

As assert by PTNBH5, The MWA's authority to approve all university policies is a significant aspect of its governance role, granting it substantial influence over PTNBH's operational framework and strategic direction. By holding the power to approve policies, the MWA ensures that all major decisions align with PTNBH's long-term objectives and values. This role is particularly important in a dynamic higher education environment where universities must quickly adapt to new academic trends, regulatory requirements, and societal expectations.

The MWA's policy approval process is comprehensive, covering a wide range of areas including academic standards, faculty recruitment, student affairs, and research priorities. This broad policy oversight enables the MWA to ensure that PTNBH maintains high standards across all areas while also responding to emerging challenges and opportunities. For instance, if PTNBH seeks to expand its international partnerships, the MWA can review and approve policies that support this initiative, such as guidelines for faculty exchanges, international

student admissions, and cross-border research collaborations. This level of control allows the MWA to influence PTNBH's global engagement and ensure that internationalization efforts are strategically sound and beneficial to the institution.

In doing so, the MWA plays a buffering role, a concept in RDT in which an organization structures internal processes to shield itself from environmental uncertainty or shifting expectations. Policy framework set by the MWA allows PTNBH's administration to operate autonomously while protecting the university from unpredictable policy shifts.

Furthermore, the MWA's authority to approve policies serves as a balancing mechanism that supports PTNBH's leadership while preventing potential overreach. By establishing clear policies and frameworks, the MWA enables the university administration to operate with autonomy within defined boundaries, ensuring that PTNBH's day-to-day operations are both efficient and aligned with its mission.

This approach fosters a collaborative governance environment, where the MWA provides strategic oversight without encroaching on the operational responsibilities of university administrators. It reflects a governance philosophy that values both accountability and flexibility, which is essential for a complex institution like PTNBH.

PTNBH 5: "The MWA does not manage the university but approves all university policies."

PTNBH4 gives statements regarding the involvement of university's board in strategic planning. MWA's involvement in strategic planning is one of its most influential roles at PTNBH, as it directly shapes the university's long-term vision and priorities. By taking responsibility for the strategic plan and forming an ad hoc team to develop it, the MWA ensures that PTNBH's goals are both ambitious and realistic. This proactive approach to strategic planning distinguishes the MWA from governance bodies that play a more reactive role, as it

allows the MWA to set the agenda and drive PTNBH's growth in a direction that aligns with its mission.

The strategic planning process overseen by the MWA addresses multiple dimensions of PTNBH's development, including academic excellence, research impact, infrastructure, and community engagement. For example, if PTNBH aims to become a regional leader in environmental sustainability, the MWA can integrate this goal into the strategic plan, ensuring that resources are allocated to relevant research initiatives, curriculum development, and partnerships. By embedding these goals into the strategic plan, the MWA provides a roadmap for PTNBH's growth, guiding decision-making across the university and ensuring a unified approach to achieving its objectives.

The ad hoc team formation led by the MWA is a resource orchestration whereby key organizational actors work together to ensure that internal capabilities are aligned with external demands. In line with RDT, the MWA uses its strategic vantage point to mobilize internal expertise and ensure that the university is responsive to shifts in its funding landscape, student demographics, and global academic expectations – all while keeping PTNBH in line with its institutional identity.

Moreover, the MWA's direct role in strategic planning allows it to respond to external challenges and opportunities in a timely manner. In today's rapidly changing higher education landscape, universities must be agile, adapting to shifts in funding, technology, and societal needs. The MWA's hands-on approach to strategic planning enables PTNBH to remain competitive by aligning its goals with global trends and national priorities. This adaptability is critical for PTNBH's success, as it positions the university to seize new opportunities while maintaining a clear focus on its mission and values.

This proactive posture supports the idea that strategic planning is not only a technical task but also a relational one. According to stakeholder theory, strategy has to be co-developed

with input from those who are both internal to the university and external resource providers. In this way, the MWA, is a central node in negotiating the expectations and resources of these diverse parties.

PTNBH 4: "The strategic plan is regulated by the MWA, which assembles a university team (ad hoc team) for this purpose."

MWA has power to disqualify university's proposal, as mentioned by PTNBH10. The MWA's authority to approve or reject PTNBH's Annual Work and Budget Plan (RKAT) is a powerful tool for maintaining financial discipline and ensuring alignment with strategic priorities. This authority enables the MWA to act as a gatekeeper, ensuring that PTNBH's financial plans are not only feasible but also strategically sound. By holding the power to reject the budget, the MWA can prevent the allocation of resources to projects or departments that do not contribute to PTNBH's overarching goals, thereby promoting efficient and effective use of funds.

The gatekeeping function demonstrates the MWA's ability to control financial resource access, which representing a fundamental Resource Dependence Theory principle. The MWA exercises approval rights to shape how departments and leaders present their proposals so their plans align with both strategic objectives and resource allocation requirements. Through this process, the university develops an internal culture that promotes strategic financial planning guided by mission-oriented thinking.

This authority to reject the budget also reinforces the MWA's role as a check on the executive branch of PTNBH, ensuring that financial decisions are subject to rigorous oversight. In practice, this means that each department's budget request is evaluated not only for its financial viability but also for its strategic alignment. For instance, if a department seeks funding for a new initiative that does not align with PTNBH's priorities, the MWA can

withhold approval until the proposal is revised. This process fosters a culture of accountability, where every budget request must be justified in terms of its contribution to PTNBH's mission and strategic objectives.

Additionally, the MWA's power to approve or reject the budget underscores its commitment to transparency and fiscal responsibility. In a public institution like PTNBH, where funding comes from both government sources and private contributions, responsible financial management is essential for maintaining stakeholder trust. By exercising its budget approval authority with diligence and integrity, the MWA helps to ensure that PTNBH's resources are used effectively and transparently, supporting the university's long-term sustainability and its reputation as a trustworthy institution.

PTNBH maintains its social legitimacy because of this vigilant approach, which aligns with stakeholder theory principles. Public universities must prove their commitment to public interests by showing it through regular demonstrations. The MWA's budget examination function helps financial decisions pass validation tests for diverse stakeholders, including taxpaying citizens, students, regulatory bodies, and donors.

PTNBH 10: "The MWA has the authority to reject the RKAT (Annual Work and Budget Plan)."

The University Board of Trustees (MWA) at PTNBH exemplifies a comprehensive and influential governance model that balances strategic oversight with operational flexibility. Unlike other governance bodies with narrower scopes, the MWA's multifaceted role encompasses budgeting, policy approval, strategic planning, and external engagement. This integrated approach enables the MWA to guide PTNBH's development holistically, ensuring alignment across all areas of the university's operations.

Through its authority to approve budgets, policies, and strategic plans, the MWA wields significant influence over PTNBH's financial and operational direction. This active role not only ensures that PTNBH's resources are used responsibly but also supports the university's long-term mission of academic excellence, research impact, and community service. By fostering a collaborative governance environment that respects both accountability and autonomy, the MWA helps to position PTNBH as a leading institution in Indonesia and a globally competitive university.

The MWA's governance approach highlights the importance of adaptable, strategic oversight in today's higher education landscape. As PTNBH navigates the complexities of a rapidly changing world, the MWA's proactive involvement in budgeting, policy, and planning provides the stability and vision needed to achieve sustainable growth and innovation.

The MWA plays a crucial role in managing PTNBH stakeholder relationships and external dependencies, as observed through Stakeholder Theory and Resource Dependence Theory analysis. The board plays strategic role as an actor that handles PTNBH's diverse stakeholder connections and external dependencies. Universities must be able to adapt to changing resource conditions while preserving their authentic nature and public trust. The governance model presents an effective framework for present-day higher education institutions to tackle their difficulties through active stakeholder management and strategic oversight.

Comparison

- Role, in the approval of the budget;

  Both the MWA and the Waqf Board are responsible, for examining and endorsing budgets; however, the MWA plays a role in shaping the long-term strategy that guides budget decisions compared to the Waqf Boards focus on auditing and approval rather than direct participation, in operational planning.

- Impact, on University Strategy;

  The MWA, at PTNBH is actively involved in university governance by contributing to planning and seeking funding opportunities; whereas the Waqf Board, at PRIVATE focuses on ownership matters and ensuring financial oversight is maintained.

- "Interacting with people, outside the institution;"

PTNBHs' MWA is also tasked with nurturing connections and raising funds. Tasks that are not explicitly outlined in the responsibilities of the Waqf board, at PRIVATE campus. This amplifies the reach of MWAs impact as it goes beyond functions to include fostering collaborations as well.

In the management of PRIVATE and PTNBH, two different governance structures were examined. In both cases, stakeholder salience and resource dependence are managed through a single mechanism. In addition, both institutions govern the board of directors in ways that keep it at a distance from day-to-day budgeting. Cultural factors, in particular, determine how stakeholder trust and the management of resource dependence are organized. A restraint displayed by the Waqf Board is rooted in the Islamic governance tradition of trusteeship (amanah[24], stewardship). Even though the board of the Waqf Institution is formally the owner of assets and properties, no micromanagement of the day-to-day activities delegated to it occurs. On the other hand, the MWA, as a public institution, is subject to a heavy burden of accountability to the government and other stakeholders. Consequently, the MWA's governance culture plays a more active, network-oriented role than the Waqf Board's. In summary, the governance culture does not operate as a third factor alongside stakeholder theory

[24] *Amanah means trust, trustworthiness, or fiduciary responsibility in Islamic ethics. In the governance context of Islamic universities, amanah obliges financial managers to treat institutional resources as a sacred trust, not merely a professional responsibility. This principle underpins the Waqf Board's mandate at PRIVATE, reinforcing the expectation that all financial decisions are made transparently and in the best interest of the institution's educational mission and its beneficiaries.*

and resource dependence theory, but shapes how these two factors are managed to organize trust with stakeholders and the appropriate use of resources at both institutions.

6.2. Leadership Influence on Strategic and Financial Planning

6.2.1. The Influence of Leadership and Organizational Structure

6.2.1.1. PRIVATE's Point of View

At Private, leadership plays a role, in creating an environment that values equality over seniority. This leadership approach encourages fairness and transparent communication enabling individuals from backgrounds and age groups to work together seamlessly without encountering hierarchical obstacles. From a stakeholder theory perspective, this egalitarian leadership structure is a way to promote the inclusion of internal stakeholders, particularly academic and non-academic staff (Laursen et al., 2024). Egalitarian leadership shows that value is given to the work rather than the position. The leadership creates a climate of psychological safety, which is a prerequisite for the success of open communication and enhances democratic decision-making and effectiveness within resource planning. One participant emphasized the nature of the environment. This leadership strategy aims to foster an atmosphere where individuals are encouraged to share their opinions and ideas without being judged based on their rank or length of service, in the organization.

PRIVATE 1: "It's egalitarian and there is no significant generational gap."

Leadership plays a role, in upholding a structure within the organization by not only reducing hierarchy but also making sure that every individual in the university community comprehends their duties and obligations clearly. This transparency aids in teamwork efficiency during tasks like financial planning. By promoting accountability and empowerment

the leadership guarantees that decision making procedures like drafting the budget are done with a vision, in mind. One person mentioned that when all team members have an understanding of their roles and responsibilities, within the organization.

> **PRIVATE 6**: "When everyone understands their position, authority, and responsibilities, it helps in collaboratively preparing the annual budget."

The leadership's efforts to promote role clarity also reduce internal resource dependency. According to Resource Dependence Theory, organizations can reduce their dependency by improving coordination. In this case, however, the fact that each team member knows their role not only improves budgeting results but also eliminates delays and bottlenecks that could otherwise require the services of external consultants or more resources to clear the confusion. The statement indicates there is shared comprehension fosters teamwork and guarantees a coherent and unified approach, to budget planning.

PRIVATE's leadership excels, in resolving conflicts and strategic disagreements by promoting solutions that benefit all parties involved of letting conflicts escalate and cause division, among team members the leadership acts as mediators to ensure that disagreements are resolved in a positive manner. This strategy not only sustains a harmonious environment but also encourages unity in accepting collective decisions even when viewpoints differ.

> **PRIVATE 3**: "The leadership plays a role in providing win-win solutions so that everyone can accept the joint decisions."

Stakeholder tensions are often managed through the mediation role that PRIVATE's leadership has adopted as a behavioural strategy. Within stakeholder theory, it is expected that conflicts arise whenever interests differ, particularly in sensitive areas such as budgeting. As a

result, the leadership actively seeks win-win solutions that help minimize fragmentation and commitment to the organization's overall goals and avoid decision-making gridlock that may result from unaddressed stakeholder conflict. This role demonstrates a dedication to inclusivity and teamwork in which every perspective is taken into account and reaching compromises is seen as integral, to the decision-making procedure.

This behaviour also acts as a form of internal conflict buffering, as described in RDT. When competing interests threaten to disrupt internal processes, leadership that helps build consensus can buffer the institution from seeking outside help, such as government bodies or donors. This way, PRIVATE does not have to rely on external actors to address tensions, as it maintains internal resilience through inclusive leadership.

At PRIVATE University, the leaders work together to consider viewpoints and make decisions that everyone can agree upon. This inclusive approach fosters cooperation, among individuals from diverse backgrounds by highlighting mutual objectives and shared values. By prioritizing solutions that serve the interests of all parties the leadership promotes solidarity and advancement as a team. This method plays a role in a setting like a university where faculty members from varied fields collaborate, towards common goals.

Involving faculty members to focus on common goals or an important issue is an example of stakeholder-oriented governance, where the leadership seeks to balance the interests of different academic units. The involvement is particularly relevant in universities with other faculties with varying requirements of resources and strategic priorities. Thus, making everyone feel respected helps to avoid marginalization and increases institutional cohesion. Institutional cohesion is a critical factor for any organization that needs to engage in collaborative planning to meet its long-term goals.

Furthermore, PRIVATEs leaders not only resolve conflicts but also establish guidelines, for working together effectively. They make sure that everyone in the university

community knows their duties to simplify procedures and prevent confusion. This clarity in defining roles and obligations is crucial during budget planning when various parties have to collaborate for a strategy. The leader's skill, in leading these conversations and fostering comprehension guarantees that budget planning is carried out with effectiveness and openness.

The role of leadership in creating guidelines for collaboration also captures RDT's idea of internal capacity development. Leaders may be able to reduce the need for external interventions in operational planning by decreasing internal ambiguity and role conflict, which increases internal decision-making capacity to address opportunities and threats with minimal external advisory or regulatory support.

PRIVATE's leadership embraces an approach that helps prevent power imbalances that might hinder decision making processes. They ensure distribution of authority. Avoid any group overpowering discussions to maintain a respectful environment. This fair power distribution enables decision making where everyone's input matters regardless of their position, in the institution.

This is also a strategic approach to stakeholder balance. Power asymmetry is a significant issue in stakeholder theory, and egalitarian leadership in terms of authority reduces the likelihood of the process being hijacked by dominant actors. Leadership that democratizes influence and promotes deliberation means less powerful voices are not excluded and thus enhances institutional fairness and legitimacy.

Moreover, focusing on collaboration of rivalry fosters a work atmosphere. By giving importance to results the leadership minimizes conflicts and encourages teamwork. This spirit of cooperation is crucial, in nurturing enduring connections among professors, academic departments and other parties involved in the university. Consequently, the institution is more apt to reach its strategic objectives through endeavours rather, than personal rivalries.

Furthermore, the shift from competition to collaboration affects how PRIVATE manages external dependencies. Universities often compete for scarce resources, research grants, partnerships, and faculty. A collaborative internal culture can make the institution a more attractive partner to external stakeholders who want to work with stable and team-oriented partners. This indirectly improves PRIVATE's capacity to attract funding and build its reputation through collaborations.

The leadership, at PRIVATE also has a role in upholding the values of inclusivity and teamwork within the institution's community. By fostering an environment where every member is appreciated and respected the leadership helps to maintain an university culture centered on shared goals. This inclusive attitude is especially significant in a setting characterized by viewpoints and backgrounds that may occasionally result in misinterpretations. The leaderships skill in resolving these disparities and encouraging harmony is an element, in the university's accomplishments.

From a stakeholder perspective, this inclusive behaviour helps to foster stakeholder satisfaction and trust, which are critical to the social license to operate. Universities that fail to address internal tensions tend to experience low team member morale or resistance to change. However, the leadership of PRIVATE seems to view diversity not as a weakness but as an opportunity — promoting diversity and ensuring that it is aligned with the institution's overall goals.

PRIVATE's leadership not promotes equality. Also fosters a culture of creativity and flexibility at the university by empowering individuals to participate in decision making processes and share their ideas freely. This approach ensures the institution stays dynamic and adaptive to change a quality, in academia where innovation and critical thinking are key, for progress and advancement.

This behaviour is in accordance with RDT's concept of adaptive flexibility – institutions have to change their internal practices in response to changing external pressures. By promoting creativity and openness, PRIVATE's leadership improves the organization's ability to respond to changing funding environments, policy shifts, or academic fads without relying too much on outside experts to develop new ideas.

Ultimately the leaders, at PRIVATE have an impact on creating a cooperative environment at the university. By reducing the focus on seniority clarifying roles and duties and encouraging a team-oriented approach to resolving conflicts the leadership guarantees that the institution functions with togetherness and a common vision. This inclusive leadership method not only fosters unity, within the university community but also boosts the institutions capacity to reach its strategic objectives through combined endeavours.

Through the lens of Stakeholder Theory and Resource Dependence Theory, leadership at PRIVATE goes beyond the mere coordination of daily activities. It strategically builds and manages relationships, distributes power, and creates internal systems that minimize the need for external structures for stability and direction. The inclusive and egalitarian approach enhances the long-term resilience of PRIVATE not only by aligning stakeholders internally but also by creating an environment that fosters trust, collaboration, and resource inflows externally. The integration of stakeholder alignment and dependency management makes PRIVATE's modern and sustainable leadership structure.

The leadership style at PRIVATE is also culturally embedded in an egalitarian approach to dealing with stakeholders, as opposed to the hierarchical approach at PTNBH. As mentioned earlier, the hierarchical approach to dealing with stakeholders at PTNBH is, among other things, influenced by the high power distance and the organization's pekewuh (way of dealing with). The leadership at PRIVATE, on the other hand, uses a register of cultural values that aims to minimize hierarchical distance. The leadership style at PRIVATE is therefore in line

with the institutional identity of the Islamic university where shura[25] (deliberation with stakeholders) is key. Moreover, the academic world at the university is very small and familiar. In this sense, the same theoretical mechanism of cultural orientation shaping stakeholder inclusion within a resource-dependent system that constrains at PTNBH also constrains stakeholder inclusion at PRIVATE. However, it does so in a completely different manner due to the cultural values that an institution's leadership uses.

6.2.1.2. PTNBH's point of view

At PTNBH, the concept of power distance plays a role, in guiding choices and the manner in which leadership is exercised greatly impacts the university's internal workings. There are signs of arrangements where senior individuals or those, with more authoritative voices take charge of discussions and decision-making procedures, as highlighted by one participant. The authority and sway of members play a role, in shaping decision-making processes restrict the involvement of junior employees, in crucial conversations.

From a stakeholder theory point of view, the concentration of decision-making power among the senior members is a stakeholder imbalance. In cases where only certain groups are consistently involved in budgeting and strategic discussions, other internal stakeholders, including the junior staff, are excluded. Seniority reduces the amount of input and leads to the production of decisions not based on real-life operational experiences. The theory also states that it is crucial to involve all the stakeholders in the organization to enhance its effectiveness.

PTNBH 4: "Power distance is significant... university representatives might be given the opportunity to ask questions, while staff may not."

[25] *Shura refers to the Quran verses. Specifically in this study, rooted in the Quran (Surah Ash-Shura, 42:38), it requires leaders to consult stakeholders before making decisions affecting them. In the governance context of PRIVATE, shura manifests in the practice of consulting faculty senates, department heads, and student representatives before finalising budget proposals, lending Islamic legitimacy to the participatory decision-making process.*

The idea of "pekewuh," which focuses on being overly concerned about others' opinions, is widely seen at PTNBH in Yogyakarta well This aspect of the culture can worsen the dynamics because people might be reluctant to share differing viewpoints or question the authority of senior members One participant describes it as follows;

PTNBH 10: "In Yogyakarta, the cultural concept of 'pekewuh' (overconcern with others' opinions) is very strong."

Pekewuh aligns with resource dependence theory in that employees may perceive their job security, prospects for future promotion, or even access to informal support networks as dependent on showing respect to power holders. Thus, they do not stir up conflict to avoid jeopardizing their career resources. Nevertheless, it strengthens the dependency structures and hampers the development of horizontal trust and innovation, especially in decision-making arenas such as budgeting, where diversity of inputs is essential.

Cultural norms often discourage speaking out against decisions, in the institution which strengthens the gap, in power dynamics and hinders fair discussions during decision making processes. This indicates institutional path dependency where cultural norms such as "pekewuh" continue to influence current practices even though they may block better options. Stakeholder theory pressures institutions such as PTNBH to examine how such inherited cultural practices impact the representation and voice of different stakeholder groups in governance processes.

Leadership, within PTNBH is crucial in determining how budgets are planned and carried out. Especially when it comes to faculty heads and senior members leading the way in this process. The type of leadership style employed. Be it more hands off or directive. Has an impact on every stage of budget management journey; starting from the planning phase all the way to its final implementation. As highlighted by one participant (PTNBH 8) factors such as

leadership approach adopted by the leaders at PTNBH along with the overarching community and academic environment within the faculty have an influence, on how budget model is shaped. At this point, leadership is not only the formal authority but also the gatekeeping function for strategic process access. As RDT suggests, those in power can determine the extent to which other actors have autonomy in allocating resources. In departments that are more centralized or directive in leadership, budget structures may be more reflective of the preferences of a few senior individuals rather than the institutional-wide consensus or evidence-based planning. Leaders have the power to influence the involvement of stakeholders based on how they make decisions.

> **PTNBH 8**: "Leadership style, community culture, and the academic culture within the faculty affect the budgeting model."

PTNBHs leaders and organizational hierarchy hold sway; however, there is an understanding of the value of including viewpoints, in decision making processes particularly, in enhancing budget procedures. Taking into account perspectives can improve results by offering insights and problem-solving approaches, as mention by a participant. However, in reality these points of view are common. Viewed through the lens of a structure in which experienced individuals have the greatest influence.

> **PTNBH 7**: "The budget process has improved because of the diverse perspectives, which makes it more interesting and likely to produce better results."

This supports stakeholder theory's proposition that increased participation results in higher quality outcomes. However, the extent to which diverse perspectives are integrated is often a function of leadership's desire to share influence. However, when senior figures are in

charge of decision-making, the contribution of other stakeholders tends to be tokenistic rather than real.

The budget management practices, at PTNBH differ widely among faculties due to the academic cultures and leadership approaches in each department. There are standards of budgeting in faculties such as Economics; however other departments may have perspectives or levels of accomplishment when it comes to financial planning. A respondent pointed out this contrast by stating that budget practices vary among faculties, with the Faculty of Economics being commonly regarded as leading the way. It seems that even though PTNBH follows a budgeting structure overall how it is carried out can vary depending on the leadership style and academic atmosphere, within each faculty.

These faculty-level differences are what RDT calls internal resource ecosystems; leadership styles shape budgeting capability development. Departments with better and more strategic leadership are in a position to design internal systems that decrease the need for central control or external validation. On the contrary, those with weaker leadership may be more fragile and need more assistance or support.

PTNBH 4: "Budgeting behaviour varies significantly... Faculty of Economics is often considered the best."

In faculty, like Economics at PTNBH University campus where there are leaders at the helm of affairs tend to have structured and efficient budget management practices thanks to the guidance and clear decision making by senior faculty members and leaders in the department setting clear goals and managing resources effectively Conversely academic departments with less centralized leadership may encounter difficulties in maintaining similar levels of financial discipline or long-term planning. From a stakeholder perspective, this variation also shows that voice and influence are not distributed evenly across faculties. For instance, the Faculty of

Economics and Business performs better technically and has more trust and visibility in institutional-wide planning. This results in a reputational hierarchy among departments that can affect future budget allocations, strategic priorities, and who gets to be heard at the table. This underscores how leadership styles can significantly impact the effectiveness of financial administration across various academic units (Khan et al., 2020), at PTNBH.

Even though there are elements, at PTNBH university there is space for teamwork. Considering different viewpoints in planning strategies. The level to which these opinions are taken into account during decision making mainly relies on the way senior members lead the institution. In departments where leaders embrace a collaborative style junior employees and faculty members might have chances to share their input. Conversely in departments with a directive-leadership approach contributions, from lower-level members could be restricted.
The dual existence of inclusive and exclusive leadership styles shows that PTNBH is in a transition phase — trying to move from traditional hierarchical stakeholder management to more participatory models. The coexistence of these styles presents both opportunity and tension. Even though collaboration fosters innovation, entrenched leadership behaviours may resist these changes, especially where power structures have a stake in maintaining the status quo in decision-making.

PTNBHs hierarchical setup mirrors the landscape, in Yogyakarta where reverence for authority and seniority is deeply embedded in local customs. The concept of "pekewuh" solidifies the prevailing power dynamics by creating obstacles for employees or those, with limited sway to openly question directives issued by senior figures. This cultural element significantly upholds the framework since individuals tend to shy from challenging the status quo even when they possess valuable perspectives to share.

In RDT terms, "pekewuh" is a cultural mechanism that maintains vertical dependency. As an example, junior staff behaviour relies on senior figures not only for approval but also for

protection from professional risks. The behaviour at least has one significant impact on the organization, i.e., it discourages critical feedback, hindering the institution's ability to improve and fix internal inefficiencies in planning and budgeting processes.

Leadership, at PTNBH involves balancing structures with modern academic and operational requirements while also considering the input of various stakeholders in decision making processes. The shift towards budgeting and strategic planning is gradually gaining acceptance among leaders. This indicates a growing awareness of the value of perspectives, within a structured leadership framework.

This change shows promise for moving decision-making authority towards stakeholder theory's participatory governance framework. The leaders who understand budgeting and strategic planning value need broad-based engagement; thus, PTNBH can create more responsive and innovative approaches to resource allocation.

Ultimately the leadership style and power dynamics, within PTNBH have an impact on the day-to-day decision-making processes particularly in budget planning. Although decisions are primarily driven by structures there is an increasing recognition of the benefits of including a variety of viewpoints to enhance results. Nevertheless, traditional cultural practices like " pekewuh " and the authoritative role of figures persist in maintaining power imbalances thereby constraining the involvement of staff, in strategic decision making. Moving ahead PTNBH faces the challenge of harmonizing its leadership setups with a more inclusive strategy that fosters teamwork and creativity, throughout the organization’s hierarchy.

PTNBH's leadership challenges demonstrate stakeholder theory's analysis of traditional authority conflicts with present-day expectations for inclusive and responsive governance. The senior leaders determine internal actor dependency by controlling budgetary access according to the Resource Dependence Theory. PTNBH must travel through this complicated landscape by establishing an empowered participation system that replaces its current reverence and

restraint culture. Through this approach in its competitive academic environment, the institution will achieve better adaptability, elevate diverse voices, and reduce internal dependencies.

In the context of leadership dynamics at PTNBH, pekwuh is an excellent example of how the three aspects of our integrated framework are translated into practice and embedded in organizational culture. As a practice of resource dependence, for instance, pekwuh links the career opportunities of junior staff and faculty members to the goodwill of their respective senior power holders. This implies that junior staff and faculty members will show due respect to their senior counterparts and avoid any dissent to secure their future career prospects. Furthermore, the practice of pekwuh determines who will have the most salient voice in organizational budgeting processes. Given the inherent power dynamics, it is obvious that the most salient voice would belong to the more powerful individuals within an organization. Lastly, pekwuh is simply another practice within the broader organizational cultural landscape. As such, it reflects deeper-seated Javanese cultural values of hierarchical organization, harmonious interpersonal relationships, and extreme respect for those of greater seniority. Thus, whereas this study perceives pekwuh, for instance, outside of the stakeholder and the resource aspects of organizational life as but another of many cultural aspects which can possibly affect the interaction between external stakeholders have with each other and with members of an organization, it in fact is the practice which creates both the salience of external stakeholders and the resource dependence of an organization such as PTNBH and which also systematically reproduces these two aspects.

6.2.2. The Impact on Strategic Goals and Financial Planning

6.2.2.1. The PRIVATE perspective

At Private, diversity in thought is limited, and established Standard Operating Procedures (SOPs) ensure consistency in strategic priorities. While there may be outliers within individual programs, the general trend is toward uniformity in thinking. These outliers do not significantly influence the overall direction of the institution, as strategic goals are carefully aligned with institutional priorities.

> **PRIVATE 5**: "In the programs, there is not much diversity in thinking. However, there is always an outlier in each program."

From the stakeholder theory perspective, minimizing diverse perspectives — especially in strategic thinking — may signify a very closely controlled stakeholder environment where institutional power is concentrated among a few. However, it can also harm innovation and silence voices that do not conform to the dominant discourse. When it happens, it leads to 'quiet compliance' among programs, where the overarching institutional goals structurally limit autonomy.

The budgeting processes at PRIVATE are driven primarily by the university's overarching institutional goals. Programs are expected to align with the strategic direction set by the rectorate, ensuring that diversity does not disrupt these processes. This approach to budgeting emphasizes consistency and ensures that the university's financial planning remains focused on its key priorities, rather than being influenced by diverse or conflicting perspectives. The structured alignment is a classic response to resource dependence. As a central authority, the rectorate attempts to standardize processes to control the flow of finances and minimize the risk of misallocation of resources and inefficient spending. Thus, the institution decreases the

likelihood of internal conflict, but it also restricts the ability of the organization to adapt, which could be provided by diverse input.

PRIVATE 4: "Each program must align with the strategic goals set by the rector."

In terms of the budgeting process itself, the emphasis is placed on clearly understanding roles, responsibilities, and institutional hierarchies. The preparation of the annual budget plan is a structured and well-defined process, where knowing one's place in the system is key to effective planning. One respondent underscores the importance of this clarity. As a result, the influence of diverse perspectives is minimized, ensuring a smooth and consistent budgeting process.

PRIVATE 6: "Understanding one's position, authority, and responsibilities helps in preparing the annual budget plan. Diversity does not significantly impact the preparation."

The institutional emphasis on defined roles and hierarchy illustrates vertical dependency, as RDT describes. Staff are trained to rely on formal structures for guidance, which helps streamline budgeting. This also shows limited rationality in planning, where decisions are made within the narrow parameters established by leadership rather than through open negotiation or stakeholder participation.

While diversity in terms of ethnicities and university backgrounds exists at PRIVATE, it does not appear to create significant conflicts or disruptions. Respondents indicate that while people may come from different regions, such as Java and Sumatra, their thinking is shaped more by their academic and professional backgrounds than their cultural origins. This suggests that any minor conflicts that do occur are easily managed within the institution's existing frameworks.

PRIVATE 1: "People from different academic and university backgrounds think differently... certain issues arise once a year, they are not problematic."

From the standpoint of stakeholder inclusion, this observation suggests that demographic diversity does not necessarily mean strategic diversity. Although regional or academic differences may exist, the dominant institutional logic at PRIVATE encourages cultural assimilation into pre-set planning norms. PRIVATE action shows they recognize diversity but functionally negated to ensure strategic consistency.

Another respondent points out that although inherent traits may vary slightly due to individuals' regional origins, these differences do not lead to significant challenges because of the familiarity and collegiality among staff. This collegial atmosphere helps to ensure that cultural diversity does not pose a barrier to effective collaboration or decision-making at PRIVATE.

This collegial familiarity may act as a relational buffer that compensates for the lack of structural diversity in decision-making. According to stakeholder theory, peer trust can enhance cooperative behaviour and reduce transaction costs in decision-maker environments, especially when formal participatory mechanisms are limited.

PRIVATE 3: "Inherent traits may vary slightly due to their origins, but since everyone knows each other, they understand how to handle these differences."

The limited impact of cultural and ethnic diversity on decision-making at PRIVATE may be partially due to the influence of hierarchical and faculty dynamics. Rather than being shaped by ethnic or cultural diversity, decision-making processes are more influenced by institutional structures and leadership hierarchies. The role of leadership and clear hierarchies seems to be more influential than cultural diversity in shaping how decisions are made.

PRIVATE 6: "Understanding one's position, authority, and responsibilities helps in collaboratively preparing the annual budget."

In RDT terms, the dynamic suggests that hierarchical dependency outweighs demographic variation as the key driver of decision behaviour. While ethnicity or culture may provide the potential for different insights, institutional actors are more sensitive to positional power and leadership cues. The sensitivity reinforces that power centralization, not diversity, shapes strategic influence at PRIVATE.

Moreover, the influence of regional cultural norms is waning at PRIVATE, in part due to increasing exposure to foreign cultures and the global spread of English. This global cultural exposure is diminishing the impact of local cultural influences, allowing PRIVATE to adopt a more internationally focused approach. This suggests that the institution's exposure to global ideas is gradually reducing the influence of regional diversity on its strategic and operational processes.

The globalizing influence of foreign cultures introduces a new stakeholder category, the international academic and funding community, that increasingly shapes institutional norms. As stakeholder salience shifts toward global expectations, local cultural influences become secondary. The shift shows alignment with RDT, where PRIVATE seeks to secure legitimacy and funding by conforming to dominant international models of governance and planning.

PRIVATE 2: "Regional cultural influences are diminishing due to the impact of learning about foreign cultures."

At PRIVATE, leadership plays a central role in maintaining an egalitarian atmosphere, where seniority and generational gaps are less pronounced. Respondents emphasize that the

institution operates in a relatively egalitarian manner, with minimal emphasis on hierarchical differences. This leadership approach helps to ensure that decisions are made collaboratively, with a focus on cooperation rather than rigid adherence to hierarchy.

PRIVATE 1: "It's egalitarian and there is no significant generational gap."

This flattening of generational power distance is a form of internal stakeholder equity, which can improve planning dynamics. Individuals feel equally treated when valued regardless of age or title; they are more likely to participate in collective goal-setting. Equality promotes stakeholder cohesion, which is particularly useful during strategic financial planning where consensus is essential.

Finally, the leadership at PRIVATE is characterized by its ability to provide win-win solutions in situations of conflict. When disagreements arise, the leadership steps in to offer solutions that everyone can accept, creating a sense of shared ownership over decisions. This cooperative approach to conflict resolution helps to maintain a harmonious working environment and supports the smooth functioning of the institution's strategic processes.

PRIVATE 3: "The leadership plays a role in providing win-win solutions so that everyone can accept the joint decisions."

This leadership approach reflects what RDT would describe as dependency balancing using shared decision-making to offset dissatisfaction among lower-power actors. By offering win-win solutions, PRIVATE's leadership maintains legitimacy while managing internal resource expectations (Spillane et al., 2022). The inclusive conflict resolution style not only preserves operational harmony but also increases buy-in, which is essential when aligning limited resources with long-term strategic goals.

6.2.2.2. PTNBH Perspective

At PTNBH, strategic priorities are primarily guided by operational and academic needs, with limited influence from cultural backgrounds. The institution emphasizes practical goals aligned with its mission to deliver quality education, research, and community service. Cultural diversity, such as ethnic or religious differences, is not a significant factor in shaping these priorities. This highlights PTNBH's commitment to a rational, objective approach to decision-making, where academic and operational objectives outweigh cultural considerations.

From a stakeholder theory perspective, this approach is a strategic choice to limit stakeholder power, focusing on academic and administrative requirements over cultural identity-related views. The strategy does not imply exclusion but rather a governance philosophy focusing on stakeholders essential to PTNBH's core operational and academic performance metrics. The rationalists in the institution serve as a filter for prioritizing stakeholder voices that have a significant impact.

PTNBH 5: "Cultural effects are minimal at our place, especially regarding racial issues, as we are more focused on rationality."

Although cultural diversity does not strongly impact decision-making, PTNBH sees diversity of thought as a valuable asset, particularly in the budgeting process. Embracing diverse perspectives, including different viewpoints, criticisms, and feedback, is viewed as a way to improve the quality and inclusiveness of university programs. According to one respondent, the statement illustrates the constructive role of intellectual diversity at PTNBH, where it contributes to stronger decision-making and more inclusive outcomes without causing disruptions.

PTNBH 9: "It's good to have diverse perspectives, thoughts, criticisms, and feedback. It's a positive effort to improve the quality and inclusiveness of the programs."

The way PTNBH responds to diversity and embraces intellectual diversity aligns with stakeholder theory's emphasis on procedural fairness. PTNBH fosters a sense of inclusiveness by establishing channels for input to various actors to criticise or deliver divergent viewpoints without compromising strategic direction. The channels show a form of bounded inclusion, where engagement is welcomed as long as it does not contradict the institution's functional and performance goals.

In budgeting specifically, faculties at PTNBH exhibit variations in their approaches, often tailored to meet the distinct needs and priorities of each academic area. These differences in budgeting behaviour are seen as manageable and do not cause major disturbances in the institution's overall operations. This approach supports the idea that, while faculties may differ in their specific budgeting practices, the overall institutional framework accommodates these differences effectively.

The varying budgeting methods across faculties demonstrate decentralized autonomy within the resource-dependent framework of RDT. The faculties are free to create specific plans for their contexts yet stay connected to the central institutional structures. PTNBH uses this equilibrium to preserve institutional unity through controlled internal resource management flexibility, thus it achieves control over internal diversification and external requirements.

PTNBH's prioritization of rational decision-making ensures that strategic and budgeting processes are clear and focused. Intellectual diversity is encouraged, as it brings varied perspectives to the table, enriching discussions and enhancing decision quality. This diversity, however, is structured in a way that aligns with PTNBH's primary focus on

operational and academic goals, ensuring coherence across faculties without compromising on core objectives.

This structured openness demonstrates PTNBH's mechanism for controlling the potential risks that stem from excessive fragmentation. The institution supports different thinking approaches but uses strategic rationalism to prevent decisional incoherence. The Resource Dependence Theory describes this process as a method for maintaining control over essential planning functions, which minimizes resource distribution uncertainty and enables diverse contributions to efficiency and innovation improvements.

In sum, while cultural diversity does not significantly impact PTNBH’s strategic or budgeting processes, diversity of thought is recognized as an essential contributor to achieving the institution's academic and operational aims. By focusing on rationality and welcoming intellectual diversity, PTNBH is able to foster an inclusive environment where varied perspectives enhance decision-making without creating challenges. This balanced approach allows PTNBH to maintain a cohesive and effective framework for achieving its strategic priorities.

PTNBH is a rational, performance-driven institution that balances open approaches and controlled practices. The institution uses Stakeholder Theory to choose internal voices selectively by supporting intellectual diversity yet devaluing cultural identity as a strategic force. According to Resource Dependence Theory, faculties need centralized coordination because they develop unique budgeting methods. PTNBH achieves strategic mission focus by integrating inclusion with coherence to maintain legitimacy, minimize internal conflict, and preserve adaptability.

This study examine two organizations, PRIVATE and PTNBH, that have managed to preserve their strategic coherence and include diverse inputs into their decision-making processes. Both organizations followed ‘cultural paths’ that are substantially different from one

another. PRIVATE has managed to achieve its strategic objectives through informal means, relying on its colleagues' personal relationships and trust to compensate for the shortcomings of formal participation structures. On the other hand, PTNBH has achieved its strategic objectives through a rational filtering process that highly values diverse intellectual input from all relevant stakeholders. This organization is highly neutral and considers stakeholders' ethnicity and cultural characteristics irrelevant. The research into PTNBH once more reveals that this organization also presents a culturally neutral perspective, namely that of a public Indonesian university. In the eyes of this organization, ethnicity is outside the scope of what one could possibly denominate as a relevant stakeholder. The comparison between PRIVATE and PTNBH once more reinforces the core argument put forward in Chapter 3, namely that an organization's cultural orientation is not an additional variable independent of the perspectives of stakeholder theory and resource dependence theory. Rather, it is the cultural orientation of an organization that determines how it includes its stakeholders and manages its resources legitimately.

6.3. Conflict Management and Organizational Dynamics

6.3.1. A Variety of Educational Backgrounds

6.3.1.1. PRIVATE Point of View

At Private people acknowledge a mix of ethnicities and educational backgrounds, among staff and faculty members from regions like Java and Sumatra. Their perspectives seem to be shaped by their journeys than their cultural heritage. Even though there is this diversity at PRIVATE

it seems that conflicts arising from disparities are rare indicating a sense of unity within the institution and minimal chances, for cultural clashes.

From a stakeholder theory perspective, this suggests that even though PRIVATE has a demographically diverse staff, its governance structure does not position ethnicity or regional background as key variables in the strategic or operational processes. Instead, stakeholder salience is constructed more through academic role and institutional contribution than cultural identity. Such a focus on unity also means that minority perspectives are not formally recognized as separate stakeholder groups.

PRIVATE 1: "People from different academic and university backgrounds think differently...certain issues arise once a year, they are not problematic."

Private 1's statement implies that while different academic backgrounds may lead to occasional differences in perspective, they are not seen as significant problems. Instead, these issues are manageable and do not pose a threat to the collaborative environment within the institution. This is a stakeholder integration approach, where various educational perspectives are not treated as being in conflict (de Freitas Langrafe et al., 2020; Li, 2023). Instead, they are presented as manageable variations on a common academic purpose. Such integration not only maintains harmony but also suggests that intellectual conformity to institutional norms may be a condition of influence – a notion that stakeholder theory warns against if it silences non-majority voices. The shared academic focus seems to override any potential conflicts rooted in ethnic or regional diversity.

Respondents not only point out distinctions but also emphasize subtle variations, in characteristics that could be related to where individuals come from geographically; however these variations do not cause any disruption to the way the institution operates because personal connections and familiarity are essential, in keeping things running smoothly as stated by one

respondent. At PRIVATE the strong connections, between people play a role, in reducing conflicts stemming from cultural differences.

The centrality of personal relationships and informal networks also fits RDT's idea of internal resource exchange. When formal diversity structures are minimal, social capital becomes the primary conflict resolution and collaboration mechanism. Such systems ensure easier communication across backgrounds.

> **PRIVATE 3**: "Inherent traits may vary slightly due to their origins, but since everyone knows each other, they understand how to handle these differences."

Furthermore, people interviewed mention that the way decisions are made at PRIVATE appears to be more affected by the hierarchy and dynamics, among faculty members than cultural or ethnic differences. This implies that the university's organizational structure and faculty priorities have an impact on decision making processes compared to the backgrounds of individuals involved in the process." It suggests that institutional frameworks play a role, in influencing behaviour and decision making at the university."

This change from cultural background to faculty hierarchy shows a reallocation of stakeholder power based on institutional status. From a resource dependence perspective, decision-making access is determined less by identity and more by one's structural position within the organization — thus showing that power within PRIVATE is based on academic rank and institutional familiarity, not on diverse lived experiences.

PRIVATE's regional cultural impacts are reportedly decreasing due, to the rising influence of cultures and the widespread adoption of English in the setting. This transformation indicates a shift towards a focused institution that places less emphasis on local cultural nuances. As one respondent from PRIVATE expressed it. International cultures seem to be

shaping the perspectives of faculty and staff as they embrace a globalized outlook, over traditional local customs and traditions.

The implementation of global norms is a strategic response to new resource environments. According to RDT, PRIVATE is responding to international academic pressures by standardizing communication, expectations and behaviour and using English and international cultural references to increase legitimacy, to attract partnerships, and to compete in a globalized education market.

PRIVATE 2: "Regional cultural influences are diminishing due to the impact of learning about foreign cultures."

The increasing interaction, with cultures and the prevalence of “English” have played a role in diminishing the significance of regional cultural characteristics in professional and academic environments as individuals at PRIVATE embrace international standards and concepts more widely and adhere to practices that are less shaped by their local origins in line, with the growing interconnectedness that universities worldwide are encountering which is weakening the impact of local cultural variations.

This transformation leads to institutional isomorphism, where universities resemble one another globally in structure, language, and practice. While this may reduce internal conflict and improve external alignment with broader stakeholders, stakeholder theory also warns that this may also mean the marginalization of local knowledge systems and voices that do not fit into dominant global discourses (Osobajo et al., 2023; Tolu et al., 2022), a trade-off that PRIVATE has to make all the time.

While there is a mix of ethnic backgrounds, at PRIVATE University it seems that these differences do not heavily influence how decisions are made or how people interact within the institution. Instead, factors related to the organization and academics appear to have an impact,

on collaboration and work dynamics. In this setting, cultural diversity does not greatly alter the operations of the university.

We have a kind of selective neutrality, where ethnicity and cultural identity exist but are not considered strategically significant. According to stakeholder theory, such neutrality can ensure no apparent conflict on the surface. However, it may also mean that small inequalities in access, voice or recognition are overlooked, particularly if dominant academic paradigms are implicitly tied to particular regional or institutional contexts.

In summary, from PRIVATEs responses; it appears that the university is greatly influenced by cultural interactions and organizational dynamics rather than ethnic or cultural variations specifically (Sampson, 2019). Although there are some distinctions in backgrounds and viewpoints among individuals, at the university these differences are mostly inconsequential compared to objectives and internal hierarchical systems. This exemplifies how a connected institution can operate even amidst a varied community.

Stakeholder Theory and Resource Dependence Theory together help to expose the way in which PRIVATE manages educational and ethnic diversity as an institution that is focused on stability, academic unity, and global alignment. Stakeholder inclusion is functionally present but structured around institutional roles and academic legitimacy rather than demographic identity. At the same time, PRIVATE's embrace of international norms reflects a strategic repositioning to reduce dependence on local cultural frameworks and to remain competitive. Even though this ensures organizational coherence, it also raises questions about the long term equity, representation, and how the institution defines what perspectives are relevant for its future.

6.3.1.2. Viewpoint of PTNBH

At PTNBH respondents highlight that when it comes to budgeting and strategic decision-making processes cultural or ethnic diversity is not a factor considered important by the university officials with regard, to prioritization of operational objectives rather than cultural or ethnic factors playing a pivotal role. This reflects a practical and goal driven atmosphere where the main emphasis is, on the fundamental aspects of education research and community engagement. One participant highlights the institutions dedication to its purpose that unites individuals, across cultures and emphasizes a shared pursuit of success.

From a stakeholder theory perspective, the purpose of unification suggests a selective inclusion of stakeholders, one that emphasizes the contributions made concerning the institution's mission (education, research, and service) rather than ethnicity or culture. PTNBH seems to focus on stakeholder groups whose interests and inputs are most directly in line with operational effectiveness, which means that the field of influence is restricted to mission-aligned roles and contributions.

> **PTNBH 5**: "Operations do not differentiate by ethnicity or religion; they are about carrying out the best possible educational, research, and community service activities."

This emphasis on intra-faculty variation over demographic variation is very much in line with Resource Dependence Theory, which argues that internal units are semi-autonomous but still have to work within the resource frameworks of the institution. Faculties that demonstrate strong financial practices are likely to be in a better position to manage their resource dependencies, which in turn means that they do not have to rely as much on central oversight and thus have more influence within.

Faculty specific dynamics appear to have an impact, rather than cultural diversity at PTNBH University. The various faculties have approaches and budget priorities that align with their academic requirements rather than cultural influences. For examples Economics, Medicine and Pharmacy faculties demonstrate budget strategies, as emphasizes by PTNBH 4. It appears that the strategic focus and the efficiency of budget planning vary among departments; some departments excel in financial management and serve as benchmarks, for others.

> **PTNBH 4**: "Budgeting behaviour varies significantly... Faculty of Economics is often considered the best."

The Faculty of Economics, at PTNBH is recognized for its budget management practices. Is considered a model for other departments to follow in terms of financial efficiency. Its reputation for excellence suggests that the key to budget management at PTNBH lies in the internal management strategies and strategic priorities of each faculty than cultural diversity playing a significant role. Variances among faculties illustrate how factors, like leadership and academic emphasis influence budget management practices and results. At PTNBH operational effectiveness is more affected by factors, than the varied backgrounds of its staff or students highlighting the importance of organizational structures over individual diversity, in shaping outcomes.

Performance excellence originates from leadership actions and strategic alignment instead of cultural backgrounds because stakeholder voices emerge through structural frameworks. The hierarchical structure of stakeholder theory demonstrates how particular roles or departments gain higher importance based on their proven competence rather than their cultural or personal backgrounds (Fares, 2024). In other words, the system establishes a performance-based stakeholder framework.

PTNBH participants may not emphasize the significance of cultural diversity, in budgeting. They agree that having diverse perspectives can improve decision making processes significantly. The range of opinions stemming from people, with professional backgrounds can result in more insightful discussions and favourable results according to one respondent.

PTNBH 7: "The budget process has improved because of the diverse perspectives, which makes it more interesting and likely to produce better results."

The statement indicates that although cultural diversity may not have an impact, on budgeting decisions the intellectual variety nurtured by including people with experiences does play a role, in enhancing financial planning effectiveness. The varied intellectual perspectives, at PTNBH are considered advantageous as they bring an array of ideas and strategies to tackle problems effectively by fostering diverse viewpoints, in the budgeting process.

According to RDT, the organization benefits from intellectual diversity as it functions as a protective element against environmental uncertainties (Li et al., 2022). PTNBH strengthens its ability to handle new budget obstacles and institutional changes by utilizing diverse expertise instead of depending on the central direction. The distribution of intellectual contributions across departments enables organizational flexibility and preserves system-wide coordination.

Even though diverse perspectives are recognized as valuable at cultural diversity is appreciated for its significance, in influencing operations at the institution; the primary emphasis remains firmly placed upon research objectives rather than cultural considerations in decision making processes, at PTNBH. The university prioritizes academic excellence and community service above all else while valuing the individual contributions of all members irrespective of their ethnic or cultural roots as long as they support these overarching goals (Mašková et al., 2024; Smith and Walker, 2024).

The organization makes a strategic decision to use cultural identity as an unimportant characteristic for influence rather than as an influential factor. The organization develops value-based participation that accepts involvement only when it supports the main institutional framework. The method protects unity but restricts how deeply minority opinions can influence planning when their views confront fundamental strategic beliefs of the institution.

The budgeting method, at PTNBH is structured to emphasize building an outcome driven institution foremost. It focuses on operational needs rather than cultural factors to ensure that financial management practices are in sync with the university's mission and objectives. This strategy establishes a system that allows faculties to address their requirements while staying consistent, with the university's broader strategic framework.

The budgeting system at PTNBH shows resource orchestration principles from RDT because decentralized actors take charge of their resource needs to meet institutional objectives. The approach optimizes operational efficiency through decentralization while enabling units with strong leadership and specialized goals to achieve maximum results without compromising the university's strategic direction.

Furthermore, PTNBHs varied faculty dynamics suggest that the university operates in a fashion where each faculty can customize its budget practices to meet its requirements independently of others. University shows general guidelines have with each faculty having the freedom to handle its finances in a way that aligns best with its academic and research goals This decentralized method encourages creativity and flexibility as faculties can adopt strategies that are suitable, for their individual circumstances.

The faculty-specific customization shows how strategic engagement occurs through distributed stakeholder participation that adapts to departmental circumstances. Stakeholder theory recognizes this system as an exemplary instance of differentiated inclusion since each

faculty operates as an independent stakeholder that gains power through resource management and outcome alignment.

While cultural diversity may not play a role, in PTNBHs budgeting procedures the institutions inclusive method guarantees that every voice is considered, resulting in a vibrant and efficient decision-making setting. By focusing on variety, rather than ethnic or cultural differences PTNBH can leverage a broad spectrum of concepts and strategies resulting in more thorough and balanced budgeting results.

This system operates based on intellectual diversity instead of cultural diversity. The organization views cognitive diversity and different disciplinary training, and problem-solving approaches as valid sources of influence even though it downplays ethnic or regional identities (Kutz and Bates, 2024; Pöyhönen, 2017). The differentiation is a fundamental principle in stakeholder theory because it distinguishes between different types of diversity, yet only organizational priorities determine outcome-shaping diversity.

Ultimately the budgeting approach, at PTNBH is influenced more by objectives and unique faculty dynamics than ethnic or cultural considerations as the central focus point is not cultural aspects but rather the advantage of having a diverse pool of viewpoints stemming from varied academic and professional experiences at the institution. This mix of procedures and decentralized decision making empowers PTNBH to stay committed to its core mission while nurturing creativity and flexibility, across its faculties. The outcome is a budgeting procedure that's effective and enhanced by perspectives.

PTNBH demonstrates an advanced system of stakeholder management and resource distribution by applying stakeholder theory and resource dependence theory to its educational background and diversity practices. The organization gives power to its stakeholders through their functional alignment with institutional objectives and resource management capabilities. PTNBH achieves budgeting process coherence by using intellectual diversity to develop

innovative solutions and address problems. The strategic focus on optimizing outcomes through inclusion reveals that instrumental goals drive the approach rather than value transformation.

6.3.2. Conflict and Resolution

6.3.2.1. PRIVATE Perspective

At Private, organizational harmony is largely maintained through adherence to established procedures and rules. Conflicts that arise are generally managed within this framework, ensuring that disagreements do not escalate or disrupt the institution's strategic direction. This reliance on formal rules provides a stable foundation for decision-making and conflict resolution, allowing PRIVATE to focus on its institutional goals without significant interruptions from internal differences.

PRIVATE 1: "Disputes can always be resolved using the existing rules."

According to stakeholder theory, the dependence on rules depersonalizes conflict by steering disagreements into standard procedures that treat all internal actors equally (Barki and Hartwick, 2004). The process helps to minimize stakeholder power differences during disputes by providing a uniform formal system for all members to express their concerns while preventing powerful actors from using their position to dominate the process.

The diversity of thought at PRIVATE, including occasional outliers and unique perspectives, is recognized but not seen as a threat to organizational coherence. Outliers, or those who may hold different views, are acknowledged as a natural part of any organization. By acknowledging these differences while maintaining a proactive approach to conflict avoidance, PRIVATE is able to integrate diverse viewpoints without allowing them to disrupt the organization’s strategic priorities.

The implemented system operates as a buffering mechanism which RDT defines. PRIVATE needs to protect its autonomy and strategic direction from internal disagreement. PRIVATE uses formal and informal norms to contain dissent and avoid external interventions and structural changes that protect its autonomy and strategic direction from internal disagreements.

PRIVATE 5: "There will always be odd behaviour in every organization. The strategy is to avoid conflict."

PRIVATE's approach to strategic alignment emphasizes consensus and cohesion over confrontational or competitive decision-making. Diversity in thinking is present but does not lead to significant challenges due to the institution's focus on collective understanding and shared objectives. This approach minimizes the impact of individual differences on the strategic and budgeting processes, aligning these processes with PRIVATE's overarching goals.

The organizational emphasis on unity surpasses the possibility of conflict and reflects a consensus-based stakeholder governance approach. PRIVATE follows a governance approach that suppresses open intellectual disputes to maintain organizational harmony through goal-oriented subordination of dissenting opinions. The established model enables operational efficiency but establishes boundaries for how far dissenting viewpoints can extend before being integrated into group norms.

Organizational priorities and budgeting practices at PRIVATE are tightly aligned with the institution's broader objectives, which are established by leadership and supported through a clear hierarchy. This structure ensures that decision-making follows a unified direction, making it easier to address any differences in thinking or approach. By creating a framework

in which everyone understands their roles and responsibilities, PRIVATE leadership fosters a cooperative environment that minimizes friction.

Resource dependence is minimized through strong hierarchical coordination because this approach avoids the slow and politically dangerous nature of negotiation-based decision-making. The precise distribution of roles and centralized authority at PRIVATE enables efficient resource allocation and budgeting that avoids internal bargaining, frequently occurring in less formalized structures.

The institution's strategic priorities are generally preserved by the leadership's ability to manage differences effectively (Taylor et al., 2008). With a well-defined structure and clear communication of roles, the leadership facilitates cooperation and understanding among different organizational members. This approach also contributes to an environment where formal procedures are valued, which supports stability and predictability within PRIVATE's decision-making processes.

The organizational framework functions to maintain stakeholder legitimacy. The planning process only accepts input from perspectives that match institutional standards through the dual leadership role as coordinator and gatekeeper. Stakeholder theory promotes organizational unity, but this approach risks excluding critical voices that might contribute innovative ideas for long-term adaptation.

Although diversity in thinking is acknowledged, it is contained within the boundaries set by PRIVATE's strategic objectives and cultural norms. This structure allows PRIVATE to embrace minor differences while preventing them from impacting the institution's primary goals. The emphasis on rule-based decision-making and proactive conflict avoidance ensures that PRIVATE can achieve its goals with minimal disruption from internal differences.

Institutional boundaries act as a mechanism to control diversity according to an internal rationalization strategy typical for governance models based on RDT. The system integrates

diverse viewpoints into its operations while protecting central authority from challenges and operational disruptions. Internal stability remains stable while the system enables limited innovation through non-threatening forms of diversity.

In summary, PRIVATE's reliance on established rules and a clear strategic framework fosters an environment where diversity of thought is accepted without affecting the institution's operational stability. By focusing on alignment and cohesion, PRIVATE successfully navigates individual differences and maintains a unified direction, supporting its strategic goals and organizational coherence.

Applying Stakeholder Theory and Resource Dependence Theory demonstrates that PRIVATE handles conflict through deliberate management. The institution protects internal legitimacy by prioritizing structure and leadership alignment and rules-based decision-making, reducing its external risk exposure. Stakeholder empowerment does not resolve conflict but procedural containment does. The current model promotes stability and strategic clarity but may need transformation if PRIVATE plans to develop participatory or transformative innovation approaches in the future.

6.3.2.2. PTNBH Perspective

At PTNBH, conflicts are generally rare and are managed within structured processes, allowing the university to maintain a stable operational environment. Their managerial approach minimizes potential disruptions and keeps focus on institutional priorities. When differences in opinion arise, particularly concerning academic programs, there is a willingness to listen to and understand various inputs, especially at the dean's office. This openness to diverse perspectives reflects a collaborative approach to organizational development and program improvement.

PTNBH 9: "Differences in opinions and feedback on programs are inevitable, but we at the dean's office are open to understanding these inputs."

The dean's office rule as a principal mediator which links institutional objectives to stakeholder opinions within the organization. The leader actively filters stakeholder salience by selecting who holds institutional legitimacy and proximity aspects as more strategic assets. The approach safeguards unity by creating an appearance of inclusivity.

However, hierarchical dynamics at PTNBH can impact the openness and flow of feedback. Despite the formal processes in place, there is a perception among some staff that transparency and willingness to express opinions are limited by these hierarchical structures. This hierarchical influence can restrict some members from fully participating in decision-making processes, as staff may feel constrained in sharing perspectives that might challenge established norms or senior figures' decisions.

The situation reveals an essential conflict between stakeholder participation and organizational organisational structure. Stakeholder theory indicates that power concentration leads to marginalized stakeholders who lack meaningful participation opportunities (Chowdhury et al., 2024). The structural inequalities between stakeholders can result in silent members who become neglected in innovation opportunities and operational issues.

PTNBH 10: "Generally, there is a lack of openness, transparency, and courage to voice opinions."

While PTNBH values input from diverse perspectives, these hierarchical limitations sometimes create a barrier to open communication. This environment may result in certain voices, particularly those from lower levels within the hierarchy, feeling underrepresented. Resource Dependence Theory identifies this dynamic as an example of internal dependency

relationships. Lower-level staff members obtain decisions and permission to speak through higher authority figures. The controlled organizational structure optimizes operational processes yet generates power disparities between team members because decision-making access depends on their position within the hierarchy (Casciaro and Piskorski, 2005; Kohtamäki, 2024). The structured approach does, however, provide a sense of order and predictability, which helps the institution function cohesively even when there are underlying differences in opinion.

The dean's office at PTNBH plays a central role in mediating and understanding different viewpoints, which enables a balance between the need for structure and the integration of diverse perspectives. The leadership's willingness to engage with feedback suggests a commitment to inclusivity in decision-making, even though hierarchical influences may moderate how openly staff members participate. This creates an atmosphere where structured processes and openness coexist, albeit with some tension due to hierarchical pressures.

The dean functions as an organizational buffer within RDT by receiving multiple perspectives while upholding strategic unity. The institution gains protection from internal instability through this leadership approach which only transmits feedback that has met consensus requirements. The filtering process might block necessary disruptive ideas from entering central governance discussions.

In terms of strategic priorities, PTNBH's focus on openness within the dean's office, balanced by structured processes, allows the institution to handle differences effectively without allowing them to escalate into significant conflicts. This balance of structure and openness supports PTNBH's operational stability and helps ensure that strategic goals are pursued with a unified approach. However, the hierarchical environment can sometimes pose a challenge to fully transparent communication, indicating areas where further openness might enhance inclusivity.

The established openness process follows the framework described in stakeholder theory as controlled participation. The system enables feedback submission but redirects dissent into accepted formats which blocks fundamental and system-changing criticisms. The system establishes harmony yet it might hinder profound organizational learning together with essential organizational reform.

Overall, PTNBH's approach to conflict resolution relies on a structured, process-driven model that incorporates feedback but is shaped by hierarchical dynamics. By combining openness within the leadership with a structured approach to decision-making, PTNBH maintains stability and coherence in its operations while acknowledging the need for diverse perspectives. This approach reflects a nuanced balance between hierarchy and inclusivity, aligning PTNBH's organizational culture with its strategic priorities.

PTNBH implements its dependency-balancing strategy through hierarchical authority for stability while leadership responsiveness avoids alienation. The institution controls internal risk by exercising formal authority yet chooses specific stakeholder feedback to minimize resistance and disengagement.

Although PRIVATE focuses on equality and fair procedures by involving leadership and organizational structure to reduce the influence of diversity, on goals; PTNBH emphasizes the importance of leadership roles alongside norms and power dynamics in decision making processes. Both organizations understand that having a range of backgrounds and viewpoints can enhance results positively without changing strategic objectives or causing conflicts during budget planning. While they acknowledge cultural variations exist between them; they do not consider these differences, as significant factors influencing their disparities.

Through analysis of Stakeholder Theory and Resource Dependence Theory PTNBH implements a conflict resolution approach which combines controlled mechanisms with purposeful openness. The institution accepts stakeholder feedback but implements hierarchical

filtering to achieve order and minimize disruptive elements. RDT explains how this strategy benefits PTNBH by minimizing internal uncertainty while maintaining strategic alignment. The strategic advantage of this approach becomes apparent to RDT while exposing a significant drawback since additional inclusive participation structures would prevent valuable voices from staying peripheral. PTNBH and PRIVATE demonstrate how systematic decision-making approaches diversity and cohesion but need to monitor which voices receive attention and their underlying reasons actively.

Building on the integrated framework for Public Sector Governance presented in Chapter 3, our findings for governance and leadership within organizations translate into three clusters of three elements each, in addition to elements presented for resource flows and budgeting mechanisms. First, the familiar resource dependence structures for gaining leverage within institutions are matched by the familiar stakeholder salience structures for determining whose voice is taken seriously and included. And both sets of structures are, in turn, matched by familiar cultural orientations among boards and their leaders—amanah, pekewuh, informal collegiality, and formalized structures for rationalized decision-making. But what works for one organization does not work for another. While the cultural register on the whole facilitated inclusion of more stakeholders at PRIVATE than would have been the case under the sole guidance of a familiar set of organization theory variables, at PTNBH it more often than not restricted the range of included stakeholders than would have been the case under the same set of organization theory variables. Thus, the cultural orientation of boards and their leaders operates to a significant degree within organizations, functioning as another institution-specific variable. In the worst cases, this variable can stifle stakeholders' voices and, in so doing, negatively affect an organization's governance performance. It plays a significant role in shaping the interactions between two of the most widely applied organizational theory variables: Stakeholder Theory and Resource Dependence Theory.

Chapter 7

DISCUSSION

7.1. Introduction

In this chapter, the findings from Chapters 5 and 6 are analyzed within the framework provided in Section 3.5.4. It is important to note here that in this research, stakeholder theory, resource dependence theory, and cultural orientation are not used as separate analytical tools. Instead, these three concepts make up a single mechanism: the structure of resource dependence; the way an organization of interest deals with its stakeholders; and the way in which an organization of interest prioritizes between the demands of individual stakeholders and the way in which these two other aspects of an organization of interest are structured are determined by the cultural orientation of that organization of interest. The mechanism as a whole is analyzed in terms of the financial and governance dimensions of the two case studies, and preliminary conclusions are drawn regarding the implications for budgeting in higher education in Indonesia.

7.1. Application of Theoretical Frameworks to University Budgeting

7.1.1 Stakeholder Theory and University Budgeting in PRIVATE and PTNBH Institutions in Indonesia

University budgeting in both PRIVATE and PTNBH institutions reflects a nuanced application of stakeholder management principles, underscoring the complex interplay between governance structures and financial decision-making in higher education. The budgeting processes at PTN-BH universities (PTNBH) and private universities (PRIVATE) show how stakeholder expectations and governance frameworks create different financial decision-making models, often leading to tensions between financial autonomy, regulatory compliance,

and stakeholder demands. This approach aligns closely with Freeman's (2010) which emphasizing the importance of considering the interests of all parties affected by institutional operations.

In PRIVATE institutions, the Waqf Board demonstrates a governance model that balances high-level oversight with administrative autonomy. By focusing on strategic direction rather than daily operations, this structure fosters innovation and adaptability among administrators. For Instance, The Waqf Board's hands-off approach enabled several faculties to create their own income-generating programs through executive education and consultancy services and facility rentals.

The analysis shows that administrators viewed their freedom to operate as both a duty and a chance to develop innovative solutions for market requirements and external stakeholder requirements. This model aligns with Donaldson and Preston's (1995) assertion that effective stakeholder management positively influences organizational performance, enabling institutions to address diverse stakeholder needs, including students, faculty, and the community. This autonomy allows PRIVATE institutions to remain responsive to changing educational demands (Simpson and Marinov, 2016). Even though financial autonomy gives benefits, at the same time, it brings risks, as PRIVATE institutions become highly vulnerable to fluctuations in student enrolment, donor contributions, and external market pressures, requiring more sophisticated financial management strategies (Hong, 2023; Kohtamäki, 2011; Thoa and Nhi, 2022; Waluyo, 2018).

Conversely, PTNBH institutions employ a governance framework led by the Majelis Wali Amanat (MWA), which integrates strategic policymaking with operational independence. PTNBH, which has gained non-full autonomy through PTN-BH status, is still tied to government regulations. In the PTNBH case, partial autonomy highlights the gap between formal governance independence and flexibility in financial planning (Christensen, 2011;

Kalashnikova and Vlasova, 2022; Waluyo, 2018). This model highlighting the institution's reliance on managing resources and stakeholder relationships effectively (Pfeffer and Salancik, 2003). The MWA's active involvement in budget reviews and policy approvals underscores the importance of balancing diverse stakeholder interests while ensuring alignment with long-term institutional goals (Carver, 1991).

Recent research reveals a shift from traditional hierarchical governance models to more inclusive "hub and spoke[26]" approaches (Elrod and Fortenberry, 2017). This new paradigm places trustees at the center, fostering direct communication with stakeholders. These inclusive practices align with findings by the Association of Governing Boards[27], which emphasize the need for greater board engagement in risk management and strategic planning. Boards are increasingly proactive, transitioning from merely endorsing recommendations to assuming broader oversight roles (Kezar and Eckel, 2004).

However, challenges does persist. Governance cultures in higher education often feature hierarchical structures, opaque protocols, and imbalanced decision-making processes, as identified in recent studies (Brown, 2017; Pham and Goyette, 2019; Vidovich and Currie, 2011). The decision-making process at PTN-BH and PRIVATE universities shows similarities because top officials maintained control over decisions, blocking mid-level staff and teachers from making important choices. The budget proposal process at PTN-BH institutions involved sequential approval steps, which caused delays according to their respondents yet PRIVATE university participants explained how. These issues complicate efforts to create adaptive governance models capable of responding to external pressures while maintaining institutional

[26] *The "hub and spoke" governance model in higher education, as described by Elrod and Fortenberry (2017), positions the governing board (trustee body) at the centre of a network of direct relationships with multiple stakeholder groups — faculty, students, administration, government, and community — rather than communicating with them solely through institutional leadership. This contrasts with the traditional "hourglass" model, in which the board sits at the top of a hierarchy and information flows vertically through the executive leadership.*

[27] *https://agb.org/trusteeship-article/better-and-better-leveraging-assessment-for-ongoing-board-development/*

integrity (DeCaro et al., 2017; Janssen and Van Der Voort, 2016; Pereira and Ruysenaar, 2012). Furthermore, concerns about "hyper-financialization[28]" in university governance, where financial priorities overshadow academic missions, add complexity to the budgeting discourse, reflecting broader trends in the marketization of higher education (Marginson, 2013).

For PTNBHs, the legal and regulatory frameworks tied to their autonomous status enhance their ability to engage with diverse stakeholders. Mitchell et al.'s (1997) stakeholder salience model underscores this dynamic, where the varying influence of government bodies, private partners, and alumni is carefully managed to secure funding and maintain societal relevance. By actively fostering these relationships, PTNBH institutions ensure financial sustainability while addressing broader community needs. For example, the MWA achieves financial stability through its strategic partnerships with government entities, industry organizations, international bodies, and alums funding for scholarships and community programs. The practices show that formal stakeholder engagement mechanisms serve dual purposes as financial strategies and tools for maintaining social value and institutional credibility.

In conclusion, the governance structures of both PRIVATE and PTNBH institutions highlight an advanced application of stakeholder involvement in university budgeting. In PTNBH institutions, student and faculty participation in budgeting consultations ensures broader stakeholder input but this has also slowed down decision-making processes. In contrast, PRIVATE universities streamline budget development but risk lower stakeholder representation, particularly among students. By incorporating diverse stakeholder perspectives and balancing their interests, these institutions aim to enhance accountability, financial

[28] *The term "hyper-financialization" in higher education governance, discussed by Marginson (2013), refers to a governance culture in which financial performance metrics — revenue generation, cost efficiency, return on investment — come to dominate institutional decision-making at the expense of academic values, research freedom, and educational mission. The concept is relevant to both PRIVATE and PTNBH institutions, where revenue pressures from tuition dependence and government funding variability risk displacing long-term academic priorities.*

sustainability, and responsiveness to societal demands (Danso et al., 2020; Hörisch et al., 2020; Nguyen et al., 2024; Sebhatu and Enquist, 2022). Through student and faculty consultation, the budgeting process in PRIVATE institutions aligns with the Islamic governance principle of shura (consultation). The Islamic political and organizational thought bases its decision-making process on shura, which promotes inclusive stakeholder consultation and mutual discussion. The involvement of stakeholders in this context demonstrates both managerial effectiveness and ethical governance principles, which stem from religious tradition. These governance models not only resonate with theories used in this study but also reflect evolving practices in higher education, paving the way for more adaptive and inclusive approaches in an increasingly complex landscape (McCann et al., 2022; Riad Shams and Belyaeva, 2019; Vargas et al., 2021).

Budgeting procedures gain legitimacy through stakeholder engagement, yet this approach risks losing institutional focus when not adequately managed. According to Freeman (2010), organisations need to establish strategic definitions of their stakeholders while maintaining their legitimacy and focus. The stakeholder salience model developed by Mitchell et al. (1997) shows how organisations should prioritise stakeholder through their power levels, legitimacy, and urgency factors, yet complex stakeholder systems create decision-making ambiguity. The inclusion of stakeholders in South African Higher education has proven to create governance system strain and slow down decision process while generating internal conflict, according to Hall & Symes (2004), thus requiring a balanced and controlled approach.

The South African higher education governance process described by Hall & Symes (2004) shows characteristics similar to those of the PTN-BH system in Indonesia. The Majelis Wali Amanat (MWA) structure, which includes academic staff and students, government bodies, and external partners, expands representation while improving governance legitimacy. Stakeholder involvement leads to increased organizational complexity which results in longer

decision-making processes and internal conflicts. The main source of tension occurs when institutions attempt to maintain their academic freedom and operational flexibility against government-imposed accountability requirements and regulatory standards. In that regard, the findings correspond to the research by Hall & Symes that shows Indonesian institutions need to establish a strategic stakeholder engagement approach which reduces governance strain while enhancing legitimacy benefits.

A third observation between both cases is that stakeholder engagement in the budgeting process at PTNBH and PRIVATE is not purely procedural. As mentioned before, it is also a resource-dependence decision. The way PTNBH consults the MWA, the faculty senate, and other government stakeholders not only aims to gain legitimacy to implement budgets but also to manage the organization's dependence on state funding and approval from these stakeholders. On the other hand, PRIVATE manages its resource dependence through a trust relationship with a yayasan rather than with the state and government. The way stakeholder engagement is managed (formal and sequential vs. relational and staged) is influenced by the organization's cultural orientations towards decision-making and resources management. The case of PTNBH follows a musyawarah[29] decision-making approach, while PRIVATE follows an amanah-based stewardship approach. Thus, stakeholder engagement, resource dependence, and organizational cultural orientation are three interrelated dimensions to manage the budgeting process at PTNBH and PRIVATE.

[29] *Musyawarah (Indonesian: deliberation/consultation) is a traditional Indonesian decision-making process rooted in Javanese and broader Malay cultural practice. It emphasises reaching consensus (mufakat) through collective discussion rather than majority voting or top-down directives. In the governance context of Indonesian universities, musyawarah shapes how budget meetings are conducted, how conflicts between stakeholders are resolved, and how decisions are communicated — favouring harmony and consensus over direct confrontation.*

7.1.2. PTN-BH Status and Stakeholder Dynamics in Indonesian Higher Education

The PTN-BH (Perguruan Tinggi Negeri Badan Hukum) status which public universities in Indonesia receive signifies a significant change in their governance structure and stakeholder relationships. When universities receive increased autonomy, the stakeholder engagement and resource mobilisation will be affected. Universities must manage the various demands from government ministries, faculty members, students, industry partners, and society to maintain strategic decision legitimacy across all their stakeholders (Freeman, 2010). Central to the resource dependence perspective lies the idea that autonomy emerges as a strategy to decrease dependence on one funding source through revenue diversification and partnership development and not to mention state-market actor relationship management (Pfeffer and Salancik, 2003a). PTN-BH autonomy functions as an ongoing process of securing vital resources while maintaining legitimacy to support institutional goals and societal impact.

The role of the Majelis Wali Amanat (MWA) is central to this transformation. Acting as a strategic intermediary, the MWA actively engages with a diverse range of stakeholders, including government bodies, private sector partners, alumni networks, and internal university constituents. This engagement ensures that universities not only diversify funding sources—such as endowment funds and entrepreneurial ventures—but also remain responsive to evolving societal needs. The government's matching funds program for university endowments highlights the strategic opportunities available under this governance model, enabling institutions to enhance their financial sustainability while addressing broader societal challenges (Kathomi et al., 2022; Khan et al., 2022).

The MWA's efforts exemplify the importance of managing relationships to create value and ensure institutional success. By fostering partnerships and addressing stakeholder expectations, PTN-BH universities can better align their programs and initiatives with societal priorities. This approach expands on earlier research emphasizing the critical role of

governance in enabling universities to contribute to innovation, social equity, and economic development (Jongbloed et al., 2008).

Similarly, the PTN-BH model demonstrates an advanced strategy. The MWA's strategic cultivation of external relationships mitigates financial and operational risks while enhancing institutional resilience. By diversifying revenue streams and strengthening collaborative networks, PTN-BH institutions can navigate the complex funding landscape of higher education more effectively (Hong, 2023; Jongbloed and Vossensteyn, 2016; Kallio et al., 2022). These strategies resonate with the growing recognition of the importance of adaptive governance models in managing resource dependencies and maintaining organizational integrity (Hillman et al., 2009). The income-generation strategies at PRIVATE institutions follow Islamic financial ethics by avoiding riba (interest-based transactions) and seeking halal (permissible) funding sources[30]. The Shariah compliance committees serve as the operational force that evaluates financial instruments and partnerships to ensure their Shariah compliance. The ethical frameworks enable financial autonomy to be achieved without compromising the religious integrity of the institution.

However, the transition to PTN-BH status also brings challenges. While increased autonomy offers significant opportunities for innovation, it necessitates robust internal governance mechanisms to ensure accountability and strategic alignment (Dingge, 2024; Murodovich, 2025; Simpson and Marinov, 2016). The MWA's collaboration with the University Senate and executive leadership illustrates how governance structures can balance operational freedom with institutional oversight. This internal integration helps align financial decisions with academic priorities, addressing concerns about accountability and resource mismanagement.

[30] *Halal (permissible under Islamic law) funding sources at PRIVATE include income from waqf-endowed properties, tuition fees, Sharia-compliant investment instruments (sukuk, mudharabah), and philanthropic donations. Funding involving riba (interest), gambling, alcohol, or other prohibited activities is excluded regardless of financial value.*

The findings further highlight the tension between autonomy and accountability in PTN-BH institutions. As universities gain financial independence, they face growing pressure to implement effective resource management practices while adhering to broader regulatory and societal expectations. This dynamic underscores the need for governance models capable of adapting to rapidly changing external environments without compromising institutional missions (Christensen, 2011). In the Indonesian PTNBH context, such pressures arise not only from lingering bureaucratic oversight but also from dependency on tuition revenues and heightened expectations from stakeholders, including government, industry, and students, all of which were evident in the empirical findings.

This tension mirrors global patterns. The implication of Vietnamese and Chinese bureaucratic reform to enhance autonomy faced opposition from bureaucratic forces which dominate these systems (Christensen, 2011; Jarvis and Mok, 2019). The Finnish education reform system support autonomy through governance training, according to Kohtamäki (2011). Jarvis & Mok (2019) and Christensen (2011) present their similar autonomy implementation challenges in Vietnam and China, thus calling for the need of proceeding with changes more cautiously.

Stakeholder engagement in Indonesia combines regulatory requirements with cultural traditions. The stakeholder management process in Indonesian universities differs from Western systems given that it combines formal and informal actors and operates within traditional musyawarah deliberation and collectivist framework (Dzakiy et al., 2024; Sukoco et al., 2021). As outlined in prior work, the participatory approach pursued in this environment produces slower decision making but strengthen social legitimacy according to Agusdinata (2022) and Febriansyah et al. (2020).

In conclusion, the PTN-BH status significantly enhances universities' capacity to navigate the complexities of stakeholder relationships and resource dependencies. By fostering

proactive engagement with diverse stakeholders and leveraging newfound autonomy, this governance model supports the development of financially sustainable and socially impactful higher education institutions. The evolving role of the MWA, as both an oversight body and strategic partner, exemplifies the potential of adaptive governance structures to balance stakeholder interests, manage resources effectively, and maintain institutional relevance in an increasingly complex educational landscape.

7.2. Governance Structures and Financial Decision-Making

7.2.1. Balancing Stakeholder Interests in the Budgeting Processes of Indonesian PRIVATE and PTNBH Institutions

Balancing stakeholder interests in the budgeting processes of PRIVATE and PTNBH (Perguruan Tinggi Negeri Badan Hukum) institutions in Indonesia is a multifaceted challenge that requires adaptive governance structures and strategic decision-making. The governance models of these institutions, particularly the roles of the Waqf Board in PRIVATE universities and the Majelis Wali Amanat (MWA) in PTNBH institutions, illustrate how diverse stakeholder needs can be addressed while ensuring financial sustainability and institutional mission alignment.

Recent research highlights a shift in governance models from traditional centralized structures to more inclusive frameworks, such as "hub-and-spoke" designs, which facilitate direct communication and collaboration among governing bodies and stakeholders (Estermann et al., 2021). This evolution enhances transparency and responsiveness, enabling governing boards to address stakeholder needs more effectively. For instance, the Waqf Board oversees the management of waqf properties in PRIVATE universities, ensuring that resources are allocated to align with donors' intentions while balancing the needs of beneficiaries, the university, and regulatory bodies. Such practices underscore the importance of recognizing and

managing a diverse set of interests to maintain legitimacy and institutional effectiveness (Freeman, 2010).

In PTNBH institutions, the MWA functions as a strategic oversight body, actively engaging in budget reviews and strategic planning. This aligns with Pfeffer and Salancik (2003a) idea, which underscores the importance of managing external resource dependencies. By cultivating relationships with internal stakeholders (faculty, students) and external partners (government, private sector), the MWA enhances the university's ability to secure diverse funding sources and allocate resources in line with institutional priorities. This proactive involvement ensures that financial strategies address both academic missions and stakeholder expectations.

The increasing complexity of regulatory environments adds another layer to governance challenges. For instance, regulatory changes have formalized the roles of governing boards in areas such as financial compliance and accountability. This shift reflects broader trends in higher education governance, where institutions must navigate stricter external standards while maintaining autonomy (Shattock, 2006). These developments require governing bodies to adopt adaptive strategies that balance regulatory demands with institutional goals.

The progress made in this field continues to face ongoing difficulties. Institutions' scarcity of financial resources requires them to make difficult choices between various competing needs. For PTN-BH universities tuition fees have become essential revenue sources, yet fee increases face political challenges because they meet resistance from students and government officials. The difference between faculty compensation at PRIVATE institutions and PTN-BH institutions stems from PRIVATE institutions using foundation support to offer flexible incentives. At the same time, PTN-BH staff members face civil-service restrictions that limit their compensation potential. The available funds do not match the ambitions for

campus infrastructure development, according to respondents who explained that PTN-BH faces bureaucratic delays for upgrades.

Meanwhile, PRIVATE institutions struggle to access endowment resources. The funding for research stands as a critical area of strain because PTN-BH universities are developing industry partnerships. Yet, both models heavily depend on scarce government funding, which restricts their ability to build globally competitive research portfolios. The unresolved pressures demonstrate how financial requirements conflict with educational goals (Marginson, 2013) because resource limitations force daily governance decisions instead of providing a direct route to autonomy.

The analysis shows the importance of balancing stakeholder input with institutional focus. Here, institutional focus refers to maintaining the university's core mission and strategic priorities, ensuring that stakeholder engagement supports rather than diverts from its identity and long-term direction. According to Jongbloed et al. (2008), European universities must carefully select their stakeholders and identify the right degree of differentiation to prevent stakeholder overload from undermining governance and slowing decision making. Jaquette (2013) studies how liberal arts colleges evolve into larger, tuition-based universities to show how competitive force lead to mission drift. It implies that universities gradually adopt revenue-focused strategies while losing their academic identity.

These studies to some extent reflect on evolving Indonesian context. The budgeting process at PTN-BH institutions faces delays because multiple stakeholders, including the Majelis Wali Amanat (MWA) and internal leadership and external parties, maintain conflicting priorities, thereby stimulating internal tension. The process of reaching consensus between state performance indicator requirements and academic community expectations sometimes results in delayed decisions and reduced strategic clarity. As the findings demonstrate stakeholder engagement can contribute to building legitimacy but as argued by Jongbloed et

al. (2008) and Jaquette (2013), institutions need to maintain a proper balance to protect their identity and operational flexibility in the Indonesian higher education system.

Internal governance cultures also pose challenges. Hierarchical structures and skewed decision-making processes can hinder effective stakeholder engagement and collaborative decision-making (Hall* et al., 2004; Middlehurst, 2004). The Indonesian cultural environment restricts open stakeholder expression because it emphasizes seniority respect and avoids direct authority challenges and seeks peaceful resolutions instead of conflicts (Rakhmani and Sakhiyya, 2024; Rochmansjah and Saputra, 2024). Addressing these cultural dynamics is crucial for fostering inclusive governance environments that reflect diverse stakeholder perspectives (Cobian et al., 2024; Hsieh, 2023; Wise et al., 2020).

These cultural dynamics were evident in the empirical findings. The PTNBH institutions demonstrated this practice through their budgeting meetings, which used consensus-building and negotiation instead of direct senior figure confrontation because respondents avoided direct confrontation with senior figures, as mentioned by the interviewee. Meanwhile, interviewees from PRIVATE explain that the PRIVATE university's decision-making process was influenced by its board members who were connected to the foundation because administrators worked to match their proposals with senior expectations before submitting them officially. The examples show how seniority and harmony norms in Indonesian culture affect governance by maintaining unity but restricting the ability to challenge ideas directly. enhanced induction and training programs for new governors appear to be important in terms of equipping them with the skills needed to navigate complex governance landscapes, improving overall effectiveness and responsiveness to change (Kezar, 2006).

In conclusion, balancing stakeholder interests in the budgeting processes of PRIVATE and PTNBH institutions have established consultative budgeting forums and shared decision-

making structures to address legitimacy demands and meet the expectations of key actors, including government regulators, academic communities, and donors. Private and PTN-BH universities adjust their governance systems because of financial instability and external funding requirements which results in strategic selection of particular stakeholder voices above others. By fostering transparency, accountability, and collaboration, governance bodies can address stakeholder needs while ensuring financial sustainability and institutional mission alignment.

Ultimately, while cultural diversity remains an essential part of institutional identity in Indonesia, the findings highlight the fact that financial resilience is more crucial than cultural representation in university budgeting. As higher education institutions continue to evolve in response to regulatory, financial, and societal pressures, adaptive governance strategies will be essential for their long-term success.

7.2.2. Governance in Private Universities: Balancing Oversight, Autonomy, and Adaptability

The governance model employed by private universities, exemplified by PRIVATE institutions in Indonesia, represents a dynamic balance between high-level oversight and administrative autonomy. This approach highlights how institutions can effectively manage stakeholder relationships and critical resources while maintaining adaptability in a competitive higher education landscape.

At the core of this model is the role of the Waqf Board, which focuses on strategic oversight, particularly in financial and resource management, without interfering in day-to-day operations (Herrmann, 2011; Massicotte and Henri, 2021). This approach allows university administrators the autonomy to respond flexibly to the diverse needs of students, faculty, and the broader community (Jongbloed et al., 2008). By maintaining alignment with the

institution's mission while delegating operational decision-making, the PRIVATE model exemplifies a collaborative approach to governance that integrates stakeholder interests into institutional strategy.

The PRIVATE model underscores the importance of managing external dependencies and internal resources. The two-stage approval process, wherein "the endowment board approves plans once they have been approved by the university" [PRIVATE2], illustrates the balance between accountability and autonomy. This process ensures that institutional strategies align with broader goals while enabling administrators to craft and implement resource management plans that respond to evolving challenges. This governance structure mirrors the resource-based view (Barney, 1991), leveraging the institution's unique capabilities for sustained competitive advantage. For instance, the endowment board reviews professional courses and consultancy services which administrators create through vetted internal processes. The multi-step approval process protects the institution from funding denial while focusing resources on initiatives that bring maximum value to the institution. PRIVATE institutions maintain their competitive edge through financial innovation, which they integrate into their current governance systems to turn limitations into operational strengths.

Recent research further highlights the evolution of governance models in private universities, with notable shifts from traditional "hourglass" structures to more inclusive "hub-and-spoke" approaches. This new model positions trustees at the center of decision-making, facilitating direct engagement with diverse stakeholders and enhancing shared governance. Such inclusive frameworks align with the trend toward greater board involvement in strategic planning and risk management, extending beyond traditional roles to proactively address emerging challenges in higher education (Kezar and Eckel, 2004).

Additionally, regulatory developments in global contexts, such as the establishment of formal oversight bodies like the Office for Students[31] in the UK, underscore the increasing formalization of governance frameworks (Soobaroyen et al., 2019). These shifts highlight the need for private universities to adapt to more structured compliance requirements while balancing institutional autonomy. However, concerns about the "hyper-financialization" of governance, where financial priorities overshadow academic and research missions, reflect the ongoing tension between market-driven imperatives and educational goals (Marginson, 2013).

The PRIVATE model also addresses internal governance challenges, such as hierarchical structures, complex protocols, and uneven decision-making processes. By fostering collaboration between the Waqf Board and university administrators, particularly in financial planning and resource allocation, PRIVATE institutions mitigate these challenges. The involvement of both entities ensures realistic revenue predictions and aligns policies with long-term objectives, enhancing institutional resilience in a dynamic environment.

In conclusion, private universities have evolved their governance systems through continuous adjustments to stakeholder needs and resource availability. Establishing participatory structures, including faculty boards and Yayasan representation and consultation forums, has helped them improve legitimacy while maintaining stakeholder expectation alignment. Financial dependence on tuition fees and donor funding has led private university to focus on resource acquisition strategies maintaining regulatory compliance at the same time, protecting their autonomy while fulfilling external obligations. The governance framework emerges from these influences, which maintain oversight and autonomy while being adaptable. The findings show the importance for Private universities tomaintain adaptive and inclusive

[31] *The Office for Students (OfS) is the independent regulator of higher education in England, established by the Higher Education and Research Act 2017. It registers and oversees universities and colleges, setting conditions relating to quality, standards, governance, and student protection. Its establishment represents a significant formalisation of governance oversight in the UK higher education sector, referenced here as a comparative international example of increasing regulatory formalisation.*

strategies that address financial, regulatory, and cultural challenges to protect their educational mission and societal contribution.

7.2.3. PTN-BH Status and Financial Flexibility in Indonesian Higher Education: Opportunities and Challenges

The PTN-BH (Perguruan Tinggi Negeri Badan Hukum) designation for certain public universities in Indonesia represents a transformative shift in higher education governance. By granting these institutions greater financial flexibility and autonomy, the government aims to empower them to address complex institutional needs, enhance research productivity, and contribute more effectively to national development. However, the implementation of this status reveals a nuanced picture, reflecting both opportunities and challenges that require strategic governance and policy innovation.

At the heart of PTN-BH governance is the Majelis Wali Amanat (MWA), a body tasked with overseeing budgetary decisions and ensuring alignment with institutional objectives. The MWA's active involvement in budget reviews demonstrates a strategic application of resource controlling, enabling these universities to manage resource dependencies more effectively. By reviewing proposals submitted by the University Senate, the MWA ensures that financial allocations prioritize long-term goals such as strengthening research infrastructure, expanding community outreach, and fostering academic excellence. This process serves as a critical checkpoint, addressing potential inefficiencies and maintaining a balance between competing institutional priorities.

The financial flexibility granted by PTN-BH status also allows these universities to diversify revenue streams, a critical strategy for reducing dependence on government funding. As mentioned by the respondents from PTNBH and PRIVATE, they utilise their asset as income generator. In case of PTNBH, they use their asset and network to funding the activities

also increasing staff efficiency, while in PRIVATE they share the asset to their partners to do research. The MWA plays a pivotal role in fostering external partnerships, securing funding from industry, alumni, and international collaborations. This aligns with global trends in higher education governance, where public-private partnerships (PPPs) and the commercialization of research outputs are increasingly seen as viable strategies for financial sustainability (Sergi et al., 2019).

The PTN-BH legal framework introduced reforms that established performance-based budgeting and market demand response agility through funding allocation tied to performance targets and internal financial management flexibility (Pratolo et al., 2020). The system has evolved to enable universities to implement performance-based budgeting through key performance indicators for teaching, research, and community service, and to establish quick budget reallocation processes for new opportunities (Sriyono et al., 2024). The combination of market-focused program development leadership and external partnership building with PTN-BH institutions enables them to stay competitive in the fast-changing educational environment. PTNBH 5 mentioning that due to the main character of PTN-BH institution which have to independent in financing their activities.

However, recent research highlights that the practical implementation of PTN-BH status has not fully realized its intended outcomes. Studies by Jarvis & Mok (2019) and Rakhmani & Siregar (2016) point to challenges such as entrenched government bureaucracy and the dual identity of academics as civil servants, which hinder the intended autonomy and research productivity. Despite having the authority to manage their own endowment funds, these institutions often struggle to escape administrative constraints, limiting their ability to innovate and achieve meaningful results in enhancing their research environments.

This study align to Jarvis & Mok, and Rakhmani & Siregar's concerns by demonstrating how bureaucratic procedures, which require multiple approval levels for budget reallocations,

directly prolong the time needed to start research projects. The study introduces a novel perspective through its demonstration of how state-established performance indicators influence research priorities, which may result in compliance-based outputs instead of innovative, high-impact research. As the findings show leadership capacity and internal governance culture strongly influence how PTN-BH institutions handle these structural challenges because different institutions demonstrate varying effectiveness in this regard.

The broader landscape of Indonesian higher education governance also demonstrates significant disparities between public and private institutions. While PTN-BH universities benefit from policies favouring infrastructure development, lecturer placement, and research funding, private universities, despite their overwhelming numbers, face unequal treatment. This imbalance calls for a re-evaluation of government policies to ensure a more equitable higher education ecosystem (Le et al., 2020).

Furthermore, the evolving policy environment introduces new dynamics. The Independent Learning Campus Policy, introduced by Indonesia’s Ministry of Education, provides automatic re-accreditation and streamlined pathways for public universities transitioning to PTN-BH status. While these measures enhance institutional flexibility for public universities, they risk exacerbating the existing divide between public and private sectors, potentially sidelining private institutions from the benefits of these reforms.

Amid these developments, there is growing interest in adopting the "higher education as industry" model, which emphasizes independence, professionalism, and financial self-reliance (Slaughter and Leslie, 1997). Proponents argue that this approach could reduce the financial burden on the government while enabling universities to compete in global education markets. The PTN-BH reforms demonstrate limited advancement because institutions have started to diversify their revenue streams and establish external partnerships. ongoing bureaucratic challenges have persisted and reflect that Bok's (2009) has argued that flexibility-

based autonomy can be threatened by commercialization forces that damage academic values. This is not surprising as extent work shows that Indonesian universities face similar challenges in achieving complete autonomy as faced by European and Chinese and Vietnamese reform efforts have encountered similar obstacles (Christensen, 2011; Jarvis and Mok, 2019). The analysis combines positive industry-oriented reform elements with cautionary warnings to present a balanced understanding of PTN-BH by showing modernization potential alongside resource-based and value-based risks.

The PTN-BH leaders demonstrated comparable patterns in their interviews because multiple approval stages and performance requirements restrict their ability to diversify revenue streams, even though they have official flexibility to do so. The research shows that PTN-BH faces an identical problem, which demonstrates how bureaucratic and political interference limit the autonomy of all institutions.

In conclusion, the PTN-BH status reflects an ambitious effort to modernize Indonesian higher education governance by granting public universities increased autonomy and financial flexibility. The active role of the MWA and the diversification of revenue sources position these institutions to address evolving challenges and opportunities. However, the persistent issues of bureaucratic constraints, disparities between public and private institutions, and the uneven benefits of recent policies underscore the need for more inclusive and adaptive governance models (Egeberg, 1999; Peters, 2015; Scott et al., 2016). As Indonesia navigates this complex landscape, nuanced policies and collaborative strategies will be essential to achieving a balanced, competitive, and equitable higher education system.

The development of governance reforms depends on two fundamental factors: stakeholder accommodation needs and external resource dependence. The concept of inclusivity functions as a mandatory organizational requirement for legitimacy instead of being a directive policy approach (Lenz and Viola, 2017) while adaptability demonstrates the

ongoing process of securing resources and preserving institutional independence in competitive markets (Fisher et al., 2016).

7.2.4. Organizational Structures and Decision-Making Processes in Indonesian Universities

The organizational structures and decision-making processes in PRIVATE and PTNBH universities in Indonesia reflect distinct approaches rooted in their institutional contexts, governance requirements, and stakeholder relationships. These differences, when examined through stakeholder theory and resource dependence theory, provide critical insights into how these institutions manage governance and resource allocation while addressing the evolving challenges of higher education.

PRIVATE universities, guided by the Waqf Board, prioritize high-level oversight while maintaining a clear distinction between strategic governance and operational management (Stikeleather, 2017). This approach enables the university administration to respond flexibly to the needs of students, faculty, and the community, while ensuring alignment with the institution's long-term mission. The composition of the Waqf Board, typically including representatives from the Muslim community and experts in legal and financial matters, reflects an effort to integrate diverse perspectives into decision-making. The Islamic concept of amanah (trust) guides financial managers to maintain ethical responsibility in their spiritual and moral duty to protect institutional resources. The budget decisions at Islamic higher education institutions follow two principles: they must be both strategically sound and transparently use public and donated funds to benefit education and society. Financial responsibility in Islamic ethics is a professional and religious obligation that guides all financial actions. Such diversity is essential for balancing stakeholder interests while focusing on strategic priorities. Moreover, specialized committees such as Shariah and Investment Committees enhance governance by

leveraging expert knowledge, aligning with resource management to address critical financial and operational challenges.

According to Jay (2013), conflict should be embraced rather than resolved because this approach leads to innovation. These findings from both PTN-BH and PRIVATE universities, where respondents described budgeting tensions between boards, senates, and administrators that were managed through negotiation rather than elimination, show that complexity should not always be, solved, but sometimes strategically accepted. According to Greenwood et al., (2011) and Jay (2013) suggest that institutional complexity is not always a problem to fix but a dynamic to strategically engage with - a concept that deepens your analysis of budgeting tensions and governance adaptation.

In contrast, PTNBH institutions, governed by the Majelis Wali Amanat (MWA), adopt a more active and hands-on role in governance and decision-making. The MWA's involvement in policy approvals and budget reviews underscores a commitment to aligning institutional strategies with stakeholder needs and external pressures. This approach allows PTNBH universities to respond dynamically to the demands of a competitive higher education landscape.

Interviewees at PTN-BH stressed that, despite the legal autonomy, bureaucratic procedures still slowed research and financial processes. One respondent noted that because academics remain classified as civil servants, 'funding reallocations require multiple approvals and cannot be done quickly' (PTNBH4). However, ongoing challenges in fully realizing the potential of PTNBH autonomy have experienced, including setting up the standard costs.

Bureaucraticly constraints, academics continue to be employed under civil-service rules, which tie their salaries, promotions, and administrative procedures to government systems, have hindered progress in enhancing research productivity and institutional management, as noted by Jarvis & Mok (2019) and Rakhmani & Siregar (2016). Consistent

with our interviews, PTN-BH respondents explained that because academic staff remain under civil-service rules (salary scales, procurement, SBU cost standards), reallocating research and operating funds requires multiple approvals and slows delivery (e.g., PTNBH4; PTNBH9).

University boards in Indonesia function through legal and bureaucratic uncertainty according to Risanty & Kesuma (2019); such is a common practice across a range of countries (Kováts et al., 2024). PTN-BH institutions have boards that serve both strategic and symbolic purposes. At the same time, their mandates overlap with political involvement (Reschiwati et al., 2021), and private universities tend to reflect religious or familial influence (Suyadi et al., 2022). The hybrid nature of this space together with its contested elements questions established beliefs about board autonomy and effectiveness.

Good University Governance[32] (GUG) principles have become a critical framework for PTNBH institutions to address these challenges. A review by Riana & Hadiwidjaja (2024) revealed that implementing GUG positively impacts institutional performance, aligning with government mandates like Permendikbud No 4 of 2020, which requires PTNs transitioning to PTNBH status to adhere to GUG standards. Similarly, diagnostic studies by the Knowledge Sector Initiative[33] (KSI) emphasize the need for improved research governance and the strengthening of research management bodies (LPPM), highlighting an area where both PRIVATE and PTNBH institutions must enhance strategic capacity.

[32] *Good University Governance (GUG) is a framework introduced by Indonesia's Ministry of Education (Permendikbud No. 4 of 2020) requiring universities transitioning to PTN-BH status to adhere to principles of transparency, accountability, responsibility, independence, and fairness (TARIF). GUG draws on the broader Good Corporate Governance (GCG) framework adapted for the higher education sector, and its implementation is assessed through regular institutional reviews by the Directorate General of Higher Education.*

[33] *The Knowledge Sector Initiative (KSI) was a joint initiative between the Indonesian government and the Australian government (managed by Palladium on behalf of the Australian Department of Foreign Affairs and Trade) aimed at strengthening the role of research and evidence in Indonesian public policy. Its diagnostic studies on Indonesian university governance, particularly concerning research management bodies (LPPM), are referenced here as an external evaluation of institutional capacity gaps in research governance.*

Recent policy shifts under the Kampus Merdeka[34] initiative further illustrate the evolving governance landscape. Both PRIVATE and PTNBH institutions now enjoy greater autonomy in curriculum development, including the ability to establish new study programs with international partnerships. This decentralization represents a significant step toward reducing bureaucratic rigidity, allowing universities to align more closely with global standards and market demands.

In conclusion, the organizational structures and governance practices in PRIVATE and PTNBH universities demonstrate contrasting yet complementary approaches to managing institutional challenges. PRIVATE institutions emphasize strategic oversight and stakeholder-driven decision-making, while PTNBH universities focus on active engagement and adaptability to external pressures. Both models face unique challenges but offer valuable lessons for improving governance and decision-making processes (Liu, 2020, 2017). By leveraging principles of stakeholder and resource dependence theories, these institutions can navigate the complexities of higher education governance while fostering innovation, accountability, and quality improvement.

Table 7. 1 Structural and Operational Distinctions between PRIVATE and PTN-BH Universities

Aspect	**PRIVATE Universities**	**PTN-BH Universities**
Governance focus	Strategic oversight with high stakeholder representation	Active engagement, flexibility to adapt to policy and market changes

[34] *Kampus Merdeka (Independent Campus) is an Indonesian higher education policy initiative introduced by the Ministry of Education under Minister Nadiem Makarim in 2020. It grants universities, particularly those with PTN-BH status, greater autonomy in curriculum development, including the right to establish new study programmes with international partnerships and to allow students to undertake up to three semesters of learning outside their home faculty. The policy is part of a broader Merdeka Belajar (Independent Learning) reform agenda aimed at increasing higher education relevance and flexibility.*

Decision-making style	Stakeholder-driven, formalized processes	Responsive, agile, emphasis on external partnerships
Strengths	Strong legitimacy, stakeholder trust	Agility in responding to external pressures and market demands
Funding sources	Heavy reliance on tuition fees and donor contributions	Diversified: government grants, industry partnerships, commercialization
Autonomy	Institutional autonomy within private legal frameworks	Autonomy via PTN-BH status, but moderated by government oversight
Key challenges	Balancing stakeholder demands with mission	Navigating bureaucracy, uneven reform benefits, commercialization pressures

7.2.5. Governance and Financial Management Structures of PTN-BH and PRIVATE Universities

This section unites findings about Stakeholder Theory and Resource Dependence Theory to analyse governance and financial management systems between PTN-BH and private universities in Indonesia. Applying these theories to Indonesia requires researchers to consider cultural elements when analyzing stakeholder interactions and resource dependencies. The combination of hierarchical structures, consensus-based decision-making, *gotong royong* mutual cooperation, waqf-based philanthropy, and the national value of "Unity in Diversity[35]" determines how institutions obtain legitimacy and access resources. The table 7.3 demonstrates

[35] *"Unity in Diversity" (Bhinneka Tunggal Ika) is Indonesia's national motto, derived from Old Javanese and meaning "although divided, yet one." It reflects the country's philosophy of managing ethnic, linguistic, religious, and cultural plurality within a unified national identity. In the higher education context, this motto is sometimes invoked to frame how universities manage diverse stakeholder communities and governance bodies, though — as this study demonstrates — financial constraints tend to override cultural diversity considerations in actual budgeting decisions.*

how cultural norms and structural frameworks affect stakeholder relationships and resource access between public universities and private institutions in Indonesia.

Table 7. 2 Comparative Application of Stakeholder Theory and Resource Dependence Theory to PTN-BH and Private Universities in Indonesia

Theoretical Lens	**PTN-BH (Public Autonomous University)**	**PRIVATE (Islamic University/Yayasan-based)**	**Key Differences (with Cultural Factors)**
Stakeholder Theory	The Board of Trustees (MWA) serves as the state-based organization which connects multiple stakeholders in the system. The formalized engagement process operates through hierarchical structures that enforce harmony norms which prevent open conflict from emerging. The student protests provide a	The yayasan serves as the central point of influence for stakeholders who operate under its discretionary power with paternalistic tendencies. The budgeting process at the institution upholds both the *gotong royong* values and religious legitimacy because decisions rely more on trust and moral duties than on established	PTN-BH operates through bureaucratic stakeholder engagement because it follows state supervision and consensus-based decision-making procedures. The PRIVATE organization bases its stakeholder relationships on trust bonds, religious devotion, and social connections within the community. The two institutions practice "Unity in Diversity" by accepting diverse perspectives, but they use harmony norms to prevent open conflicts.

	means for students to express their opinions, yet they fail to produce significant changes in the system. The system faces delays because of numerous stakeholders but achieves higher acceptance from the community because of its emphasis on reaching consensus.	procedures. The foundation maintains its priorities above all else, while academic perspectives hold a lower position.	
Resource Dependence Theory (RDT)	The PTN-BH institution depends on state funding and needs official authorization to operate. The political environment together with cultural acceptance of state control restricts efforts to expand	The institution depends on tuition fees and foundation-managed funds but expands its financial base through grants, fee-based programs, and waqf donations. The cultural practice of *gotong royong*, together with Islamic philanthropy,	The PTN-BH institution shows how state support enables institutional self-governance, while the PRIVATE institution depends on market forces and foundation backing for its operations. The RDT model faces modification through Indonesian cultural practices because dependence exists as a combination of communal,

	student enrolment and boost operational performance. The hierarchical system protects institutions from uncertainty but makes them more dependent on state control.	supports organizational flexibility. The foundation exercises authority that limits institutional autonomy because its decisions follow religious and communal principles.	religious and moral responsibilities.

The governance and financial management structures of PTN-BH and PRIVATE universities in Indonesia exhibit distinct approaches shaped by their unique institutional contexts, stakeholder dynamics, and operational challenges. The stakeholder dimension shows how different actors negotiate legitimacy, while the resource dimension explains how financial and operational dependencies affect strategic choices. Together, these perspectives offer a more comprehensive understanding of the governance and financial management differences between PRIVATE and PTN-BH institutions.

In PTN-BH institutions, governance is characterized by the active engagement of the Majelis Wali Amanat (MWA). The MWA plays a central role in decision-making processes, including budget reviews and strategic policy approvals, ensuring alignment between financial decisions and institutional objectives. The composition of the MWA, which includes representatives from the government, academic community, and society, emphasis on incorporating diverse perspectives to balance the interests of multiple stakeholders. This participatory approach enables PTN-BH institutions to manage critical resources effectively while addressing external pressures and opportunities. However, the implementation of this

governance model has faced significant challenges. Research by Jarvis & Mok (2019) and Rakhmani & Siregar (2016) highlights that PTN-BH institutions have struggled to achieve their goals of autonomy and research productivity, partly due to the continued influence of government bureaucracy and the classification of academics as civil servants.

PRIVATE universities, on the other hand, adopt a governance model centered on the Waqf Board, which provides high-level strategic oversight while delegating day-to-day operational and financial management to the university administration. This separation between governance and administration enables PRIVATE institutions to maintain agility in the face of evolving challenges, strategically utilizing their internal strengths and external connections to adapt within a dynamic higher education landscape. As noted, "The endowment board does not influence the technical aspects of the budget system or the details of the programs," ensuring that administrators retain autonomy to implement policies effectively. However, this model also faces limitations, such as ensuring that operational decisions align with the institution's long-term strategic goals and stakeholder expectations.

The disparities between these governance models are further exacerbated by systemic inequalities in Indonesia's higher education landscape. Despite private universities outnumbering public institutions (Qureshi and Khawaja, 2021), government policies often favor state-owned institutions in terms of infrastructure, research funding, and lecturer placements, as highlighted by the (Ahmadin, 2024; Rubin et al., 2023). This inequity underscores the need for more balanced support mechanisms to ensure equitable opportunities for private universities to thrive.

While governance inclusion is vital, systemic inequities persist. The funding allocation between public universities and PRIVATE institutions remains uneven since public institutions receive larger support (Le et al., 2020). The interviews confirmed this point because PTNBH4 and PTNBH9 participants stated that government funding through endowment and research

funds enabled them to build better infrastructure and programs. The PRIVATE leaders (PRIVATE3 and PRIVATE6) stated their funding came from tuition fees and limited foundation and waqf support, which made them less competitive for research grants and national prestige. Kezar (2006) emphasizes that even within systems claiming formal equality, governance effectiveness is shaped by uneven access to information, political ties, and board engagement – reinforcing that equity requires more than structural uniformity. These findings in many ways support the arguments made by scholars such as by Le et al. and Kezar supports the argument about equity because it demonstrates that policy access and power dynamics matter beyond structural equality, enhancing the case for reform.

Emerging trends in Indonesia's higher education policy also impact governance dynamics. The "Independent Learning Campus" (Kampus Merdeka) policy, introduced by the Minister of National Education, has created opportunities for universities to enhance their autonomy and flexibility. This includes measures such as streamlined processes for transitioning public universities to PTN-BH status. While these initiatives primarily benefit public universities, they also highlight the government's broader push to encourage independence and professionalism in higher education governance. However, as the concept of "higher education as industry" gains traction, significant changes to funding structures and governance models will be required to ensure that both public and private institutions can adapt effectively (Teixeira, 2020).

Table 7.3 indicate this study result shows that Stakeholder Theory and RDT need reinterpretation for their application in the Indonesian context. The concept of stakeholder legitimacy in Indonesia encompasses cultural elements, including hierarchy, harmony, and collective identity, in addition to power and salience. The results also validate and expand the initial Chapter 1 finding, which shows how Indonesian higher education governance operates through the Unity in Diversity ethos, demonstrate that institutional autonomy exists only

partially, and that Western-based theories need cultural adaptation when used in non-Western governance systems. This study shows that autonomy depends on cultural principles and structural requirements. This study enhances knowledge about Indonesian higher education governance while expanding Stakeholder Theory and RDT theory application to diverse cultural environments.

In conclusion, the comparative analysis of PTN-BH and PRIVATE universities reveals two distinct governance approaches that reflect their respective institutional contexts. The PTN-BH model emphasizes active engagement and strategic oversight, suited to managing complex stakeholder relationships in public institutions, while the PRIVATE model prioritizes administrative autonomy and flexibility, enabling quicker adaptation to market demands and resource constraints. However Both models face unique challenges, from bureaucratic limitations in PTN-BH institutions to systemic inequities affecting PRIVATE universities. As outlined in prior work (Ali Mohammed, 2024; Espinoza et al., 2024; Ogunyemi, 2024; Woelert and Stensaker, 2025). Addressing these issues will require nuanced policies that balance autonomy, accountability, and equity across Indonesia’s higher education landscape.

Following the findings, it can be argued that governance models need to link their decision-making processes with stakeholder engagement legitimacy to secure essential resources for maintaining autonomy and adaptability. For instance, PTN-BH institutions may use stakeholder inclusion to develop public trust and policy backing while minimizing dependence on government funding. PRIVATE universities may focus more on market agility and resource diversification to maintain stakeholder confidence and educational values. The theoretical framework provides understanding about both the development of each model and its potential solutions to current challenges, for example PTN-BH institutions' ongoing bureaucratic and state rule negotiations and PRIVATE universities' use of foundation oversight and tuition fees to maintain flexibility. These findings shows that universities operate

dynamically because stakeholder influence and resource dependency mechanisms create ongoing changes that enable them to adapt effectively to Indonesia's shifting higher education landscape.

The findings of Sections 7.1 and 7.2 would not amount to much and would certainly not be fully explained by reference to RDT, stakeholder theory, and cultural analysis, respectively. It is the combination of the three that explains how PTNBH's MWA builds external partnerships through its network. As noted in Section 7.1, managing external resource dependencies for PTNBH's MWA is culturally managed through musyawarah (deliberation among stakeholders), and this must take into account that such dependencies have been diversifying over time. For PRIVATE, the fact that it is managed in accordance with amanah (stewardship) and that it is a Waqf (endowment) institution with a separate body, the Waqf Board, which maintains strategic distance from the organization, is enough in itself to explain its governance. This explanation cannot be derived by adding culture as an additional dimension to one already arrived at through reference to RDT and stakeholder theory. Rather, culture is the medium through which the two theories operate in these two institutions' respective contexts.

7.3. Financial Strategies, Revenue Diversification, and Resource Management

7.3.1. Revenue Diversification Strategies in PRIVATE and PTNBH Institutions: A Strategic Imperative

Revenue diversification has become a cornerstone strategy for higher education institutions in Indonesia, particularly PRIVATE universities and PTNBH (Perguruan Tinggi Negeri Badan

Hukum) institutions. Grounded in stakeholder theory (Freeman, 2010)[36] and resource dependence theory (Pfeffer and Salancik, 2003a), this approach enhances financial resilience, reduces dependence on singular funding sources, and strengthens institutional autonomy, all while aligning financial strategies with long-term educational missions.

In PTNBH institutions, the Majelis Wali Amanat (MWA) plays a pivotal role in revenue diversification by actively engaging with a broad array of stakeholders. By cultivating partnerships with government bodies, private sector entities, international institutions, and alumni networks, the MWA ensures that the institution can secure funding aligned with its strategic goals. The diversification process manifests through several operational channels, including campus facility rentals, collaborative research projects with industry and managed endowment funds, and targeted alumni fundraising and investment activities that follow regulatory guidelines. The faculty uses performance-based revenue targets to develop professional training courses and consultancy services, which produce supplementary income. The MWA guides these initiatives through strategic directives, which follow national higher education regulations to ensure institutional relevance and legitimacy over time.

PRIVATE universities also adopt robust strategies to diversify income, with the Waqf Board overseeing financial policies and adapting resource management to dynamic funding environments. Revenue predictions, informed by updates from both the foundation and the university, guide annual budget planning. The revenue streams of PTN-BH institutions include tuition fees, endowment returns, alumni contributions, industry partnerships, and facility rentals, however, the emphasis and governance arrangements differ from those of PRIVATE universities.

[36] *Freeman (1984, p.46) originally defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organisation's objectives." This foundational definition has since been refined and extended by numerous scholars, including Mitchell et al. (1997) whose salience model classifies stakeholders according to power, legitimacy, and urgency — the classification applied in this study.*

PTN-BH institutions use statutory bodies like the Majelis Wali Amanat to establish formal relationships with government and industry and international partners while expanding their initiatives across national and regional levels. PRIVATE universities use foundation-led governance to adapt quickly, but their scale of operation remains limited. The operational scope and decision-making authority differ between institutions, but the basic revenue sources remain the same. This funding approach demonstrates the practical application, as institutions strategically adapt to external resource conditions to safeguard financial stability while pursuing academic priorities.

The two institutions use revenue diversification through endowments, industry contracts, performance-based targets at PTNBH, tuition fees, waqf returns, and alums fundraising at PRIVATE to protect stability while advancing academic goals based on external resource availability. The two models decrease dependence on individual funding sources. Yet, PTNBH allocates new revenue to research and infrastructure development and innovation according to state requirements. In contrast, PRIVATE uses its funds to enhance teaching quality and student services because it depends on student enrolment and donor support.

The need for more sophisticated and strategically aligned revenue diversification efforts is discussed in prior work (Mac McCullough et al., 2024; Yan et al., 2023). Studies, such as those by (European University Association, 2008), advocate for comprehensive diversification strategies that integrate with institutional missions and long-term sustainability goals. This perspective moves beyond traditional methods by embedding financial planning into broader institutional risk management frameworks.

The emerging trends demonstrate new methods of diversification that both PTN-BH and PRIVATE universities implement through their observed strategies. The public–private partnerships (PPPs) of PTN-BH institutions with private sector actors and international organizations demonstrate the capacity enhancement opportunities Verhoest et al. (2010)

described for research, innovation, and infrastructure development. The participants from PTNBH identified research contracts with industry partners and government-backed endowment programs as essential factors for building research capacity. The potential of digital technologies to generate revenue matches the flexibility and responsiveness observed in the institutional practices documented in the findings. For instance the combination of online education, microcredentials, and digital services, according to EY 2022[37], creates new revenue streams that help institutions lead educational and market transformations.

Data analytics has transformed revenue diversification by providing institutions with exact methods to detect and improve funding possibilities. The findings show that PRIVATE universities use revenue forecasting to predict their income, while PTN-BH uses performance-based targets to demonstrate their initial steps toward data-driven approaches. Sophisticated analytics enable institutions to allocate resources optimally, maximizing returns from various revenue streams (Bowen and McPherson, 2016; Lindahl and Winship, 1992).

By combining traditional methods, such as expanding educational offerings and cultivating alumni networks, with cutting-edge strategies like digital transformation and cross-sector collaborations, PRIVATE and PTNBH institutions enhance their financial resilience. PTN-BH universities established micro-credential programs and short courses for industry professionals, which brought in extra tuition money and deepened their connections with industry partners (PTNBH 2, 5). The Waqf Board managed strategic endowment investments and alums fundraising campaigns, which generated sustainable funds for scholarships and infrastructure development at PRIVATE universities. The cross-sector partnerships between PTN-BH and local governments for research contracts and PRIVATE universities with private companies for training programs brought both financial support and improved reputation. These initiatives have collectively improved their capacity to handle economic uncertainties

[37] https://www.ey.com/en_ly/insights/education/are-universities-of-the-past-still-the-future

while investing in academic excellence and meeting changing stakeholder requirements. This multifaceted approach strengthens their ability to navigate economic uncertainties, invest in academic excellence, and meet stakeholder expectations. For example, PTNBH respondents (PTNBH2 and PTNBH5) explained that their short-course and micro-credential programs brought in revenue while building stronger.

The revenue diversification strategy enables autonomy, while it poses the risk of market drift. Bok (2009) assert that pursuing commercialization threatens to damage the fundamental academic goals. The EUA (2008) support European institutions by promoting revenue strategies that follow institutional mission to maintain proper alignment. The findings from PTNBH and PRIVATE universities demonstrates that revenue diversification helps universities avoid funding risks while maintaining their educational goals. The warning from Bok about commercialization adds a note of caution to the analysis. The EUA recommendations serve as international benchmark that prove the necessity of keeping revenue streams aligned with organisational objectives.

The findings from PTNBH and PRIVATE institutions show that respondents implemented specific methods to keep revenue-generating activities aligned with their mission. PTNBH universities used MWA strategic oversight and internal review processes to evaluate how partnerships and diversification initiatives aligned with their academic goals. PRIVATE universities used foundation oversight and academic senate input for similar purposes. The practices demonstrate Bok's (2009) warning about mission drift and match the EUA's (2008) recommendation to link revenue strategies with institutional objectives thus showing both models maintain academic integrity while pursuing autonomy.

In conclusion, revenue diversification in Indonesian higher education reflects a sophisticated application of stakeholder and resource dependence theories. By strategically managing external dependencies and embracing innovation, PRIVATE and PTNBH

institutions not only secure financial stability but also enhance their capacity to fulfill their educational missions amidst a rapidly changing global landscape. As market dynamics and institutional capabilities evolve, these strategies will remain critical to ensuring long-term success and relevance.

7.3.2. Student Enrolment as a Strategic Resource in Higher Education Governance

Student enrolment serves as a cornerstone resource for PRIVATE and PTNBH institutions in Indonesia, directly influencing financial planning, sustainability, and strategic decision-making. Enrolment management underscores the dynamic interplay between institutions and their critical resources, while balancing the interests of diverse stakeholders.

From a resource dependence perspective, student enrolment represents a vital revenue stream essential for institutional sustainability. For PRIVATE universities, enrolment directly impacts financial health, as seen in examples where attracting even a single new student significantly contributes to annual revenue. To secure this resource, institutions must develop comprehensive strategies to attract, retain, and support students while aligning these efforts with broader financial and academic goals. PTNBH institutions, in particular, integrate enrolment strategies into their governance structures through the active involvement of the Majelis Wali Amanat (MWA), ensuring alignment between recruitment efforts and institutional objectives.

PRIVATE universities, on the other hand, leverage the autonomy granted by the Waqf Board, which provides high-level oversight without intervening in the technical aspects of enrolment-related budgeting. This governance approach enables administrators to adapt flexibly to shifting enrolment trends and the needs of students.

Wilkinson (2007) highlights the growing sophistication required in enrolment management strategies. Strategic enrolment management (SEM) emphasizes aligning

recruitment efforts with an institution's mission, financial sustainability, and long-term goals. This approach shifts the focus from merely increasing headcount to creating a balanced, sustainable student body that supports academic and financial priorities. Moreover, demographic shifts and regional variations, as noted by Grawe (2018), further complicate enrolment planning, underscoring the need for institutions to tailor their strategies to specific geographic and market contexts.

Another emerging trend is the increasing role of non-traditional students, including adult learners, transfer students, and part-time enrolees, in maintaining enrolment levels. Institutions are now expanding their recruitment and retention strategies to accommodate this diverse student population, moving beyond traditional undergraduate markets. The demograpgic change supports the growth of professional and market-driven courses to fulfil job market needs. Advanced predictive analytics can also play a transformative role in enrolment management, allowing institutions to forecast trends, optimize resource allocation, and refine marketing and recruitment efforts based on data-driven insights (Cirelli et al., 2018).

The U.S. educational institution Strategic Enrolment Management (SEM) framework promotes aligning student recruitment activities with institutional goals (Wilkinson et al., 2007). Grawe (2018) indicates that shifting demographics create revenue instabilities for systems that depend on tuition fees. The SEM literature by Wilkinson adds strategic insight to this study, but Grawe's demographic predictions enhance the understanding of external market influences.

Balancing enrolment growth with sustainability remains a critical challenge. While student enrolment provides immediate financial benefits, institutions must also prioritize long-term outcomes such as retention, graduation rates, and alumni engagement. A focus solely on increasing numbers risks overlooking the broader contributions of students, including their potential as future alumni advocates and institutional ambassadors (Gaier, 2005; Gilbert, 2022).

The higher institution achieved student enrolment growth and strengthened its stakeholder network through this approach, for example multiple interaction channels, including partnerships for practicum placements, co-designed short courses, and joint research projects, will lead to long-term stability and relevance. This broader perspective aligns with stakeholder theory, emphasizing the importance of considering students' long-term success and overall contribution to the institution's mission.

In conclusion, the governance and financial strategies of PRIVATE and PTNBH institutions in Indonesia heavily depend on student enrolment as their essential resource. The observed enrolment patterns in this study aligns with previous research, which demonstrated that enrolment patterns both influence and limit institutional decision-making processes (Maringe and Gibbs, 2009). The research by Maringe and Gibbs (2009) demonstrates that universities operating in competitive recruitment markets develop diverse outreach and retention strategies that both institutions implement through community engagement, targeted marketing, and industry-linked programs. The demographic changes and market forces that affect enrolment policies in Southeast Asian higher education institutions match the Indonesian situation, according to Marginson (2013) and Azman et al. (2014). The research expands existing knowledge by demonstrating how PTNBH and PRIVATE universities handle enrolment challenges through separate approaches, which reveal new insights about institutional responses in multiple governance systems.

7.3.3. The Impact of Limited Resources on Budgeting and Financial Sustainability

The impact of limited resources on university budgets presents a critical challenge for both PRIVATE and PTNBH institutions in Indonesia, as they seek to balance financial constraints with stakeholder needs and institutional goals (Lyytinen et al., 2017). The Lyytinen et al argument may not necessarily outline the financial constraints, but they show how universities

justify trade-offs, explain resource allocation, and develop coping mechanisms, such as prioritizing essential programmes, improving efficiency, and negotiating support with external partners (Lind et al., 2019; Norn and Sigurdardottir, 2024).

Organizations rely on external resources to sustain growth and competitiveness (Pfeffer and Salancik, 2003a). This reliance has become increasingly evident in the higher education sector, where financial pressures have intensified globally. Public universities face increasing financial needs and poor efficiency in funding management, making them almost entirely dependent on the state budget (Ali and Jaeilo, 2018).

PRIVATE universities in Indonesia manage these challenges through a governance model that grants administrators significant autonomy in resource allocation. The Waqf Board, while responsible for high-level oversight, refrains from direct involvement in the technical details of budget planning and program management (Taylor et al., 2022). This approach enabling administrators to address the needs of diverse stakeholders flexibly, including students, faculty, and the community (Squires and Elnahla, 2020). By allowing more decentralized decision-making, PRIVATE institutions can adapt more rapidly to financial and operational challenges. The respondents (PRIVATE3; PRIVATE6) stated that administrators could make fast budget changes and program funding adjustments without needing to wait for foundation approval to handle enrolment changes and financial challenges. However, this autonomy necessitates robust internal mechanisms to ensure that financial decisions remain aligned with long-term strategic goals.

In contrast, PTNBH institutions adopt a more hands-on approach to financial governance. The Majelis Wali Amanat (MWA) plays a pivotal role in budget reviews and strategic alignment, ensuring that resource allocation supports institutional priorities. For instance, the MWA reviews budget proposals submitted by the university senate to identify inefficiencies and optimize the distribution of limited funds. This active involvement reflects

a nuanced application of stakeholder and resource dependence theories, allowing PTNBH institutions to address resource constraints while aligning financial strategies with stakeholder interests and institutional missions. However, such centralized oversight may slow decision-making, potentially impacting the institution's ability to respond swiftly to emerging challenges.

The growing role of performance agreements in resource allocation further highlights the dynamic between institutional autonomy and external funding pressures. As recent research suggests, performance agreements and associated instruments have become central to universities' financial strategies, shaping how resources are allocated and performance outcomes are monitored (de Boer et al., 2015; Jongbloed et al., 2018; Kohtamäki, 2024). This mechanism underscores the importance of accountability in managing resource dependencies while providing institutions with incentives to optimize resource utilization.

Indonesian universities' budgeting practices demonstrate adaptive methods stemming from the country's specific contextual limitations, including unstable state funding and strict accountability standards (Priyono, 2018). The budgeting process in this context operates through a combination of practicality and ethical principles and social relationship maintenance (Daulay, 2024; Handayani et al., 2024). The combination of flexible and formal elements demonstrates a unique budgeting approach that emerges from local circumstances instead of foreign best practices (Kenno et al., 2021). This research results confirm this pattern because PTNBH participants explained how government funding instability forced them to select projects based on reporting requirements. However, PRIVATE leaders demonstrated flexibility in using tuition and waqf funds while maintaining foundation accountability. The examples demonstrate how Indonesian universities implement adaptive budgeting by combining practical needs with ethical standards and official monitoring systems.

The financial constraints faced by universities also demand systemic changes in funding models, particularly for research. Universities's proposal to address research deficits advocates for fewer, better-funded projects and more distinctive research portfolios, emphasizing sustainability in resource management. This shift requires institutions to strategically prioritize initiatives, ensuring that limited resources are directed toward high-impact activities (Hamdullahpur, 2021). The PTNBH institutions demonstrated this by selecting flagship projects and industry-linked research because government grants were insufficient to fund all proposals. While PRIVATE universities chose research initiatives that aligned with their institutional reputation or donor interests, thus denying funding to other projects. Both institutions use prioritization in their operational practices to link financial constraints with strategic research decisions.

In conclusion, the challenges posed by limited resources necessitate adaptive governance models in both PRIVATE and PTNBH institutions. PRIVATE universities leverage administrative autonomy to enhance flexibility and responsiveness, while PTNBH institutions utilize active oversight to ensure alignment with strategic goals (Al Gharsi et al., 2024). Both models must balance stakeholder interests, optimize resource allocation, and navigate external funding pressures (Chapleo and Simms, 2010). The governance structures of PRIVATE universities through endowment revenue and PTNBH institutions through external partnerships show how institutions respond to similar resource limitations. These strategies demonstrate how governance structures maintain ongoing negotiations between stakeholder legitimacy and financial survival instead of resolving resource tensions. Governance structures transform into dynamic responses to external pressures which demonstrate how financial constraints drive governance evolution.

7.3.4. The Comparative Roles of University Boards in Strategic Financial Decision-Making

The comparative roles of university boards in PRIVATE and PTNBH institutions in Indonesia reveal distinctive governance approaches that significantly influence financial decision-making and resource allocation. In PRIVATE universities, boards primarily provide strategic oversight and protect institutional autonomy, often leaving day-to-day budgeting decisions to administrators. The PTNBH boards participate in financial planning by directly working on budget priority alignment with government requirements and stakeholder needs. The different governance models show how institutional capacity to handle autonomy, external expectations, and accountability depend on organizational structures. Evaluating these differences needs frameworks that examine how universities manage their stakeholder relationships and external resource dependencies. Recent research also highlights emerging trends in governance, such as the importance of diversity, board structure, and innovative practices, further enriching this discourse (Austin and Jones, 2018).

In PRIVATE institutions, the Waqf Board prioritizes high-level oversight while granting significant autonomy to administrators in operational decision-making. This governance model emphasizes the inclusion of diverse stakeholder interests in decision-making processes. By focusing on strategic direction and long-term sustainability, the Waqf Board enables administrators to respond flexibly to immediate challenges, leveraging their expertise to meet the needs of students, faculty, and the community. This clear separation of duties enhances accountability and efficiency, as the board ensures alignment with the institution's mission without interfering in technical or program-specific aspects of budgeting.

Conversely, the Majelis Wali Amanat (MWA) in PTNBH institutions adopts a more integrated governance approach. The MWA actively participates in budget reviews and strategic planning to ensure that external resources are effectively utilized to achieve

institutional objectives. By engaging directly in policy approvals and financial decisions, the MWA balances diverse stakeholder interests while maintaining alignment with institutional strategies. This hands-on involvement strengthens the institution's capacity to address resource constraints and navigate a competitive higher education landscape. However, the MWA's active role may slow decision-making processes, presenting a trade-off between strategic alignment and operational agility.

Recent findings shed further light on governance dynamics, emphasizing the growing importance of board diversity, size, and adaptability. Research highlights that diverse boards—incorporating gender, racial, and cultural diversity—positively impact institutional performance (Carter et al., 2010; Miller and del Carmen Triana, 2009; Taylor et al., 2022). Yet, studies indicate a lack of prioritization for diversity among university boards, with less than half of trustees recognizing its importance. Political factors also influence board composition, as seen in public institutions where demographic alignment with student bodies varies based on the political leanings of their states. These factors underline the need for more inclusive practices in board appointments across both PRIVATE and PTNBH institutions.

Board size and structure also significantly affect governance effectiveness (De Silva Lokuwaduge and Armstrong, 2015; Rotondo et al., 2022). Smaller boards tend to function more efficiently as deliberative bodies, fostering trust and a deeper understanding of institutional issues (Kennedy and Pek, 2023; Panke et al., 2019; Veri, 2024). This finding challenges the traditional view that larger boards are essential for fundraising purposes, suggesting a need for re-evaluating governance models to optimize decision-making and oversight. Additionally, innovative practices like "shadow boards," such as the one implemented by the University of Glasgow, demonstrate how incorporating perspectives from various levels of the institution can enhance inclusivity and decision-making processes (https://www.gla.ac.uk/myglasgow/staff/shadowboard/?utm_source).

Turi et al. (2022) state that board diversity leads to better deliberation, but other researchers argue it may lead to less unity. According to Mannix and Neale (2005), diverse boards achieve consensus more slowly with higher conflict rates unless proper management techniques are implemented. The research from Turi and Mannix provides complete insights about how diversity impacts governance while strengthening the analysis of board composition. The PTNBH MWA and PRIVATE Waqf Boards demonstrated structural and consequential diversity because their diverse membership base brought in multiple stakeholders who validated their decisions, yet created challenges when different interests emerged. The study shows how Indonesia follows worldwide discussions about how diversity impacts governance through its specific findings.

Adapting governance models to address emerging trends in higher education is another critical consideration. The rise of online education, lifelong learning, and other modern demands requires governance structures that balance centralized support with academic freedom. These trends suggest that traditional governance models must evolve to remain effective in a rapidly changing educational environment. The diversity of team members in governance and budgeting teams plays a crucial role in determining institutional responses to these pressures.

PTNBH institutions gained advantages through their boards and committees, including members with different academic qualifications and international experience, to develop innovative resource allocation strategies. The PRIVATE institutions displayed diversity through their professional backgrounds and cross-sectoral expertise which enabled them to connect their financial planning with realistic resource constraints. The findings therefor e show that effectiveness of governance adaptation depends on both structural reforms and diverse perspectives in decision-making bodies because these factors improve institutional capacity to handle changes in the educational environment.

In conclusion, the roles of university boards in PRIVATE and PTNBH institutions reflect fundamentally different governance philosophies, each with unique strengths and challenges. PRIVATE institutions benefit from the Waqf Board's high-level oversight, which promotes administrative autonomy and responsiveness, while PTNBH institutions leverage the MWA's active involvement to ensure strategic alignment and resource optimization. Complementing these governance approaches, emerging trends such as board diversity, size, and innovative practices highlight the importance of adaptability in addressing the complex challenges of modern higher education. The research findings from this study enable organizations to develop governance systems that support Stakeholder and Resource Dependence theories. The most effective governance models will unite oversight functions with inclusive practices and flexible operations. Universities can maintain their accountability standards through this approach, which enables them to respond to changing institutional needs and social requirements.

7.3.5. The Influence of Governance Boards on Financial Policies and Autonomy

The financial policy influence of university boards demonstrates how governance logics from PRIVATE and PTNBH institutions transform into everyday financial choices. The boards determine the balance between institutional independence and responsibility, especially during external pressure. Taylor et al. (2022) enriches this understanding, highlighting emerging factors such as board diversity, strategic adaptability, and evolving governance frameworks.

The PRIVATE institutions' Waqf Board functioned as a governance system that provided top-level direction to administrators through extensive autonomy. The endowment board at PRIVATE1 and PRIVATE6 gave strategic guidance but avoided technical budgeting details, which allowed administrators to use resources flexibly while following board

directives. This separation of duties enhances institutional responsiveness while maintaining accountability.

In contrast, the Majelis Wali Amanat (MWA) in PTNBH institutions adopts a more integrated governance model, characterized by active involvement in budget processes and policy formulation. This hands-on approach ensuring that financial resources are aligned with institutional goals and stakeholder expectations. As PTNBH4 highlights, "The MWA reviews the budget once proposals have been submitted by the university senate," illustrating the MWA's direct role in resource allocation and policy approval. The MWA's approach fostering engagement with diverse perspectives, enabling financial decisions that address stakeholder needs and strategic priorities.

Carter et al. (2010) and Aguilera and Jackson (2003) adds dimensions to understanding board influence on financial policies, particularly the impact of diversity and structural dynamics. Taylor et al. (2022) indicate that board diversity positively influences financial performance, with evidence from Nature Human Behaviour showing that diversity improves decision-making and resource management. However, the relationship between board diversity and financial outcomes can be influenced by factors like strategic change, as noted in the same study, which found that strategic shifts weaken the link between diversity and performance (Miller and del Carmen Triana, 2009). These findings suggest that dynamic and context-specific approaches to governance are essential for optimizing board impact.

Board independence and structure also play significant roles in governance effectiveness (Bement and Krause, 2021). Asare et al., (2023) This complexity underscores the importance of tailoring governance structures to the specific needs and contexts of higher education institutions. The findings show that PTN-BH boards consisted of government-appointed members and external representatives who maintained independence yet faced challenges in their decision-making processes. PRIVATE institutions used foundation-

appointed boards, which provided less independence but better supported institutional mission alignment and financial goal achievement. Furthermore, innovative models, such as those proposed in Corporate Ownership & Control, emphasizing resource generation and utilization to maximize institutional yield (Udayasankar, 2008).

Both PRIVATE and PTNBH institutions face challenges in aligning governance models with institutional goals and external demands. The Waqf Board's high-level oversight risks misalignment between strategic goals and operational realities, while the MWA's active involvement can slow decision-making processes. These challenges highlight the need for adaptive governance structures that balance accountability, innovation, and responsiveness in a rapidly changing higher education landscape.

In conclusion, the influence of university boards on financial policies reflects a complex interplay of governance models, stakeholder engagement, and resource management strategies. PRIVATE institutions benefit from the Waqf Board's strategic oversight and operational autonomy, while PTNBH institutions leverage the MWA's integrated, hands-on approach to align resources with institutional goals. Complementing these practices, Kezar and Eckel (2002) and Williams et al. (2005) emphasizes the importance of diversity, adaptability, and context-specific governance models in addressing the evolving challenges of higher education. By integrating these insights, institutions can develop governance frameworks that optimize resource utilization, enhance stakeholder engagement, and ensure long-term sustainability.

Taylor et al. (2022) show that research output increases when boards have members from different backgrounds who remain independent. Miller & Triana (2009) state that major organizational changes may reduce diversity benefits because of strategic misalignment and cognitive fragmentation between team members. Taking into accounting these views, diversity benefits vary based on specific situations, especially during strategic changes. The findings demonstrated how the PTNBH institution's diverse MWA board brought different expertise

and outside connections yet staff members experienced conflicts which prolonged the decision-making process. The Waqf Board of the PRIVATE university maintained fast alignment and clear financial direction although it sacrificed external viewpoints. To some extent the findings correspond to those of previous studies. However, what is different in the fact demonstrating how Indonesian governance structures produce unique trade-offs.

7.3.6. Separation of Duties Between Governance and Administration in University Budgeting

The separation of duties in budgeting between governance bodies and university administration in PRIVATE and PTNBH institutions represents a sophisticated approach to balancing strategic oversight, operational autonomy, and stakeholder engagement. This division reflects the complex interplay between organizational structure, resource management, and accountability, aligning with stakeholder theory and resource dependence theory while adapting to modern challenges in higher education.

In PRIVATE institutions, the Waqf Board adopts a governance model that emphasizes strategic planning without interfering in daily operations. The previous sections demonstrated how the board separates duties to ensure accountability. However, this section explains the practical implementation of this separation through mechanisms such as the two-stage approval process, where administrative plans are first finalized before board review. As highlighted in PRIVATE2, the two-stage approval process, where "The endowment board approves plans once they have been approved by the university," ensures that proposals reflect operational realities before undergoing governance review. This model not only mitigates risks but also fosters accountability, by empowering administrators to address resource constraints and opportunities.

Conversely, PTNBH institutions employ a more integrated governance approach, with the Majelis Wali Amanat (MWA) actively participating in budget reviews and policy formulation. The MWA's hands-on involvement underscores the critical role of governance in managing resource dependencies, as noted in PTNBH4: "The MWA reviews the budget once proposals have been submitted by the university senate." This active engagement enables the MWA to align resource allocation with strategic goals while addressing the diverse needs of stakeholders. By bridging macro-level strategies and micro-level operational needs, the MWA ensures that financial decisions are both strategic and responsive.

Caiden and Wildavsky (2004) explain how separating duties in budgeting helps organizations reduce their risk exposure. The Waqf Board at the private university maintains complete technical independence from budget system operations and program details according to PRIVATE1. The clear separation of responsibilities between different entities follows Moynihan's (2008) recommendation to decrease errors and improve accountability. The PTNBH institutions show the reverse effect because MWA members actively participate in budget preparation, as mentioned by PTNBH1, creating the risks described in the literature.

Another notable trend is the role of technology in enhancing governance. Automation and digital tools are being leveraged to implement robust checks and balances, particularly in institutions with limited resources. These innovations align with the broader digital transformation in higher education governance, enabling greater efficiency and accountability. For example, automated systems can streamline financial processes, making it easier to separate oversight and execution responsibilities even in smaller institutions.

Regulatory compliance has also become a significant driver of governance practices. Influenced by frameworks such as the Sarbanes-Oxley Act, higher education institutions increasingly view the separation of duties as essential for maintaining compliance and stakeholder trust (Oxholm III, 2004). This shift underscores the importance of governance

structures that not only ensure operational effectiveness but also meet external accountability standards.

Moreover, there is growing recognition of the need for stakeholder involvement in financial oversight (Baiocchi and Ganuza, 2014; Freemann, 1984). In PTNBH institutions, the MWA's active role exemplifies this trend, as it integrates diverse stakeholder perspectives into budgeting and policy formulation. Such involvement emphasis on inclusive decision-making, allowing institutions to address a wider range of interests while maintaining strategic focus. PRIVATE institutions also demonstrate this principle through the Waqf Board's collaborative policy-setting processes, which balance the needs of students, faculty, and the community.

Both governance models face challenges in maintaining alignment between strategic objectives and operational realities (Estermann and Nokkala, T, 2009; Levy, 2006). The Waqf Board's high-level approach risks potential misalignment, while the MWA's integrated model may slow decision-making processes. However, there is a general understanding that these risks can be mitigated through adaptive governance structures that leverage technology, regulatory compliance, and stakeholder engagement to enhance accountability and responsiveness.

Moynihan (2008) defends the separation of duties to enhance institutions' transparency. The U.S. higher education sector implemented Sarbanes-Oxley principles after Oxholm (2004) to protect budgeting processes from conflicts of interest as audit pressures drove changes in governance models. This thesis highlights duty separation. The governance shifts following Sarbanes-Oxley (Oxholm) validate this model because it represents both the best available standard and a requirement by law. This research findings support this idea because PRIVATE universities use a two-step approval system managed by the Waqf Board, yet PTNBH institutions maintain MWA-based integrated oversight. The two models demonstrate how

Indonesian universities transform international accountability standards to fit their specific organizational settings.

In conclusion, the separation of duties in budgeting between governance bodies and university administration in PRIVATE and PTNBH institutions reflects a nuanced and evolving approach to managing financial resources and stakeholder expectations. PRIVATE institutions emphasize strategic oversight and operational autonomy, while PTNBH institutions adopt a more integrated, stakeholder-inclusive approach. Recent research highlights the importance of risk mitigation, technological innovation, and regulatory compliance in strengthening these governance structures (Zetsche et al., 2017). By adapting their practices to address these factors, higher education institutions may enhance their financial management capabilities, support institutional missions, and remain responsive to the complex demands of modern governance. Such was also discussed in Shattock (2013) prior work which highlights that well-defined governance–administration boundaries lead to more efficient decision-making while maintaining transparency and accountability. While Marginson (2013) and Deem et al. (2007) reveal that institutions can adapt to environmental pressures by improving strategic oversight and operational autonomy without compromising their academic mission. It can therefore be argued that for PRIVATE and PTNBH institutions to adapt their governance practices to current higher education management trends to achieve resilience and responsiveness in the evolving policy and funding environment.

7.4. Cultural and Diversity Influences in Budgeting

7.4.1. The Role of Organizational and Personal Diversity in Budgeting Decisions for Higher Education Institutions

Organizational and personal diversity plays a pivotal role in shaping budgeting strategies and financial governance (Adams and Ferreira, 2009), PRIVATE and PTNBH (Perguruan Tinggi Negeri Badan Hukum) institutions in Indonesia are perhaps not an exception. By incorporating varied perspectives into decision-making processes, these institutions can achieve more inclusive, innovative, and effective financial management.

7.4.1.1. PRIVATE Institutions: Strategic Oversight with Operational Autonomy

In PRIVATE universities, the Waqf Board exemplifies how high-level diversity can influence strategic financial decisions without micromanaging daily operations. The board's oversight is designed to ensure alignment with institutional goals while granting autonomy to administrators (Levy, 2006). As noted by one of respondent from PRIVATE, "The endowment board does not influence the technical aspects of the budget system or the details of the programs." This approach allows diverse viewpoints to shape policies at a strategic level, by incorporating the needs of various stakeholders, including students, faculty, and donors.

Such diversity enhances creativity in addressing challenges, fostering financial strategies that balance competing interests while focusing on long-term sustainability (Miller and del Carmen Triana, 2009; Parmar et al., 2010). However, governance challenges persist, such as overlapping authorities and unclear mechanisms, which can dilute the effectiveness of diversity in financial decision-making. Addressing these issues through clearer governance systems is essential to fully harness the benefits of diverse perspectives.

The research findings indicates that diverse teams create innovative solutions to problems by developing financial plans that manage various interests and maintain long-term

stability, which consistent with Miller and del Carmen Triana (2009) and Parmar et al. (2010). The research demonstrates that Indonesian PTNBH institutions experience procedural delays because MWA and university leadership share dual responsibilities while PRIVATE universities face challenges because their foundation-linked boards dominate administrative decision-making. The difficulty stems from how organizations handle diversity instead of the diversity itself, which people view as a beneficial asset. When organizations lack defined structures, their diverse viewpoints fail to coalesce into cohesive strategies, which diminishes their financial decision-making effectiveness.

7.4.1.2. PTNBH Institutions: Participatory Budgeting and Diverse Representation

In PTNBH institutions, the Majelis Wali Amanat (MWA) actively engages in budget reviews, allowing diverse perspectives to directly impact financial planning. The MWA "reviews the budget once proposals have been submitted by the university senate," providing a participatory platform for aligning budget decisions with institutional goals and stakeholder needs. The diversity within the MWA enhances the institution's ability to navigate complex resource environments and secure critical funding.

The global emphasis on diversity in governance highlights the potential of such practices in PTNBHs (Estermann and Nokkala, T, 2009). For example, recent amendments to Waqf laws (Amendment) Bill 2025[38], in India mandate the inclusion of women and non-Muslim members in governance bodies, emphasizing the value of representation in addressing underrepresented groups' needs. Similarly, the European University Association has identified diversity as a strategic priority for higher education governance, with 85% of surveyed institutions including diversity, equity, and inclusion in their policies. These examples

[38] https://www.bbc.co.uk/news/articles/cwyn87ly1pqo
https://pib.gov.in/PressReleasePage.aspx?PRID=2118261

underscore the potential for PTNBH institutions to adopt best practices from global governance models to further enhance inclusivity in their budgeting processes.

7.4.1.3. Broader Implications of Diversity in Financial Governance

Recent research underscores the strategic importance of diversity in governance structures across higher education (Rubio et al., 2024; Wise et al., 2020). For instance, embedding equality, diversity, and inclusion (EDI) in research networks has been shown to increase engagement with underrepresented groups, including early-career researchers and caregivers (Fisher et al., 2024; Moore and Piddini, 2023). Similarly, a study by the Wharton School highlights that diverse decision-making bodies can lead to better organizational outcomes, demonstrating the practical benefits of inclusivity in financial and managerial contexts.

However, challenges remain in implementing effective diversity strategies (Agrawal, 2012; Cletus et al., 2018). Financial constraints in higher education, such as reduced funding and rising operational costs, often force institutions to prioritize efficiency over inclusivity (Mensah and Werner, 2003). This can lead to difficult decisions regarding subject offerings and services, potentially creating "cold spots" in access to education and research opportunities. For PRIVATE and PTNBH institutions in Indonesia, these pressures highlight the need to strike a balance between financial sustainability and the pursuit of inclusive governance practices.

In conclusion, diversity in budgeting decisions for PRIVATE and PTNBH institutions in Indonesia offers significant potential to enhance financial strategies through varied perspectives, fostering creativity, equity, and resource efficiency. As the findings show PRIVATE institutions benefit from strategic oversight that incorporates diverse viewpoints while maintaining operational autonomy, whereas PTNBH institutions leverage participatory budgeting to align with stakeholder needs and resource realities.

Global examples demonstrate the transformative potential of embedding diversity in governance structures, but challenges such as financial constraints and governance inefficiencies must be addressed to realize these benefits. Ultimately, fostering organizational and personal diversity in financial governance is considered paramount in higher education to navigate complex challenges while advancing their mission of equitable and sustainable development.

The PTNBH model in Indonesia illustrates how official diversity through government, alums, and industry and faculty representatives in the MWA enhances deliberation yet produces slower and more bureaucratic budgeting processes. The PRIVATE university demonstrates a different composition because the Waqf Board consists mainly of foundation-connected members who achieve diversity through informal trust-based stewardship and occasional administrator perspectives from overseas education. The research indicates that institutional diversity structures influence governance outcomes because PTNBHs gain diverse perspectives through units representation, but in the process lose efficiency. At the same time, PRIVATE institutions maintain limited diversity, which enables practical responses. The findings show that governance diversity is a functional force that determines how Indonesian universities manage financial decision-making through inclusive practices, control mechanisms, and adaptive responses.

7.4.2. The Role of Cultural Influences on Strategic Priorities in Indonesian Higher Education Institutions

Cultural influences profoundly shape the strategic priorities of PRIVATE and PTNBH (Perguruan Tinggi Negeri Badan Hukum) institutions in Indonesia, impacting governance structures, financial management approaches, and decision-making processes. These cultural factors, viewed through the lenses of stakeholder theory and resource dependence theory,

reveal how institutions adapt their strategies to align with existing norms, values, and external expectations.

7.4.2.1. PRIVATE Institutions: Hierarchical Governance and Long-Term Stability

PRIVATE institutions, guided by the Waqf Board, reflect cultural norms that emphasize respect for authority and hierarchical decision-making. The board's role is rooted in strategic oversight, reflecting Confucian-inspired values of long-term planning, financial prudence, and frugality. The Waqf Board balances the diverse interests of donors, students, and faculty while focusing on financial stability.

Cultural beliefs, such as adherence to Islamic principles, also shape financial strategies in PRIVATE universities. Compliance with Sharia law influences investment decisions, creating innovative financial products that align with religious and ethical standards while meeting institutional needs. Additionally, the cultural importance of "face" and prestige often drives investments in high-profile projects, such as state-of-the-art facilities and renowned research initiatives. While these investments enhance institutional reputation, they may pose challenges to long-term financial sustainability.

7.4.2.2. PTNBH Institutions: Transparency, Accountability, and Adaptability

PTNBH institutions, governed by the Majelis Wali Amanat (MWA), reflect cultural values emphasizing transparency, accountability, and collective responsibility. The MWA's active engagement in budget reviews and policy approvals demonstrates a hands-on approach by enhancing the institution's ability to respond to external pressures and secure critical resources.

This participatory governance style reflects Indonesia's cultural shift toward collaborative decision-making and collective problem-solving. The balance between centralized authority and operational flexibility in PTNBHs underscores cultural norms that

value both strong leadership and inclusivity. Moreover, the emphasis on consensus-building fosters alignment between institutional goals and diverse stakeholder interests.

Participation in both cases is a specific method that draws from musyawarah–mufakat (deliberation toward consensus) and Bhinneka Tunggal Ika (unity-in-diversity). The participants explained how budget meetings function by presenting different proposals, which are evaluated and transformed until a mutually acceptable compromise emerges. The consensual approach increases both voice participation and legitimacy, but extends the duration of processes and makes it challenging to determine responsibilities when different priorities exist.

The PTNBH civil service culture maintains structured formal consultation processes (e.g., MWA-led joint hearings) that emphasize record-keeping and compliance, thus determining who speaks first and how dissent should be presented. The PRIVATE university follows a staged approach to participation because the rectorate consolidates proposals before the Waqf Board validates them through a stewardship model that values prudence and trust. Staff members who received overseas training created opportunities for evidence-based discussions in both institutions, yet limited resources forced the groups to settle for practical "good-enough" budget allocations. The two institutions use consensus-seeking approaches, but PTNBH follows formal rules for participation, while PRIVATE uses relational stages to achieve a balance between inclusion and control.

7.4.3.3. Cultural Preservation and Innovation in Strategic Priorities

Beyond governance and financial management, universities in Indonesia play a dual role in promoting and preserving cultural values. An UNESCO 2024[39] Cultural Workshop highlighted

[39] UNESCO Framework for Culture and Arts Education; https://www.unesco.org/en/wccae2024 (https://www.unesco.org/sites/default/files/medias/fichiers/2024/02/WCCAE_UNESCO%20Framework_EN_0.pdf)

the responsibility of universities to instill national values, such as Pancasila, while addressing the challenges of globalization and technological change. Institutions are increasingly seen as cultural innovators, tasked with preserving traditional heritage through research and documentation while simultaneously addressing contemporary social issues through creative solutions.

This dual role reflects a shift from viewing culture as a static legacy to recognizing its dynamic and evolving nature. For example, PRIVATE and PTNBH institutions are increasingly involved in initiatives that merge cultural preservation with technological advancements, creating opportunities for cultural innovation that address societal challenges.

7.4.3.4. Cultural Influences on Decision-Making and International Engagement

Cultural values also influence decision-making and problem-solving approaches within higher education institutions. Cultural values have continued to influence the governance and budgeting procedures of Indonesian universities. For instance, the decision-making processes in their institutions focus on achieving harmony and consensus because of the cultural value of Bhinneka Tunggal Ika which means Unity in Diversity. The cultural preference for consensus-based decision-making promotes collective discussion yet prolongs the process when different interests need to be resolved. A comparative study found that Indonesian students prioritize cooperation and conformity to social norms, in contrast to the more individualistic and critical thinking approaches of German students (Achmad et al., 2024) REF of this study. This highlights the importance of cultural context in shaping institutional strategies, particularly in collaborative academic settings.

Additionally, cultural interest plays a significant role in shaping universities' internationalization strategies. Indonesian students' fascination with overseas cultures often drives their aspirations for international study, encouraging institutions to integrate global

engagement into their strategic priorities. Balancing this international focus with the preservation of national values remains a critical challenge for Indonesian higher education.

In conclusion, cultural influences shape the governance, financial management, and strategic priorities of PRIVATE and PTNBH institutions in Indonesia, reflecting the nation's diverse cultural heritage and evolving societal expectations. PRIVATE institutions emphasize hierarchical governance and long-term financial stability, while PTNBHs adopt participatory and adaptable approaches to navigate complex resource environments.

Beyond governance, universities are central to preserving national values and fostering cultural innovation, playing a dual role as custodians of tradition and agents of change. PTNBH institutions in Indonesia demonstrate dual characteristics because they use MWA collective boards to implement cultural principles, yet PRIVATE universities rely on the Waqf system stewardship traditions. As globalization accelerates, higher education institutions must strike a balance between preserving Indonesian culture and engaging with the global academic community while maintaining local cultural identity rooted in Bhinneka Tunggal Ika (Unity in Diversity). Recognizing and adapting to these cultural influences enables institutions to develop more culturally sensitive and effective strategies that align with their mission while addressing the needs of diverse stakeholders and evolving societal demands. The findings show cultural influences function as actual forces shaping budget discussion processes, decision justification methods, and stakeholder legitimacy maintenance.

7.5. Governance Challenges and Strategic Implications

7.5.1. Governance Challenges and Adaptive Strategies in Indonesian Higher Education

The governance structures of PRIVATE and PTNBH universities demonstrate how Indonesian higher education institutions maintain oversight while granting institutional autonomy through their analysis of the Waqf Board in PRIVATE institutions and the MWA in PTNBH

institutions. The PRIVATE university model provides strategic oversight through high administrative flexibility. Meanwhile PTNBH institutions use a more integrated, hands-on approach. The analysis of these findings and current higher education governance trends shows that these models continue to adapt to address contemporary issues in resource management, stakeholder engagement, and institutional effectiveness. Based on comparative analysis conducted in previous chapters supports empirical evidence - such as the Waqf Board's reliance on two-stage approvals, limited interference in daily operations, and the MWA's embedded oversight in budget monitoring - and demonstrates how particular governance structures affect institutional adaptability in the evolving educational environment.

In PRIVATE universities, the Waqf Board provides high-level strategic guidance while granting significant operational autonomy to university administrators. This governance model emphasizes balancing the diverse interests of students, faculty, and the community (Freeman, 2010). By allowing administrators to manage daily operations without excessive interference, the Waqf Board fosters an environment conducive to innovation and responsiveness, ensuring institutional goals are met efficiently. This high-level oversight reflects the principle that organizations achieve competitive advantage through effective deployment of unique resources and capabilities (Barney, 1991). However, limited direct involvement poses a risk of misalignment between strategic objectives and administrative actions, a challenge that requires robust communication and accountability mechanisms.

Conversely, PTNBH institutions rely on the Majelis Wali Amanat (MWA) for more active participation in shaping policies, reviewing budgets, and ensuring alignment with strategic goals. This hands-on governance approach acknowledges the need for institutions to manage external dependencies and secure critical resources effectively (Pfeffer and Salancik, 2003a). The MWA’s direct engagement in financial management enhances transparency and accountability, addressing stakeholder demands while maintaining institutional focus on long-

term objectives. However, the risk of overly prescriptive governance could stifle innovation and responsiveness, underscoring the need for a delicate balance between oversight and autonomy.

Marginson (2018b) highlights several developments that further contextualize these models. The shift from traditional "hourglass" governance—where university presidents mediate between boards and stakeholders—to more inclusive "hub and spoke" models represents a significant evolution (Shattock and Horvath, 2019). In the latter, boards act as central hubs, fostering direct communication with various stakeholders, promoting transparency, and enhancing institutional responsiveness. This shift expands upon earlier concepts of shared governance, encouraging more collaborative decision-making processes.

Boards are also becoming more proactive in strategic planning and risk management. Moving beyond traditional roles as rubber stamps for executive decisions, governing bodies are now key players in ensuring institutional accountability and long-term sustainability (Kezar and Eckel, 2004). For instance, the MWA's active engagement in PTNBH institutions reflects this broader trend toward governance cultures that prioritize foresight and adaptability which are operationalized through structured board interventions in Indonesia's context of limited resources and stakeholder complexity.

Regulatory changes further influence governance structures, with frameworks such as Indonesia's autonomy policies for PTNBH institutions emphasizing compliance and financial accountability. Similar trends in other contexts, such as the Office for Students in the UK, illustrate how formalized governance frameworks help institutions navigate regulatory environments while preserving autonomy (Shattock, 2006).

However, emerging challenges complicate governance dynamics. The "hyper-financialization" of governance—where financial priorities risk overshadowing academic missions—raises concerns about the balance between market-driven objectives and

educational quality (Marginson, 2013). Additionally, hierarchical cultures, opaque protocols, and skewed decision-making processes hinder effective governance. Addressing these cultural issues requires cultivating an inclusive environment where diverse stakeholder voices are heard (Tierney, 1988).

The role of governance training is also increasingly recognized. Comprehensive induction programs for board members can challenge entrenched traditions and equip new governors to navigate complex governance landscapes effectively (Kezar, 2006). This approach supports the development of governance models that are adaptive and aligned with institutional missions.

In conclusion, the governance structures of PRIVATE and PTNBH universities illustrate diverse strategies for balancing oversight and autonomy, influenced by stakeholder theory and resource dependence theory. PRIVATE universities emphasize strategic oversight with administrative flexibility. Meanwhile PTNBH institutions adopt a more engaged, integrative approach, where the MWA's active involvement reflects their dependence on state resources and the need to align with governmental priorities. The governance models exist within institutional contexts, creating structural differences that show how governance models interact with stakeholder relationships and resource dependencies. The governance culture which includes inclusive communication and risk-aware practices determines how decisions get executed while management practices convert these frameworks into operational budgeting and administrative procedures. Clarifying these distinctions demonstrates how adaptive governance strategies enhance institutional integrity and long-term sustainability.

Chapter 8

CONCLUSION

8.1 Introduction

This thesis concludes with this chapter which unites its essential research results with theoretical value and academic contributions. The research investigates budgeting procedures at PTN-BH and a private Indonesian university through Stakeholder Theory and Resource Dependence Theory (RDT) analytical frameworks.

This chapter demonstrates how these theoretical frameworks enhance knowledge about the relationships between financial autonomy and governance systems, as well as stakeholder power dynamics. The chapter illustrates how universities handle multiple accountability requirements while maintaining legitimacy and sustainability under limited resources and complex regulatory systems.

This chapter begins with a summary of essential research findings before explaining their academic value and practical applications. This study presents findings based on empirical evidence, explains the theoretical value, and contributes new knowledge to existing research. The findings lead to policy recommendations for higher education institutions and their governance structures. The study concludes by suggesting future investigation into university governance and financial management patterns which are changing in developing nations.

8.2 Conclusion

This research has aimed at exploring the budgeting processes of a public and a private university in Indonesia, drawing on the perspective of Stakeholder Theory and Resource Dependence Theory (RDT). The budgeting processes are central to financial decision-making in both universities The findings of the study have delineated the multi-level dynamics of

financial autonomy, governance, and stakeholder pressure in determining budget allocations and long-term strategic decisions.

Financial autonomy does not mean independence in the absolute sense. Public universities like PTNBH as a PTN-BH university have some degree of academic freedom but are still subordinated to the government and its regulations. This dependence makes it challenging for them to manage financial risks since the national guidelines are tied to the budget decisions. On the other hand, private universities are more responsive to their financial situation. However, at the same time, they are more vulnerable since they rely on tuition fees, endowments, and donations. According to Stakeholder Theory, public universities must handle multiple stakeholders while maintaining ongoing negotiations about legitimacy and power and salience between different groups of stakeholders.

The government exercises coercive power through regulatory frameworks yet students and faculty members maintain their legitimacy by showing how financial choices affect academic standards and student well-being. The regulatory bodies create additional requirements for institutions to demonstrate their accountability. The analytical framework of Stakeholder Theory helps explain how PTN-BH universities handle various stakeholder demands because their survival and freedom to make strategic decisions depend. Private universities, however, function within a more market-oriented system where donors, students, and industry partners have a more significant say in the budget decisions.

This research shows that institutional financial planning depends on stakeholder management approaches and power dynamics between stakeholders (Jongbloed et al., 2008). The power dynamics between government and PTN-BH universities in Indonesia become evident through government control of budgeting, performance monitoring, and ministerial oversight, which limits financial freedom. The financial influence of students and donors stands stronger in private universities because students pay tuition fees that generate most institutional

income and donors provide funding with program-specific requirements. The exercise of power through stakeholder relations manifests differently between public and private institutions because public institutions operate under government control, while private institutions depend on financial support from donors and students to determine their budgetary decisions and long-term plans.

The conceptual debate about stakeholder theory's assumptions of inclusiveness is reinforced by the fact that institutional gatekeeping and power asymmetries often mediate stakeholder salience (Eesley and Lenox, 2006). The Indonesian higher education system demonstrates this pattern because PTN-BH universities officially acknowledge diverse stakeholders yet their budgetary choices follow government rules and regulatory requirements which restrict faculty and student participation. Private universities present students and donors as vital decision-makers, but their managerial leadership prioritizes financial stakeholders above staff unions and local community members.

The use of the Resource Dependence Theory (RDT), has enabled to show how financial sustainability of Indonesian universities is increasingly shaped by resource diversification, which is perhaps the case also in other countries (Hickey, 2024; Kimberly K. Powell and Rey, 2015). Resource dependency on single dominant resource provider, thereby limiting external control over budgetary decisions. Public universities obtain revenue from the government, tuition fees, and extramural research grants. In contrast, private universities diversify their income sources to include corporate sponsorships and philanthropic donations to reduce financial risks. This study affirms earlier works that have established that higher revenue diversification is linked with higher institutional resilience to economic risks (Hillman et al., 2009; Pfeffer and Salancik, 2003a). This is also in line with the arguments by Hillman et al. (2009), who argue that organizations control dependencies by choosing which relationships to

pursue and how to connect with external entities, which helps maintain internal stability and strategic focus.

Moreover, the study establishes that, although cultural diversity impacts institutional identity and governance, it does not significantly impact the budgeting process. Indonesia's "Unity in Diversity" slogan does not affect PTNBH's and PRIVATE's priorities for financial sustainability in budget allocation. That fact indicates that although cultural values may influence governance modes, financial considerations remain the primary drivers of decision-making. The organization prioritizes institutional unity and procedural logic above cultural diversity because resource constraints and accountability measures dominate organizational priorities, reflecting a key RDT principle that survival depends more on managing external control than internal variation.

In this way the application of the Stakeholder Theory and Resource Dependence Theory (RDT) has enable to bring out in discussion how the differences in university budgeting practices between PTN-BH and private institutions focusing on several aspects. The application of Stakeholder Theory indicates that PTN-BH universities need to follow government rules and maintain accountability standards, but private institutions focus on student and donor needs as their primary stakeholders. The finding shows that universities generate income through diversification, but their funding sources vary because public institutions receive state funding whereas private universities face risks from their dependence on tuition fees and donor restrictions. The two theories function together to identify actors who decide budgeting priorities and how resource dependencies affect institutional strategic planning processes. The theoretical integration explains the operational mechanisms of financial autonomy in Indonesia by showing how power dynamics, dependency relationships, and stakeholder influence interact.

From a Stakeholder Theory perspective, the findings highlight that public universities (PTNBH) must navigate complex stakeholder environments. In contrast, private universities (PRIVATE) operate in a more market-driven stakeholder environment, where financial contributors (donors and students) hold greater influence over budget decisions. These insights extend stakeholder literature by illustrating how financial autonomy levels shape the prioritization of different stakeholders in higher education institutions (Jongbloed et al., 2008). This study's results support Eesley and Lenox's (2006) argument that stakeholder legitimacy and urgency get interpreted through institutional strategic goals, leading to varied attention and voice levels.

From an RDT perspective, the study reinforces the argument that organizational financial strategy is shaped by resource dependencies (Pfeffer and Salancik, 2003a). While PTNBH remains partially dependent on government funding, limiting financial flexibility, PRIVATE diversifies its revenue sources to reduce dependency on a single financial stream. This finding aligns with previous research demonstrating that financially independent institutions employ revenue diversification strategies to enhance financial resilience (Hillman et al., 2009). Furthermore, the role of hierarchical governance in both universities serves as a mechanism to buffer internal instability and enforce external alignment, as outlined in Hillman et al. (2009), emphasizing stability over participatory uncertainty.

8.3 Contribution

This study investigates budgeting practices in Indonesian higher education through a detailed evaluation of PTN-BH public autonomous universities and private institutions. The findings demonstrates that formal university autonomy does not necessarily lead to financial independence, as PTN-BH universities continue to rely on government oversight for their

financial support. The financial flexibility of private institutions remains limited, as they must rely on student tuition fees and donation support.

The findings provide an advanced understanding of autonomy by demonstrating that institutions must manage their financial resources through multiple control systems. This study offers unique empirical data on budgeting systems in developing nations, explaining how financial management interacts with state oversight, market forces, and social responsibilities.

This study applies Stakeholder Theory and Resource Dependence Theory (RDT) to Indonesia's diverse institutional framework to create new theoretical insights. The findings demonstrates that Stakeholder Theory needs modification because it currently focuses on Western concepts of power and salience. The research indicates that stakeholder influence is mediated through established bureaucratic structures and cultural systems, which determine their ability to influence decision-making.

This study demonstrates that financial sustainability requires organizations to maintain the approval of both state and society, in addition to expanding their resources. The findings indicates that university dependency management operates through strategic actions and following norms that emphasize social harmony and organizational accountability. This research combines these two theoretical frameworks to develop an integrated framework that illustrates how power relations, resource management, and legitimacy maintenance interact within complex institutional systems.

This research contributes value to discussions on higher education governance and financial sustainability by analysing institutions in the Global South. While the current research on university governance primarily focuses on Western countries, as their autonomy models often involve deregulation and marketization. This research demonstrates that Indonesian universities achieve autonomy through continuous dialogue between state institutions and their social environment.

This study contributes to university governance studies on how cultural elements and historical development patterns influence the operational definitions of autonomy, accountability, and sustainability. This research demonstrates that financial decision-making serves dual purposes in higher education institutions, as it functions both as a governance system and an expression of institutional character.

This research's findings indicate that higher education budgeting is not merely about financial and technical aspects. Budgeting requires institutions to manage various control systems and accountability requirements, while also addressing survival needs. The Indonesian university demonstrates that universities need to manage their dependence while working toward autonomy, because their ability to succeed depends on their capability to handle constraints effectively through strategic and cultural approaches.

The research confirms that budgeting needs to be studied through its social, political, and cultural aspects, which affect universities throughout Indonesia and worldwide higher education institutions. Future research should continue by studying governance systems across different national frameworks, including how digital budgeting platforms affect transparency and stakeholder participation.

8.4. Limitation of Study and Direction of Future Research

Budgeting is a fascinating field to study. Budgeting is not merely about numbers and prospects; it is broader than that. For some people, budgeting is just a formal tool, while others might not agree. A budget in good hands can be used as guidance, but once it falls into the hands of an opportunistic person, an organisation might lose its competitiveness. If a successful chef has a list of secret ingredients, an organisation has a secret plan to maintain sustainability.

Access to internal budget documentation and the willingness of potential participants to be interviewed constrained the scope and depth of data obtainable in this study. Typically, internal budget documents are considered confidential, and only after the relevant institutions

verify such information can the researcher confirm the data gathered. However, some of the information gathered from the institutions could only be confirmed up to a point that the institutions wished to reveal. Some of the individuals approached for this research study were unwilling to be interviewed; therefore, the perspectives of those who agreed to be interviewed were limited by the institutions where they worked. It is also possible that those who did not participate in the research were chosen for the study for self-interested reasons. In future work, it would be worthwhile to establish data-sharing agreements or even research partnerships with the participating institutions before data collection to gather more information from the financial documents. Alternatively, the research study could be designed so that information from publicly available financial documents is cross-checked against a smaller number of interviews. In this way, the researcher is not relying too heavily on the internal documents that the institutions are unwilling to release.

Working with organisations that value accountability may allow researchers to observe, analyse, or even assess the quality of the budget. Implementing other approaches, such as ethnography[40], will offer different perspectives and reveal more facts. However, Time will be the researcher's constraint.

The Indonesian government plans to transform the salary payment system into a Single Salary System[41]. This new system may affect budgeting in universities, especially public higher

[40] *Ethnographic research in higher education involves the researcher embedding within an institution over an extended period to observe practices, interactions, and decision-making processes as they naturally occur. In the budgeting context, ethnography would allow direct observation of budget meetings, negotiation processes, and governance deliberations that participants may describe differently in interview settings. While methodologically powerful, the time commitment and access requirements make it particularly challenging in Indonesian institutional settings, where budget documents and governance meetings are often treated as internal and confidential.*

[41] *The Single Salary System (Sistem Gaji Tunggal) is a proposed reform to Indonesia's civil servant remuneration structure, which would replace the current multi-component salary system (base salary + multiple allowances + honoraria) with a single consolidated salary. If implemented, this reform would significantly affect PTN-BH universities, as the current honorarium-based income model for academic staff — governed by the SBU/Standar Biaya — would be replaced, potentially reducing the role of the fee guideline as a determinant of staff take-home pay.*

education institutions. Not to mentioned, the salary scheme will open new research topics and the similar idea can be applied.

This study is limited to two institutions in Indonesia, which constrains the generalisability of the findings to other national or cultural contexts. Future research could extend this comparative approach to universities in other Southeast Asian countries, such as Malaysia or the Philippines, where similar tensions between public autonomy and private sustainability exist.

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Appendices

Appendix 1 Initial Themes and Sub-Themes

Research Question 1: Does PTN-BH make a public university completely like a private university?			
Theme	Sub-theme	PTN-BH Supporting Statements	Private Supporting Statements
Autonomy and Government Relations	Financial autonomy	"PTNBH allows flexibility in fund management. The university's SBU regulations and the university itself can set its own cost standards, and financial reporting is also easier." (PTNBH 2)"PTNBH is given the authority to manage its own finances. Currently, it still receives state funding for salaries of civil servants." (PTNBH 3)"Our autonomy is not complete because we still	"Since PRIVATE is a private university, the primary factor in budgeting is the number of students, which influences the amount of revenue." (PRIVATE 6)

		receive subsidies from the government. The autonomy we have mainly concerns the use of funds, rather than fundraising" (PTNBH 10)	
	Government oversight	"We still need to fill out the budget application in the government system called 'SAKTI,' which only covers salaries and allowances for civil servants." (PTNBH 4)"Tuition fees are still controlled by the government; we need to propose ... the SK UKT from the rector, but we must request recommendations from the government." (PTNBH 4)"The RKAT (Annual Budget	"There are business units purely focused on business and others that support academics. The purely business-oriented units are owned by the foundation." (PRIVATE 4)

		Plan) at PTNBH requires approval from the ministry because it is part of the national budget. The minister's voice holds a 35% influence in the decision-making process for selecting the rector." (PTNBH 10)	
	Decision-making independence	"Decision-making does not need to reach the ministry level." (PTNBH 8)	"There's a fee reference created by the university" (PRIVATE 1)
Funding Structure	Revenue sources	"Revenue from student sources accounts for 35-40%." (PTNBH 4)"The largest source of funds is tuition fees. We also receive funding from the government, which includes specific allocations for PTNBH and DIPA funds." (PTNBH 7)"For PTNBH (Legal Entity State	"Private institutions rely on tuition fees (UKT) for their funding." (PTNBH 5)

		Universities), part of the operational costs (BOP) is subsidized by the government, under the assumption that PTNBH is capable of raising funds to cover its operational expenses, which amounts to about one-third of the total. The shortfall is covered by two other sources: business ventures and donations." (PTNBH 5)	
	Additional revenue mechanisms	"Additional income from room rentals and institutional fee projects is distributed according to the rules: 10% is allocated to the university, faculty, and department." (PTNBH 2)"Usually, PTNBH sometimes 'encourages partners to act as donors,' meaning that external parties, often unknown to many, get involved in	

		addressing PTNBH's financial issues." (PTNBH 10)	
Research Question 2: How are limited resources affecting public and private universities' budgets?			
Theme	Sub-theme	PTNBH (PTN-BH) Supporting Statements	PRIVATE (Private) Supporting Statements
Resource Prioritization	Priority setting mechanisms	"The university has guidelines for categorizing activities into primary and secondary priorities." (PTNBH 7)	"The audit results are used to create a priority scale. Routine programs are prioritized because they are essential for the regular learning process. After that, development programs are adjusted based on the audit results." (PRIVATE

			1)"We categorize costs into routine and development expenses. Routine costs are further divided into primary and supporting, with priority given to primary routine expenses, followed by primary development expenses." (PRIVATE 4)"Routine activities are prioritized first." (PRIVATE 5)
	Strategic planning influence		"The strategic plan greatly influences the budget, which will be adjusted based on the program's revenue from the number of enrolled students. The strategic plan is developed based on evaluations of study programs, including quality audits, to be followed up in the next year's work program." (PRIVATE 2)"Units have discretion over what percentage of their budget is used to achieve the strategic goals set

			by the rector, ensuring no activities deviate from these goals." (PRIVATE 4)
Budget Flexibility	Revision mechanisms	"The faculty has the independence to set projections for funding sources and amounts. (If there are discrepancies) The university has a scheduled budget revision policy, occurring four times a year." (PTNBH 4)"At certain times, there will be a period for budget reallocation." (PTNBH 7)	"Revisions to the RKAT (budget reallocation) are only done once in May." (PRIVATE 4)"There is a forum for RKAT revisions that will be approved by the senate." (PRIVATE 4)

	Reallocation practices	"Reallocation can only occur within approved areas. There are 'carry-over' funds from the previous year that can be used this year, but only for facility procurement and maintenance, not for operational activities." (PTNBH 6)"In practice, activities can shift but not significantly. For example, funds allocated for publication assistance can be redirected to cover seminar or conference expenses." (PTNBH 10)	"In addition to input from the audit results, we also gather suggestions from lecturers about potential programs... There is flexibility in the use of funds." (PRIVATE 1)

	Carry-over funds	"In general, program implementation is balanced with budget absorption. While activities may be carried out, the budget may not be fully utilized due to efficiencies. Any remaining budget will carry over to the next year." (PTNBH 7)"The use of carry-over funds is restricted, and special negotiations with the university may be required." (PTNBH 7)"Unspent funds always accumulate over time and cannot be entirely avoided, especially if units tend not to carry out as many planned activities." (PTNBH 9)	"We use balances (leftover funds from previous periods) to cover expenses." (PRIVATE 5)

Resource Constraints	Budget limitations	"Some units do not fully understand financial management; they want all activities to be funded despite limited funds. They may question why they are only given a certain budget limit and argue against imposing too high a burden if the budget is insufficient, with some believing in the principle of 'money follows function.'" (PTNBH 4)	"If it's not possible to fund a program with the available budget, they will compromise. However, if the program is very important and funding is needed, a resolution will be made: 'We will implement this program, but not all of it can be funded,' so external grants will need to be sought." (PRIVATE 2)"University funding drops are based on the student body size. Non-routine budgets depend on the financial capability of each program. For example, in programs with few students (lower input/revenue), faculty and student development opportunities are very limited." (PRIVATE 5)

	Budget cuts and adjustments		"Budget cuts are made as minimally as possible. For example, this year, there are no student visits or participation in professional organizations." (PRIVATE 5)"We typically present budgets to department heads and deans, who can provide feedback, such as suggesting that certain promotions may not be necessary." (PRIVATE 5)
Cross-Subsidization	Subsidy mechanisms	"In vocational schools, managing cross-subsidies to less popular study programs can be challenging at the faculty level." (PTNBH 4)	"There is no cross-subsidization within the Faculty of Economics (FBE). However, to my knowledge, the Faculty of Psychology and the Faculty of Social and Cultural Sciences do engage in cross-subsidization." (PRIVATE 5)"There should be cross-subsidies to support study programs with fewer students

			(peminatnya sedikit/ less animo)." (PRIVATE 5)
	Faculty support mechanisms	"During the verification process, there is no pressure. If there are shortfalls, the faculty will subsidize the doctoral program because it is not a revenue center." (PTNBH 6)	"When a program needs support from the faculty, the faculty will accommodate this based on mutual agreement." (PRIVATE 6)"If the faculty cannot directly provide revenue to that unit, it will support the unit to ensure that the budget or activities are sufficiently covered." (PRIVATE 6)
Alternative Funding	External funding sources	"When preparing the annual budget, we must also consider estimated income, which comes from various sources such as public funds, tuition fees, and grants." (PTNBH 10)	"In addition to the annual budget plan at the faculty level, there are opportunities to secure external funding. For programs with limited revenue, they are encouraged to seek funding outside the annual budget plan." (PRIVATE 6)"...Activities that cannot be accommodated

			can be proposed directly to the foundation during the budget preparation assistance program by the endowment board." (PRIVATE 1)
	Competitive grants	"The funding sources for research (field three) come from the annual budget plan, with the majority being tuition fees. However, we also have a unit for research and economic and business training (P2EB). P2EB secures project funding from various stakeholders for its research and training activities." (PTNBH 9)	"The university provides competitive funding assistance for programs." (PRIVATE 6)

Efficiency Focus	Resource optimization	"From an efficiency standpoint, we assess whether the programs are capable of (1) meeting the targets set in the strategic plan and (2) promoting improvements in sustainability." (PTNBH 9)"Research funding doesn't need to be increased at the moment. Instead, we want to think about innovative funding solutions that can boost productivity, outcomes, and sustainability for future research funding." (PTNBH 9)	"The key is to ensure efficiency. Once agreed upon for mutual benefit, the budget figures can be adjusted. In practice, we need to ensure that each activity is carried out efficiently." (PRIVATE 6)"The focus is on being efficient and rational, ensuring that all performance indicators, especially those important for accreditation (LAMEMBA)." (PRIVATE 5)
	Activity execution	"After budgeting, it is important to ensure that all planned activities can be carried out. This ensures that all the budget is effectively utilized and that resource use	"Budgeting processes change with the size of the budget. Larger budgets mean more programs can be implemented, such as sending lecturers to various activities. Activity teams

		remains as planned. It also compels units to make accurate plans." (PTNBH 9)	are kept very lean (with few members)." (PRIVATE 5)
Research Question 3: What method of choice is considered appropriate to the conditions and status of PTN-BH and private universities?			
Theme	Sub-theme	PTN-BH Supporting Statements	PRIVATE Supporting Statements
Budgeting Approach	Incremental budgeting	"Incremental budgeting, but flexible. There is already a routine budgeting process that usually builds on the previous year's figures, such as teaching honors and all regular payments. We use the previous year's benchmarks for routine expenses." (PTNBH 2)"From a	"We look at last year's realization as a reference and add any new elements." (PRIVATE 4)

		performance planning perspective, one of our recurring issues is that the Annual Work Plan (RKT) lacks performance targets, so we end up using last year's figures, which results in the budget being based on the previous year's data." (PTNBH 4)	
	Outcome-based budgeting	"For budgeting, we need to look at the objectives and outcomes, as we aim to practice outcome-based budgeting. This is based on documents, publications, and reputable scientific journals." (PTNBH 9)	
	Activity-based budgeting	"When preparing the annual budget, we must also consider estimated income, which comes from various sources such as public funds, tuition fees, and grants. If	

		there are no activities planned, then those cannot be budgeted. Our budget is activity-based." (PTNBH 10)	
	Balanced budget		"balanced budget" (PRIVATE 5)"Balanced budget, meaning expenses must match income." (PRIVATE 4)"Bottom up, balanced budget." (PRIVATE 6)
Top-Down Elements	Budget limits from higher levels	"Preparing the Annual Work and Budget Plan (RKAT) involves drafting the university's revenue plan to account for all sources of income, with tuition fees as the main revenue source. This includes government funding, other income sources, asset utilization, and collaborations. We then calculate the university's and faculty's respective shares	"The department has already outlined the budget limits available for the study programs (Top-Down)." (PRIVATE 1)"After the foundation (yayasan) calculates based on the revenue plan from existing students and predictions for new students, it will then provide information on the revenue to be used for preparing the annual budget plan. The faculty will receive this information in detail

		(which is a top-down approach)." (PTNBH 4)"In the finance department, based on financial data, we will set the budget limits. Once determined by the leadership, we will send a budget limit notification to the faculty based on the revenue plan." (PTNBH 4)"The budget is balanced according to the expenditures determined by the university." (PTNBH 7)	for each department and all programs within the faculty, and they cannot modify it." (PRIVATE 6)
Bottom-Up Elements	Unit-level planning	"The faculty will submit their revenue plans (which is a bottom-up approach)." (PTNBH 4)"So, there is planning at both the faculty and university levels." (PTNBH 4)	"Bottom-up, flexible in creating the annual budget plan." (PRIVATE 3)"Bottom-up with negotiation based on priorities" (PTNBH 6)"Bottom-up...Each unit, starting from the smallest program study, designs its own

			programs, which are then consolidated at the department level." (PRIVATE 4)
	Faculty/department autonomy	"Certainly, I believe one of the hallmarks of PTNBH (Legal Entity State Universities) aligns with the institution's objectives. From a financial perspective, there is an SBU (Standard Unit Cost) which serves as the basis for planning budget activities. bebas melaksanakan aktivitas selama sesuai dengan IKU, renstra, dan kebutuhan akreditasi." (PTNBH 9)	"In our study programs, budgeting tends to be independent, though it follows the guidelines of IKU. Activities remain under the authority of the study program (i.e., they are independent in terms of activities)." (PTNBH 6)"Program studi memiliki otonomi sesuai kebutuhan." (PRIVATE 5)"Study programs can plan independently, although there are guidelines that must be considered when designing activities and their corresponding budgets." (PRIVATE 6)

Standard Cost Unit (SBU)	Role in budgeting	"Budgeting for goods and services is different, as some items are recurring while others may not be needed every year, like equipment procurement. The department sets the benchmarks, with the key requirement being that the budget does not exceed the allocated plan." (PTNBH 2)"The SBU (Standard Unit Cost) is created by the rector and approved by the MWA (Board of Trustees). The rector decides whether to approve the SBU rates used in the units. The amounts are determined by the dean and the team within the unit, based on their capabilities." (PTNBH 10)"When preparing the budget, PTNBH must	"In our study programs, budgeting tends to be independent, though it follows the guidelines of IKU. Activities remain under the authority of the study program (i.e., they are independent in terms of activities). The amount of funding available depends on the SBU." (PTNBH 6)"As long as the proposed plans refer to the TCK (Target Performance Achievement) and there are funds allocated for it, culture does not have a significant impact. The issue arises when something is not budgeted for and someone stubbornly insists on including it, leading to some confrontation. Thus, it can't be said to have a significant impact either way. The key factor is the SBU (Standard Cost Unit)." (PTNBH 8)"Program studies have the

		follow certain guidelines: (1) SBU (Standar Biaya [42]Unit), which varies between universities as each has its own cost standards (the autonomy allows them to set their own cost standards). SBU is not fixed at a specific number; for instance, seminar honoraria, travel expenses, etc., are structured within a range (a lower limit and an upper limit)." (PTNBH 10)	flexibility to plan as long as it aligns with the university's tariff standards and strategic plans." (PRIVATE 4)
	Market-based pricing	"Budgeting is based on market prices. If a product is no longer available because it has been discontinued, it can be replaced with a currently available product. If the	

[42] *Standar Biaya (literally: cost standard) is a fee guideline document issued by PTNBH that standardises the rates for all institutional financial activities, including honoraria for academic activities (thesis examinations, accreditation participation, committee membership), allowances for administrative roles, and rates for facility use. It serves as the internal reference for all financial transactions and staff remuneration decisions.*

		new product's price is higher, the option is to reduce the quantity of units purchased." (PTNBH 6)	
Revenue Planning	Student-based revenue	"Each department creates its revenue plan based on the number of students expected to enroll and pay during the year. The basis is from the department, not the study program." (PTNBH 2)	"For anything related to money, we estimate our (PRIVATE's) expected income. Estimating tuition fees is a bit complicated because students in the same program may have different total tuition amounts based on their entry scores, not on their family's economic situation. We use past experience to calculate an average, then multiply it by the estimated number of new students." (PRIVATE 4)"We set revenue targets with a certain tolerance range based on the previous period's income. This approach helps balance income

			distribution, making it easier to estimate revenue and costs." (PRIVATE 4)
	Revenue validation		"For example, if a proposal suggests accepting 100 new students, it won't automatically be approved. A team will cross-check the estimate with last year's data; if 200 students were accepted previously, the proposal for 100 won't be approved. Decisions are based on data, not just on preferences." (PRIVATE 4)

Approval Processes	Faculty-level approval	"At the faculty level, there is a form of reconciliation before the budget is approved. This includes checking for alignment with the university's strategic plan, ensuring tariff and account codes are correct, and reviewing activities and their associated costs." (PTNBH 7)"During the alignment process for the Annual Work and Budget Plan (RKAT), there will be discussions to address any inaccuracies in activities or tariffs not meeting standards." (PTNBH 7)	"Budgeting is based on the work programs approved by the leadership meeting and the faculty senate." (PRIVATE 2)"At the faculty level, there is a review and a senate meeting to decide on the budget." (PRIVATE 4)
	Senate role	"The faculty senate plays a role in providing input on the proposed budget plans, but the detailed, is handled by the	"The budget is set based on decisions made by the senate through the submission of documents." (PRIVATE 4)

		departments, study programs, and work units." (PTNBH 9)	
Centralization Model	SADA (Centralized Administration, Decentralized Academics)	"For efficiency, autonomy is returned to SATDA (centralized administration, decentralized academics), meaning that now the autonomy is academic, with finances and operations no longer being autonomous." (PTNBH 5)"PTNBH follows the SADA model (Centralized Academics, Decentralized Administration); academic regulations are centralized at the central administration (Rectorate), but the use of funds is up to each faculty based on their own capabilities." (PTNBH 10)	

	Integration with systems	"Our system is already integrated, meaning that every expenditure request is directly linked to the budget. It is not possible to process expenditures that have not been budgeted for. Payments are made by the university directly to partners, associates, or individuals." (PTNBH 7)"Changes in staff rules have streamlined financial management from four people per department to just one. (This change aims at efficiency and integration with applications.) (I asked them) The implementation of the system has increased efficiency. (They responded: 'Absolutely.')" (PTNBH 3)	

Division of Responsibilities	Unit-level responsibilities		"The study program covers academic activities, teaching transportation, thesis exams, and similar tasks. Human resource development is handled at the department level. (There is a division of authority and responsibility between units.)" (PRIVATE 3)"Funds used for academic purposes are managed separately by each study program, but for facilities, they can be shared." (PTNBH 6)
Research Question 4: To what extent does diversity of individual cultural backgrounds lead to differences in strategic priorities?			
Theme	Sub-theme	PTNBH (PTN-BH) Supporting Statements	PRIVATE (Private) Supporting Statements

Ethnic and Regional Diversity	Demographic composition	"Mayoritas dosen berasal dari Jawa. Proses rekruitmen mengutamakan kualifikasi,..beberapa kali rekruitmen tidak pernah memikirkan mendapatkan orang Jawa lagi..tidak pernah membeda-bedakan." (PTNBH 2)	"There's a good amount of diversity in terms of university backgrounds and fields of education. Ethnicities include people from Sumatra, though most are from Java, with a focus on Java and Sumatra." (PRIVATE 1)"The educational backgrounds are not very diverse, as they all come from public universities." (PRIVATE 3)
	Impact on decision-making	"We don't rely on external factors because our budget is based on expenditures and revenues. It's aligned with our spending, so the focus is more on operations. Operations don't differentiate by ethnicity or religion" (PTNBH 5)"Cultural effects are minimal at our place (PTNBH), especially regarding racial issues, as we	"Regional cultural influences are diminishing due to the impact of learning about foreign cultures and English." (PRIVATE 2)"What we encounter is not based on ethnicity but rather on the characteristics of the faculty (i.e., their academic fields)." (PRIVATE 4)

		are more focused on rationality." (PTNBH 5)"In terms of ethnicity, it seems to blend with each person's style of communication, creating dynamics in the process." (PTNBH 4)	
	Ethnic influence on participation	"Ethnicity and religion have no influence at all. The only factor affecting the decision is the family's economic capability." (PTNBH 10)"In Yogyakarta, and Java in general, the cultural concept of 'pekewuh' (which means being overly concerned about others' opinions) is very strong. People from outside Java are usually more open in expressing their opinions." (PTNBH 10)"Those who were	

		born and raised in Yogyakarta tend to have a higher degree of 'pekewuh,' which can be a barrier to progress." (PTNBH 10)	
Organizational Culture	Faculty-level differences	"Regarding the organizational levels (faculty): budgeting behavior varies significantly. For example, the Faculty of Economics operates differently compared to the Faculty of Medicine and also differs from the Faculty of Pharmacy. The Faculty of Economics is often considered the best, for instance, by implementing shared costs within the faculty. The Faculty of Engineering is also quite good, with centralized budgeting and allocation to departments." (PTNBH 4)	

	Leadership and culture	"The influencing factors include leadership style, community culture, and the academic culture within the faculty. For example, the culture in the Faculty of Medicine differs from that in the Faculty of Economics and Business (FEB). The culture of the officials affects the budgeting model." (PTNBH 8)	
Educational Background	Impact on work approach	"Education influences how people respond to and interpret instructions. Some work independently and fast, while others need motivation to get started. It seems that their background doesn't have much impact." (PTNBH 3)	"People from different academic and university backgrounds think differently." (PRIVATE 1)

Conflict and Resolution	Dispute management	"Conflicts at the faculty level are resolved within their level through negotiation or what is called performance dialogue or performance target discussions." (PTNBH 4)	"Disputes can always be resolved using the existing rules and our limitations (acknowledging disputes but not due to any specific culture). Limited funds actually serve as a boundary to prevent forcing issues." (PRIVATE 2)"Conflicts have occurred in forums, but once the event is over, everything returns to normal. The leadership plays a role in providing win-win solutions so that everyone can accept the joint decisions." (PRIVATE 3)
	Individual behaviors		"There's no experience of someone being stubborn to ensure their plan is included in the budget. If a proposed program can be accommodated, it is even included in the annual work plan, not just approved by the department head." (PRIVATE 1)"...those who

			are persistent, usually the budget controllers (like the Deputy Dean for Finance) based on their position." (PRIVATE 5)"There is an outlier who is part of the organizational dynamics. This outlier's behavior negatively impacts the organization, but it is not significant because it involves only one person who is demanding." (PRIVATE 5)
Power Distance	Hierarchical dynamics	"Sometimes, the issue is related to ego and hierarchical levels. For example, university representatives might be given the opportunity to ask questions or confirm details, while staff may not have this chance and must route their questions through directors or higher positions. This points to a significant power distance."	

		(PTNBH 4)"If someone is relatively young or junior, they may fear that speaking up could harm their career." (PTNBH 10)"In our faculty, for example, there was a recent situation where someone believed that speaking loudly (even forcefully) was sufficient, and because they were senior, juniors were reluctant to oppose them. ada power distance yang tinggi" (PTNBH 10)	
Seniority and Egalitarianism	Seniority effects	"It's egalitarian (not focused on seniority) and there is no significant generational gap (despite age differences)." (PRIVATE 1)"There is no seniority (5 out of 6 lecturers were hired in the same year), and	

		ethnic differences are not prominent." (PRIVATE 3)	
	Egalitarian approach		"Most people are of similar age, and the heads of programs do not position themselves as leaders; they are very egalitarian." (PRIVATE 5)"At PRIVATE, the unique aspect is that everyone at each level, once eligible, must be willing to be nominated for a position. There are no additional factors beyond the requirements stated in the statutes. So, anyone from any background has the right and opportunity, and at PRIVATE, no one can refuse (the election results)." (PRIVATE 6)

Diversity Impact on Budgeting	Minimal impact	"It all depends on each individual's ability to express their opinions." (PTNBH 10)"Although there are many different backgrounds involved, the team at FEB has been working together for a long time, so there isn't much variation in how the budget is handled. The only difference might be in the delivery style, such as slightly higher intonation, but I believe it remains within reasonable limits and does not disrupt the budget preparation process." (PTNBH 7)"So far, there has been no impact from this." (PTNBH 9)	"Because the budgeting process has a clear SOP and is quite detailed, it doesn't have much impact on other factors." (PRIVATE 4)"So far, diversity issues have not disrupted the budgeting process because it is based on logical criteria. The process is structured, so there isn't much need for extensive argumentation." (PRIVATE 4)"When everyone understands their position, authority, and responsibilities, it helps in collaboratively preparing the annual budget plan. Diversity does not significantly impact the preparation of the annual budget plan." (PRIVATE 6)

	Positive impact	"In my opinion, the budget process has improved because of the diverse perspectives, which makes it more interesting and likely to produce better results." (PTNBH 7)"I think it's good to have diverse perspectives, thoughts, criticisms, and feedback. It's a positive effort to improve the quality and inclusiveness of the programs." (PTNBH 9)	
	Selection process		"PRIVATE's effort to enhance diversity in the budgeting process is through a mechanism of selecting officials based on their eligibility level, regardless of their background." (PRIVATE 6)

Communication Styles	Communication diversity	"This approach not only pertains to budgeting but also to communication with faculty, partners, and colleagues. Diversity in communication styles and characters can be a challenge, but it's a positive one and rarely leads to individual conflicts." (PTNBH 7)	
	Informal coordination	"There have already been informal discussions through the WhatsApp group. Coordination likely happens there as well, including messages from the leadership." (PTNBH 3)"From what I've observed, it seems that the associate deans have met beforehand. They have an official forum to discuss any issues that need to be addressed." (PTNBH 4)"If there are	

		negotiations, they may take place informally outside of official channels." (PTNBH 10)	
Participation and Voice	Active vs passive participation	"It often depends on the individuals themselves. Generally, people are reluctant to share ideas or opinions because they might not fully understand their main tasks, are unfamiliar with various issues, or simply because of a nonchalant attitude." (PTNBH 10)"Over time, the same people tend to speak up, leading to comments like, 'Our faculty senate members are only X and Y.' Others remain silent but later grumbled outside	

		of meetings." (PTNBH 10)"Generally, there is a lack of openness, transparency, and courage to voice opinions." (PTNBH 10)	
	Aspirations mechanism	"There is a mechanism for faculty member to convey their aspirations through the department, which will then be presented at the leadership meeting on Monday. However, from the time we receive the aspirations to their execution, it takes some time." (PTNBH 9)	

Diversity Accommodation	Inclusivity measures	"From a fairness perspective, we prioritize ensuring that no faculty member is excluded from certain programs based on age, background, or disability." (PTNBH 9)"Facilities for people with disabilities, like accessible restrooms and elevators, are provided through other buildings. For those with disabilities, rooms are selected to be as close as possible or easily accessible via these elevators." (PTNBH 7)"We do not impose restrictions on recruiting lecturers, and once they become lecturers at PTNBH, we do not limit their access to programs at FEB PTNBH. This is because there are written policies and established SOPs	

		(Standard Operating Procedures) that are available" (PTNBH 9)	
	Economic diversity	"However, when it comes to revenue, diversity may be considered, but it's more about economic capacity (i.e., the ability to pay). For example, students from underdeveloped areas might have lower tuition fees compared to those from more prosperous regions, as they might apply for exemptions, discounts, or even free	

		tuition." (PTNBH 5)"There is a tuition fee discount mandated by the Minister because all higher education institutions in Indonesia are required to accommodate people from low and middle-income families, specifically twenty percent of their total capacity." (PTNBH 10)	
Institutional Priorities	Quality over individual interests	"There is indeed diversity among the faculty members, but we emphasize that the institution's interests take precedence over individual interests. The institution's main priority is maintaining quality, which translates into accreditation, both nationally and internationally." (PTNBH 9)	

	Strategic alignment		"Each program must align with the strategic goals set by the rector. It's not just about the money; it's about achieving specific program objectives." (PRIVATE 4)
Research Question 5: To what extent is the role of the MWA equal to that of the Waqf Board at the Islamic University?			
Theme	Sub-theme	PTNBH (PTN-BH) Supporting Statements	PRIVATE (Private) Supporting Statements
Governance Structure	Ownership and authority		"The Waqf Board is the owner of PRIVATE, and formally, it plays a role in determining the budget." (PRIVATE 4)"menentukan proporsi alokasi penerimaan untuk yayasan, universitas, fakultas, departement, dan program studi." (PRIVATE 6)

	MWA composition	"Overseeing the rectorate in budgeting involves ensuring the process is followed correctly. The members of the MWA (Board of Trustees) include Sultan HB X, the Minister of Education, Culture, Research, and Technology, and the rector. The remaining members are selected, representing both the university community and the public." (PTNBH 10)	
Strategic Planning Role	Strategic plan development	"The MWA reviews the budget once proposals have been submitted by the university senate. The strategic plan is regulated by the MWA, which assembles a university team (ad hoc team) for this purpose." (PTNBH 4	

Planning Challenges	Planning maturity	"Secara perencanaan kurang matang, seharusnya detail. Selama ini .. Menyesuaikan RKT yang umum. Dan waktu penyusunan perencanaan singkat. TCK aja baru turun mendekati akhir tahun..sehingga RKT menggunakan angka tahun lalu." (PTNBH 2)"...The goal is to improve planning and minimize revisions to the annual budget plan throughout the year. In practice, revisions are still frequently needed for both the budget and activities that were not well planned." (PTNBH 3)	

	Performance target issues	"From a performance planning perspective, one of our recurring issues is that the Annual Work Plan (RKT) lacks performance targets, so we end up using last year's figures, which results in the budget being based on the previous year's data. Typically, performance targets are only finalized during the current year." (PTNBH 4)	
	Budget realization pressure	"In certain conditions, when there is no budget yet (due to the absence of the RKT), expenditures may not directly align with specific targets. Without increasing the budget, we need to reallocate existing funds to achieve performance targets. (This means reallocating the remaining	

		budget to meet or achieve the set targets.)" (PTNBH 4)	
Shared Resources	Resource sharing mechanisms		"Some programs from previous management that were considered important may be canceled by the next management if, upon evaluation, they are found to be ineffective or not beneficial for the study program. There are shared facilities subscribed to by the university or faculty, such as Grammarly, which PRIVATE subscribes to for use by lecturers, especially if they are widely used across different study programs and faculties." (PRIVATE 2)"Funds used for academic

			purposes are managed separately by each study program, but for facilities, they can be shared. For example, the cost of purchasing electronic equipment might be charged to the doctoral program (S3), while household-related expenses might be charged to the master's program (S2)." (PTNBH 6)
Performance Pressure	Target and deadline pressure	"Regarding pressure in budgeting, targets and timelines are set, such as deadlines for budget submissions and expenditures. This pressure helps ensure that tasks are completed on time and in accordance with the budget, which is more about the budget's realization." (PTNBH 7)"Even though the managers might have a refined Javanese character, they can still exert	

		effective pressure to manage performance, comparable to managers from outside Java." (PTNBH 7)	
Faculty Autonomy	Revenue and program independence		"There is a contrast in earnings among lecturers at certain faculties; those with more students tend to teach more and thus earn more." (PRIVATE 4)"Programs with more students naturally receive a larger budget. Tuition fees vary by program. For example, the faculty of medicine, which has high tuition fees, will have a larger budget even if it has fewer students because the per-student fee is higher." (PRIVATE 4)

Quality Assurance	Accreditation priorities		"Based on the university's strategic plan, each year there are key phrases provided by the university that should guide the activities at the faculty level. The reference is the achievement of quality targets, which will be the basis for prioritizing activities (based on the results of international quality audits). Planning for next year's activities, such as accreditation." (PRIVATE 6)
Efficiency Innovations	System improvements	"I have never seen specific methods for creating budgets that are both fair and efficient. However, there are efforts to make budgeting more efficient. For example, currently, I am a resource person at my faculty related to my field and main duties. According to the	

		regulations, which I believe are not from PTNBH but from the ministry, I am not allowed to receive an honorarium for this role." (PTNBH 10)"Performance-based honorariums are considered fair." (PTNBH 10)	

Appendix 2 Final Themes and Sub-Themes

Theme	**Sub-theme**	**PTNBH (PTN-BH) Supporting Statements**	**PRIVATE (Private) Supporting Statements**
GOVERNANCE STRUCTURES AND FINANCIAL AUTONOMY	PTN-BH Autonomy vs. Government Control	"PTNBH allows flexibility in fund management. The university's SBU regulations and the university itself can set its own cost standards, and financial reporting is also easier." (PTNBH 2) "We still need to fill out the budget application in the government system called 'SAKTI,' which only covers salaries and allowances for civil	There's a fee reference created by the university (PRIVATE 1) "Since PRIVATE is a private university, the primary factor in budgeting is the number of students, which influences the amount of revenue." (PRIVATE 6)

		servants. Tuition fees are still controlled by the government; we need to propose the SK UKT from the rector, but we must request recommendations from the government." (PTNBH 4) "Our autonomy is not complete because we still receive subsidies from the government. The autonomy we have mainly concerns the use of funds, rather than fundraising." (PTNBH 10)	
	Board Governance Models	"The MWA (University Board of Trustees) actually has two main responsibilities: overseeing and controlling internal matters,	The endowment board does not influence the technical aspects of the budget system or the details of the programs. (PRIVATE 1)

		and building external networks (such as seeking funding, which helps PTNBH establish good relationships outside the university). This results in many people becoming donors. The MWA does not manage the university but approves all university policies." (PTNBH 5) "The MWA has the authority to reject the RKAT (Annual Work and Budget Plan). It is entirely possible for the MWA to refuse to approve the budget, including its amount." (PTNBH 10)	"Planning does not involve the endowment board, but the endowment board approves plans once they have been approved by the university." (PRIVATE 2) "The Waqf Board is the owner of PRIVATE, and formally, it plays a role in determining the budget." (PRIVATE 4)

BUDGETING APPROACHES AND RESOURCE ALLOCATION	Top-Down vs. Bottom-Up Processes	"Preparing the Annual Work and Budget Plan (RKAT) involves drafting the university's revenue plan to account for all sources of income, with tuition fees as the main revenue source. We then calculate the university's and faculty's respective shares (which is a top-down approach). The faculty will submit their revenue plans (which is a bottom-up approach)." (PTNBH 4) "In the finance department, based on financial data, we will set the budget limits. Once	The department has already outlined the budget limits available for the study programs (Top-Down). In practice, the study program coordinates with the department, which can allocate part of its funds to the study program. There is flexibility in the use of funds. (PRIVATE 1) "Bottom-up...Each unit, starting from the smallest program study, designs its own programs, which are then consolidated at the department level. At the faculty level, there is a review and a senate meeting to decide on the budget." (PRIVATE 4)

		determined by the leadership, we will send a budget limit notification to the faculty based on the revenue plan." (PTNBH 4)	

	Priority Setting and Resource Constraints	"The university has guidelines for categorizing activities into primary and secondary priorities." (PTNBH 7) "Reallocation can only occur within approved areas. There are 'carry-over' funds from the previous year that can be used this year, but only for facility procurement and maintenance, not for operational activities." (PTNBH 6)	"The audit results are used to create a priority scale. Routine programs are prioritized because they are essential for the regular learning process. After that, development programs are adjusted based on the audit results." (PRIVATE 1) "We categorize costs into routine and development expenses. Routine costs are further divided into primary and supporting, with priority given to primary routine expenses, followed by primary development expenses." (PRIVATE 4) "University funding drops are based on the student body size. Non-routine budgets depend on the financial capability of each program. For example, in

			programs with few students (lower input/revenue), faculty and student development opportunities are very limited." (PRIVATE 5)

REVENUE DIVERSIFICATION AND FINANCIAL SUSTAINABILITY	Revenue Sources and Dependencies	"Revenue from student sources accounts for 35-40%." (PTNBH 4) "For PTNBH (Legal Entity State Universities), part of the operational costs (BOP) is subsidized by the government, under the assumption that PTNBH is capable of raising funds to cover its operational expenses, which amounts to about one-third of the total. The shortfall is covered by two other sources: business ventures and donations." (PTNBH 5) "The largest source of funds is	"Private institutions rely on tuition fees (UKT) for their funding." (PTNBH 5) "Since PRIVATE is a private university, the primary factor in budgeting is the number of students, which influences the amount of revenue." (PRIVATE 6) "There are business units purely focused on business and others that support academics. The purely business-oriented units are owned by the foundation." (PRIVATE 4)

		tuition fees. We also receive funding from the government, which includes specific allocations for PTNBH and DIPA funds." (PTNBH 7) In general, program implementation is balanced with budget absorption. While activities may be carried out, the budget may not be fully utilized due to efficiencies. Any remaining budget will carry over to the next year. (PTNBH7)	

		The use of carry-over funds is restricted, and special negotiations with the university may be required. It is necessary to verify at the university level. (PTNBH7)	

	External Funding and Innovation	"Usually, PTNBH sometimes 'encourages partners to act as donors,' meaning that external parties, often unknown to many, get involved in addressing PTNBH's financial issues." (PTNBH 10) "The funding sources for research (field three) come from the annual budget plan, with the majority being tuition fees. However, we also have a unit for research and economic and business training (P2EB). P2EB secures project funding from various stakeholders for its	"In addition to the annual budget plan at the faculty level, there are opportunities to secure external funding. For programs with limited revenue, they are encouraged to seek funding outside the annual budget plan... The university provides competitive funding assistance for programs." (PRIVATE 6) "Activities that cannot be accommodated can be proposed directly to the foundation during the budget preparation assistance program by the endowment board." (PRIVATE 1)

		research and training activities." (PTNBH 9)	

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT	Strategic Alignment Mechanisms	"The strategic plan is regulated by the MWA, which assembles a university team (ad hoc team) for this purpose. The MWA also assists in finding funding for university development." (PTNBH 4) "For budgeting, we need to look at the objectives and outcomes, as we aim to practice outcome-based budgeting. This is based on documents, publications, and reputable scientific journals." (PTNBH 9) "The creation of detailed plans comes from the strategic plan	"The strategic plan greatly influences the budget, which will be adjusted based on the program's revenue from the number of enrolled students. The strategic plan is developed based on evaluations of study programs, including quality audits, to be followed up in the next year's work program." (PRIVATE 2) "Units have discretion over what percentage of their budget is used to achieve the strategic goals set by the rector, ensuring no activities deviate from these goals." (PRIVATE 4) "Each program must align with the strategic goals set by the rector. It's not just about the money; it's about achieving

		and performance targets (TCK). These will be reviewed at the faculty level to determine whether the activities are relevant." (PTNBH 7)	specific program objectives." (PRIVATE 4)

	Performance Monitoring and Accountability	"The MWA (University Board of Trustees) emphasizes that the budget needed to achieve targets is smaller compared to routine expenses (salaries, teaching). The MWA questions any decrease in performance targets." (PTNBH 4) "After budgeting, it is important to ensure that all planned activities can be carried out. This ensures that all the budget is effectively utilized and that resource use remains as planned. It also compels units to make accurate plans." (PTNBH 9)	"All activities are audited by the endowment board, and performance audits are conducted by the endowment board in relation to the funds used." (PRIVATE 2) "The control of DTPK (permanent lecturers with work agreements) is managed by the endowment board. They are responsible for extending contracts and evaluating performance based on the performance reports prepared by the study programs." (PRIVATE 5)

ORGANIZATIONAL CULTURE AND DECISION-MAKING	Cultural Influences on Budgeting	"We don't rely on external factors because our budget is based on expenditures and revenues. It's aligned with our spending, so the focus is more on operations. Operations don't differentiate by ethnicity or religion; they are about carrying out the best possible educational, research, and community service activities within our capacity." (PTNBH 5) "In Yogyakarta, and Java in general, the cultural concept of 'pekewuh' (which means being overly concerned about others'	"There's a good amount of diversity in terms of university backgrounds and fields of education. Ethnicities include people from Sumatra, though most are from Java, with a focus on Java and Sumatra. People from different academic and university backgrounds think differently." (PRIVATE 1) "Regional cultural influences are diminishing due to the impact of learning about foreign cultures and English." (PRIVATE 2) "What we encounter is not based on ethnicity but rather on the characteristics of the faculty (i.e., their academic fields)." (PRIVATE 4)

		opinions) is very strong. People from outside Java are usually more open in expressing their opinions. Those who were born and raised in Yogyakarta tend to have a higher degree of 'pekewuh,' which can be a barrier to progress." (PTNBH 10)	

	Power Dynamics and Participation	"Sometimes, the issue is related to ego and hierarchical levels. For example, university representatives might be given the opportunity to ask questions or confirm details, while staff may not have this chance and must route their questions through directors or higher positions. This points to a significant power distance." (PTNBH 4) "Generally, there is a lack of openness, transparency, and courage to voice opinions. This makes it difficult to progress	"It's egalitarian (not focused on seniority) and there is no significant generational gap (despite age differences)." (PRIVATE 1) "There is no seniority (5 out of 6 lecturers were hired in the same year), and ethnic differences are not prominent." (PRIVATE 3) "The leadership plays a role in providing win-win solutions so that everyone can accept the joint decisions. Conflicts have occurred in forums, but once the event is over, everything returns to normal." (PRIVATE 3)

		because those entrusted with the role of representing (mouthpiece) others often do not follow through." (PTNBH 10) "If someone is relatively young or junior, they may fear that speaking up could harm their career." (PTNBH 10)	
CONFLICT MANAGEMENT AND RESOLUTION	Dispute Resolution Mechanisms	"Conflicts at the faculty level are resolved within their level through negotiation or what is called performance dialogue or performance target discussions." (PTNBH 4) "Differences in opinions and feedback on programs are	"Disputes can always be resolved using the existing rules and our limitations (acknowledging disputes but not due to any specific culture). Limited funds actually serve as a boundary to prevent forcing issues." (PRIVATE 2) "The leadership plays a role in providing win-win solutions so that everyone can

		inevitable, but we at the dean's office are open to understanding these inputs. Even if we can't accommodate them in the current year's program, they can at least become part of the next year's program." (PTNBH 9)	accept the joint decisions." (PRIVATE 3) "There will always be odd behavior in every organization. The strategy is to avoid conflict." (PRIVATE 5)
	Individual vs. Collective Interests	"Some units do not fully understand financial management; they want all activities to be funded despite limited funds. They may question why they are only given a certain budget limit and argue against imposing too high	"There's no experience of someone being stubborn to ensure their plan is included in the budget. If a proposed program can be accommodated, it is even included in the annual work plan, not just approved by the department head." (PRIVATE 1) "There is an outlier who is part of the organizational dynamics. This outlier's

		a burden if the budget is insufficient, with some believing in the principle of 'money follows function.'" (PTNBH 4)	behavior negatively impacts the organization, but it is not significant because it involves only one person who is demanding... The strategy is to avoid conflict—this person cannot be advised by anyone." (PRIVATE 5)
EFFICIENCY AND INNOVATION	Process Optimization	"Changes in staff rules have streamlined financial management from four people per department to just one. (This change aims at efficiency and integration with applications.) The implementation of the system has increased efficiency.	The key is to ensure efficiency. Once agreed upon for mutual benefit, the budget figures can be adjusted. In practice, we need to ensure that each activity is carried out efficiently. (PRIVATE 6) "The focus is on being efficient and rational, ensuring that all performance

		(They responded: 'Absolutely.')" (PTNBH 3) "Research funding doesn't need to be increased at the moment. Instead, we want to think about innovative funding solutions that can boost productivity, outcomes, and sustainability for future research funding." (PTNBH 9)	indicators, especially those important for accreditation (LAMEMBA)." (PRIVATE 5)

BUDGET FLEXIBILITY AND ADAPTATION	Revision and Reallocation Mechanisms	"The faculty has the independence to set projections for funding sources and amounts. The university has a scheduled budget revision policy, occurring four times a year. (This provides flexibility and accommodates additional collaborations or reductions in collaborations.)" (PTNBH 4) "At certain times, there will be a period for budget reallocation." (PTNBH 7) "In certain conditions, when there is no budget yet (due to the absence of the RKT),	In addition to input from the audit results, we also gather suggestions from lecturers about potential programs... There is flexibility in the use of funds. (IS THIS A FLEXIBLE BUDGET?) (PRIVATE 1) "Revisions to the RKAT (budget reallocation) are only done once in May." (PRIVATE 4) "There is a forum for RKAT revisions that will be approved by the senate." (PRIVATE 4)

		expenditures may not directly align with specific targets. Without increasing the budget, we need to reallocate existing funds to achieve performance targets." (PTNBH 4)	