

# The Development Of Financial Management In Islamic Boarding School At Jepara Indonesia

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## Abstract

Management in Islamic boarding school at this time is still managed traditionally. This can be seen from the management process or financial management of Islamic boarding schools. This study aims at describing the financial management on sources of financial income and budget planning in Islamic boarding school. This research was conducted at an Islamic Boarding School Jepara Indonesia. The method used is field research with a qualitative descriptive approach. The data collection technique is done by using documentation review, interview and observation. Data analysis was carried out in three steps, namely: data reduction, data presentation, and data verification or conclusion. The research result shows that (1) financial sources at the Islamic boarding school only come from non-permanent donors and from the business units owned by the Islamic boarding school; (2) budget planning, in planning the budget at this Islamic boarding school has its own concept from the boarding school. The concept was created by the boarding school directly which was based on deliberation which was held every six months. The implementation of the budget in Islamic boarding schools is adjusted to the needs of the pesantren. The obstacle is the uncertainty of financial sources in the boarding schools.

**Keywords:** finance, source, budget, planning, boarding

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## Introduction

Islamic boarding school is the oldest Islamic educational institution in Indonesia which has shown its ability to produce clerical cadres and has contributed to the intellectual life of the nation. In addition, Islamic boarding schools have become centers of educational activities that have succeeded in instilling an entrepreneurial spirit and a spirit of independence (Depag, 2003:5).

Islamic boarding school is an institution that has great potential in developing the framework of the national education system. In general, Islamic education aims to spread religious teachings as a moral and mental fortress in facing the progress of the times including advances in science and technology. Thus, a balance is needed between religious science and non-religious science in order to form graduates who are ready

to apply Islamic moral values in the face of societal change.

Regarding the human resources owned by Islamic boarding school, the progress has not been followed by existing human resources, especially in administrative and management issues. The management of Islamic boarding school varies greatly depending on the types of Islamic boarding school and also its management. Management in Islamic boarding school at this time is still managed traditionally. This can be seen from the management process or financial management of Islamic boarding schools (Budiharso & Arbain, 2019).

Almost all pesantren, especially large and historic ones, have grown and developed due to the cool hands of the caregiver or kyai and the buildings with the pesantren complex have been

established, have been implemented, and have become complete institutions with various educational units. The early history of the pesantren shows that the kyai of the pesantren were both traders or farmers. If there is a support team, it is the family itself. This is still ongoing today (Nafi et al., 2007:137). When the community began to realize that the pesantren was fulfilling their expectations and considerations, support began to be given. They contribute what they have within their means. This happens because people feel the benefits of the presence of the pesantren and even become part of them (Avigur-Eshel, 2018).

There is the impression that finance is used to advance an educational institution. Without sufficient financial support, it seems that the managers of educational institutions cannot do much in an effort to advance the educational institutions they lead. This is due to the assumption that all efforts to advance must always be capitalized by money. Efforts to advance the components of education without financial support seem to stop halfway through. Finance and financing is a very determining potential in the delivery of education (Qomar, 2007:163; Fauzan et al., 2020).

Both of these are components of production that determine the implementation of teaching and learning activities. Each work unit always deals with financial matters, as well as in Islamic Education institutions. In general, matters relating to finance in Islamic schools lie in the school fee, personnel welfare money and salaries as well as finance that is directly related to infrastructure (Amagir et al., 2019; Niemeyer, 2018).

Improving the quality of education is not an easy task because it is not only related to technical problems but includes a variety of very complex and complex issues relating to planning, funding, as well as the efficiency and effectiveness of implementing the school system (Haryanto & Mubarak, 2018; Umbricht et al., 2017). Improving the quality of education also demands better education management. Doing something well will get various advantages and avoid unwanted vices (Mgaiwa, 2018). More value on work results will be obtained. Allah says in the Qur'an Ash-Shaff verse 4 that Allah SWT loves those who fight in His path in orderly lines as if they are like a solidly constructed building. (Depag, 1990). The need for good educational institutions is proof that Islam views the importance of human life activities in a world that is well managed or managed so that

positive impacts are always obtained (Aminuddin, 2016:30).

Management is generally defined as the process of planning, organizing, directing, and monitoring. The efforts of the members of the organization and the use of other organizational resources to achieve the stated organizational goals. The essence of management is organization (Haryanto, 2017; Musfah, 2015). A leader must know and be able to manage Islamic school/school finances properly, responsibly and transparently to the community and government (Sulistyorini, 2009:130). As stated in PP Article 48 of 2006 concerning the management of education funds, the management of education funds is based on the principles of justice, efficiency, transparency, and public accountability.

Financial problems always underlie all the problems that exist in life in this world. To realize quality education, it is necessary to have comprehensive and professional management of the resources that exist in Islamic educational institutions. One of the resources that need to be managed properly in educational institutions is finance. In this context, finance is an indispensable resource for Islamic schools as a complement to learning facilities and infrastructure in Islamic schools to improve teacher welfare, services, and implementation of supervision programs (Jaelani, 2015; Kompri, 2014).

Finance in educational institutions is a very important part, so it needs to be managed as well as possible. For that, good financial management is needed. Financial management in educational institutions is a series of financial regulatory activities for educational institutions from planning, bookkeeping, spending, monitoring and accountability. As happens in the substance of education management, financial management activities are carried out through a process of planning, organizing, directing, coordinating, supervising or controlling (Riitsalu, 2018).

Several financial management activities include obtaining and determining sources of funding, utilization of funds, reporting, auditing, and accountability. In the financial management of educational institutions, there is a series of activities consisting of planning school programs, estimating budgets, and the revenue needed in implementing the program, ratifying, and using the educational institution's budget (Jang et al., 2019). Financial management can be defined as an act of financial management or administration which includes recording, planning, implementation, accountability and reporting (Husni, 2015:277).

Efforts to achieve goals in the concept of Islamic boarding school financial management requires a strategy, namely the proper functioning of financial management functions including: planning, organizing sources of funds and their distribution, activating and using finances, monitoring funds and evaluating budgets and their accountability. So, the provision and improvement of human resources in the field of institutional management, as well as fields related to the social life of the community will definitely be considered (Kaur, 2017).

The Balekambang Islamic boarding school in Jepara is one of the Islamic boarding schools which consider its institutional management with social life in society. One manifestation of his concern for his students is by providing various facilities such as the provision of free dormitories, free meals, free building fees, free tuition fees, free uniforms.

Good financial management of Islamic boarding schools is actually part of the effort to protect the personnel in the management (kyai, caregivers, ustadz / ustadzah or others) from unfavorable views from outside. So far, the assets of many Islamic boarding schools have not separated from individual assets, although it cannot be denied that school funding comes mainly from individual wealth. This is because other sources that support the Islamic boarding school are inadequate (Mastuhu, 2000:145). However, the financial management of the Balekambang Jepara Islamic boarding school is still centered on kyai but financial planning is very simple and there is a lack of qualified human resources who understand finances.

## Review of Literature

### Financial Management

Financial management is bookkeeping. Meanwhile, in terminology it means management and accountability for the use of finance, both central and local governments. It can be concluded that financial management is an activity that regulates revenue, allocation and financial accountability to achieve the objectives of the teaching program effectively (Faulkner, 2017; Sulistyorini, 2009).

Financial management is the part that regulates revenue, allocation, and financial accountability to support the implementation of teaching programs. Financial management includes planning, use, monitoring and evaluation, as well as accountability allocated for the

operation of educational institutions (Ribeiro & Soares, 2017; Mulyasa, 2005).

The function of financial management is to use funds and get funds. So, based on the explanation, there are functions of financial management that need to be carried out (Panigrahi, 2018; Suryana & Suryadi, 2009). The functions are as follows: (1) Financial Management, using school funds to maximize existing funds in various ways; (2) Financial Storage: collecting school funds and saving school funds; (3) Financial Control, evaluating and improving the finances and financial system; and (4) Financial Audit, conducting an internal audit of existing school finances so that irregularities do not occur (Chin & Williams, 2020; Mustari, 2014).

Financial management in educational institutions needs to pay attention to a number of principles of Law No. 20 of 2003 article 48 states that the management of education funds is based on the principles of justice, efficiency, transparency and public accountability. In addition, the principle of effectiveness also needs to be emphasized (Husni, 2015:278). The principles of financial management are as follows:

#### 1) Transparency

Transparent means openness. In educational institutions, transparent financial management means openness in the financial management of educational institutions, namely openness of financial sources and their numbers, details of use, and clear accountability, making it easier for interested parties to find out. Financial transparency is needed in order to increase the support of parents, the community, and the government in the implementation of all educational programs in Islamic schools.

In addition, transparency can create mutual trust between the government, the community, parents of students, and school members by providing information and ensuring that it is easy to obtain accurate and adequate information. Financial information that is freely known to all school members and parents of students, for example, the school income and expenditure budget plan (RAPBS) is posted on a bulletin board, teacher's room or in front of the administration room so that anyone who needs this information can easily get it.

#### 2) Accountability

Accountability in financial management means that the use of school fees can be accounted for in accordance with planning provisions. Accountability can be carried out to parents, society and government. Based on

predetermined plans and applicable regulations, the school spends money responsibly. There are three main pillars that are prerequisites for building accountability, namely (1) transparency of school administrators by receiving input and including various components in managing schools/educational institutions, (2) performance standards in each institution that can be measured in carrying out their duties, functions, and authority, (3) participation to create a conducive atmosphere in creating community services with easy procedures, low cost and fast service.

### 3) Effectivity

Effective is often defined as the achievement of predetermined goals. The effectiveness is characterized by quality results. Financial management is said to fulfill the principle of effectiveness if the activities carried out can regulate finance to finance activities in order to achieve the objectives of the institution concerned and the qualitative outcomes according to the predetermined plan (Mustari, 2014:167).

### 4) Efficiency

Efficiency relates to the quantity of results of an activity. Efficiency is the best ratio between input (input) and output (output) or between power and output. Power includes energy, thought, time and cost.

## The Scope of Educational Financial Management

Financial management is an activity of planning, budgeting, checking management, controlling, seeking, and storing funds owned by educational institutions (De Beckker et al., 2019; Heryati & Muhsin, 2014). For more details, the scope of education financial management is as follows:

- 1) Planning, namely activities to determine the goals to be achieved, how to achieve them, the time required, the number of people needed, and the amount of costs.
- 2) Implementing, namely making plans in the form of concrete actions by mobilizing various resources owned by the organization, especially its human elements.
- 3) Reporting, which is an activity whose function is to check, especially those aimed at various financial problems, including various transactions whether in accordance with budget recording and planning.
- 4) Evaluating. The implementation of evaluation is basically to find out whether the implementation of activities in educational institutions is in accordance with the provisions.

## 5) Sources of Tuition Fees

In article 2 paragraph 1 of Government Regulation number 48 of 2008 and article 46 paragraph 1 of Law number 20 of 2003, there are three sources of education funding, namely from: the central government, local governments and funds from the community (Aminuddin, 2016:137). It is clearly stated that the procurement and utilization of educational resources is carried out by all parties, including the government, the community, and the families of students (Hagood, 2019).

- 1) Funds from parents of students. This funding is known as committee contributions. The amount of financial contributions that must be paid by the parents of students is determined by the school committee meeting. In general, committee funds consist of monthly fixed fund as contribution money that must be paid by parents every month, incidental funds that are charged to new students who are usually only once during the three years of being a student (by installment payments), and voluntary funds typically offered to parents of certain students who are generous and willing to make voluntary donations without any commitment.
- 2) Funds from the community. These funds are usually non-binding voluntary contributions from members of the educational institution community who are concerned with educational activities in an educational institution. The voluntary donation given is a manifestation of his concern because he feels compelled to help advance education. These funds are usually received from individuals, from an organization, from foundations or from business entities, both government-owned and private.
- 3) Funds from alumny. Assistance from alumni to help improve the quality of educational institutions is not always in the form of money (for example books, learning tools and equipment). However, the funds collected by the school from alumni are voluntary, non-binding donations from those who feel compelled to support the smooth running of activities for the advancement and development of educational institutions. Some of these funds are received directly from alumni, but some are collected through reoni or lustrum events for educational institutions.
- 4) Funds from participants. These funds are collected from students themselves or community members who enjoy additional or extracurricular educational activities, such as

computer training, English language courses or other skills.

- 5) Funds from entrepreneurial activities of educational institutions. There are several educational institutions that carry out business activities to obtain funds. This fund is a collection of the results of various entrepreneurial activities of educational institutions whose management can be carried out by staff of educational institutions or students, for example cooperatives, school canteens, annual bazaars, telephone shops, photocopying businesses, and others (Mustari, 2014: 173).

The above description of the source of funds of financial at educational institutions can be concluded that the sources are obtained from (1) business foundations established by pesantren, (2) donations from students, (3) donations from the community, both individuals and groups, which usually consist of in-kind goods, money, land, labor, and so on; has the status as; charity, endowments, donations, alms, and so on, or through joint work projects, and assistance from central and local governments (Mastuhu, 2000:146).

Munadi stated that pesantren can use endowments that come from individuals for specific purposes, usually collected, forming such as mutual funds or unit trusts. This allows a broad diversification of investment assets, thus providing the right balance between return and volatility (Hillman et al., 2015; Munadi, 2017).

### Islamic Boarding School

Islamic boarding school is an Islamic religious education institution that grows and is recognized by the surrounding community with a boarding system (campus) in where students receive religious education through the recitation system or madrasah which is fully under the sovereignty of the leadership of a person or several kiai with characteristics of charismatic and independent in all respects (Arifin, 2000:240).

The objectives of the Islamic boarding school are: (1) general objectives, namely to guide students to become human beings with Islamic personalities with their religious knowledge capable of becoming Islamic preachers in society through their knowledge and practices; (2) a special purpose, namely to prepare the students to become religious people for preaching (Mujib & Mudzakkir, 2006:235).

Islamic boarding school cannot be separated from the paradigm of Islamic

Knowledge (*Tawhidi Episteme*), and discourse develops the methodology of the Qur'an, methodology for dealing with the Qur'an, methodology for dealing with the Sunnah, re-examining Islamic heritage, dealing with western intellectual heritage (Munadi, 2016:290).

So this can be concluded that the purpose of the boarding school is to create and develop a Muslim personality, namely a personality who believes and is devoted to Allah SWT, has a noble character, benefits the community, as a public servant, is independent, free and steadfast in personality, spreads religion or enforces religion. Islam and the glory of Muslims in the midst of society, and love knowledge in order to develop the Indonesian personality (Mastuki, Muryono, & et al, 2005:92).

This study aims at describing the financial management on sources of financial income and budget planning at Balekambang Islamic boarding school Jepara Indonesia.

### Methods

The research approach used is descriptive qualitative research that puts forward data research or the reality of problems based on exploration, disclosed by respondents, and data collection in the form of words, pictures and not numbers. In other words, descriptive qualitative data is in the form of written or spoken words from people and observed behavior (Moleong, 2012:4).

The research location is the Islamic boarding school Balekambang Jepara Indonesia because the financial management of the boarding school foundation is centered on kyai. When the research was conducted in February 2020. The subjects of this study are the main actors in managing the finance of Islamic boarding schools. The informants of this research include the board of the boarding school foundation, caregivers / ustadz and ustadzah of the Islamic boarding school, and students of the Balekambang Islamic boarding school in Jepara Indonesia. The technique of data collection are interview, documentation (Ismail, 2011:107) such as financial report and other documents, observation (Sutopo & Heribertus, 2002:64).

### Results and Discussion

#### Sources of Financial Income

In article 2 paragraph 1 of Government Regulation number 48 of 2008 and article 46 paragraph 1 of Law number 20 of 2003, there are three sources of education funding, namely from: the central government, local governments and funds from the

community. However, the sources of financial education in education planning at the Balekambang Jepara Islamic boarding school are (1) from funds or assistance originating from non-permanent voluntary funds every months and (2) from the Islamic boarding school business unit, namely Al-Musanni shari'ah financial institution, Minimarkets and water refill business. All sources of funds from the business unit at the Pondok Pesantren are used to meet all the needs of the boarding school. The boarding school received funds each month.

### Budget Planning

The concept of budget planning is made directly by the boarding school which is already based on deliberations and meetings with the parties concerned with the Islamic boarding school, which then forms a plan of budget and income. In this Islamic boarding school, the planning is made every six months and is carried out in July and December by the head of the boarding school, caregivers / kyai, and board of the pesantren. The planning is made based on suggestions based on the achievement of the activity program by making an activity plan and a budget for the education costs of Islamic boarding schools. The Balekambang Islamic boarding school in Jepara does not yet have a long-term plan such as the preparation of the Islamic holidays that will only be discussed when the time is near.

Financial management planning is the activity of planning resources to support educational activities and the achievement of educational goals in Islamic boarding schools so that it can run effectively and avoid various abuses that have an impact on obstructing the educational process so that educational goals cannot be maximally realized. In budgeting arrangements, every expenditure must be approved by the kyai / head of the pesantren, except for the routine budget. Each of these financial expenses must be accompanied by evidence, for example: receipt, then written in the administration book to make an accountability report at the end of the month. It includes (1) daily and monthly needs in Islamic boarding schools, consisting of the basic needs of the students (meals), electricity tax, water tax, and teachers' salary, (2) operational activities, and (3) facilities and infrastructure, includes stationary, administrative facilities, cleaning tool. Communication and coordination must be carried out in order to be optimal, punctual, effective and

efficient. Budget activity is not a routine job, but involves considerations into report and evaluation.

Generally, the preparation of financial reports is carried out at the end of each financial year. However, the evaluation (reporting) of the Balekambang Jepara Islamic boarding school is carried out every six months in July and December by the boarding school treasurer which is then approved by the village head and finally submitted to the leadership of the foundation to be conveyed to the community through the recitation forum.

### Conclusion

From the analysis, it can be concluded that financial management conducted at Islamic boarding school Balekambang Jepara includes (1) financial sources obtained from non-permanent voluntary funds, (2) Islamic boarding school business unit, including financial institution of Al Musanni Shari'ah, Minimarket, and Mineral water installation.

The sources of financial education in education planning at the Balekambang Jepara Islamic boarding school are (1) from funds or assistance originating from non-permanent voluntary funds every months and (2) from the Islamic boarding school business unit, namely Al-Musanni shari'ah financial institution, Minimarkets and water refill business. Budget Planning is conducted every six months on July and on December with the head of the Islamic boarding school, the teachers of the Islamic boarding school, and the assistance discussion to formulate the plan.

Evaluation is carried out every six months on July and December. This monthly report represents expenses to meet the needs of Islamic boarding schools. Financial management constraints in the boarding school Balekambang Jepara include uncertain financial sources of income for the boarding school. Ultimately, it affects the financial management process.

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