

Cost Management in Higher Education

Asep Kurniawan

Faculty of Economic and Business Education
Universitas Pendidikan Indonesia
Bandung, Indonesia
asepkurniawan@upi.edu

Abstract—This study analyzes the cost management in higher education. The focus is to be studied in this research is the source from which funds higher education, the role of leadership, organizational structure, and policy leaders in management education costs. The method used was a case study with a qualitative approach. Source of funding comes from two types of government and non-government. The organizational structure and leadership roles has the authority and specific policies in determining the success of an organization or college by utilizing existing resources. The study also yields hypothetical model about the cost management in higher education.

Keywords—cost; cost management; higher education

I. INTRODUCTION

Development of National Education in Indonesia has been regulated in the Law on National Education System (Education) 20 2003 binding all parties and all walks of society, the nation and the Unitary Republic of Indonesia. Philosophical foundation, the purpose and function of national education listed in the Education Law. Broadly speaking, the essence of education is the construction and development of the whole human resources in a balanced, harmonious and harmonious. Management is a supporting element that helps deliver the nation to realize the ideals and objectives. Build quality of Indonesian human and perfectly intact towards the building of a prosperous nation and justice. Gaffar, M. Fakry explains that in order for Higher Education has a response or high competitiveness, College requires institutional reforms in the management process, which includes the components of the strategy Higher Education, as well as the renewal of the management process that involves funding education for improve efficiency and productivity measurably higher education [1]. Research conducted by Sumarto and Nanang Fattah shows the cost of education units in several universities with calculations using the ABC method, there is a considerable difference, especially in LPTK, the largest difference reaches 330.87% for the technology cluster, while the smallest difference in social science cluster of 123.74% [2].

Source of funding higher education is still limited. Currently the largest source of funds obtained by universities comes from tuition students and the community in the form of government in the form of DIPA. It would need to be extracted more sources of funding from outside the university mainly based on the expertise possessed of the universities. The organizational structure and the role of leadership and policies that have not been precise in management education financing.

Still there are variations in the organization structure of higher education, especially in structures related to cost management education. The organizational structure should be based on the management functions associated with the cost of education. The unmet funding is needed in Universities with funds obtained. Higher education needs are not fully met by the amount of funding provided. Consequently, most of the activities carried out based on priority, so that there are activities or activities that should be delayed. Through proper cost management are expected to need a college can be fully funded by the amount of funding provided.

Implement educational development that meet the needs of learners need support resources to run educational programs that have been used as guidelines as towards the achievement of quality education. One resource that greatly Contribute to the attainment of educational programs is their funding support. Sources of funds as a potential in an organization of education providers is an integral part in the study of educational administration. The existence of the funds allocated to pay for education, needs to be managed properly in order to achieve the targets or targets. Financing education is an activity with respect to proceeds (income) received and how the money will be used to finance all educational programs that have been established. Income or education received funding sources Obtained from ABPN schools, the budget, and the Community or the elderly. Bowen explain that in more detail [3]: "Revenues are derived from several sources: federal, state, and local appropriations, tuitions, gifts and grants from private individuals and corporations, endowments, and sales of goods and services. The revenue theory of educational costs is subject to an important qualification". As for how the use of Reviews These funds, each school should establish plans to prioritize the funding of education in a comprehensively manner. Comprehensive planning of a school funding program involves making critical decisions play within the following areas:

- Education programs should be funded.
- The tax system is used to finance the program.
- The allocation system of state funds for the area or areas of schooling.

Apart from that, the planning program Also education involves fundamental policy decisions relating to:

- Who should be educated? The target population of what was supposed to be served?

- The purpose of the purpose of education what it should be created for each target of this population?
- What type of education is needed to program different targets Populations of this?

Every plan and use resources allocated should be based on the development of an educational plan to Achieve education are broad goals and objectives that were approved. Therefore, education plans should be comprehensive, in both the short and long term and provide the reasons the number and quality of educational services proposed. If the plan is required to be provided education budget, the plan must be specific enough, is described in detail later provided budget can be estimated. The decision on the financing of education were made both at the central, provincial and local. Decisions are made at three levels often made on the basis of eligible, helpful. Usually the decision on the third level was not well integrated in the education finance program. If the financial planning education to be integrated, it obviously requires planning or work together cooperatively. The central government should not make decisions on school funding program without consultation with local Governments, and local Governments (provincial) should not be making decisions on school funding program without consultation with local Governments. Therefore, people Involved in the school, such as the administrator, teachers, and support personnel must be brought and be involved in the planning process if efficient planning want. Bowen explain that in more detail [4]: "Revenues are derived from Several sources: federal, state, and local appropriations, tuitions, gifts and grants from private individuals and corporations, endowments, and sales of goods and services. The revenue theory of educational costs is subject to an important qualification". Council member law makers and the local education board will make a better decision on the funding of schools if the program allow everyone in the program planning process. In this case the contribution of all Reviews Those Involved in education will create a plan that will be more effective and efficient. The importance of research and information sufficient for planning of school funding cannot be avoided. There is no group that can make-decisions that reverberate in the financial planning of the school if it is not able to anticipate the consequences of the consequences of the decision-making. Therefore, the decision-makers on school funding policy should use the services of competent Researchers on school funding that can assist them in evaluating the consequences of the policy consequences of policy alternatives. Cohn states that Direct costs have received by far the bulk of attention, perhaps Because he consequences of such costs are Directly and strongly felt by the tax payer-and, of course, Because statistics on direct school outlays are readily available (or estimable), where as indirect cost must be imputed [5]. Blocher, Chen and Lin argues that Activity-Based Costing approach is the determination of product cost charge to products or services based on resource consumption caused by the activity [6]. The rationale for determining the cost of this approach is that the company's products or services performed by the activity and activities required the use of resources that causes the cost. Along it, Atkinson, et al. suggested that the "Activity-Based Costing (ABC) as an activity-based cost accounting system that connects the resources used by

organizations with products or services produced or received by customers" [7]. According to John, Morphet and Alexanders there are some common policies recommended by experts in education funding items [8], namely:

- If the additional input costs will add more individual and social benefits of the education system Compared to the amount of investment, then the input of financing should be increased.
- If the individual and social benefits of the system can produce the same organization with a smaller entry fee, then the input of financing should be reduced.
- If the unit itself or the school administration specialized in school, that was a very small unit can Achieve advantages in economies of scale Necessary to maximize the educational benefits per dollar input, then the school or school system must be appropriately reviewed restaurants.
- If the organizational structure does not function efficiently and effectively in order to maximize the profit per dollar education, then it should be modified organizational structure.
- If any educational policy, program, or how to work does not work, ineffective, or inefficient, then education policy It should be changed.

Funding is essential for the success of an education and the government has a major role in it. The role of government includes the: government protection for minors, external influences educational role that democracy, equal opportunities for education for all citizens, improving the quality and relevance of education, demands "general norms" and the influence of education on economic growth.

The objectives in this research are:

- Identified sources of college funding.
- Descriptions of organizational structure and the role of leaders in the management of education costs in higher education.
- Identification of the comparison of funds needed with the amount of funds obtained.
- The identification of the impact of the budget on the progress of higher education.

II. METHOD

The method used in this study is the case study method with qualitative approach. The research method used was a case study (case study research), which is trying to learn a phenomenon in the case and in a real context. The object of this study was conducted in 3 Universities, Institut Teknologi Bandung (ITB), Universitas Pendidikan Indonesia (UPI), and Institut Pertanian Bogor (IPB). Three State Universities which have the same characteristics, which has a study program ranging from Diploma Program, S1, S2, and S3, as well as get funding from the government.

In order to obtain in-depth discussion, additional instruments are needed that are useful for obtaining supporting data in analyzing research findings. Following are the supporting instruments used in the study.

A. Interview Guidelines consisting of:

- Interview Guidelines for Study Program leaders, which serve as guidelines in carrying out data collection in the Study Program environment;
- Interview Guidelines for Faculty leaders, which serve as guidance in carrying out data collection in the Faculty;
- Interview Guidelines for financial managers, which serve as guidelines in carrying out data collection in financial managers; and
- Interview Guidelines for University leaders, which serve as a guide in carrying out data collection in the University environment.

B. Analysis format consisting of:

- Results Format of Field Interview Analysis and Interpretation, which functions to describe the results of field interview analysis and interpret data that has been adjusted to the research questions and research objectives; and
- Format of Document Studies in Higher Education, which functions to describe integrated data based on the main themes that are in line with the categorization of units analyzed.

B. Field Note and Observation Formats

- Field note format that serves to write down all incidents during the research in the field
- Format of Observation Notes, which serves to describe the results of observations based on questions and research objectives.

III. RESULT AND DISCUSSION

In general, there are 2 sources of funds, namely those originating from the government and non-government (independent). Each college provides a proposal for the amount of funds needed to support the education process for the following year, although in the end it will be reviewed in relation to the amount of funds decided by the government.

Obtained information that in the organizational structure and the role of leadership in education financing management led by the Chancellor as the highest level holder in an organization. But at the technical level, the Deputy Chancellor or Directorate is given a delegation of authority to translate various policies stipulated in the SOP and regulations by making a description of the work carried out by the faculty or study program. However, this is inseparable from the role of a leader in controlling and supervising the implementation of policies that will be carried out, with good personality, establishing good communication and coordination between units will have a good impact on the work culture in it.

To calculating the source of funds needed with the source of funds obtained, universities has a balanced budget system in which revenues and expenditures have the same calculation. This is based on the calculation of estimated funds to be received from various sources of funds, both from government or non-government (public funds). In its implementation, all units must be orderly to use the budget in implementing planned programs and activities, because this will have a very strong influence on the success of universities so as to minimize the occurrence of non-conformity programs and activities for the funded school year. Mark Olweny states that universities must find as many funding sources as possible, because universities cannot rely solely on only one source, namely from students to get quality education [9].

Measuring the impact of the budget on the quality of higher education can be assessed from various aspects. The impact of the cost of education is often based on the concept of education costs that are more complex than benefits or benefits. The impact of the education budget is not only in the form of money or rupiah, but also in the form of opportunities, both opportunities for institutions (universities) or for objects in them (students) during the process of implementing education.

The impact or benefit of education costs by education experts is often referred to as cost benefit analysis, which is the ratio between financial benefits as a result of education and all costs incurred for education.

The effectiveness of education has a link between the utilization of limited educational resources so as to achieve high optimization. In the cost of education, effectiveness will only be determined by the accuracy in utilizing the education budget by giving priority to educational input factors that can spur student achievement. Whereas to find out the cost effectiveness of education is usually used the method of cost effectiveness analysis that takes into account the amount of contribution of each education input to the achievement of educational goals or learning achievement. In the process of effectiveness there is a process of efficiency. These efforts can be grouped into two types, namely internal efficiency and external efficiency. Both concepts are closely related.

Internal efficiency can be assessed through an education system that produces the expected output with minimum costs. Or maximize the expected output. This can be seen from the average length of student learning and the graduate input-output ratio. While external efficiency analysis is useful for determining policies in allocating costs or distributing budgets to all education sub-sectors. External efficiency is also a social recognition of graduates or the results of education for individuals (graduates) or society. Eating, the external efficiency of education includes the rate of economic return and investment in education, funding allocations for types and levels of education. Thus, it can be concluded that internal efficiency and external efficiency are very closely related and complement each other in determining the efficiency of the education system as a whole.

IV. CONCLUSION

Based on the results of empirical finding, the conclusion can be concluded that, in essence the source of budget funds

education in Indonesia is obtained from the state budget, budget, and the community. In general, the source of funds PTNBH divided into two types, funding from government and non-government funding sources are utilized for the progress of a college.

On the organizational structure of the UPI, ITB, and IPB in terms of cost management education consists of the top level (rector, vice rector), middle (Directorate, Bureau, Faculty) and bottom (majors, courses and other work units).

Basically the source of funds obtained can fulfill the implementation of the tertiary education process through various achievements and achievements that have been realized, although in one university there are several programs that cannot be implemented because of limited funding of funding sources. Received so that there is a classification of types of programs or activities that become priority needs of higher education to be implemented through the calculation of real unit needs.

The impact of education is an educational outcome consisting of financial, social or scientific aspects. Basically the effectiveness of education describes the relationship between input (input) and output (output) of an implementation of the educational process, so that by knowing the amount of the cost of the education unit a study program can provide an assessment in providing alternative policies as an effort to increase educational productivity. Thus, many factors can determine the impact of the budget on the success of tertiary institutions, although in general the budget received by higher education institutions can have a significant impact on the development and achievement of program targets and activities carried out in the process of administering education. From financial, social or scientific aspects. Basically the effectiveness of education describes the relationship between input (input) and output (output) of an implementation of the educational process, so that by knowing the amount of the cost of the education unit a study program can provide an assessment in providing alternative policies as an effort to increase educational productivity. Thus, many factors can

determine the impact of the budget on the success of universities, although in general the budget received by universities can have a significant impact on the development and achievement of program targets and activities carried out in the process of implementing education.

ACKNOWLEDGEMENT

Thank you to the promoters and co-promoters of this research, Prof. Dr. Tjutju Yuniarsih, M.Pd., Prof. Dr. Sumarto, M.Pd. To the supporting team, Dr. Nugraha Suharto, M.Pd., Gilang, M.Pd., and Orin, S.Pd. Also to other parties who have helped in completing this study that I cannot mention one by one.

REFERENCES

- [1] M. F. Gaffar, *Dinamika pendidikan nasional: isu, tantangan dan prospektif masa depan*. Bandung: UPI PRESS, 2012.
- [2] N. Fattah, S. Sumarto, *Policy Studies of Educational Finance For Teacher Education Indonesia*. Bandung: Proceeding of International Conference on Teacher Education, pp. 66-73, 2013.
- [3] H. R. Bowen, *The cost of higher education, how much do colleges and universities spend per student and how much should they spend?*. San Francisco: Jossey-Bass Publisher, 1980.
- [4] H. R. Bowen, *The cost of higher education*. Washington: Jossey-Bass Publisher, 1981.
- [5] E. Cohn, *Economics of education (revision edition)*. Printed in United States of America, 1979.
- [6] C. Blocher, L. Lin. *Manajemen biaya*. Jakarta: Salemba Empat, 2000.
- [7] R. D. B. Atkinson, R. S. Kaplan, M. Young, *Management accounting*. New Jersey: Prentice Hall, Inc., 2001.
- [8] R. L. Johns, E. I. Morphet, K. Alexander, *The economics & financing of education fourth edition*, New Jersey : Prentice Hall, Inc., 1983.
- [9] M. Olweny, "Determining the Unit Cost of Higher Education: The Case of the Faculty of the Built Environment at Uganda Martyrs University", *Journal Of Higher Education*, vol. 36, pp. 43-66, 1998.