

# Performance Based Education Funding Models for Improving the Effectiveness of Fund Management

Arthi Friedha El Famoos<sup>1\*</sup>, Zaenal Arifin<sup>2</sup>, Sutrisno<sup>3</sup>  
<sup>1,2,3</sup> Universitas Persatuan Guru Republik Indonesia Semarang  
\*Arthi Friedha El Famoos

## ARTICLE INFO

### Article history

Received April 3, 2026

Revised April 24, 2026

Accepted May 5, 2026

**Keywords:** Education Financing,  
Academic Service Quality,  
Financial Management

## ABSTRACT

This study examines the role of education financing in improving the quality of academic services in educational institutions. The problem addressed in this research is the suboptimal management and unequal distribution of education funding, which affect the effectiveness of academic services. The objective of this study is to analyze the relationship between education financing and the quality of academic services, as well as to identify key factors influencing effective financial management. This research employs a qualitative approach using a descriptive method through a literature review of relevant Indonesian journal articles and policy documents. The findings indicate that adequate and well-managed financing significantly contributes to the improvement of academic services, including facilities, teaching quality, and administrative support. Transparency and accountability in financial management also play a crucial role in enhancing institutional credibility and service effectiveness. However, disparities in funding distribution and limited managerial capacity remain significant challenges. In conclusion, effective, transparent, and equitable education financing is essential for achieving high-quality academic services, supported by strong governance and strategic financial management.

## 1. INTRODUCTION

Education is a strategic sector that plays a central role in improving human resource quality, economic growth, and national competitiveness. In many countries, education financing policies are increasingly directed toward improving not only access to education but also the quality and effectiveness of educational outcomes. In Indonesia, the government has demonstrated its constitutional commitment by allocating at least 20% of the national budget to the education sector. However, the increase in budget allocation has not always been followed by proportional improvements in educational quality and institutional performance. Several studies indicate that the main challenge in education financing lies not merely in the amount of funds provided, but in the effectiveness, accountability, and efficiency of fund management practices. Therefore, a financing system that emphasizes measurable outcomes and institutional performance is increasingly needed to ensure that education spending contributes directly to improving educational quality. Recent studies have highlighted the importance of performance-based education funding as an alternative approach to improving accountability and efficiency in education finance management. Research conducted by Helmawati et al., (2025) explained that performance-based education financing can improve transparency, accountability, and institutional effectiveness in schools in Indonesia. The study emphasized that budgeting systems linked to measurable performance indicators encourage more efficient and responsible fund management practices. Similarly, Irwanzi et al., (2025) found that strategic performance-based education financing supported by digital monitoring systems contributes significantly to

improving accountability and efficiency in educational institutions. Their study also showed that school financial planning based on measurable outcomes can strengthen institutional governance.

Another study by Lunita & Idrus, (2025) revealed that innovative education financing strategies focusing on performance and sustainability can support equitable access to education in Indonesia. The study argued that outcome-oriented financing models are more effective in improving educational quality and reducing disparities in educational services. Furthermore, Kamal et al., (2025) identified significant disparities in education financing among provinces in Indonesia due to differences in fiscal capacity and governance quality. Their findings indicate that effective education financing requires stronger accountability systems and equitable resource allocation mechanisms. In addition, Rohayanah & Maman Suryaman, (2025) explained that performance-based management models are more effective than conventional financing approaches in improving efficiency and educational quality. Their comparative analysis demonstrated that educational institutions implementing performance-oriented budgeting systems tend to achieve better organizational outcomes. Although previous studies have discussed the implementation and benefits of performance-based funding, several important issues remain unresolved. Most previous studies primarily focused on the technical implementation of budgeting systems or on measuring institutional performance separately, while limited studies comprehensively analyzed how performance-based education funding contributes to improving the effectiveness of education fund management within the Indonesian context. Furthermore, previous studies have not sufficiently examined the institutional challenges, governance limitations, and policy implications that influence the successful implementation of this funding model. As a result, there remains a research gap regarding the conceptual relationship between performance-based financing mechanisms and effective educational fund governance.

This study offers novelty by providing a comprehensive analysis of performance-based education funding models from the perspective of effectiveness, accountability, and sustainability of education fund management. Unlike previous studies that mainly discussed budgeting procedures or financial accountability separately, this research integrates discussions on performance indicators, governance systems, transparency mechanisms, and institutional readiness into a unified analytical framework. In addition, this study specifically focuses on the Indonesian education financing context, where disparities in regional fiscal capacity and institutional management remain significant challenges. Therefore, this study contributes a more contextual and integrative perspective regarding the implementation of performance-based education funding in developing countries. The urgency of this research is closely related to the increasing demand for accountable and results-oriented public sector governance. The implementation of performance-based education funding is expected to encourage educational institutions to utilize resources more efficiently, improve transparency in financial management, and enhance the quality of educational outcomes. If these challenges can be addressed effectively, performance-based funding models may contribute significantly to strengthening public trust, improving educational equity, and supporting sustainable national education development. Consequently, this study has both theoretical significance in enriching education finance literature and practical significance for policymakers and educational institutions.

In practice, the implementation of performance-based funding models still faces several obstacles. Limited human resource capacity, weak monitoring systems, inconsistent performance indicators, and resistance to administrative changes remain major barriers in many educational institutions. Moreover, differences in regional governance capacity also affect the consistency of policy implementation. These conditions indicate that the success of

performance-based education funding requires integrated policy support, adequate institutional capacity, and transparent evaluation mechanisms. Based on these issues, this study seeks to answer the following research questions: (1) How is the concept of performance-based education funding implemented in education financing systems? (2) How does performance-based funding contribute to improving the effectiveness and accountability of education fund management? and (3) What challenges and opportunities arise in the implementation of performance-based education funding models in Indonesia? Therefore, this study aims to analyze the implementation of performance-based education funding models and evaluate their contribution to improving the effectiveness of education fund management.

## 2. METHODS

This study employed a qualitative approach using the literature review method to analyze the implementation of performance-based education funding and its contribution to the effectiveness of education fund management. The literature review approach was selected because it allows researchers to systematically identify, evaluate, and synthesize findings from previous studies related to education financing, accountability, governance, and performance-based budgeting systems. Snyder, (2019), literature review research is useful for identifying research gaps, evaluating previous findings, and developing conceptual understanding in a particular field. The data used in this study consisted of secondary data obtained from scientific journal articles, books, government reports, and policy documents discussing education financing models and educational financial governance in Indonesia and several other countries. The literature collection process was conducted through searches in several academic databases, including Google Scholar, Scopus, and SINTA-indexed journals. The keywords used in the search process included “performance-based education funding,” “education finance management,” “education budgeting,” “education accountability,” and “education funding effectiveness.” The inclusion criteria for selecting literature were: (1) publications related to education financing and performance-based funding systems, (2) articles published between 2021 and 2025, and (3) studies discussing accountability, efficiency, transparency, governance, or institutional performance in education finance management. Meanwhile, publications not directly related to education financing topics or lacking sufficient methodological clarity were excluded from the analysis. From the initial search process, 35 articles were identified, while 18 relevant articles that met the inclusion criteria were selected for further analysis.

Table 1 presents the main literature used in this study based on research themes, methods, and findings from previous studies related to performance-based education funding.

**Table 1. Main Literature Review**

No	Author(s)	Year	Focus of Study	Method	Main Findings
1	Helmawati et al.	2025	Performance-based education funding	Qualitative Study	Improves transparency and accountability in educational institutions
2	Irwanzi et al.	2025	Strategic education financing management	Case Study	Digital monitoring systems strengthen accountability and budget effectiveness
3	Lunita & Idrus	2025	Innovative education financing strategies	Literature Review	Outcome-based financing supports equitable education access
4	Kamal et al.	2025	Education financing disparity	Quantitative Study	Fiscal disparities affect governance quality and financing equity

5	Suryaman & Lestari	2024	Performance-based management models	Comparative Study	Performance-oriented budgeting systems are more effective than conventional models
---	--------------------	------	-------------------------------------	-------------------	--

Based on Table 1, previous studies generally emphasized the importance of accountability, transparency, and effectiveness in education finance management. However, most previous studies focused only on technical budgeting implementation or institutional performance separately. Therefore, this study seeks to provide a more comprehensive analysis by integrating governance, institutional readiness, accountability, and effectiveness within the context of performance-based education funding in Indonesia. The data analysis process was conducted using descriptive qualitative analysis techniques through three stages: data reduction, data categorization, and interpretation of findings. First, relevant literature was selected and classified based on research themes such as accountability, governance, effectiveness, institutional readiness, and policy implementation. Second, the findings from previous studies were compared and synthesized to identify similarities, differences, and research gaps related to performance-based education funding. Finally, the analyzed data were interpreted to formulate conclusions regarding the challenges, opportunities, and contributions of performance-based funding models to improving the effectiveness of education fund management in Indonesia.

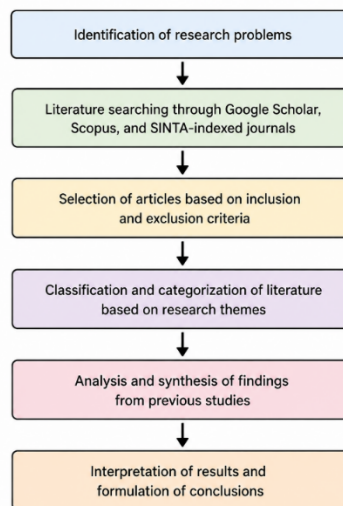


Figure 1 illustrates the stages of the research process conducted in this study.

Based on the research procedure above, the study systematically identified and analyzed relevant literature related to performance-based education funding. To strengthen the validity of the analysis, source triangulation was applied by comparing findings from different academic and policy sources. Through this process, the study aimed to produce a comprehensive understanding regarding the implementation and effectiveness of performance-based education funding in improving educational financial governance.

### 3. RESULTS AND DISCUSSION

#### 3.1. Implementation of Performance-Based Education Funding

Performance-based education funding is increasingly implemented as an alternative approach to improving accountability, transparency, and effectiveness in educational financial management. Based on the analyzed literature, this funding model emphasizes the relationship

between budget allocation and measurable institutional performance indicators such as graduation rates, academic achievement, institutional accreditation, financial accountability, and service quality. Unlike conventional financing systems that mainly focus on budget inputs, performance-based funding prioritizes educational outcomes and institutional achievements. Several previous studies indicate that the implementation of performance-based funding can encourage educational institutions to improve efficiency in resource utilization and strengthen accountability mechanisms. Helmawati et al., (2025) explained that educational institutions implementing performance-oriented budgeting systems tend to have more transparent financial management and clearer performance evaluation systems.

Similarly, Irwanzi et al., (2025) found that the integration of digital monitoring systems into education budgeting processes significantly improves institutional accountability and budget effectiveness. In Indonesia, the implementation of performance-based education funding remains at a developing stage. Although several educational institutions have adopted performance indicators in budgeting systems, the implementation process still varies across regions and institutions due to differences in administrative capacity, governance quality, and institutional readiness. These findings indicate that performance-based funding implementation requires not only financial reform but also organizational adaptation and effective governance systems. From the findings above, it can be concluded that performance-based education funding has the potential to improve accountability and effectiveness in educational financial management. However, successful implementation depends on institutional readiness, governance quality, and the availability of measurable performance indicators.

### **3.2. Contribution of Performance-Based Funding to the Effectiveness of Education Fund Management**

The findings from the analyzed literature show that performance-based funding contributes positively to improving the effectiveness of education fund management. The implementation of performance indicators in budgeting systems encourages educational institutions to allocate resources more efficiently and prioritize programs that directly contribute to educational quality improvement. This financing approach also strengthens transparency because financial allocations are linked to measurable institutional outcomes. Lunita & Idrus, (2025) explained that outcome-oriented financing models support equitable access to education and improve institutional effectiveness by ensuring that funding allocation aligns with educational objectives. In addition, Rohayanah & Maman Suryaman, (2025) revealed that institutions implementing performance-based budgeting systems tend to demonstrate better organizational performance compared to institutions using conventional budgeting approaches. Their findings showed improvements in administrative efficiency, financial transparency, and institutional accountability.

Furthermore, performance-based funding can encourage educational institutions to improve strategic planning and financial governance. The requirement to achieve measurable performance indicators motivates institutions to strengthen monitoring systems, improve budget planning, and enhance institutional evaluation mechanisms. Consequently, educational institutions become more results-oriented and accountable in managing educational resources. From the discussion above, it can be concluded that performance-based funding contributes significantly to improving the effectiveness, accountability, and transparency of education fund management. The implementation of measurable performance indicators enables educational institutions to manage financial resources more strategically and efficiently.

### **3.3. Challenges and Opportunities in the Implementation of Performance-Based Funding**

Despite its potential benefits, the implementation of performance-based education funding in Indonesia still faces several significant challenges. One of the major obstacles identified in previous studies is the limited institutional capacity in implementing performance-based budgeting

systems. Many educational institutions still experience difficulties in developing measurable performance indicators, conducting systematic evaluations, and managing financial reporting systems effectively. Kamal et al. (2025) identified disparities in educational financing among regions due to differences in fiscal capacity and governance quality. These disparities influence the consistency of policy implementation and affect the ability of educational institutions to adopt performance-based financing systems effectively. In addition, resistance to administrative changes, limited human resource capacity, and weak monitoring systems remain major barriers in implementing accountability-oriented funding models.

However, the implementation of performance-based funding also presents significant opportunities for improving educational governance in Indonesia. The increasing use of digital financial management systems, government initiatives toward bureaucratic reform, and growing public demands for accountability provide strong support for implementing more transparent and effective education financing systems. If supported by adequate institutional capacity, integrated monitoring systems, and consistent policy frameworks, performance-based funding can become an effective strategy for improving educational quality and strengthening public trust in educational institutions. From the findings above, it can be concluded that the implementation of performance-based education funding in Indonesia faces both structural challenges and strategic opportunities. Therefore, strengthening institutional capacity, improving governance systems, and developing measurable performance indicators are essential for ensuring the successful implementation of this funding model.

#### 4. CONCLUSION

Performance-based education funding has proven to be a more effective approach in improving the quality of education fund management compared to conventional input-based funding models. By emphasizing the link between budget allocation and performance outcomes, this model fosters efficiency, transparency, and accountability at every stage of education financial management. The discussion results indicate that the implementation of measurable performance indicators, along with systematic monitoring and evaluation mechanisms, can direct fund usage toward programs that have a direct impact on improving the quality of learning. Furthermore, the integration of planning, implementation, and evaluation into a single continuous cycle creates an adaptive, data-driven fund management system. Thus, performance-based funding not only enhances budget utilization effectiveness but also strengthens a performance-oriented culture within the education sector. The success of implementing this model heavily depends on the readiness of supporting systems, including human resource capacity, the availability of accurate data, and consistent policy support. Therefore, strategic efforts involving various stakeholders are needed to strengthen the education information system, enhance managerial competencies, and establish standardized performance indicators. Additionally, the government must ensure the existence of fair incentive mechanisms to encourage educational institutions to continuously improve their performance. Moving forward, the development of the performance-based funding model is expected to serve as an innovative solution to address the challenges of managing education funds in a more effective, efficient, and sustainable manner. With proper implementation, this model holds significant potential to support the comprehensive improvement of national education quality.

## 5. REFERENCES

- Barus, R., Ahmad, M., & Rochimah, H. (2025). Efektivitas Dan Transparansi Pengelolaan Dana Untuk Peningkatan Mutu Pendidikan: Systematic Literature Review Dan Sintesis Tematik. *Jurnal Ilmiah Pendidikan Citra Bakti*, 12(4 SE-Articles), 1001–1016. <https://doi.org/10.38048/jipcb.v12i4.5808>
- Djuwita, H. T. M. (2016). Pengembangan sumber daya manusia dan produktivitas kerja pegawai. *Manajerial: Jurnal Manajemen Dan Sistem Informasi*, 10(2), 15–21. <https://ejournal.upi.edu/index.php/manajerial/article/view/2161/1513>
- Fitrianti, L. (2025). Prinsip Akuntabilitas dan Transparansi Sebagai Fondasi Kepercayaan Publik Dalam Pembiayaan Pendidikan. *Jurnal Ilmiah Multidisipin*, 3(11 SE-Articles), 843–847. <https://doi.org/10.60126/jim.v3i11.1291>
- Helmawati, Suherman, M., Jamilah, E., Purnamasari, A., & Ramadan, I. (2025). Pembiayaan Pendidikan Berbasis Kinerja (Studi Kasus Di Sdn Rancaek 06 Kabupaten Bandung). *Pendas: Jurnal Ilmiah Pendidikan Dasar*, 10(10), 301–310. <https://www.journal.unpas.ac.id/index.php/pendas/article/view/26323/13000>
- In'am, A., & Ma'sum, T. (2025). Analisis Pembiayaan Pendidikan di Indonesia. *JIEM: Journal Of Islamic Education and Management*, 5(2), 34–45. <https://ejournal.staidapondokkrempyang.ac.id/index.php/jiem/article/view/721>
- Irwanzi, I., Priyona, A., Rahmanto, D., Ansori, M. A., & Zulfahmi, Z. (2025). Manajemen Strategis Pembiayaan Pendidikan Berbasis Kinerja (Studi Evaluasi terhadap Penggunaan Dana Bosda dan BOSP SMA Negeri Kota Palangka Raya). *JIIP - Jurnal Ilmiah Ilmu Pendidikan*, 8(9 SE-), 11024–11032. <https://doi.org/10.54371/jiip.v8i9.9386>
- Kamal, S. A. R., Ahmad, M., & Rochimah, H. (2025). Indeks Keadilan Pembiayaan Pendidikan Antarprovinsi Di Indonesia: Analisis Disparitas Dan Implikasi Kebijakan Pendidikan Nasional. *Jurnal Ilmiah Pendidikan Citra Bakti*, 12(4), 1041–1052. <https://doi.org/10.38048/jipcb.v12i4.5912>
- Lunita, P. C., & Idrus, A. (2025). Analisis Kualitatif Strategi Inovatif dalam Pembiayaan Pendidikan untuk Pemerataan Akses Pendidikan berkelanjutan di Indonesia. *Jurnal Basicedu*, 9(5 SE-Articles), 1300–1311. <https://doi.org/10.31004/basicedu.v9i5.10165>
- Nopriyanto, D., Wati, R., Fadhillah, D. I., Mulawarman, W. G., & Yahya, M. (2025). Pembiayaan Berkelanjutan Pendidikan Indonesia: Integrasi Kemitraan, Dana Abadi, Dan Wakaf. *Jurnal Edueco*, 8(2), 484–495.
- Rohayanah, & Maman Suryaman. (2025). Keterlibatan Stakeholder dalam Perencanaan Pembiayaan untuk Meningkatkan Mutu Kualitas Pendidikan. *Jurnal Penelitian Tarbawi: Pendidikan Islam Dan Isu-Isu Sosial*, 10(1), 121–132. <https://doi.org/10.37216/tarbawi.v10i1.2166>
- Shofiyati, A., & Shaleh. (2024). Analisis Efektivitas Pengelolaan Dana BOS . *TADBIR MUWAHHID*, 8(1 SE-Articles). <https://doi.org/10.30997/jtm.v8i1.8973>
- Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333–339. <https://doi.org/https://doi.org/10.1016/j.jbusres.2019.07.039>