

EDUCATION WORKING CAPITAL COST MANAGEMENT

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ABSTRACT

Working capital cost management is one of the important elements in supporting the smooth operational activities of educational institutions. Well-planned working capital will ensure the availability of sufficient funds to finance short-term needs, such as paying salaries of educators, purchasing educational equipment, maintaining facilities, and financing learning activities. The problem often faced by educational institutions is the imbalance between income and expenditure, which can disrupt the financial stability of the institution. Therefore, a cost management strategy is needed that includes budget planning, cash flow monitoring, and periodic evaluation of the use of working capital funds. Proper management allows educational institutions to maintain liquidity, efficiency, and continuity of educational services to students. This study confirms that professional working capital cost management not only strengthens the financial position of the institution but also improves the quality of education delivery as a whole.

Keywords: Management, Cost, Education

INTRODUCTION

Education is one of the fundamental aspects in the development of a nation. Good quality education will produce superior and highly competitive human resources. To achieve this goal, good financial management is required, especially in the aspect of education working capital costs. Working capital costs in education refer to the funds needed to finance the operational needs of educational institutions in the short term. These needs include paying salaries for teachers and education personnel, purchasing stationery and teaching materials, maintaining facilities, and paying for electricity and water needed for optimal teaching and learning activities (Suryadi, 2018). Educators and students are valuable human resources in the field of education. Effective human resource management is essential in these institutions to improve the quality of education provided. Therefore, human resource management is very important to manage in an educational institution. (Zulfani, 2024)

In practice, the management of education working capital costs must be carried out effectively and efficiently. The use of funds that are not well planned can cause imbalances in educational operations, such as delays in paying teacher salaries or the lack of adequate learning facilities. This can have an impact on reducing the quality of education provided to students. Therefore, educational institutions must have an appropriate financial management strategy so that they can continue to operate without financial obstacles (Mulyadi, 2019).

Sources of funding for education working capital come from various parties, including the government, the community and the private sector. The government has a major role in financing education through the allocation of the State Budget (APBN) and the Regional Budget (APBD). These funds are often distributed in the form of the School Operational Assistance (BOS) program for primary and secondary schools, as well as grants for public universities. In addition, the community also contributes to the financing of education, especially in the form of Education Development Contribution (SPP) paid by parents. For private educational institutions, tuition fees are often the main source of financing their operations (Saragih, 2020).

Not only from the government and the community, the business world also has a role in supporting education financing through the Corporate Social Responsibility (CSR) program. Many companies channel CSR funds to the education sector, both in the form of scholarships for underprivileged students, procurement of educational facilities, and training for educators. In addition, educational institutions under foundations often receive grants or donations from various parties who care about improving the quality of education (Mulyadi, 2019).

However, despite having various funding sources, the management of education working capital costs still faces various challenges. One of the main challenges is the dependence on a single source of funding, such as relying solely on BOS or SPP funds. When there is a delay in the disbursement of BOS funds or a reduction in the number of students paying tuition fees, school finances can be disrupted and hamper operations. In addition, transparency and accountability in fund management are also important issues. Without a transparent financial management system, education funds are at risk of being misused and not used in accordance with planned needs (Suryadi, 2018).

External factors such as economic conditions also affect the management of education working capital costs. In a situation of economic crisis, many parents of students have difficulty paying tuition fees, so educational institutions must find alternative sources of funding so that teaching and learning activities continue. Therefore, diversifying funding sources is a very important strategy to maintain the financial stability of educational institutions.

Thus, the management of education working capital costs must be carried out with careful planning and appropriate strategies. Educational institutions need to manage their budgets efficiently, seek diverse funding sources and ensure transparency in the use of funds. The government, the community and the private sector must work together to create a sustainable education financing system so that the quality of education can continue to improve. With good management, it is hoped that the world of education can provide optimal services and produce the next generation of quality nations.

RESEARCH METHOD

The method used is library research. The library research method is a research approach that uses library sources as the main material for obtaining data and information.

RESULTS AND DISCUSSION

1. Definition of Education Working Capital Cost Management

Education working capital costs are all the funds needed by educational institutions to finance daily operations to ensure the learning process runs smoothly. These costs include routine expenses such as paying salaries for teachers and administrative staff, electricity and water costs, purchasing teaching materials, and maintaining educational facilities and infrastructure (Saragih, 2020).

According to Suryadi (2018), working capital costs in education can be defined as funds used to finance the operational needs of schools or universities that are routine in nature and must be continuously available so that educational activities can take place without obstacles. In this context, working capital costs have an important role in ensuring the continuity of academic and administrative activities.

The problem of capital in a company is a problem that will never end, considering that the problem of capital contains so many aspects. To know the meaning of capital in funding decisions can be understood through the definitions of capital put forward by the following financial experts Riyanto, defines capital as the “keloktifitas” of capital goods contained in the debit side of the balance sheet, while what is meant by capital goods are all goods in the company's household and their productive function to form income. (Junaidi, 2019)

Meanwhile, Mulyadi (2019) explains that the cost of education working capital not only includes daily expenses, but also includes reserve funds that must be prepared to deal with possible financial instability, such as delays in disbursing funds from the government or a decrease in the number of students paying tuition fees. Thus, the management of education working capital costs must be done strategically so that educational institutions do not experience financial difficulties.

2. Education Working Capital Cost Management

Education working capital cost management is the process of planning, allocating, controlling, and evaluating the use of operational funds of educational institutions to ensure that all operational needs can be met efficiently. According to Saragih (2020), there are several key principles in the management of education working capital costs, namely:

A. Careful Planning

Good planning will help educational institutions determine budget needs and prioritize the most important expenses. For example, schools should ensure that teachers and staff salaries are paid on time before allocating funds for building renovations (Mulyadi, 2019).

B. Effective Fund Allocation

The management of working capital costs must be carried out with the principle of effectiveness, which is to ensure that any funds spent provide maximum benefits for the continuity of education. For example, the procurement

of stationery and teaching materials must be adjusted to the needs of students and educators (Suryadi, 2018).

C. Budget Control and Supervision

Supervision in the use of working capital costs is very important to avoid waste or misuse of funds. Schools or universities must have a transparent audit system and financial reports so that existing funds can be used according to plan (Saragih, 2020).

D. Diversification of Funding Sources

Educational institutions should not rely solely on one source of funding, such as BOS or SPP funds. They should look for other alternatives, such as grants, cooperation with the private sector, or scholarship programs to cover budget shortfalls (Mulyadi, 2019).

3. Sources of Education Working Capital Costs

Education working capital costs can come from various sources, including:

A. Government Budget (APBN and APBD)

The government provides education funds through the APBN and APBD which are used to support the operations of public schools as well as providing assistance to private schools. One example of a government program is the School Operational Assistance (BOS), which is used to finance the operational needs of primary and secondary schools (Ministry of Education and Culture, 2021).

B. Parent Contributions (SPP and School Fees)

Private schools and universities get their main income from tuition fees paid by parents. These funds are used to pay the salaries of educators, maintain facilities, and develop academic programs (Saragih, 2020).

C. Private Funding (CSR and Grants)

Many companies have Corporate Social Responsibility (CSR) programs in education, such as scholarships, infrastructure assistance and teacher training. Educational institutions can also get grants from social foundations or philanthropic organizations (Mulyadi, 2019).

D. Income from Extracurricular Activities or School Businesses

Some schools or universities run independent businesses, such as school cooperatives or paid training programs, whose proceeds are used to support educational operations (Suryadi, 2018).

The management of education working capital costs is a very important aspect in the sustainability of the education system. These costs include routine expenses that must be met in order for teaching and learning activities to run properly. Therefore, good management includes careful planning, effective allocation of funds, strict budget control, and diversification of funding sources. With the right strategy, educational institutions can ensure that available funds are optimally used to improve the quality of education and create a conducive learning environment.

4. Analyze the Scope of Education Working Capital Cost Management

The management of education working capital costs covers various important aspects that must be considered by educational institutions. In general, this scope can be categorized into three main parts: management of funding sources, budget allocation, and financial supervision (Saragih, 2020).

A. Funding Source Management

Funding sources for education working capital costs come from various parties, including the government, the community and the private sector. Educational institutions must be able to identify and manage these funding sources properly in order to meet their operational needs. The main sources of funding include:

a. Government Budget (APBN and APBD)

The government allocates education funds through the APBN and APBD to support the sustainability of national education. These funds are channeled in the form of programs such as School Operational Assistance (BOS) for primary and secondary education, and grants for public universities (Ministry of Education and Culture, 2021).

b. Community Contributions (SPP and Donations)

Private schools and universities rely on tuition fees paid by parents in the form of SPP or other tuition fees. In addition, the community can also make donations in the form of development donations or school facility assistance (Saragih, 2020).

c. Support from the Private Sector (CSR and Grants)

Many companies have Corporate Social Responsibility (CSR) programs that support education through scholarships, provision of facilities and training of educators. In addition, some educational institutions also receive grants from social foundations or philanthropic organizations (Mulyadi, 2019).

d. Income from Extracurricular Activities and School Businesses

Some schools and universities run business units such as school cooperatives, paid training programs, or facility rentals as an additional source of income (Suryadi, 2018).

B. Budget Allocation

Once the funds are collected, educational institutions must allocate the budget effectively according to priority needs. Some key aspects of budget allocation are:

a. Salaries and Honorarium for Educators

The largest component of education working capital costs is the payment of salaries for teachers, education personnel, and honorarium for non-permanent teaching staff. Delays in salary payments can have a negative impact on the performance of educators (Saragih, 2020).

b. Purchase of Educational Facilities and Infrastructure

This budget is used to purchase stationery, textbooks, computers, and laboratory equipment to support an effective learning process (Mulyadi, 2019).

c. Daily Operating Costs

This includes the costs of electricity, water, internet, building maintenance, and other logistical needs that support the continuity of teaching and learning activities (Suryadi, 2018).

d. Emergency Fund Reserve

Educational institutions must set aside part of their budget as a reserve fund to deal with emergency situations such as delays in the disbursement of BOS funds or economic crises that affect school finances (Ministry of Education and Culture, 2021).

C. Financial Supervision and Control

Supervision in the management of working capital costs aims to ensure that existing funds are used in accordance with established plans. Some methods that can be applied in financial supervision are:

a. Periodic Financial Audits

The examination of financial statements by internal and external auditors aims to ensure transparency and accountability in the use of funds (Saragih, 2020).

b. Transparent Financial Reporting System

Educational institutions must have a clear and well-documented financial recording system so that it can be monitored by interested parties (Mulyadi, 2019).

c. Evaluation of Financial Performance

Every year, educational institutions need to evaluate the effectiveness of budget management and find solutions if there is a financial imbalance (Suryadi, 2018).

5. Challenges in the Management of Education Working Capital Costs

Despite having various funding sources and good management mechanisms, the management of education working capital costs still faces various challenges, among others:

A. Dependence on One Source of Funds

Many schools, especially in remote areas, depend solely on BOS funds without having alternative sources of funding. This can become a problem if the disbursement of funds is delayed (Ministry of Education and Culture, 2021).

B. Lack of Transparency and Accountability

Some educational institutions still face the issue of misuse of funds due to the lack of a strict monitoring system (Saragih, 2020).

C. Impact of Economic Conditions

The economic crisis can lead to a decrease in the number of students who can afford to pay tuition fees, so educational institutions must find other ways to cover budget deficits (Mulyadi, 2019).

CONCLUSIONS AND SUGGESTIONS

The management of education working capital costs is a crucial aspect in ensuring the sustainability and operational effectiveness of educational institutions. Working capital costs include routine expenses such as salaries for educators, daily operational costs, and maintenance of facilities and infrastructure. Without good management, educational institutions can experience financial imbalances that impact on the quality of learning (Suryadi, 2018).

The scope of education working capital cost management consists of three main aspects, namely the management of funding sources, budget allocation, and financial supervision. Funding sources can come from APBN and APBD, community contributions, support from the private sector, as well as income from extracurricular activities and school businesses. Once funds are collected, budget allocation must be done effectively to ensure the fulfillment of key needs such as educators' salaries, purchase of educational facilities, operational costs, and emergency fund reserves (Mulyadi, 2019).

In addition, financial supervision and control are necessary to ensure transparency and efficiency in the use of the budget. Some strategies that can be implemented include periodic financial audits, clear reporting systems, and regular financial performance evaluations (Saragih, 2020). With good supervision, the potential for misuse of funds or waste of budget can be minimized.

However, the management of education working capital costs still faces several challenges, including dependence on one source of funds, lack of transparency in financial management, and the impact of economic conditions that affect the ability of educational institutions to meet their operational needs (Ministry of Education and Culture, 2021). Therefore, a diversified funding strategy and a tighter financial management system are needed for educational institutions to operate sustainably.

Overall, effective and efficient management of education working capital costs is essential in supporting the quality of education. With careful planning, optimal budget allocation and a good monitoring system, educational institutions can ensure that available funds are used appropriately, creating a conducive learning environment and improving the overall quality of education (Suryadi, 2018).

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