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# Module 3 Section 2: Managing Resources – Financial Management

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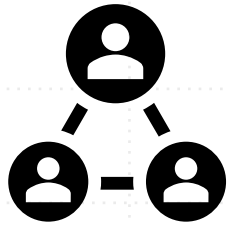
Erasmus+ iHiLead  
Pilot Training – Day 3  
13 July 2022

# Managing Resources – Financial Management

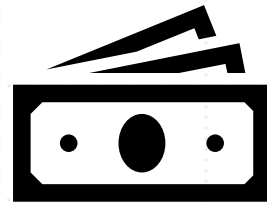
## Learning Content:

- 1) Introduction
- 2) Budget Participation
- 3) Academic Resourcing (AR) Models
- 4) Case Study on “Fintech Student Loan”

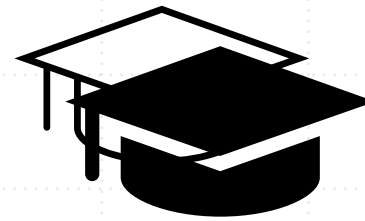
# Outline



Introduction



Budget  
Participation



Academic  
Resourcing Model

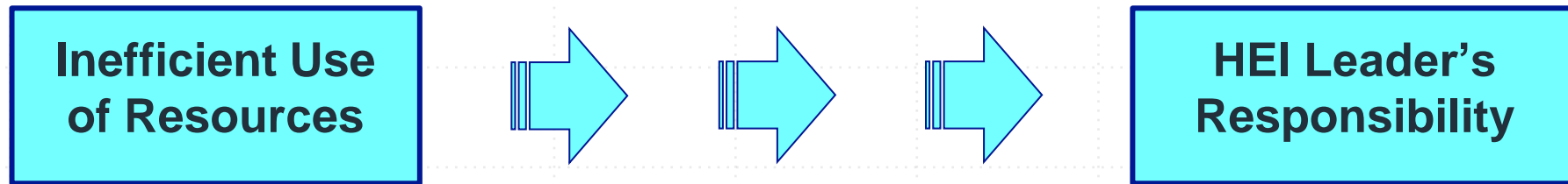


Case Study

# Training objectives

- 1. Maintaining enough supply of funds for the organization;**
- 2. Optimum and efficient utilization of funds;**

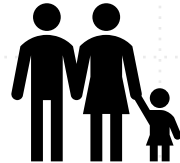
# Introduction



## Four Principal Parties in the Cost-Sharing of Higher Education (Tuition Fee)



Government /  
Taxpayers



Parents /  
Individuals



Students /  
Individual



Institutional  
Donors

### Approaches to Alternative Financing

- Cooperate with industrial & research organizations to conduct **research** projects
- Establish teaching, research and production entities
- Seek other appropriate sources of investment

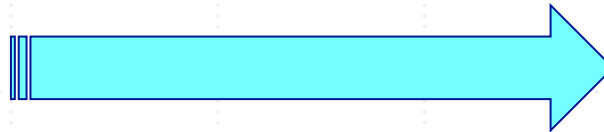
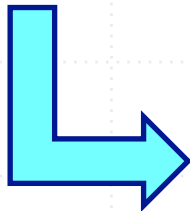
# Budget Participation

**Premise:  
Planning is the  
Hard Part**

- Effective planning identifies what is important and what is not.
- Budget is the quantitative representation of what is important.
- All resource allocation decision should support what is important.

**Ideal  
Approach**

- Budgeting should be integrated with planning and measurement.
- Approved budget is only a snapshot: continuous process, responsive.



**Budgeting should  
be a Broadly  
Participative  
Process**

# PARTICIPATORY BUDGETING in Indonesian Private University

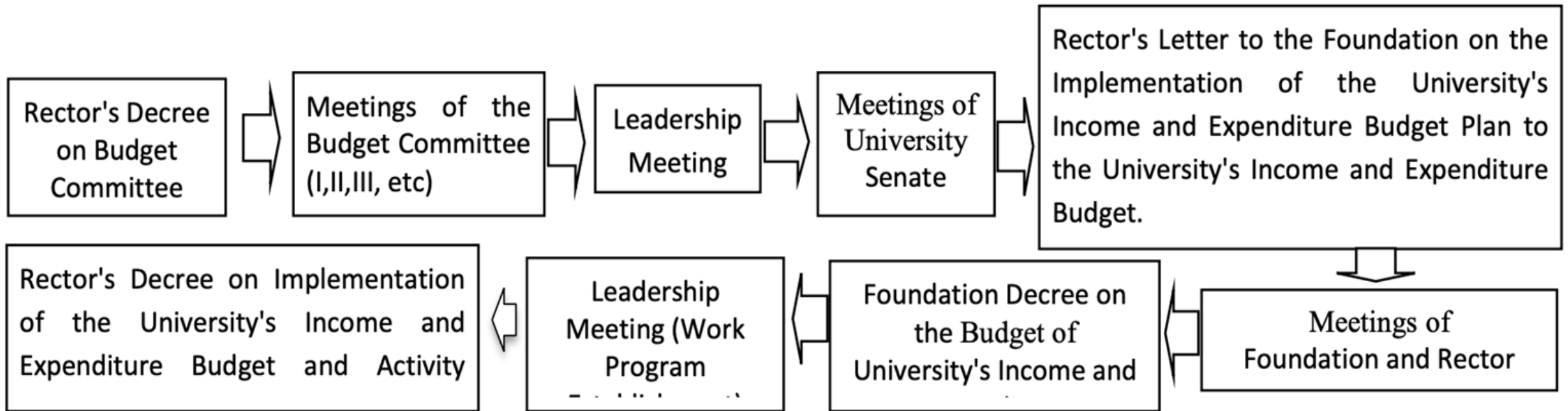


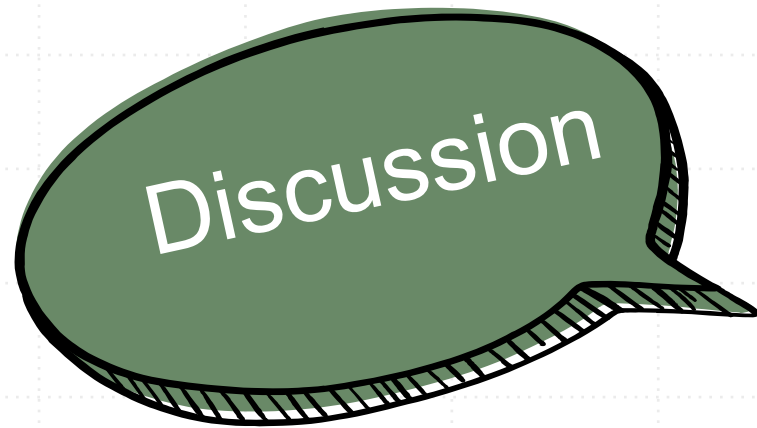
Figure 1. Budgeting Process



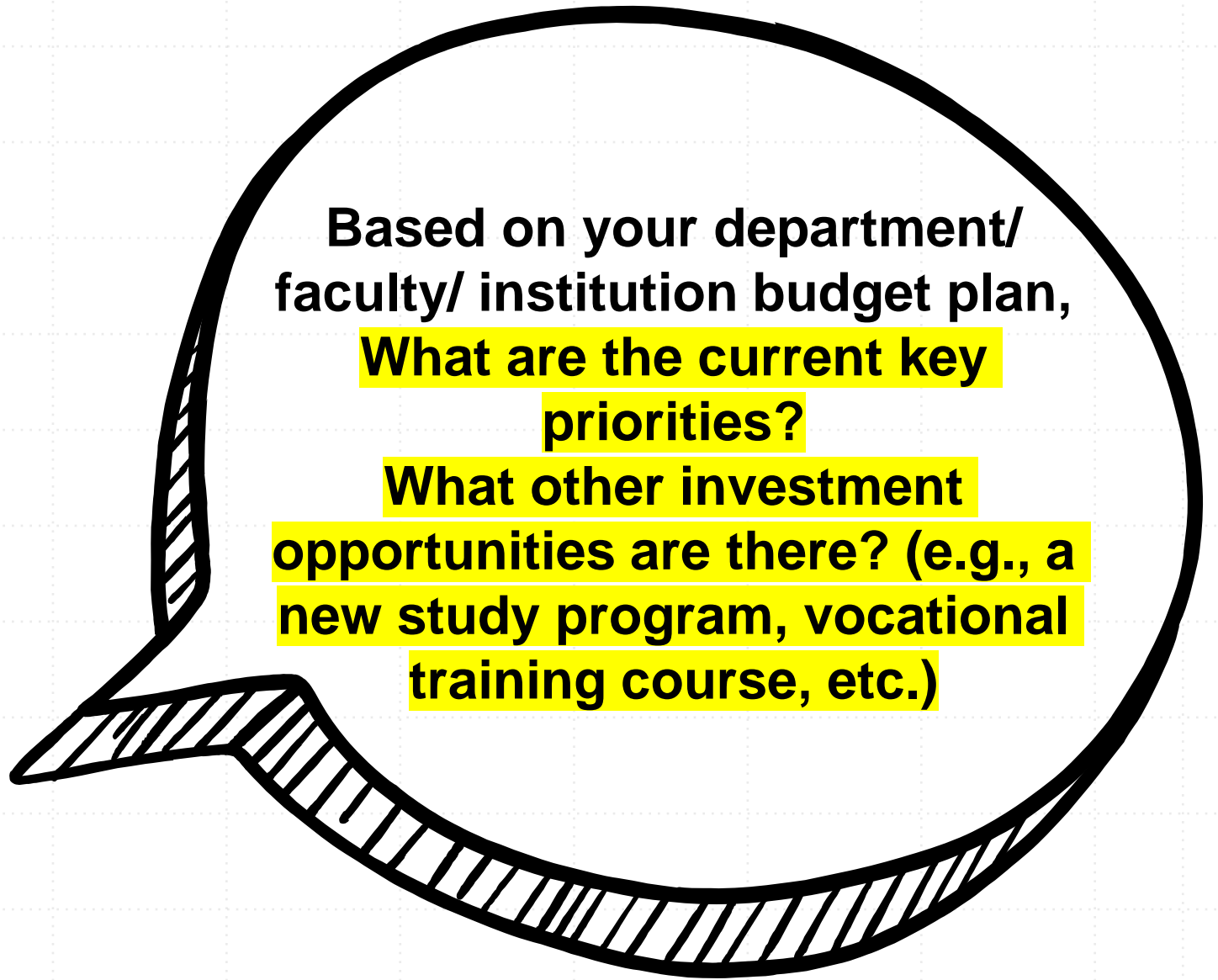
# BUDGETING : Evaluation in Financial Resources Management of HEI

## Principles & Responsibilities of Sound Financial Management

1. A Budget must be established to provide a tool to: measure current financial performance, discover significant transaction errors, and, detect substantial changes in circumstances or business conditions.
2. A budget must be realistic, reasonable, and attainable.
3. A budget must be based on a thorough analysis.
4. Actual financial results must be compared to the budget on regularly.
5. Actual financial result vary significantly from budget → Correction
6. Departments must not overspend their budget.
7. All expenditures must comply with all relevant policies, rules and regulations, and contract and grant terms.
8. Each unit must evaluate the financial consequences before and after.
9. Each unit must ensure that the anticipated benefits are commensurate with the costs for any planned or ongoing activities.
10. Each unit must provide adequate safeguards to protect against the loss or unauthorized use of University assets.



Discussion Time  
10~15 minutes



## **Example of financial sources of higher education institution:**

- 1. Tuition and fees**
- 2. Government subsidy**
- 3. Donations**
- 4. Investment funds**
- 5. Loans**
- 6. etc**

## Measuring financial health of higher education institution:



1. Ratio of **government grants** to total income.
2. Ratio of **tuition fees** to total income.
3. Ratio of **foreign student tuition fees** to total income.
4. Ratio of **income from research grants and contracts** to total income.
5. Ratio of **income from other services** to total income.
6. Ratio of **income from residences and catering** to total income.
7. Ratio of **miscellaneous income** to total income.
8. Ratio of **surplus (deficit)** to total income.
9. Ratio of long-term liabilities to total general funds.
10. Ratio of liquid assets to current liabilities.
11. Ratio of net-liquid assets to total expenditure.
12. Ratio of current assets to current liabilities.



## Government Strategies

# STRATEGY

## Institutional Strategies

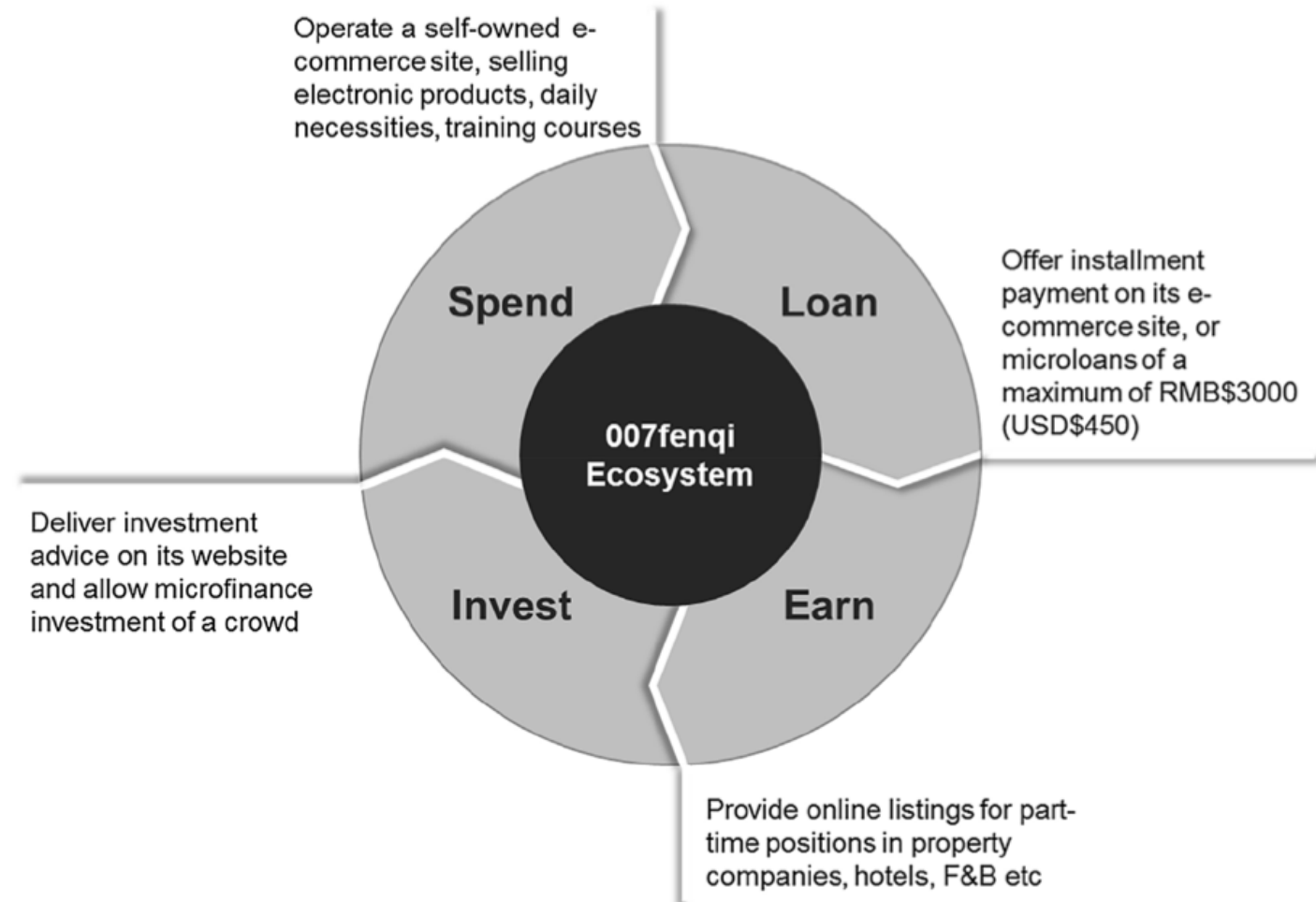
- Governments **retain overall control** over higher education in terms of content, method, and structure in strategic disciplines.
- Encourage proactive public-private partnerships to aid in the retention of public interest.
- Create a framework that encourages resource diversification and cost-sharing principles
- Introduce a formula-based resource-allocation mechanism that includes performance indicators such as equity through incentive budgeting.
- Introduce the use of norms for all types of resources and allow for flexibility in resource utilization at the basic unit level.
- Allow for institutional-level financial planning.

- Financial planning should be integrated with institutional policies.
- Facilitate income generation and cost recovery at the basic unit level.
- Reduce costs and improve efficiency by making better use of resources.
- Create the necessary administrative structures.
- Create a suitable management information system.
- Provide staff with appropriate training.

# Forecasting Demand in Higher Education Sector (Case Study)

## Case Study of 007fenqi: FinTech for Student Loans

- 007fenqi is a FinTech start-up in China. Founded in 2015, 007fenqi offers microloan and instalment-based retailing services without requiring collateral, exclusively for college students in China.
- FinTech has disrupted the financial services sector as it provides an alternative financing powered by trends:
  - better convenience, efficiency
  - inclusion at lower cost
- Founded in 2015, 007fenqi offers





**After 20 minutes, each group representative will be asked to present the discussion points.**

### **Discussion Points:**

- What are the implications of this trend for HEIs in general and cost-sharing specifically?
- Resourcing and maintaining enough supply of funds for the HEI is crucial for sustainability of the organization. What can HEI learn from the case of 007fenqi in allocating more funding?
- Based on the conclusions, discuss and present your institution's investment plan (increased budget) that will generate higher return in the short/ long-term.
- Suggest how HEI should approach to assess the market trend (e.g. popular major)?

# Self-reflection

Assignments	Answers/Responses
Describe the experience of leadership in your higher education (as a leader or a follower).	
Evaluate your experience, both good and bad.	
Analyse to make sense of the situation.	
Conclude about what you learned and what you could have done differently.	
Create an action plan for how you would deal with similar situations in the future, or general changes you might find appropriate.	





▶ Thank you  
very much!

