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Financial Management Implementation and Good University Governance in Muhammadiyah Higher Education Institutions in South Sulawesi

Liya Saputri[1], Asrijal Bintang[2], Kahar[3], Irwan Abdullah[4]

[1,3]*Universitas Syekh Yusuf Al Makassari Gowa, Indonesia*
[2,4]*Universitas Muhammadiyah Makassar, Indonesia*
Email: liyasaputri07@gmail.com , asrijalbintang@unismuh.ac.id , kahar@usy.ac.id , irwan.abdullah@unismuh.ac.id

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Abstract

Financial management is a crucial foundation for implementing Good University Governance in private faith-based higher education institutions, particularly in Muhammadiyah Higher Education Institutions in South Sulawesi. This study aims to examine how financial management is implemented, how transparency, accountability, and participation are practiced, and how institutional efforts support governance improvement within Muhammadiyah higher education.
This study employed a descriptive qualitative approach involving selected Muhammadiyah Higher Education Institutions in South Sulawesi. Data were collected through interviews, document analysis, and observation, focusing on financial planning, budgeting, implementation, reporting, accountability, and compliance with Muhammadiyah financial management guidelines.
The findings show that the studied institutions have generally implemented financial management according to formal Muhammadiyah guidelines. Financial planning and budgeting are conducted through institutional mechanisms, while transparency and participation have been applied through internal communication, budget discussions, and involvement of relevant institutional units. However, accountability remains the most challenging dimension. Delays in financial reporting, limited human resource competence, uneven financial literacy, and inadequate information technology systems reduce the effectiveness of financial accountability. The discussion indicates that Good University Governance in Muhammadiyah higher education requires not only formal rules but also professional financial personnel, integrated digital systems, internal supervision, and institutional commitment to transparency and accountability.
This study contributes to the literature by highlighting the hybrid nature of financial governance in faith-based private higher education, where formal governance principles, religious values, organizational guidelines, and institutional capacity interact. Strengthening financial governance is essential for improving public trust, institutional credibility, and long-term sustainability.

INTRODUCTION

Higher education institutions occupy a strategic position in national development because they function not only as centers of teaching and learning but also as institutions responsible for knowledge production, professional formation, social transformation, and public service. In Indonesia, this role is formally reflected in the obligation of higher education institutions to implement the Tri Dharma of Higher Education, namely education, research, and community service, as mandated in Law of the Republic of Indonesia No. 12 of 2012, Article 58. The effectiveness of higher education institutions in carrying out this mandate depends not only on academic capacity but also on the quality of institutional governance. As universities become more complex, the management of financial, human, and organizational resources increasingly determines whether academic missions can be achieved sustainably. Therefore, financial management should be understood as an integral part of university governance rather than as a narrow administrative function.

This issue is particularly important in private and faith-based higher education institutions, where financial sustainability, institutional legitimacy, and stakeholder trust are closely interconnected. Muhammadiyah Higher Education Institutions, or Perguruan Tinggi Muhammadiyah (PTM), represent an important segment of Indonesia's private higher education system. Muhammadiyah, as one of the largest Islamic social organizations in Indonesia, has established educational institutions from early childhood to university level as part of its broader social and religious mission. In South Sulawesi, PTM has developed across various fields, including education, health sciences, economics, social sciences, agriculture, and technology. However, institutional expansion requires governance systems capable of ensuring transparency, accountability, participation, effectiveness, and efficiency. Recent literature emphasizes that financial management is a primary driver of institutional accountability because it establishes systems for resource stewardship, performance measurement, and stakeholder reporting (Sampe & Arifin, 2024). Finance also serves as a benchmark for the sustainability of higher education operations, especially in private institutions that depend on tuition fees, community support, and organizational funding (Donadelli, 2021).

The main research problem addressed in this study emerges from the gap between the existence of formal financial management guidelines and the varied implementation of those guidelines at the institutional level. Although Muhammadiyah has issued financial management guidelines through Majelis Pendidikan Tinggi, Penelitian, dan Pengembangan PP Muhammadiyah, practical problems remain in some PTM contexts. These include delayed financial deposits to Muhammadiyah regional leadership, fluctuating operational expenditures, budget reallocations for urgent infrastructure needs, and limited human resources with adequate competence in accounting, auditing, and financial reporting. These problems indicate that financial management in PTM is not merely a technical matter of recording income and expenditure; it is a governance issue involving the relationship between authority, responsibility, institutional culture, and stakeholder expectations.

A general solution to this problem is the implementation of Good University Governance (GUG) in financial management. GUG provides a normative and managerial framework for ensuring that universities are managed in a transparent, accountable, participatory, and responsible manner. Slamet (2005) argues that good governance requires sufficient autonomy to enable governance in three institutional aspects: policy, academic affairs, and administration. In the financial domain, GUG is expected to strengthen planning, budgeting, implementation, monitoring, reporting, and accountability. Prior studies also suggest that GUG can protect institutions from fraud and mismanagement (Donadelli, 2021), while transparent and accountable financial governance can enhance institutional legitimacy and public trust. Yurmaini et al. (Warizal et al., 2023) emphasize that educational institutions prioritizing accountability and transparency in financial management gain greater public trust, and public trust is a key factor in institutional progress or failure.

More specific solutions can be drawn from agency theory, internal control, and financial accountability literature. Agency theory explains the relationship between principals and agents, where university leaders and administrators act as agents entrusted with resources by stakeholders such as students, parents, government bodies, religious organizations, and society. This relationship creates accountability obligations that must be supported by governance mechanisms (Adhikari & Shrestha, 2023). Jensen and Meckling (1976) conceptualize agency problems as conflicts of interest between principals and agents, making monitoring systems necessary to ensure that agents act in accordance with stakeholder interests. In private higher education, this problem is particularly relevant because the adequacy of funds is a major means of supporting institutional sustainability (Muddatstsir et al., 2022). Therefore, financial governance must ensure that resources are allocated not only for institutional survival but also for academic quality, public accountability, and organizational mission fulfillment.

Internal control and audit mechanisms offer another specific solution. Carnegie et al. (2021) argue that audit activities in universities can ensure financial quality, strengthen the credibility of administrative systems, and encourage leadership consistency in managing financial and human resources. Similarly, Bucior and Zurawik (2022) position internal audits as essential components in maintaining financial accountability and transparency. Recent studies also show that the role of internal control units and the implementation of internal controls have positive and significant effects on achieving GUG (Yurmaini et al., 2023). In faith-based institutions, financial governance also involves moral and religious dimensions. Yuslem et al. (Sofyani et al., 2021) show that Islamic values such as siddiq, tabligh, and amanah can reinforce conventional principles of transparency and accountability. Muddatstsir et al. (Adhikari & Shrestha, 2023) define financial accountability in Islamic educational institutions as a moral concept based on integrity, communicativeness, and concern for fulfilling organizational duties regarding public funds.

The existing literature provides important insights but also reveals a significant research gap. Previous studies have examined GUG implementation in higher education institutions, including STAIN Pekalongan (Rosyid, 2014), private universities in Jayapura (Rudiawie et al., 2018), autonomous universities in Thailand (Jarernsiripornkul & Pandey, 2018), organizational learning in German universities (Lauer & Wilkesmann, 2018), and university governance in Ghana (Bernard et al., 2018). Other studies emphasize differentiated governance frameworks for private higher education institutions, arguing that GUG implementation differs across universities, colleges, and academies because institutional complexity and management capacity are not uniform (Afiqoh, 2021). Studies on faith-based universities further identify dual accountability structures, namely accountability to religious founding organizations and to secular regulatory authorities (Oduro & Duncan, 2022; Warizal et al., 2023). However, limited research has examined how Muhammadiyah financial management guidelines are implemented in PTM at the institutional level, particularly in South Sulawesi, and how transparency, accountability, and participation are practiced within this specific religious and organizational governance context.

Accordingly, this study aims to analyze the implementation of financial management in Muhammadiyah Higher Education Institutions in South Sulawesi, examine the application of Good University Governance principles in financial management, and identify institutional efforts to implement GUG in accordance with the financial management guidelines issued by Majelis Diktilitbang PP Muhammadiyah. The novelty of this study lies in its focus on the intersection between faith-based institutional governance, Muhammadiyah financial management guidelines, and the operationalization of GUG principles in private Islamic higher education. Rather than formulating a quantitative hypothesis, this study is justified as a qualitative inquiry designed to provide contextual understanding of governance practices across selected PTM institutions. Its scope is limited to financial management implementation, transparency, accountability, participation, and institutional efforts to strengthen governance according to Muhammadiyah's formal financial management framework.

METHODS

This study employed a qualitative descriptive research design to examine the implementation of financial management in supporting Good University Governance (GUG) at Muhammadiyah Higher Education Institutions in South Sulawesi. A qualitative design was considered appropriate because the research problem concerns institutional practices, governance processes, actor interpretations, and contextual conditions that cannot be sufficiently explained through numerical measurement alone. In this study, qualitative description was used to portray the real conditions of financial management in selected Muhammadiyah higher education institutions. The approach allowed the researcher to investigate financial planning, budgeting, implementation, reporting, accountability, transparency, and participation as they were practiced in institutional contexts. This design also enabled the researcher to identify gaps between formal financial management guidelines issued by Majelis Diktilitbang PP Muhammadiyah and their practical application at the institutional level.

The research was conducted at Muhammadiyah Higher Education Institutions, or Perguruan Tinggi Muhammadiyah (PTM), located in South Sulawesi. These institutions operate under the broader Muhammadiyah educational and organizational system and are expected to implement financial management according to Muhammadiyah higher education financial guidelines. The selected institutions were STKIP Muhammadiyah Bulukumba, IAI Muhammadiyah Sinjai, STISIP Muhammadiyah Sidrap, STIKES Muhammadiyah Sidrap, and STIE Muhammadiyah Palopo.

The study used both primary and secondary data. Primary data were obtained through interviews with informants directly involved in institutional financial management and governance. These informants included university leaders, financial managers, administrative officers, and other institutional actors who had knowledge of financial planning, budgeting, financial reporting, and accountability practices. The selection of informants followed a purposive logic because the study required information from individuals who had direct responsibility for or direct knowledge of financial governance implementation.

Secondary data were obtained from institutional documents related to financial management. These documents included financial reports, budget plans, institutional guidelines, accountability reports, and other documents relevant to financial governance. Document analysis was used to support and verify interview findings, especially in relation to budgeting practices, reporting procedures, and compliance with Muhammadiyah financial management guidelines

Data were collected through interviews, documentation, and observation and The data were analyzed using descriptive qualitative analysis. The analysis followed the logic of data reduction, data display, and conclusion drawing or verification, as developed by Miles and Huberman.

To strengthen the validity and trustworthiness of the findings, the study used triangulation of data sources and techniques. Interview findings were compared with financial documents, institutional guidelines, and observation results. This triangulation was important because governance practices often involve differences between formal rules and actual implementation.

By comparing multiple sources of evidence, the study sought to produce a more accurate and balanced understanding of financial governance in PTM. Trustworthiness in qualitative governance research can also be assessed through credibility, transferability, dependability, and confirmability. Yuslem et al. (Azab, 2023) used these criteria to ensure data validity in research on Islamic values and financial accountability, while Yurmaini and Anshari (Bucior & Zurawik, 2022) applied similar criteria in financial accountability research. In this study, credibility was supported through careful interviews and cross-checking with documents. Transferability was supported by detailed description of institutional contexts. Dependability was maintained by using consistent research procedures across institutions. Confirmability was strengthened by grounding interpretations in interview data, documents, and observations.

RESULTS AND DISCUSSION

RESULTS

The findings show that PTM institutions in South Sulawesi have implemented financial management systems based on Muhammadiyah financial guidelines and the general principles of Good University Governance. Transparency and participation have been implemented relatively well, especially through internal reporting, budgeting coordination, and involvement of institutional units in financial planning. Accountability has also been practiced, but it has not yet reached an optimal level due to human resource limitations, technological constraints, and delays in financial reporting.

The results suggest that PTM financial governance is moving in a positive direction but requires institutional strengthening. The most urgent needs are improving financial human resource competence, strengthening digital financial systems, enhancing internal control, and ensuring consistent implementation of Muhammadiyah financial management guidelines. These findings confirm that Good University Governance in PTM depends not only on formal rules but also on institutional capacity, leadership commitment, financial literacy, and the integration of transparency, accountability, and participation into daily financial management practices.

DISCUSSION

The findings of this study indicate that financial management in Muhammadiyah Higher Education Institutions, or Perguruan Tinggi Muhammadiyah (PTM), in South Sulawesi has generally been implemented in accordance with the financial management guidelines issued by Majelis Pendidikan Tinggi, Penelitian, dan Pengembangan PP Muhammadiyah. The observed practices include planning, budgeting, financial implementation, reporting, and accountability. This confirms that financial management in PTM is not merely an administrative activity but a core governance mechanism that supports institutional sustainability, academic operations, and organizational accountability. In this respect, the findings are consistent with Handayani et al. (Totalia et al., 2022), who argue that financial management based on Good University Governance is reflected in performance-based budgeting with clear measures and straightforward work programs. The PTM experience also supports the view that good governance in private universities affects efficiency and appropriate spending of funds, which ultimately supports financial sustainability (Totalia et al., 2022).

The implementation of financial management in the five PTM institutions shows that formal guidelines are already available and have been adopted as institutional references. However, the effectiveness of these guidelines depends on the capacity of each institution to translate formal rules into consistent daily practices. This finding strengthens the argument that Good University

Governance cannot be achieved only through the existence of regulations. It requires institutional readiness, leadership commitment, competent human resources, internal control, technological support, and a culture of accountability. Yurmaini et al. (Goyal et al., 2021) note that many educational institutions have not been able to implement good financial management fully, so accountability is not created. The present study confirms this pattern in a more specific Muhammadiyah context: while formal systems exist, accountability remains uneven because of limitations in financial personnel, reporting systems, and technological infrastructure.

Transparency appears to be one of the stronger governance dimensions in the studied PTM institutions. Financial plans and reports are generally communicated through internal institutional mechanisms, and relevant leaders and units are involved in understanding budget use. This finding aligns with Sulila (Meutıa & Adam, 2021), who defines transparency as the extent to which university policies, programs, activities, and budgets are known and understood by the academic community so that they can actively participate. It also supports Babussalam et al. (Ramaditya et al., 2023), who state that Muhammadiyah Higher Education is expected to become an initiator of transparency and accountability in order to build public trust. Nevertheless, the transparency practiced in the observed institutions remains largely internal. Broader digital transparency, public access to financial information, and systematic publication through websites or special platforms remain limited. This shows that transparency has been institutionalized at the administrative level but has not yet fully developed into a comprehensive public information system.

Accountability, by contrast, remains the most challenging dimension. The findings show that PTM institutions have prepared financial accountability reports and attempted to comply with Muhammadiyah financial guidelines, but reporting delays and technical limitations still occur. This reflects a gap between formal financial governance expectations and actual institutional capacity. Kawatu (Mzenzi, 2022) found that many financial management human resources are not aligned with financial management expertise competencies, and this study confirms the same issue in PTM. In some institutions, financial reporting depends on staff whose accounting and information technology competence still needs improvement. As a result, accountability becomes vulnerable not because institutions reject accountability, but because the technical capacity required to produce timely and standardized accountability is still insufficient.

The role of human resource capacity is therefore central to the interpretation of these findings. Financial accountability depends on personnel who understand accounting procedures, budgeting rules, reporting standards, and information systems. Anwar et al. (Cahyana et al., 2023) demonstrate that financial literacy, human resource competence, and information technology significantly affect financial management. Jones (Marques, 2023) further argues that demystifying financial processes and investing in financial education can enhance transparency, build institutional trust, and support long-term financial sustainability. These insights are highly relevant to PTM because participation in budgeting will remain procedural if institutional actors do not understand the financial logic behind budget proposals, expenditure controls, and reporting requirements. Therefore, strengthening GUG in PTM requires continuous capacity building for leaders, financial officers, administrative staff, and budget users.

The findings also show that stakeholder participation has been implemented through the involvement of institutional units in budget planning and financial decision-making. This supports Januri et al. (Surachman et al., 2024), who found that budget participation has a positive effect on Good University Governance in private universities. Participation enables financial planning to reflect real academic and administrative needs, rather than being determined solely by central financial officers. However, participation also creates potential tensions because different units may compete for limited resources. Yusuf and Sidik (Babussalam et al., 2023) found that budget preparation conflicts occur because each unit has its own needs. This pattern is relevant to PTM, where limited resources require leaders to balance academic priorities, infrastructure needs, operational costs, and Muhammadiyah organizational obligations. Thus, participation contributes positively to governance only when accompanied by clear procedures, transparent criteria, and shared understanding of institutional priorities.

Information technology also emerges as a critical factor in explaining the gap between guideline adoption and governance effectiveness. Some PTM institutions still rely on manual or semi-digital systems, which may slow down reporting and reduce the accuracy of financial data. Hendri et al. (Yuslem et al., 2021) identify similar problems in the SIMAKU financial management information system at Universitas Muhammadiyah Metro, including network dependency and difficulties in producing financial reports because the system was not integrated with cost accounting and fixed asset accounting systems. Adeusi et al. (Tien & Cadge, 2024) argue that cloud-based financial management systems can provide real-time data accessibility, automated reporting, and customizable dashboards for tracking expenditures and budget variances. In this study, the need for technological strengthening is evident. Digital systems are not merely technical tools; they are governance infrastructure that can improve transparency, accountability, monitoring, and reporting consistency.

The findings further suggest that PTM governance operates within a distinctive faith-based institutional context. Muhammadiyah universities are not only private higher education institutions but also part of a religious and social movement. This creates a dual accountability structure: accountability to national higher education regulations and accountability to Muhammadiyah organizational values and guidelines. Yuslem et al. (Hijriah et al., 2024) argue that Islamic values such as siddiq, tabligh, and amanah can reinforce conventional principles of transparency and accountability. Muddatstsir et al. (Reschiwati et al., 2021) define financial accountability in Islamic educational institutions as a moral concept based on integrity, communicativeness, and concern for fulfilling organizational duties regarding public funds. The PTM case supports this theoretical position. Financial governance in Muhammadiyah institutions is not only a matter of technical compliance but also a moral and organizational responsibility rooted in religious values.

However, religious identity alone does not automatically guarantee effective governance. Yuslem et al. (Córcoles & Montero, 2024) note that fraud in higher education can also occur in Islamic universities, and such cases damage the moral image of Islamic institutions. This warning is important for interpreting the present findings. PTM institutions may possess strong normative foundations, but these values must be institutionalized through concrete mechanisms: competent financial staff, internal control, audit systems, digital reporting, and transparent decision-making. Babussalam et al. (Janderová, 2022) emphasize the challenge of building a culture of transparency and accountability across Muhammadiyah institutions. Therefore, faith-based governance requires both moral commitment and professional systems.

Compared with broader Indonesian and international university governance research, the findings show both convergence and contextual specificity. The convergence lies in the centrality of transparency, accountability, participation, internal control, and financial sustainability as core governance principles. International studies similarly emphasize financial transparency, audit culture, and internal control as mechanisms for strengthening governance (Sampe & Arifin, 2024; Rusdi et al., 2023). The contextual specificity lies in the Muhammadiyah setting, where financial management guidelines are shaped by organizational authority, religious values, and private higher education resource constraints. This study therefore contributes to the literature by showing how GUG is implemented in a faith-based private higher education context where formal governance, religious organizational norms, and institutional capacity intersect.

The theoretical implication of this study is that Good University Governance in faith-based private universities should be understood as a hybrid governance model. Agency theory explains the need for accountability mechanisms to reduce information asymmetry between managers and stakeholders. Stewardship theory explains how religious values may motivate responsible financial management. Stakeholder theory explains the importance of participation and public trust. Resource dependence theory explains why financial constraints shape governance priorities in private institutions. The PTM case demonstrates that no single theory is sufficient; financial governance in faith-based universities requires an integrated theoretical lens.

Practically, the study implies that PTM institutions should strengthen financial governance through four priorities. First, financial human resources must be improved through training, mentoring, certification, and internships at more advanced Muhammadiyah universities. Second, digital financial management systems should be developed and integrated to support accurate and timely reporting. Third, internal supervision and audit mechanisms should be strengthened so that accountability does not depend only on individual responsibility. Fourth, transparency and participation should be expanded from internal administrative procedures toward broader stakeholder-oriented governance. These improvements are necessary because GUG is not achieved by formal compliance alone. It becomes effective when rules, values, systems, and institutional capacities operate together to produce transparent, accountable, participatory, and sustainable financial management.

CONCLUSION

This study concludes that the implementation of financial management in Muhammadiyah Higher Education Institutions in South Sulawesi has generally followed the formal guidelines established by Majelis Pendidikan Tinggi, Penelitian, dan Pengembangan PP Muhammadiyah. The five institutions examined, namely STKIP Muhammadiyah Bulukumba, IAI Muhammadiyah Sinjai, STISIP Muhammadiyah Sidrap, STIKES Muhammadiyah Sidrap, and STIE Muhammadiyah Palopo, have implemented essential financial management functions, including planning, budgeting, financial execution, reporting, and accountability. These practices indicate that financial management is not treated merely as an administrative routine but as an important governance instrument for supporting institutional sustainability, program implementation, and stakeholder trust.

The main finding of this study is that the principles of Good University Governance have been applied in the financial management of Muhammadiyah higher education institutions, although the degree of implementation differs across governance dimensions. Transparency and participation have been implemented relatively well. Financial planning and budgeting are generally discussed through institutional mechanisms, and relevant units are involved in preparing work programs and budget proposals. These practices show that financial information and financial decision-making are not fully centralized in one administrative unit but involve institutional actors who are directly connected to academic and operational needs. This participatory pattern strengthens internal trust and enables financial planning to respond to real institutional priorities.

However, accountability remains the most critical governance challenge. Although financial accountability reports are prepared and submitted, their quality and timeliness are still affected by limited human resource capacity, uneven financial literacy, and inadequate use of information technology. This study shows that accountability cannot be achieved only through formal reporting obligations. It requires competent financial personnel, standardized accounting procedures, integrated financial information systems, effective internal supervision, and institutional commitment to timely reporting. In several cases, delays in financial accountability are not caused by unwillingness to comply with governance standards, but by the limited technical capacity of personnel responsible for financial reporting and documentation.

The discussion of the findings also demonstrates that the gap between formal financial governance guidelines and actual institutional practices is shaped by several factors. First, human resource competency is a decisive factor in determining whether financial management can be implemented accurately and accountably. Second, information technology is essential for improving the speed, accuracy, and integration of financial reporting. Third, participation in budgeting strengthens governance only when institutional actors possess sufficient understanding of financial rules, budget limitations, and accountability procedures. Fourth, the faith-based identity of Muhammadiyah institutions provides a moral foundation for transparency and accountability, but religious values must be institutionalized through professional systems, internal control, and consistent financial supervision.

The implications of this study are both theoretical and practical. Theoretically, the study contributes to the literature on Good University Governance by showing that financial governance in faith-based private higher education institutions should be understood as a hybrid governance model. It combines formal governance principles, organizational guidelines, religious values, stakeholder participation, and resource-dependent institutional realities. The study extends existing discussions of governance by demonstrating that transparency, accountability, and participation in Muhammadiyah higher education are not only technical-administrative principles but also moral and organizational responsibilities rooted in the Muhammadiyah educational mission.

Practically, the findings suggest that Muhammadiyah higher education institutions need to strengthen financial governance through systematic capacity building. Training for financial officers, administrative staff, and institutional leaders should be prioritized, particularly in accounting standards, financial reporting, budgeting procedures, and digital financial systems. Internal supervision should also be strengthened so that accountability does not depend only on individual responsibility but is supported by institutional mechanisms. In addition, digital financial management systems should be developed and integrated to support accurate reporting, transparent monitoring, and more efficient financial decision-making.

This study contributes to the existing body of knowledge by providing contextual evidence from Muhammadiyah higher education institutions in South Sulawesi, a setting that has received limited attention in previous governance studies. While many studies discuss Good University Governance in public universities or private universities in general, this study focuses specifically on faith-based private higher education institutions operating under Muhammadiyah organizational guidelines. This focus provides a more nuanced understanding of how formal governance systems, religious organizational values, and institutional capacity interact in shaping financial management practices.

Future research may expand this study in several directions. Comparative studies involving Muhammadiyah higher education institutions in other provinces would help determine whether the findings of this study reflect local conditions or broader governance patterns within Muhammadiyah higher education. Quantitative studies may also be conducted to examine the relationship between financial management practices, internal control, human resource competence, information technology, and Good University Governance outcomes. Further research may also investigate the role of internal audit, digital financial systems, and Islamic organizational values in strengthening financial accountability. Such studies would deepen understanding of how faith-based higher education institutions can improve governance quality while maintaining their religious, educational, and social missions.

Overall, this study affirms that effective financial management is a central foundation of Good University Governance in Muhammadiyah higher education institutions. The significance of the study lies in its demonstration that governance quality depends not only on the existence of formal rules but also on the ability of institutions to translate those rules into transparent, accountable, participatory, and sustainable financial practices. Therefore, strengthening financial governance is essential for improving institutional credibility, public trust, organizational sustainability, and the long-term contribution of Muhammadiyah higher education to society.

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