**Transformation of Regional Public Service Agency Governance Based on Good School Governance Towards Financial Independence of Vocational High Schools**

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**Abstract:** Research focused on the transformation of good school governance towards financial independence is still very limited. This study aims to design priority strategies for the Good School Governance. The research method used is a mixed-method approach with a sequential explanatory design, combining quantitative and qualitative methods applied consecutively. This research is important for creating a governance model that incorporates resource standardization, a business model, and effective and efficient performance indicators, enabling schools to achieve financial independence. The novelty of this study lies in the development of a strategic good school governance, which includes resource standardization, business model, performance indicators, and financial independence. The implementation system aims to strengthen the role of industrial learning in vocational education institutions, particularly, by aligning existing governance structures, including organizational governance, financial governance, and accountability governance.

**Keywords:** Financial; good school governance; vocational education

**1. Introduction**

The transformation of vocational high schools into regional public service agencies is not an easy task. Several factors hinder the transition process, particularly the schools' unpreparedness in facing new policies. This is due to the requirement for schools to meet production targets and the quality of the educational institution [1]. On the other hand, the quality of vocational high school graduates is considered insufficient, with many not meeting the qualifications for high-skill jobs. As a result, vocational high school graduates have the highest open unemployment rate among other educational levels, with figures of 9.27%, 8.92%, and 8.63%, respectively [2]. Similarly, in Aceh Province data shows that vocational high school graduates contribute the most to the open unemployment rate, with details as follows: vocational high school 10.55% [3].

Field studies conducted at six in Lhokseumawe City also revealed several factors that potentially hinder the optimal implementation of public service agencies to address various issues, including: 1) Suboptimal implementation of teaching factories; 2) Low upskilling and reskilling of human resources to adapt to the demands of the business and industrial sectors; 3) Inadequate facilities and infrastructure to implement teaching factory-based learning; 4) Limited cooperation between schools and the business and industrial sectors, resulting in difficulties for graduates to be absorbed into the workforce in line with their competencies; 5) Schools' difficulties in marketing production results as income-generating activities; and 6) The good school governance model has not been optimally implemented.

Based on these findings, it can be concluded that the progress of vocational high schools is greatly influenced by the effectiveness of school program organizers, including human resources, infrastructure, and cooperation with industry [4-6]. Most vocational school managers also lack understanding and effective implementation of educational accountability, often leading to mismanagement of budget allocation [7].

To ensure that the governance of public service agencies runs effectively and efficiently, enabling schools to achieve financial independence, efforts are required to develop an education management model based on Good School Governance. Standardization of resources, business models, performance indicators and their measurements, along with sound governance, will turn the school into a center of excellence, impacting graduate quality, the labor market, and entrepreneurship [8-10]. Good School Governance aligns with quality management because management styles can be adapted to the quality management concept if supported by the principles used to create effective governance.

**2. Materials and Methods**

This study employs a mixed-method approach with a sequential explanatory design, combining quantitative and qualitative research methods consecutively. The research was conducted using both quantitative and qualitative methods.

Data sources in this study were determined using purposive sampling technique. Based on the criteria set, the data sources or informants in this study included the principal, vice principal for curriculum, vice principal for public relations, head of the mechanical engineering program, productive teachers from Vocational High School 1 Lhokseumawe, and leaders from the business and industrial sectors in Lhokseumawe City.

Data collection techniques involved documentation study and in-depth interviews with department heads, school principals, teachers, staff, school committees, students, representatives from DU/DI, alumni, and community figures. Observations were also made at the Aceh Provincial Education Office branch located in Lhokseumawe. The data were then processed using the Analytical Hierarchy Process (AHP) method to identify the appropriate strategies to improve the effectiveness of public service agencies management.

Data analysis began with data validity, where the criteria for qualitative data validity were credibility, transferability, dependability, and confirmability. The data validation techniques used were source triangulation and technique triangulation. After continuous data triangulation to achieve data saturation, the next step was data analysis using the Miles & Huberman model, which involves four steps: data collection, data presentation, data reduction, and conclusion drawing & verification [11].

**3. Results and Discussion**

The implementation of the Public Service Agency concept in educational institutions requires adjustments in the organizational system. Vocational High School 1 Lhokseumawe has made such adjustments by forming an organizational structure. The organizational structure at scholl that handles administration is called the Financial Administration Manager. The introduction of this new structure in the management of Public Service Agency finances strengthens the financial management, which consists of School Operational Assistance, Regional School Operational Assistance, and committee income. The adjustment in the organizational structure at scholl aligns that an organizational structure is formed to create authority and responsibility relationships among relevant officials to achieve organizational goals.

The existence of a financial management structure for Public Service Agency at scholl will complement the existing financial organizational system. The relationship is similar to how electrons revolve around the nucleus of an atom. The nucleus of the atom represents the financial management of SMK Negeri 1 Lhokseumawe, the electron represents the financing activities carried out by each financial management unit at scholl, and the electron’s orbit represents the financial administration regulations that must be followed by each manager.

The financial governance of BLUD includes budgeting, bookkeeping, and auditing. Budgeting at BLUD is done by preparing a Work Plan and Budget. The Work Plan and Budget is a document containing the work plan for the upcoming year, including performance targets, cost assumptions for the activities carried out, and funding from assets and stimulation funds from the provincial government. It also includes the anticipated income from activities such as production or services/assets. This Work Plan and Budget is referred to as the School Revenue and Expenditure Budget Plan in the institution’s financial management. The School Revenue and Expenditure Budget Plan is an operational plan presented quantitatively in monetary terms and used as a guideline for carrying out activities at the school.

The process followed by SMK Negeri 1 Lhokseumawe in preparing the Work Plan and Budget aligns with the budgeting which consists of several steps: 1) Inventorying planned activities; 2) Preparing plans based on the priority scale; 3) Determining the work program and its details; 4) Setting the needs for executing the detailed program; 5) Calculating the required funds; 6) Determining the sources of funds to finance the plan.

In practice, SMK Negeri 1 Lhokseumawe interprets these steps as follows: First, the program details outlined by SMK Negeri 1 Lhokseumawe into work programs, indicators, activities, sub-activities, budget breakdown, and funding sources. Second, to facilitate financial administration, SMK Negeri 1 Lhokseumawe supplements its financial management with applications such as E-Planning, E-Budgeting, and Sippol. Third, in the Work Plan and Budget, in addition to the required budget, there is also a targeted revenue.

In an institution or organization, accountability plays a dual role. On one hand, accountability represents transparency in the management of the institution or organization, and on the other hand, it serves as a quality control tool for the organization's governance. The ultimate outcome of both aspects is the institution's credibility. There are two types of accountability in a institution: performance accountability and financial accountability. In performance accountability, scholl, through the Financial Administration Officer, evaluates the performance of the service and production units in each expertise program. These service and production units, which are the frontline of the teaching factory (industry-based learning), will be assessed for their performance by the Financial Administration Officer. The mechanism carried out by the Financial Administration Officer (PPK) is as follows: First, the Financial Administration Officer and the service and production unit managers in each expertise program establish performance standards. Second, the standards or evaluation criteria are validated. Third, the performance is assessed, and fourth, an evaluation is conducted on the achieved performance. This is in accordance which states that in implementing accountability, the first step is determining performance indicators, conducting performance evaluations, and concluding with an evaluation of the performance outcomes.

The performance standard-setting phase in performance measurement is carried out by the Financial Administration Officer together with the service and production unit managers. Essentially, these performance standards represent the performance targets that must be achieved by the service and production units to generate income. All of these targets are compiled in the Work Plan and Budget, which is subsequently ratified as the Budget Management Document. The Budget Management Document becomes the performance indicator for the managers of the service and production units. The performance indicator setting at scholl aligns with the concept of setting indicators in educational accountability.

As with performance accountability, after performing evaluations, clarification with the concerned parties is carried out. This clarification aims to understand the obstacles faced during the execution of tasks and provide guidance for improvement. The results of the evaluation and clarification will eventually serve as the basis for preparing the financial progress report to be submitted to the provincial government.

**4. Conclusions**

The purpose of implementing the Public Service Agency system is to strengthen the position of industrial learning in vocational education institutions. With the application of the Public Service Agency system, the institution will adjust its existing governance, which includes organizational governance, financial governance, and accountability governance. The adjustment in organizational governance is carried out by creating a specific structure that handles the financial administration.

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