

## EDUCATION ENDOWMENT FUND GOVERNANCE: A QUALITATIVE STUDY OF POLICY IMPLEMENTATION IN BOJONEGORO, INDONESIA

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**Abstract:** Education endowment funds are promoted as sustainable financing instruments for long-term educational development within decentralized systems. However, little empirical research explains how such funds are operationalized through local governance and how governance dynamics shape their use. This study examines how governance arrangements structure decision-making, accountability, and resource utilization in the Education Endowment Fund program in Bojonegoro Regency, Indonesia. Using a qualitative case study design, data were collected through semi-structured interviews with policymakers, fund administrators, and school actors, alongside policy document analysis. The data were analyzed using thematic coding and institutional governance analysis. The findings reveal that although the fund is formally designed to support long-term sustainability, its implementation is dominated by centralized control, compliance-driven accountability, and risk-averse administration, which limit local agency. Consequently, resources are redirected toward short-term operational needs rather than strategic capacity-building. The study argues that the effectiveness of endowment-based education financing depends not only on financial design but on governance configurations that enable institutional flexibility and distributed decision-making.

**Keywords:** Education Endowment Fund, Governance, Policy Implementation, Decentralization, Bojonegoro.

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## INTRODUCTION

Education financing is widely acknowledged as a foundational pillar for achieving equitable and sustainable education systems, particularly in contexts where fiscal uncertainty and decentralization shape policy outcomes (Goryainova et al., 2020; Madanchi et al., 2016; Tymchak & Tymchak, 2025). Fiscal volatility disrupts planning continuity, while decentralization redistributes authority across multiple administrative tiers, often fragmenting responsibility for budgeting, oversight, and performance monitoring. In such settings, maintaining stable funding flows, coherent accountability, and long-term policy alignment becomes institutionally complex (Danugroho, 2024; Yusrifa & Danugroho, 2022). Education endowment funds have therefore gained global attention as long-term financing mechanisms intended to stabilize education funding, reduce dependence on annual budget cycles, and promote intergenerational equity.

Comparative studies suggest that endowment-based financing can strengthen policy continuity and institutional resilience when embedded within robust governance frameworks that ensure transparency, accountability, and strategic alignment with educational objectives (Astara et al., 2023; Maulina, Dhewanto, & Faturohman, 2023; Putra et al., 2025; Azhari et al., 2023). Nevertheless, the effectiveness of education endowment funds depends not only on financial capitalization but on how governance arrangements translate policy intent into context-sensitive institutional practice. Despite the growing prominence of education

endowment funds in both developed and developing contexts, the existing literature remains heavily concentrated on macro-level analyses, such as national policy design, fiscal sustainability, and aggregate outcomes. These approaches often assume linear implementation processes and understate the institutional negotiations and discretionary practices that shape policy execution.

Policy implementation scholarship, however, demonstrates that policies are continuously reinterpreted through administrative routines, inter-organizational coordination, and local political contexts, frequently producing outcomes that diverge from formal policy objectives (Gainutdinova, 2018; Zipin et al., 2015). The consequence of this analytical gap is significant: without understanding governance processes at the operational level, assessments of endowment effectiveness risk overstating policy coherence while overlooking how institutional constraints and local power dynamics redirect resource use. Empirical insight into how education endowment fund policies are governed and enacted in decentralized settings therefore remains limited, particularly beyond national-level initiatives.

In Indonesia, education governance is characterized by a high degree of decentralization, granting substantial authority to local governments in managing education financing and program delivery (Danugroho, 2022; Raimundo & Rosário, 2021; Uswanas et al., 2019). Decentralization in this context expands local discretion but also diffuses accountability across administrative layers, creating blurred lines of responsibility between central regulators, regional authorities, and school-level actors (Ardyawin et al., 2025; Bakri et al., 2024; Djaka Prawira et al., 2025). While national education funding schemes have been extensively examined, local education endowment funds have received scant scholarly attention, despite their increasing adoption as instruments of regional development and educational reform.

Existing research on education financing in Indonesia predominantly emphasizes budget adequacy, efficiency, and learning outcomes, offering valuable insights yet insufficiently addressing the governance processes that mediate policy implementation at the local level (Ahmadi, 2021; Rahmaningtyas, 2024). Consequently, how local actors interpret policy mandates, negotiate institutional roles, and manage education endowment funds within specific socio-political contexts remains largely unexplored. This gap is particularly evident in Kabupaten Bojonegoro, where the Education Endowment Fund has been promoted as an innovative local policy to enhance educational access and quality through sustainable financing. Although the initiative has been widely referenced in policy discourse, systematic academic inquiry into its governance and implementation dynamics is notably absent.

There is a lack of empirical studies that critically examine how governance structures operate in practice, how accountability mechanisms function within decentralized administrative arrangements, and how policy objectives are aligned or misaligned with everyday institutional practices. Addressing this gap is essential not only for advancing scholarly debates on education financing governance but also for informing evidence-based policy refinement in decentralized education systems. By situating the analysis within broader debates on education governance and policy implementation, this study provides a context-sensitive examination of how long-term education financing instruments are mediated by local governance processes, offering insights relevant to other decentralized systems confronting similar institutional challenges.

## **METHOD**

This study employs a qualitative research design to examine the governance and implementation of the Education Endowment Fund at the local level in Bojonegoro Regency, Indonesia. A qualitative approach is appropriate given the study's objective to capture governance processes, institutional practices, and actors' interpretations that cannot be

adequately explained through quantitative indicators alone. The research is framed as an in-depth case-oriented inquiry, focusing on how policy intentions surrounding the Education Endowment Fund are translated into administrative practices and educational programs within the local governance context. The research setting is Bojonegoro Regency, a subnational government recognized for initiating a locally managed Education Endowment Fund as part of its education and human development strategy. This setting was selected purposively due to the fund’s prominence in local policy discourse and its relevance as an illustrative case of decentralized education financing governance. Rather than treating schools or institutions as isolated units of analysis, the study conceptualizes governance as a multi-actor process involving local government agencies, educational institutions, and policy implementers.

Data were collected through semi-structured, in-depth interviews and document analysis. Interviews were conducted with key informants selected using purposive sampling based on their direct involvement in policy formulation, management, and implementation of the Education Endowment Fund. Informants included local government officials responsible for education and finance, school-level administrators, and education practitioners engaged in fund utilization. Documentary sources comprised local regulations, policy guidelines, budget reports, and official planning documents related to the Education Endowment Fund. The combination of interviews and documents enabled data triangulation and enhanced analytical rigor. The following table summarizes the categories of informants involved in the study:

**Table 1. Detail Informants**

<b>Informant Category</b>	<b>Institutional Role</b>	<b>Number of Informants</b>
Local government officials	Education and financial governance of the endowment fund	4
School administrators	Implementation and management at the school level	4
Education practitioners	Operational use and program execution	3
Policy support staff	Administrative and technical assistance	2
<b>Total</b>		<b>13</b>

Source: Researcher Analysis, 2025

Data analysis followed a thematic analysis procedure. Interview transcripts and documents were coded iteratively to identify recurring patterns related to governance structures, implementation mechanisms, accountability practices, and coordination among actors. Initial open coding was followed by axial coding to establish relationships between themes, and selective coding to refine core analytical categories. Throughout the process, analytical memos were used to capture emerging interpretations and ensure reflexivity. To ensure trustworthiness, the study applied credibility, dependability, and confirmability strategies. Credibility was strengthened through data triangulation and member checking with selected informants. Dependability was addressed by maintaining a transparent audit trail of data collection and analysis procedures. Confirmability was supported through systematic documentation of coding decisions and reflexive engagement with the data to minimize researcher bias. Ethical considerations were observed throughout the research process. All participants provided informed consent, and institutional anonymity was maintained by using non-identifying descriptors. Sensitive policy information was handled with care to ensure confidentiality and compliance with ethical research standards.

## RESULT AND DISCUSSION

### RESULT

#### Institutional Governance Structure of the Education Endowment Fund

The findings show that the governance of the Education Endowment Fund in Bojonegoro Regency operates through a multi-layered institutional arrangement involving actors at strategic, managerial, and operational levels. This governance structure was identified through triangulation of policy and regulatory document analysis with semi-structured interviews involving regional policymakers, financial administrators, and education sector officials. Governance responsibilities are formally distributed across regional executive authorities, sectoral agencies, financial management units, and educational institutions. This distribution is not merely administrative but reflects an intentional design to embed the endowment fund within the broader local public finance system while maintaining sectoral control through the education office.

As summarized in Table 2, the regional executive holds strategic authority, primarily in setting policy directions and legitimizing allocation priorities. At the managerial level, the education office plays a pivotal coordinating role, translating policy directives into sectoral guidelines and overseeing school participation. Financial management units are responsible for administrative control, including fund disbursement, accounting, and compliance with reporting standards. At the operational level, schools and education practitioners function as implementers, utilizing the fund to execute approved educational programs within predefined policy boundaries.

**Table 2. Institutional Governance Structure of the Education Endowment Fund in Bojonegoro Regency**

Governance Actor	Formal Role	Practical Function Identified	Governance Level
Regional Executive (Regency level)	Policy direction and regulatory approval	Sets strategic priorities and legitimizes fund allocation	Strategic
Education Office	Sectoral coordination and oversight	Mediates policy implementation and supervises school participation	Managerial
Financial Management Unit	Budget administration and financial control	Manages disbursement, accounting, and reporting procedures	Administrative
School Administrators	Program implementation	Utilize funds based on approved proposals and guidelines	Operational
Education Practitioners	Program execution	Implement activities funded by the endowment	Operational

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table illustrates that while governance roles are formally differentiated, their practical functions are interconnected through routine coordination and reporting mechanisms. Interviews reveal that coordination among actors is largely procedural, emphasizing compliance with administrative requirements rather than strategic deliberation on long-term educational objectives. In this arrangement, informal communication and personal networks often compensate for the absence of formal integrative forums, particularly when policy guidelines lack operational clarity. Furthermore, the findings indicate an asymmetry in decision-making authority across governance levels. Strategic decisions related to allocation

criteria and funding priorities remain centralized within the regional executive and education office, whereas schools have limited influence beyond implementation. Although schools are formally recognized as key actors, their participation is largely constrained to executing predefined programs rather than shaping policy directions. This governance structure, while providing administrative stability, tends to reinforce hierarchical relationships that limit local institutional agency.

### Policy Interpretation and Implementation Dynamics

The findings reveal that the implementation of the Education Endowment Fund policy in Bojonegoro Regency is shaped by varied interpretations among governance actors, resulting in non-linear and negotiated implementation dynamics. This pattern emerged from interview evidence with policymakers, financial administrators, and school actors, as well as from discrepancies observed between regulatory provisions and institutional practices. Although policy objectives and operational guidelines are formally articulated in regulatory documents, their practical meaning is interpreted differently by actors at strategic, managerial, and operational levels. These interpretive differences influence how the policy is enacted, adapted, and, in some cases, constrained within institutional routines.

At the strategic and managerial levels, policy interpretation emphasizes regulatory compliance, fiscal prudence, and risk avoidance, a tendency reinforced by external audit requirements and entrenched administrative norms within local public financial management. Local government officials and education office staff frame the Education Endowment Fund primarily as a public financial instrument that must align with broader accountability standards. Consequently, implementation is oriented toward procedural correctness, documentation completeness, and adherence to standardized mechanisms. In contrast, school-level actors interpret the policy more pragmatically, viewing the fund as a supplementary resource to address immediate educational needs rather than as a long-term endowment instrument. This divergence in interpretation creates a gap between policy intent and everyday institutional practice.

As illustrated in Table 3, different actor groups assign distinct meanings to the same policy framework, leading to varied implementation behaviors. While policymakers prioritize governance stability and administrative control, schools focus on operational feasibility and programmatic flexibility. Education practitioners, in turn, often adapt policy guidelines informally to accommodate contextual constraints such as limited human resources or urgent instructional needs.

**Table 3. Policy Interpretation and Implementation Dynamics across Actor Levels**

Actor Level	Dominant Policy Interpretation	Implementation Orientation	Observed Implications
Strategic (Regional Executive)	Policy as a governance and control instrument	Emphasis on regulation, legitimacy, and risk management	Centralized decision-making and limited flexibility
Managerial (Education Office)	Policy as an administrative framework	Procedural compliance and coordination	Standardized implementation across institutions
Operational (School Administrators)	Policy as a funding opportunity	Pragmatic adaptation to school needs	Focus on short-term program utilization
Operational (Education Practitioners)	Policy as program support	Informal adjustment in practice	Context-driven implementation

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table demonstrates that implementation is not a uniform process but a layered one, shaped by actor-specific priorities and institutional positions. Interviews indicate that ambiguities within policy guidelines create discretionary spaces that allow actors to reinterpret policy provisions in ways that align with their respective responsibilities. While this discretion enables adaptive implementation, it also introduces inconsistencies across schools and programs, particularly in how long-term objectives of the endowment fund are operationalized. Moreover, the findings suggest that policy communication mechanisms play a critical role in shaping interpretation dynamics. Formal socialization processes, such as technical briefings and official circulars, are often insufficient to ensure shared understanding across governance levels. As a result, informal interactions and experiential learning become key channels through which policy meaning is constructed. This reliance on informal interpretation further reinforces variability in implementation practices.

### Accountability and Financial Management Practices

The findings indicate that accountability and financial management practices surrounding the Education Endowment Fund in Bojonegoro Regency are structured around formal administrative procedures that emphasize compliance with public financial regulations. Accountability mechanisms are primarily oriented toward upward reporting to local government authorities rather than downward accountability to schools or broader educational stakeholders. This orientation shapes how financial practices are organized, monitored, and evaluated across governance levels. At the managerial and administrative levels, financial accountability is operationalized through standardized planning, budgeting, and reporting instruments. Local government units responsible for financial management require detailed documentation for fund disbursement, utilization, and reporting, with clear timelines and compliance benchmarks. As reflected in Table 4, these mechanisms are designed to ensure transparency and auditability, yet they also impose significant administrative demands on implementing institutions, particularly schools with limited financial management capacity.

**Table 4. Accountability and Financial Management Practices of the Education Endowment Fund**

Accountability Dimension	Formal Mechanism	Practical Implementation	Observed Effects
Planning	Annual program proposals and budget plans	Standardized formats aligned with local regulations	Limits flexibility in program design
Disbursement	Tiered approval and verification process	Sequential administrative checks	Delays in fund access
Reporting	Periodic financial and activity reports	Emphasis on financial documentation	Administrative workload for schools
Oversight	Internal audit and supervisory reviews	Compliance-focused monitoring	Risk-averse implementation behavior

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table highlights that while accountability mechanisms are clearly defined, their practical implementation tends to prioritize procedural conformity over substantive evaluation of educational impact. Interviews with school administrators reveal that reporting requirements are often perceived as complex and time-consuming, diverting attention from pedagogical planning and program innovation. As a result, schools frequently adopt conservative spending strategies to minimize the risk of administrative sanctions, even when more innovative uses of the fund might better align with educational needs. Furthermore, the findings show that accountability practices are unevenly experienced across institutions. Schools with stronger

administrative capacity and prior experience in managing public funds are better positioned to comply with reporting and oversight requirements.

Conversely, institutions with limited human resources encounter greater difficulties, leading to reliance on informal assistance from education office staff or peer networks. This variation contributes to unequal implementation outcomes, despite uniform accountability frameworks. The study also finds that feedback mechanisms within the accountability system are limited. While financial reports are routinely submitted and reviewed, there is minimal structured feedback on program quality or long-term alignment with the objectives of the Education Endowment Fund. Accountability thus functions largely as a control mechanism rather than as a learning-oriented process. This constrains opportunities for institutional learning and policy refinement at the implementation level.

### School-Level Utilization and Programmatic Outcomes

The findings indicate that the utilization of the Education Endowment Fund at the school level is predominantly oriented toward addressing immediate operational and instructional needs rather than advancing long-term educational transformation. Schools engage with the fund within the boundaries set by policy guidelines and accountability requirements, which significantly shape programmatic choices and implementation outcomes. As a result, the fund is commonly perceived as a supplementary financing source rather than as a strategic endowment instrument. At the school level, decisions regarding fund utilization are largely driven by administrative feasibility, urgency of needs, and the likelihood of meeting reporting requirements. Programs supported by the Education Endowment Fund typically focus on instructional support, learning facilities, and student assistance, reflecting pragmatic responses to day-to-day educational challenges. Table 5 summarizes the dominant patterns of fund utilization and their associated outcomes as identified through interviews and document analysis.

**Table 5. School-Level Utilization Patterns and Programmatic Outcomes**

Utilization Focus	Types of Funded Activities	Primary Rationale	Observed Outcomes
Instructional support	Teaching materials, classroom activities	Direct impact on learning process	Short-term improvement in classroom delivery
Student assistance	Scholarships and learning subsidies	Reducing immediate access barriers	Increased student participation
Facility-related support	Minor infrastructure and equipment	Operational adequacy	Improved learning environment
Capacity-related activities	Limited training or workshops	Compliance with program criteria	Marginal institutional capacity gains

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table illustrates that utilization patterns are skewed toward programs with clearly definable outputs and straightforward reporting indicators. Schools tend to avoid initiatives that require long-term commitment or complex evaluation mechanisms, as such programs are perceived to carry higher administrative risk. Consequently, the long-term objectives associated with an endowment-based funding model such as sustainability, institutional strengthening, and intergenerational benefits are not fully reflected in school-level program design. The findings further reveal that programmatic outcomes are uneven across schools, largely due to differences in institutional capacity and leadership priorities. Schools with stronger administrative structures and proactive leadership are more able to align fund

utilization with broader educational goals, whereas others focus narrowly on compliance-driven activities.

Despite these differences, schools consistently report that the fund provides meaningful short-term benefits, particularly in alleviating budget constraints and supporting vulnerable students. However, the study finds limited evidence of systematic evaluation of program outcomes beyond financial accountability. Schools rarely engage in reflective assessment of how funded activities contribute to long-term educational improvement. Feedback loops between schools and managing authorities are minimal, reinforcing a utilization pattern that prioritizes immediate outputs over strategic learning outcomes. The findings suggest that while the Education Endowment Fund contributes positively to addressing immediate educational needs at the school level, its potential as a transformative and sustainable financing mechanism remains underutilized. These utilization patterns underscore the importance of governance arrangements in shaping not only how funds are spent, but also what types of educational outcomes are prioritized.

### Challenges and Adaptive Strategies in Fund Governance

The findings reveal that the governance of the Education Endowment Fund in Bojonegoro Regency is confronted by a range of structural, administrative, and contextual challenges that shape how the policy is implemented in practice. These challenges emerge from the interaction between formal governance arrangements and local institutional realities, requiring actors to develop adaptive strategies to sustain fund implementation. One of the most prominent challenges identified is administrative complexity. Governance actors across levels consistently report that layered procedures, extensive documentation requirements, and rigid timelines complicate fund management. Schools, in particular, face difficulties in navigating financial reporting standards and compliance mechanisms, especially when administrative capacity is limited. As a response, schools and education offices often rely on informal guidance, peer learning, and experiential adaptation to manage procedural demands.

As summarized in Table 6, the challenges encountered in fund governance are accompanied by a set of adaptive strategies employed by local actors to maintain operational continuity. These strategies do not necessarily alter formal governance structures, but rather operate within and around them to address implementation constraints.

**Table 6. Governance Challenges and Adaptive Strategies in Managing the Education Endowment Fund**

Identified Challenge	Manifestation in Practice	Adaptive Strategy Employed	Implications
Administrative complexity	Lengthy procedures and detailed reporting	Informal coordination and peer support	Maintains compliance but increases reliance on personal networks
Limited institutional capacity	Shortage of skilled administrative staff	Task consolidation and role overlap	Risk of workload concentration
Regulatory ambiguity	Unclear operational guidelines	Discretionary interpretation by officials	Inconsistent implementation
Time constraints	Misalignment between policy timelines and school cycles	Pragmatic scheduling adjustments	Partial program execution
Political and institutional dynamics	Shifts in leadership and priorities	Flexible negotiation among actors	Policy continuity dependent on individual agency

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table demonstrates that adaptive strategies are largely informal and actor-driven, reflecting the absence of formalized mechanisms for addressing governance constraints. While such strategies enable continued implementation, they also introduce variability and potential inequities across institutions. Interviews suggest that the effectiveness of adaptation depends heavily on individual leadership, experience, and access to institutional networks, rather than on standardized support systems. The findings also indicate that challenges related to political and institutional dynamics exert a significant influence on governance stability. Changes in leadership or administrative priorities can alter implementation emphasis, requiring actors to renegotiate roles and expectations. In this context, adaptive strategies function as coping mechanisms that preserve policy continuity, but they also expose the fragility of governance arrangements that rely on personal rather than institutionalized solutions.

### **Cross-Cutting Themes: Power, Coordination, and Local Agency**

The findings across governance structure, policy interpretation, accountability practices, school-level utilization, and adaptive strategies converge around three cross-cutting themes: power relations, coordination mechanisms, and local agency. These themes do not operate independently; rather, they intersect to shape how the Education Endowment Fund is governed and implemented in Bojonegoro Regency. Examining these interconnections provides a holistic understanding of governance dynamics beyond discrete institutional functions. Power relations emerge as a defining feature of endowment fund governance, manifested in the concentration of decision-making authority at the strategic and managerial levels. While formal governance frameworks emphasize decentralization and participation, the findings indicate that substantive power over allocation priorities and policy interpretation remains centralized within local government institutions. Schools and education practitioners operate within constrained decision spaces, exercising agency primarily at the implementation stage. This configuration reinforces hierarchical governance patterns, influencing both coordination practices and programmatic choices.

Coordination functions as a mediating mechanism through which power is exercised and negotiated. As illustrated in Table 7, coordination across governance levels is predominantly procedural, structured around reporting, verification, and compliance processes. Strategic coordination aimed at aligning long-term endowment objectives with educational development goals is limited. Informal coordination through personal communication and ad hoc problem-solving often compensates for gaps in formal mechanisms, particularly when addressing administrative bottlenecks or regulatory ambiguities.

**Table 7. Cross-Cutting Governance Themes in Education Endowment Fund Implementation**

<b>Cross-Cutting Theme</b>	<b>Manifestation in Practice</b>	<b>Governance Implication</b>
Power relations	Centralized control over policy design and allocation	Limited school-level influence
Coordination	Procedural and compliance-oriented mechanisms	Weak strategic alignment
Local agency	Discretionary adaptation within constraints	Context-sensitive implementation

Source: Fieldwork data, in-depth interviews and document analysis (2025)

The table demonstrates that local agency operates within structurally defined limits. Schools and implementing actors actively adapt policies to contextual needs, but such agency is exercised reactively rather than proactively. Adaptive practices enable implementation continuity, yet they rarely translate into institutional learning or policy revision. Local agency thus functions as a stabilizing force rather than a transformative one within the governance system. The findings further suggest that the interaction between power, coordination, and

agency shapes governance outcomes in cumulative ways. Centralized power constrains the scope of coordination, limiting opportunities for collaborative planning and feedback. In turn, coordination mechanisms that prioritize compliance over deliberation restrict the expression of local agency. This cyclical dynamic contributes to implementation patterns that favor short-term, administratively safe outcomes over long-term strategic development consistent with the endowment fund's objectives. These cross-cutting themes reveal that governance of the Education Endowment Fund is not solely a matter of institutional design, but of relational dynamics among actors operating within formal and informal structures. By foregrounding power, coordination, and local agency as interconnected dimensions, the findings provide an integrated empirical foundation for the subsequent Discussion section, where these patterns will be situated within broader theoretical and comparative debates on education governance and policy implementation.

## **DISCUSSION**

The findings of this study contribute to the broader literature on education financing and governance by demonstrating that the effectiveness of education endowment funds is fundamentally shaped by local governance dynamics, particularly the concentration of decision-making power, compliance-oriented accountability regimes, and uneven interpretive agency across institutional levels. Consistent with governance scholarship, the study confirms that formal institutional arrangements alone are insufficient to explain policy outcomes; rather, outcomes emerge through interactions among power relations, coordination mechanisms, and local agency embedded within specific socio-political contexts (Boinauw & Hussein, 2020; Rahman, 2022). In the case of Bojonegoro, the Education Endowment Fund is governed through a formally coherent structure, yet its implementation reflects hierarchical decision-making patterns that constrain the realization of long-term endowment objectives. The centralized concentration of decision-making authority identified in the findings aligns with classic insights from policy implementation studies, which argue that decentralization does not automatically translate into local empowerment (Desimaria & Sri Rahayu, 2022; Liani et al., 2021; Muhdi, 2019).

Although the Education Endowment Fund is framed as a locally managed and sustainable financing instrument, strategic control remains largely with executive and managerial actors. Schools function primarily as implementers rather than co-governors, limiting their capacity to influence policy direction. This reinforces the argument that decentralization, when coupled with strong accountability pressures, often results in what scholars describe as "controlled autonomy" where discretion exists but within narrowly defined boundaries (Basikin, 2020; Gill & Berezina, 2021; Putri Lestari & Surya Perdhana, 2023; Widodo, 2024). The study also extends debates on education endowment funds by highlighting how accountability mechanisms shape implementation behavior. Existing literature emphasizes accountability as a prerequisite for transparency and public trust in education financing (Mayapada et al., 2024). However, the findings suggest that accountability practices in Bojonegoro are predominantly compliance-oriented, prioritizing financial reporting and audit readiness over substantive evaluation of educational impact. This supports critiques that performance regimes in public sector governance often privilege measurable administrative outputs at the expense of long-term policy learning (Hidayat, 2017; Yulianto et al., 2023). As a result, schools adopt risk-averse utilization strategies, favoring short-term, easily reportable activities rather than innovative or transformative programs aligned with the endowment's sustainability logic.

At the school level, the predominance of short-term utilization patterns underscores a critical tension between the conceptual design of endowment funds and their operationalization in practice. Endowment-based financing is theoretically intended to promote intergenerational

equity and institutional strengthening (Goryainova et al., 2020; Zatonatska et al., 2019). However, the findings indicate that schools interpret and engage with the fund primarily as a supplementary budget instrument. This gap between policy intent and practice resonates with implementation research showing that frontline actors often reinterpret policy goals in ways that align with immediate institutional pressures and capacity constraints. In this sense, the Education Endowment Fund's transformative potential is diluted by governance arrangements that do not sufficiently incentivize long-term planning at the school level. The adaptive strategies identified in the study further illuminate the relational nature of governance in decentralized systems (Danugroho & Fadilla, 2024; Fadilla et al., 2024). Informal coordination, discretionary interpretation, and reliance on personal networks emerge as key mechanisms through which actors navigate administrative complexity and regulatory ambiguity. While such practices enhance implementation resilience, they also introduce variability and dependency on individual agency, echoing concerns raised in governance literature about the fragility of informal institutional solutions (Ostrom, 1990; Toonen, 2010). These findings suggest that adaptive capacity, while valuable, cannot substitute for institutionalized coordination and learning mechanisms if policy sustainability is to be achieved.

Taken together, the cross-cutting themes of power, coordination, and local agency observed in this study reinforce the view that education endowment fund governance is a dynamic and negotiated process rather than a linear administrative exercise. The Bojonegoro case illustrates how governance outcomes are shaped by the interplay between centralized authority and localized adaptation, producing implementation patterns that are stable yet conservative. This contributes to comparative discussions on education financing governance by providing empirical evidence from a decentralized, middle-income country context an area that remains underrepresented in the global literature. By situating the governance of the Education Endowment Fund within broader theoretical debates on policy implementation and public sector governance, this study advances understanding of why endowment-based education financing often falls short of its transformative promise at the local level. The discussion underscores the need for governance arrangements that balance accountability with strategic flexibility, strengthen downward feedback mechanisms, and expand meaningful participation of schools in policy deliberation. These insights have implications not only for Indonesia, but also for other decentralized education systems seeking to leverage endowment funds as instruments of sustainable educational development.

## CONCLUSION

This study examines the governance of the Education Endowment Fund in Bojonegoro Regency and demonstrates that the effectiveness of endowment-based education financing is shaped less by formal policy design than by governance dynamics at the local level. The findings reveal that while the Education Endowment Fund is embedded within a formally coherent institutional framework, its implementation is characterized by centralized decision-making, compliance-oriented accountability mechanisms, and constrained school-level agency. These dynamics collectively limit the fund's potential to function as a transformative and sustainable financing instrument for long-term educational development.

By foregrounding power relations, coordination practices, and local agency, this study contributes to the literature on education governance and policy implementation in decentralized systems. Empirically, it provides one of the first in-depth analyses of a locally managed education endowment fund in Indonesia, addressing a notable gap in existing research that has largely focused on national-level financing schemes or quantitative spending outcomes. Theoretically, the study extends governance and implementation debates by illustrating how endowment funds, despite their long-term orientation, are operationalized through short-term administrative logics shaped by accountability pressures and institutional

capacity constraints. The findings also carry important policy implications. Strengthening the governance of education endowment funds requires moving beyond procedural accountability toward mechanisms that support strategic coordination, institutional learning, and meaningful participation of schools in policy deliberation. Without such reforms, endowment funds risk being reduced to conventional budgetary tools, undermining their intended role in promoting sustainability and intergenerational equity in education financing.

This study is not without limitations. As a qualitative inquiry grounded in a single local context, its findings are not intended for statistical generalization. However, the analytical insights generated offer transferable lessons for other decentralized education systems facing similar governance challenges. Future research could build on this study by conducting comparative analyses across regions or integrating mixed-method approaches to further examine the relationship between governance arrangements and educational outcomes. The governance of education endowment funds is a critical yet underexplored dimension of education policy. Understanding how such funds are governed in practice is essential for realizing their potential as instruments of sustainable educational development. The Bojonegoro case underscores that achieving this potential depends not only on financial resources, but on governance arrangements that align policy intent with local institutional realities.

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