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Financial Accountability Dilemma in Student Organizations: A Qualitative Study from a Public University

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ABSTRACT

Financial accountability presents persistent challenges for student organizations within Indonesian public universities, particularly amid increasing pressures for transparency and efficiency. This study investigates the accountability dilemmas faced by Student Activity Units (SAUs) at the Faculty of Economics and Business, Brawijaya University, where budget compliance expectations often conflict with organizational capacity and ethical practice. Using a qualitative case study design, data were collected through in-depth interviews with SAU members and faculty advisors to explore the dynamics underlying financial reporting behavior. The findings reveal that while SAUs are required to submit accurate financial accountability reports (FARs), institutional incentives strongly encourage full budget absorption. To avoid future budget reductions, some SAUs engage in opportunistic practices such as inflating reports or fabricating expenses. Performance-based budgeting systems, information asymmetry, and weak participatory mechanisms shape these behaviors. The study reveals how agency problems and institutional decoupling can emerge in student-led organizations, even within educational environments. It contributes to understanding how formal accountability systems interact with grassroots financial practices. Practically, it underscores the need for more transparent, ethical, and participatory budgeting processes to align institutional expectations with the capabilities and realities of student actors.

Keywords: Agency Theory; Financial Accountability; Higher Education Governance; Institutional Decoupling; Student Organizations

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INTRODUCTION

Universities across the globe often facilitate the formation of student organizations as a platform to support co-curricular development and leadership training. In Indonesia, one such structure is the Student Activity Unit (SAU), which plays a central role in developing students' interests, talents, and organizational capacities. SAUs function as semi-autonomous entities that are governed, managed, and operated by students themselves. Their core mission encompasses the implementation of student-driven programs, events, and initiatives, many of which are financed through budget allocations from their respective faculties. At Brawijaya University—one of Indonesia's leading public universities with 16 faculties—there are 18 SAUs operating under the Faculty of Economics and Business, each of which receives institutional funding to support its yearly activities.

Given that SAUs are entrusted with public or quasi-public funds, financial accountability becomes a critical expectation from university administrators. Financial accountability in this context refers to the obligation of SAUs to transparently manage and report their budget utilization through documents such as the Financial Activity Report (FAR). This reporting process is intended to ensure responsible fiscal behavior and maintain institutional trust between students, faculty administrators, and university stakeholders. The importance of such accountability is rooted in broader governance principles, where the proper stewardship of funds fosters institutional credibility and trust (Anggraini et al., 2021; Triyuwono, 2015). However, despite the normative emphasis on accountability, the actual implementation often presents numerous challenges.

Field observations and preliminary findings at the Faculty of Economics and Business, Brawijaya University, indicate that many SAUs struggle to fulfill their financial reporting responsibilities effectively. One of the key dilemmas arises from the expectation that SAUs must utilize 100% of their allocated budget within a fixed timeframe. If the full amount is not expended, there is a risk that future budget allocations may be reduced. As a result, some SAUs are compelled to exhaust their budgets near the fiscal deadline—even if this entails low-priority or superficial spending—just to create the appearance of full utilization. This practice raises concerns about financial misrepresentation and strategic reporting, which undermine the spirit of accountability. Furthermore, an informational imbalance often exists between the SAU and the faculty. The SAUs, as operational entities, possess detailed knowledge of activity planning and budget execution, while the faculty, acting as a supervisory body, relies primarily on FAR documents and post-hoc evaluations to assess SAU performance. This information asymmetry creates room for opportunistic behavior, where SAUs may manipulate reports to maintain funding levels or justify expenditure patterns.

The dynamics between the faculty and the SAUs can be effectively analyzed through the lens of agency theory. According to Jensen and Meckling (2019) and Lumapow (2018), agency theory explores the relationship between a principal—who delegates authority—and an agent—who executes tasks on behalf of the principal. The theory posits that agency problems are likely to emerge when agents pursue self-interest that may not align with the goals of the principal, especially when asymmetrical information exists. In the university context, the faculty functions as the principal, while the SAUs serve as agents responsible for managing delegated funds and reporting back through formal channels such as the FAR. When SAUs act strategically to preserve their future budgets by inflating or manipulating expenditures, they exemplify an agency dilemma—specifically, one related to goal misalignment, information asymmetry, and utility maximization.

Previous research on the accountability of student organizations presents mixed findings. Purnami (2017) found that SAUs at the Ganesha University of Education met funders' expectations and demonstrated accountability in managing financial reports. In contrast, Puspitasari et al. (2015) identified issues such as asset misappropriation and problematic reimbursement practices that led to financial inefficiencies and reduced transparency. These contrasting results underscore the variability of accountability practices among student organizations and highlight the need for more contextualized and theory-driven investigations into this issue.

Against this backdrop, this study investigates the financial accountability dilemma experienced by SAUs at the Faculty of Economics and Business, Brawijaya University. The research aims to examine what factors contribute to the accountability dilemma, why such issues persist, and how they manifest in the organizational behavior of SAUs. The FEB was selected as the research site due to the academic background of its students, many of whom are trained in economics, accounting, and public finance. It is expected that this educational foundation would enhance the implementation of sound accountability practices, yet paradoxically, accountability dilemmas remain prevalent.

This research is significant for both academic and practical reasons. Academically, it contributes to the literature on student financial governance by applying agency theory to a relatively underexplored context—student-led budgeting within Indonesian higher education. Practically, it offers empirical insights for faculty administrators and policy-makers on how to design more effective monitoring, allocation, and reporting mechanisms that foster genuine accountability while minimizing strategic behavior. The novelty of this study lies in its qualitative exploration of budget-related dilemmas, providing a rich and nuanced understanding of how student organizations navigate institutional expectations and fiscal pressures in their pursuit of organizational legitimacy and survival.

LITERATURE REVIEW

Agency Theory and Financial Accountability in Student Organization Governance

Contemporary scholarship underscores the increasing importance of transparency and robust accountability mechanisms in student and nonprofit organizations. Bovens et al. (2014) highlight that public accountability is fundamental to fostering institutional trust and legitimacy, particularly in semi-autonomous entities like student organizations. In parallel, Ebrahim (2019) asserts that accountability in nonprofit institutions must not only promote responsible behavior but also align incentives and governance structures to mitigate moral hazards. These perspectives are especially pertinent to student-led organizations, where voluntary leadership roles intersect with authority over budgetary decisions. This study contributes to the academic discourse by embedding these concerns within the framework of agency theory and examining their application to student financial governance within Indonesian universities.

Agency theory, first articulated by Jensen and Meckling (2019), explains the contractual relationship where a principal delegates work to an agent, who performs that task on their behalf. This theory is often used to understand potential conflicts that arise when the agent's goals diverge from those of the principal, particularly when the agent holds an informational advantage. In the context of university governance, the faculty serves as the principal, while the SAU functions as the agent. The faculty delegates the planning, execution, and financial management of student programs to the SAU, which is then responsible for implementing activities, utilizing allocated funds, and submitting financial accountability through reports such as the FAR. The faculty, in turn, is tasked with monitoring and evaluating these activities to ensure alignment with institutional objectives.

A central issue illuminated by agency theory in this context is information asymmetry. The SAU, being directly involved in operational activities, typically possesses more accurate and detailed information about program implementation and budget utilization than the faculty. This imbalance can potentially lead to agency problems, where the SAU may prioritize its own interests—such as organizational reputation or future funding stability—over the efficiency or transparency goals emphasized by the faculty. For example, if an SAU anticipates that unspent funds might reduce future budget allocations, it may feel incentivized to exhaust its remaining budget through low-priority expenditures near the end of the fiscal period. Such behavior constitutes agency cost, reflecting a deviation from optimal resource utilization as expected by the principal.

Faculties may respond to such inefficiencies by introducing corrective mechanisms, including stricter budget monitoring, enhanced financial reporting standards, and more direct supervision. These governance tools are intended to realign the SAU's activities with the institution's broader goals and values and to mitigate the risks associated with unchecked autonomy.

In conclusion, agency theory offers a valuable lens through which to analyze the financial accountability and governance dynamics between faculties and student organizations. By identifying the inherent risks of information asymmetry and misaligned incentives, it encourages universities to develop institutional policies that foster transparency, ensure responsible budgeting, and promote collaborative accountability. Through such frameworks, the relationship between student organizations and faculty leadership can be strengthened, ultimately enhancing institutional trust and the overall quality of student governance.

Accountability

The concept of accountability is central to public governance and organizational management. It refers to the obligation of individuals or entities entrusted with authority and resources to answer for their actions, decisions, and outcomes. In the context of higher education institutions, accountability ensures that all delegated responsibilities—especially those involving the use of public or institutional funds—are carried out with integrity, transparency, and efficiency.

According to Haris (2007), accountability involves the responsibility of individuals or authorities tasked with managing public resources to provide justifications for budgetary decisions, managerial actions, and program outcomes. This aligns with broader principles of good governance, in which those granted authority must report back to the institution or stakeholders who conferred that authority.

Within the university framework, the faculty acts as the primary authority or principal, holding overarching responsibility for the performance of SAUs. As agents, SAUs are mandated to conduct student programs, manage budgets, and produce relevant outputs that align with institutional goals. Therefore, they are morally and administratively obliged to provide transparent and accurate accountability reports to the faculty.

This accountability is not only administrative but also ethical, as SAUs are custodians of funds and trust bestowed by the institution. Every decision—ranging from activity planning to fund allocation—must be open to scrutiny. Accountability mechanisms, such as the FAR, periodic evaluations, and audit processes, serve to verify that SAU programs are not only completed as planned but also provide value in line with student development and institutional objectives.

In essence, accountability functions as a feedback loop between the faculty and SAUs, ensuring that autonomy in student governance is matched by transparency and responsibility. This strengthens institutional trust and helps sustain a culture of integrity, fairness, and shared responsibility within academic environments.

Student Organization's Financial Accountability

Financial accountability in SAUs is a fundamental aspect of organizational governance that reflects the responsible management of resources entrusted by the faculty. As student-led bodies operating under faculty supervision, SAUs are expected to manage finances with integrity and transparency. This involves a complete cycle of financial activities, including planning, budgeting, implementation, reporting, and ultimately, accountability. These responsibilities are not just technical or procedural tasks; they signify the broader obligation of student organizations to act as reliable stewards of institutional resources.

Accountability in this context means that every financial activity conducted by SAUs must be justified and reported back to the faculty, which acts as the principal authority providing the mandate and funding. Regardless of whether the budget is fully utilized or not, SAUs are expected to prepare comprehensive financial reports—commonly through FARs—that detail how the funds were used, the outcomes achieved, and the reasons for any budget discrepancies. This process enhances financial transparency and allows the faculty to assess the effectiveness and efficiency of student-led initiatives. At the same time, the faculty has a reciprocal duty to provide clarity regarding any unspent funds and the rationale behind budget reallocations or financial decisions.

The relationship between the faculty and SAUs reflects a principal-agent dynamic, where the faculty delegates authority and resources to SAUs with the expectation of responsible execution. However, this arrangement is susceptible to issues such as information asymmetry, where the SAUs, being closer to the execution of activities, possess more detailed knowledge about actual expenditures and operational outcomes. If not managed transparently, this imbalance can lead to mistrust or inefficient resource utilization. Thus, financial accountability serves as a mechanism to bridge the information gap and reinforce mutual trust between both parties.

Several empirical studies support the importance of financial accountability in student organizations and public entities. A study by Purnami (2017) on the Hindu Dharma Yowana Brahma Vidya Student Family at Ganesha University of Education found that student organizations successfully implemented financial accountability in ways that met funders' expectations. Financial reports were aligned with the needs of their users and openly communicated among members, fostering organizational trust. Similarly, Andhayani (2017) explored the challenges of accrual-based accounting in Batu City's regional financial management and discovered that competency mismatches among expenditure treasurers increased the risk of conflict and misuse. Although this study was situated in a governmental context, its findings are relevant to SAUs, where financial competency is also critical to maintaining transparency and avoiding inefficiencies.

Furthermore, Wicaksono (2015) evaluated accountability practices across public sector organizations and concluded that many institutions fell short of demonstrating accountability due to limited transparency and inadequate explanations of how public resources were used. This lack of communication often weakened the public's trust in those institutions. The lessons drawn from this study underscore the necessity for student organizations to clearly communicate how funds are utilized to achieve program objectives and institutional goals.

In conclusion, financial accountability in SAUs is not only a functional requirement but also a reflection of organizational values and institutional trust. It involves a shared responsibility between student organizations and faculty to ensure that public funds are managed ethically, reported transparently, and evaluated meaningfully. When practiced consistently, financial accountability reinforces confidence in student governance structures and contributes to the credibility and sustainability of campus-based organizations.

RESEARCH METHOD

This research adopts a qualitative methodology grounded in an interpretive paradigm, emphasizing the exploration of meaning, context, and the dynamic processes underlying human behavior. The study is designed to uncover and understand the complex nature of financial accountability within student organizations, specifically within the institutional environment of the Faculty of Economics and Business at Brawijaya University. To achieve this, the researcher employed a case study approach, which is particularly well-suited for generating rich, contextualized insights from a bounded system. The case study design facilitated an in-depth investigation of financial practices, challenges, and organizational dynamics within a real-life setting.

Data were primarily gathered through semi-structured interviews, a method chosen for its capacity to strike a balance between consistency in questioning and the flexibility needed to probe deeper into respondents' lived experiences. A total of five key informants were purposively selected for their direct engagement with financial decision-making and accountability processes. These informants included three student representatives from various SAUs, ensuring diverse perspectives from different organizational contexts, and two faculty officials responsible for budgeting oversight and performance evaluation. The interviews were conducted remotely, either via Zoom or phone, depending on the informants' availability and logistical considerations. All interviews were audio-recorded with the participants' informed consent to ensure accuracy and transparency in data handling.

Transcribed interviews were analyzed thematically using an inductive coding approach, allowing themes and patterns to emerge organically from the data rather than being pre-imposed. This analytic process was instrumental in identifying key dilemmas, inconsistencies, and areas of tension related to financial accountability within the student organizations. To enhance the reliability and validity of the findings, triangulation was employed through cross-verification of data collected from multiple sources, including informant testimonies, financial documentation, and relevant faculty policy guidelines. Ethical standards were rigorously maintained throughout the research process, including strict confidentiality measures and the securing of voluntary participation through comprehensive informed consent procedures.

The informants in this study are the people who understood the subject of the study. The chosen informants had prior expertise with and participation in the financial management of student organizations, as well as the desire to engage as informants. Five people were interviewed for this study: three from the SAU and two from the faculty. Interviews performed by Zoom and telephone were used to obtain data.

Figure 1 illustrates the process of data analysis carried out to answer research questions.

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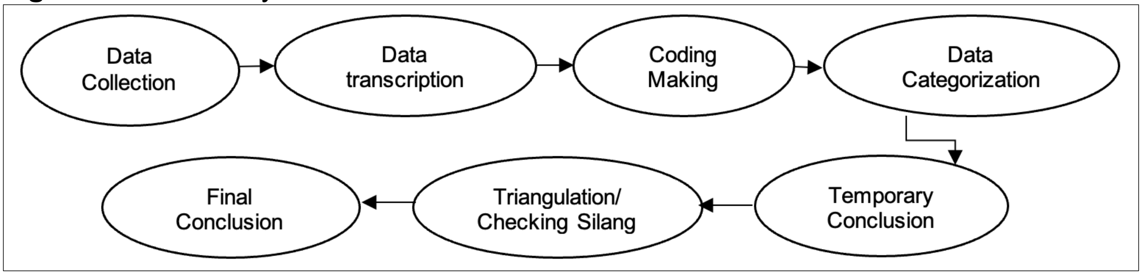
Figure 1. Data Analysis Process



RESULTS

Outputs from Data Transcription and Categorization

The data transcription stage generated verbatim responses from semi-structured interviews involving 12 informants, including SAU student leaders and faculty advisors. Using a thematic analysis approach, the data were systematically coded and categorized into key themes representing recurring patterns of meaning across participants' accounts. The excerpts below reflect common sentiments:

> "We know the rules, but sometimes it is hard to spend the whole budget. If we return the leftover, next term we will get less. So, we make it appear like everything was spent, even though it was not." Informant A (SAU Treasurer)

> "There is always a ceiling, but not all SAUs understand how budget absorption affects planning. Some just spend to meet targets, not based on real needs." Informant B (Faculty Advisor)

These statements reveal the underlying tension between institutional requirements and on-the-ground realities experienced by SAUs in managing their budgets. From these coded statements, five major themes were identified, as shown in Table 1:

Table 1. Data Categorization Output

Theme	Code Examples	Description
Compliance Pressure	"spend everything", "report full use", "fear of cuts"	SAUs feel compelled to exhaust budgets regardless of actual need
Opportunistic Reporting	"made receipts", "fabricated record", "post-event edits"	Evidence of strategic misreporting to meet compliance expectations
Discrepancy in Expectations	"faculty just cuts", "we do not know how it is reallocated"	Mismatch between student understanding and institutional reallocation logic
Ethical Tension	"uncomfortable but necessary", "gray area"	Internal conflicts when making ethically questionable decisions
Structural Dilemmas	"this is how it works here", "everyone does it"	Normalization of behavior due to embedded structural incentives

Institutional Procedures and Compliance Mechanisms

These categories informed the structuring of the results section, particularly the sub-themes of institutional pressure, ethical dilemma, and institutional decoupling. To better understand how accountability is practiced in everyday organizational routines, it is crucial to examine the formal procedures governing budget management within student organizations. These procedures provide the structural context within which decisions are made and accountability is enacted.

SAUs begin their budget process at the start of each leadership term, with proposals reviewed during a Budget Meeting. The faculty approves budgets aligned with work programs and applies a Budget Ceiling to ensure fiscal control. Standardized formats are required for the FAR. If FAR is submitted late, budget cuts are imposed in the following term. These mechanisms encourage SAUs to meet accountability indicators such as transparency, control, and responsiveness (Schick, 1998).

The budgeting process itself reflects an institutional mechanism aimed at fostering financial discipline and alignment with faculty governance. The use of budget ceilings and submission deadlines functions as a form of technical control to ensure conformity. However, interviews revealed that these structures also produce unintended consequences. Delegation-related budgets, for example, are often unspent due to canceled external events or shifting program priorities. Despite this, SAUs are still required to report full budget utilization or risk funding reductions in future terms.

Efforts to Build Accountable SAUs

Faced with such institutional demands, many SAU leaders find themselves in an accountability dilemma: whether to be truthful about budget underspending and accept funding cuts, or to fabricate financial evidence to simulate full compliance. The latter strategy, based on interview data, appears to be common practice. Informants openly acknowledged creating post-activity receipts or retroactively adjusting financial records to portray complete budget use.

This pattern reflects what Meyer and Rowan (1977) describe as institutional decoupling, where formal structures exist primarily to maintain legitimacy, but real practices diverge significantly. While rules exist to encourage accountability, SAUs often circumvent them in order to preserve funding, resulting in the normalization of opportunistic reporting behavior over time. This aligns with Seralurin et al. (2023), who note that institutional performance expectations can erode ethical boundaries when compliance becomes a performative goal rather than a substantive one.

Dilemma in Accountability Practices

Another important finding involves the reallocation of unused funds. When budget absorption falls below 100%, remaining funds are typically redirected to other SAUs with similar Activity Account Items (AAIs). However, this reallocation process is not clearly communicated to SAU members. Students often report confusion and frustration, as illustrated in the code: “We do not know how it is reallocated.” This discrepancy reflects a gap in understanding between students and faculty about institutional budget management procedures.

From the faculty’s perspective, this practice aims to ensure optimal budget utilization and also serves as a pedagogical tool, training students in real-world budgeting under constraints. However, students perceive the process as opaque and unilateral, leading to diminished trust and reduced motivation for transparent engagement in financial reporting.

The mismatch between formal expectations and operational realities creates a persistent tension. SAUs are expected to fulfill high standards of accountability, yet they often lack the institutional support or flexibility needed to manage uncertain or shifting circumstances. Consequently, ethical dilemmas become systemic rather than individual.

The pressure to maintain compliance under unclear conditions leads to routinized behaviors that compromise the spirit of accountability itself.

In sum, although SAUs operate within a framework intended to uphold transparency and responsibility, the rigid application of budgetary rules—combined with institutional communication gaps—has fostered a culture in which rule circumvention is normalized, and accountability becomes a negotiated, rather than absolute, practice.

DISCUSSION

Institutional Accountability Structures and Their Limitations

The structured procedures implemented by the faculty—standardized formats, budget ceilings, and penalty-based compliance—are formally designed to instill fiscal discipline and promote accountable behavior among SAUs. These mechanisms align with Koppell's five dimensions of accountability: transparency, liability, controllability, responsibility, and responsiveness (Al-Shbail & Aman, 2018; Aman et al., 2013), reflecting a managerialist approach to student governance. In principle, such mechanisms encourage consistent reporting and budget execution while ensuring responsible financial behavior among student leaders. The imposition of fixed budget ceilings and a uniform FAR structure demonstrates the faculty's intent to uphold consistency, clarity, and performance monitoring across SAUs.

However, the findings suggest that while these mechanisms are procedurally sound, they often fail to consider the developmental nature of student actors. Many student leaders occupy their roles for relatively short terms and typically enter office without formal administrative training or financial literacy. The expectation that they will perform within rigid accountability structures assumes a level of rational compliance that overlooks their learning curve. This gap is vividly reflected in the discrepancy between institutional expectations and the real capacities of SAU leaders, as documented in the Results section under the theme of discrepancy in expectations. Students often lack clarity on budget reallocation mechanisms and interpret certain decisions—such as the absorption of unused budgets without prior notice—as arbitrary or even punitive.

This disconnection resonates with broader critiques of public accountability systems, particularly in educational or capacity-building environments, where the ability to comply meaningfully with complex procedures is unevenly distributed (Ferri & Zan, 2019). Similar structural gaps have been observed in local government budgeting (Agostino & Arnaboldi, 2017), but this study extends the conversation to the underexamined terrain of student organizations in higher education. The implication is that institutional accountability frameworks must be calibrated not only to enforce compliance but also to accommodate the cognitive and experiential limitations of novice actors, especially when the intent is developmental rather than punitive.

Agency Dynamics and Opportunistic Compliance

The budgeting dilemmas faced by SAUs—such as choosing between honest reporting and preserving future funding—reflect a classic agency problem (Eisenhardt, 1989; Jensen & Meckling, 2019). In this relationship, the faculty as principal imposes oversight mechanisms, but lacks complete information about the agent's (student leader's) actions. Due to this information asymmetry and the limited capacity for comprehensive monitoring, opportunities arise for agents to behave opportunistically. The study found that student leaders frequently engage in strategic misreporting practices, including fabricating receipts and altering records post-implementation, as described under the theme of opportunistic reporting. These behaviors are not driven solely by individual dishonesty, but are often normalized and transmitted across leadership transitions.

This pattern supports the critique that compliance-heavy systems, when detached from substantive engagement, encourage symbolic behaviors (Hood, 2010; Power, 1997). Rather than delivering on the spirit of accountability, actors learn to perform their appearance. In this context, financial reporting becomes ritualized—a performance of legitimacy that masks a gap between what is reported and what has actually occurred. This is consistent with Meyer and Rowan's (1977) theory of institutional decoupling, where formal structures persist not for operational efficiency but to maintain institutional legitimacy. In the case of SAUs, ritualistic compliance becomes an adaptive strategy to meet institutional demands while preserving operational viability.

Unlike agency problems in the private sector, where financial incentives dominate, the consequences for SAU leaders are more reputational and ethical. Students operate within a high-trust, low-monitoring environment, and misreporting is often framed internally as a necessary compromise rather than a deliberate act of deception. The theme of ethical tension captured this nuance: student leaders experience discomfort and moral ambiguity, but rationalize their actions as aligning with implicit institutional expectations. The normalization of this behavior over time reflects a failure of the accountability system not just in technical terms, but also in its ethical and educational dimensions.

Vertical and Relational Accountability Gaps

Beyond structural and behavioral concerns, the study uncovers significant gaps in vertical and relational accountability between the faculty and student leaders. Faculty-led decisions regarding the reallocation of unspent budgets are frequently made without adequate communication or justification, leaving students confused and demotivated. While the faculty may view this practice as an efficient or pedagogical approach to budget absorption, students interpret it as a unilateral action that bypasses dialogue and mutual respect. This lack of transparency exacerbates the perception of power asymmetry and undermines the credibility of the accountability process.

Bovens et al. (2014) emphasize that true accountability requires not only answerability but also meaningful interaction and responsiveness. In the absence of such dialogue, accountability mechanisms become perceived as coercive. The results highlighted this issue through themes of discrepancy in expectations and structural dilemmas, where student respondents expressed frustration over the opaque nature of financial decision-making processes. These findings align with critiques in public sector governance literature, which caution that hierarchical accountability, when not balanced by participatory mechanisms, can stifle trust and obstruct institutional learning (Agyemang & Broadbent, 2015; Bracci et al., 2015).

The exclusion of students from budgetary feedback loops further restricts opportunities for learning and ethical growth. While scholars have advocated participatory budgeting in government and civil society to foster inclusion and trust (Fung, 2015; Gaventa, 2006), this study shows the relevance of similar approaches in university governance. Students, as emerging professionals, must be treated not merely as subjects of oversight but as co-constructors of institutional integrity. When they are held accountable without being empowered to influence or even understand the systems they are embedded in, the result is a culture of compliance devoid of genuine engagement.

Theoretical Contributions and Practical Implications

This study makes several theoretical contributions that expand the discourse on accountability in educational and organizational settings. First, it integrates agency theory with institutional and pedagogical insights by illustrating how bounded rationality and ethical ambiguity are amplified in student governance environments. The SAU context demonstrates how agency dilemmas evolve not solely from conflicting interests but also from capacity deficits and developmental gaps. Rather than viewing opportunism as deviant, it is more accurately understood as a learned adaptation to rigid systems that fail to accommodate novice actors.

Second, the study extends the application of Meyer and Rowan's (1977) theory of institutional decoupling by situating it within a student-led, education-centered governance system. The findings show that when formal compliance is prioritized over substantive understanding, ritualistic behavior becomes institutionalized. This highlights the symbolic function of financial procedures in student organizations, particularly when procedural correctness is rewarded more than ethical fidelity or operational realism.

Third, the study contributes to the broader accountability literature by foregrounding the pedagogical value of financial governance. Most studies on public accountability focus on control, efficiency, and oversight. This research reframes accountability as a learning tool—one that, if designed properly, can foster ethical reasoning, administrative skill, and participatory leadership. When accountability is reduced to procedural rigidity, its educational potential is lost.

In practical terms, the findings call for a fundamental rethinking of how financial governance is approached in student organizations. Budget reallocation decisions should be communicated transparently and reciprocally, ensuring that student leaders understand both the rationale and implications. Budget literacy programs should be embedded in co-curricular training to equip students with the knowledge and confidence to fulfill their roles. Additionally, accountability dashboards that involve students in visualizing allocations, absorption rates, and institutional goals can foster greater trust and ownership. These reforms are not merely technical adjustments but cultural interventions that align accountability with empowerment, integrity, and developmental purpose.

CONCLUSION

This study set out to explore the financial accountability dilemmas faced by student organizations within a university setting, with a specific focus on SAUs at the Faculty of Economics and Business, Brawijaya University. Drawing on agency theory and institutional perspectives, the research aimed to understand how formal budget procedures intersect with student capacities, ethical considerations, and organizational routines. The findings reveal a persistent tension between institutional accountability mechanisms and the lived realities of student leaders, many of whom are still developing the administrative skills and ethical maturity required to navigate complex financial systems.

Despite the faculty's efforts to instill fiscal discipline through standardized formats, budget ceilings, and compliance penalties, these systems often create unintended consequences. Student leaders, operating under pressure to absorb 100% of their budgets to avoid future reductions, may resort to opportunistic behaviors such as fabricating receipts or misreporting financial data. This pattern reflects a deeper institutional issue: while accountability is formally emphasized, it is not matched with the developmental support or participatory engagement necessary to sustain ethical governance. The lack of transparency in budget reallocation and the absence of reciprocal communication channels further erode trust between students and administrators, undermining the goals of accountability itself.

These findings underscore the need for universities to move beyond a purely procedural model of financial oversight and toward a more educative and participatory approach. Accountability in student organizations should not merely be about control and compliance, but also about fostering financial literacy, ethical awareness, and collaborative governance. By creating feedback mechanisms, enhancing budget transparency, and integrating co-curricular financial training, institutions can help transform accountability from a punitive expectation into a formative experience.

Practically, this implies the need for a revision of budget policies that considers the learning trajectory of student leaders and incorporates inclusive decision-making structures. Institutions should also recognize the symbolic pressures students face and work to reduce the structural conditions that normalize ritual compliance. Cultivating a culture of honest reporting and open dialogue can enhance not only procedural integrity but also student trust, competence, and leadership development.

As with all qualitative inquiries, this study has limitations. Its single-institution scope and interview-based methodology may constrain generalizability. Future research could benefit from comparative studies across multiple universities or from employing mixed-method approaches to triangulate and deepen the analysis. By doing so, subsequent investigations may uncover broader patterns and more robust policy implications for improving financial accountability in higher education student organizations.

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