

Assistance in the Preparation of Financial Strategic Plans at the Noor Arsy Foundation

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ABSTRACT

The Foundation has an organ consisting of Trustees, Management, and Supervisors. The management of wealth and the implementation of foundation activities are carried out entirely by the Management. The foundation must periodically make an accountability report for the funds obtained from donors in detail related to the planned use of funds receipts and expenditure plans. The problem faced by the Foundation is how to obtain sustainable sources of funds used to finance the company's operational activities. As a result of this condition the Foundation cannot operate continuously. This problem is caused by lack of understanding of the Noor Arsy Foundation management regarding the preparation of the Foundation's financial strategic plan, so that the plan to obtain funding sources has not been well planned. There is no good understanding of how to draw up a financial strategic plan to provide adequate financial information for sustainability. Foundation. The documentation of financial data information used to prepare financial strategic plans has not been well documented. Based on the problems above, it is very necessary to assist in the preparation of strategic financial plans to maintain the sustainability of the Foundation.

Keywords: Foundation, Financial, Strategic PI

INTRODUCTION

Foundation is a legal entity that has social, religious and humanitarian aims and objectives, established by taking into account the formal requirements specified in the law. In Indonesia, foundations are regulated in Law Number 28 of 2004 concerning Amendments to Law Number 16 of 2001 concerning Foundations. The plenary session of the DPR on 7 September 2004 approved this law, and the Indonesian President Megawati Soekarnoputri ratified it on 6 October 2004.

The question facing development NGOs today is the same question that faced participants in the first NGO Conference in Manchester in 1992, albeit framed in a somewhat different context. That question is less about what NGOs have achieved in the absolute sense, since they can never achieve enough, and more about how they can achieve more, however well they think they are doing (Edwards, 2005). Foundation's wealth can be in the form of money or goods, whether it comes from donations, endowments, grants, will grants and other acquisitions that do not conflict with the Foundation's Articles of Association or applicable laws and regulations (Wikipedia, 2022). A foundation must periodically make an accountability report for the funds obtained from donors in detail related to the planned use of funds receipts and expenditure plans.

Foundation assets can be obtained from various sources such as donations, grants, endowments, testamentary grants and other acquisitions that do not conflict with the foundation's articles of association and/or applicable laws and regulations (Prisillia, 2020). Fund assistance is usually a non-permanent aid, so institutions will be very vulnerable to financial difficulties if the expenditure is greater than the incoming funds, especially during the current pandemic. Foundation's management must be able to think critically in strategic financial plans for foundation funds, so that if the funds they have are limited they will be able to allocate them appropriately and efficiently.

Broadly speaking, the sources of foundation funds can be grouped into 3 parts. First, foundations whose sources of funds rely on assistance from other parties. This kind of foundation is funded by donations, be it individuals, groups, or organizations. In general, foundations whose sources of funds rely on donations are difficult to develop and usually the funds they receive are used up for the programs they have created. Second, is a foundation whose source of funds is obtained from carrying out business activities through a business entity or equity participation that it owns. This kind of foundation, from time to time, should get bigger if the management is good and the administrators work optimally to raise the foundation, but it can also go bankrupt if it is mismanaged. Third, the Foundation whose source of funds is a combination of the two things mentioned above. This kind of foundation should be more durable.

Resource scarcity is prevalent aspect when considering the financial management processes of not-for-profit organizations such as non-governmental organizations (NGOs) (Omeri, 2014). Resource mobilization is a valuable component for strengthening an NGO. Unfortunately there is a lot of competition for donor resources and in many cases for an organization to secure resources it depends on how well it can compete with other organizations to raise funds; and on how good it is at exploring other ways to source for resources (Batti, 2014).

Fund assistance is usually a non-permanent aid, so institutions will be very vulnerable to financial difficulties if the expenditure is greater than the incoming funds, especially during the current pandemic. Foundation management must be able to think critically in strategic

financial plans for foundation funds, so that if the funds they have are limited they will be able to allocate them appropriately and efficiently.

The process by which goals and the means for achieving them are set by management is part of planning. Organizational goals and objectives are not always fixed but can be change according to the development and dynamics of society. Planning is also dynamic, continuous, and flexible ed (Andriani, Ginanjar, Muslim, & Heriyansyah, 2019). However, it is not uncommon for the management to experience difficulties regarding the mechanism for preparing the foundation's financial strategic plan.

Strategic plan is a travel guide for an organization to achieve the expected vision within a certain period of time (Indarto, 2021) To maintain business continuity, a business plan is needed so that it can be used as a strategy regarding the business to be made before starting to compete with the business rivals (Mariana, Utomo, Redjeki, & Jananto, 2021) Strategists must be able to use the genre to gain the support they need to advance important goals, but they must also be able to creatively deviate from the genre when the situation requires it. Exploiting the malleability that the genre allows may help to achieve a communicative purpose more effectively (Cornut, Giroux, & Langley, 2012).

In the context of the company's financial strategy, it is applicable to 3 (three) basic concepts, namely:

1. How to find funds

This stage is the initial stage of the task of a financial manager, where he is tasked with finding sources of funds that can be used or used as company capital

2. How to manage funds

At this stage the financial management is tasked with managing the company and then investing these funds in places that are considered productive or profitable.

3. How to Divide Funds

At this stage the financial management will make a decision to divide the profits to the owners according to the amount of paid-up or issued capital (Syaputra, 2021).

Implementation of strategic management in foundations (non-profit) is as important as its implementation in profit organization (Umar, 2021). The lack of knowledge about adequate financial strategic plans makes the need for assistance in the preparation of financial strategic plans at the Noor Arsyi Foundation, Gondanglegi District, Malang Regency.

Based on the background above, the identification of problems in this activity are the lack of understanding of the Noor Arsy Foundation management regarding the preparation of the Foundation's financial strategic plan. Moreover, there is no good understanding of the budgeting and bookkeeping system to produce adequate financial information for the sustainability of the foundation. Also, the lack of clear annual financial performance reporting at the Foundation, making it difficult to determine how the Foundation performs each year.

Based on the identification of the problem above, the problem is formulated as follows: 1. How to improve the understanding of the Noor Arsy Foundation management in the preparation of the Foundation's financial strategic plan? 2. How to increase the understanding of the Noor Arsy Foundation management in analyzing alternative sources of funding for the Noor Arsy Foundation? 3. How to improve the understanding of the Noor Arsy Foundation management regarding the documentation of data and information needed in the preparation of a financial strategic plan?

Based on the formulation of the problem above, the objectives of the activity are formulated as follows: to improve the understanding of the Noor Arsy Foundation management in the preparation of the Foundation's financial strategic plan. To increase the understanding of the Noor Arsy Foundation management in analyzing alternative sources of funding for the Noor Arsy Foundation. To increase the understanding of the Noor Arsy Foundation management regarding the documentation of data and information needed in the preparation of the financial strategic plan.

The target of this service activity is the Management of the Noor Arsy Foundation in the Gondanglegi District. The object of this service was chosen because the Foundation is in the Gondanglegi sub-district, where the Gondanglegi District is a tourist attraction whose economy is starting to develop due to its strategic location and supporting infrastructure facilities in the area.

LITERATURE REVIEW

An organization must be able to take advantage of and maintain their strengths, improve their weaknesses, and highlight their innovation so that the organizations will be able to compete and become growing organization (Fitriani, Harsono, & Arijanto, 2015) so an organization needs to have a strategic plan. The plans that properly arranged can provide direction for efficient and effective operations effectively able to achieve company goals (Lestari, Hidayati, & Retnowati, 2017). Moreover, Sutanto, Utami, and Diantoro (2022) add that those who are committed to the organization highly will try to maintain their membership in that organization.

The problem that is often faced by the Foundation is unstable funding. Governments all over the world in general and in developing and poor countries in particular, over the past many decades, have been trying to strike a between scarce resources and their allocation over a long list of demanding areas (Ali & Ali, 2016). In this case, the Foundation are able to receive funding from two sources, community donations and grants and from government assistance. However, the source of funds was significantly reduced during the pandemic due to the unstable economic condition of the community so that the community prioritized the use of their funds for personal needs and not for grants to the Foundation. So is the government. Social assistance to the Foundation began to decrease due to the government's main focus on public health. With such conditions, the Noor Arsy Foundation has experienced difficulties in obtaining funds during the pandemic.

The second problem faced by the Foundation is the lack of financial expert staff within the Foundation who is tasked with making financial strategic plans needed for the sustainability of the Foundation. With limited staff member and not everyone has an education in financial or management, it became apparent that the importance of a financial strategic plan has not drilled in their foundation. They usually went by the flow of things that happened and relying on an opportunity to come. In short, they need to pick up the ball and strategize. The third problem faced by the Foundation is that there is no clear record of the source of funds and bookkeeping, so that the Foundation's management has difficulty accessing funds and allocating them appropriately and efficiently.

The solution to these problems is assistance in the preparation of financial strategic plans, so that the funds obtained can be allocated appropriately and efficiently, which will then facilitate the running of the Foundation. Appropriate and efficient allocation of funds with limited funds will make the performance of the Foundation smoother and clear bookkeeping will make it easier for the Foundation's management to utilize the funds.

RESEARCH METHOD

This community service activity focuses on the Noor Arsy Foundation Management in Gondanglegi District who still lacks knowledge about the preparation of financial strategic plans. With the assistance of this training activity, it is hoped that the Management of the Noor Arsy Foundation in Gondanglegi District can apply the preparation of a financial strategic plan. Through the preparation of a financial strategic plan, it is hoped that it can help the management allocate sources of funds appropriately and efficiently, as well as record them.

The form of this community service program is the activity of assisting the management of the Noor Arsy Foundation in Gondanglegi District by gathering the administrators at the Noor Arsy Foundation office. The management will be accompanied and given brief material in the preparation of the financial strategic plan.

The mentoring method that will be carried out is by providing an explanation of the preparation of a financial strategic plan. The evaluation design for this program can be seen in the following table:

Table 1. Evaluation of the program of mentoring activities for the preparation of financial strategic plans at the Noor Arsy Foundation, Gondanglegi District

No	Program's Goals	Indicator
1	Noor Arsy Foundation will be able to prepare financial strategic plans appropriately and efficiently	<i>Feedback</i> about the activities
2	Making the final service report about assisting the preparation of Foundation's financial strategic plan	Summarized the whole process activities in the final report in the form of articles of service

RESULTS

Assistance activities for the Noor Arsy Foundation management in preparing a financial strategy plan are carried out through five stages of activities, namely, initial literature study, proposal preparation, assistance preparation, mentoring implementation, and activity report preparation. The schedule of mentoring activities includes:

1. A preliminary study of the literature was conducted to match the theory needed in the practice of assisting the preparation of a financial strategy plan that is in accordance with the needs of the foundation.
2. Proposal preparation activities are carried out as the first stage of submitting a service program.
3. The preparation for the implementation of mentoring includes collecting and compiling a list of discussion questions and materials to be provided during mentoring.
4. The implementation of mentoring includes discussions and training on understanding the preparation of financial strategic plans to the foundation's management.
5. The preparation of activity reports is carried out as a form of accountability for the service activities that have been carried out.

The mentoring activity was carried out on April 17, 2022 at the location of the Noor Arsy Foundation in the Gondanglegi District, Malang Regency. The team drove the car around

10:00 and arrived at the location at around 11.45 WIB. The team first mapped out the types of foundations in Malang Regency. There are 3 types of foundations, namely social foundations, humanitarian foundations and religious foundations. From 3 types of foundations, the team chose the Noor Arsy Foundation in the humanitarian field as the main respondent, because the Noor Arsy Foundation is located in the Malang district where the surrounding population has inadequate education.

The next step, the team came to the location of the foundation and conducted interviews with the foundation's management regarding the preparation of the foundation's operational budget and general identity such as the name of the foundation, the length of time the foundation was founded, the name of the owner of the foundation, and other things that needed to be asked as initial information for mentoring.

The team then continued with the interview. Questions asked include:

1. What is your reason for joining this business?
2. How is the process of marketing your services to customers.
3. How to access additional capital from banks/other financial institutions for your business.
4. What are the obstacles that you feel in running this business.
5. So far, you have operated your business by using which sources of funds.
6. Have you ever had a shortage of funds and what were the causes?
7. If so, how do you handle it.
8. Have you ever had problems with the allocation of funds.
9. If so, how did you handle it.

Questions were asked to the Noor Arsy Foundation Management and the team recorded the responses that had been given by the Management. After that, the team tried to map the problems faced by the management of the Noor Arsy foundation and conducted direct education on the preparation of the operational budget. The event ends at 18.00 WIB.

DISCUSSION

Mentoring activities went smoothly and the foundation management seemed enthusiastic in the mentoring process and all activities ran smoothly. The Noor Arsy Foundation focuses on the humanitarian field. The perceived obstacle is that the Foundation has difficulty in planning the implementation of the Foundation's business activities. This happens because of the lack of ability of the foundation's management in planning the Foundation's financial strategy.

Basically, a company performs activities with aims to get the optimal profit from the business being run. A company is said to be successful when it's management is able to run and see opportunities in the future, both in the long term and short term, so that the company goals can be achieved. Financial management supports financial strategic planning. In financial strategic planning, management Finance is required to be able to perform efficiency.

However, Noor Arsy's management still thinks in a short-term base while running the Foundation now. Foundation's management is required to be able to develop short-term and long-term financial strategies, such as making internal and external strategies in managing the foundation's finances. So the assistance works includes material on these strategies so that the Foundation's management has a deeper insight into financial strategies.

Mentoring provides material on various sources of funds that can be obtained by the Foundation, such as internal funds (own capital) and external funds in the form of loans, government grants, and donors. During the management of the business, the Noor Arsy Foundation has yet looked for alternative sources of funds other than government assistance. This hinders the smooth running of the program. To be able to carry out work programs on a regular and continuous basis, it requires the ability of the Foundation's management to find other alternative sources of funds.

Mentoring also provides material on proper bookkeeping procedures, with the aim of collecting financial information data. Financial records include assets, liabilities, capital, and other costs, which will be closed by preparing financial statements in the form of balance sheets and profit and loss. With clear information for the Foundation's management, it is hoped that the management will be able to develop appropriate financial strategies that are tailored to their financial conditions.

This mentoring activity can be followed properly by all administrators of the Noor Arsy Foundation who are the subject of this service. The administrators of the Noor Arsy Foundation were enthusiastic in explaining the activities of the foundation and felt happy in the interview process. Basically, the administrators of the Noor Arsy Foundation complained that the biggest obstacle was during the Covid-19 pandemic. At the end of this mentoring activity, the administrators of the Noor Arsy Foundation hoped that the Covid-19 pandemic would end soon, so that the management of the Noor Arsy Foundation could carry out these activities optimally.

In addition to the supporting factors for the successful implementation of this mentoring mentoring activity, there are several inhibiting factors for the successful implementation of this mentoring mentoring activity. The first thing that became an obstacle was that during the interview visit, it was rather difficult to get an interview opportunity because it was difficult to match the schedule and interview activities were carried out during the fasting month so that the time for interviews was limited.

CONCLUSIONS

Even within the constraints imposed on NGOs by the structures and systems they find themselves in, the diversity of form we see emerging is indicative of attempts to avoid these pressures and to retain (or return to) their original 'roots' as agents of the poor (Banks, Hulme, & Edwards, 2015). To achieve that result, things that can be used as reference for future activities are management felt the needs for the continuation for activities like this, for example, a cooperation with different organizations to support Foundation's work in the long terms.

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DECLARATION OF CONFLICTING INTERESTS

All authors declare that they have no conflict of interest.

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