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### The Role of Financial Management in Our Galang Bersama Foundation

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ARTICLE INFO	ABSTRACT
<p><i>Historis:</i> Submit 2 September 2024 Review 23 October 2024 Revision 20 November 2024 Accepted 12 December 2024 Publish 27 January 2025</p> <hr/> <p><i>Keywords:</i> Financial Management, Nonprofit Organization, Sustainability, Community Empowerment, Case Study</p> <hr/> <p><i>Corresponding Author:</i> Lestari Dwi Santi email: <a href="mailto:lestaridwisanti092@gmail.com">lestaridwisanti092@gmail.com</a></p>	<p>Financial management is an important aspect in the operation and sustainability of the Galang Bersama Kami Foundation. This study aims to document and analyze the role of financial management at the Galang Bersama Kami Foundation. The research method used is descriptive qualitative with a single case study approach. Data were obtained through interviews with the foundation's management. The findings indicate that the Galang Bersama Kami Foundation has implemented effective and responsible financial management principles. The results of this study also highlight the importance of financial management in supporting the foundation's goals and missions in improving the quality of life of marginalized communities. By implementing good financial management practices, the foundation can ensure that the funds managed are used efficiently and in accordance with the foundation's goals. This study provides the importance of continuity in improving the foundation's financial management capabilities to support the sustainability of community empowerment programs.</p>

### INTRODUCTION

Indonesia as a developing country with economic growth is currently experiencing problems in various sectors, especially the economic sector.(Sugiri, 2020). Efforts that have been made to maximize economic growth can be seen from the establishment of business entities in Indonesia. In reality, economic growth in Indonesia today has not been able to solve economic problems in the wider community. The problem situation is what underlies society to live in organizations. There are many forms of organizations in society, one of which is engaged in the social sector known as non-profit organizations.

A non-profit organization is an organization whose main goal is to support an issue or matter in attracting public attention for a non-commercial purpose, without any attention to profit-seeking matters.(Tinungki & Pusung, 2018). According to Laallam et al. (2020), The term "non-profit" refers to any organization whose owners or partners are not entitled to any share of its profits. Thus, the

importance of financial management in management requires planning to anticipate future circumstances.(Kim & Mason, 2020). For each type of organization, the planning system varies depending on the level of uncertainty and stability of the environment that affects the success of the organization.(Mardiasmo, 2009). An organization is able to move because of many factors that support it. Among the factors that drive an organization are reliable leaders, good management, and good finances.(Heriyansyah et al., 2020). Of course, there are still many other supporting factors, if one of these factors is missing, it will become an obstacle to the organization's goals.

One of the goals of an organization is for the organization to be known by the wider community. Therefore, many efforts must be made to develop an organization. One of the factors that supports the effectiveness of an organization is financial management.(Gitman & Zutter, 2011). Financial management is an important part, although it does not mean that if the organization has less funds than planned, the organization cannot operate.(Su, 2016). Carrying out financial management is an important aspect and should be considered by every person/group of people in business progress, this is useful so that the business can achieve its goals related to financial well-being.(Safrianti & Puspita, 2021). According toWahyuni et al. (2016), the organization must manage its finances and be informed transparently and accurately so that it will have a positive impact. Financial management must be handled seriously, systematically, and responsibly to avoid unwanted things, because efficient financial management will ensure that there is profit for educational institutions.(Pusvitasari & Sukur, 2020).

The nonprofit sector performs a variety of social, political, and economic functions, and has become an indispensable actor. Over the past few decades, the nonprofit sector has experienced unprecedented growth in many regions and countries around the world.(Lu et al., 2020). Financial management plays a very important role in maintaining the stability and sustainability of an organization's operations, especially for non-profit foundations that rely on financial support.(Ebenezer et al., 2020). Yayasan Galang Bersama Kami is one example of a non-profit foundation that has a significant role in providing support to the community in various fields, from education to health. In this context, the role of financial management in Yayasan Galang Bersama Kami is crucial to ensure that limited financial resources are managed efficiently and effectively, so that the resulting social impact can be maximized.

Our Galang Bersama Foundation has a clear mission in providing positive contributions to communities in need, either through education, health, or economic empowerment programs. However, to carry out this mission well, not only sincere intentions are needed, but also good management, especially in managing financial aspects. Financial management in the context of a non-profit foundation is not only about budget management and bookkeeping, but also involves making strategic decisions that have an impact on the availability of funds for programs being run and ensuring that these resources are allocated efficiently.

The importance of financial management in Yayasan Galang Bersama Kami can be seen from various aspects, from income management to expenditure control. The foundation relies on donations, grants, and other sources of income to support its operational activities. Therefore, effective financial management is needed to ensure that these resources are used wisely and in accordance with established priorities. In addition, financial management also plays a role in determining investment policies.(Tinungki & Pusung, 2018)appropriate for the funds received by the foundation. Smart investment decisions can help the foundation optimize the use of its funds to support its long-term programs. In addition, risk management is also an integral part of financial

management, where the Galang Bersama Kami Foundation needs to consider various risks that may affect their financial stability, such as market fluctuations, security risks, and other financial risks to be more effective and sustainable.

Financial management summarizes a series of processes and activities aimed at managing, organizing, and optimizing an organization's financial resources.(Widodo et al., 2023). Financial management does not only include recording financial transactions, but also involves budget planning, monitoring expenditure, investment management, and transparent and accountable financial reporting.(Akhmad et al., 2018). Funds obtained from various donors and other funding sources must be managed wisely so that they can be used optimally to support the foundation's programs. By conducting careful budget planning, the foundation can allocate funds according to the most pressing priorities and needs, so that the positive impacts generated can be felt maximally by the community targeted by the program.

It is undeniable that financial management plays a very strategic role in the overall operations of the Galang Bersama Kami Foundation. Without good financial management, the risk of failure in achieving the foundation's goals will increase significantly. Therefore, it is important for the foundation to prioritize capacity building in financial management, both through internal training and by inviting competent external financial consultants. In an era full of challenges and complexities like today, the Galang Bersama Kami Foundation must be able to adapt and innovate in running its programs. Strong financial management will be a solid foundation for the foundation to continue to grow and provide a greater positive impact on the communities it serves. By understanding the role and importance of financial management, the Galang Bersama Kami Foundation will be able to carry out its mission more effectively and sustainably, as well as maintain public trust and support from various parties involved.

## **RESEACH METHOD**

This study adopts a qualitative descriptive method with a single-case approach.(Neuman, 2014),to explore the role of financial management at the Galang Bersama Kami Foundation. The single-case approach allows for in-depth analysis of one specific case.(Mukherjee, 2019). Through this approach, researchers can explore the role of financial management at the Galang Bersama Kami Foundation. The object of this research is the Galang Bersama Kami Foundation. A qualitative approach allows researchers to explore and understand complex and contextual phenomena in more depth. Through interviews, observations, and document analysis, this study will explore various aspects of financial management related to the foundation's operations. Thus, this study is expected to make a valuable contribution to understanding the role of financial management at the Galang Bersama Kami Foundation. In addition, this study can also be a basis for developing policies and practices related to financial management in the context of other non-profit organizations.

## **RESULTS AND DISCUSSION**

Our Joint Fundraising Foundationisan Islamic philanthropic humanitarian institution that works in empowering the poor and vulnerable groups to improve their standard of living with a family approach through empowerment programs. FoundationRaise Together With Useestablished since April 4, 2018 inKPalu City, Central Sulawesi. With the initial movement as a fundraising forum for

humanitarian activities. In 2019, Yayasan Galang Bersama Kami collaborated with Dompot Dhuafa as a partner in Central Sulawesi to manage branches and can use the legality of Dompot Dhuafa to manage zakat, infaq/alms and waqf. Reported from galangbersamakami.org, that Galang Bersama Foundation has a program with a big goal in order to increase the welfare of the community.

Proper financial management will be an important foundation for the success and sustainability of the Galang Bersama Kami Foundation. By implementing strategies that include the use of integrated accounting and reporting systems, the establishment of clear policies and procedures, staff training and education, internal and external audits, the use of technology and innovation, partnerships with financial institutions and professionals, prioritizing the principle of openness and responsiveness to public inquiries, continuous monitoring and evaluation, and full involvement of the management and board of directors, the foundation can improve transparency, accountability, and efficiency in financial management. This is in accordance with the results of interviews with the Foundation's management that:

*"We implement financial management as a form of transparency, including starting from budget planning, expenditure monitoring, investment management, and financial reporting."* – Results of interviews with Foundation volunteers, 2024).

Based on the interview results, the financial management principles applied by Our Joint Fundraising Foundation are transparency, budget planning, expenditure monitoring, investment management, and financial reporting which are the main pillars of effective and responsible financial management. Transparency in financial management shows the Foundation's commitment to open access and information related to the use of funds. This transparency is key to building trust from various related parties, including donors, government, and the general public. (Athifah et al., 2018). With clear visibility into the budget planning process, expenditure monitoring, and financial reporting, the Foundation confirms that its operations are conducted with high integrity and accountability.

*"Every year, we conduct budget planning involving various stakeholders, including foundation management, program staff, and finance. We consider the priorities of our programs as well as the financial resources available to allocate funds efficiently."* – Results of an interview with the Foundation's finance department, 2024).

Structured and participatory budget planning process – involving various stakeholders such as foundation management, program staff, and finance in this process not only improves more accurate decision-making, but also ensures that fund allocation is carried out efficiently in accordance with the organization's program priorities. By considering the available financial resources, the Foundation can optimize the impact of each investment made. Strict expenditure monitoring has also been a focus in the statement of the Foundation Chairperson. The existence of a mechanism that requires every expenditure to be approved based on a planned and clearly documented budget shows the Foundation's efforts to prevent waste and misuse of funds. This step is not only intended to maintain the financial health of the organization, but also to build trust from external parties in the organization's management (Pradiksa et al., 2024).

*"We have a strict monitoring mechanism for the use of funds. Every expenditure must be approved based on a planned budget and accounted for with clear documentation. This helps us to avoid waste and misuse of funds. We also have a policy to conduct regular financial reporting to all stakeholders, including donors, government, and the general public."* – Results of an interview with the Chairperson of the Foundation, 2023).

Regular financial reporting to all stakeholders is a crucial step in maintaining transparency and accountability.(Din et al., 2017). By providing up-to-date information on financial performance and use of funds to donors, the government, and the general public, the Foundation has strengthened relationships and trust with parties involved in the organization's mission and vision. Effective financial management helps organizations achieve their goals. This is in accordance with the statement of the Foundation's treasurer, that:

*“The budget planning process is carried out annually in meetings involving the foundation management, program staff, and me as treasurer. We consider the priority of programs to be implemented as well as the available financial resources. Every expenditure must be in accordance with the previously approved and planned budget. I verify and approve every expenditure submitted by staff or related parties. In addition, we also have a neat bookkeeping system to record every financial transaction.”*– Results of an interview with the treasurer of the Foundation, 2023).

*“Financial reports are prepared routinely every month and year. The report includes details of fund receipts and expenditures, financial position, and investment performance. Our annual financial report is also audited by an independent party to ensure its accuracy and reliability. Good financial management has enabled us to allocate funds efficiently to programs in need. This helps to increase the effectiveness and impact of each program implemented, as well as providing confidence to donors and other stakeholders.”*– Results of an interview with the Foundation's finance department, 2023).

Overall, the research findings indicate that Foundation Raise Together We reflect the Foundation's commitment to implementing the principles of responsible, transparent and effective financial management. Through participatory budget planning, strict expenditure monitoring, prudent investment management and regular financial reporting, the Foundation ensures that all funds managed are used efficiently to support the humanitarian and social goals it carries out. In detail, the role of financial management in Foundation Raising With Us is as follows.

*Budget planning* –Budget planning is a very important initial step in the financial management of the Galang Bersama Kami Foundation. The Galang Bersama Kami Foundation also makes investments as one of its funding sources. The foundation has several investments that are carefully managed. This step is taken to support the sustainability of its operations. The findings show that the budget planning process is carried out routinely every year in meetings involving the foundation's management, program staff, and himself as treasurer. In this process, the Galang Bersama Kami Foundation considers the priorities of the programs to be implemented as well as the available financial resources. This shows that the foundation is committed to using funds wisely and efficiently in accordance with the goals that have been set.

*Expenditure monitoring* –An important step in preventing waste and misuse of Foundation funds is to conduct supervision. Yayasan Galang Bersama Kami always pays attention to every expenditure must be in accordance with the budget that has been approved and planned in advance. This process shows the existence of strict control in the management of foundation funds to ensure that the funds are used according to their intended use.

*Financial reporting*–The process of preparing and submitting financial reports is also a focus in the financial management of the Galang Bersama Kami Foundation. Financial reports are prepared routinely every month and annually. The report includes details of receipts and

expenditures of funds, financial position, and investment performance. Annual financial reports are also audited by an independent party to ensure their accuracy and reliability.

Effective financial management has a significant impact on the programs implemented by the Galang Bersama Kami Foundation. Careful budget planning, strict expenditure monitoring, and transparent financial reporting in allocating funds efficiently and effectively to programs in need. This proves that the role of financial management can increase effectiveness and build trust from other stakeholders. The importance of financial management in supporting the operations and sustainability of the Galang Bersama Kami Foundation. With a good budget planning process, expenditure monitoring, investment management, and financial reporting, the foundation can ensure that the funds managed are used efficiently and in accordance with the foundation's objectives. The impact of effective financial management is not only felt by the foundation itself, but also by the community it serves through the programs it implements. Therefore, it is important for non-profit foundations to continue to pay attention to and improve financial management practices in order to achieve greater goals in empowering the community.

## **CONCLUSION**

The importance of proper financial management in supporting the operations and sustainability of the Galang Bersama Kami Foundation. By implementing strategies such as the use of an integrated accounting system, the establishment of clear policies and procedures, staff training, internal and external audits, the use of technology, and partnerships with financial institutions, the foundation can improve transparency, accountability, and efficiency in its financial management. The principles of financial management that have been implemented include transparency, budget planning, expenditure monitoring, investment management, and regular financial reporting. Therefore, it is important for the Galang Bersama Kami Foundation to continue to pay attention to and improve financial management practices in order to achieve the greater goal of empowering the community and improving the welfare of the people. Thus, proper financial management will be the key to the success and sustainability of this foundation in carrying out its mission to improve the quality of life of marginalized communities.

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