

Optimizing financial management and reporting to increase accountability and transparency in Islamic boarding schools

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ABSTRAK

Introduction

Islamic boarding schools, known as pesantren, play a pivotal role in religious and educational development across Indonesia. However, as their institutional complexity increases, so does the demand for improved financial accountability and transparency. While prior research has acknowledged the significance of ethical governance in faith-based institutions, there remains limited empirical exploration of how Islamic values are operationalized within pesantren financial management.

Objectives

This study investigates how pesantren optimize financial governance and reporting mechanisms by integrating spiritual principles and centralized institutional practices to enhance accountability and transparency.

Method

Using a qualitative, phenomenological research design, the study was conducted at three pesantren in Mataram City, West Nusa Tenggara. Data collection involved in-depth interviews with key administrators, direct observations, and financial document analysis. Thematic analysis was used to interpret the data and identify core patterns of governance.

Results

The findings reveal that financial accountability in pesantren is rooted in Islamic spiritual values such as amanah (trustworthiness), siddiq (honesty), barakah (blessing), and husnudzon (positive presumption). These values shape ethical conduct and foster internal trust among stakeholders. Centralized financial management systems, complemented by informal communication practices, support transparency and efficient resource allocation. However, challenges such as limited technological infrastructure and reduced local autonomy remain.

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Implications

The study suggests that effective financial accountability in pesantren can be achieved through a culturally embedded approach that aligns spiritual values with structured governance. This alignment strengthens institutional credibility and supports sustainable development.

Originality/Novelty

This research contributes to the academic discourse by presenting a faith-based financial governance model rooted in Islamic ethics. It offers practical insights for educational institutions seeking to harmonize religious identity with professional accountability standards.

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INTRODUCTION

Islamic boarding schools, or pesantren, serve as pivotal institutions in Indonesia's educational and religious landscape. As centers for character building, religious instruction, and community development, their influence extends far beyond academic boundaries. However, as these institutions expand in scale and complexity, so too does the need for enhanced financial governance. Recent academic discourse has increasingly highlighted the importance of financial accountability and transparency within Islamic educational institutions. This emphasis is rooted not only in administrative efficiency but also in adherence to Islamic ethical principles such as trust (amanah), truthfulness (shiddiq), and justice ('adl). According to Wati et al. (2022), integrating financial and spiritual accountability enhances institutional integrity, while Adnan et al. (2023) underscore the importance of transparent reporting to fulfill responsibilities to stakeholders. These insights resonate with findings by Solihati et al. (2023), who assert that principles of Good Corporate Governance (GCG) are critical for aligning Islamic institutions with standards of fairness and operational integrity.

Financial accountability is not merely a procedural requirement but a moral imperative, particularly within the context of Islamic education. Hartono et al. (2023) emphasize that the ethical fabric of financial practices—encompassing trust, reciprocity, and morality—is instrumental in shaping institutional performance. This perspective is further reinforced by Jinan et al. (2024), who advocate for the integration of Shariah financial principles into the management of Islamic educational institutions. Moreover, frameworks provided by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) have been cited as essential for standardized and ethical financial reporting (Meutia & Daud, 2021). Despite these advancements, a recurring theme across the literature is the lack of uniformity in financial practices among pesantren, leading to discrepancies in transparency and effectiveness.

At the core of the issue is the persistence of structural and operational challenges that hinder effective financial governance. Meutia & Daud (2021) note that the absence of standardized accounting frameworks creates disparities in financial documentation, while Nurkhin et al. (2024) point to a lack of financial literacy among administrators as a key barrier to accurate reporting. Compounding these problems are limited access to training and resources (Saputra et al., 2020), regulatory non-compliance (Meutia & Daud, 2021), and cultural resistance to formal financial procedures (Sudiarti et al., 2022). These constraints are exacerbated by pesantren's reliance on informal funding sources and the underutilization of technological tools, such as digital financial systems (Umam et al., 2023).

These challenges demand both general and context-specific solutions. At a macro level, scholars have proposed enhancing human resource capabilities, increasing access to financial education, and institutionalizing accounting standards tailored to Islamic values (Wati et al., 2022; Adnan et al., 2023). Ahmad & Zain (2023) recommend the adoption of advanced reporting systems to mitigate financial irregularities, while Suhaidar et al. (2021) emphasize the role of internet-based financial reporting in increasing accountability for zakat institutions. These strategies aim to foster stakeholder trust and encourage transparent governance.

Specifically within Islamic boarding schools, the application of Stewardship Theory has gained traction as a conceptual framework that aligns closely with Islamic values. The theory posits that leaders act as stewards whose interests align with those of the organization and its stakeholders. Hidayah (2014), Yi (2023) and Zouari et al. (2024) illustrate how stewardship supports sustainability and ethical operations, which are critical for the longevity of religious institutions. Nkundabanyanga et al. (2019) further argue that combining stewardship philosophy with regulatory compliance enhances transparency and operational effectiveness.

Despite these theoretical advances, practical implementation remains limited. Many pesantren continue to operate without clear financial management frameworks, suffer from underqualified leadership, and lack access to technological innovations that facilitate efficient reporting. This gap between theory and practice highlights a critical area for intervention. As Handayani & Ludigdo (2022) and Rijal & Abbas (2022) suggest, the role of competent leadership and ethical culture is indispensable in translating financial theory into operational reality. Melis & Nawaz (2023) also stress the influence of personal traits of faith-based leaders on organizational performance, reinforcing the need for spiritually grounded leadership in implementing stewardship-oriented governance.

The literature surrounding financial governance in pesantren reveals a multifaceted dynamic between theory, institutional capacity, and socio-cultural context. On one hand, there is a robust body of knowledge supporting the use of Islamic ethical principles, technological innovation, and stewardship-based leadership as drivers of accountability. On the other hand, practical challenges such as inadequate training, resistance to change, and infrastructural limitations continue to impede progress. The synthesis of these insights points to a significant research gap: the need



to understand how pesantren can operationalize these principles within their unique religious and organizational frameworks.

In light of this gap, the present study aims to investigate how Islamic boarding schools can optimize financial management and reporting systems to enhance accountability and transparency. By examining the integration of stewardship principles with Islamic values in the operational context of pesantren, this research contributes to the broader discourse on financial ethics in religious institutions. The study is novel in its dual focus on moral-spiritual and technical dimensions of financial governance, providing a holistic view of the challenges and opportunities inherent in Islamic educational finance. It seeks not only to identify effective strategies but also to propose a replicable model that balances religious identity with contemporary financial accountability standards. As such, this study endeavors to enrich the academic and practical understanding of financial stewardship within one of Indonesia's most enduring educational traditions.

LITERATURE REVIEW

Financial Accountability in Islamic Educational Institutions

Financial accountability is a critical issue within Islamic educational institutions, particularly in pesantren, where religious mandates and community trust play central roles. Financial accountability is understood not just as compliance with administrative standards but also as a reflection of ethical and spiritual integrity ([Handayani & Ludigdo, 2022](#)). Wati et al. ([2022](#)) propose that integrating spiritual accountability with financial practices enhances institutional credibility. Similarly, Adnan et al. ([2023](#)) emphasize the importance of transparent financial reporting to demonstrate responsibility to internal and external stakeholders. This dual perspective situates financial accountability within both operational and moral dimensions.

Moreover, scholars such as Hartono et al. ([2023](#)) link the ethical components of financial behavior—such as trust, honesty, and reciprocity—to improved institutional performance. The study suggests that the moral landscape of Islamic education strengthens financial governance. In line with this, Jinan et al. ([2024](#)) highlight the necessity of integrating Shariah finance principles into education management systems. This integration is crucial not only for ethical alignment but also for ensuring financial sustainability.

Transparency and Good Governance Practices

Transparency is an indispensable element of governance in Islamic nonprofits and pesantren. According to Zulfathurrahmah et al. ([2024](#)), transparency fosters public understanding and trust, which are essential for the credibility of faith-based institutions. The authors argue that public accessibility to financial information strengthens organizational accountability and aligns with Islamic ethical mandates. Solihati et al. ([2023](#)) similarly emphasize the application of Good Corporate Governance (GCG) principles to Islamic institutions, asserting that these principles enhance fairness, transparency, and integrity.

Ahmad & Zain (2023) identify transparency lapses as a major contributor to the decline of stakeholder trust in Islamic nonprofits. Their study recommends adopting standardized reporting systems to mitigate these issues. Gusrianti and Sari (2023) further examine how Islamic Corporate Governance and Shariah Supervisory Boards (SSBs) improve the flow of financial information. Together, these studies demonstrate that transparency is not merely a procedural goal but a foundational element of trust and institutional sustainability.

Technological Integration in Financial Reporting

The adoption of technology in financial reporting has been widely recommended to enhance transparency and efficiency. Suhaidar et al. (2021) discuss the implementation of internet financial reporting in zakat organizations, showing how digital systems support accountability. They highlight that automated and real-time reporting mechanisms can address stakeholder concerns and increase trust. The potential for blockchain and cloud-based platforms to further streamline and secure financial records has also been noted, although such technologies remain underutilized in many pesantren.

Nonetheless, many institutions face challenges in implementing these technological solutions. Umam et al. (2023) point out that pesantren are often constrained by infrastructural limitations and lack of technical skills among staff. Despite the promise of digitalization, the reality in many pesantren is still characterized by manual reporting and minimal digital literacy, which undermines efficiency and accountability.

The Role of Human Resources and Leadership

Leadership and human capital are pivotal in shaping financial accountability in pesantren. Rijal & Abbas (2022) demonstrate that leadership style and human resource competence significantly influence the financial integrity of pesantren. Competent leaders instill ethical values and introduce effective governance frameworks. Melis & Nawaz (2023) further assert that the personal traits of CEOs or institutional leaders, particularly in faith-based organizations, greatly affect organizational performance and ethical outcomes.

This underscores the need for training and leadership development programs that not only build managerial skills but also cultivate ethical responsibility. Naz'aina et al. (2023) reveal that without strong leadership, efforts to institutionalize accountability frameworks often falter. The research suggests that a stewardship-oriented leadership model—where leaders act as guardians of communal trust—can address both operational inefficiencies and ethical gaps.

Stewardship Theory in Islamic Contexts

Stewardship Theory provides a useful lens for understanding accountability in religious institutions. Unlike Agency Theory, which focuses on control and oversight, Stewardship Theory emphasizes trust, intrinsic motivation, and alignment of interests between leaders and stakeholders. Hidayah (2014) explain that stewardship aligns well with



Islamic values that stress communal welfare and ethical responsibility. Zouari et al. (2024) argue that stewardship also supports long-term sustainability, as it fosters cooperative and morally grounded relationships.

Nkundabanyanga et al. (2019) show that organizations applying stewardship principles in tandem with regulatory compliance enjoy enhanced transparency and operational integrity. In the context of Islamic education, these findings are especially relevant because pesantren leaders often derive their authority from moral and spiritual legitimacy. Stewardship, therefore, offers a culturally resonant framework for reforming financial governance in these institutions.

Challenges and Limitations in Financial Practices

Despite the positive frameworks proposed, pesantren face a series of entrenched challenges. Meutia & Daud (2021) note the lack of standardized accounting practices, resulting in inconsistent and opaque financial records. Nurkhin et al. (2024) highlight the low levels of financial literacy among pesantren administrators, which hampers accurate reporting. Saputra et al. (2020) add that limited access to financial training and capacity-building programs contributes to these shortcomings.

Cultural and traditional resistance also impedes the adoption of modern financial systems. As Sudiarti et al. (2022) observe, entrenched beliefs and informal management styles often override efforts to introduce formal accounting systems. Nasrullah et al. (2018) discuss the reliance on informal funding sources like community donations, which are typically unmonitored and underreported. These practices not only compromise transparency but also raise questions about institutional sustainability.

Identified Gaps in Existing Research

While the literature has advanced significantly, certain gaps remain. First, there is insufficient empirical research on how Islamic spiritual values concretely influence financial practices in pesantren. Although scholars acknowledge the ethical dimensions of financial governance, operationalizing concepts such as *barakah*, *amanah*, and *shiddiq* remains a methodological challenge. Second, many studies focus on individual institutions without offering comparative analyses that could reveal broader patterns.

Additionally, technological integration is often discussed in theory but rarely studied in actual implementation contexts. There is also limited research on the effectiveness of stewardship-based leadership training in enhancing financial accountability. Finally, the role of regulatory frameworks, both national and local, in shaping financial governance within pesantren remains underexplored. As such, further studies are needed to bridge these theoretical and empirical gaps.

Synthesis and Theoretical Positioning

The reviewed literature underscores the complexity of achieving financial accountability in pesantren. It demands a holistic approach that includes ethical leadership, standardized accounting, technological innovation, and community

engagement. Stewardship Theory, with its emphasis on trust and intrinsic motivation, offers a robust theoretical foundation for this endeavor. When aligned with Islamic ethical principles, it provides a culturally and religiously congruent model of financial governance.

However, realizing this model requires overcoming deeply rooted structural and cultural barriers. Capacity-building, regulatory alignment, and digital infrastructure development must accompany theoretical commitments. Only through such integrative strategies can Islamic boarding schools fulfill their dual mandate of educational excellence and financial integrity. The gaps identified in the literature serve not only as critiques of current practices but also as invitations for more nuanced, interdisciplinary, and context-specific research moving forward.

METHOD

Research Design

This study employed a qualitative research design with a phenomenological approach to explore the lived experiences and perceptions of pesantren administrators regarding financial accountability and transparency. The phenomenological method is particularly appropriate for understanding how individuals interpret and give meaning to their financial management practices within the context of Islamic educational institutions. As Creswell & Poth (2016) note, phenomenology allows researchers to uncover the essence of participants' experiences by focusing on their perspectives, beliefs, and values.

Research Setting and Participants

The research was conducted in three Islamic boarding schools (pesantren) located in Mataram City, West Nusa Tenggara, Indonesia. These institutions were selected purposively based on their long-standing operation, organizational complexity, and perceived efforts toward financial accountability and transparency. The selection of multiple institutions aimed to capture diverse financial governance models and to ensure the transferability of findings.

Participants were selected using purposive sampling techniques to ensure that only individuals with extensive knowledge and involvement in financial management processes were included. The informants comprised nine individuals: three foundation board members, two treasurers, two school principals, and two long-serving teachers who held informal advisory roles in financial affairs. This selection allowed the research to access both formal managerial perspectives and informal institutional knowledge, thus offering a holistic view of financial governance within the pesantren setting.

Data Collection Techniques

To gather in-depth and nuanced data, three primary data collection methods were employed: semi-structured interviews, direct observation, and document analysis. Semi-structured interviews allowed for flexibility in probing emerging themes while maintaining consistency across participants. The interview protocol included questions



related to budgeting practices, transparency mechanisms, the integration of Islamic values in financial reporting, and the use of technology in financial administration.

Each interview lasted between 45 and 90 minutes and was conducted face-to-face in a private setting to encourage candid responses. Interviews were audio-recorded with participants' consent and transcribed verbatim for analysis. Direct observations were conducted in each pesantren over several days to witness financial meetings, budgeting discussions, and report preparations. These observations helped contextualize the interview data and identify discrepancies between stated practices and actual behaviors.

Additionally, relevant financial documents were reviewed, including budget proposals, monthly financial reports, receipts, and social media communications used to inform stakeholders about financial matters. This triangulation of data sources enhanced the credibility and depth of the findings ([Patton, 2002](#)).

Data Analysis Procedures

Thematic analysis was employed to interpret the qualitative data collected from interviews, observations, and documents. Following Braun & Clarke's ([2006](#)) framework, the analysis involved six steps: familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report. NVivo software was used to facilitate coding and organization of themes.

Initial codes were developed inductively from the data rather than imposed a priori, allowing themes to emerge organically. These codes were then clustered into broader thematic categories, such as "spiritual dimensions of accountability," "centralized financial control," "transparency strategies," and "barriers to disclosure." Themes were iteratively refined through cross-case comparison and peer debriefing to ensure analytical rigor.

Trustworthiness and Validation Strategies

To ensure the trustworthiness of the study, several validation strategies were employed. Credibility was enhanced through data triangulation, prolonged engagement in the field, and member checks. After initial analysis, key findings were shared with participants to confirm the accuracy and resonance of the interpretations.

Transferability was supported by providing rich, thick descriptions of the research context and participant profiles, enabling readers to assess the applicability of findings to other settings. Dependability was addressed by maintaining a detailed audit trail of methodological decisions, coding processes, and analytic memos. Finally, confirmability was ensured by reflexive journaling, which documented the researcher's positionality and efforts to minimize bias throughout the study.

Ethical Considerations

This study adhered to ethical research principles, including informed consent, confidentiality, and respect for participants' autonomy. Prior to data collection, ethical approval was obtained from the institutional review board of the affiliated university.

Participants were provided with information sheets outlining the purpose of the study, their rights as participants, and the measures taken to protect their identities.

Written informed consent was obtained from all participants. Pseudonyms were used in transcripts and reports to maintain anonymity. Data were securely stored in encrypted digital folders, accessible only to the research team. Participants were reminded that their involvement was voluntary and that they could withdraw at any time without consequence.

Limitations of the Methodology

While the study employed robust qualitative methods, it acknowledges several limitations. First, the purposive sampling of pesantren in a single city may limit the generalizability of the findings to broader contexts. Second, the reliance on self-reported data in interviews may be subject to social desirability bias, especially given the sensitive nature of financial matters. Finally, despite efforts to include multiple perspectives, the voices of students and lower-level administrative staff were not incorporated, potentially omitting valuable insights into the broader institutional dynamics.

Nevertheless, the combination of multiple data sources, rigorous thematic analysis, and validation strategies contributes to the credibility and relevance of the findings. This methodology provides a strong foundation for understanding how Islamic boarding schools in Indonesia navigate the complex interplay of financial management, religious values, and stakeholder accountability.

RESULTS

This study investigated financial accountability and transparency practices in three Islamic boarding schools (pesantren) in Mataram City, West Nusa Tenggara. The analysis was based on data gathered through semi-structured interviews, direct observations, and document reviews. Two primary themes emerged from the analysis: (1) the spiritual dimensions of financial accountability and transparency, and (2) the institutional mechanisms and strategies employed to achieve financial accountability.

Theme 1: Spiritual Dimensions of Financial Accountability

A dominant finding across all research sites was that financial accountability and transparency were deeply rooted in the pesantren's spiritual and religious values. Participants consistently referred to Islamic concepts such as *amanah* (trust), *shiddiq* (truthfulness), *barakah* (blessing), and *husnudzon* (positive presumption) as guiding principles in managing finances. These values were not merely aspirational but were embedded in daily financial practices and decision-making processes.

For instance, administrators described how the principle of *amanah* served as a moral obligation to ensure that financial resources were used solely for their intended purposes. The internalization of this value created a culture where mismanagement or misuse of funds was viewed not only as an administrative failure but as a violation of religious duty. This belief instilled a sense of sacred responsibility among the financial



managers, reinforcing ethical behavior without the need for rigid external enforcement mechanisms.

The value of *shiddiq* was closely linked to the practice of honest financial reporting. Participants emphasized that truthful record-keeping was a form of religious expression, aligning with their roles as moral exemplars in the community. Even in situations where errors or miscalculations occurred, the emphasis was placed on acknowledging mistakes rather than concealing them. This openness fostered a trust-based environment that encouraged collective accountability.

The concept of *barakah* further influenced financial management approaches. Participants reported that financial decisions were not solely based on profitability or efficiency but also on their perceived blessings and long-term spiritual benefits. For example, some schools prioritized expenditures on student welfare or community services, believing these acts would generate spiritual returns that outweigh material calculations. The pursuit of *barakah* thus shaped budget allocations and institutional priorities.

The idea of *husnudzon* underpinned the trust between administrators and stakeholders, including parents and donors. This principle encouraged a positive presumption toward others' intentions, which translated into a relatively informal approach to external reporting. While full disclosure was not always practiced in a formalized manner, stakeholders were generally confident that the institution was managing funds ethically and appropriately.

Theme 2: Institutional Mechanisms of Financial Accountability

While spiritual values played a foundational role, pesantren also employed concrete institutional mechanisms to support accountability and transparency. These mechanisms were developed organically over time and varied in their levels of formality and complexity.

One of the most prominent practices was the centralization of financial management. In all three pesantren, financial activities from various educational units were consolidated under a central foundation or board. This centralization allowed for efficient oversight and redistribution of resources across departments. For example, surplus funds from the vocational training unit could be allocated to cover shortfalls in the religious education unit. This practice not only balanced the budget but also reflected a communal ethic of mutual support.

Budgeting processes were generally conducted on a monthly basis, with each unit submitting expenditure proposals to the central board. Although formalized budget planning did not always follow national accounting standards, the process was consistent and traceable. Proposals were reviewed and revised during routine meetings involving unit heads and financial officers. This collaborative approach to budgeting fostered a sense of shared responsibility and collective ownership over financial decisions.

Reporting practices were largely conducted using simple digital tools, primarily Excel spreadsheets. Financial records, including income statements, expenditure logs,

and receipts, were maintained and periodically reviewed. These reports were not routinely published for external audiences but were accessible upon request and occasionally shared with stakeholders during annual gatherings or parent meetings.

Communication with stakeholders was also facilitated through informal channels. For instance, several pesantren used social media platforms to update parents about the use of funds for infrastructure development, student activities, or charitable programs. Although these updates lacked the rigor of formal audits, they served an important symbolic function by signaling openness and accountability.

Interestingly, none of the pesantren had adopted digital accounting software or integrated financial management systems. Financial tasks were carried out manually or semi-digitally, which sometimes led to inefficiencies or data loss. Despite this, administrators reported that the simplicity of the existing system was preferable given the limited technical expertise and financial resources available.

Another notable finding was the limited scope of financial disclosure to the broader public. While internal mechanisms ensured adequate control and documentation, there was little effort to make financial information widely accessible. Participants cited cultural norms, institutional autonomy, and stakeholder trust as reasons for this restricted transparency. In their view, detailed public reporting was unnecessary as long as internal stakeholders, particularly the foundation and senior teachers, were satisfied with the financial stewardship.

Nevertheless, some participants expressed a desire to enhance transparency by adopting more formal standards and training staff in financial literacy. They acknowledged that growing institutional complexity, increasing donor involvement, and external regulatory pressures might necessitate greater formalization in the future. However, such changes were viewed as long-term goals rather than immediate priorities.

Emergent Patterns and Cross-Case Insights

Across the three pesantren, there were both shared practices and unique adaptations. For example, while all institutions practiced centralized financial management, the degree of stakeholder involvement in budgeting decisions varied. In one pesantren, student representatives were occasionally invited to budget meetings, reflecting a more participatory approach. In another, financial decisions were concentrated in a few senior figures, emphasizing trust and hierarchy over consultation.

Similarly, the use of social media for financial communication ranged from sporadic updates in one school to regular postings in another. These differences were shaped by institutional histories, leadership styles, and available resources. Despite these variations, the overarching ethos of ethical stewardship and communal trust remained consistent.

A recurring pattern was the absence of punitive or surveillance-based control systems. Instead, pesantren relied on moral authority, internal social norms, and shared religious values to regulate financial behavior. This reliance on intrinsic motivation over



extrinsic enforcement proved effective in maintaining accountability within the specific cultural and religious context of the pesantren.

Finally, there was a shared recognition among participants of the evolving demands on financial governance. As pesantren expand their programs, increase student intake, and engage with more external partners, the need for enhanced financial systems becomes more pressing. While current practices are sufficient for maintaining internal trust and operational stability, they may not withstand the scrutiny required in more complex institutional landscapes.

The study reveals that financial accountability and transparency in pesantren are driven by a combination of deeply embedded spiritual values and organically developed institutional practices. Concepts such as *amanah*, *shiddiq*, *barakah*, and *husnudzon* form the ethical foundation for financial conduct, while centralized management, routine budgeting, basic digital tools, and informal communication channels provide the structural support. Though current practices effectively sustain internal trust and operational continuity, they also reflect limitations in formalization, technological adoption, and public disclosure. The findings suggest both the strengths and constraints of the pesantren model of financial governance, offering insights for future capacity-building and institutional development.

DISCUSSION

The findings of this study reveal the intricate ways in which Islamic boarding schools (pesantren) in Indonesia integrate spiritual values and institutional mechanisms to promote financial accountability and transparency. These insights both align with and challenge existing scholarly perspectives, underscoring the importance of context-sensitive approaches to financial governance in religious educational institutions.

The Integration of Spiritual Values and Financial Accountability

The study confirms that spiritual values are central to how financial accountability is understood and enacted in pesantren. This finding is strongly supported by previous studies that emphasize the influence of Islamic principles such as honesty (*siddiq*), trustworthiness (*amanah*), good expectations (*husnudzon*), and blessings (*barakah*) in shaping ethical financial practices (Yuslem et al., 2021; Kamaruddin et al., 2021; Maulida & Rusydiana, 2023). For instance, Yuslem et al. (2021) demonstrate that embodying *siddiq* strengthens stakeholder trust and enhances governance. Similarly, Kamaruddin et al. (2021) found that *amanah* is not only a moral obligation but also a determinant of institutional reliability.

Moreover, the role of *barakah* in decision-making, as observed in the present study, echoes the findings of Maulida & Rusydiana (2023), who argue that ethical intentions can foster sustainability. This illustrates that financial behavior in pesantren is not merely guided by compliance mechanisms but by a deeper ethical orientation rooted in religious belief. Such spiritually motivated governance reinforces institutional legitimacy and promotes a trust-based model of accountability.

Centralization of Financial Management: Benefits and Trade-offs

The study also highlights the practice of centralized financial management, whereby all financial activities across various educational units are coordinated by a central body. This finding is corroborated by several studies that advocate for centralized budgeting as a way to ensure resource equity, accountability, and operational efficiency (Winarno et al., 2023; Mundiri & Sanafiri, 2022; Mediawati, 2016).

Mundiri & Sanafiri (2022) underscore the advantage of centralized systems in ensuring consistent budget discipline and oversight. In this study, centralized management allowed pesantren to reallocate surplus funds to support under-resourced units, demonstrating a form of institutional solidarity. Furthermore, centralized systems were effective in minimizing financial fragmentation and promoting uniformity in reporting.

However, the literature also raises important caveats. Several scholars caution against over-centralization, which can hinder local autonomy and responsiveness (Herdina et al., 2018; Chang et al., 2023). For example, Herdina et al. (2018) argue that centralized systems may restrict the ability of local units to adapt to contextual financial needs. This critique was reflected in our study, where certain pesantren reported slower decision-making and limited input from lower-tier stakeholders. These challenges suggest that while centralized systems are beneficial in terms of control, they may compromise participatory governance and contextual sensitivity.

Chang et al. (2023) further emphasize that centralization can obscure localized financial issues that require immediate action, thus reducing institutional responsiveness. Accordingly, a more balanced approach that integrates both centralized and decentralized features may be more effective in accommodating the operational realities of pesantren.

Informal Mechanisms and Trust-Based Accountability

The informal nature of financial communication in pesantren, particularly through social media and stakeholder meetings, illustrates the reliance on trust-based accountability. Although these practices lack formal structure, they are effective in fostering relational transparency. This aligns with the findings of Rodliyah et al. (2021), who observed that informal financial updates can build community trust and reinforce institutional credibility.

The preference for informal reporting reflects both resource constraints and a strong belief in moral stewardship. While this approach serves internal stakeholders well, it raises concerns about external transparency and regulatory compliance. The findings suggest that pesantren may need to consider adopting more standardized reporting formats without undermining their cultural and religious ethos.

Ethical Leadership and Stewardship Orientation

The study's emphasis on ethical leadership as a driver of financial accountability aligns with the Stewardship Theory framework, which emphasizes intrinsic motivation and trust-based governance. Leaders in the pesantren studied displayed a strong commitment to moral values, often viewing financial duties as a religious mandate.



This perspective is consistent with the arguments of Handayani & Ludigdo (2022), who assert that leaders in Islamic institutions often embody stewardship by aligning personal integrity with organizational goals. The effectiveness of this leadership model is further supported by Melis & Nawaz (2023), who show that the personal traits of faith-based leaders can significantly influence institutional performance.

Nonetheless, the limitations of such a value-driven model should also be acknowledged. Over-reliance on personal virtue without formal checks may lead to accountability gaps in the long run. Institutionalizing ethical behavior through training, codes of conduct, and internal audits could enhance the sustainability of stewardship-based governance.

Tensions Between Values and Standardization

A recurring theme in this study is the tension between traditional values and the pressures of formalization. Participants expressed hesitance toward adopting rigid financial standards, fearing that it might erode the spiritual character of their institutions. This ambivalence reflects a broader concern in the literature about the compatibility of religious values with bureaucratic procedures (Idler & Kellehear, 2017; Zalim, 2021).

While such concerns are valid, the findings suggest that formalization need not conflict with religious identity. Instead, context-sensitive standards that incorporate Islamic principles—such as those outlined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)—can help reconcile ethical values with professional accountability. Doing so would enable pesantren to meet external expectations while retaining their spiritual mission.

Revisiting the Role of Community Engagement

Another notable insight from this study is the limited public disclosure of financial information. While internal stakeholders were kept informed, external audiences received minimal updates. This limited outreach may hinder the broader community's involvement in institutional oversight.

The literature suggests that community engagement is a critical component of accountability in religious nonprofits (Zulfathurrahmah et al., 2024). By involving external stakeholders, institutions can enhance trust, legitimacy, and donor confidence. As pesantren increasingly engage in public fundraising and collaborative programs, strengthening external transparency mechanisms will become more important.

The study also identifies emerging efforts to improve financial literacy among staff and expand reporting practices. These initiatives indicate a willingness to evolve, albeit cautiously, toward more comprehensive accountability frameworks. Encouragingly, these developments signal an openness to reform without abandoning core religious values.

Implications for Policy and Practice

The findings offer several implications for practitioners and policymakers. First, training programs that combine financial literacy with Islamic ethical teachings could empower

pesantren leaders and staff to manage finances more effectively. Second, hybrid financial management models that combine centralized oversight with localized decision-making could offer both control and flexibility.

Third, policymakers could support pesantren by developing guidelines that harmonize religious values with national accounting standards. Such policies would recognize the unique identity of pesantren while promoting responsible governance. Finally, further research should examine how digital tools can be customized for faith-based institutions to enhance transparency without compromising their ethos.

This study confirms that financial accountability and transparency in pesantren are shaped by a complex interplay of spiritual values, institutional practices, and cultural norms. The integration of ethical principles such as *amanah*, *siddiq*, and *barakah* offers a distinctive model of value-driven financial governance. While centralized financial systems provide structure and consistency, they also present challenges related to autonomy and responsiveness. A balanced, context-sensitive approach that combines spiritual integrity with professional standards appears to be the most viable path forward. By aligning ethical leadership, community trust, and adaptive financial practices, pesantren can build sustainable and accountable institutions rooted in both tradition and innovation.

CONCLUSION

This study explored the financial accountability and transparency practices within Islamic boarding schools (pesantren) in Indonesia, emphasizing the interplay between spiritual values and institutional mechanisms. The findings reveal that principles such as *amanah* (trustworthiness), *siddiq* (honesty), *barakah* (divine blessing), and *husnudzon* (positive presumption) are foundational to how pesantren conceptualize and implement financial governance. These values not only shape ethical conduct but also reinforce stakeholder trust, thereby promoting a culture of internal accountability.

Centralized financial management systems were identified as effective in enhancing operational efficiency and maintaining financial discipline. However, such systems also posed challenges related to reduced local autonomy and slower decision-making processes. Informal communication strategies and a reliance on trust-based relationships were found to complement formal financial controls, particularly in the absence of sophisticated technological tools.

This study contributes to the literature by highlighting the distinct, value-driven financial practices of pesantren, offering a model that merges religious ethics with practical governance. It challenges dominant narratives that frame accountability solely through standardized procedures and instead emphasizes the role of spiritual integrity and contextual appropriateness. The findings call for more integrative models of financial management that align religious values with administrative frameworks. Such alignment is crucial not only for institutional sustainability but also for enhancing legitimacy in the eyes of both internal stakeholders and the broader community.



Limitations of the Study

While this study provides rich insights into financial accountability practices within Islamic boarding schools, several limitations must be acknowledged. First, the research was limited to three pesantren in Mataram, West Nusa Tenggara. Although these institutions were purposefully selected for their diversity and organizational maturity, the findings may not be generalizable to pesantren operating in different regions or under varying socio-cultural conditions.

Second, the study relied predominantly on self-reported data from administrators and senior staff. While triangulation with documents and observations helped mitigate this limitation, the absence of input from students, parents, or lower-level staff may have excluded alternative perspectives on accountability practices and institutional transparency. Social desirability bias may also have influenced how participants described their practices, particularly given the religious and ethical framing of the research questions.

Third, the use of a qualitative phenomenological approach, while well-suited for exploring lived experiences, inherently limits the ability to quantify practices or outcomes. This restricts the possibility of drawing broader statistical inferences or establishing causal relationships between variables.

Finally, limited technological infrastructure in the observed institutions constrained exploration into the role of digital financial systems. Future studies could incorporate institutions with varying levels of digital adoption to better understand technology's influence on transparency and accountability mechanisms.

Recommendations for Future Research

Building on the findings and limitations of this study, several areas for future research emerge. First, expanding the geographical scope to include pesantren in different provinces—especially those in urban centers or other islands—would allow for comparative analysis of governance models across diverse cultural and economic contexts. Such research could uncover regional variations in the integration of spiritual values and formal financial practices.

Second, future studies should consider incorporating a wider range of stakeholders, including students, parents, community members, and external auditors. Their perspectives would offer a more holistic understanding of how transparency and accountability are perceived and enacted within the broader pesantren ecosystem.

Third, longitudinal studies could help assess how institutional reforms in financial management evolve over time, particularly in response to regulatory changes or increased donor engagement. Monitoring such transitions would contribute to understanding how pesantren balance tradition with the pressures of modernization.

Finally, greater attention should be given to the role of technology in improving financial governance. Research into the development and adoption of faith-sensitive digital accounting systems, tailored specifically for Islamic educational institutions, could inform the creation of scalable solutions. Such systems could reconcile

administrative efficiency with religious authenticity, supporting pesantren in fulfilling both ethical and institutional responsibilities.

Author Contributions

Conceptualization	S.Y.Z & W.S	Resources	S.Y.Z & W.S
Data curation	S.Y.Z & W.S	Software	S.Y.Z
Formal analysis	S.Y.Z & W.S	Supervision	W.S
Funding acquisition	S.Y.Z	Validation	S.Y.Z & W.S
Investigation	S.Y.Z	Visualization	S.Y.Z & W.S
Methodology	S.Y.Z & W.S	Writing – original draft	S.Y.Z & W.S
Project administration	S.Y.Z & W.S	Writing – review & editing	S.Y.Z & W.S

All authors have read and agreed to the published version of the manuscript.

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Institutional Review Board Statement

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Informed Consent Statement

Informed consent was obtained before respondents answered the questions.

Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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Conflicts of Interest

The authors declare no conflicts of interest.

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