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### Enhancing Budget Planning and Control for Sustainable Development Goals (SDGs): A Case Study of Yayasan Kebudayaan Rancage

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**Abstract:** This study analyzes budget planning and control in a nonprofit organization. The primary objective is to explore how the budget implementation process at the Yayasan Kebudayaan Rancage supports SDG objectives, particularly SDG 4 (Quality Education) and SDG 17 (Partnerships for the Goals). Using a qualitative methodology with a single instrumental case study and action research approach, data were collected through observations, interviews, and documentation. Narrative and comparative analysis methods assessed the field conditions to identify challenges and opportunities for improvement. Findings highlight the foundation's need for a structured budget system to better align with SDG targets, address resource limitations, and increase organizational efficiency. Based on these insights, recommendations include developing a strategic framework that aligns budgets with SDG priorities, creating detailed work plans, and adopting a comprehensive budgeting model. These actions aim to foster a more systematic budgeting process, enhance SDG awareness, and improve stakeholder engagement with sustainable development initiatives.

**Keywords:** Sustainable Development Goals, Budget Planning, Nonprofit Organization, Qualitative Methodology, Strategic Budgeting

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#### Introduction

This study analyzes budget planning and control in a nonprofit organization that focuses on implementing SDGs. Nordin et al., (2023) many non-profit organizations do not focus extensively on achieving SDGs in their activities. Achieving these goals requires precise and effective budgetary planning. This gap indicates an urgent need to understand how

nonprofit organizations can better plan and control their budgets to support the achievement of SDGs. Therefore, this study identifies the budgeting processes and control mechanisms used by nonprofit organizations and evaluates their effectiveness in supporting SDG implementation. The findings of this study are expected to provide practical recommendations for other nonprofit organizations to align their budget planning with sustainable development goals. Additionally, this study is important because it examines the role of budgeting in achieving SDG targets. Augustine (2022) effective and efficient budget management is crucial for ensuring that available resources are optimally allocated to achieve sustainable development goals.

The reason for selecting Yayasan Kebudayaan Rancage as the subject of this study stems from a comprehensive analysis that reveals the foundation's current implementation of four specific SDGs: Goal 4 (Quality Education), Goal 5 (Gender Equality), Goal 16 (Peace, Justice, and Strong Institutions), and Goal 17 (Partnerships for the Goals). Despite these commendable efforts, the foundation faces significant challenges owing to inadequate budget planning, which hampers its ability to effectively execute its activities. Gomes et al., (2023) this inadequacy in budget planning means that the foundation cannot fully realize its potential to achieve these SDGs. The alignment of their objectives with effective budget planning is crucial for optimizing their operations and ensuring a sustainable impact. By focusing on Yayasan Kebudayaan Rancage, this study highlights the critical role of comprehensive budget planning and control mechanisms in supporting nonprofit organizations in achieving their sustainable development objectives more effectively.

The novelty of this research lies in its focus on nonprofit organization budgeting, specifically Yayasan Kebudayaan Rancage. Unlike previous studies, which primarily concentrated on corporate or governmental settings, this study explored the integration of cultural and educational objectives with SDG-focused financial management in a nonprofit context. By developing a strategic plan, work plan, and budget, this study provides practical tools and frameworks that other nonprofits can adopt. Additionally, this study evaluated the effectiveness of these budgeting practices in achieving SDG objectives, offering a comprehensive understanding of how financial management can be optimized for sustainable development. Emphasizing good management practices, this study highlights the critical role of strategic financial planning in supporting the achievement of SDGs, thereby contributing to both theoretical and practical advancements in the field.

This study offers a unique contribution to the field of budget planning and control for achieving the SDGs through several key aspects. Unlike prior research that often concentrated on corporate settings, this study focuses on a nonprofit organization, Yayasan Kebudayaan Rancage, thereby addressing the distinct challenges and opportunities within the nonprofit sector. Through a detailed case study approach, it provides in-depth insights into budgeting processes and control mechanisms tailored to nonprofit needs, rather than broad quantitative analyses typical in prior studies.

A contribution of this study lies in integrating SDG-driven objectives, such as cultural preservation and education (aligning with SDG 4 and SDG 17), into budgeting practices. The study also offers insights into how these findings can shape future financial management practices by proposing adaptable budgeting models for nonprofits aimed at achieving sustainable development outcomes. Finally, by evaluating the effectiveness of these practices in supporting SDG objectives, this study advances the understanding of

how nonprofit financial management can be optimized for long-term sustainability and impact.

Specifically, this study aimed to identify the key budgeting processes and control mechanisms employed by the foundation. This involved examining how budgets are formulated, implemented, and monitored within the organization and identifying any specific practices that are designed to support the achievement of SDGs. This study aimed to provide recommendations for enhancing budget planning and control in nonprofit organizations to better support sustainable development. By offering practical insights and suggestions, this study intends to contribute to the broader field of financial management in the nonprofit sector, helping other organizations better align their budgeting practices with the development goals.

## **Literature Review**

### ***Sustainable Development Goals (SDGs)***

Sustainable Development Goals (SDGs) are a framework designed to continuously improve society's economic welfare, maintain the continuity of social life, ensure good environmental quality, promote inclusive development, and support effective governance to enhance the quality of life from generation to generation (Jong & Ganzaroli, 2024).

The SDGs encompass 17 goals and 169 targets that are expected to be achieved by 2030 (Dalam et al., 2023). Some of the main goals include the eradication of poverty, ending hunger, good health and well-being, quality education, gender equality, access to clean water and sanitation, affordable and clean energy, and decent work and economic growth (Adiratna et al., 2022). These goals are designed to be interconnected, ensuring a holistic approach to sustainable development (Kioupi & Voulvoulis, 2019).

In Indonesia, there is a strong correlation between the values of Pancasila and the principles of the SDGs, particularly in the context of brotherhood, which has both a local and a global impact (Setianingtias et al., 2019). The main principle of the SDGs is "no one left behind," which requires the involvement of all parties, including the government, businesses, academia, civil society, and the media, in their implementation (Yu et al., 2022).

Through the SDGs, it is hoped that Indonesia and other countries can develop sustainably and inclusively, ensuring better welfare and quality of life for present and future generations (Adiratna et al., 2022).

### ***Management Control System***

Management Control Systems (MCS) are frameworks designed to ensure that an organization's resources are used efficiently to achieve its established goals and strategies. (Mishra et al., 2024). first introduced the term to describe the totality of formal and informal processes that enable management to control the use of resources so that organizational objectives can be achieved (Nordin et al., 2024).

MCS include several vital elements that measure, evaluate, and control organizational activities (Yamaguchi et al., 2023) These elements consist of sensors or detectors used to measure the actual conditions, assessors that assess them by comparing them to set

standards, effectors that make adjustments based on the analysis, and communication systems that transmit information between these elements (Okitasari & Kandpal, n.d.)

The importance of MCS in organizations that decentralize their decision-making processes cannot be overlooked. This system allows organizations to develop effective strategies and ensure optimal implementation. Without adequate control, organizations risk suffering losses or even bankruptcy, as Tyco, Global Crossing, WorldCom, and Enron have experienced (Jimenez et al., 2021).

MCS encompass both formal and informal control systems. Formal control systems involve well-defined rules, procedures, and guidelines as well as specific plans for various management functions. In contrast, informal control systems are typically undocumented but play a crucial role in realizing business objectives and strategies, supporting increased motivation and goal alignment within the organization (Adiratna et al., 2022).

Thus, MCS is critical in ensuring that all organizational activities proceed according to established strategic plans. This system also helps monitor organizational performance and assess deviations from predefined performance standards (Mishra et al., 2024). The importance of MCS lies in its ability to align individual goals with organizational objectives, ensuring that every organization member works towards achieving common goals.

### ***Budgeting***

Budgeting is a crucial component of organizational planning and control and serves as a fundamental tool for financial management (Ibrahim, 2019). As defined by Anthony and Govindarajan (2007), a budget is a key instrument for efficient short-term planning and control within an organization. It typically encompasses one year and details the anticipated revenue and expenditures (Ibrahim, 2019).

Munandar (1992) describes a budget as an organized plan involving all company activities expressed in monetary terms and established for a specific future period. Careful planning is required to ensure smooth operations and achieve the expected products or services. Nafarin (2000) describes budgeting as a procedure for preparing budgets aimed at helping companies achieve their profit targets.

An adequate budget possesses several characteristics, including the estimation of potential profits from business units expressed in monetary terms (although supported by non-monetary quantities) and typically covering one year. It represents a management commitment, with managers agreeing to be responsible for achieving the budgeted goals. Budget proposals are reviewed and approved by higher authorities; once approved, budgets can only be changed under specific conditions. Regularly comparing actual financial performance with the budget and analyzing and explaining variances are also essential.

Budgeting and strategic planning differ in their time focus; budgeting generally focuses on one year, whereas strategic planning involves planned activities over several years. Strategic planning is usually conducted before budgeting to provide a foundation for the annual budget. (Mulholland & Berger, 2019). Strategic plans are often based on product lines or programs, whereas budgets are based on responsibility centers. This alignment ensures that budgets influence and evaluate managerial performance before and after implementation (Mulholland & Berger, 2019)

The main functions of budgeting include refining strategic plans, coordinating activities across various parts of the organization, assigning responsibility to managers for authorized expenditures, and informing them about expected performance. Budgets also serve as the basis for evaluating actual managerial performance, facilitating decision making, coordination, top management control, and motivation (Ibrahim, 2019)

In conclusion, budgeting is vital to ensure that an organization's resources are allocated efficiently and financial stability is maintained. By monitoring and adjusting performance according to the budget, organizations can respond effectively to changing conditions and challenges, enhancing transparency and accountability.

## **Methods**

This study employs a qualitative methodology utilizing a single instrumental case study approach and action research methods to explore budgeting and control processes within the Yayasan Kebudayaan Rancage, a nonprofit organization focused on Sustainable Development Goals (SDGs). (Ching & Gerab, 2020) qualitative research provides the in-depth understanding and rich descriptive data essential for examining complex organizational behaviors. A single instrumental case study allows for a detailed examination of the specific context and practices of an organization. This method is ideal for examining nonprofit budgeting processes, as it allows for a deep, context-specific analysis that broader studies may miss. Action research involves active participation in the research process, addressing practical problems through iterative cycles of planning, action, observation, and reflection with the aim of implementing solutions and improvements based on the findings (Mariani et al., 2022).

Yayasan Kebudayaan Rancage was selected as it engages with four critical SDGs—Quality Education, Gender Equality, Peace and Justice, and Partnerships for the Goals—representing challenges and opportunities that mirror broader issues encountered by many nonprofits. Its involvement in cultural and educational initiatives, coupled with limited resources, highlights common financial and operational challenges in aligning with SDG objectives. As such, this foundation serves as a valuable model for understanding the broader sector dynamics, offering transferable insights for other nonprofits working to optimize budget planning and control toward sustainable development goals.

While the single-case study method provides valuable insights, it does limit the study's generalizability to a broader nonprofit context. Future research could benefit from a multiple case study approach, comparing similar nonprofit organizations to enhance external validity and strengthen the applicability of findings across different sectors and regions. This expansion would provide a more comprehensive understanding of budgeting practices in nonprofits aiming to achieve SDG-related goals.

In conducting this research, several validity and reliability issues were considered to ensure the robustness of the findings. Internal validity concerns were addressed by using a consistent interview guide to minimize bias and by triangulating data from multiple sources to enhance the credibility of the results. Recognizing the potential influence of confounding variables, efforts were made to account for external factors, such as changes

in funding and organizational priorities, that could impact budgeting processes (Ibrahim, 2019)

Reliability issues were addressed by establishing standardized procedures for data collection and analysis. Inter-rater reliability techniques were employed to reduce subjectivity in the interpretation of the qualitative data, and the findings were cross-verified to ensure consistency (Mishra et al., 2024). Any discrepancies were resolved through thorough discussion and consensus. Additionally, detailed documentation of the research process, including how data were collected, analyzed, and interpreted, enhances the study's reliability and allows for potential replication by other researchers.

Data were collected using qualitative methods including observations, interviews, and documentation review. Observations were conducted to understand budgeting practices and identify discrepancies between documented procedures and real-world applications. Semi-structured interviews were conducted with key personnel involved in the budgeting process at the Yayasan Kebudayaan Rancage to gain insight into their experiences, challenges, and perceptions. The individuals interviewed included Mr. Erry Riyana Hardjapamekas (Board of Trustees), Dr. Etti Rochaeli Soetisna (Chairman I), Mr. Dadan Sutisna (General Secretary), and Mr. Apipudin (Treasurer I). While these interviews provide valuable insights into the organization's budgeting processes, the limited sample size of only four individuals may result in biased or incomplete perspectives. To enhance the validity of the findings, it is important to acknowledge the selection criteria for these participants and ensure their views adequately represent the broader organizational context. Furthermore, additional interviews with staff from various levels could be beneficial in capturing a more holistic understanding of the organization's financial planning and control mechanisms. In addition to the interviews, financial reports, budgeting plans, and strategic documents were reviewed to provide a comprehensive understanding of the organization's financial planning and control mechanisms.

The measures used in this study focused on evaluating the effectiveness and comprehensiveness of the budgeting processes at Yayasan Kebudayaan Rancage (Behringer & Szegedi, 2016). Narrative analysis was employed to interpret the qualitative data collected from interviews and observations (Kassem et al., 2021). The comparative analysis compared the documented budgeting procedures with the actual practices observed. These measures helped assess the alignment between the organization's budgeting practices and the Sustainable Development Goals (SDGs) (Horan, 2022).

Employing these methods, this study aimed to provide a detailed and reliable analysis of Yayasan Kebudayaan Rancage's budgeting practices, contributing valuable insights into the organization's financial management and alignment with SDG objectives (Rosati & Faria, 2019).

## **Findings**

The study collected qualitative data through observations, interviews, and review of documentation from Yayasan Kebudayaan Rancage. The data gathered included information on budgeting practices, financial reports, and strategic documents. Key interviews were conducted with Mrs. Etti Rochaeti (Chairman I), Mr. Apipudin (Treasurer I), and Mr. Erry Riyana Hardjapamekas (Board of Trustees). To ensure a comprehensive perspective, participants were selected based on their roles and responsibilities within the organization, aiming to capture diverse viewpoints on budgeting processes. The researcher actively engaged with the foundation by participating in meetings and discussions, which not only facilitated rapport with the staff but also provided real-time feedback on proposed budgeting practices, thereby aligning with the action research methodology. This involvement allowed for iterative cycles of planning and reflection, contributing to actionable insights. Additionally, data triangulation was employed to enhance the validity of the findings, as consistent themes emerged across interviews, observations, and document reviews, confirming the reliability of the insights gathered regarding the organization's financial planning and control mechanisms.

Interviews were conducted to determine whether Yayasan Kebudayaan Rancage currently has a budget for its operational activities, how its financial management processes are structured, and what challenges are faced in budget preparation. It was found that the foundation employs a project-based method for its operational activities in which budgets are prepared based on specific projects or programs to be implemented by the organization. This was confirmed in an interview with Mr. Erry Riyana Hardjapamekas, who sits on the Board of Trustees of Yayasan Kebudayaan Rancage. He stated that budgets are prepared solely based on programs, as are financial reports. To date, a comprehensive annual report covering all organizational activities has not been compiled.

This means that budgets are prepared based on specific projects or programs rather than a comprehensive annual budget. For instance, in 2023, the organization only prepared budgets for two out of six activities, as the others were collaborative projects that did not require individual budgets.

1. **Project-Based Budgeting:** Yayasan Kebudayaan Rancage's budgeting practices center on individual projects, such as the "Hardjapamekas Award" in September and "UWRF Bali" in October. The organization prepared detailed budgets for these events, which included a breakdown of expected costs and expenditures.
2. **Financial Management:** The foundation needs to maintain a cash fund, which simplifies the treasurer's tasks and limits the organization's ability to manage funds effectively. The financial reports for the events are prepared post-activity, detailing the actual expenditures.

Currently, some organizations, such as the Yayasan Kebudayaan Rancage, operate without formal budget planning. Although this approach simplifies financial management by eliminating the need for cash management, it hampers an organization's ability to measure performance, maximize productivity, and effectively leverage opportunities. This highlights the critical role of budget planning in resource allocation to support the execution of the foundation's missions and programs. Effective budget planning should begin with a Strategic Plan, a long-term plan typically spanning five years that serves as the basis for budget preparation. An Annual Work Plan, which covers a one-year period, is necessary to

focus on efforts within a short timeframe. Recognizing this need, the researcher developed drafts of the strategic plan, work plan, and budget for Yayasan Kebudayaan Rancage. This draft aims to provide direction and optimize operational activities while raising organizational awareness of SDGs. Moreover, with good management practices, the foundation can enhance its capacity to achieve the SDGs, ensuring that resources are efficiently utilized and progress toward sustainable development is effectively monitored and achieved.

This study identified several challenges and gaps in the current budgeting and financial management practices of Yayasan Kebudayaan Rancage.

1. Lack of a Comprehensive Annual Budget: The foundation needs to prepare an annual budget that covers all activities, which leads to a lack of comprehensive financial oversight.
2. Inconsistent Reporting Formats: The formats for budgets and financial reports vary between projects, complicating internal control and leading to errors in data input and interpretation.
3. Absence of Strategic Planning: The organization lacks a strategic plan, which contributes to the ad hoc nature of its budgeting practices and affects long-term financial planning and sustainability.

The findings suggest that developing a strategic plan, a comprehensive annual budget, and standardized reporting formats could significantly improve Yayasan Kebudayaan Rancage's financial management practices. These changes enhance the organization's ability to align its budgeting practices with its goals, particularly those related to Sustainable Development Goals (SDGs).

1. Strategic Plan: Developing a strategic plan that outlines long-term goals and objectives would provide a clear budgeting and financial planning framework. This plan should include specific targets related to SDGs.
2. Comprehensive Annual Budget: Preparing an annual budget that includes all activities and programs would improve financial oversight and resource allocation.
3. Standardized Reporting: Standardized budgeting and financial reporting formats would enhance internal control, reduce errors, and facilitate better decision making.

The following standardized templates are recommended to address the inconsistencies in reporting formats and enhance financial management at Yayasan Kebudayaan Rancage. These templates provide a clear and structured budgeting and financial reporting approach aligned with the organization's strategies and the Sustainable Development Goals (SDGs).

#### *Strategic Plan 202x-202x+4*

##### Chapter 1: Current Conditions and Future Prospects

Current Conditions: Assess the current financial and operational state of the organization.

Future Prospects: Identify future opportunities and challenges.

Potential Issues and Challenges: Highlight potential problems that may arise.

##### Chapter 2: Mission, Vision, Goals, and Strategic Objectives

Mission: Define the mission of Yayasan Kebudayaan Rancage.

Vision: Articulate the long-term vision of the organization.

Goals: Set specific goals to guide the organization's efforts.

Strategic Objectives: Establish strategic objectives to achieve the defined goals.



### Chapter 3: Policy Direction, Development Strategy, Regulatory Framework, and Institutional Framework

Policy Direction: Outline the policy direction of the organization.

Development Focus: Specify areas of focus for development.

Regulatory Framework: Detail the regulatory framework governing the organization.

Institutional Framework: Describe the institutional framework that supports the organization.

### Chapter 4: Performance Targets and Funding Framework

#### 4.1 Performance Targets

Figure 1. Example of Performance Targets

Strategic Program & Indicator		Baseline	Target					Notes
		202x-1	202x	202x+1	202x+2	202x+3	202x+4	
1	xxx (%)							Cumulative
2	xxx (%)							Cumulative
3	xxx (People)							Nominal
4	xxx (number of publications)							Nominal

Strategic Programs and Indicators: Define and describe strategic programs and performance indicators.

Baseline Conditions: State the baseline conditions for the indicators.

Targets for the Next Five Years: Set performance targets for the upcoming years.

#### 4.2 Funding Framework:

Figure 2. Example of Funding Framework

Funding Sources	Target				
	202x	202x+1	202x+2	202x+3	202x+4
xxx					
xxx					
xxx					
<b>Total</b>					

Expected Funding Sources: Identify potential sources of funding.

Funding Targets for the Next Five Years: Establish funding targets to support the organization's activities.

### Chapter 5: Conclusion

Summarize the strategic plan and its implications for the organization's future.

### Appendices

Include additional supporting documents and detailed financial plans.

### Annual Work Plan and Budget Format

Once the Strategic Plan is in place, the organization can develop its Annual Work Plan and Budget, which includes detailed budget projections and performance targets.

*Annual Work Plan and Budget 202x*

1. Organization: Yayasan Kebudayaan Rancage
2. Vision: State the organization's vision.
3. Mission: Outline the mission.
4. Target Indicators: Define the indicators used to measure performance.

Figure 3. Examples of Target Indicators

No.	Indicator	Achievement 202x-1	Target 202x	Unit
1	xxx (%)			%
2	yyy (%)			%
3	zzz			People

5. Performance-Based Budgeting (PBB) Format

The budgeting format used in the work plan below already utilizes a performance-based budget, which is considered appropriate for how Yayasan Kebudayaan Rancage conducts its operational activities.

Figure 4. Example of Performance-Based Budgeting Application

No.	Main Performance Indicator	No.	Activity Details	Cost	Total Cost per Indicator	Proportion of Cost per Indicator
1	xxx	1	xxx			33%
		2	xxx			
		3	xxx			
2	yyy	1	yyy			33%
		2	yyy			
		3	yyy			
3	zzz	1	zzz			33%
		2	zzz			
		3	zzz			
Total					0	100%

Main Performance Indicators: Describe the main performance indicators.

Activity Details: Provide detailed descriptions of the activities required to achieve the performance indicators.

Costs: Estimate the costs associated with each activity.

Total Costs per Indicator: Summarize the total costs for each performance indicator.

Proportion of Costs per Indicator: Present the proportion of costs allocated to each indicator as a percentage.

## 6. Funding Sources and Allocations

Figure 5. Example of Funding Sources and Allocations

No.	Funding Source	Budget 202x	Budget Proportion
1	xxx		25%
2	xxx		25%
3	xxx		25%
4	xxx		25%
<b>Total</b>			<b>100%</b>

Funding Sources: List expected sources of funding.

Budget Allocations: Detail the budget allocations for each source.

Total Budget: Summarize the total budget from all funding sources.

## 7. Planned Developments and Acquisition

Figure 6. Example of Planned Developments and Acquisitions

No.	Description	Budget
1		
2		
3		
<b>Total</b>		

Description: Provide descriptions of planned developments and acquisitions.

Allocated Budget: Indicate the budget allocated for each development or acquisition.

Total Budget: Summarize the total budget for all planned developments and acquisitions.

Based on an analysis of the activities carried out, the foundation has supported the implementation of four Sustainable Development Goals: Goal 4. Quality Education, Goal 5. Gender Equality, Goal 16. Peace, Justice, and Strong Institutions, and Goal 17. Partnerships for the Goals. Therefore, the budget plan can be adjusted as follows:

*Sustainability Goals Alignment*

Figure 7. Example of Sustainability Goal Alignment

No.	Main Performance Indicator	Sustainability Goal	No.	Activity Details	Cost	Total Cost per Indicator	Proportion of Cost per Indicator
1	xxx	Goal x	1	xxx			33%
			2	xxx			
			3	xxx			
2	yyy	Goal x	1	yyy			33%
			2	yyy			
			3	yyy			
3	zzz	Goal x	1	zzz			33%
			2	zzz			
			3	zzz			
Total						0	100%

Main Performance Indicators: Describe the main performance indicators.

Sustainability Goals: Align each performance indicator with specific sustainability goals.

Activity Details: Detail the activities required to achieve the performance indicators.

Costs: Estimate the costs associated with each activity.

Total Costs per Indicator: Summarize the total costs for each performance indicator.

Proportion of Costs per Indicator: Present the proportion of costs allocated to each indicator as a percentage.

By implementing these recommended formats, Yayasan Kebudayaan Rancage can achieve greater consistency and clarity in its budgeting and financial reporting, ultimately enhancing financial management and supporting its strategic goals and the SDGs.

#### Efficiency and Effectiveness Measurement

To perform efficient and effective calculations of their activities over a period, Yayasan Kebudayaan Rancage can use several formulas.

- Measuring Efficiency

This formula measures the extent to which resources (in this case, the budget) have been used optimally.

Figure 8 Efficiency Measurement Formula

$$\% \text{Efficiency} = \frac{\text{Budget Realization } 202x}{\text{Budget Planning } 202x}$$

Explanation:

- < 100%: Indicates good efficiency, as the budget is less than planned.
- 100%: Indicates that the budget was used as planned.
- > 100%: Indicates poor efficiency, as the budget exceeds the planned amount.

- Measuring Effectiveness

This formula is necessary to measure the extent to which Key Performance Indicators (KPIs) have been achieved.

Figure 9 Effectiveness Measurement Formula

$$\% \text{Effectiveness} = \frac{\text{Achieved KPI Target in the year } 202x}{\text{Planned KPI Target in the year } 202x}$$

Explanation:

- < 100%: Indicates that not all KPI targets were achieved, showing less effectiveness.
- 100%: Indicates that all KPI targets were achieved as planned.
- > 100%: Indicates that more than the KPI targets were achieved, showing very high effectiveness.

- Overall Effectiveness Measurement

This formula shows that resources have been used optimally to achieve the set goals and provides an overall picture of the organization's performance.

Figure 10 Overall Effectiveness Measurement Formula

$$\text{Overall Effectiveness} = \frac{\% \text{Efficiency} + \% \text{Effectiveness}}{2}$$

Explanation:

- < 100%: Indicates that performance can still be improved.
- 100%: Indicates that the overall performance has been optimal and as planned.
- > 100%: Indicates that overall performance has been excellent and exceeds the planned targets.

Using these formulas, Yayasan Kebudayaan Rancage can obtain a comprehensive picture of its performance and use it as a means of budget control. The foundation can also evaluate the outputs of what has been done and use them as recommendations for the next period. Therefore, by implementing the suggested design, Yayasan Kebudayaan Rancage can have a solid foundation for its operational activities and be more sensitive to the SDG issues that they have addressed.

Steps for Implementation

To implement these recommendations, Yayasan Kebudayaan Rancage can follow the following steps:

Year 1

- Develop a foundational Strategic Plan and Work Plan.
- Conduct a situational analysis to establish the organization's vision, mission, values, long-term goals, and strategic objectives.
- Identify key projects and activities, establish Key Performance Indicators (KPIs), and develop a detailed budget with clear income projections and fund allocation.

Year 3

- Review and update the Strategic and Work Plans based on the progress and outcomes of the first two years.
- Enhance the budgeting process by integrating feedback from previous years and adjusting the KPIs as necessary.
- Strengthen financial management practices by implementing advanced financial monitoring and evaluation tools.

Year 5

- Conduct a comprehensive review of the Strategic and Work Plans to assess their overall impact and achievements.
- Finalize a long-term financial sustainability plan based on experiences and data collected over the past five years.
- Prepare a detailed report on the alignment of the budgeting practices with the SDGs and present it to stakeholders for future planning and improvement.

These steps will help the organization create a systematic budgeting process and enhance its awareness and engagement with the SDGs.

**Conclusion**

This study on budgeting and financial management practices at Yayasan Kebudayaan Rancage provides several key insights and actionable recommendations for enhancing organizational efficiency and alignment with the Sustainable Development Goals (SDGs). The investigation revealed that Yayasan Kebudayaan Rancage predominantly employed a project-based budgeting approach. This method involves preparing budgets for individual

projects rather than a comprehensive annual budget. Consequently, the organization faces several challenges, including inconsistent reporting formats, inadequate financial oversight, and a lack of strategic planning. Through interviews and document reviews, it became evident that structured financial management practices and long-term strategic alignment are essential for the organization's sustainability and growth.

To address these issues, this study recommends the following actions develop a strategic plan, implement comprehensive annual budgeting, standardized reporting formats. By outlining specific responsibilities, required resources, and potential barriers for each recommendation, this study aims to provide practical, actionable steps for the Yayasan Kebudayaan Rancage to enhance its budgeting and financial planning processes in alignment with sustainable development goals.

The recommended budgeting and financial reporting formats include the Performance-Based Budgeting (PBB) method, which allocates funds based on achieving specific program goals, and the Annual Work Plan and Budget format. These templates ensure consistency and clarity in financial documentation, supporting better economic management and transparency.

This study has several limitations that may affect the validity of its conclusions.

1. **Qualitative Data Reliance:** The study relies primarily on qualitative data, which, while offering in-depth insights, may only partially capture the breadth of financial management practices.
2. **Single Case Study Focus:** The focus on a single organization limits the generalizability of the findings to other nonprofit organizations.
3. **Lack of Quantitative Analysis:** The absence of quantitative data and statistical analysis restricts the ability to generalize the findings and measure the effectiveness of the recommendations.

Future research should incorporate quantitative methods, along with qualitative insights, to provide a more comprehensive analysis. Expanding the scope to include multiple nonprofit organizations could enhance the generalizability of the findings. Additionally, examining the long-term impact of the recommended budgeting and financial reporting formats on organizational performance and SDG alignment would provide valuable insights.

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