



## Financial decentralization in vocational schools: A BLUD governance study

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### Article Info

#### Article history:

Received February 07, 2026

Revised February 10, 2026

Accepted February 13, 2026

Available online May 20, 2026

**Keywords:** Educational management, Financial decentralization, Public service agency, Teaching factory, Vocational school governance

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**Abstract.** This study examines the implementation of financial governance in vocational secondary schools operating under the Regional Public Service Agency (BLUD) framework as part of Indonesia's educational decentralization reform. The research is grounded in the urgency to strengthen institutional autonomy, financial flexibility, and industry relevance in vocational education amid increasing demands for production-based learning and for the development of teaching factory. The study aims to analyze policy implementation, financial planning, operational management, evaluation mechanisms, and governance follow-up practices within BLUD-based schools. A qualitative descriptive approach was employed using a multi-site case study design involving four vocational schools. The research population comprised BLUD-designated vocational schools in Bengkulu Province, from which four schools were purposively selected based on implementation duration, variation in governance performance, and production unit readiness. Research participants

included principals, BLUD financial managers, vocational teachers, and representatives from the education office. Data were collected through semi-structured interviews, non-participant observations, and analysis of institutional documents, using validated interview guides and observation protocols. Data were analyzed using the CIPP evaluation model supported by interactive data analysis techniques. The findings indicate that BLUD governance has been implemented in a structured manner, enabling flexible financial management, strengthening teaching factory operations, and enhancing experiential learning. Evaluation systems and follow-up actions were found to reinforce accountability in governance and institutional learning. The study concludes that BLUD financial autonomy contributes positively to the quality of vocational education when supported by participatory governance, managerial competence, and sustainable evaluation. It is recommended that policymakers strengthen capacity-building programs, participatory financial literacy, and performance-based monitoring systems to optimize outcomes of BLUD implementation.

## Introduction

Vocational education is widely acknowledged as a strategic sector in developing a skilled workforce capable of responding to rapid industrial and technological transformation. Technical and Vocational Education and Training institutions are expected to produce graduates equipped with applied competencies, professional certifications, and adaptive skills aligned with labor market demands (Al Shuaili, 2025; Storonianska et al., 2025; Sukerti et al., 2024). In Indonesia, Vocational Secondary Schools carry a central mandate to prepare job-ready graduates who can directly contribute to national economic productivity and industrial competitiveness. Ideally, vocational

schools should operate within governance systems characterized by institutional autonomy, responsive curricula, strong industry partnerships, modern training infrastructure, and flexible resource management that support innovation and workforce alignment (Riyanto et al., 2025). Such ideal governance conditions position financial management flexibility as a critical enabling factor in sustaining production-based learning and institutional responsiveness. The urgency of strengthening vocational school governance has intensified in the era of the Fourth Industrial Revolution and Society 5.0. Industrial transformation driven by automation, artificial intelligence, the Internet of Things (IoT), and big data analytics has significantly reshaped occupational structures and skill requirements (Kasinathan et al., 2022; Mourtzis et al., 2022; Ziatdinov et al., 2024). Consequently, vocational schools are required to modernize learning ecosystems through digital laboratories, simulation technologies, competency certification programs, and the development of teaching factories (Hongyun Guo & Bao Liu, 2025). These transformations demand not only pedagogical reform but also agile institutional management, particularly in financial governance, to ensure rapid responsiveness to industry dynamics (Wong & Li, 2025; Yahya et al., 2023; Hanafiah et al., 2023).

However, empirical realities indicate that many vocational schools continue to operate within rigid public financial management systems that constrain institutional flexibility. Conventional budgeting mechanisms, characterized by strict expenditure classifications, multi-layered approval procedures, and limited authority to use revenue, often delay the procurement of industrial equipment, partnership programs, and innovation initiatives (McKernan et al., 2024). Such rigidity reduces schools' capacity to sustain teaching factory production cycles and limits reinvestment into competency development programs. Field evidence further shows disparities in infrastructure readiness, teaching factory productivity, and the intensity of industry collaboration across vocational schools, indicating uneven institutional capacity to respond to workforce demands (Yoto et al., 2024). These field conditions demonstrate a gap between ideal vocational governance expectations (*das sollen*) and operational realities (*das sein*), thereby reinforcing the urgency of governance reform interventions.

To address these governance constraints, the Indonesian government introduced the Public Service Agency financial management framework (Badan Layanan Umum/BLU and BLUD at the regional level), granting public institutions greater flexibility in managing revenues and expenditures while maintaining accountability and transparency (Putri et al., 2024). Within vocational education, BLUD status enables schools to utilize internally generated income from production units, teaching factories, and industry partnerships more autonomously to support institutional development (Amrullah et al., 2025). This policy design reflects a financial decentralization model intended to accelerate institutional innovation, strengthen production-based learning ecosystems, and enhance the effectiveness of service delivery. Financial decentralization under BLUD is expected to enhance institutional responsiveness, improve service effectiveness, and strengthen graduate employability through industry-aligned training systems (Mirah Surya Dewi, 2025).

Nevertheless, the transition from conventional financial governance to BLUD-based management presents complex implementation challenges. Studies report constraints related to managerial competence, financial information systems, regulatory adaptation, and organizational culture transformation toward performance-based governance (Abeyasiriwardana et al., 2025; Pudjono et al., 2025). Additional evidence highlights variations in financial transparency, revenue optimization, and accountability mechanisms among BLUD vocational schools (Ismanto et al., 2025). These findings indicate that financial autonomy does not automatically ensure governance effectiveness without strong institutional management capacity. These disparities indicate that financial autonomy alone is insufficient without strengthening governance capacity at the institutional and operational levels.

From a theoretical perspective, effective financial decentralization requires integrated governance structures encompassing strategic planning, performance management, internal control systems, and transparent reporting mechanisms (Al Astal et al., 2025; Manginte, 2024). Governance theory and New Public Management perspectives emphasize that autonomy must be balanced with accountability to ensure public service quality improvement (Nor et al., 2022). Thus, evaluating BLUD governance requires not only administrative assessment but also examination of its pedagogical and organizational impacts within vocational education systems.

Despite the expansion of BLUD policy implementation in vocational education, empirical evaluation studies examining governance effectiveness at the school level remain limited. Existing research predominantly focuses on regulatory compliance or financial administration, with insufficient attention to planning processes, operational management, evaluation systems, and post-evaluation improvements. This indicates a significant research gap in understanding how decentralized financial governance functions holistically within vocational school management systems. Addressing this gap is essential to determining whether fiscal decentralization translates into improved institutional performance and enhanced educational services.

The novelty of this study lies in its comprehensive governance evaluation approach that integrates policy implementation analysis, financial planning assessment, operational management examination, and evaluative follow-up review within the BLUD framework. By employing the CIPP evaluation model across multiple institutional sites, this study generates an integrated governance-effectiveness perspective that links financial decentralization to teaching factory productivity and the quality of experiential learning. By positioning financial management reform as an institutional governance transformation rather than merely an administrative adjustment, this study offers a multidimensional perspective on how financial decentralization influences the delivery of vocational education services and workforce preparation.

Based on the identified governance and implementation gaps, this study formulates three interrelated research questions. *First*, how are BLUD financial governance policies institutionalized and implemented across managerial and operational levels in vocational secondary schools? *Second*, how are participatory financial planning and operational management practices enacted within the BLUD framework to support both fiscal sustainability and the teaching of factory-based learning ecosystems? *Third*, how are monitoring, evaluation, and follow-up mechanisms operationalized to ensure accountability, organizational learning, and continuous improvement in governance? These questions are designed to capture governance dynamics across the Context, Input, Process, and Product dimensions of BLUD implementation. In line with these questions, the study posits that the effectiveness of BLUD financial governance is shaped not merely by regulatory compliance but by the integration of strategic planning capacity, stakeholder participation, financial accountability systems, and production-based educational utilization. Accordingly, this research aims to analyze the maturity of policy implementation, examine the alignment between financial governance and pedagogical production systems, and evaluate the effectiveness of monitoring and follow-up cycles in strengthening institutional performance and the quality of vocational education services.

## Method

### *Research Method and Design*

This study employed a qualitative descriptive research design using the Context, Input, Process, Product (CIPP) evaluation model as the analytical framework to examine the implementation of financial management in vocational secondary schools operating under the Regional Public Service Agency (BLUD) scheme. A qualitative design was selected because the research aims to explore

governance practices, managerial processes, institutional readiness, and implementation barriers within real organizational contexts (Leavy & Patricia, 2017). Financial decentralization and public sector governance reforms are multidimensional phenomena shaped by leadership capacity, regulatory interpretation, institutional culture, and stakeholder interaction; therefore, they require in-depth contextual investigation rather than statistical generalization (Dürst & Kunz, 2025; Idrus, 2024). This study adopts a multi-site qualitative case-study orientation to capture cross-institutional variations in governance. The CIPP model guided the evaluative structure of the study Stufflebeam (2015) by systematically examining policy context, institutional inputs, governance processes, and performance outcomes.

### ***Participants, Research Subjects, and Informants***

Research participants consisted of institutional actors directly involved in the governance, implementation, and supervision of BLUD financial management. Informants were selected to represent both policy oversight and operational management perspectives to ensure a comprehensive evaluation of governance. Participants included provincial education authorities, school leadership, financial administrators, and vocational teaching personnel involved in teaching factory operations.

**Table 1.** Research Informants

No	Informant Category	Institution	Number
1	Regional Revenue Treasurer	Provincial Education Office	1
2	School Principals	4 Vocational Schools	4
3	BLUD Financial Managers	4 Vocational Schools	4
4	Vocational Teachers	4 Vocational Schools	4
Total			13

The inclusion of multi-level governance actors enabled triangulation between regulatory supervision and institutional implementation perspectives.

### ***Sampling Technique and Selection Criteria***

Purposive sampling was employed to ensure that selected cases provided rich information relevant to the implementation of BLUD financial governance. Schools were selected based on institutional performance documentation and governance maturity indicators. Selection criteria included: duration of BLUD implementation exceeding two years, variation in financial performance achievement levels (high, moderate, low), and representation of diverse vocational specialization sectors. Performance categorization was derived from institutional financial realization and revenue achievement reports covering Quarter IV 2024 through Quarter III 2025. Informants were selected using two inclusion criteria: direct involvement in BLUD financial governance or oversight and willingness to provide transparent and comprehensive information. This criterion-based sampling ensured analytical depth rather than numerical representativeness.

### ***Research Location, Duration, and Trustworthiness***

The research was conducted in four public vocational secondary schools that implemented BLUD financial governance within a single provincial administrative jurisdiction. Fieldwork lasted two months, enabling prolonged engagement to observe governance processes, validate documentary evidence, and conduct iterative interviews. The researcher's presence in the field was maintained to facilitate contextual immersion and institutional trust-building. Research rigor and validity were ensured through qualitative procedures for trustworthiness. Credibility was strengthened through prolonged field engagement, persistent observation, triangulation across data sources, and member checking with informants. Transferability was addressed through thick description of institutional contexts, enabling readers to assess applicability in comparable settings. Dependability was ensured

through audit trail documentation detailing procedural and analytical steps. Confirmability was established by linking interpretations directly to empirical evidence and conducting peer debriefing with academic supervisors.

### ***Research Procedures***

Data collection employed methodological triangulation, integrating in-depth interviews, non-participant observations, and document analysis. Semi-structured interviews were conducted using protocols derived from governance theory and CIPP evaluation indicators. Each session lasted between 45 and 90 minutes and was audio-recorded with participant consent, then transcribed verbatim. Observations were conducted in non-participatory settings to examine financial administration systems, BLUD-funded infrastructure, teaching factory operations, and learning activities supported by decentralized financing. Documentary evidence provided objective verification of governance practices and financial accountability mechanisms. Key documents analyzed included strategic plans, Business Budget Plans (RBA), financial realization reports, audit records, and policy designation decrees.

### ***CIPP Evaluation Framework***

The evaluation of BLUD-based financial governance in vocational secondary schools requires an analytical framework capable of capturing policy alignment, institutional readiness, implementation dynamics, and performance outcomes in an integrated manner. To achieve this, the study adopts the CIPP (Context, Input, Process, Product) evaluation model, as presented in Table 2. This framework enables systematic governance diagnosis across planning, operational, and evaluative dimensions.

**Table 2.** CIPP Evaluation Dimensions

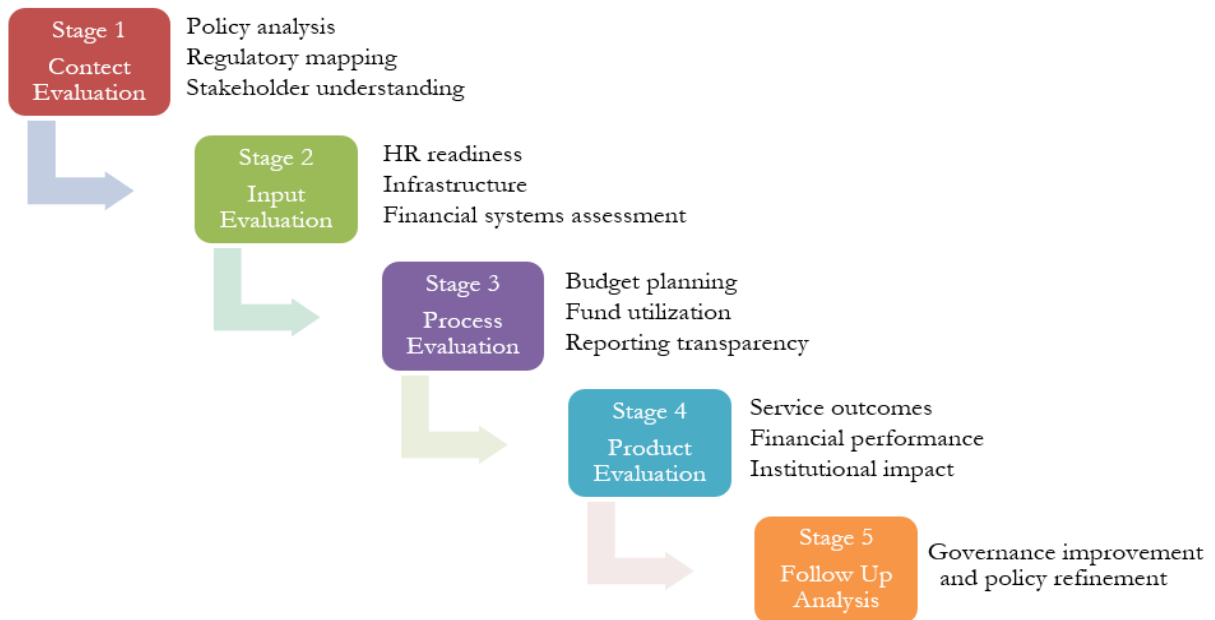
Dimension	Focus of Evaluation	Key Indicators
Context	Policy and regulatory environment	Legal framework, policy understanding
Input	Institutional readiness	HR capacity, infrastructure, and financial systems
Process	Governance implementation	Budgeting, reporting, transparency
Product	Performance outcomes	Service quality, financial effectiveness

### ***Data Analysis Techniques***

Data analysis followed the interactive model of Miles and Huberman, involving cyclical processes of data reduction, data display, and conclusion drawing (Miles et al., 2014). Data reduction involved transcription, coding, thematic categorization, and writing analytical memos. Data display was conducted through matrices, thematic charts, and cross-case comparison tables to facilitate pattern identification. Conclusion drawing involved identifying governance patterns, comparing institutional practices, mapping enabling and inhibiting factors, and interpreting findings through the lens of decentralization and public management theories. Verification was conducted through member checking, peer review, and triangulation. Cross-case synthesis was used to identify variations in governance maturity across schools.

### ***Research Procedure Flow***

The procedural design enabled systematic tracing of decentralized financial governance from regulatory foundations to institutional outcomes and post-evaluation reforms. The evaluation sequence followed Context diagnosis, Input readiness assessment, Process implementation analysis, and Product performance measurement. The research procedure flow is illustrated in Image 1.



**Image 1.** Procedural stages of the CIPP

***Criteria for Drawing Conclusions***

Governance effectiveness classifications were determined using predefined evaluative criteria presented in Table 3.

**Table 3.** Governance Effectiveness Categories

Category	Criteria
Effective	Full policy alignment, transparent reporting, optimal revenue utilization
Moderately Effective	Partial implementation, minor governance constraints
Ineffective	Low compliance, weak financial systems

**Results and Discussion**

***Policy Implementation of BLUD-Based Financial Governance (Context Dimension)***

The implementation of the Regional Public Service Agency (BLUD) financial governance in vocational secondary schools is a concrete manifestation of Indonesia's broader public-sector decentralization reform, which aims to enhance institutional autonomy while maintaining fiscal accountability and service performance. Within the vocational education sector, this governance transformation is particularly significant because financial flexibility is directly linked to schools' capacity to modernize training infrastructure, expand industry partnerships, and strengthen teaching factory ecosystems. Recent policy analyses emphasize that financial decentralization in education institutions is designed not merely to transfer fiscal authority but to stimulate institutional innovation, managerial responsiveness, and performance-based service delivery (Maulidya et al., 2024). From the Context dimension of the CIPP evaluation model, policy implementation is assessed through regulatory alignment, stakeholder policy comprehension, institutional readiness, and environmental support systems. Field data derived from interviews, institutional documents, and observational verification confirm that all case schools have formally institutionalized BLUD governance structures. Empirical findings from this study indicate that all vocational schools examined have formally adopted BLUD governance structures, as evidenced by legal designation decrees, strategic financial plans, business budget documents, and operational financial reporting mechanisms. This administrative compliance reflects successful policy institutionalization at the

structural level, consistent with recent findings that BLUD expansion in the education sector has accelerated as part of regional fiscal reform agendas (Islam, 2025). However, cross-case comparison reveals variation in governance maturity, particularly in managerial readiness, financial literacy, and institutional adaptation capacity (Yasa et al., 2023).

In contrast, operational actors, particularly vocational teachers and production unit coordinators, exhibit partial contextual understanding of BLUD governance. Their policy interpretation tends to focus on the functional benefits of financial flexibility, especially in legitimizing production-based learning and commercial activities, rather than on broader accountability frameworks or financial risk management systems. Similar stratification of policy comprehension has been documented in vocational decentralization studies, where governance literacy often diffuses unevenly across institutional hierarchies (Garcia et al., 2024). Interview triangulation further indicates that limited exposure to technical financial training constrains teachers' engagement in participatory financial planning. The variation in implementation maturity also reflects differences in institutional exposure to policy socialization mechanisms. Schools that participated more intensively in technical assistance programs, regulatory workshops, and financial governance mentoring displayed stronger contextual readiness (Subhaktiyasa, 2024). Conversely, institutions with limited access to structured capacity-building initiatives showed slower adaptation to BLUD administrative and accountability systems. This supports recent governance reform literature asserting that the effectiveness of decentralization is contingent upon sustained institutional accompaniment rather than a one-time regulatory designation (Arif & Chishti, 2022). Another contextual determinant influencing policy implementation is the degree of alignment between BLUD governance objectives and vocational education mandates. In schools where leadership successfully integrated financial decentralization with pedagogical innovation, particularly through the expansion of teaching factories, the policy was perceived as strategically relevant rather than administratively burdensome. Financial autonomy yields optimal outcomes when embedded within competency-based vocational development strategies (Brower & Boardman, 2022). This finding demonstrates that governance contextualization within pedagogical missions strengthens policy acceptance and institutional ownership (Purnadewi et al., 2023).

### ***Stakeholder Policy Understanding***

Within the context dimension of BLUD policy implementation, stakeholder understanding emerges as a decisive determinant of governance effectiveness. Qualitative interview data reveal differentiated layers of policy literacy across institutional actors. A principal explained that *"when our school was first designated as BLUD, we attended several technical workshops where we learned how to manage teaching factory revenues more flexibly, but also how to prepare financial reports in accordance with government audit standards."* This perspective was reinforced by an education office official who stated that *"BLUD provides flexibility for schools to manage revenues from production units, yet every transaction must remain accountable and auditable."* These accounts indicate that managerial actors conceptualize BLUD governance as a dual mechanism expanding institutional financial autonomy while simultaneously intensifying accountability obligations. As one culinary teacher noted, *"for us, BLUD is most visible when students produce goods that can be sold legally; financial management is handled by the BLUD team."* Another teacher similarly emphasized that *"BLUD supports practice-based learning, but we are not directly involved in budgeting or reporting."* This divergence illustrates governance knowledge asymmetry across institutional layers, where regulatory literacy is concentrated among structural elites while operational actors engage at the implementation interface. Such stratification aligns with recent decentralization governance studies indicating that policy diffusion within educational organizations often occurs unevenly, particularly during early phases of institutional reform (Ali & Georgiou, 2025). This asymmetry has practical implications for participatory governance, as limited teacher financial literacy may constrain innovation in financing production-based learning. Consequently, while leadership comprehension strengthens regulatory compliance and financial

utilization capacity, limited diffusion among teachers may constrain participatory planning and innovation in production-based learning. Strengthening integrative policy literacy across managerial and pedagogical actors is therefore essential to ensuring that BLUD governance evolves beyond administrative compliance toward transformative vocational education management (Fatmawati et al., 2024).

**Table 4.** Quantitatively Synthesizes Interview Interpretations Into Comparative Governance Literacy Categories

Stakeholder Group	Governance Understanding	Operational Understanding
Principals	High	High
Financial Managers	High	High
Vocational Teachers	Moderate	High
Students	Low	Moderate

The tabulated data confirm that governance comprehension correlates directly with managerial responsibility and financial decision-making authority, reinforcing organizational stratification patterns identified in prior decentralization research. However, limited diffusion of governance knowledge among teachers may restrict participatory planning, reduce awareness of financial transparency, and limit innovation in production unit development. Recent vocational governance studies highlight that inclusive policy literacy, in which teachers understand both pedagogical and financial dimensions, enhances the sustainability of teaching factories and the integration of entrepreneurial curricula (Bian et al., 2024; Bing & Zhenzhen, 2025; Chinedu et al., 2023).

### ***Policy Socialization Practices***

Policy socialization constitutes a critical governance instrument within the context dimension of BLUD implementation, as it mediates how regulatory frameworks are interpreted, internalized, and operationalized across institutional actors. Observational records and interview data triangulate to indicate that socialization occurs through both formal institutional forums and practice-based communication channels. One principal described the process as iterative and adaptive, stating that "*policy socialization is not conducted only once at the beginning; it is continuous, especially when new regulations or technical guidelines are issued by the education office.*" Another principal elaborated that "*after attending coordination meetings at the provincial level, we usually hold internal workshops to explain reporting procedures, revenue management, and teaching factory governance to teachers and administrative staff.*" These statements suggest that policy transmission operates through cascading communication channels, in which regulatory information flows from government authorities to school leadership and then to operational actors. Observational data further reveal that schools adopting decentralized socialization approaches, such as visiting production units directly or conducting program-specific briefings, demonstrate stronger stakeholder comprehension and engagement. A vocational department head noted that "*when socialization is delivered directly in the workshop or kitchen lab, teachers understand more easily because it is linked to their daily practice.*" This practice-based communication model enhances contextual interpretation of policy by situating regulatory concepts within pedagogical realities. From a governance perspective, these findings align with contemporary public administration scholarship emphasizing iterative and dialogic policy communication as a prerequisite for effective decentralization reform (Manggalasari et al., 2025; Maulana et al., 2026). The novelty of this finding lies in demonstrating that contextualized, practice-embedded policy communication accelerates the diffusion of governance literacy within vocational institutions.

### ***Financial Planning Governance (Input Dimension)***

Within the input dimension of the CIPP evaluation framework, financial planning governance constitutes the institutional foundation that determines how BLUD autonomy is operationalized into programmatic and fiscal strategies. Document analysis of strategic plans and RBAs indicates

that planning processes are formally structured yet vary in analytical rigor across institutions. A principal explained that "*strategic planning is not prepared only by management; heads of departments are invited to map production potential, market demand, and infrastructure needs before the RBA is finalized.*" Another financial manager added that "*we begin planning by reviewing the previous year's revenue realization, identifying which teaching factories performed well, and projecting realistic income targets.*" These planning practices indicate an emerging shift from purely administrative budgeting toward performance-informed financial planning, consistent with recent public-sector financial decentralization reforms that emphasize results-based planning systems (Alsharari & Daniels, 2024). Further interview data reveal that planning deliberations extend beyond revenue orientation to include considerations of pedagogical and institutional development. A vocational department coordinator noted that "*when we propose budgets, we do not only calculate production income; we also consider how equipment upgrades will improve student competencies.*" Similarly, another principal stated that "*strategic planning reflects production potential and school development priorities simultaneously; income is important, but learning quality remains the main objective.*" Such dual orientation planning reflects contemporary vocational governance paradigms in which income-generating units function not merely as fiscal instruments but also as pedagogical laboratories for experiential learning (Mordhorst & Jenert, 2023).

**Table 5.** Operationalize These Planning Orientations Into Governance And Pedagogical Impact Dimensions

Planning Component	Strategic Orientation	Educational Impact
Strategic Plan	Institutional autonomy	Long-term sustainability
RBA	Revenue optimization	Operational continuity
Teaching Factory Budget	Practice learning	Skill competence
Equipment Procurement	Workshop modernization	Training quality

Cross-case interpretation shows that while participatory structures exist, analytical planning capacity remains uneven, particularly regarding market feasibility projections and industry demand mapping. As one financial officer acknowledged, "*Sometimes income targets are set based on last year's figures without detailed market studies, because our planning capacity is still developing.*" This administrative inertia limits the responsiveness of financial planning to fluctuations in industry demand and production market opportunities. Such findings resonate with contemporary critiques of public-sector strategic planning, which argue that decentralized financial autonomy does not automatically translate into strategic agility without strengthening managerial capacity (Kahl et al., 2023; Pacheco-Cubillos et al., 2024).

### ***Financial Implementation and Teaching Factory Operations (Process Dimension)***

The implementation of BLUD-based financial governance within the process dimension demonstrates a substantive transformation in how vocational schools operationalize production-based learning. Observational verification across teaching factory units confirms that decentralized financing enables the procurement of industrial equipment and raw materials and supports continuous production cycles. A vocational teacher highlighted this shift, stating that "*students become more motivated because their products are commercialized; they feel their work has real value, not just for assessment.*" Another instructor reinforced this view, explaining that "*when students know their products will be sold, they pay more attention to standards, hygiene, and finishing quality.*" These interview accounts demonstrate that market exposure functions as a motivational catalyst, fostering responsibility, discipline, teamwork, and entrepreneurial orientation. Operationally, decentralized financing also strengthens production processing governance. Schools have been able to standardize workflow systems, regulate raw material procurement, and implement staged production supervision aligned with industrial operating procedures (Schlebusch & Mokhampanyane, 2024). Students participate in structured preparation, processing, finishing, and distribution cycles under the supervision of the teacher and the production manager. This governance model reflects financial flexibility theory,

which posits that decentralized funding enhances institutional service responsiveness when linked to performance outputs and operational autonomy (Park et al., 2023; Zhao et al., 2022; Widana et al., 2019). This study's novelty lies in empirically linking BLUD financial autonomy to experiential learning intensity and the formation of entrepreneurial competencies.



**Image 2.** Integrated documentation of BLUD-funded teaching factory implementation

The images illustrate how decentralized financing supports authentic production-based learning, infrastructure modernization, and student competency development aligned with industry standards.

### ***Monitoring and Evaluation Systems (Product Dimension)***

Within the product dimension of the CIPP evaluation framework, monitoring and evaluation systems function as the principal control mechanisms ensuring that BLUD financial autonomy remains aligned with accountability standards and institutional performance targets. Evaluation findings derive from triangulated financial reports, meeting documentation, and supervisory records. A school principal explained that "*evaluation meetings assess financial reports and production development, so we can see whether targets in the business plan are achieved.*" These internal forums not only serve as accountability checkpoints but also as spaces for managerial reflection, where financial decisions, production efficiency, and instructional impacts are collectively reviewed. The depth and analytical rigor of internal evaluations, however, are strongly influenced by administrative capacity and financial literacy among BLUD management teams. Schools with structured reporting systems, digital financial records, and dedicated financial personnel demonstrate more systematic evaluations, including variance analysis between projected and realized revenues. This variation confirms recent findings on governance reform that decentralized financial systems require parallel strengthening of managerial capacity to ensure performance-based accountability (Nurfadila, 2024).

**Table 6.** Integrated Monitoring and Evaluation Governance Structure

Evaluation Mechanism	Supervisory Actor	Evaluation Focus	Governance Function
Internal Review	School Leadership	Budget realization & production output	Managerial control
External Monitoring	Education Office	Policy compliance	Regulatory supervision
Financial Audit	Inspectorate	Accountability & transparency	Fiscal control
Performance Review	BLUD Unit	Revenue & service targets	Institutional improvement

Monitoring also extends to pedagogical supervision, ensuring that financial autonomy translates into improvements in instructional quality. Findings further reveal that monitoring extends beyond financial documentation into the pedagogical domain, particularly in supervising teaching factory learning environments. Evaluation teams observe student production activities, workflow implementation, equipment utilization, and competency attainment. Such integrative monitoring ensures that BLUD financing contributes not only to revenue generation but also to enhancing instructional quality. This aligns with contemporary vocational governance perspectives, which emphasize that financial decentralization must ultimately translate into improved learning outcomes rather than solely administrative efficiency (Sun & Razzaq, 2022). Evaluation processes culminate in structured follow-up actions designed to translate findings into governance improvements. Financial reporting improvements aim to strengthen transparency; training programs enhance managerial and technical competence; workflow restructuring increases production efficiency; and equipment procurement supports service-quality enhancements. From a governance development standpoint, these follow-up mechanisms reflect organizational learning cycles in which evaluation outputs inform continuous institutional refinement. Such cyclical improvement processes are widely recognized as key success factors in sustaining decentralized public sector reforms (De Witte et al., 2025; Muravu, 2023).

Image 3 illustrates how evaluation governance operates across financial, instructional, and managerial domains to support continuous institutional improvement. Follow-up actions constitute the final and decisive stage within the governance improvement cycle of BLUD financial management, where evaluation outputs are translated into concrete institutional reforms



**Image 3.** Integrated monitoring, evaluation, and follow-up activities

Empirical findings indicate that post-evaluation deliberations are conducted through structured coordination meetings involving school leadership, BLUD financial teams, and production unit coordinators to ensure that corrective strategies are evidence-based and operationally feasible. As emphasized by one principal, "*evaluation results are discussed before follow-up plans are formulated, so every improvement is based on real findings, not assumptions.*" These cyclical corrective mechanisms constitute a governance learning loop reinforcing accountability and performance improvement (Image 4).



**Image 4.** Integrated BLUD Governance Cycle

Synthesizing findings across the Context, Input, Process, and Product dimensions, this study formulates an integrated BLUD governance effectiveness model demonstrating that financial decentralization in vocational schools operates as a cyclical institutional learning system rather than merely a linear administrative reform. The novelty of this research resides in its multidimensional evaluative integration, particularly through the application of the CIPP framework within vocational financial decentralization analysis, the empirical linkage established between BLUD financing and teaching factory productivity, the mapping of governance maturity across institutional actors, and the development of a cyclical governance effectiveness model grounded in field-based evidence. From a theoretical perspective, the study extends decentralization governance theory by demonstrating that financial autonomy alone is insufficient to generate institutional effectiveness without mediation through managerial capacity, participatory planning structures, and accountability systems. In practice, the findings offer governance benchmarks for vocational schools implementing BLUD status, inform policymakers on priority areas for strengthening managerial and financial capacity, and provide sustainability reference frameworks for teaching factory development and enhancing institutional accountability.

## Conclusion

The study concludes that the implementation of BLUD-based financial governance in vocational secondary schools has been institutionally established and functionally operational, demonstrating formal policy adoption, organizational structuring, and administrative compliance across case institutions. Government policy has been formally implemented through regulatory adoption, organizational structuring, and administrative compliance; however, variations persist in stakeholder understanding, particularly between managerial and operational actors. Financial planning practices have generally integrated strategic, participatory, and performance-oriented elements, aligning revenue generation with pedagogical development, although several institutions still exhibit administratively driven budgeting rather than market-responsive financial forecasting. At the implementation level, the separation of BLUD finances from regular school budgets has strengthened transparency, accountability, and financial flexibility, enabling reinvestment in teaching factory operations, infrastructure modernization, and student competency development, which, in turn, enhances experiential learning and entrepreneurial capacity. Monitoring and evaluation systems operate through layered internal and external mechanisms that ensure fiscal control while generating institutional learning, and follow-up actions have translated evaluation findings into governance improvements, particularly in financial administration, human resource capacity, and production management. These findings imply that financial decentralization positively contributes to the quality of vocational education when supported by managerial competence, participatory governance, and continuous evaluation cycles. It is therefore recommended that policymakers intensify capacity-building programs, expand participatory financial literacy among teachers, and develop integrated performance measurement systems to ensure sustainable governance effectiveness under the BLUD framework.

## Acknowledgements

The author would like to express sincere gratitude to the lecturers of the Master's Program in Educational Management, Faculty of Teacher Training and Education, Universitas Bengkulu.

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