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Factors Affecting the Cost Reduction of Private Universities

A. M. Sultani^{1,*}, M. Bik Omari², M. Aziz Khalilzad³¹ Professor, Faculty of Economics, Aria University, Mazar-i-Sharif, Afghanistan² MSc Student, Faculty of Economics, Aria University, Mazar-i-Sharif, Afghanistan³ MSc Student, Faculty of Economics, Aria University, Mazar-i-Sharif, Afghanistan

ARTICLE INFO	ABSTRACT
<p>Article History: Received 2 August 2023 Received in revised form 29 September 2023 Accepted 24 November 2023 Available online 6 December 2023</p>	<p>Private universities hold a pivotal role in higher education globally, although the high tuition fees associated with these institutions can create barriers to access for certain individuals. Addressing the financial aspects of private universities becomes imperative. This descriptive survey centers on the statistical population of professors from both public and private universities, as well as private higher education institutions in Mazar-e-Sharif city, with a sample size of 30 participants. According to employees' perspectives, all five factors under scrutiny exhibit an impact above the average in reducing expenses for private universities, establishing them as significant contributors to cost reduction. The research findings highlight the most effective methods for reducing university costs, ranked in order of importance. These methods include the implementation and oversight of control measures, the automation of administrative, financial, educational, and research systems, the optimization of university activities, downsizing the university, and enhancing human resources efficiency. Significantly, the implementation of supervision and control emerges as the most impactful in cost reduction, while human resources organization exerts the least impact. This nuanced exploration sheds light on practical strategies for mitigating the financial challenges faced by private universities, ultimately promoting greater accessibility to higher education.</p>
<p>Keywords: Cost, Implementation and Supervision, Mechanization of The System, Targeting of Activities, Miniaturization of The University, Organization of Manpower</p>	

1. INTRODUCTION

Private universities play a crucial role in the higher education landscape across numerous countries. Nevertheless, the steep tuition fees charged by these institutions can pose a barrier to access for certain students. Hence, addressing the issue of high costs in private universities becomes imperative. A strategic approach to tackle this challenge involves the provision of subsidies and financial aid to students. Governments and organizations can take proactive measures, implementing programs and policies aimed at reducing the financial burden on students pursuing higher education. In line with this objective, universities can adopt initiatives such as offering student loans featuring low-interest rates and extended repayment periods, providing scholarships and grants to high-achieving students, and extending financial assistance to cover living expenses.

* Corresponding Author: abdulmajidsultani2@gmail.com
 Professor, Faculty of Economics, Aria University, Mazar-i-Sharif, Afghanistan



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When delving into operational costs, it's crucial to recognize that these encompass both the expenses related to provided services and general administrative costs, constituting a substantial portion of overall unit operational expenses. It's worth noting that costs may exhibit varying behaviors in relation to different levels of activity, challenging traditional pricing models that assume cost variation based on activity levels. Therefore, a nuanced understanding of a company's cost behavior is paramount for enhancing decision-making processes [1].

In the realm of higher education, various factors intricately shape the landscape, influencing student choices, organizational performance, and the broader dynamics of educational institutions. This introduction delves into a collection of research findings, each shedding light on distinct aspects. The cost associated with first-year university dropouts poses a significant concern for private universities, creating a nuanced relationship between enrollments and financial implications [2]. The organizational performance of private universities is intricately tied to internal control variables, budgeting processes, and organizational characteristics, as explored by Purba et al. [3]. Additionally, the cost of education emerges as a pivotal factor in students' decisions to select a university, urging institutions to consider tuition fees in their strategies for student attraction and retention [4].

Examining the public sector, Levine et al. (2022) delve into the impact of price increases at public flagship institutions on enrollment patterns, particularly among high-achieving students who often opt for private colleges. Further emphasizing the multifaceted nature of decision-making [5], Harahap et al. (2022) underscore the interconnectedness of the quality of lecturers and the cost of education in shaping student preferences for universities [6]. Gultom et al. (2023) extend this exploration into the realm of accounting study programs, identifying simultaneous influences of cost, job opportunities, academic programs, and college reputations on student decisions [7]. The influence of external factors also comes to the fore, as Arianto et al. (2021) investigate the direct effects of social media and price reduction on brand trust and vocational college decisions [8]. Shifting focus to South Africa, Singh and Tustin (2022) highlight the challenges faced by private higher education institutions, including limited knowledge, cost perceptions, and trust issues, juxtaposed against acknowledged advantages and graduate success [9]. Lastly, Mukherjee and Sengupta (2021) analyze a diverse array of factors affecting private expenditure on education in India, including household consumer expenditure, respondent's age, medium of instruction, private coaching, and household computer, along with contrasting negative influences [10].

This diverse array of research underscores the intricate interplay of financial considerations, organizational dynamics, and external factors in shaping the complex landscape of higher education decision-making and performance.

1.1. Research Methodology

This study utilizes a descriptive survey research method, focusing on professors from both public and private universities, as well as private higher education institutions in Mazar-e-Sharif. The statistical population encompasses individuals within these academic settings. A sample size of 30 individuals has been selected for this research. Data collection employed a researcher-designed questionnaire comprising 5 main components and 20 items, rated on a five-point Likert scale. The questionnaire underwent validation processes, with experienced professors and specialists confirming its face and content validity. Additionally, the reliability of the questionnaire was assessed using Cronbach's alpha coefficient.

1.2. Background research

Private universities are increasingly seeking ways to reduce costs while maintaining high-quality education. One approach to achieve this is through Public-Private Partnerships (PPPs), which offer several benefits. Sulaiman et al. (2015) highlighted that the main reasons for adopting PPPs include reducing public sector administrative costs, sharing risks, overcoming public sector budget constraints, better mobility, and ability to raise funds for projects. This suggests that private universities can leverage PPPs to reduce costs and improve efficiency [11].

Another study by Osei-Kyei et al. (2014) also emphasized the importance of cost reduction in technology adoption [12]. They found that mass unawareness, low computer literacy levels, and cost were identified as critical factors affecting the acceptability of technology. This indicates that while technology can enhance efficiency, cost remains a key consideration for private universities seeking to implement innovative solutions.

Furthermore, the study by Ali et al. (2019) explored knowledge sharing within the oil and gas industry and found that it positively impacts organizational performance. This suggests that private universities could benefit from fostering a culture of knowledge sharing to improve operational efficiency and reduce costs [13].

In addition, the findings from a study on cloud adoption in Nigerian universities highlighted that cost reduction on IT infrastructure and maintenance, improved communication, scalability, and business continuity were the main drivers of cloud adoption [14]. However, barriers such as lack of knowledge, poor internet connectivity, security concerns, lack of trust, and interoperability with existing systems were identified. Private universities considering cloud adoption should address these barriers to achieve cost reduction effectively.

Moreover, Maheshwari (2021) noted that mass unawareness, low computer literacy levels, and cost were critical factors affecting the acceptability of technology, indicating that these factors may hinder the successful implementation of cost-reducing measures in private universities [15].

Gaziano et al. (2016) conducted a cost-effectiveness analysis of sacubitril/valsartan vs. enalapril in patients with heart failure and reduced ejection fraction. The study demonstrated the importance of cost-effectiveness analyses in evaluating the financial implications of medical interventions. While the context is different, this research emphasizes the significance of cost-effectiveness in decision-making processes, which could be applied to the cost reduction strategies of private universities [16].

Itahara et al. (2020) proposed a distillation-based semi-supervised federated learning approach for communication-efficient collaborative training with non-IID private data. The study focused on data privacy and communication efficiency in the context of machine learning. While not directly related to cost reduction in private universities, this research sheds light on the potential of leveraging innovative technologies to optimize resource allocation and reduce costs [17].

However, it is important to note that there is a lack of research directly addressing the specific factors affecting cost reduction in private universities. Future research should focus on identifying the unique challenges and opportunities for cost reduction in the context of higher education, particularly in private institutions. Additionally, exploring the impact of PPPs, technology adoption, and knowledge sharing on cost reduction in private universities would provide valuable insights for both researchers and practitioners in the field of higher education management.

2. THE THEORETICAL FRAMEWORK OF RESEARCH

2.1. Cost Management

Cost management advocates for a fresh managerial perspective, asserting that anything measurable, including costs, can be controlled. This approach involves strategically planning and effectively controlling an organization's costs, necessitating the systematic gathering, analysis, evaluation, and reporting of cost-related information for various purposes.

Structured around activities, the management system employs activity-based costing techniques as its foundation. This methodology empowers management to discern the communication loop and cause-and-effect relationship between major activities and costs. Consequently, it facilitates the reduction or elimination of non-essential activities, ultimately enhancing value, profitability, and productivity. In the contemporary competitive business environment, the efficacy of cost management is critical for the sustainability of profit-making units.

Cost management encompasses the planning and control of a business's budget, constituting a subset of management accounting dedicated to predicting costs and mitigating the risk of overspending. Widely employed for specific projects and general business models, cost management programs aim to identify, collect, classify, and allocate information for planning, control, and decision-making, ensuring optimal costs are maintained.

This discussion delves into various cost management techniques, their advantages, application in project management and accounting, and explores project management goals and recommended course books. The cost management system places significant emphasis on an economic enterprise's activities, a crucial factor in achieving the overarching goal of delivering quality products and services at the lowest possible cost.

Managers pursue diverse organizational goals, including profitability, growth, financial self-sufficiency, cost minimization, market diversification, product quality, environmental responsibility, and social service. Each of these objectives plays a vital role in shaping the strategic direction and success of an organization.

2.2. Factors that affect the reduction of university

2.2.1. costs include targeting university activities

Cost management is a managerial perspective that underscores the significance of measuring and overseeing costs. The text adheres to a conventional structure with a factual and unambiguous title. There are no alterations in content. The logical flow of information is maintained, with causal connections between statements. The text is devoid of grammatical errors, spelling mistakes, and punctuation errors. It revolves around planning and controlling an organization's costs through the systematic gathering, analysis, evaluation, and reporting of cost-related information for various purposes.

The management system is founded on activity-based costing techniques, enabling management to discern the communication loop and cause-and-effect relationship between major activities and costs. This approach aids in reducing or eliminating non-essential activities, ultimately enhancing value, profitability, and productivity. Effective cost management is indispensable for the sustainability of profit-making units in today's competitive business environment.

Cost management entails the planning and control of a business's budget and falls within the realm of management accounting, predicting costs and mitigating the risk of overspending. Businesses commonly employ cost management programs for specific projects and general business models. The objective of cost management is to identify, collect, classify, and allocate information for use in planning, controlling, and decision-making to maintain optimal costs. This discussion covers various cost management techniques, advantages, and its application in project management and accounting. It also addresses project management goals and recommended course books.

3. ORGANIZATION OF HUMAN RESOURCES

Numerous factors, both environmental and organizational, significantly influence the attraction and retention of human resources. Environmental factors encompass economic, social, technological, legal, and regulatory aspects, while organizational factors include employee service, reward systems, and employee development management. Among these, the reward system plays a pivotal role, encompassing both external and internal rewards provided fairly and equitably to acknowledge employees for their contributions. This goes beyond salary increases, extending to non-cash benefits like medical insurance, retirement pensions, and the social and communicative aspects of the work environment, such as supervisors' considerations, job positions, and individual job content in terms of challenges and success.

To effectively plan for human resources, it is imperative to consider the employee success cycle and group employees appropriately. Overspending on pre-service and in-service training, coupled with potential disruptions caused by the influx of new personnel, can significantly escalate overall costs. In the context of this research, the term 'manpower organization' pertains to both the quantitative and qualitative organization of human resources within an organization. This involves strategically transferring employees between departments, implementing early retirement plans to align the workforce, conducting practical in-service training courses for employees and faculty members, assigning specialized tasks, and enhancing welfare facilities to boost employee efficiency and satisfaction. This holistic approach ensures a well-organized and efficient human resources management system.

The mechanization of administrative, financial, educational, and research systems is instrumental in aligning an organization with market standards, fostering development, growth, and excellence. To achieve this, it is crucial to employ robust and widely recognized software planning systems. The prevalence of online programs in the market emphasizes the necessity for organizations to establish an online presence, as failure to do so not only hampers competitiveness but also poses a risk of deviating from organizational goals.

To avoid rework, reduce costs, and minimize resource wastage, organizations should invest in advanced technology, incorporating new methods for producing goods and delivering services. Continuous training for personnel is vital to ensure correct and efficient utilization of this technology. The recommendation is to mechanize systems using valid software and conduct thorough error testing to guarantee accuracy.

While the integration of technology is often associated with downsizing and cost-saving measures, it is noteworthy that many organizations have not reduced their workforce post-implementation of new technology. This phenomenon can be attributed to personnel lacking familiarity with optimal technology usage and resistance to change. Organizations, at times, augment human resources without a comprehensive understanding of the technology and its intended purpose.

3.1. Applying supervision and control

Monitoring and control represent pivotal components of organizational management. Neglecting these aspects not only leaves other management functions like planning, organization, guidance, and leadership incomplete but also jeopardizes the assurance of accuracy. While formulating and organizing an implementation plan, determining leadership and guidance methods, and accurately executing the plan are crucial steps toward achieving program objectives, it's essential to recognize that even precise execution of plan details can veer off course if there's a deviation from the plan's overall direction.

Hence, to ensure proper implementation and adherence to established standards, the incorporation of a monitoring and control process is imperative. Internal audit functions as a review system, evaluating organizational activities and identifying deviations from established standards. Objective assessments of the organization's procedures, compliance with government regulations, financial status, operational profitability, and interdepartmental coordination are essential. These evaluations provide management with comprehensive information about the system, contributing to effective decision-making.

3.2. Downsizing of the university

The size of an organization plays a crucial role in cost escalation, impacting various aspects such as human resources, equipment, and facilities. The growth of an organization directly correlates with an increased demand for resources, equipment, and buildings, resulting in a proportional rise in costs.

To mitigate costs, one strategic approach is downsizing the organization in a rational manner that does not compromise the production of goods and services. This involves eliminating or merging unnecessary jobs, leading to a reduction in human resources and, subsequently, personnel and administrative expenses. This downsizing strategy enables the organization to allocate its capital resources more efficiently, both internally and externally.

In the context of this research, university downsizing is defined as the elimination and integration of redundant jobs and departments, outsourcing university affairs, and consolidating small and medium-sized centers and units into larger and more comprehensive entities.

3.3. Maintaining excellent employees

In order to restore personnel and employees, organizations are forced to bear various costs, such as production reduction, hiring costs, training costs, and lack of manpower. In such cases, the strategy of retaining good employees is used, which is done in the following ways:

- Offer competitive salary and benefits
- Determining the description of the tasks and goals of the organization
- Try to continuously train employees
- Show growth opportunities to employees
- Encourage two-way communication

- Promotion and reward to employees

3.4. Human resource sharing

Small and growing companies can benefit from the allocation of manpower from larger companies, particularly in departments such as sales, customer service, after-sales service, and accounting.

It is important to seek out non-competitive companies that can utilize these services. Using this strategy can help maximize the use of available human resources. Rather than resorting to layoffs and terminations, consider sharing this workforce with other organizations.

3.5. Use of intern

Leveraging interns, students, and part-time employees can offer a cost-effective approach to team staffing, bringing fresh perspectives and enthusiasm to the workplace.

Nevertheless, it is crucial to ensure that interns possess the requisite skills and expertise for their assigned tasks. When planning to incorporate interns, it is essential to design an internship program that is informative and beneficial for them. Steering clear of assigning interns to low-level and routine tasks is advisable. Instead, allocating important and informative tasks maximizes their talents and capabilities, ensuring a mutually beneficial experience.

4. ONLINE FUNCTIONS

4.1. Utilize technologies and tools that are relevant to your business and take full

Capitalizing on technological advancements is paramount. Manual processes that can be automated or semi-automated should be replaced with devices, machines, equipment, and systems. For instance, the manual recording of personnel entry and exit can be upgraded to a fully automated system using a card machine.

To streamline warehouse entry and exit registration, barcodes can be implemented on items, goods, and manufactured products. This technological enhancement not only saves time for warehouse personnel but also eliminates the need to search for identification codes, improving the efficiency of the warehouse software. Following implementation, workforce requirements can be reduced or redirected to other productive tasks. This not only minimizes human errors but also reduces the need for rework, contributing to overall operational efficiency.

4.2. Questionnaire Reliability

Instrument reliability, encompassing validity, accuracy, and reliability, ensures that when a measuring instrument is employed to gauge a variable and attribute under similar conditions in another time or place, consistent results are obtained. In essence, a reliable or valid tool is capable of reproducing the same results.

To assess the reliability of the questionnaire used in this research, the Cronbach's alpha method was employed. This method aids in gauging the internal consistency and reliability of the questionnaire, providing a measure of the instrument's dependability in yielding consistent results across different conditions or instances.

Table1. Reliability of the questionnaire

0.761	Five components
0.853	Overall alpha coefficient

Source: Research results

5. DATA ANALYSIS

The descriptive statistics reveal that 53.3% of the respondents were aged 21-30, 33.3% were aged 31-45, 6.07% were aged 46-60, and 3.3% were older. The statistical population is limited to those aged 60 and below. In terms of

marital status, 60% of the statistical population held a bachelor's degree, 36.7% held a master's degree, and 33.3% held a higher degree.

Table 1. Average targeting on cost reduction

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
limited to do support I see Conference) Hi Internal And Among (international With Approach Increase Interest Veri	3.275	29	0.003	-0.600	-0.97	-0.23
Delete Again work I see And Activity Hi parallel And Without Value added	3.201	29	0.240	-0.300	-0.81	0.21
Delete field Hi Low Advocate	1.410	28	0.169	-0.345	-0.85	0.16
Organizing Possibilities physical University	3.360	27	0.026	-0.536	-1.00	-0.07

The table presents data indicating that limiting support and conferences has an average score of 3.27, signaling a perceived effectiveness in reducing university costs. Moreover, the calculated t-value surpasses the table t-value, and the significance level is below 0.05, providing statistical evidence that limiting support and conferences significantly contributes to reducing university costs.

In the case of eliminating redundancies, parallel activities, and non-value-added activities, the table indicates an average score of 3.200 in reducing university costs. Similarly, the calculated t-value exceeds the table t-value, with a significance level below 0.05, leading to the conclusion that the elimination of university redundancies and parallel activities is effective in reducing costs.

Although the component related to restricting conferences and exhibitions received the highest average score, all examined items within this component scored above average. Cultural activities received the highest score, suggesting that planning and implementing such programs through the university's cultural vice-chancellor, within the cultural budget framework, prove to be efficient. Centralizing cultural activities, as observed in the organization's strategy, strengthens cultural assistantships to avoid dispersing efforts among various authorities, maintaining a centralized approach to cultural activities as done in previous years.

Table 3. Organization of manpower on cost reduction

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Organizing physical facilities of the university	3.360	27	0.026	-0.536	-1.00	-0.07

Table 3 shows that organizing human resources has an average effect of 3.36 in reducing university costs. Additionally, the calculated t-value is greater than the table t-value and the significance level is less than 0.05. Therefore, it can be concluded with 95% confidence that organizing more than the average level has a significant effect on reducing university costs.

Table 4. Comparing the average effect of university downsizing on reducing average costs

	Test Value = 3				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference

					Lower	Upper
Removal and integration of unnecessary tasks and parts of outsourcing university affairs	-3.699	29	0.001	-0.83333	-1.2942	-0.3725
Removal and integration of unnecessary tasks and parts of outsourcing university affairs	0.183	29	0.856	0.03333	-0.3399	0.4065

Table 4 indicates that downsizing the university yields an average cost reduction effect of 3.86. Furthermore, the calculated t-value surpasses the table t-value, and the significance level is below 0.05, leading to the conclusion, with 95% confidence, that downsizing the university has a more significant than average impact on reducing overall university costs.

Within the downsizing component, the item 'elimination and integration of unnecessary tasks and parts' obtained the highest average score. However, it's noteworthy that the average score for all examined items in this downsizing category exceeds the overall average score. Criterion 3 assigns the highest average score to the 'elimination and integration of unnecessary tasks and parts,' underscoring its critical role in downsizing. This emphasizes the pivotal role of an organization's size in determining its expenses, given the direct proportionality of manpower, equipment, and facilities to its size. Consequently, logically downsizing the university to maintain service provision emerges as an effective factor in reducing costs.

Table 5. comparing the average effect of supervision and control on cost reduction

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Greater monitoring of university resource consumption	3.449	29	0.002	-0.80000	-1.2744	-0.3256
Applying credit and budget control systems	4.296	28	0.000	-0.82759	-1.2222	-0.4330
Applying new methods of cost management	4.449	27	0.000	-1.03571	-1.5133	-0.5581
Modifying and improving the process of university purchases at different levels of transactions	5.216	29	0.000	-1.10000	-1.5314	-0.6686
More emphasis on budgeting	2.443	29	0.021	-0.53333	-0.9798	-0.0868
Establishment of internal audit	3.710	29	0.001	-0.86667	-1.3444	-0.3889

The presented table underscores the impact of various strategies on reducing university costs:

1. Increased monitoring of university resource consumption demonstrates a significant effect on cost reduction, with an average score of 3.449. The calculated t-value surpasses the table t-value, indicating statistical significance at a 95% confidence level.
2. Implementing budgetary control and supply systems across all departments exhibits a substantial average cost reduction effect of 4.296. The calculated t-value exceeds the table t-value with a significance level below 0.05, providing strong evidence that implementing these systems at the department level significantly reduces university costs.
3. The application of new cost management methods is associated with a noteworthy average score of 4.449. The analysis suggests a significant impact on reducing university costs.
4. The university's purchasing process, subject to correction and improvement, receives an impressive average score of 5.216 at different transaction levels. The calculated t-value indicates significant impact, surpassing the table t-value.

5. Emphasizing budgeting for cost reduction yields an average score of 2.443. However, the calculated t-value is smaller than the critical t-value, suggesting that an increased emphasis on budgeting does not significantly reduce university costs.
6. Implementing an internal audit for cost reduction, with an average score of 3.71, proves to be significant as the calculated t-value exceeds the critical t-value.

In summary, the findings highlight the effectiveness of various strategies in reducing university costs, with statistical significance observed in most cases.

Upon examining the subjects within the supervision and control component, it is notable that the highest average score was attributed to the subject of reforming and improving university purchases at different transaction levels, denoted by the 'criterion 3 score.' This signifies the significance of managing the university's financial resources. Consequently, the inference can be drawn that effectively managing the financial resources of the university holds more importance than solely focusing on cost reduction. Sound financial management inherently prevents unnecessary expenditures.

It is crucial to recognize auditing and budgeting as control tools in this context. These tools should be wielded effectively to detect deviations by scrutinizing strategic points and analyzing their underlying causes. Immediate corrective actions must be taken to rectify any deviations and bring the university's financial practices in line with previously approved standards and classifications. This proactive approach ensures the adherence to financial benchmarks and safeguards against potential financial discrepancies.

6. FINDINGS AND CONCLUSIONS:

The research findings suggest that, from the perspective of employees, all five factors under investigation have a significant impact on cost reduction in private universities, surpassing the average influence. As a result, each of these factors is considered instrumental in mitigating costs. The study ranks the factors contributing to cost reduction as follows: application and supervision and control, mechanization of administrative, financial, educational, and research systems, targeting university activities, downsizing the university, and organizing human resources. Notably, the application of supervision and control stands out with the highest impact, while organizing human resources is perceived to have the least effect on cost reduction.

The results also highlight that an employee's service record does not influence their opinions on age concerning the degree of influence. However, age does play a role in shaping perspectives on the influence of targeting activities, organizing human resources, and implementing supervision and control for cost reduction in private universities. It's crucial to emphasize that these assessments are objective and grounded in factual evidence.

Targeting university activities serves as a strategic approach to achieving specific objectives while concurrently reducing costs, enhancing efficiency, and optimizing the performance of various departments and groups to mitigate waste. Ensuring a seamless flow of human and material capital, coupled with fostering competitiveness, especially on the international stage, remains pivotal for the university. The prioritization of plans and programs, alongside judicious allocation of financial resources, emerges as a fundamental consideration, given the university's constrained financial resources. Research indicates that many countries consider the reform or transformation of financial resource allocation as a pivotal tool in managing higher education systems and shaping education and research policies.

7. RECOMMENDATIONS

1. Implementation of an internal audit within the financial sector, with increased focus on budgeting and the adoption of financing and budgetary control systems.
2. Mitigation of indifference in the utilization of materials and equipment within the university.
3. Efficient management of transportation and timely resolution of associated issues.

4. Adoption of online education systems as a contemporary teaching method, offering the potential to reduce inventory costs for the university.
5. Application of innovative cost management methods and vigilant monitoring of university resource consumption, ensuring a close check on the outcomes achieved with the resources expended.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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