

Financial Literacy, Government Support, and Fund Management Effectiveness in Buddhist Religious Organizations

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Abstract

Effective financial management is essential for the sustainability and accountability of religious nonprofit organizations. Financial literacy has been widely recognized as a key internal capability for strengthening financial governance. However, empirical evidence on the role of government support as a moderating factor remains inconclusive, particularly in underexplored religious contexts. This study examines the effect of financial literacy on fund management effectiveness in Buddhist religious organizations and investigates whether government support moderates this relationship. Using a quantitative explanatory design, data were collected through a structured questionnaire administered to 150 administrators of Buddhist religious organizations. The data were analyzed using multiple linear regression and moderated regression analysis. The results indicate that financial literacy has a positive and statistically significant effect on fund management effectiveness ($\beta = 0.445$, $p < 0.001$), suggesting that higher financial competence among administrators leads to more effective financial planning, utilization, and reporting. However, government support does not significantly moderate the relationship between financial literacy and fund management effectiveness ($\beta = -0.001$, $p = 0.837$). These findings demonstrate that internal financial capabilities play a more decisive role in determining fund management effectiveness than external institutional support. The study contributes to nonprofit governance literature by clarifying the boundary conditions of government support in religious nonprofit organizations. Practically, the findings suggest that strengthening financial literacy among religious organization administrators represents a more effective strategy for improving financial accountability than reliance on external support alone.

Keywords: *Financial literacy, fund management effectiveness; Buddhist religious organizations; government support; non-profit governance.*

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Introduction

Financial governance has emerged as a central concern in the management of nonprofit and religious organizations, particularly in contexts where accountability to multiple stakeholders is increasingly demanded. Nonprofit organizations are required to demonstrate transparency, efficiency, and effectiveness in managing financial resources to maintain public trust and organizational sustainability (Anheier, 2014; Herman & Renz, 2008). In religious organizations, these demands are amplified by the moral expectations attached to faith-based missions, where financial mismanagement can undermine both organizational legitimacy and community confidence (Ebaugh et al., 2006).

Despite the growing scholarly attention to financial governance in nonprofit organizations, empirical research on religious organizations remains disproportionately concentrated on Islamic and Christian institutions (Rinaldi & Devi, 2022; Njobvu et al., 2020). Buddhist religious organizations, which constitute an important segment of faith-based nonprofits in Indonesia, have received minimal academic scrutiny regarding their financial management practices. This gap is particularly significant given that Buddhist organizations manage substantial financial resources derived from congregational donations, government assistance, and community contributions. The absence of systematic empirical evidence on how these organizations govern their finances limits both theoretical development and practical policy formulation. Moreover, while studies in other religious contexts have established the importance of financial literacy for organizational effectiveness, the applicability of these findings to Buddhist organizational settings remains untested. This contextual limitation in the existing literature provides a compelling rationale for investigating the determinants of fund management effectiveness specifically within Buddhist religious organizations in Indonesia.

Financial literacy represents a critical internal capacity that shapes how organizations plan, allocate, control, and report financial resources. Financial literacy is commonly understood as a combination of knowledge, skills, attitudes, and behaviors that enable effective financial decision-making (Huston, 2010; Lusardi & Mitchell, 2014). Although early studies conceptualized financial literacy primarily at the individual level, subsequent research has extended this framework to organizational contexts, emphasizing its relevance for institutional governance and performance (Kong, 2008). Within nonprofit organizations, limited financial literacy among administrators has been associated with weak budgeting practices, inadequate financial controls, and low reporting quality, all of which constrain organizational effectiveness (Keating & Frumkin, 2003).

Empirical evidence from faith-based and nonprofit settings consistently indicates that financial literacy contributes positively to fund management effectiveness. Studies on Islamic philanthropic institutions demonstrate that administrators' financial literacy enhances fund collection, allocation efficiency, and transparency (Rinaldi & Devi, 2022). Similar patterns have been observed in Christian religious organizations, where financial literacy among treasurers improves compliance with procedures and reporting accuracy (Njobvu et al., 2020). Research in broader nonprofit contexts further supports the argument that financial competence strengthens planning, control mechanisms, and accountability systems (Stuhlinger, 2022). However, this body of literature remains heavily concentrated on Islamic and Christian organizations, leaving other religious traditions substantially underrepresented.

In Indonesia, religious organizations operate within a distinctive institutional framework characterized by close administrative oversight from the Ministry of Religious Affairs. Government agencies provide various forms of support to religious and social organizations, including regulatory guidance, financial assistance, facilities, and capacity-building programs (Albagieh, 2022). From a government-nonprofit relations perspective, such support is expected to enhance organizational effectiveness by complementing internal capabilities and reducing administrative barriers (Renz et al., 2023). Empirical studies in Indonesian nonprofit settings suggest that government support can improve program management and financial effectiveness when regulatory clarity and institutional facilitation are present (Purnama et al., 2021).

Despite these theoretical expectations, the interaction between internal organizational capacity and external government support remains empirically ambiguous. While several studies document the direct effects of financial literacy and government assistance independently, few examine whether government support strengthens or conditions the impact of financial literacy on fund management effectiveness (Baron & Kenny, 1986). Existing research largely treats government support as a standalone predictor rather than a contextual factor that may modify internal capability-performance relationships. This limitation restricts understanding of how public interventions function in practice within religious nonprofit organizations.

Buddhist religious organizations represent a particularly underexplored context in this literature. Although these organizations manage financial resources derived from congregational donations and public assistance, scholarly attention to their financial governance remains limited. The existing references in this article provide strong evidence regarding nonprofit and faith-based organizations in general. However, the literature cited does not yet offer empirical

studies specifically addressing Buddhist religious organizations in Indonesia, indicating a clear contextual gap that cannot be fully addressed by existing sources alone.

Given these limitations, this study focuses on examining the relationship between financial literacy and fund management effectiveness in Buddhist religious organizations, while also assessing the role of government support. Drawing on financial literacy theory and government-nonprofit relations frameworks (Lusardi & Mitchell, 2014; Salamon & Toepler, 2015), this research seeks to contribute empirical insights to a neglected organizational context. By situating Buddhist religious organizations within established nonprofit governance debates, the study aims to extend existing theoretical applications while acknowledging the constraints imposed by the current state of the literature.

Literature Review

Financial Literacy in Nonprofit and Religious Organizations

Financial literacy is widely conceptualized as a combination of financial knowledge, skills, and attitudes that enable effective financial decision-making (Huston, 2010). In organizational contexts, particularly within nonprofit and religious institutions, financial literacy represents a critical internal capability that supports budgeting accuracy, financial planning, internal control systems, and accountability mechanisms (Anheier, 2014; Herman & Renz, 2008). Prior studies indicate that limited financial literacy among nonprofit administrators is often associated with weak financial governance, inadequate reporting practices, and inefficient use of organizational resources (Keating & Frumkin, 2003). Within faith-based organizations, financial literacy assumes additional importance due to the moral and ethical expectations attached to religious missions. Empirical evidence from religious nonprofit settings demonstrates that higher levels of financial literacy among administrators contribute to improved transparency, compliance with financial procedures, and effective fund utilization (Tabirih, 2024). Similar findings have been reported in broader nonprofit sectors, where financial competence strengthens organizational capacity to manage donor funds responsibly and sustain program outcomes (Ilyas et al., 2020). Collectively, this body of literature supports the proposition that financial literacy functions as a foundational internal resource for enhancing fund management effectiveness.

Fund Management Effectiveness in Nonprofit Organizations

Fund management effectiveness in nonprofit organizations refers to the extent to which financial resources are planned, allocated, monitored, and reported in alignment with organizational objectives and accountability standards (Steiss, 2019). Effective financial management encompasses budgeting discipline, transparent reporting, internal control systems, and the ability to balance mission fulfillment with financial sustainability (Anheier, 2014). In religious organizations, effective fund management is particularly salient, as financial mismanagement can erode trust among congregants and undermine organizational legitimacy. Previous studies suggest that internal managerial capacities, including financial literacy, play a more decisive role in determining fund management effectiveness than structural or environmental factors alone (Keating & Frumkin, 2003). However, while these studies establish a strong direct relationship between internal capabilities and financial outcomes, they provide limited insight into how external institutional factors interact with internal capacities in shaping financial performance.

Government Support and Nonprofit Organizational Performance

Government support has been extensively discussed within nonprofit governance literature as an external resource that can enhance organizational capacity and legitimacy (Salamon, 1987; Salamon & Toepler, 2015). Such support may take the form of regulatory facilitation, financial assistance, technical guidance, or capacity-building programs, particularly in countries where religious organizations operate under formal state oversight. In theory, government support is expected to complement internal organizational resources and improve overall performance. Empirical findings regarding the effectiveness of government support, however, remain mixed. Some studies suggest that government involvement can enhance organizational effectiveness by

reducing administrative uncertainty and providing access to resources (Purnama et al., 2021). Other studies caution that government support may be largely procedural or compliance-oriented, offering limited substantive impact on internal managerial practices (Perlman et al., 2023). In such cases, government support may influence organizational outcomes directly, without necessarily strengthening the effects of internal capabilities such as financial literacy.

Government Support as a Contextual, Not Always Moderating, Factor

Nonprofit governance literature increasingly recognizes that external support does not automatically function as a moderating mechanism between internal capacities and organizational performance. While government support may improve baseline organizational conditions, its influence on the relationship between internal capabilities and outcomes depends on factors such as the form of support, implementation quality, and organizational readiness (Keramati et al., 2018). When government assistance focuses primarily on regulatory compliance or administrative reporting, its capacity to amplify the effects of financial literacy on fund management effectiveness may be limited. Moreover, in religious nonprofit contexts, strong internal norms, doctrinal governance structures, and volunteer-based management systems may reduce the extent to which external government interventions interact with internal financial competencies. As a result, financial literacy may exert a robust direct effect on fund management effectiveness, while government support operates independently rather than interactively. This perspective suggests that the absence of a moderating effect does not indicate the irrelevance of government support, but rather reflects its contextual and non-substitutive role.

Synthesis and Research Gap

The literature reviewed indicates that financial literacy is a well-established determinant of effective fund management in nonprofit and religious organizations. Government support, while potentially beneficial, exhibits variable effects that are highly contingent on institutional context and mode of implementation. Notably, existing studies rarely examine government support as a conditional factor that interacts with internal financial capabilities, particularly within Buddhist religious organizations. The current literature therefore provides limited guidance on whether government support strengthens, weakens, or remains independent of the relationship between financial literacy and fund management effectiveness. This gap underscores the relevance of empirically examining both the direct role of financial literacy and the contextual role of government support within Buddhist religious organizations. By positioning government support as a potential but not guaranteed moderating factor, the present study aligns its theoretical framework with the possibility of both significant and non-significant moderation outcomes.

Method

This study employed a quantitative explanatory research design with a cross-sectional survey approach to examine the effect of financial literacy on fund management effectiveness and to assess the moderating role of government support. The population consisted of administrators and financial officers of Buddhist religious organizations, with the individual administrator serving as the unit of analysis. Using purposive sampling, 150 respondents were selected based on the following criteria: holding a formal role within the organization, having direct involvement or adequate knowledge of financial management processes, and possessing at least one year of organizational experience. Primary data were collected through a structured questionnaire administered directly and online, with all measurement items rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Financial literacy was measured as respondents' ability to understand, plan, control, and report organizational financial activities, with indicators reflecting budgeting competence, financial record-keeping, cash flow management, and reporting accuracy (Huston, 2010). Fund management effectiveness referred to the extent to which organizational funds were planned, utilized, monitored, and reported transparently in accordance with organizational objectives, with indicators including efficiency of fund allocation, transparency of financial reporting, and

accountability mechanisms (Herman & Renz, 2008). Government support was operationalized as respondents' perceptions of regulatory, administrative, and facilitative support provided by government institutions (Salamon & Toepler, 2015). Data were analyzed using multiple linear regression to test the direct effect and moderated regression analysis (MRA) to examine the interaction effect, following the procedures outlined by Baron and Kenny (1986) and Aiken and West (1991). Prior to hypothesis testing, classical assumption tests including normality, multicollinearity, and heteroscedasticity were conducted to ensure the robustness of the regression model.

Result and Discussions

Results

Table 1 presents the descriptive statistics of the study variables. Overall, the mean values indicate that respondents perceived their level of financial literacy and fund management effectiveness as relatively high, while perceptions of government support were moderate. The standard deviation values suggest an acceptable level of response variability, indicating that the data are suitable for further inferential analysis.

Table 1. Descriptive Statistics

<i>Variable</i>	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>SD</i>
Financial Literacy (X)	150	25.00	72.00	50.38	10.61
Fund Management Effectiveness (Y)	150	25.00	85.00	58.21	12.87
Government Support (Z)	150	22.00	84.00	54.32	14.21

Prior to hypothesis testing, correlation analysis was conducted to examine the bivariate relationships among the variables. As shown in Table 2, financial literacy is positively correlated with fund management effectiveness, while government support also shows a positive but weaker correlation. None of the correlation coefficients exceed the recommended threshold, indicating the absence of multicollinearity concerns.

Table 2. Correlation Matrix

<i>Variable</i>	<i>1</i>	<i>2</i>	<i>3</i>
1. Financial Literacy (X)	1		
2. Fund Management Effectiveness (Y)	0.367**	1	
3. Government Support (Z)	0.427**	0.440**	1

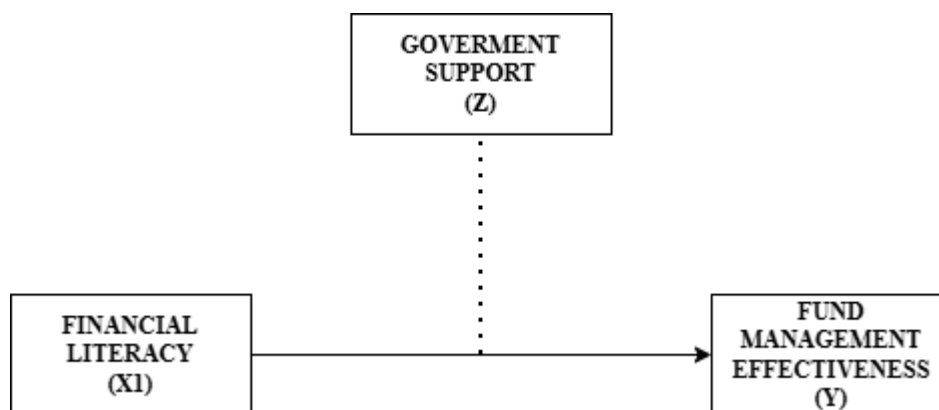
Note: ** $p < 0.01$

To test the research hypotheses, multiple regression analysis and moderated regression analysis were conducted. The results are summarized in Table 3. Financial literacy has a positive and statistically significant effect on fund management effectiveness ($\beta = 0.367$, $p < 0.05$), supporting the first hypothesis. In contrast, the interaction term between financial literacy and government support is not statistically significant, indicating that government support does not moderate the relationship between financial literacy and fund management effectiveness.

Table 3. Regression and Moderation Results

<i>Variable</i>	<i>Model 1 (Direct)</i>			<i>Model 2 (Moderation)</i>		
	B	t	Sig.	B	t	Sig.
Constant	35.792	7.493	0.000	58.290	57.492	0.000
Financial Literacy (X)	0.445	4.795	0.000***	0.267	2.739	0.007**
Government Support (Z)	—	—	—	0.314	4.322	0.000***
Interaction (X × Z)	—	—	—	-0.001	-0.207	0.837
R ²	0.134			0.233		
Adjusted R ²	0.129			0.217		
F-statistic	22.991***			14.756***		
ΔR ²	—			0.001 (ns)		

To enhance conceptual clarity, Figure 1 illustrates the research framework examined in this study, depicting the direct effect of financial literacy on fund management effectiveness and the proposed moderating role of government support.

Figure 1. Conceptual Framework of the Study

Discussion

The results demonstrate that financial literacy significantly enhances fund management effectiveness in Buddhist religious organizations. This finding reinforces the argument that internal managerial capabilities play a central role in ensuring effective financial governance. Administrators with higher financial literacy are better equipped to plan budgets, maintain accurate records, and implement accountability mechanisms, which directly improve fund management outcomes (Huston, 2010; Herman & Renz, 2008).

Consistent with prior empirical studies in nonprofit and faith-based contexts, the findings confirm that financial competence among organizational administrators contributes to transparency and efficiency in managing donated funds (Njobvu et al., 2020). By extending this relationship to Buddhist religious organizations, the study addresses a contextual gap in the nonprofit governance literature.

However, the results reported in Table 3 indicate that government support does not significantly moderate the relationship between financial literacy and fund management effectiveness. This suggests that while government support may provide structural or administrative assistance, it does not necessarily amplify the impact of internal financial

capabilities. This finding aligns with nonprofit governance perspectives that conceptualize government support as a contextual or enabling factor rather than an interactive mechanism (Salamon & Toepler, 2015).

Several explanations may account for the non-significant moderating effect. Government support in religious nonprofit settings often emphasizes regulatory compliance and administrative reporting, which may not directly influence how financial literacy is applied in daily financial decision-making processes. Additionally, strong internal norms and governance structures within religious organizations may limit the extent to which external interventions interact with internal competencies (Bryman, 2016).

The absence of a moderating effect does not diminish the relevance of government support. Instead, it suggests that financial literacy exerts a robust direct influence on fund management effectiveness, while government support operates through independent or structural pathways. This interpretation positions the findings as a boundary-testing contribution, clarifying the conditions under which external support influences nonprofit financial governance.

Conclusion

This study examined the effect of financial literacy on fund management effectiveness in Buddhist religious organizations and assessed the moderating role of government support. The findings demonstrate that financial literacy significantly enhances fund management effectiveness, confirming the central role of internal managerial capabilities in ensuring accountable and efficient financial governance within religious nonprofit organizations.

In contrast, the study finds that government support does not significantly moderate the relationship between financial literacy and fund management effectiveness. This result indicates that while government support may contribute to organizational operations through regulatory or administrative pathways, it does not necessarily strengthen the impact of internal financial competencies. Rather than functioning as an interactive mechanism, government support appears to operate as a contextual factor whose influence is largely independent of administrators' financial literacy.

These findings contribute to the nonprofit governance literature by clarifying the boundary conditions of external institutional support. The results suggest that strengthening internal capacities, particularly financial literacy, remains a more decisive strategy for improving fund management effectiveness than reliance on external assistance alone. By focusing on Buddhist religious organizations, this study also extends existing empirical research to an underexplored religious context, thereby enriching the diversity of nonprofit organizational studies.

From a practical perspective, the findings imply that capacity-building initiatives aimed at enhancing financial literacy among religious organization administrators may yield substantial improvements in financial management outcomes. Government institutions may consider complementing regulatory and administrative support with targeted financial training programs to better support the sustainability and accountability of religious nonprofit organizations.

Despite its contributions, this study is subject to certain limitations. The use of a cross-sectional design restricts causal inference, and the reliance on self-reported data may introduce perceptual bias. Future research may employ longitudinal designs, qualitative approaches, or comparative analyses across different religious organizations to further explore how internal capabilities and external institutional factors interact in shaping nonprofit financial governance.

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