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Exploring the Optimization Pathways of University Budget Performance Management: A Case Study of D University

Xinyu Cheng *

Dalian University, Dalian Liaoning, 116622, China

*** Corresponding author:** Xinyu Cheng

Abstract: In response to the policy directives of the Party and the state, and in pursuit of the "Double First-Class" initiative and high-quality connotative development, universities are required to implement and optimize budget performance management. However, influenced by both internal and external factors, universities still encounter numerous challenges in the implementation of budget performance management. Targeting these entrenched issues, D University has proposed pathways for optimizing budget performance management. These include promoting interdepartmental collaboration to enhance awareness of budget performance management, establishing and improving evaluation indicator systems in line with the actual development goals of each department, optimizing the overall budget process to perfect the budget performance management mechanism, and accurately clarifying the differences and intrinsic connections between "budget performance management" and "performance management." These measures aim to provide a reference model for the optimization of university budget performance management and to assist other universities in enhancing their budget performance management levels.

Keywords: Universities; Budget Performance; Performance Management; Performance Optimization.

1. Introduction

In 2018, the Central Committee of the Communist Party of China and the State Council jointly issued the "Opinions on Comprehensively Implementing Budget Performance Management," which clearly pointed out that China's economy has shifted from a stage of high-speed growth to a stage of high-quality development. The country is currently at a critical period of transforming development modes, optimizing economic structures, and converting growth drivers [1]. Against this backdrop, the comprehensive implementation of budget performance management is regarded as a key measure and an important breakthrough for solving prominent problems in performance management. In 2019, the Ministry of Education issued the "Opinions on Comprehensively Implementing Budget Performance Management," explicitly stating the need to optimize the allocation of educational resources and improve the efficiency of educational funding utilization[2]. In 2022, the Ministry of Finance promulgated the "Financial System for Institutions of Higher Learning," which stipulates in Chapter 1, Article 4 that the main task of university financial management is to scientifically compile the university budget, strictly implement budget regulations, comprehensively and accurately compile the university's final accounts report, truthfully reflect the actual situation of budget execution, and comprehensively implement performance management to enhance the efficiency of fund utilization[3]. Moreover, Articles 13 and 20 of Chapter 3 explicitly require that university budget compilation should follow the principle of "living within one's means and maintaining a balance between income and expenditure," and that budget performance management should be comprehensively strengthened to improve the efficiency of fund utilization.

The traditional budget model, which focuses on resource allocation while neglecting the refined management of budget execution processes and the systematic evaluation of budget execution outcomes, has led to insufficient fund utilization efficiency. This model is no longer suitable for the current development needs of university budget management. Therefore, implementing scientific and efficient budget performance management is an inevitable requirement for university development and reform. In recent years, the construction of "Double First-Class" universities has become an important goal for higher education institutions. Budget performance management can effectively enhance the efficiency and benefits of university fund utilization, ensuring that limited resources are precisely allocated to key areas of "Double First-Class" construction, such as key discipline development, faculty optimization, and scientific research innovation. This provides strong financial support and scientific management backing for the "Double First-Class" initiative. Consequently, many universities have gradually begun to rectify their budget performance management[4]. This is not only an intrinsic demand for universities to achieve refined and scientific management but also a key guarantee for enhancing the scientific management level of universities and promoting their healthy and sustainable development capabilities.

D University, as a large-scale, comprehensive public undergraduate institution with distinct educational characteristics in D City, covers multiple disciplines and holds a certain representativeness within the regional higher education system. This paper targets the existing problems of D University, such as weak awareness of budget performance management, imperfect evaluation indicator settings, an incomplete performance management mechanism, and confusion between the concepts of "budget performance management" and "performance management," and proposes corresponding solutions to assist universities in optimizing their budget performance management and provide references for other universities to improve their budget performance management levels.

2. Current Status and Issues in University Budget Management

(1) Characteristics of Universities Increase the Difficulty of Budget Performance Management

On the one hand, with the continuous development of higher education, the scale of university operations has been expanding, the forms of education have become more diversified, and the internal organizational structure has become increasingly complex. Taking D University as an example, as a comprehensive university, it has multiple colleges and different types of institutions under its umbrella. These colleges and institutions have significant differences in disciplinary positioning, functional division of labor, and scope of business. This diversity determines that it is difficult for universities to adopt a single, unified model for budget performance management.

On the other hand, universities have not yet established a dedicated performance management department, and there is a lack of professional performance management personnel. As a result, some departments directly apply project performance goals and indicators in the performance management process, simply stacking the performance goals and indicators of all projects for evaluation. This approach fails to accurately reflect the university's strategic development plan. In addition, some department leaders have a weak awareness of performance rectification, which can easily lead to a formalistic approach to performance management[4].

Furthermore, under the current higher education financial support system, university financial appropriations generally adopt a model combining "per-student funding and special funds," while performance-based funding has not yet been widely implemented. Under this funding model, the results of budget performance evaluation have not fully played their role in the allocation of educational resources. This situation has led to a certain degree of overemphasis by the university's decision-making and management layers on the expansion of the scale of operations and funding, while paying insufficient attention to the improvement of educational quality, level of education, and fund utilization efficiency. The focus on the outcomes of fund investment is also relatively low.

(2) Weak Awareness of Budget Performance Management among Departments

University budget performance management is a budget management approach oriented towards performance, aiming to optimize resource allocation, improve fund utilization efficiency, and promote high-quality university development through scientific and rational budget compilation, execution, monitoring, and evaluation. Under the influence of traditional budget concepts, the performance-oriented budget management philosophy in universities still needs to be strengthened[5][6]. Some units within universities have a cognitive bias, regarding budget performance management as the exclusive responsibility of the finance department and attributing the responsibility for budget performance evaluation to the finance and human resources departments. They believe that this work is not strongly related to their own departments and only need to participate in the scoring of performance indicators. This perception leads to a lack of necessary enthusiasm and initiative among relevant units in budget performance management. In addition, due to the absence of medium and long-term budget planning, budget projects are often prepared in a cursory and simplistic manner in the early stages, lacking a scientific and rigorous estimation process. Typically, departments only start preparing projects hastily close to the budget compilation declaration. This situation leads to a significant degree of formalism in performance management, which negatively impacts the scientificity and rationality of budget compilation and weakens the strategic value inherent in performance orientation[7].

(3) Budget Performance Evaluation Indicators Need Optimization

At present, universities are still in the initial exploration and improvement stage of building a comprehensive budget performance evaluation indicator system. Currently, performance evaluation work has only been carried out for special fiscal funds. In the construction of the indicator system, the first-level indicators cover dimensions such as output, effectiveness, and satisfaction; the second-level indicators include elements such as cost, quantity, quality, social benefits, economic benefits, sustainable impact, and service object satisfaction; as for the third-level indicators, they are set by each university, comprising both common and specific indicators (taking the annual performance indicators of D University as an example). However, this indicator system has exposed many problems in practical application:

Firstly, these indicators are relatively broad and vague, and they cannot be fully applicable to all departments and colleges within the university. Secondly, the special attributes of the education industry increase the complexity of overall performance indicator setting. The achievements obtained by universities in the current year may be the result of resource investment from previous years, and the current investment may take a considerable amount of time to show its benefits[7]. Thirdly, there are many qualitative third-level indicators, and the degrees of "effectiveness," "effective promotion," and "general conformity" are difficult to accurately measure and judge. Fourthly, there are few non-financial indicators, and there is a lack of quantitative indicators that are closely related to college-related teaching goals such as "discipline construction," "scientificd research," "talent cultivation," and "faculty team building." Fifthly, the scope of budget performance evaluation implementation is limited. Although budget performance evaluation has been carried out in the mid-term and final account stages, it has not yet formed a systematic and continuous monitoring and evaluation mechanism covering the entire process of budget compilation, execution, adjustment, and final accounts.

(4) Incomplete Budget Performance Management Mechanism

On the one hand, during the budget compilation process, some universities often use the budget amount of similar projects from the previous year without fully combining the actual situation of the current year to conduct in-depth research, resulting in insufficient comprehensiveness and accuracy of budget compilation[6]. On the other hand, there is a "disconnection" phenomenon between the university's overall budget and the sub-budgets of subordinate departments. The overall university budget focuses on macro planning and resource allocation, while the university management also tends to pay more attention to the execution of the overall university budget. The sub-budgets of subordinate departments, on the other hand, focus on specific business needs. There may be differences between the two in terms of target setting, resource allocation, execution progress, and performance evaluation standards. This "disconnection" not only weakens the scientificity and effectiveness of university budget management but also may lead to delays in budget execution progress and reduced fund utilization efficiency. In addition, the core goal of implementing budget performance management is to apply the performance evaluation results to the resource allocation and budget compilation of subsequent budget years[8]. At present, the application of budget performance evaluation results has not reached the expected effect, and a mechanism that closely links budget performance evaluation results with budget arrangements has not yet been established. The connection between performance evaluation results and the budget compilation of the next year is not tight enough. Under this influence, some projects with low self-evaluation scores still receive financial support, and in cases of slow budget execution progress, they continue to apply for new projects, leading to a large amount of idle and wasted funds.

(5) Confusion between the Concepts of "Budget Performance Management" and "Performance Management"

From the perspective of management science, performance can be understood as a comprehensive system constructed by universities in multiple dimensions, including resource input, output results, and educational processes. This system not only covers the input of various resources such as human, financial, material, and time resources but also reflects the output results in terms of the quantity, quality, and effectiveness of work tasks. It reflects the organic combination of the external performance and internal quality improvement of universities and is an important manifestation of the overall development level of universities[9]. The core of university performance management lies in analyzing resource input and output to comprehensively consider the efficiency of resource utilization and the degree of disciplinary development in universities. It involves aspects such as target setting, information collection, performance evaluation, and continuous optimization and is closely related to the functional positioning and strategic planning of universities. Budget performance management, on the other hand, focuses on performance management practices centered around budget activities. It builds a full-process budget management model led by performance targets, supported by performance monitoring, implemented through performance evaluation, and centered on the application of evaluation results. University budget performance management is regarded as a specific application model of performance management within the financial realm of universities. It emphasizes strict and detailed control over fund utilization efficiency in the entire process of budget compilation, execution, and monitoring to ensure that fund utilization meets the developmental needs of universities and achieves maximum benefits.

In summary, there are significant differences between "budget performance management" and "performance management" in terms of management scope and objects of action. In China, budget performance management is relatively new and has a short history, especially in the field of higher education. Under this background, there is a certain degree of confusion among university personnel regarding these two different management concepts. This confusion has led to many adverse effects, causing university managers to have cognitive biases in their actual work. They often expect to solve all performance management problems through budget performance management, which leads to short-sighted behavior in budget management and is not conducive to the long-term and stable development of universities.

3. Optimization Pathways for University Budget Performance Management

(1) Promoting Interdepartmental Collaboration to Enhance Awareness of Budget Performance Management

Firstly, establish a working group with the main leaders of each college serving as group leaders and the heads of various functional departments and business units as members. Efforts should be made to create a favorable working environment where the university leadership attaches great importance and provides strong support, and all participating units actively engage. At the same time, the project's principal department should be responsible for managing and supervising the budget performance of its project funds, while the audit department should carry out regulatory work in parallel. Business departments are responsible for specific implementation tasks, forming a complete working structure. Secondly, promote the synchronized development of budget allocation and performance assessment. During the financial department's review of functional department budget applications, various factors such as the basis for budget project applications, institutional development plans, and current major policy orientations should be comprehensively considered. A pre-performance assessment of budget application projects should be conducted, focusing on key dimensions such as whether the project is necessary, whether the performance targets are reasonable, and whether the implementation plan is feasible. The assessment results should serve as a prerequisite for budget applications and a key reference for budget allocation. Thirdly, each department should be required to formulate medium and long-term budget plans, clarifying strategic goals and key projects for the next 3-5 years to ensure the foresight and continuity of budget compilation.

(2) Establishing and Improving Evaluation Indicator Systems in Line with Actual Development Goals of Each Department

Firstly, starting from the refinement of the indicator system, expand the evaluation indicator dimensions. Combining the functional characteristics and business needs of various departments and colleges within the university, adjust the existing broad and vague first and second-level indicators. At the same time, extend the indicator system, which was originally limited to budget completion, to multiple dimensions such as scientific research output, teaching quality, talent cultivation, academic exchanges, and faculty development. It is also necessary to optimize the setting of third-level indicators, increase the proportion of quantitative indicators, especially those closely related to core teaching goals such as discipline construction, scientific research, talent cultivation, and faculty team building, to enhance the measurability and objectivity of the evaluation system[10][11].

Secondly, in response to the lagging nature of input and output in the education industry, establish a long-term tracking mechanism to monitor the input and output of major projects across years. Combine short-term performance with long-term benefits to more comprehensively assess the value and impact of projects. In addition, improve the full-process monitoring mechanism for budget performance evaluation. Instead of only conducting monitoring in the mid-term, set key nodes for dynamic monitoring and timely feedback during budget compilation, execution, and final account stages to ensure that budget performance management runs through the entire budget management process, thereby improving the efficiency of budget fund utilization and promoting high-quality university development[12].

(3) Optimizing the Overall Budget Process to Perfect the Budget Performance Management Mechanism

Firstly, starting from the source of budget compilation, establish a budget compilation process based on scientific research and detailed estimation. Universities should abandon the practice of simply using the budget amount from the previous year and instead conduct in-depth research and data analysis. By combining the university's development strategy with the actual needs of various departments and colleges, a more complete and refined budget plan can be formulated. Universities may set up a dedicated budget compilation team, involving financial, business departments, and experts from relevant fields to ensure the scientificity and rationality of budget compilation. At the same time, it is necessary to strengthen the training of budget compilation personnel, enhance their professional quality and business capabilities, and enable them to accurately grasp the requirements of budget compilation, providing a solid talent guarantee for budget compilation.

Secondly, to address the "disconnection" phenomenon between the university's overall budget and the sub-budgets of subordinate departments, it is necessary to build an integrated budget management system to strengthen the overall coordination of budget management. University management should regard the sub-budgets of subordinate departments and the overall university budget as an organic whole, ensuring consistency and synergy in their compilation, execution, and adjustment processes. On the one hand, it is important to strengthen communication and collaboration with financial departments to ensure that departmental budgets fully reflect the university's actual needs and integrate departmental budget requirements into the overall university budget's compilation and execution, avoiding the disconnection in budget management. On the other hand, a dynamic monitoring mechanism for budget execution should be established to track the execution of both the overall university budget and the sub-budgets of subordinate departments in real-time. Timely identification and resolution of issues in budget execution can prevent delays in budget execution progress and low fund utilization efficiency. Combining big data and information platform construction, real-time monitoring of projects in various business departments can be achieved. If a project's execution progress is slow, the system platform will issue an early warning to ensure the refinement of budget performance management work[13][14][15]. In addition, universities should regularly analyze and summarize budget execution, adjust budget arrangements in a timely manner, and ensure the rational use and efficient operation of budget funds.

Furthermore, to ensure that budget performance management can effectively play its role, it is necessary to establish and improve a mechanism that closely links budget performance evaluation results with budget arrangements. Universities should use performance evaluation results as an important basis for budget fund allocation. For projects with low performance evaluation scores, strict restrictions on financial support should be imposed to avoid idle and wasted funds. At the same time, a linkage mechanism between budget execution progress and budget application should be established. For departments or projects with slow budget execution progress, restrictions on applying for new projects should be imposed to ensure the efficient use of budget funds. In addition, universities should strengthen the application of budget performance evaluation results, incorporating them into the performance assessment systems of departments and colleges to form an incentive and constraint mechanism. This will encourage departments and colleges to pay attention to budget performance management and improve the efficiency of budget fund utilization [10][12].

(4) Accurately Clarifying the Differences and Intrinsic Connections between "Budget Performance Management" and "Performance Management"

Firstly, universities should build a well-structured management system, positioning "performance management" as the top-level framework. Based on the university's strategic planning and functional positioning, overall performance targets should be set, covering multiple dimensions such as discipline construction, talent cultivation, scientific research, and social services. Through information collection, performance assessment, and continuous improvement, the university's overall strategic goals can be achieved. Under this framework, "budget performance management" should serve as a key support, focusing on budget compilation, execution, and monitoring. With performance targets as the guide, it ensures the efficient matching of fund input and output, providing solid financial support for "performance management." At the same time, a linkage mechanism between the two should be established, allowing the results of budget performance management to feed back into the decision-making layer of performance management, providing reference for strategic adjustments. This avoids the one-sided view of budget management as the ultimate goal and corrects short-sighted behavior in budget management.

Secondly, universities should strengthen the scientificity and rationality of strategic decision-making, avoiding the misconception that budget performance management can solve all problems. In the strategic decision-making process, full consideration should be given to the university's long-term development goals, disciplinary construction needs, and social service functions to ensure the scientificity and foresight of strategic decisions. By accurately grasping the differences and connections between "budget performance management" and "performance management," universities can effectively avoid short-sighted behavior in budget management, enhance overall management efficiency, and promote high-quality development of various departments[9].

4. Conclusion

University budget performance management is a systematic project. It is not only an intrinsic demand for the internal governance structure and budget management system reform of universities but also runs through the entire cycle of university budget compilation, execution, monitoring, and evaluation. This management mechanism plays an indispensable role in improving fund utilization efficiency, optimizing resource allocation, and promoting high-quality university development. Through the analysis of the current status of budget performance management at D University, this paper reveals many existing problems in the field of university budget performance management and proposes a series of improvement strategies, including establishing a collaborative working mechanism, refining the evaluation indicator system, optimizing the budget management process, and clarifying management concepts, with the aim of comprehensively enhancing the level of university budget performance management. The implementation of these measures will provide solid financial support for the "Double First-Class" construction of universities and offer beneficial references for other universities in reforming budget performance management. Looking ahead, D University should continue to pay attention to the latest developments in budget performance management, combine its actual situation, and continuously optimize the management mechanism to meet the requirements of the new era of higher education development and promote healthy and sustainable university development.

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