



2528-9705



ROLE OF FINANCIAL MANAGEMENT SKILLS OF PRINCIPALS IN UTILIZATION OF FUNDS AND IMPLEMENTATION OF FINANCIAL POLICY AT SECONDARY SCHOOL LEVEL

Bushra BIBI^{1*}, Iftikhar AHMAD BAIG², Namra MUNIR³

¹ PhD scholar Department of Education, University of Lahore, Punjab Pakistan.

² Professor, Department of Education, University of Lahore, Punjab Pakistan.

³ Assistant Professor, Department of Education, University of Lahore, Punjab Pakistan.

***Corresponding Author:**

Email: bushra.rehmat1122 @ gmail.com

ABSTRACT

The study has investigated the need of financial management skills for principals for utilization of funds and implementation of financial policy in schools. Three research questions and two null hypotheses were designed for the study. Population of the study was 382 male, 392 female higher secondary schools, 3489 male and 3209 female secondary schools of Punjab, 144 school principals, 72 from urban areas and 72 from rural areas were selected considering all 36 districts of Punjab. Simple random sampling technique was used to select 144 school principals for the study. Descriptive survey method was adopted. A questionnaire was used as instrument to collect data, and mean and standard deviation was used to analyze the data with t-test statistic to test the hypothesis at 0.05 significance level. It was revealed in findings that school principals need to have financial management skills for utilization of funds and implementation of school financial policy. Recommendations on the basis of findings were pointed out as the Government should organize training workshops, conferences and seminars to enhance the knowledge of school principals about financial management skills.

Keywords: *Financial management, implementation, auditing, budgeting.*

INTRODUCTION

It is beyond doubts that education system of a country is the blue print of its economy. In recent decades, it has been emphasized that education is the foundation of social, economic, political and cultural development in every society (Alimohammadi, et al., 2017). Education system works as back bone of progress in a state because for a good governance of a country it is only education which can follow good health and provision of justice. World is making progress as fast as the light travels towards land and to meet the 21st century standards of education it is considered necessary to spend more on education for getting good results in increasing the enrolment and acquiring quality education. And, today, the educational systems of all the countries in the world are in search of new models, approaches and concepts (Rakishava, et al., 2018). To develop a viable youth, a certain system of measures and actions of society is necessary to organize the appropriate conditions for the growth and development of the individual. At all times, this role was played by education (Shutenko et al., 2017).

Government is taking it serious to achieve the high goals regarding quality education. Federal government and local authorities allocate huge amount during the financial year in annual budget. Need of NGOs, local stakeholders, and donors cannot be overlooked because a country like Pakistan is not more independent in financial spending being an under developing country and education is an expensive social service which requires adequate funds to be provided by the government for the implementation of educational policies. If allocated school funds are not managed properly, it is understood that school managers are not equipped with financial management skills.

Alu, Odo, Ede, and Ugwu (1997) elaborated that government and stakeholders try to contribute for the wellbeing of education sector, but some negative forces always try to pull down these efforts with fraud or mismanagement in financial matters. Enyi (2001) had the view that incompetency of head teachers in utilization of funds leads towards mismanagement and misappropriation of funds. Therefore, it is required that managers should be trained well to utilize the available funds properly. Financial management requires appropriate allocation of funds and careful utilization to meet the desired outcomes. So, maximum accountability and minimum waste can be ensured. Oliobi in Ogbonnaya (2012) defined that financial management deals with sources of funds and their proper utilization with less losses and more profits.

Utilization of funds is considered as a management activity depending on planning and controlling over finances. These explanations provided that financial management is the skill of a manager to procure, expend and manage accurate record of funds allocated for specific projects and activities. (Pandy, 1995). Studies show that lack of financial management skills among school managers cause misappropriation of funds, improper planning for utilization of funds, inadequate skills for preparation of budget, obstruction in applying financial management policy.

There is no difference of male or female school managers in performance of financial management in schools of urban or rural areas. It is required that school manger should provide training regarding financial management for smooth running of school affairs and proper utilization of funds. All of these are required to avoid mismanagement and improper use of funds and keeping the appropriate record of accounts. Utilization of funds in schools needs more attention because when a school manager uses the school funds without following the directions of Education department and instructions of higher authorities and against the school educational policy, he or she try to embezzle the record and makes unnecessary violence. The study is conducted to find out the importance of financial management skills of head teachers for proper accountability and quality education.

Managing the school funds allocated by the state or collected from community is the prime responsibility of the school managers. It is found that school funds are not used properly or left unused due to lack of financial management skills of head teachers. School accounts /records are not maintained properly and a head teacher is never ready to be accounted due to embezzlement or mismanagement of funds. The problem of this study therefore, is put into question, what are the financial management skills required for school managers for the proper utilization of school funds?



Research Questions

1. What budgetary skills should the principals acquire for the implementation of school financial policy?
2. What auditing skills should the principals acquire to maintain the accounts record?
3. What financial reporting skills should the principals acquire to avoid mismanagement of funds in school?

HYPOTHESES

Two hypotheses also guided the study.

1. Ho1: There is no significant difference in the mean rating of male and female secondary school principals on the financial management skills required of them.
2. Ho2: There is no significant difference in the mean rating of urban and rural secondary school principals in financial management skills required of them.

RESEARCH METHOD

The study is descriptive in nature and survey method is used. An overall procedure of research is followed by the research design which means collecting and utilizing the data needs to follow a plan provided by a research design to get desired, possible, and precise information for testing the hypothesis (Leedy & Ormrod (2005).

Questionnaires are used in this research. Data is analyzed from questionnaires and through the received data. It was decided that there is no need to move for follow up research method. Collected data was not found having striking similarities between school managers and administrators. The reliability of the study was determined using Pearson Product Moment Correlation coefficient, and when calculated, the result yielded 0.85 indicating high reliability and therefore enough for the study. Collected data was analyzed by using mean. Two null hypotheses were analyzed by applying t-test at 0.05 level of significant. The rule for decision was any mean score from 2.50. Above data was regarded as financial management skill which is required for this purpose and it was accepted.

RESULTS

Table 1: Mean scores of principal's response on the budgetary skills required of them in implementation of school policy.

S#	Item	M	SD	Decision
1	Principals learn about to analyze the monthly based income.	3.56	0.54	SR
2	They need to know and analyze the monthly expenditure.	3.53	0.53	SR
3	They should learn the skill to count down the expenditure.	2.56	0.69	R
4	All kinds of finance which is not allowed by law to spend must have complete record to be presented to the authorities.	3.41	0.81	SR
5	Principals is responsible to understand that how excessive spending can be avoided?	3.31	0.98	SR
6	Principals can spend amounts unlawfully.	1.76	0.41	NR
7	Grand Total	2.59		R

N/B, SR=Strongly Required, R=Required, NR=Not Required

From table 1 it is proved that all variables are skilled required for implementation of financial management policy regarding budgeting in schools except no six which shows that principals don't need to learn to spend all amounts lawfully; this is not an appropriate skill. However, the grand mean score of 2.59 is above. Required budgetary skills in financial management for principals are 2.50 to ensure the implementation of financial policy in schools.

What auditing skills should the principals acquire to maintain the accounts record?

Table 2: Mean scores of principal responses on financial auditing skills; the principals should acquire to maintain the accounts record.

S#	Items	<i>M</i>	<i>SD</i>	Decision
1	Auditing is a tool for principals to detect the financial mismanagement in schools.	3.15	3.50	SR
2	Auditing skills can help the principals to find out the errors and fraud in financial management.	3.13	3.01	SR
3	Auditing skills provide analysis to determine the progress in schools.	2.89	2.53	R
4	Auditing skills provide information about the failure of spending and loss faced by the schools.	3.36	3.02	SR
5	Auditing skills provide enough knowledge and understanding to the principals for a successful relationship with society.	2.96	2.61	R
6	It provides help to the principals to have a deep view of actual financial position in the schools.	3.15	3.71	SR
B	Grand Mean	3.11		SR



In table 2, all items indicate that principals should have compulsory auditing skills to maintain the school's financial records for the purpose to have accurate knowledge of profits and losses of the schools. It was proved by the grand mean score of 3.11 which is above 2.50 and it points out that auditing skills are required for the principals in schools to implement the school financial policy and to meet the profits and losses of the school.

Research question 3,

What financial reporting skills should the principals acquire to avoid mismanagement of funds in school?

Table 3: Mean scores of principals' responses on the financial reporting skills required of them in schools to implement the financial management policy.

S#	Items	<i>M</i>	<i>SD</i>	Decision
1	Principals knowledge about credit and debts explained on quarterly basis should be reported.	3.27	0.41	SR
2	They have to know about the areas of responsibility and the way how to report it.	3.97	0.34	SR
3	They are required to get knowledge and skills about budget and expenditure with a comparative statement.	4.75	0.32	SR
4	It is required from the principals to prepare and submit financial reports well in time.	4.29	0.31	SR
5	Skills of calculating the total of all columns are essential in financial	4.31	0.33	SR

	management.			
6	They should make it sure that balance is maintained according to the cheque books and cash reports.	3.22	0.87	SR
7	Skills should be acquired for accurate reporting of spending and receipts and a summary of the needs where amounts have to be spent.	3.37	0.90	SR
	Grand Total	3.38		SR

N/B: SR=Strongly Required

The data analyzed in table 3 revealed the responses of principals on the financial reporting skills in financial management. All variables from 1 to 7 showed that principals of all schools required them skills with grand mean of 3.88 which is above 2.50 cut-off values.

Table 4: t-test showing difference between female and male principals of schools in financial management skills expected from them.

Gender	N	M	SD	df	t-calculated	t-critical	Decision
Female	620	4.82	0.34				
Male	380	3.76	0.42	800	1.03	1.96	Accept HO1

*Level of significance =0.05

Analysis of table 4 showed that t-critical value is greater than t- calculated value, so the null hypothesis was accepted.

Table 5: t-test of difference between urban and rural school's principals on financial management skills they have to acquire for implementation of financial policy.

Location	N	M	SD	df	t-calculated	t-critical	decision
Urban	710	4.73	0.33	800	1.61	1.96	Accept Ho2
Rural	290	4.30	0.31				

*Level of significance=0.05

Result of table 5, after analyzing the data showed that the t-critical is greater than the t-calculated, so, the null hypothesis was accepted.

DISCUSSION

Table 1 showed that all variables are skilled required for implementation of financial management policy regarding budgeting in schools except no six, which shows that principals don't need to learn to spend all amounts lawfully; this is not an appropriate skill. Principals are required to seek budgetary skills in financial management for the purpose to meet a proper accountability of all amounts under their control to be spent. It will help to reduce the threat of over spending and an accurate estimation of budget preparation. It is described by Ogbonna (2012) that budget is a tool to save overspending of funds in educational activities, because it provides a rout to go forward in spending according to the legal milestones indicated in financial policy.

In the second findings of research question 2, all items indicate that principals should have compulsory auditing skills to maintain the school's financial records for the purpose to have accurate knowledge of profits and losses of the schools. It helps to detect the financial fraud of finance managers and to prevent mismanagement in finance. Auditing seconds the views of Alu, Odo, Ede & Ugwu (1997) who had lamented that most of the school principals honestly

want to uplift the standard of education by their efforts, but some individuals try to destroy these efforts by misusing the funds provided to the schools. Ogbonnaya (2012) had the view that audit is the compulsory part of financial management.

At the same time the 3rd findings showed in table the responses of principals on the financial reporting skills in financial management. All variables from 1 to 7 showed that principals of all schools required them to learn financial management skills. The reason is described as it discourages financial corruption and support accountability in financial management. Enyi (2001) had the view that corruption and ordinariness of an individual can saturate different fund raising activities.

In table 4, it was showed that t-critical is greater than t-calculated and null hypothesis was accepted while rating the male and female principals of schools in financial management. Result in table 5, after analyzing the data showed that the t-critical is greater than the t-calculated; therefore, the null hypothesis was accepted. In the last, in Table 5 it was proved that t-critical is higher than the t-calculated, which provide evidence of having no remarkable difference between the mean rating of rural and urban schools on the financial management skills they required.

CONCLUSION

Financial management skills are the most important requirements of school principals. It is proved that skills can enhance the capacity building of the principals to manage the school finance more efficiently and properly. It enables them to prepare a most accurate budget for the school and maintain the school financial record along with preparation of financial reports for accountability. It will support them to have an eye on all expenditure and profits for getting quality education and to avoid financial mismanagement. Regular check can easily detect the irregularity, fraud, corruption in finance which is spoiling our education system. If it is done accordingly, funds allocated to the schools will be used properly and prescribed aims and goals in education can be achieved easily.

Recommendation

The following recommendations were made:

1. It is the responsibility of the Government to regularly organize training workshops, conferences and arrange seminars on financial management skills for school principals.
2. For the training of school principals, Government should train Master Trainers to get quick and effective results in financial accountability.
3. Financial management should be one of the compulsory parts of induction training of the principals of schools, and in service refresher courses should be conducted on regular basis.

References

- Alimohammadi, H. Sohrabi, M. & Saberi, A. 2017. The relationship between motivation to teach and teaching method of physical educators. *J Adv Pharm Edu Res*, 7(4):515-523.
- Alu, B.E., Eya L.O., Odoh C.O, Ede F.E. and Ugwu J.C. (1997). *Fundamental of Educational Administration*. Nsukka: Chuka Educational Publishers.



Enyi, D. (2001). Implementing alternative source of funding higher education in Nigeria: Managing the weak spots. In A.U. Akubue and D. Enyi (eds). Crises and challenges in higher education in developing countries. A book of reading. Ibadan: Wisdom Publishers Limited.

Ogbonnaya, N.O. (2012). Foundations of education finance. Nsukka: Human Publishers.

Pandy, I.M. (1995). Financial management. New Delhi: Vikas Publishers house PVT Limited.

Rakisheva, G. Abdirkenova, A. Abibulayeva, A. Seiitkazy, P. & Tazhetov, A. Tools of adaptation in the context of globalization of future teachers: transcultural competence, Entomol Appl Sci Lett, 2018, 5 (4):49-55.

Shutenko, E. Shutenko, A. Sergeev, A.Tsareva, E. Ryzhkova, I. & Kuzmicheva,T. 2017. Self-Realization of Students in Work of Small Innovative Enterprises as Factor of Strengthening Their Psychological Well-Being and Health. International Journal of Pharmaceutical Research & Allied Sciences, 6(3):118-126.

