



Financial Managerial Skills of Head and Accelerated Secondary Schools Performance in District Sahiwal

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Abstract

Financial management is preparing, directing and managing the monetary activities of an institution and it has become necessary for the educational managers to have good financial management skills. The objectives of the study were; 1) To explore the head's financial managerial skills at secondary school level 2) To find out the effect of head's financial managerial skills in accelerating secondary school performance. The study was descriptive in nature. All the heads of secondary schools comprised the population in district Sahiwal. Researchers selected 110 headteachers from secondary schools through a simple random sampling technique. A questionnaire was used as a research tool for the study and researchers visited the respondents personally and the target of 100% data collection successfully achieved. The study concluded that due to heads teachers' financial management skills the overall performance of school has been improved including students' attendance, teachers' attendance, results of different classes and drop out of the students.

Key Words: Headteachers, Managerial skills, school performance

Introduction

Financial management refers to organizing, guiding, directing and handling the financial needs of an institution as selling, buying and using monetary resources for best outcomes to maximize the value of product and money. On the other side of the concept, the implementation of management notions to the monetary resources of the institution is called financial management. The organization of financial resources of an organization or business to get the financial objectives is also termed as financial management. In very simple words financial management skill is the management of funds, resources, assets etc. the major function of financial management is to give more with the less utilization of resources. In school management, financial management skills have been taken a very important position in the school wing. It has become necessary for educational managers to have good financial management skills.

The management of financial resources is essential for the expansion of the skillful and resourceful use of finances in educational institutions. Allison (2005) states that various ways have been adopted by different scholars to define institutional management. Management refers to the practices and proficiency of well-organized institutions, planning, directing, staffing and control of an institution according to the report of the commission of inquiry into the education system of Kenya (Republic of Kenya 1999). Principles can be applied particularly by the public sector to ensure effective and efficient utilization of resources however, to suit the unique circumstances that prevail in the public sector; financial techniques have to be modified. Financing (fundraising), investment and dividend are the classifications of financial decisions in the public sector. As no dividends are declared thus the dividend decision is a trivial one in the public sector. Specifically, in developing countries, the size and composition of the public sector are quite widespread (Ahmed et al., 2010). Extensive resources are directed in the main public activities which include education particularly. Huge budgetary allocation to this sector by the Government of Kenya, best indicates it.

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Archer (1977) rationalizes working capital in that it helps the institution avoid future uncertainty and premium costs which may arise due to sudden changes in the institutions' environment. However, determination of the optimal levels of the working capital components becomes necessary large working capital positions are expensive to the firm and these costs may outrun the benefits accruing to the maintenance of working capital positions. As discussed above, liquidity (working capital) is, well-measured by the current assets. Consideration of the obligation that matures in the short term i.e. current liabilities is also important. There was an observation of wrong financial management practices too in case of a headmistress, who miss appropriated schools funds to pay for her lavish lifestyle. She was jailed for deception and theft from the publicly funded St. John Rigby School in south London. In general, there is evidence that shows that financial management is not handled in the right manner (Burns, 1995).

The school would earn a poor credit reputation if there is a failure to pay up maturing obligations, which will reduce its accessory to favorable credit terms. In other words, management of both current assets and current liabilities. Would this be included in a more encompassing definition of working capital management? There will be less risk of technical insolvency in case of too much liquidity (current liabilities but since too many funds are held in non-earning assets thus, it would constitute poor investment, i.e. the wastage of resources investigation of school finance was ordered by the American Government in the year 1974, for there was revealed by the investigation that there was a lack of financial management skills in many teachers thus, training program needed to be initiated to train the teachers on how to handle finances, among many other duties. In the USA, the former president Bill Clinton announced to re-test teachers' skills in according to education reforms program that comprised of teachers' skill related to monetary administration (Nginda, 2003).

Objectives of the Study

This study was focus on the following objectives:

- To explore the head's financial managerial skills at the secondary school level.
- To find out the effect of the head's financial managerial skills in accelerating secondary school performance.

Review of Related Literature

Heller (1975) describes that the Board of Governors (BOG) deals with the management of the school. BOG looks after the financial budgeting i.e. fixing the number of bees payable, receiving fees, grants and all donations given to the school. The authority to incur expenditure and hold property including shares, funds and securities is given to the BOG by the education Act. However, depending on the type of school, it will vary. The school head is the most conspicuous of the members of the BOG. The style, personality and strength in leadership of the school head must be evident to both his environments i.e. internal and external environment. According to Heller (1975), the school head is legally responsible for financial matters as a designated leader who cannot avoid his duties and responsibilities. This is irrespective of whether the head hides behind the policies of the government, BOG, teacher unions and wishes of the community.

The above-mentioned tasks proof enough of the complexity of the headteachers' job as argued by Haller and hence, in guaranteeing success for each task, a lot of difficulty arises. An institution cannot exist without rules and regulations as argued by Haller and therefore, managerial skills cannot be treated lightly. Responsibility comes back to one person (head) but consultations to the extent that others participate in decision making are desirable as argued by (Briault, 1974). Therefore, the school head makes the allocation of resources within the school. The duties of supplies requisition, maintenance of inventory and budgeting of inventory to the school head are also assigned by (Fitman, 1988). It supported the view that the school head is responsible for the management of working capital. It had been advocated by them that a school head's responsibilities in the realm of finance are equivalent to such people who are operating fairly large enterprise industries. It is permissible to compare the management of finances between secondary schools and fairly large enterprises in industry and commerce as noted above by (Fitman, 1988). Rapid change makes school management more susceptible to new management tools which strengthen the definition of objectives and evaluation criteria, the identification and

analysis of alternatives, the implementation of decisions and the assessment of progress as argued by (Gendt, 1974). The management tools which can be used in financing among the tasks, he has identified are as follows:

- Allocation of financial resources to the school.
- Distribution of resources to the school.
- Budgeting and
- Auditing control.

The use of a planning programming and budgeting system (PPBS) had been advocated by (Gendt, 1974). It appreciates the usefulness of the budget in that it guards against careless spending. PPBS had been defined by him as a systematic approach to set goals and objectives for an organization, considering alternative means to achieve them and allocating the financial resources in a way that is most likely to see the desired outcomes occur. The PPBS can be applied at any Level i.e. national local or in situational depending open the political structure existing in a given environment in Gendit's view. Simulation, Delphi and network analysis are the other techniques in school management as advocated by him. Network analyses had been singled out by him as very useful for scheduling and controlling the budgeting process in schools.

Financial Responsibility of the Head Teachers

The government has over the years shown concern about the management of public funds in educational institutions especially in secondary schools. In light of the increasing cost of education in the country, this concern has been particularly pronounced over the last few years. And since the introduction of the cost-sharing policy in 1988 financial budgeting, receiving fees, grants and all donations given to the school are the responsibility of secondary school BOG (Dimmock, 1993; the Republic of Kenya, 2004).

It is also stated by the education act (1970) that the BOG has the authority to incur expenditure and hold property including shares funds and securities. All these duties are delegated to the BOG secretary i.e. the headteacher. The financial decisions deliberated on after they have been approved by the BOG are implemented by the headteacher (Daily Nation, 20th October 2002). Responsibility comes back to one person, the head, with a consultation with the BOG members as continually argued by him. Therefore, the school head makes the allocation of resources within the school. To plan a family's financial future a good effort has been made theory of full by acting upon this theory families can achieve their goals to make their the representative of clothing and the fifth one is for investment. When water that falls in the first bucket and it fills to its brumes and then water starts flowing out and it fills the second Bucket and in this way, all the Buckets are filled. Here five buckets are used as a finance symbol. The first bucket shows basic needs. The second represents food, third is used for shelter, fourth is the representative of clothing and the fifth one is for investment.

Management attainments are carefully evaluated as an essential factor in the field of financial management. Many explanations of this word are given with respect to this conception. According to Patton (1989), management skills in an economical domain recover fiscal well-being in an optimistic manner and failure in financial management lead to long-run negative social outcomes. Management of funds in schools remains the Indispensable duty of the treasurer and accounts clerk but it is the obligation or duty of the principal to make sure that resources are carried off well. The principal must have basic knowledge of financial management so as to give the important directions as the head of the school. According to Briault (1974), the financial management acquisition competency and the trust that a person establishes with the headteacher are invaluable. Many principals and board of management members do not have the essential financial attainment (Allis, 2004) hence in adverse conditions they are not able to resolve the matter of financial matter in educational institutions.

Principals have financial limitation especially in keeping financial books like the cash book (Ahmed, Baber and Kashif, 2014). He further noted that the headteacher who has a deficiency of proper financial management skills will have hardship in the implementation of his work. According to (Ahmed, et al., 2014).The principal is recognized by the government as the accounting offices. He therefore, directly liable to accounts to the country director of education and the BOM of which he is also needed to report to the PTA on the use of school availabilities. Sometimes the PTA members quench of not being provided with the important papers by the school heads to be in a positive proctor and even understand how finances are being exhausted. In spite of this most

headteacher deficient insufficient management skills, it has been constituted that they play a major role in the management of school finances in collaboration with BOM (Clarke, 2000; DeGrauwe, 2005). It is the management of finance; it may not be possible to have the school collect all its fees and other dues promptly. Finance management refers to the process which is adopted for controlling the financial matters after services have been rendered. Decisions both credit and collection determine the level of receivable to a large extent. However, the level of accounts receivable is influenced by the economic conditions which affect the debtor's ability to pay, although the school head cannot control them. Several costs will be involved in extending credit in the school. The cost of collecting the receivable arising thereof, the probable loss from bad debts and the opportunity costs of holding receivables are included in them. An area which schools should explore is granting cash discounts for early payment.

It is common to evaluate the creditworthiness of customers in a business environment. Certain criteria are set which if fail to satisfy, disqualifies one from getting goods and services on credit. Unfortunately, this is a futuristic decision and thus, it is full of uncertainties. To use objective facts and subjective information to predict the bill-paying behavior of the respective customer and to reduce the risk of non-payment to an acceptable level is the problem for the school here. To set its own credit screen or none at all is the discretion each school has. Before initiating collection procedures the school head should not wait for too long. Procedures for the school head should be firmly established whatever their nature is. A letter is usually sent which may be followed by other letters which are most serious in tone and eventually a telephone call. The debtors may be sued or the debt turned over to a collection agency if all this fails. The school fees and revenue generated by the school property like school gardens, constitute the receivables (Republic of Kenya, 2004).

Iren (1995) says that by the end of June, two-thirds of school fees are supposed to be paid. The prevailing economic conditions at though this is not controlled by the school head dictates the amount of money that a school receives, several costs the report continues to state are involved in extending credit in the school. Costs of collecting the unpaid school's fees and the probable loss from bad debts are included in these costs. Cash discounts for early payment with the aim of reducing these costs are granted by some institutes. It is also stated by the paper that the environment creditworthiness of customers is evaluated in a business. Certain conditions are set and one is disqualified from getting goods and services on credit in case of failure of those conditions.

Research Methodology

Researchers used a quantitative research design that was descriptive in nature. Heads of all the secondary schools comprised of the population of the study in district Sahiwal. The number of secondary schools was 191 in total in Sahiwal District and they all have headteachers. The sample of the study was selected through simple random sampling technique. There were 110 heads in secondary schools that were considered as a sample of the study. A survey questionnaire was viewed as generally suitable keeping in focus the reason and nature of the investigation. A questionnaire was used as a research tool for data collection. It was developed by reviewing the related literature and having 52 items. The questionnaire was validated by experts in the field. They recommended some suggestions to make the questionnaire comprehensive and simple. Finally, eight items were deleted from the questionnaire and the final questionnaire comprised 44 items. To check the reliability of the questionnaire, Kuder Richardson's method the co-efficient of correlation was computed at 0.835 (significant at 0.05).

The researchers visited the headteachers at their work stations personally and collected data. Data were collected from 115 respondents. Finally, 110 questionnaires were identified and selected for statistical analysis that was completely filled. Data were analyzed through SPSS Version 21 and found the mean score.

Results and Discussion

Here below are the tables that showed heads' financial management skills and school performance.

Table 1. Factor 1 Financial Management skill

S. #	Statement	M
1	Financial management skills have an impact on school performance.	3.84
2	Performance of the schools depends upon the headteachers' financial management skills	3.86
3	Budget is prepared accordingly to sanctioned post.	3.96
4	NSB grant is used according to action plan.	3.96
5	Meeting of SC is conducted at the start of every month	3.94
6	I consult with school council regarding action plan.	4.12
7	Senior school teachers are consulted in developing action plan.	3.95
8	I take quotations from different firms.	4.01
9	I follow PEPRA rules for tenders.	3.95
10	DDO power is used used as per rule.	3.95
11	FTF is used as per direction.	3.85
12	Financial training enhances one's financial management skills	4.00
13	Cashbook is maintained monthly.	3.87
14	Entries of cash book are checked and reviewed	3.94
15	Books are arranged in the receipt book register	3.78
16	All expenditures supports documents numbered and filed	4.08
17	School submits monthly expenditure statements of NSB to District Education Office Secondary.	4.03
18	School submits on a monthly basis a trial balance and expenditure analysis to the District Account Office.	3.88
19	SMC approves the annual financial budget.	3.95
20	The school submits accounts and financial statements to the district account officer for the purpose of audit.	4.16
21	School purchase material with the suggestion of purchasing committee	4.04
22	I assign works to different teachers for utilization of financial grants	4.39
Accumulative Mean		3.22

Table 1 illustrates that the mean score rises from 3.78 to 4.39. It shows that books are arranged in the receipt book register and it is also observed from the data that headteachers assign financial duties to different teachers to enhance schools' business smoothly. The accumulative mean score of all the items in the factor of financial managerial skills is 3.22 that indicates the agreement of headteachers toward the statements related to financial managerial skills of heads teachers towards the performance of the school. This factor demonstrates that most of the financial management skills have a positive impact on school performance. Accumulative mean score 3.22 reveals strong presence of positive impact of financial management skills in secondary schools.

Table 2. Factor 2 School's Performance

S. #	Statement	M
23	I received financial training	3.97
24	The school has a separate bank account for different grants.	4.16
25	School cash amount via cheque book.	4.03
26	Co-signatory of the school signs every bank reconciliation.	4.06
27	School maintains a fixed assists register.	3.96
28	School keeps all records of school orderly.	4.10

29	school purchase materials of learning from the school budget	4.06
30	The school has a functioning committee that verifies the stock register on 30 June.	4.01
31	There is equal teachers' member ratio between SST and EST on the part of this review committee.	4.03
32	School has different stock registers for NSB, FTF and Contingency grants.	3.77
33	school has a separate clerk office for administrative work	3.92
34	school has the necessary space in office to manage school funds	3.62
35	Computerized administrative system is used for record maintenance.	3.71
36	There are positive changes in the behavior of students in your school.	4.01
37	Schools outlook has been improved due to your financial skills.	3.86
38	Results of students have been improved.	3.82
39	Teachers of school feel confident under your supervision.	3.68
40	Non-teaching staff feel motivated in your supervision.	3.84
41	Dropout ratio has been controlled.	3.30
42	Enrollment ratio has been improved.	3.72
43	All equipment of science lab of school is functional.	4.04
44	All assists of Computer lab are functional.	3.81
Accumulative Mean		3.03

Table 2 illustrates that the mean score rises from 3.30 to 4.16. It shows that the dropout ratio has been controlled and it is also revealed that the headteacher arranged separate bank accounts for different grants. The accumulative mean score of all the items in the factor of school performance is 3.03 that indicates the agreement of headteachers toward the statements related to school performance due to the better management of financial skills. This factor demonstrates that most of the financial management skills have a positive impact on school performance. Accumulative mean score 3.03 reveals the strong presence of schools' performance in district Sahiwal.

In the discussion section, findings and suggestions of different researches were comparably analyzed. The below findings are drawn from the research which was researched in Kenya. Iren (1995) says that perception of Head Master and clerk on financial management skills acquired from training program components are when the respondents were asked to rate their financial management skill acquired from training session building of vision 93(79.2%), strategic planning 94 (80.5%), budgeting 83 (71.8%), management of school 104(86.5%), were supposed as inadequate. On average the financial management skills acquired in the training program were supposed as adequate (mean=2.0). The program components of the training have been considered as the level of satisfaction (Bisshcoff & Sayed, 1999). The allocation of time was too short to properly cover the training needs of the respondents. The use of multimedia which is perceived as one of the keys to strategic financial management did not give results as expected. the building of vision, strategic planning, budgeting, and management of the school has been inadequate implying that financial management skill has not been emphasized training programs in Kenya. Iren (1995) says that the second finding was related to the relationship between stakeholders' financial training and the amount of income which is generated from school resources Most of the schools do not have any way which can be able to generate income. Those that have do not raise proper income while in some schools the money is not considered as the most important element. No relationship was reported during training sessions and it was trained to the secondary school headteachers how to generate funds from the school. It was further noted that there is no proper spirit in the secondary school headteachers to generate income from school internal resources. So it was emphasized during training sessions to improve management skills to enhance cash generation in secondary schools.

On the base of the above conclusions, the researcher, therefore, suggests the following to be adopted: All school managers must be properly trained through seminars on the topic of leadership and gave the ideas related to the skills of effective financial management, and legislation to guide management of finances in schools. When training of secondary school headteacher is planned, the content of financial management skills should be properly

formulated to train the needs of secondary schools. It has been found that in Kenya in-service training of financial management skills is much emphasized while in Pakistan induction training of secondary school headteachers is much focused. Quaid e Azam Academy for Education Development is responsible to conduct training of education managers in Pakistan.

Conclusions

Our research has revealed that financial management skills have a great impact on secondary school headteachers upon school performance. Secondary school headteachers manage school resources through the use of different managerial techniques and methods. They maintain the school records related financial matters on a monthly basis. There are different stock registers in school for different grants like NSB, FTF and contingency grant. This research also indicates that the performance of the schools depends upon the headteachers' financial management skills. Due to the good financial management skills of Head Teacher, the overall performance of the school has been improved including students' attendance, teachers' attendance, results of different classes and drop out of the students.

The primary objective of the research undertaken was to throw light on the Impact of financial management skill on secondary school headteachers upon school performance at district Sahiwal. With reference to this study focused was to know the current use of financial management skills in secondary schools. The data that was collected and analyzed to draw conclusions which can be elaborated as follows- The Secondary school Headteachers are not only aware of what is best for them regarding financial management skill but they are also very interested to draw their own priorities for the better performance of the school. However, NSB grand has played a vital role in developing the school action plan.

On the whole, it has been concluded that if school council cooperate with the Headteachers in developing actions plan and Headteachers of secondary and higher secondary schools in District Sahiwal consults with the senior teachers only than the performance of the school has been improved. It was also concluded that all permanent assets are physically verified at the end of month June every year

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