FACTORS INFLUENCING PRINCIPAL’S FINANCIAL MANAGEMENT CAPABILITY IN PUBLIC SECONDARY SCHOOLS IN KALOLENI AND RABAI SUB-COUNTIES, KILIFI COUNTY

ERICK NDEJE MGANDI¹
ERIC MATHUVA²
PATRICK EGONDÍ³

¹Department of Business Administration, School of Business, Kenya Methodist University, Kenya
²Senior Lecturer, School of Business, Kenya Methodist University, Kenya
³Lecturer, School of Business, Kenya Methodist University, Kenya

ABSTRACT
The purpose of this study was to establish the factors influencing capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties. Three objectives guided the study; To establish the extent to which Principals’ financial literacy influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties, to establish the extent to which government and school finance policy influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties and to establish the extent to which financial control practices influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties. The theories used which are found to anchor the area of study included agency theory, financial control theory and budget theory. The study targeted 37 secondary schools in Kaloleni and Rabai sub-counties. The sample size was made of 37 headteachers. The questionnaires that were issued out to the respondents were 37. The number of questionnaires that were successfully completed and returned for analysis totaled to 29 meaning that the response rate was 78%. Data were collected and analyzed using quantitative techniques and presented in tables and graphs. Data collected were analyzed using Statistical Package for Social Sciences (SPSS). The study concluded that Principals' financial literacy, Government and school financial policies and financial control practices influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties.
1. Introduction
As countries seek to adapt their education systems to the needs of contemporary society, expectations for schools and school managers are changing. Many countries have moved towards decentralization, making schools more autonomous in decision making and holding them accountable for their actions (OECD, 2008). The success of a school may be determined by the skills and experience of the School’s Principals and management team.

For instance, the South African School Act (SASA) of 1996 created School Governing Bodies (SGBs) that include the principal, elected representatives of parents, teachers, non-teaching staff and students. Section 21 of SASA mandates the SGBs to be in charge of maintaining schools” property, purchase of textbooks, educational materials or equipment and pay for services rendered to the school. Nombasa, (2004) revealed that most SGBs in SA lacked skills in drafting of budgets, writing financial and policy statements, control of finance and petty cash, initiative and innovation as well as accountability. The main reason was illiteracy and lack of training

The current challenges in school management demands that Principals develop capabilities in order to deal with their responsibilities effectively. Such capabilities include communication, delegation, team building, project management, critical thinking coordination, directing, innovation, budget analysis and monitoring of expenditure. (Muturi 2013). Studies done have shown that some of the ways of determining the level of competency include formal education, on the job training and experience; others hold that personal characteristics hold the key to effective work behavior.

Financial management capability prevails when the headteacher/principal has the knowledge and understanding of the basic processes involved in managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated, (Clarke, 2008). Financial management in schools involves efficient and effective utilization of institutional financial resources in order to meet educational goals. Poor management of finances by heads of educational institutions has been cited as a serious impediment in the achievement of educational goals in Kenya

Many countries have decentralized the management of financial resources to schools in a bid to enhance their management. This was eminent in a study carried out in France (Crouch &Winker, 2008). Inspire of the effort placed on financial resources in bringing about much needed change and delivery of services, it is noted sometimes the resource is mismanaged and misappropriated by those in charge.

The public secondary schools in Kenya are under the ministry of education. The schools are partially funded by the government through the free secondary education programme (Mito& Enose, 2012). They are run by school administrators and the board of management. The board deals with the standards of education provided and balance cost and effectiveness (GoK,2013). However, the primary responsibility of management of school finances remains with the principals (Ministry of Education, 2012). The principals main financial management responsibilities are preparation of school budgets, procurement of goods and services, controlling incomes and expenditures, maintaining accounting records and preparation of final financial statements and manage facilities.
Management of resources in schools is the responsibility of the principal of the school. In discharging this responsibility, the principal may delegate to teaching and support staff as appropriate in writing. The Board of Management (BOM), The Parents Teachers Association (PTA) or other stakeholders may lend their support to the principal in respect of resources management but that support does not constitute a change of primary responsibility. Kinyua & Ngobolya, (2016).

2. Research Gap
The Basic Education Act 2013 in Kenya placed the management of finance in public secondary schools under the Principal (Chief Accounting Officer). However, it has been noted that school administrators in learning institutions experience thorny issues while managing institution funds (Ministry of Education, 2012). A study done by Magak, (2013) noted that several challenges faced by school administrators in managing school funds. These include incompetency in procurement, inadequate and irregular auditing, lack of accounting supporting documents and records and inability to prepare end year financial statements among others.

Most studies on Key custodian of finance in public schools have been on institutional management in general. For example the study by Ngigi (2007) on Bog effectiveness in management did not examine the capability in financial management. Currently there is a lot of controversy between principals and the ministry in Kaloleni and Rabai sub-counties regarding the directive on how much fees should be changed to the parents to supplement the free day secondary education funds. Parents are also in the dark because the issue of fees structure between the ministry of education and schools in yet to be resolved. Therefore in view of the above gaps and bearing in mind that management of finances affects the quality of teaching and learning, it is can only be fair that a study be done in public secondary schools in Rabai and Kaloleni sub-counties to establish capacity of the Principals’ in managing the enormous resources in the schools.

This research study has been guided by a set of three objectives which included: To establish the extent to which Principals' financial literacy influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub counties: To determine the extent to which Government and school financial policies influence Principals ‘capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties and finally to investigate the extent to which financial control practices influence Principals' capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties.

3. Methodology
This study used a descriptive survey design. A descriptive survey study attempts to collect data from members of a population in order to determine the current status of that population in respect to one or more variables, (Kothari, 2009). The target a population of this study was drawn from 37 public secondary schools, 37 principals formed the respondents of the study. The Principals were targeted because they are the Chief Accounting Officers responsible for financial management. Since the registered public secondary schools in Kaloleni and Rabai sub counties are small in number, a census technique study was conducted. A census study encompasses the entire target population (Kothari, 2009). The Principals of all public secondary schools in
Kaloleni and Rabai sub counties were targeted as respondents because the number was small to be sampled and manageable within the constraints of the study.

Data was collected through the use of questionnaires. This was used because of their ease of administration. The closed-ended questions were used to limit the respondents’ answers on the subject matter for effective and efficient analysis (Mugenda, 2008). The questionnaire were administered through “drop and pick later” in the organizations offices. The choice of the respondents was informed by the knowledge that these are the departments involved in the management of finance. In order to ensure that the instrument was valid and reliable, the researcher ascertained that there was clarity and no errors were detected. This was achieved through the expert judgment of the research supervisors who reviewed the questionnaire before they were issued out to the respondents. The reliability of the instrument was ascertained by conducting a pilot study in public secondary schools in Kilifi South Sub County. The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires was edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were coded into numerical form to facilitate statistical analysis. Data was analyzed using statistical package for social sciences (SPSS) based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution were used to summarize the responses and to show the magnitude of similarities and differences. Results were presented in tables and charts.

4. Study Results

4.1: Response rate

The questionnaires that were issued out to the respondents were 37. The number of questionnaires that were successfully completed and returned for analysis totalled to 29. This means that the response rate was 78%. Figure 1 shows the study’s response rate.

**Figure 1: Response rate**

![Response rate chart]

Source: Research data, (2017)
4.2: The factors influencing capability of Principals in financial management

4.2.1: Principals' Financial literacy

Table 1: Principals’ Financial literacy and capability of Principals in financial management

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial management seminars and workshops</td>
<td>29</td>
<td>3.83</td>
<td>1.037</td>
</tr>
<tr>
<td>Financial guidelines manual</td>
<td>29</td>
<td>3.59</td>
<td>.867</td>
</tr>
<tr>
<td>Number of consultations</td>
<td>29</td>
<td>4.31</td>
<td>.850</td>
</tr>
<tr>
<td>Business studies as a teaching subject</td>
<td>29</td>
<td>4.72</td>
<td>.591</td>
</tr>
<tr>
<td>Proper record keeping</td>
<td>29</td>
<td>4.09</td>
<td>.987</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The study inquired on the level of agreement and disagreement on the aspects of Principals’ Financial literacy such as Financial management seminars and workshops, Financial guidelines manual, Number of consultations, Business studies as a teaching subject and Proper record keeping to find out to what extent they influence the capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties. And according to the results, majority of the respondents indicated that Financial management seminars and workshops, Financial guidelines manual, Number of consultations, Business studies as a teaching subject and Proper record keeping aspects of Principals’ Financial literacy influences financial management capability to a greater extent. The results indicated scores above mean with aspect of Financial management seminars and workshops scoring a mean of 3.83, Financial guidelines manual a mean score of 3.59, Number of consultations a mean of 4.31, Business studies as a teaching subject a mean of 4.72 and Proper record keeping scored a mean of 4.09. This means that management should enhance the principals’ financial literacy so as to enable the school management supervise financial activities effectively. Eshiwani (1983) argued that lack of management skills by schools headteachers is a major factor contributing to poor performance in educational development. According to the Total Integrated Quality Education and Training audit reports, secondary schools were not up-to-date in the entire republic.
4.2.2: Government and school finance policy

Table 2 Government and school finance policy and capability in financial management

<table>
<thead>
<tr>
<th>Statements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees structure guidelines</td>
<td>29</td>
<td>3.62</td>
<td>.728</td>
</tr>
<tr>
<td>Banking policy</td>
<td>29</td>
<td>4.86</td>
<td>.516</td>
</tr>
<tr>
<td>Financial statement preparation deadline</td>
<td>29</td>
<td>4.24</td>
<td>.435</td>
</tr>
<tr>
<td>Retaining students with huge fees balances</td>
<td>29</td>
<td>4.66</td>
<td>.484</td>
</tr>
<tr>
<td>Free secondary education funds disbursements timing</td>
<td>29</td>
<td>4.52</td>
<td>4.49</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The study further asked the respondents on the level of agreement and disagreement on the aspects of Government and school finance policy such as Fees structure guidelines, Banking policy, Financial statement preparation deadline, Retaining students with huge fees balances and Free secondary education funds disbursements timing to find out to what extent they influence the capability of principals financial management in public secondary schools in Kaloleni and Rabai sub-counties. The results showed that majority of the respondents indicated that Fees structure guidelines, Banking policy, financial statement preparation deadline, Retaining students with huge fees balances and free secondary education funds disbursements timing aspects of Government and school finance policy influences financial management capability to a greater extent. The results indicated scores above mean with aspect of Fees structure guidelines scored a mean of 3.62, Banking policy a mean of 4.86, Financial statement preparation deadline a mean of 4.24, Retaining students with huge fees balances a mean of 4.66 and Free secondary education funds disbursements timing a mean of 4.52. This implies this variable as well is significance in the role of financial capability hence management should improve on Government and school finance policy because An effective finance policy will guide school managers as was noted by Mestry and Bisschoff (2009). According to Mestry and Bisschoff, an effective finance policy will guide school managers to control and regulate the process of managing the funds with regard to receipting, withdrawing and expending funds. In order for the principal to manage finances effectively and efficiently, a school finance policy must be developed and it must be adopted by all relevant stakeholders and implemented accordingly.
4.2.3: Financial control practices

Table 3: Financial control practices and capability in financial management

<table>
<thead>
<tr>
<th>Statements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash purchases restrictions</td>
<td>29</td>
<td>4.34</td>
<td>1.045</td>
</tr>
<tr>
<td>Petty cash limits</td>
<td>29</td>
<td>3.66</td>
<td>.814</td>
</tr>
<tr>
<td>Budget restrictions</td>
<td>29</td>
<td>4.41</td>
<td>1.086</td>
</tr>
<tr>
<td>Expenditure authorization</td>
<td>29</td>
<td>4.00</td>
<td>.886</td>
</tr>
<tr>
<td>Financial management committees</td>
<td>29</td>
<td>3.98</td>
<td>.874</td>
</tr>
</tbody>
</table>

Source: Researcher, (2017)

The study as well engaged the respondents on the level of agreement and disagreement on the aspects of Financial control practices such as Cash purchases restrictions, Petty cash limits, Budget restrictions, Expenditure authorization and Financial management committees to find out to what extent they influence the capability of principals financial management in public secondary schools in Kaloleni and Rabai sub-counties. The results showed that majority of the respondents indicated that Cash purchases restrictions, Petty cash limits, Budget restrictions, Expenditure authorization and financial management committee’s aspects of financial control practices influences financial management capability to a greater extent. The results indicated scores above mean with aspect of Cash purchases restrictions scoring a mean of 4.34, Petty cash limits mean of 3.66, Budget restrictions a mean of 4.41, Expenditure authorization mean of 4.00 and financial management committees scored a mean of 3.98. This implies financial control practices are a major threat and should be a concern to school management team. This is so because reckless spending of available funds by school principals is hazardous to the entire school system therefore principals must exercise relative control over how money is spent on recurrent and capital projects. This is in agreement with Ogbonnaya, (2005), who stated that in order to ensure effective financial control both internally and externally, the controlling body must establish a system of financial administration which safeguards the assets of the public authorities, ensures that the complete financial consequences of all policies and schemes are considered at the appropriate decision level, ensures that all authority optimum value for money from the services provided, ensures that the money is spent wisely, ensures that the most desirable services are provided economically and efficiently, ensures that the objectives set are actually attained, ensuring that the organization is effective, ensures that the organization adopts a multidisciplinary or corporate approach to problem solving and exercise general financial supervision and oversight.
4.2.4: Financial management capability

Table 4: Financial management capability

<table>
<thead>
<tr>
<th>Resource availability</th>
<th>Observation</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely payment of school creditors</td>
<td>29</td>
<td>4.10</td>
<td>.724</td>
</tr>
<tr>
<td>Timely preparation of financial statement</td>
<td>29</td>
<td>4.41</td>
<td>.946</td>
</tr>
<tr>
<td>Initiations of new projects</td>
<td>29</td>
<td>4.45</td>
<td>.910</td>
</tr>
<tr>
<td>Few or no audit queries</td>
<td>29</td>
<td>3.76</td>
<td>.636</td>
</tr>
<tr>
<td>Timely payment of school fees</td>
<td>29</td>
<td>4.19</td>
<td>.762</td>
</tr>
</tbody>
</table>

Source: Researcher, (2017)

Regarding Financial management capability the study further engaged the respondents on the level of agreement and disagreement on the aspects of Financial management capability such as Timely payment of school creditors, Timely preparation of financial statement, Initiations of new projects, Few or no audit queries and Timely payment of school fees to find out to what extent they influence the capability of principals financial management in public secondary schools in Kaloleni and Rabai sub-counties. The results showed that majority of the respondents indicated that Timely payment of school creditors mean of 4.10, Timely preparation of financial statement mean of 4.41, Initiations of new projects mean of 4.45, Few or no audit queries mean of 3.76 and Timely payment of school fees mean of 4.19 influences financial management capability to a greater extent. This implies Financial management capability is a plays a key role in financial management capability.

4.2.5: Regression Analysis

To determine the relationship to establish the factors influencing capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties, a multiple regression analysis was conducted and the result is as shown in table 5.

Table 5: Regression Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.919&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.844</td>
<td>.825</td>
<td>.175</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Financial Literacy, Government & School policy and Financial Control Practices)

Source: Research Data (2017)

According to table 5, R (Beta) is given as 0.919 which is an estimate of the expected increase in capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties to an increase in Financial Literacy, Government & School policy and Financial Control Practices (independent
variables). The three independent variables that were studied, explain 84.4% of the capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties as represented by R Square. This therefore means that other factors not studied in this research contribute 15.6% of the capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties. Therefore, further research should be conducted to investigate the other factors (15.6%) that influence capability of Principals in financial management in public secondary schools in Kaloleni and Rabai sub-counties.

5 Conclusion
From the findings, the study concludes that aspects of Principals’ Financial literacy such as financial management seminars and workshops, financial guidelines manual, Number of consultations, Business studies as a teaching subject and Proper record keeping influence the capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties to a great extent.

It is also clear from the findings that aspects of Government and school finance policy such as Fees structure guidelines, Banking policy, Financial statement preparation deadline, Retaining students with huge fees balances and Free secondary education funds disbursements timing aspects of Government and school finance policy influences financial management capability to a greater extent.

Further, from the findings, the respondents felt that the aspects of financial control practices such as Cash purchases restrictions, Petty cash limits, Budget restrictions, Expenditure authorization and financial management committees were found to influence the capability of principal’s financial management in public secondary schools in Kaloleni and Rabai sub-counties.

Finally, from the study, it can be concluded that Principals' financial literacy, Government and school financial policies and financial control practices influence their capability in financial management in public secondary schools in Kaloleni and Rabai sub-counties.

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