

An Investigation into The Financial Management Role of Secondary School Principals

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Abstract

Principals are the administrative heads as well as the financial managers of secondary schools. This study aims investigated secondary school principals' role of financial management. Objectives of research were to; find out secondary school principals' financial management role and provide suggestion to enhance principals' financial management role in secondary schools. Design of study was quantitative survey. The population was 143 principals of secondary schools in Swat district of KP, Pakistan. The sample was 105 principals recruited with simple random procedure. Questionnaire was the data collection instrument that was developed, validated and piloted for data gathering. Data were collected using self-administration. Data were analyzed through mean scores, standard deviation and chi-square. The study found that principals prepared schools' budgets, received financial aid, allocated of finances, ensured transparency, monitored expenditure and maintained proper record of finances. However, principals were not making proper planning for the financial management, organizing the staff, involving teachers and involving community in financial management of schools. The study recommended the provision of capacity building trainings for principals in financial management and ensuring involvement of stake holders for effective financial management of secondary schools.

Key words: Role, Principals, Financial management, Schools, Secondary Level

Introduction

The financial management in secondary schools refers to making planning strategically, organizing staff, giving directions, exercising control of finances to ensure the smooth functioning of schools. Efficient and effective financial management is a backbone of educational quality, development of school plant and provision of resources in secondary schools (Levin & Belfield, 2018). Financial management includes the preparation of budget, creation of funds observing transparency in expenditure (Odden & Picus, 2020). For effective financial management of the schools, there is the need of adherence to the rules, avoid wastage of financial resources and observe accountability. (UNESCO, 2021). The efficiency of financial management enables the school to have quality teaching, co-curricular activities and overall success of the school (Barr & McClellan, 2018). The significance of financial management demands proper fund raising, control corruption, efficiently use financial resources, involve teachers and proper training of principals

for financial management. Financial management at the secondary school level ensures the sustainability of the schools for providing education and ultimately lead to better learning outcomes of the students (World Bank, 2020).

The financial management at secondary level is the domain of the principal who is responsible for the raising of financial resources and its efficient utilization to achieve the aims of the educational institution. Principals at this level are the administrative and financial heads of the school and responsible for preparing budget, planning of finances, organizing the staff to properly utilize the budget and ensure the achieving of desired outcomes (Mestry, 2023). Principals at secondary level needs to prepare realistic budget, actively monitor its utilization and comply with the financial rules and regulations (Bush & Glover, 2022). Principals get grants for funding of the school, get donations and collaborate with the society for fulfilling the financial needs and demands of the school (World Bank, 2023).

The observance of responsibility and transparency in the financial management of the school is essential therefore, the principals are in demand of preparing the efficient financial record and sharing of it with his high ups in the department of education (OECD, 2022). If schools are not properly managed then there is scarcity of financial resources, wastage of financial resources that negatively affect the functioning of the school and leads to non-attainment of educational goals (UNESCO, 2023). To develop principals' financial management skills, there is the need for professional development of principals to have better financial management skills and may work with best financial management practices for the effective functioning of the schools (Nguyen et al., 2023). The key to effective financial management of the school is the involvement of teachers, community members and educational authorities to make the school successful in achieving financial autonomy, transparency and the achievement of its purposes (Mestry & Ndhlovu, 2024). In countries where less finances are scanty, the financial management of the schools remain a challenge due to lack of funds and finances and the principals are compelled to rely on the community and other organization for fund raising and fulfill the demands of the school (ADEA, 2023). When principals show better financial skills in managing the finances of the school, so he provides adequate finances to have learning materials, better teaching output and finally efficiently achieving the learning outcomes of the school (Hitt & Tucker, 2023). Therefore, it becomes imperative to investigate secondary school principals' financial management role in schools.

Literature Review

Proper management of finances at secondary schools is imperative for effective resource allocation and maintaining the standards of education. Studies in financial management for the schools at secondary level have found the role of financial management in provision of quality school plant, learning resources, better professional development of teachers, the quality of instruction that significantly affect the learning outcomes of students getting education in such schools (UNESCO, 2023). The financial management of the schools at secondary level comprises of preparing budget, estimating expenses, allocations, controlling wastage and ensuring financial accountability (World Bank, 2023). Secondary schools where there is efficient financial management are in better state to fulfill its needs and have sustainable delivery of education (OECD, 2022).

A significant difference exists in the financial allocations to schools of different regions in developing countries that creates hurdles in the way of providing quality education at the level of secondary school (ADEA, 2023). Regions or localities that are poor and where there are less resources are often compelled to get funds from the society, non-governmental organizations and other resources for fulfilling the financial needs of the schools (Mestry & Ndhlovu, 2024). Principals with better financial management skills play a crucial role in allocating proper financial

resources for the activities of the school, observe transparency and involve teachers in financial decision making that leads to the owning of school on the part of teachers and results in quality of instructions (Bush & Glover, 2022). If schools are not properly managed then there will be inadequate resources, low quality of teaching and low retention of teachers and students (Nguyen et al., 2023).

Financial management in secondary schools is something that is more important than the administration of the school due to the dependence of the whole educational process on its proper utilization (UNESCO, 2023). Those schools where effective financial management is observed through digital means have better financial management with minimal risk of wastage and enhanced accountability due to the transparent record keeping (OECD, 2022). For the educational sustainability of the schools at secondary level, experts stress on the need for financial management skills among principals at this level (Hitt & Tucker, 2023). With the emergence of technologies, there is a growing need to integrate technologies into schools' management to have better financial management and proper allocation of resources (World Bank, 2023).

Principals' financial management role has become crucial for the survival of the schools and maintaining educational quality at secondary level. Research studies in the current times have focused on the role of principals in secondary schools as effective financial managers of the schools responsible for the preparation of budget, allocation of resources and agencies for ensuring accountability in the use of finances in schools (Mestry & Schmidt, 2023). The principal skills of managing finances in secondary schools have significant consequences for the provision of conducive environment for teaching learning process. Schools whose principals are poor in financial management have poor quality of education as compared to the ones with principals having better financial management (OECD, 2023). The effective financial role of the principal is significantly related with success of the educational institution and the overall achievement of students in academic life (World Bank, 2023).

Principals at secondary level have the challenges of lack of funds, unfriendly educational authorities, lack of transparency and non-cooperation of teachers in the financial management of the schools (Bush & Glover, 2023). Research studies have found that in developing countries where there is scarcity of financial resource, principals are poorly equipped with financial management skills that leads to mismanagement in finances and lack of transparency and accountability in the utilization of financial resources (ADEA, 2023). These days there is much more focus on the decentralization of powers which multiplies the responsibilities of the principals in secondary schools and make them more responsible for observing transparency and efficiency in the financial management of the schools. (UNESCO, 2023). The study of Nguyen et al. (2023) demonstrated that principals in secondary schools with better financial management skills are in good position to ensure the efficient management of financial resources and may provide conducive environment for the quality learning of students.

The scope of the financial management of the principal goes beyond the arena of accounts, planning and engagement of stake holders in the school but also includes the skills of cooperation, collaboration with teachers, community members and parents for collective decisions' making and responsible financial management of the school (Mestry & Ndhlovu, 2023). Collaboration between the school and the community builds the trust of the community members and they are ready to assist in the fulfillment of the financial needs of the school (Hitt & Tucker, 2023). In the days of modern technology, the skills of digital work have also been included into the efficient financial role of the principals in secondary schools (OECD, 2023). Though the lack of digital technologies in the deprived societies and lack of finances make it more difficult for the principals of such

regions to have command over digital tools and utilize them for the financial management of the schools (World Bank, 2023).

Keeping in view the significant financial management role of principals in secondary schools, research studies recommend the provision of professional development for secondary schools' principals to develop their skills of managing finances at schools. The international report of monitoring, UNESCO (2023) suggests proper training in planning of schools' budget, reporting of finances, generation of funds plans and observance of transparency for accountability. Research studies have identified that when principals were equipped with financial management skills through professional development, it led to improvement in the overall activities of the schools and better achievement of students' learning outcomes (ADEA, 2023). Studies have also included the use of artificial and data sciences for better financial management of secondary schools (Bush & Glover, 2023).

The government of Khyber Pakhtunkhwa (KP) has focused on the financial role of the principals in secondary education sector and have allocated more powers to the principals in finances with the introduction of education sector reforms. Principals in secondary schools of the KP, face challenges in managing finances of the schools due to the socio-cultural reality and administrative processes (Khan et al., 2023). The free secondary education act of (2017) has doubled the financial responsibilities of the principals in secondary schools but they lack financial management skills and only a meager number of thirty percent with skills for financial management which results in financial mismanagement and improper allocation of financial resources (Ullah & Awan, 2022; KPEF, 2023). This has created challenges and opportunities and principals in urban centers have better opportunities of finances for the schools as compared to the remote rural areas (Khattak & Malik, 2023). Moreover, majority of schools get late financial allocations (KPESRA, 2023). The situation is much worst in the newly merged areas where principals are fully unaware of their financial responsibilities. (Wazir & Khan, 2023).

Several studies have established the significance of principals' management of finances in schools (Hussain et al., 2022). The government of KP has also focused on the vibrant financial role of secondary school principals in finances (KPEF, 2023). There are challenges in management of finances for secondary school principals (Afridi & Bibi, 2023). There is the need for the development of financial management skills among secondary schools' principals (Yousafzai et al., 2023). The KP Elementary and Secondary Education Department's (KPESED) 2022 stress on the need of financial management of the schools. Moreover, there is the need for professional development of principals for effective financial management (Ullah et al., 2023). Therefore, the study investigated the financial management role of the principals in secondary schools and recommend strategies for the effective professional development of principals to help improve the financial management skills among principals and ultimately improving the overall quality of education at secondary level.

Methodology

Study's design was survey of quantitative nature for determining the financial management role of secondary school principals. Study's population was 143 male principals of secondary level in district Dir Lower Khyber Pakhtunkhwa, Pakistan (EMIS, 2024). Sample size of 105 principals was selected using simple random sampling. The size of sample was selected using Raosoft online calculator. Questionnaire on principals' financial management role in secondary schools was developed with assistance of literature. It was made valid with assistance of experts. The it was piloted for reliability. The reliability was found as 0.789. This was used for collection of data. Data

were gathered through research assistants and analyzed through mean scores, standard deviation and the chi-square test. Ethical principles of research were followed for the study.

Results

Data were arranged in tables and analyzed with using mean scores, standard deviation and the chi-square test.

Table 1 Principal's Role in Financial Management of Secondary Schools

| Statements | Number | Mean | S. D | χ^2 | P |
|--|--------|------|------|----------|------|
| Prepare the budget of the school | 105 | 3.98 | .62 | 73.16 | .000 |
| Receives Financial grants from authorities | 105 | 3.77 | .14 | 48.75 | .000 |
| Proper planning for financial management | 105 | 2.45 | .34 | 35.37 | .000 |
| Organizing staff for financial management | 105 | 2.67 | .77 | 22.83 | .000 |
| Observe rules in allocation of finances | 105 | 3.91 | .47 | 32.09 | .000 |
| Ensure transparency in expenditure | 105 | 3.82 | .31 | 64.43 | .000 |
| Monitor the use of financial resources | 105 | 3.69 | .53 | 53.37 | .000 |
| Maintain proper record of finances | 105 | 3.74 | .68 | 31.28 | .000 |
| Involve teachers in financial decisions | 105 | 2.45 | .18 | 29.81 | .000 |
| Involve community in financial management | 105 | 2.36 | .49 | 46.27 | .000 |

Table number 1 highlights the financial management role principals. The mean scores of 3.98, 3.77, 3.91, 3.82, 3.69 and 3.74 demonstrates that respondent principals agreed that they prepare the budget of the schools, received financial aid from educational authorities, observed rules in allocation of finances, ensued transparency in expenditure, monitored the use of financial resources and maintained proper record of finances. However, the mean scores of 2.45, 2.67, 2.45 and 2.36 forwarded that principals disagreed that they made proper planning for the financial management of the schools, organized the staff for financial management of the school, involved teachers in financial decisions and involved community in financial management of the school.

Discussions

The study found that financial management role of principals in secondary schools comprised of preparing the budget of the schools, receiving financial aid from educational authorities, observing rules in allocation of finances, ensuring transparency in expenditure, monitoring the use of financial resources and maintaining proper record of finances. Study's findings are in connection with the findings of Levin and Belfield (2018) who found the role of principals in exercising control of finances to ensure the smooth functioning of schools. Similarly, Odden and Picus (2020) found the role of principals in preparation of budget, creation of funds observing transparency in expenditure. Similar findings were also reported by Barr and McClellan (2018) who highlighted the role of principals at secondary level in fund raising, control corruption, efficiently use financial resources. In the similar vein, Mestry (2023) reported the financial management of the school as the domain of the principal who is responsible for the raising of financial resources and its efficient utilization. Similar findings were demonstrated through the research of Mestry and Ndhlovu (2024) who recommended the provision of community involvement for effective management of finances in secondary schools. The findings of the study have significant and theoretical implications for the development of efficient financial management practices for assisting principals in the financial management of the schools.

The study also found that principals in secondary schools were not making proper planning for the financial management of the schools, were not organizing the staff for financial management of the school, were not involving teachers in financial decisions and were not involving community

in financial management of the school. The findings confirm with the findings of Mesty and Schmidt (2023) who found that principals in secondary schools have poor financial management and they don't involve teachers and community for the proper management of school finances. Similarly, Bush and Glover (2023) reported that principals at secondary level have the challenges of lack of funds, unfriendly educational authorities, lack of transparency and non-cooperation of teachers in the financial management of the schools. Findings are in disagreement with the findings of Hitt and Tucker (2023) who found collaboration between the school and the community builds the trust of the community members and they are ready to assist in the fulfillment of the financial needs of the school. The findings of the study have significant theoretical and practical implications with sensitizing educational authorities about the significance of financial management in secondary schools and the development of mechanisms for the involvement of teachers, community, making proper strategic planning and organizing the staff members for the effective financial management.

Conclusion

Keeping in mind the objectives and findings of the study, these conclusions were made:

The study found that financial management role of principals in secondary schools comprised of preparing the budget of the schools, receiving financial aid from educational authorities, observing rules in allocation of finances, ensuring transparency in expenditure, monitoring the use of financial resources and maintaining proper record of finances. It presented the role of principals in budgeting, getting finances, observing rules in financial expenditure, transparency and valid record keeping.

The study also found that principals in secondary schools were not making proper planning for the financial management of the schools, were not organizing the staff for financial management of the school, were not involving teachers in financial decisions and were not involving community in financial management of the school. It demonstrated that principals in secondary schools don't plan, organize, involve teachers and community members in financial management of secondary schools.

Recommendations

These recommendations were forwarded for the better financial management of secondary schools:

1. There may be capacity building trainings for principals in secondary schools in financial planning, organizing and involvement of stake holders like teachers and community for effective financial management of the schools. This training needs to be arranged by the elementary and secondary education department of Khyber Pakhtunkwa, Pakistan.
2. Principals in secondary schools need to have proper strategic planning for the financial management of schools. They need to focus on the priorities and interests of their schools in this planning.
3. The principals in secondary schools need to organize and mobilize all the staff of the school and more specifically teachers for support in the better management of finances at secondary schools.
4. The principals in secondary schools need to involve the community in schools' financial management as they will not only help in management of finances but also provide donations or finances for the effective finances of the schools.
5. Similar studies may be conducted on the financial management of heads in primary schools, schools of private sector and institutions of higher education.

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