

## **How financial resource management facilitate educational development in schools? An exploratory study**

**Dayanandan. R<sup>1</sup>**

**Abstract:** *Education is considered as a basic element in any development process and it supports other social, economic, science and technology sectors in poverty alleviation schemes. Proper management and sound financial resource utilization in the educational system helps the efforts to improve educational quality and expand access to achieving the goal of universal primary education. Improper financial resource management and misusing the resources tend to be difficult tasks of the education system. Hence the major objective of this paper is to assess the practice of financial resource management in primary schools for educational development in Daledistrict of Ethioipa. To address the specific objectives, multistage sampling procedure was adopted to select the district, schools and the respondents. Daledistrict was selected purposefully and the schools in the district were grouped in to five geographic clusters. From each cluster, one school was selected by using random sampling technique. The data were collected through questionnaires, interviews, focus group discussion and document analysis. Quantitative data were analyzed using SPSS software version 21. The results indicated that, the participation of community representatives in the process of planning, implementing & evaluation was found below average. Financial resource management system has deficiency of transparency, lack of efficient and effective financial resource utilization, delay of budget released to schools, lack of qualified human resource for budget preparation, shortage of capacity building training, lack of commitment among committee members, lack of experience in management of finance, low educational background of committee members. Thus, to alleviate the challenges, the District Administrators, District Education office, District Finance & Economic development office and primary schools should take measures to improve participation of community representatives in financial resource management, financial resource utilization should be transparent & schools should promote efficient and effective financial resource utilization in the system.*

**Keywords:** Financial Resource Management; Education Development, Primary Education

### **Background and Problem Statement**

Education is considered as a basic element in any development process and it supports social, economic, science and technology sectors in poverty alleviation schemes. The underlying measurement is the effectiveness of the educational finance for providing quality education, expand access and maintaining educational equality (Zenebe, 2013). Through these mechanisms to attain Universal Primary Education (UPE) by 2025, Ethiopia has been implementing the

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<sup>1</sup>Professor, Hawassa University.

**Corresponding author:** Dayanandan. R can be contacted at: afianand@gmail.com.

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Education Sector Development Program (ESDP) to attain the goals set in the development policy since 1997 through mobilization of national and international resources (Shoko, 2005).

The Ministry of Education document (MoE, 2002) realizes that, the Government alone cannot shoulder the immense educational expenditure of the country. Communities are expected to participate in supporting the educational system and schools which deliver service for them. According to the Ministry of Education's Blue Book (2002) and School Grant Budget Guidelines (MoE, 2009); the main sources of school funding can be the Block Grant, School Grant, Community contributions, support from Non-governmental Organizations (NGOs) or other external donors, and the School's internal income. The Education and Training Policy (MoE, 1994a) and the Education Sector Strategy (MoE, 1994b), together with the capacity building strategy and programmers, maintain that community participation has significant role in financing education. Although general education (Grades 1 to 10) is free of compulsory fees, as stipulated in the Education and Training Policy (MoE, 1994a), communities are encouraged to support schools voluntarily in the form of cash, in kind, and in labor.

The districts have control over how they spend funds that they receive or raise for education purposes. Similarly, while there is suspicion in National Government about local fund raising for schools, it is not controlled and no formal protocol is followed (Oumer, 2009). Although the Government has tried to establish universal access to Primary Education, especially in rural areas, their efforts has been thwarted due to lack of adequate funding (Pereznieto and Jones, 2006).

An involvement of the local community is an important aspect for decision making regards to education. The strategies adopted to participate women and farmers in decision making to mobilize resources for the schools (Oumer, 2009). At regional level, the budgets that are developed are usually printed in local newspapers so that the populace has access to them, while in districts the budget plans are posted in areas where the public can see them. This is an effort to increase transparency over the expenditure of money. Even though for many literacy and understanding of a budget stands in the way of real comprehension, these actions appear to be symbolically important (Martin Prewet al, 2011).

During the financial allocation, Federal Government uses the National budget distribution patterns to share education budget for Schools. In addition, government uses certain criteria to allocate budget in the course of development. They are population size, development indices and struggle to grow revenue are the major ones. In similar way, zonal governments transfer financial resources to the districts as block-grant in line with the same formula. Districts are therefore the most important strata where decentralized financial management takes place and the same to schools. The fundamental problems of most schools are how to allocate finance based on rules and guidelines set by the government and utilize accordingly. With regard to problem encountered was in adequate finance, this inadequacy reflect in "failure" to provide timely report about the performance of the education projects (MoE, ESDP, 2013).

On the basis of guidelines, Education and Training Board (ETB) and Parent-Teacher Associations (PTAs) were established in twenty two government primary schools of study district to strengthen community school relationship, to create good learning environment, to decrease drop out and to increase community support to schools in terms of material, labor and finance. These will definitely require the acquisition of management skill (planning, organizing, financing and implementing, etc). Those groups are expected to strengthen the active participation of the society in the improvement of the local schools. So far, the participation of

the parents and the community seems unsatisfactory. The ETB and PTA members do not seem to have delivered the service as was envisaged.

According to Tadiwos (2013), from the budget allocated to enhance the quality education, much of it was said to be misused due to improper management. This also gives the clue that there could be misuse in the financial resource management in the primary schools in the study district may not be exceptional. Dale district council members also discussed at the district education office annual performance of financial resource management at the primary schools in 2016. The outcomes of the discussion called for improvement in financial resource management at primary schools. Therefore, this paper focuses on how the management of financial resource in primary schools and its implication on educational development.

### Specific Objectives

- To assess the level of participation by stake holders in the process of financial resource management in the selected schools.
- To investigate, at what extent the financial rules and guidelines are being adhered by the sample schools.
- To identify the factors affecting the proper utilization of the financial resource in the sample schools.

### Methodology Adopted

Descriptive survey design was adopted in this study on the ground that it was found to be helpful to obtain reliable and relevant information (Leedy & Ormrod, 2005) and both qualitative and quantitative methods are employed. Using mixed research method could neutralize the biases of any sample method; the more dominant approach used in this research was the quantitative method. But qualitative data obtained from interviews and focus group discussions were used to support quantitative data. It is used as a means for convergence and integrating qualitative and quantitative data (Creswell, 2009). The primary data was gathered through questionnaires from Teachers, Principals, and Vice Principals working in the sample schools. Qualitative data was collected by using key informants' interview who have deep knowledge about financial resource utilization such as Supervisors, District Education Office Head, District Finance Office Head etc. In addition, five focus group discussions have conducted in all five sample schools.

A multi stage sampling procedure was followed to select the sample district, schools and the respondents. In the first stage, out of 19 districts in the Zone, Dale district was selected purposively because improper financial resource management at primary schools seems to be rampant according to many sources. In the second stage, all the 22 government primary schools are grouped into five clusters based on their geographic locations and from each cluster, one school was selected using random sampling technique. At the third stage, from total 181 teachers, 125 sample teachers were selected using Miller and Brewers (2003) sampling formula ( $n = \frac{N}{1+N(a)2}$ ). Those arrived sample teachers were distributed to proportional to the total of sample schools. In addition, 5 Principals and 6 Vice Principals were also included through purposive sampling since they are school managers and expected to be a source of information for all school activities regarding the financial management and community participation. Thus the total sample respondents were 136. In addition, 10 key informants including Cluster Supervisors, Education Officers and District Finance & Economic Development Office Workers whose responsibilities are auditing financial resources in public sectors were also interviewed.

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The collected data was organized, coded and analysed using SPSS (Version-21). In addition to descriptive statistics such as frequencies and percentages, one sample t-test was used to identify the level of stakeholders' participation in the allocation, implementation and evaluation of fiscal year budget.

### **Results and Discussion**

Expansion of the education and maintaining the required quality in schools are greatly influenced by the amount of finance available to education and the way the available finance resources are allocated effectively and efficiently managed (Mbamba, 1992). It is the responsibility of the managing body of the system to maintain an appropriate balance between the limited financial resources and the need of society (Helter, 1991). The principle of the financial management as other management discipline apply general principles of planning, organizing, directing, coordinating and controlling money so as to secure the optimum achievement of the objectives (Mbamba, 1992). Principles of financial resource management are (i) equity in education finance, (ii) efficiency, (iii) participation of the stakeholders, (iv) transparency and (v) accountability which are more essential for good governance in educational institutions. Hence the following sections deals with these principles in addition to the profile of sample schools and the respondents.

#### **Profile of Sample Schools and Respondents**

According to the District Education office, during 2016/2017 academic year 7,816 students were enrolled in the sample schools. Out of them, 51.6% are male and 48.4% are female students. There are 5 principals, 6 vice principals and 181 teachers are available in the sample schools and 74% are male teachers and 26% female teachers. Content analysis was also carried out from the documents of the schools such as annual financial action plans, performance reports, account ledgers, minutes, utilization of the revenue and expenditure models (receipts) and other related documents which supports the information given by the respondents.

Out of 136 respondents, 69.9% are males and 30.1% are females. Also only 9% is female who works in the vice principal position which indicates that, women leadership position is inadequate in the sample schools. Concerning age composition, 58.8% of the respondents are between 21 and 30 age group, 38.2% between 31 and 40 age group and 2.9% between 51 to 60 years old. From this it is inferred that, most of them found in the youth category. Regarding their marital status, 75.7% are married, 22.8% single and 1.5% divorced. Educational status of the respondents indicate that, majority (77.2%) of them are Diploma and 17.6% Bachelors degree holders. This indicated that, the effort of Government in appointing qualified practitioners in primary schools is appreciable. Experience of the respondents show that, 23.5% have 1-5 years work experience, 50.7% have 6-10 years experience and 20.6% have 11-15 years experience in teaching profession. From this it is understood that, about 74.2% of sample teachers have below 10 years experience.

#### **Participation of Stakeholders in Planning, Implementation and Evaluation of Financial Resources Management**

This is the level of involvement of all stakeholders in the budget process and implementation, directly or indirectly through legitimate intermediaries, the process of the budget preparation. The respondents were asked whether principals invite the PTA, ETB & SIC for planning, implementation and evaluation of financial resources and the results indicate that 30.9% of

respondents have agreed and majority (56.6%) of them disagreed for the question. The mean value (2.68) is found below the average and one sample t-test value ( $t=26.68, df=135, p<0.01$ ) endorsed the same which indicates that the principals of sample schools failed to invite the PTA, ETB & SIC committee members at the time of planning, implementing and evaluating educational finance activities in the school. From this it is inferred that the participation of the community representatives found at medium level.

Also vast majority (73.5%) of the respondents reported that annual budget was not posted in the public place. The observed mean value (2.12) is below average of 3 and one sample t-test results ( $t=22.54, df=135, p<0.01$ ) proved the same. The key informants also endorsed that lack of transparency regarding to financial resource utilization and schools fail to submit financial performance report to local community councils.

Financial contribution of the community reveals that it is inadequate and reported by 44.1% of the respondents. However, 41.9% respondents agreed that the contribution of the community is adequate for the schools. The mean value is found below average and one sample t-test ( $t=27.96, df=135, p<0.01$ ) also supported the arguments.

In addition, 56% of the respondents agreed that school administration has not been spending financial resources based on common consent of the stakeholders but 29.6% not agreed this statement. Mean value obtained from this statement is 2.6 and one sample t-test value ( $t=22.65, df=135, p<0.01$ ) also proved the same. This indicates that, the (ETB, PTA) committee members were elected among farmers and most of the time they did not pay attention for school meetings.

However according to majority (67.7%) of the respondents, Block-Grant & School-Grant is released according to the guide lines and the observed mean value (3.57) is found above the theoretical mean (3.0) as well as the test results ( $t=34.65, df=135, p<0.01$ ) supported this. In this regard, Organization of Educational Management, Community Participation and Finance Directive (MoE, 2002) – also known as the ‘Blue Book’, developed by the MoE – states that, in principle, schools are expected to receive their recurrent budget based on the number of employees (teachers and administrative staff), and the running costs of the school based on the number of students enrolled and class size (MoE, 2002). The aim of the policy is to provide schools with a small, but regular and predictable income which they can use flexibly to cover operating costs based on their priorities. According to the guide lines (MoE, 2009), 15 Birr (National Currency) per pupil (grade 1-8), 20 Birr per pupil (grade 9-12) amount have been allocated per student for the school grant.

Involvement of communities in school decision-making creates a greater sense of ownership, morale and commitment among the stakeholders. Decisions that are made at local level are arguably more responsive to specific issues related to school contexts (Dunne et al, 2007). An important achievement has been observed in South Africa in this regard, since school-based governance is often integrated with participatory decision-making (Naidoo, 2005). Another advantage is that decentralization empowers communities to mobilize resources (Dunne et al, 2007). According to Grauwe et al (2011), the involvement of parents, teachers, local councilors and education officials in school management can help to promote decision-making at school level, which improves the quality of schooling and students’ achievement.

Regarding the participation of PTA & ETB Committee members at the time of planning & implementing school budget, only 37.8% of the respondents agreed and majority (63.2%) of the respondents disagreed. The observed mean (2.28) is also less than that of neutral value (3.0) and one sample t-test value ( $t=21.24, df=135, P<0.01$ ) endorsed the same which indicate the less

How financial resource management facilitate educational development in schools? An participation of stakeholders. Moreover, only 46.4% of the respondents agreed that committee of district education office evaluating the financial resource utilization on regular time. The purpose of budget evaluation is to determine the goodness and badness of the budget, its quality and the extent to which it agrees with actual financial administration. Development plan and Document analysis showed that District Education Office evaluates financial resource utilization performance at most two times in one budget year. Hence, it needs additional effort to supervise, evaluate and giving timely feedback to save schools from misuse & improper financial resource management.

**Table 1: Participation of the stake holders in the Financial Resource Management**

No	Descriptions	n	Respondents' Level of perception					Mean	t-value
			SA Freq	A Freq	UD Freq	D (Freq	SD Freq		
1	The principals invite the committee members for planning, implementing & evaluating financial resources	136	09 (6.6)	33 (24.3)	17 (12.5)	60 (44.1)	17 (12.5)	2.68	26.85
2	The school administration posts the annual budget at public place	136	10 (7.4)	02 (1.5)	24 (17.6)	58 (42.6)	42 (30.9)	2.12	22.54
3	Financial contribution of local community in school reaches adequate level	136	-	08 (5.9)	25 (18.4)	69 (50.7)	34 (25.0)	2.05	27.27
4	The school administration has been spending financial resource based on common consent of stakeholders	136	-	02 (1.5)	30 (22.1)	61 (44.9)	43 (31.6)	1.93	22.65
5	Block grant & school grant is being released to school according to the guidelines	136	28 (20.6)	64 (47.1)	13 (9.6)	20 (14.7)	11 (8.1)	3.57	34.65
6	Committee members participate sufficiently, at the time of planning & implementing school budget	136	-	40 (29.4)	10 (7.4)	34 (25.0)	52 (38.2)	2.28	21.24
7	District education office evaluates the financial resource utilization regularly	136	16 (11.8)	47 (34.6)	33 (24.3)	30 (22.1)	10 (7.4)	3.21	32.93
8	The school management presents financial resource utilization performance report to the people council regularly	136	-	32 (23.5)	27 (19.9)	32 (23.5)	45 (33.1)	2.34	23.33
9	The teachers participate adequately through their representatives at the time of planning ,implementing &evaluating financial expenditures	136	-	40 (29.4)	14 (10.3)	31 (22.8)	51 (37.5)	2.32	21.59

**Note:** 1=Strongly Disagree (SD), 2=Disagree (D), 3=Undecided(UD),4=Agree(A),5= Strongly Agree (SA)

Figures within brackets indicate percentages

Regarding the presentation of financial resource utilization performance report to people council timely, majority (56.6%) of the respondents disagreed on this which is endorsed with the mean value (2.34) and sample t-test value ( $t=23.33$ ,  $df=135$ ,  $p<0.01$ ). This shows that there is lack of transparency between the school management and the stakeholders towards financial resource utilization in schools. However, presenting financial resource utilization report to concerning bodies regularly is highly important to strengthen transparency and participatory approach among school stakeholders.

Further, from the survey it is found that lack of participation by the teachers at the time of planning, implementation and evaluation of financial expenditure reported by majority (60.3%) of the respondents. The observed mean (2.32) and one sample t-test value ( $t=21$ ,  $df=135$ ,  $p<0.01$ ) supports the results. In schools the main actors are teachers; they have major role in the process of bringing educational quality but school managements did not commit to work together in financial issues.

According to the World Bank (1998), decentralization is intended to bring numerous improvements, and it is widely believed that it can contribute to the following: further democratization; more efficient public administration; more effective development; and good governance (Ryukoku, 2001). According to Behrman et al (2002), decentralization is on the list of recommendations made by the World Bank (1998) to effect a more efficient allocation of resources that is necessary to bring improvements in the quality of schools and to deal with school financial pressures. In line with this, 68.4% of respondents endorsed that the level of decentralization in education system found at the intervals of medium through very high level. Whereas 31.6% viewed that the level of decentralization in education system found at low level.

### **Allocation and utilization of financial resources**

It is obvious that quality of education can be achieved through proper allocation and utilization of financial resources. With this background question was raised with the respondents and majority (69.8%) of them reported that the budget allocated to the schools was not adequate. The observed mean (2.07) is also less than that of average and the one sample t-test value ( $t=25.95$ ,  $df=135$ ,  $p<0.01$ ) also proved the same. This may lead to shortage of finance to accelerate the educational activities to meet the required quality education. This needs attention from concern authorities and mobilizing local communities for financial contribution.

Regarding the statement, 'school management allocates annual budget on the basis of priority needs', only 27.9% of respondents agreed and majority (59.5%) of them disagreed. The observed mean (2.3) is also below the average (3.0) and one sample t-test value ( $t=21.59$ ,  $df=135$ ,  $p<0.01$ ) disclosed that school management did not allocate annual budget on the basis of priority needs. This indicates that school management did not have adequate trainings to use educational finance secured from different sources effectively and efficiently.

In this study, the respondents were asked "whether the primary schools use the budgetary system of models during utilizing and spending the financial resource". In this regard, 25% of the respondents agreed and 18.4% undecided, 20.6% disagreed and 36.0% strongly disagreed for the statement. The obtained mean value (2.32) also below the average mean. One sample t-test values ( $t=22.50$ ,  $df=135$ ,  $p<0.01$ ) disclosed that primary schools did not use properly the budgetary system of models during utilizing and spending the financial resource. Furthermore, from the interview with Cluster Supervisors and Auditors from Finance & Economic Development Office and Document analysis in schools exhibited that, school management did not use budgetary system of models during utilizing and spending financial resource. For

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example, the purchased goods are not listed on the revenue models, minutes and letters are not documented properly, spending without action plan, registering internal income and block grant on one ledger, spending money without approved receipts are some ones. From this one can understood that school administration did not carrying out their responsibilities.

**Table 2: Respondents view on allocation and utilization of financial resources**

No	Descriptions	Respondents' Level of perception							
		n =	SA Freq	A Freq	UD Freq	D Freq	SD Freq	Mean	t- value
1	The budget allocated to school is adequate to accelerate annual educational activities	136	-	11 (8.1)	30 (22.1)	52 (38.2)	43 (31.6)	2.07	25.94 9
2	School management allocates annual budget on the basis of priorities need	136	-	38 (27.9)	17 (15.2)	29 (21.3)	52 (38.2)	2.30	21.59 0
3	Primary school uses the budgetary system of models during utilizing the finance	136	-	34 (25.0)	25 (18.4)	28 (20.6)	49 (36.0)	2.32	22.50 2

**Note:** 1=Strongly Disagree (SD), 2=Disagree (D), 3=Undecided(UD),4=Agree(A),5= Strongly agree (SA) Figures within brackets indicate percentages.

### **Challenges related to financial resource management in primary schools**

According to the respondents, there are many challenges which hinders the proper financial management in the sample schools. To understand the same different questions were forwarded and the responses are presented in table 3. Accordingly, 39.0% and 32.4% of respondents strogly agreed and agreed that shortage of allocated budget is one of the challenges in schools to accelerate annual educational activities. The observed mean (3.85) is also found in the very high level. One sample t-test result ( $t=35.94$ ,  $df=135$ ,  $p<0.01$ ) indicates that significant respondents assumed that the shortage of allocated budget to the schools is serious problem to accelerate educational activities in the primary schools. Furthermore, from the interview with cluster supervisors and district education office head found that shortage of educational budget is one of the serious problems in primary schools, especially in newly emerged schools.

However, 34.5% agreed on the lack of experience to manage educational finance is one of the challenges of primary schools. The observed mean (2.93) is found between in the moderate interval. One sample t-test value ( $t=27.68$ ,  $df=135$ ,  $p<0.01$ ) also supported the same. Interview of district education office head and cluster supervisors reveal that this kind of problem aggravated in schools where principals who are newly attending to managerial positions. This needs concern of bodies in the educational system must pay attention to build capacity for newly attending school managing bodies.

**Table 3: Challenges of the Financial Resource Utilization in Primary Schools**

No	Descriptions	Respondents' Level of perception							
		n =	SA Freq	A Freq	UD Freq	D Freq	SD Freq	Mean	t-value
1	Shortage of allocated budget	136	53 (39.0)	44 (32.4)	15 (11.0)	14 (10.3)	10 (7.4)	3.85	35.94
2	Lack of experience to manage educational finance	136	18 (13.2)	29 (21.3)	29 (21.3)	45 (33.1)	15 (11.0)	2.93	27.68
3	Lack of commitment to use educational finance properly	136	27 (19.9)	36 (26.5)	22 (16.2)	51 (37.5)	-	3.29	32.85
4	Mismatch between action plan and financial implementation	136	25 (18.4)	55 (44.4)	20 (14.7)	35 (25.7)	01 (0.7)	3.50	37.49
5	Lack of qualified human resource to budget preparation	136	32 (23.5)	66 (48.5)	32 (23.5)	06 (4.4)	-	3.91	56.85
6	Delay of budget released to schools	136	48 (35.3)	51 (37.5)	20 (14.7)	15 (11.0)	02 (1.5)	3.94	44.27
7	Weak monitoring and evaluation system	136	40 (29.4)	32 (23.5)	33 (24.5)	30 (22.1)	01 (0.7)	3.59	36.35
8	Shortage of capacity building	136	62 (45.6)	37 (27.2)	18 (13.2)	19 (14.0)	-	4.04	43.91
9	Low educational background of committee members	136	46 (33.8)	40 (29.4)	15 (11.0)	35 (25.7)	-	3.71	36.52
10	Lack of transparency from school administration	136	44 (32.4)	22 (16.2)	17 (12.5)	53 (39.0)	-	3.42	30.74
11	Lack of commitment of committee members about school finance management	136	51 (37.5)	28 (20.6)	12 (8.8)	45 (33.1)	-	3.63	32.83
12	Weak control of the collection of school internal income	136	51 (37.5)	28 (20.6)	12 (8.8)	45 (33.1)	-	3.47	30.75
13	Poor communication among school community members	136	58 (42.6)	21 (15.4)	10 (7.4)	46 (33.8)	01 (0.7)	3.65	31.65

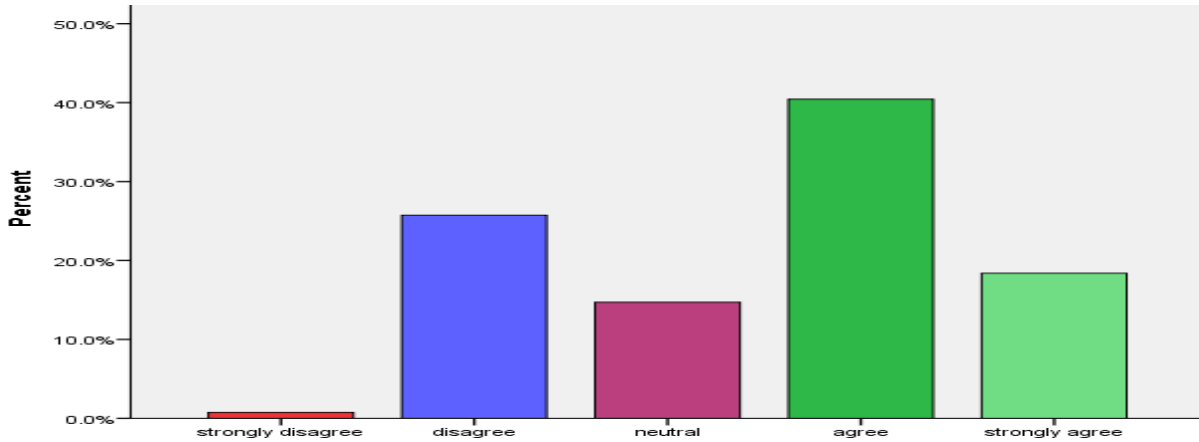
**Note:** Ratings: 1=Strongly Disagree (SD), 2=Disagree (D), 3=Undecided(UD),4=Agree(A),5= Strongly agree (SA)

Figures within brackets indicate percentages

Again 46.4% of the respondents felt that “lack of commitment to utilize educational finance properly” is another lacuna in financial resource management. The mean value obtained from reported response is 3.29 which is found at moderate level.

Regarding, “mismatch between action plan and financial resource implementation” 62.8% of the respondents agreed or strongly agreed where as, 26.4% disagreed or strongly disagreed. The observed mean (3.50) is also found in very high level and t-test value ( $t=37.49$ ,  $df=135$ ,  $p<0.01$ ) disclosed the above statement. Furthermore, the interview of district finance and economic development office Auditors ensured that auditing results in majority of schools shown that, there is mismatch between action plan and implemented financial performance report. Clearly this indicates that, there is improper financial resource management in the sample schools.

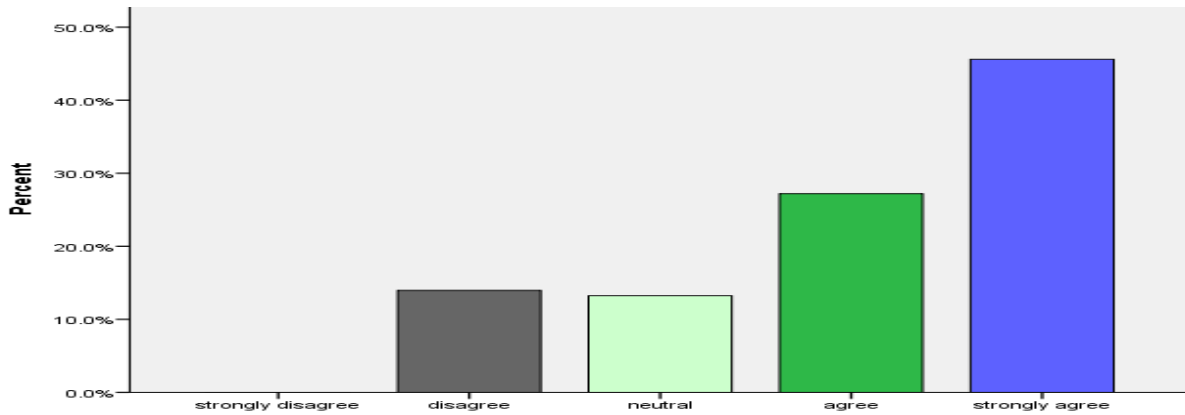
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**Respondents viewon relation between action plan and financial implementation**

Further, majority (72%) of respondents agreed that lack of qualified human resource in primary schools as a major challenge which is supported by the high mean value (3.91). One sample t-test (t=56.85, df=135,p<0.01) endorsed the same as well. This opens the door for misuse offinancial resource andimproper management.

The respondents were asked to rate at what level “the dely of released budget hinders annual educational activities”. In line with this, majority (73%) of the respondents agreed for delay of budget released to schools from district finance and economic development office is one of the serious challenges in schools. The mean value (3.94) is found at higherand t-test value (t=44.27,df=135, p<0.01) disclosed that the majority of respondents assured that delay of budget released to schools is major challenge. FGDs and district education office head ensured that budget released to school later on November whereas, according to the calendar budget was dispensed starting from July1<sup>st</sup>.

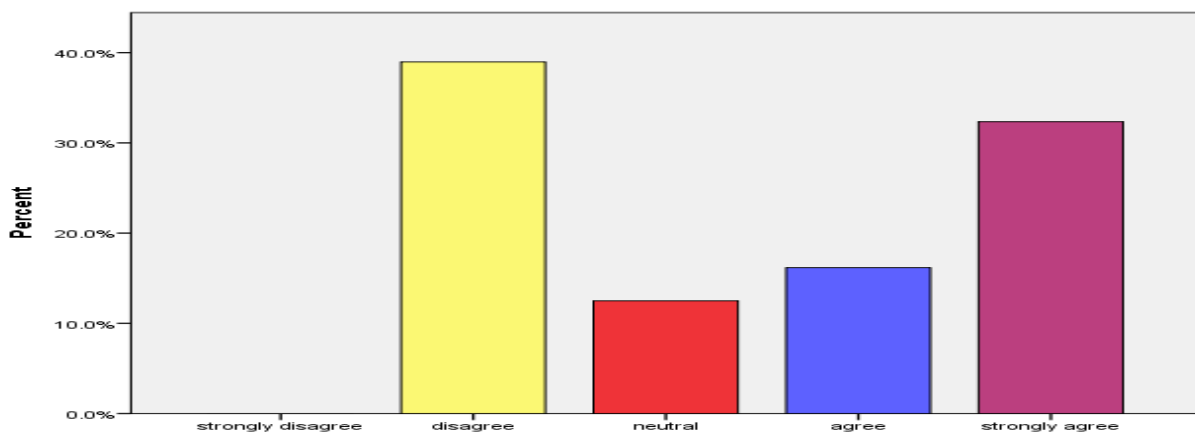


**Figure 1: Respondents’ Reflection on Capacity Building**

Further, morthan half (52.9%) of the respondents reported that weak monitoring and evaluation system is another hindering factor in financial managemen. The observed mean value (3.59) is found at higher level and one sample t-test value (t=36.35,df=135,p<0.01) also supported the findings. It is found that vast majority (72.8%) of the respondents felt that shortage of capacity building trainings is a major challenge of financial management in the sample schools and t-test value (t=43.91, df=135, p<0.01) endorsed the statement. According to

Cluster supervisors, principals have not got adequate trainings on how to execute financial resources; also community representatives (PTA&ETB) are elected from local society. Hence, unquestionably continuous capacity building trainings are very important for school management bodies on financial resource management.

In addition, 63.2% of the respondents felt that low educational back ground of PTA and ETB committee members is also one of the challenges for the financial resource management and t-test value ( $t=36.52, df=135, p<0.01$ ) endorsed the same. Further, lack of transparency from school management also hinders proper utilization of financial resources reported by 52.02% of the respondents. From the interview with district education office head, Cluster supervisors, Auditors and document analysis it was found that school management did not post annual budget at public place, not submitting financial performance report to people councils regularly, spending without approved receipt, etc. This indicates that, to promote transparency in financial system it needs additional effort and commitment from stakeholders.



**Figure 2: Respondents' view on the Transparency of the Financial Resource Utilization**

Lacking commitment in the part of PTA, ETB & SIC committee members in financial resource management is also another challenge reported by 58.1% of the respondents which supported by the mean value (3.63) and one sample t-test value ( $t=32.83, df=135, p<0.01$ ). In addition, weak control on the collection of internal school income also hinders educational activities reported by 58.1% respondents. One sample t-test values ( $t=30.75, df=135, p<0.01$ ) disclosed the same.

Poor communication among school community (Principals, Vice-principals, ETB, PTA, Parents) also another challenge faced by the sample schools which is endorsed by majority (58%) of the respondents which is supported by the mean value (3.65) and one sample t-test values ( $t=31.65, df=135, p<0.01$ ). This indicates that there is lack of transparency and participatory approach among school communities.

### Conclusion

Based on the findings from the survey, focus group discussion, key informant interview and document analysis, the participation of community representatives (PTA, ETB & SIC) was found at low level in planning, implementation & evaluation of financial resource management in the sample primary schools. Also educational decentralization has contributed to budget preparation and execution through devolving financial resources and authority from government directly to

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schools, Block grant & School grant to schools according to the rules and guidelines. However, the district finance and economic development office did not conduct auditing and evaluation activities on regular basis, the school internal auditing activity was carried out once in a year. Taking loan from informal lenders and returning with high amount of interests due to delay of budget release, Principals reporting exaggerated price on the purchased goods, Listing of school internal income and block grant money mixing on the same ledger etc are the major challenges faced by the sample schools in managing the financial resources. To overcome these hindrances and to have better financial management system, following policy implications are forwarded.

- District Education Office and District Administrators need to pay attention to elect educated members as committee members.
- School Principals must be appointed based on meritocracy with considering their working experience and performance.
- Providing capacity building trainings for community leaders, PTA&ETB committee members and newly attending primary school principals is essential continuously.
- Transparency in the system of financial resource management in sample schools suffered from big challenges. Hence schools should post annual budgets at public places with its source and the same should be presented in the form of parents' day.
- Technical assistance for primary school principals and other concerning bodies is essential to build up their knowledge on managing and executing financial resources.
- School principals should obey the existing financial rules and directives, allocate annual budget based on the priority needs.

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