

Stakeholders' Involvement on Financial Management Outcomes in Public Primary Schools in Homa-Bay Sub-County, Kenya.

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Abstract

The mismanagement of education school funds in Public Primary Schools (PPS) due to lack of effective stakeholders' involvement in school financial management has led to embezzlement of funds summing up to billions of shillings. The purpose of this research was to evaluate the impact of stakeholders' involvement strategies on financial management outcomes in PPS in Homa-Bay Sub-County, Kenya. The study was guided by performance budgeting theory. It used mixed methodology survey research design. Concurrent triangulation was used to ensure credibility. Sixty-five school head teachers, 65 Board of Management (BoM) Chairpersons and 62 BoM Parents representatives were sampled through simple random and purposive sampling. Thirty-six Parents were selected through systematic sampling. Purposive sampling was used to select the 4 Sub-County Auditors for Schools. The sample size was 232. Quantitative data was presented using tables. Qualitative data was presented in narrative form. This study recommended the need for the government of Kenya through Ministry of Education to sensitize stakeholders to be more involved in the school financial managements in PPS.

Keywords: Stakeholders, involvement, financial management, outcomes
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Background and context

Internal control strategies in accounting and auditing are the practices for reassuring achievements of school organization objectives in operational effectiveness and efficiency. Stakeholders' involvement is one of the school internal control strategies. They are a reliable control system effected by individuals that provide assurance. The term internal control was first defined by American Institute of Accountants (AIA) in 1949 with further clarifications being made in 1972 and in the 1980's.

According to historical records, financial scandals have been witnessed in Public Primary Schools (PPS), businesses and in state parastatals, globally, internationally, nationwide and locally. For instance, in America, financiers lost \$180 billion in the World dot Com Scandal of 2002 and \$150 million in the Tyco Scandal of 2002. In Nigeria embezzlement of Educational funds was reported where, 3.5 billion Naira allocated for boarding houses facelift and building of fresh lecture auditoriums was mismanaged in breach of outstanding process and clearness (The Budget and Monitoring Committee, 2016). According to Chikowore in Mapulisa et al. (2014), Nigerian higher education leadership rates of embezzling and mismanaging of funds were quite terrifying. In

Kenya, the state lost over Sh. 6.3 million in the Golden Bag scandal of the 1990s, Ksh.7.6 Billion in Triton Scandal of 2008, and the Ksh. 250 billion in Euro Bond saga of 2016 (Wafula, 2016).

According to Standard Digital News, Siring (2017) a report from the Ethics and Anti-corruption Commission listed PPS Heads stealing Education Billions by issuing wrong figures and flouted procurement procedures, as one of several financial fraudulent activities affecting the Financial Management Outcome (FMO) of such organizations. According to Africa Media News (19, June, 2011) Elimu Yetu Kenya complained of \$46 Million that was reported missing from the Ministry of Education. According to Oduor (26/5/2016) Standard Digital] the Ethics and Anti-Corruption Commission sampled 42 schools across the country and a total of 133 reports touching financial mismanagement of FPE funds and another 28 touching on Kenya Education Sector Support Projects were received.

Homa-Bay Sub-County has a total of 75 PPS which faced similar challenges as others in the country. In line with TSC Disciplinary Division (2016), a total of 103 head teachers were interdicted in regard to misappropriation and embezzlement of FPE funds from July 2010 to June 2015. According to Teachers Service Commission (TSC) Homa-Bay County Disciplinary Unit (2018), a total of 8 Primary School heads had been interdicted for school financial mismanagement since July, 2013 while Teachers service commission Disciplinary Division report (TSC, 2016) revealed that 103 heads have suffered the same punishment.

Stakeholders' Involvement in Financial Management in Public Primary Schools

According Msila (2014), stakeholders are those who share authorized interest and contribute towards the success of an institution. Mokoena (2012) argued that school management willing to facilitate a high degree of trust among the stakeholders should encourage participative management. According to Machen et al. (2005), for the schools to come up with greater financial accountability, there should be total commitment from all stakeholders. Naidoo (2010) observed that many governments had put in place laws, regulations, and policies to facilitate parental involvements in children education. Naidoo (2012) and Friedman (2011) both observed that many governments had put in place laws, regulations, and policies to facilitate parental involvements in children education.

However, according to Ndiang'ui (2012), many schools did not run a system of financial management outcomes that involved all the stakeholders. Ndiang'ui's study argued that not all the stakeholders' interests in the school financial management

outcomes had been taken into account. Groups such as religious organizations were left behind. The study findings further noted that School Board of Management (BoM) Committees were involved in financial management of Public Primary Schools, however their involvement was observed to be minimal.

Gastic et al. (2008) pointed out in their study that schools required full support of all stakeholders in order to succeed in all manners of development. Though their study observed that in developing countries such as Kenya, several stakeholders did not actively participate to their level best on education matters. According to Mohan and Abebech (2002), parental involvement had not been satisfactory. Hung (2007) reported that parental involvement in education matters such as financial management usually enhances greater accountability by school to the community.

Machen et al. (2005) in their study noted that even though meaningful parental involvement was significant in education management, it was not the norm in several Public Primary Schools. Sura (2003) reported that knowledge on education management matters of the school was quite limited. The need to involve all the stakeholders in school financial outcomes is critical. Every stakeholder has been assigned a duty to perform. However, an assumption that the school BoM and school head teachers would follow the guidelines without strict supervision has not clearly been evaluated to find its effectiveness.

Parents and stakeholders' involvement as strategy that influences school financial management outcomes is a broadly searched on topic. Koros (2015) investigated factors influencing BoM efficiency in Financial Management in Public Secondary Schools in Koibatek District Kenya but not in PPS. School BoM in Kenya according to the Basic Education act (2013) is chosen on voluntary basis and is not numerated.

Previous research studies have mostly concentrated on the aspects affecting academics and financial management, giving minimal attention to the aspect of stakeholders' involvement. Therefore, carrying out research at this level to focus on influence of stakeholders' involvement on financial management outcomes in PPS would be important to resolve the PPS financial management challenges. This study investigated the influence of stakeholders' involvement on finance management outcomes in PPS in Home-Bay Sub-County, Kenya.

Theoretical Framework

This study was directed by performance budgeting theory. The performance budgeting theory argues that since the state agencies and organizations have their administrators, it is their roles to adapt policies and evaluate those policies they have

adopted. This theory demands the accountability and explanation from the administrators for their actions since they are fully entrusted with authority to make final policies affecting the management and policies of the organizations. It tries to ensure that public funds are accounted for and are not mismanaged. The theory demands that individuals trusted with the authority to make policy and executing them to give full accountability for any gap realized. In line with this, the administrators will ensure that they are accountable to all stakeholders in using the school finances since they will be held responsible for any mismanagement of school funds. The policy advocates for the involvement of several groups to ascertain the quality gained from the money invested.

Research Approach

A mixed-method descriptive survey design was used to investigate the influence of stakeholders' involvement on finance management outcomes in PPS in Homa-Bay Sub-County, Kenya. Concurrent triangulation was used to ensure credibility. This design enabled the researcher to acquire diverse corresponding data on the same theme and matched and compared quantitative results with qualitative findings (concurrent triangulation) in order to achieve inclusive interpretation of the research questions and come closer to credible interpretation of the final result (Creswell, 2003). This enabled the researcher to validate and expand quantitative results with qualitative data.

Population and Sample

In Homa-Bay Sub-County there are 75 Public Primary Schools. Each school has a school head, school BoM persons, parent representatives and parents. In addition to these, there are 4 Ministry of Education Sub-County Auditors.

The Slovin's formula was used to calculate the sample size. The n^{th} number was an interval of after every 2 schools. This resulted in a sample size Sof at least 167 respondents. The researcher used non-probability and probability sampling methods to select the participants. A total of 65 school head teachers, 65 BoM Chairpersons and 62 BoM Parents' representatives were selected through simple random and purposive sampling. Thirty-six Parents were selected through systematic sampling. Purposive sampling was used to select the 4 Sub-County Auditors for Schools summing up to 232 respondents.

Tools and procedures

The 4 Sub-County Auditors for Schools in Homa-Bay County were asked to give their opinion on Stakeholders Involvement on Financial Outcomes in Public Primary

Schools. Questionnaires were given to a total of 65 school head teachers, 65 BoM Chairpersons, 62 BoM Parents' representatives and 36 parents. The rate of response was 98%. For each close ended question, the respondents were requested to mention their views on the following six-point Likert Scale: 1-Strongly Agree; 2-Agree; 3-Fairly Agree; 4-Disagree; 5-Strongly Disagree and 6- Undecided

Table 1: Head Teachers Responses on the Influence of Stakeholders' Involvement on Financial Management Outcomes in Public Primary Schools (n= 65)

Statement:	SA	A	FA	D	SD	U
i. All the stakeholders are frequently involved in the school financial meetings for planning, coordination and supervision so as to improve the FMO of your school	F9 14.06%	F34 53.13%	F12 18.75%	F9 14.06%	F0 0%	F0 0%
ii. Sometimes few parents, stakeholders and few BoM executives who has knowledge on financial and accounting skills are the ones actively involved in financial meetings for planning coordination and supervision in order to improve your school FMO	F4 6.25%	E45 70.31%	F9 14.06	F6 9.38	F0 0%	F0 0%
iii. Teachers are actively involved in the school financial meetings for planning coordination and supervision concerning instructional materials only but not general purposes contrary to school financial policy so as to improve your school FMO in your school	F1 1.56%	F36 56.25%	F4 6.25%	F22 34.38%	F1 1.56 %	F0 0%
iv. The MoE checks on to see that all the stakeholders are frequently involved in school financial meetings for planning coordination and supervision in order to improve your school FMO	F1 1.56%	F56 87.5%	F3 4.69%	F4 6.25%	F0 0%	F0 0%

Findings and Discussion

The questionnaire results were analyzed using descriptive statistics and the resulting frequencies and percentages were presented in tabular form. The answers to the structured interviews were organized, perused, classified, synthesized and then reported. They were then elaborated and presented in narrative form.

Table 1 indicates that head teachers felt that a majority of the stakeholders were frequently involved in the school financial meetings for planning, coordination and supervision so as to improve the FMO of the school. However, 14% of the participants indicated that a few schools had not recognized the important role of stakeholders' involvement in the financial management hence they ignore their input in the school financial management. These were head teachers who did not fully involve stakeholders in their school financial management.

This indicated that to a large magnitude the school financial policy that requires all stakeholders' involvement in the financial planning and supervision was not followed to the letter. This supports Ndiang'ui (2012), who identified that some schools do not run a system of financial management that involves all the stakeholders.

Only 4 (6.25%) respondents Disagreed with the statement that MoE monitors to see if all the stakeholders are actively involved through parents and BoM meetings in school financial planning, coordination and supervision according to school financial policies to improve FMO in PPS. This is in agreement with Naido (2005) and Fredman (2011) who both established that many governments have put in place regulations and policies to facilitate participatory management in children education.

Table 2

BoM Chairpersons' Responses on influence of Stakeholders' Involvement on Financial Management Outcomes in Public Primary Schools (n= 65)

Statement	SA	A	FA	D	SD	U
i) All stakeholders are frequently involved in the school financial meetings for planning, coordination and supervision so as to improve the FMO of your school?	F3 4.69	F32 50%	F28 43.75%	F1 1.56	F0 0%	F0 0%
ii) Sometimes few parents, stakeholders & few BOM executives who has knowledge on financial and accounting skills are the ones actively involved in the school financial meetings for planning, coordination and supervision so as to improve FMO of your school	F4 6.26%	F55 85.84%	F5 7.81%	F0 0%	F0 0%	F0 0%
iii) Teachers are actively involved the school financial meetings for planning, coordination and supervision of instructional materials only but not general so as to improve your FMO in your school	F 0	F27 42.18	F5 7.81	F31 48.44	F1 1.56	F0 0

Table 2 revealed that the BoM chairpersons' felt there was frequent involvement of stakeholders in financial management planning meetings of the PPS with only 2% disagreeing with the statement. This implies that the government policy concerning active stakeholder's involvement in school financial management in PPS is greatly effective.

Table 3

BoM Parents' Representatives Responses on Influence of Stakeholders' Involvement on School FMO in Public Primary Schools (n=62)

Statement	SA	A	FA	D	SD	U
i) All stakeholders are frequently involved in the school financial meetings for planning, coordination and supervision so as to improve the FMO of your school	F1 1.61 %	F30 48.39 %	F27 43.55 %	F3 4.84 %	F1 1.61 %	F0 0%
iii Teachers are actively involved in the school the school financial meetings for planning, coordination and supervision concerning instructional materials only but not general purposes so as to improve your school FMO	F1 1.61 %	F38 61.29 %	F8 12.90 %	F15 24.19 %	F0 0%	F0 0%
v The MoE frequently checks on to see that all the stakeholders are frequently involved in the school financial meetings for planning, coordination and supervision so as to improve the FMO of your school	F0 0%	F54 87.09 %	F6 9.68 %	F2 3.25 %	F0 0%	F0 0%
vi Has School Financial policy ensured that all stakeholders are actively involved in school financial planning and supervision according to financial polices so as to improve FMO in your school	F0 0%	F54 87.09%	F6 9.68%	F2 3.25%	F0 0%	F0 0%

The researcher went on to find out the views of the BoM parents' representatives on stakeholders' involvement strategies. Only 6%) Disagreed and 2%) Strongly Disagreed that all stakeholders are actively and frequently involved in the school financial meetings for planning, coordination and supervision of financial meetings through BoM and parents' meetings so as to improve on FMO in PPS.

This indicates that although stakeholders' active involvement is not perfect in PPS, the government has enough policies to monitor school financial management outcomes. It is however a sign that such policies are sometimes not followed or supervised by the relevant authority.

Research Findings from Interview Schedule

From the interview conducted among the 4 Sub-County Auditors for Schools in Homa-Bay County Auditor's Offices, it was evident that the government has put good policies in place to make sure all the stakeholders are actively and frequently engaged in the school financial meetings for planning, coordination and supervision so as to improve the financial management outcomes of the PPS. However, it also came out that the implementation of such policies was not 100% in several PPS.

- a) All Sub-County Auditors for Schools in Homa Bay County agreed that there was improvement in the financial management outcomes due to the school financial policies used in PPS. All 4 SAS said.

"The financial policy has brought back good sanity in school financial management of schools. We have observed great improvement on prudence use of FPE funds,"

- b) All the SAS 1-4 slightly agreed and that involving all the stakeholders in the school financial meetings for planning, coordination and supervision so as to improve the FMO was time consuming hence not possible, they said,

"It might be depending on who the BoM members are and how faraway they are from school. However, there is always away forward."

- c) All SAS's agreed that financial policy has helped to improve the financial management outcomes for it has to ensure that all stakeholders are involved in financial planning, coordination and supervision, they said,

"Financial policies have increased accountability and transparency in most schools. Hence reducing school Conflicts and discord in PPS."

The researcher finalized that from the context analysis, the voices of the auditors; there was active involvement of parents and stakeholders in financial management in PPS. Though there are a number of schools that do not comply with such policies. The parents who could tell much more truth whether they were frequently and actively involved in the monetary supervision in their schools had divided opinion. Half of them had affirmative report while another half had negative report denying that they are not frequently and actively involved in the school financial management at all, some said in most cases it is the school head teacher and the few BoM members who do that. Those who supported (P1-P5) said,

“We are involved in the school financial meetings for planning, coordination and supervision of our school finances....”

However other parents had different opinion, (P5-P8), reported

“The BoM is divided into two groups. The financial decisions in our school only rest on our school head teachers and the accounts signatories.”

From the voices of the parents, the parental and stakeholders’ involvement strategy is significantly effective though they need stricter government supervision and evaluation.

Discussion

The researcher concluded from the context analysis of the responses of the auditors that there was active involvement of parents and stakeholders in financial management in PPS. Though there are a number of schools that do not comply with such policies. The parents’ responses to whether they were frequently and actively involved in the monetary supervision in their schools were divided. Half of them had affirmative report while another half had negative report denying that they are not frequently and actively involved in the school financial management at all. Some said in most cases it is the school head teacher and the few BoM members who do that. Some respondents (parents 1-5, P1-P5) reported that they were involved in the school financial meetings for planning, coordination and supervision of our school finances. However other respondents (parents 6-8, P6-P8), had a different opinion; they reported that the BoM in their school was divided into two groups. The financial decisions in their school rested on their school head teachers and the accounts signatories. From the voices of the parents, parental and stakeholders’ involvement strategies are significantly effective though they need stricter government supervision and evaluation. This is in line with Wongo and Gatere (2016) who established that actual implementation and meaningful follow up of such government policies is very minimal. Further, Machen et al. (2005) established that meaningful parental involvement is very significant in the educational management though it is just but unrealized dream in several public schools. Also, in agreement with the present findings is USAID (2010) report which established that most school heads choose to ignore or select the specific policies to apply. The findings of this study are contrary with those of Sigigail (2013) which established that majority of the school head teachers do comply with MoEST Act that requires them to follow all the financial policies and a large number of school BoM are involved in the approval of the school budgets.

Conclusion

From the information gathered, there was an improvement in the frequent and active stakeholders' involvement in the financial management in most PPS. Most schools meet stakeholders once per term in different forums. Most schools had annual stakeholders' meetings. Majority of stakeholders were actively involved in the financial supervision, meetings and management. There was also evidence that the government had good policies and regulations in place concerning the stakeholders' involvement but they were not followed by all schools due to lack of strict and effective supervision by the MoE.

There was need to sensitize all school heads to follow school policies for it was concluded that few school heads failed to follow them or ignored them totally. There were frequent active forums for participation of the stakeholders through BoM meetings and annual termly or annual Parents meetings in most PPS. However, the school heads had the most influential power and, in most cases, hosted the meetings as a formality. There was need to enlighten the BoM on their active roles as oversight authorities.

Recommendations

Based on the study findings, the researchers made the following recommendations:

i) Recommendations for Practice

There is need for the MoE to sensitize heads, BOM members and parents on stakeholders' involvements in financial management in PPS. The National and County Governments through the MoE should support the sensitization programs in PPS so as to enlighten the administrators, management and the stakeholders on the importance of effective internal control strategies so as to improve the school financial managements in PPS.

ii) Recommendation for Policy.

MoE in both the National government and the County government should ensure there is a compulsory training policy that involves the stakeholders in the internal control strategies and their influence to the school financial managements.

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