



FINANCE MANAGEMENT OF UN-AIDED PRIVATE SCHOOLS

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Voice of Research

Volume 3 Issue 2

September 2014

ISSN No. 2277-7733

Abstract

This paper is focused on finance management of un-aided private schools of Manipur. The objectives of study are process of budgeting, problems of during and after budgeting, sources and problems of sources of finance, and possible ways to overcome these problems. Survey method is adopted in this study. The population of the study is constituted of 193 un-aided private schools of Manipur. Fifteen schools have selected by using random sampling technique for the study. The data were collected by using a questionnaire developed by the researcher. The main findings of the study are almost all the un-aided private schools of Manipur have faced financial problems; schools do not consult any expert person for preparing school financial budget, mostly trustee members and principals are involved in school financial budget; school's financial files, cash memo and received of any expenditure are unsystematically arranged in school. However, schools must manage financial condition and must provide quality education to students. Improper finance management in school is going to affect quality education in un-aided private schools of Manipur.

Key words : *Process of Budgeting, Finance management, un-aided private schools.*

Finance is one of important aspects to school for its functioning smoothly. Finance is required for arrangement of physical facilities, purchasing equipments in the science laboratory, library with modern facility, computer laboratory, material for co-curricular activities, salary for staffs and other miscellaneous expenses in school. Finance pervades to all organization and is involved in all human and economic activities. It influences the psychological behaviour of individuals as well as the socio-economical environment of organizations. Thus, finance occupies a very crucial position in decision making and development in school organizations. Schools require sound financial sources, especially in un-aided private schools. Un-aided private schools do not get any financial aid from government, only recognition has given to such school by Govt. It has to manage by its own source of finance. Such un-aided private schools have been established in Manipur since long. In order to identify the financial management in these schools, researcher has identified some components of finance management for the present study. The components are sources of finance, preparation of budget, process of budgeting, problems encountered during and after the budgeting, the process of school finance management by principal at un-aided private schools of Manipur. Usually, private un-aided schools in Manipur have limited sources of finance. Therefore, managing the limited source of finance by school principals for providing quality education to students is need of the hour for effective functioning of school.

Finance Management of un-aided Private School

Financial management is the managerial activities which deals with planning, controlling, organizing the financial resource of an organization; that is, the management of the finances of a business in order to achieve the financial objectives of the business (Donnell and Keontz, 2004). Onye (2000) opined that financial management may be defined as the process involved in ensuring that financial resources are obtained and used both profitably and effectively, that is, in the accomplishment of the objectives of the organization. It is a managerial activity which is concerned with the planning and controlling of an organization's financial resources (Anene, 2001).

Ukeje (2006) opined that financial resources means purchasing power, in the form of cash or credit. The essence of financial management is the effective and efficient administration of an organization's financial resources to achieve the stated goals of the organization.

Schools organization need to take care of main sources of finance especially at un-aided private school, in which government only recognized these schools but no financial helped. Therefore, governing body of un-aided private schools and principals are required to plan appropriate budget for their school. Schools must do need analysis of finance before budget is planed, identified sources for finance of the school, plan the budget according to available finance, monitoring of budget, maintaining record for major and minor expenditure of schools. Regular audit at such schools is necessary so that school come to know systematic utilization of school's finance. Schools principal and management committee are responsible for managing the finance for proper functioning of schools so that students can acquire the expected quality of education from their schools.

Un-aided Private Schools in Manipur

In 1931, a private school was established and it was named after the Late Maharaja Sir Churachand Singh who donated a large sum of money for development of the school. Once again, in 1932, another high school was established at Imphal under the initiative of some local people. This school was named after the princess Tombisana Devi in 1936 as she donated a large amount of money for the construction of the school building. In 1934-35, there were 3 high schools for boys and 1 high school for girls. The enrolment in the schools was 770 students with 37 teachers. The outbreak of the Second World War (1939-1945) struck a heavy blow on the progress of secondary education in Manipur. All the educational institutions were closed and were occupied by the military personnel. It was only after the end of the War that all the schools could reopen. New schools were set up and the educational atmosphere was build up once again in Manipur. In 1947, there were 6 schools with 3,705 students and numbers of schools have increased to 132 in 1972. During the

five year plan, the expansion rate was accelerated. By 1979-80, the numbers of secondary schools in Manipur raised up to 165 with 70,740 students and 3,228 teachers (Jamini, Education in Manipur, 2006).

There were only 40 un-aided private secondary schools in the year 1980. The numbers of un-aided private secondary schools have increased every year from 1980 to 2012. Un-aided private schools were 40 in 1980 and 467 in 2012 (Board of Secondary Education, Manipur, 2012). This was a positive decadal growth of un-aided private secondary schools in Manipur and it is indicated that demand for un-aided secondary schools is high in Manipur.

Review of Related Literature

Researcher has reviewed some of studies related to the present study to conceptualize the management problems of school education and the methodology followed by the researchers in carrying out their studies. **Peter (2009)** studied on Principals' and students' perceptions on parental contribution to financial management in secondary schools in Kenya. It was found that principals and students' perceived parental involvement in financial management, and parents had positive influence on financial management of the school. **Ajileye (2011)** studied Financial Resource Management Capacity of Public Secondary School Administrators' in Ondo State, Nigeria. He was found that finance management of school depends on the administrators/principals' capacity for fund sourcing, capacity for budget preparation and execution, and capacity for financial accounting. Some recommendations from this study are: i) The school budget should be prepared by both the senior teaching staff and the administrators but not by the school head alone, ii) There should be regular budget review and auditing in the school, iii) There should be proper control and financial check of mismanagement of school finance, iv) There should be management workshop for re-training school administrators to enhance their performance in financial management. **Fidelis (2012)** studied the Financial Management Practices in Cross River State Secondary Schools: Means and Methods for Attainment of Excellence. It was found that major sources of revenue for the bursars and principals come from tuition fees, levies from PTA; school principals and bursars practices in managing the available funds; principals spend funds available in line with planned objectives, involve sectional heads and heads of departments in budget preparation. The few studies reviewed reveal the following, (1) Schools have financial problems, and parental involvement helped in school finance management. (2) Financial management of school is largely dependent on principal's capacity for budget preparation and execution, and his capacity for financial accounting. (3) For managing school finance, trustee members and principal must invite more persons who have in-depth knowledge in budgeting at the time of preparation on school budget. (4) It is also required to keep proper control and regular financial checkup of the planned budget at school. (5) In un-aided private schools, tuition fees is the main source of finance, therefore, school is required to be planned out the budget minutely for effective functioning of school.

Rationale of Study

Financial management in un-aided private schools is an urgent need because parents enroll their children to un-aided private schools in Manipur with high expectation of quality education. Total numbers of students enrolled at un-aided private schools from class 6th to 8th is 66.29% (DISE, Flash Statistics, 2012-2013). The number of private secondary schools has increased from 40 in 1980 to 467 in 2012 (Board of Secondary Education, Manipur, 2012). It is necessary to have transparency in the financial transaction and management of the money collected from the student tuition fees by school in the name of providing quality education. The tuition fees collected from students must be utilized for overall development of students at these schools. Therefore, management committee members and principals must plan school budget with the help of an expert in area of budgeting. So that school can have systemic record of using the amount collected from students' tuition fees. If un-aided private schools face financial irregularity and not maintained the quality, then school will not be able to have students' enrollment. School may find it difficult to sustain and may not be able to have physical facilities, equipments, staff development activities, providing sufficient amount of teacher's salary. Ultimately, the purpose for which schools are established will not be served. Therefore, it is the high time to study how un-aided private schools manage the school finance. Therefore, the following are some of the pertinent research questions for the present study.

Research Questions

1. What is the process of budget preparation in un-aided private schools of Manipur?
2. What are the problems faces during & after budgeting in these schools?
3. What are the sources of finance to manage un-aided private schools of Manipur?
4. What are the problems related to sources of finance in such schools?
5. How principals of un-aided private schools manage school finance?

Objectives of the Study

The present study is conducted with the following objectives.

- 1) To study the process of budgeting in un-aided private schools of Manipur.
- 2) To study the problems faces during and after budget in un-aided private schools of Manipur.
- 3) To study the sources & problem of sources of finance of un-aided private schools of Manipur.
- 4) To study the procedure of managing school finance by principal of un-aided private schools of Manipur.

Delimitation

This study is delimited to only un-aided private schools of Imphal East and Imphal West districts of Manipur.

Methodology of this Study

Survey method is used for the study of finance in un-aided private schools of Manipur. The detail of methodology is presented below.



Population and sample for the study

The population of this study comprises of 193 un-aided private schools of two districts of Manipur i.e. Imphal East and Imphal West. From this exiting population, 15 un-aided private schools were selected through random sampling technique for the study.

Tools for the study

A Questionnaire prepared by the investigator was used to collect the data for the study. Questionnaire was distributed to all 15 sample private un-aided school principals of Manipur. These school principals filled the questionnaire and returned it to researcher. The tool consist of 17 items related to the process of budgeting, sources of finance, problems of sources of finance & probable solution, and how principals have used the school finance for development of schools.

Data Analysis and Interpretation

The collected data were categorized into different headings according to objectives of the study: process of budgeting of the finance of un-aided private schools, sources of finance of these schools, problems of sources of finance, ways to manage school finance by school principals.

Process of School Budgeting

The responses of 15 schools principals about the process of school budgeting followed in their schools are tabulated, analyzed and mentioned in table - 1 below.

Table -1

Process of School Budgeting in Un-aided Private School

Budget in Different headings	Responses from 15 principals
• Budget prepared in different heading	11 (73%)
• Budget prepared not in different heading	04(26%)
Deficit of Budget	
• Considered previous Deficit of Budget	10 (67%)
• Do not considered previous deficit of budget	05(33%)
Members of Budget Preparation	
• Trustee members prepared budget	07 (46%)
• Trustee and Principal	05(33%)
• Only Principal	03 (20%)

The above table 1 revealed that un-aided private school principals Manipur have prepared annual budget every year but in 11 (73%) un-aided schools have prepared budget at different heading and need analysis of previous budget was done, but in 4(26%) un-aided private schools have not prepared the budget in different heading and need analysis was not done. Most of the schools i.e., 10 (67%) un-aided private schools have considered previous year deficits, where as 5(33%) un-aided private schools did not consider previous year deficit budget at the time of preparation of budget of schools. In majority of private un-aided schools, 7 (46%), budget is prepared by trustee members themselves. Another 5(33%) schools budget is prepared by the trustee members along with their school principal and only in 3 (20%) schools budget is prepared by principals alone.

Problems School Budgeting

The responses of 15 schools principals about problems while school budgets and problems after school budgeting are tabulated, analyzed and mentioned in table -2 below.

Table -2

Problems of Budgeting in Un-aided Private School

Problems of School Budgeting	Responses from 15 principals
• No problems of Budgeting	05 (33%)
• Problems of budgeting	10 (67%)

The above table - 2 revealed that in 5 (33%) of un-aided private schools of Manipur do not have any problems while budget was prepared and these schools do not even any problems after budget was prepared. But in 10 (67%) of un-aided private schools of Manipur have problems during preparation of budget: inappropriate ratio of available fund, late sanctioned of loan money. However, there are some problems have emerged after the schools budget was prepared and these problems are unavailability of proper accounting of document, and carelessness in accounting; improper planning and expenditure according to budget; revision of payment of staff after the budget is already planned; and excess expenditure beyond the planned budget.

Sources of Finance

The responses of 15 schools principals about sources of finance are tabulated, analyzed and mentioned in table -3 below.

Table -3

Sources of Finance of Un-aided Private School

Sources of Finance of Schools	Responses from 15 principals
• Students tuition fees as sources of finance	12 (80%)
• Students' tuition fees, donation from society and loan from Bank.	03 (20%)

The above table -3 revealed that in 12 (80%) of un-aided private schools of Manipur dependent on student's tuition fees as source of finance. Most of these schools have collected student's tuition fees every month. However, in 3 (20%) of the schools have different sources of finance, i.e. students' tuition fees, donation from members of society and loan from bank for school building. Almost all the private schools are dependent of their source of finance on students' tuition fees.

Problem of Source of Finance

The responses of 15 schools principals about problem sources of finance are tabulated, analyzed and mentioned in table-4 below.

Table-4

Problem of Sources of Finance of Un-aided Private School

Problem of Sources of Finance	Responses from 15 principals
• School have problems of sources of finance	13 (87%)
• Schools do have problems of sources of finance	02 (13%)



The above table - 4 revealed that in 13 (87%) of un-aided private schools of Manipur have problems of sources of finance and the problems are irregular payment of tuition fees, drop out students in between without payment of tuition fees, loan received from sometime late. However, in 02(13%) of un-aided schools of Manipur do not have problems of sources of finance. These schools are able to collect student's tuition fees regularly.

Ways to Manage the Financial Problems

The responses of 15 schools principals about the ways and means to manage financials problems of un-aided private schools are tabulated, analyzed and mentioned in table -5 below.

Table-5
Ways to Manage Finance of Un-aided Private School

Suggestions to manage school Finance	Responses from 15 principals
<ul style="list-style-type: none"> Schools suggested ways to manage school financial problems 	13 (87%)
<ul style="list-style-type: none"> Schools do have problems of sources of finance 	02 (13%)

The above table - 5 revealed that in 13 (87%) of un-aided private schools of manipur suggested the means and ways to manage school financial problems. The ways are instant loan from private bank with affordable rate of interest, used school fund, send a circular to parents for regular payment of tuition fees, strict collection of tuition fee, issues admit card at the time of examination, charges fine for late payment of tuition fees, increased student's tuition fees for solving the financial problem of school. However, in 2 (13%) of un-aided private schools Manipur do not have any problems of finance.

Principal Uses of School Finance

The responses of 15 schools principals about the freedom of using school's finance by school principal of un-aided private schools of Manipur are tabulated, analyzed and mentioned in table- 6 below.

Table- 6
Principal's Freedom of using School Finance

Principal's Freedom of Using School Finance	Responses from 15 principals
<ul style="list-style-type: none"> Principal need permission from trustee to use school finance 	10 (67%)
<ul style="list-style-type: none"> Principal does not need permission from trustee to use school finance 	5 (33%)

The above table - 6 revealed that in 10 (67%) of un-aided private schools of Manipur, school principals need to take permission from the trustee members for utilizing schools' finance. In these schools principals do not have freedom to use school finance for any development of schools. They must take permission from secretary of the school for utilizing even small amount. But, in 5 (33%) of un-aided private schools' principals have freedom to utilize the school finance for school

development. It shows that in un-aided private schools, principals did not have freedom to utilize school finance directly as decided by him.

Findings of the Study

Most of private un-aided schools of Manipur had financial problems. Schools do not consult any knowledgeable or expert person while budgeting. Mostly trustee members have prepared school budget. School principals are less involvement in school budget preparation. Most of un-aided private school's financial files, cash memo and received of any expenditure are unsystematically arranged in the school office. Most of the schools' principals do not received specific guidelines from school governing committee to use school finance and they did not have freedom to utilizing school's finance. Only few schools have taken loan from bank as sources for school finance. Principals work out some ways to overcome the financial irregularity in their schools.

Conclusion

Finance is one of the most important components of school organization. School cannot exist without financial support. Therefore, finance management must be done minutely specially at un-aided private school, where finance is completely dependent of students' tuition fees. Schools shall plan the budget with financial expert so that schools face no financial irregularity. School can organize workshop for preparation of budget and how to maintain financial record of school. The documents of financial transaction at school shall be regularly maintained by trustee members, principal and parents in a joint and transparent manner. Parents shall have access to financial transactions and budget of their schools. As finance is one of the major aspects of school management, an element of seriousness and sincerity has brought in to it. Proper finance management may lead to quality of school.

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