



Budgeting Perceived Benefits, Challenges and Factors Considered In The Budgetary Process Of Public Secondary Schools In Nairobi County

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Abstract

Educational institutions generally adhere to tenets of organization management. This principles of management enable schools to play their unique functions that comprise assurance that sound policies and objectives are formulated, procurement of resources necessary for achievement of objectives, implementation and coordination of school activities with maximum efficiency and effectiveness, influencing human resource available, integrating the school and its activities into the set up of the society and evaluation of school activities in accordance to a blue print so as to provide the necessary feedback for improvement. Inadequate planning, reporting, inspection and monitoring of resource management, has been considered as the root cause of exploitation of parents in some secondary schools. However, through effective budgeting and budgetary control process secondary school functions can be managed efficiently and effectively leading to resolution of conflict between school management and parents. The objectives of this study were to establish factors considered when undertaking a budgetary process, to determine perceived benefits and to establish challenges of budgeting by public secondary school managers. To achieve these study objectives, primary data was collected using questionnaires from 21 public secondary schools within Nairobi County. No secondary data was used in the survey. The primary data was analyzed using means, standard deviation and percentages and presented using frequency tables. Conclusions were drawn based on these descriptive statistics. The study established that secondary schools perceive budgets to be of great benefit in controlling costs, planning annual operations and for effective and efficient resources allocation. When undertaking the budget process the number of students was greatly considered since it provided a clear indication of amount of revenue likely to be generated and likely expenditure. The major challenges to the budget process were escalation of costs beyond expectation, budget implementation problems and lack of education for individuals involved in the budgeting process.

Key words: Budgeting Perceived Benefits, Factors Considered in Budgetary Process

1.0 Introduction

1.1 Background of the Study

Globally governments have recognized education to be a basic human right and a powerful tool for human resource development. In order to realize this desire governments endeavour to commit their efforts towards education systems that guarantee improved access and relevance through better management of service delivery to all learners. During times of constant change, complexity and seemingly increasing challenges, an organization must look for ways to remain afloat and chart a course that will help achieve goals. This requires that the organization must reflect, in an organized and systematic way on its purpose, goals, accomplishments,



environment, and challenges with the aim of making choices about allocating resources and aligning its constituents towards a desired future (Education Sector Support Program (KESSP) 200-2010, 2005).

Welsch et al (2001) have expressed that budgeting is the only comprehensive approach to management so far developed, which if utilized with sophistication and good judgement, fully recognizes the dominant role of managers and provides a framework for implementing such fundamental aspects of scientific management as management by objective, effective communication, participative management, dynamic control, continuous feedback, responsibility accounting, management by exception and managerial flexibility. The budget can therefore serve as an important tool for management of resources in secondary schools.

Educational Institutions exist within an environment divided into internal and external environment. According to Okumbe (1998) although educational institutions adhere to tenets of organizations in general, they have some unique functions comprising; assurance that sound policies, goals and objectives are formulated and methods are put in place to achieve these objectives; procurement of resources necessary for the achievement of the objectives in good time, quantity and quality; implementation and coordination of school activities with maximum efficiency and effectiveness; influence and stimulate the human resource available; integrate the school and its activities into the set up of the society through BOM, PTA, church organizations and participation in various community activities; evaluation of school activities in accordance to a blue print so as to provide the school management with necessary feedback for improvement, redesign or complete overhaul of the system for better results.

According to Garrison (1985) managers who have never tried budgeting or attempted to find out benefits capable of being harnessed through budgeting process are usually quick to state that budgeting is a waste of time. Budgetary control sets a control framework which helps expenditure to be kept within agreed limits, while deviations are noted and corrective action taken. Speedy production of budgetary control statements and immediate investigation of revealed variances provides the best basis for bringing operations in line with the plan or making agreed alterations to the plan.

According to the report of the National Conference on Education and Training held at KICC on November 27th – 29th 2003 it was noted that the Kenya education system was highly centralized with the MoEST playing the key role. This arrangement had resulted in major weaknesses in management and delivery of services particularly at school level. Mechanisms to coordinate the various state agencies involved in the management of education are lacking and capacities of sub counties and school level structures that manage education services are inadequate, particularly planning, reporting, inspection and monitoring of resource management.

According to Oluoch (2006) due to inadequate planning, reporting, inspection and monitoring of resource management in schools, there has been a lot of exploitation of parents in some secondary schools. One case of exploitation by schools became clear when a parent demanded that her daughter be given back the hockey stick she had bought when joining form one after completing her form four examination from a public boarding secondary school in Nakuru. The



school principal was shocked when it became clear that the school did not have a single hockey stick in its store despite the fact that every student had brought one on joining form one. The questions asked were, where did the hockey sticks disappear to and why should a non hockey playing secondary school ask students to buy hockey sticks (Oluoch, 2006).

1.2 Statement of the Problem

The Sessional Paper No. 1 (2005) on policy Framework for Education, Training and Research indicates that to help achieve economic growth targets and social development through development of human capital the government must direct its efforts in improving access, affordability, equality and relevance of education through better management of service delivery to all learners. Copeland (2000) noted that poor financial performance, in business, is attributed to poor business planning, unrealistic and conflicting goals and targets, and absence of monitoring and evaluation of activities. Through effective budgeting and budgetary control process, these activities can be efficiently and effectively managed. The major objective of the MoEST has been to make education affordable by reducing cost so as to increase accessibility by all. School budget are made for a given period of time, usually one year. Drury (2004) has criticized preparation of budgets on an annual basis, on grounds that it is too rigid and ties an entity to a twelve month commitment, which can be risky because the budget is based on uncertain forecasts. Drury (2004) therefore advocates for implementation of continuous or rolling budgets.

The MoEST has continued to champion a humanistic approach on fees guidelines and recommendation. Such guidelines and recommendations are considered by school managers as not reflecting the real cost associated with provision of education in public secondary schools. Managers of public secondary schools believe that uniform fees recommendations that do not consider institutional differences, such as size of the secondary schools, may pose a weakness on ministry of education policy on public secondary schools. It's believed to be the reason as to why heads of public secondary schools have been lobbying for each individual secondary school to determine its own fees. Since there is no documentation on critical factors that secondary schools consider when undertaking a budgetary exercise, an investigation on budgeting perceived benefits, challenges and factors considered in the budgetary process of public secondary schools is believed to be a desirable attempt in providing solutions and consensus on conflicts that exist among education stakeholders on matters of financial management in public secondary schools in Kenya. This study is pegged on the impression that the budgetary process can resolve the conflict, and therefore it is a unique area that needs special attention.

1.3 Objectives of the Study

1.3.1 General Objectives

The general objective of this study was to establish budgeting perceived benefits, challenges and factors considered in the budgetary process of public secondary schools in Kenya.

1.3.2 Specific Objectives

The specific objectives were:

1. To determine factors public secondary schools in Nairobi County consider when undertaking a budgetary process.



2. To establish the perceived benefits of budgeting by public secondary school managers in Nairobi county.
3. To determine the challenges associated with budgeting process among public secondary schools in Nairobi county

1.3.3 Research Questions

1. What are the factors public secondary schools in Nairobi County consider when undertaking a budgetary process?
2. What are the perceived benefits of budgeting by public secondary school managers in Nairobi County?
3. What are the challenges associated with budgeting process among public secondary schools in Nairobi County?

2.0 LITERATURE REVIEW

2.1 Importance of budgeting

Carter et al (1997) have established a number of advantages to budgeting and budgetary control. First, budgeting compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Budgeting forces management to look ahead, set out detailed plans for achieving the targets for each department and operation, and thereby gives the organization purpose and direction. Budgets promote coordination and communication. They clearly define areas of responsibility. It is therefore through budgeting that managers of budget centers are likely to become responsible for achievement of budget targets in areas under their personal control. Budgets also provide a basis for performance appraisal. A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget targets. Departures from budget can then be investigated and the reasons for the differences divided into controllable and non-controllable factors. This process enables remedial action to be taken as variances emerge. Budgets motivate employees through participation in the setting of budget targets as such they are able to strive to see that their set targets are achieved. Budgets economize management time through use of management by exception principles and hence improve the allocation of scarce resources (Carter et al, 1997). Hansen et al (1998) identified key features of a sound budgetary system that include, frequent feedback on performance, flexible budgeting, availability of monetary and non-monetary incentives, participative budgeting, setting of realistic standards, controllability of the budgetary process, and use of multiple measures of performance. According to Louise (2006) management must have advance information on possible deficits. For this reason secondary school management has to plan and prepare budgets. Planning may also help the secondary schools to establish concrete goals for motivating employees to perform better, and provide standards for measuring performance.

2.2 Budget Administration

The complexities involved in preparing the budget and implementing the budgetary control system are many. Management has to put in an effort to ensure that the basic objectives of budgeting are achieved. To achieve this, the secondary schools need to develop some formal mechanisms (Carter et al, 1997). According to Louise (2006), one such mechanism is to constitute a budget or planning and policy committee. Management can delegate the task of budget administration to this committee. Budget administration should include setting of



priorities, preparing the budgets and follow up. All budget centre heads should be members of this committee. Management should also appoint one coordinator to the committee.

Through the budget committee system, management ensures that the heads of activities prepare budgets in a coordinated manner and that control mechanisms are effectively implemented. The budget committee should also ensure that there is no conflict among the different activity heads, and should resolve them whenever they arise. The budget committee should draw a detailed time schedule for budget preparation, submission, discussion, modification and final approval. These schedules should be strictly adhered to. The budget committee should also decide about the frequency of submitting reports on actual performance; primarily this depends upon how critical a particular activity is (Louise, 2006).

2.3 Internal Efficiency and Quality of Education System

According to World Bank report number 28064 KE (2004), education system in Kenya has been characterized by low internal efficiency, as indicated by high grade repetition and dropout rate. At the end of the 8th year an average of 63% of the entrants in primary schools are still in the education system. Survival at secondary school is relatively better since at the end of the 4th year averages of 84% of the entrants are still in the system. Based on information obtained from the Ministry of Finance and Planning second report on poverty in Kenya (2000), 30.7% of the school non attendants interviewed country wide indicated that their reason for non-school attendance was inability to afford educational expenses.

Due to introduction of the diversified and costly curriculum in the 1980's public resources could only finance teachers' salaries, leaving other teaching and learning inputs to be financed by parents who were also constrained during the same period due to declining economy and increased poverty. The most important inputs include teachers, curriculum, instructional materials, and learning environment (classrooms and other facilities). Inappropriateness and shortage of education inputs has shown negative impact on the learning outcomes (World Bank report number 28064 – KE, 2004).

Although education inputs are closely linked to learning outcome, the other crucial factor was the process that mobilizes inputs to produce the results. It explains why schools with comparable inputs produce different results. The process factors include effective utilization of teaching resources including innovations in teaching methodology, collaborative lesson planning, peer support on pedagogy, close monitoring of student achievement and sharing with parents and staff for further development (World Bank report number 28064 – KE, 2004).

2.4 Cost and Financing of Education System

Inefficiency and inadequate public spending on education has put much of the financial burden on poor households. Household expenditure includes tuition, school uniform, textbooks, transportation, meals and harambee contribution. Efficiency improvement would benefit all the areas of sector development, thereby improving quality and lowering unit cost as well as strengthening the management of the system (World Bank Report, number 28064 – KE, 2004).

According to the circular G9/1 Vol. III (47) (2002) the fees schedule was not to exceed the maximum charges and any adjustment should was not to exceed the approved ceiling. The



secondary schools had been instructed to maintain the levels of each vote and limit the number of items to essential ones to minimize costs to parents. Only approved projects by the sub-county education boards or county education boards were to be undertaken. The responsibility for procurement of uniforms was left to individual parents.

The parents' perception of quality education may or may not reflect its actual quality and effect. According to Brian (1993) schools fix fees based on a mix of six factors; a) Number of students enrolled, b) Minimum break-even fees, i.e. unit cost per student, c) total income d) the efficiency of the school in converting income into education e) quality of education provided, f) customers perception of the quality of education provided. However most schools do not work out their fees based on this theoretical way. In practice schools look at income from current fees and enrolment in relation to quality of education that it can provide. Assuming that the combination turns out to be satisfactory and broadly in line with similar schools, then that fees amount is adopted and maintained (Brian, 1993).

2.5 Overall Responsibility for Resource Management in Public Secondary Schools

According to the MoEST Financial Management Instructions for Educational Institutions (2002) management of resources of secondary schools shall be the responsibility of the head of the institution who may delegate to teaching or support staff as appropriate. The BOM, School Management Committee (SMC), PTA or other stakeholder groups may lend their support to the head of the institution in respect of resource management but that support to the head of the institution in respect of resource management does not constitute a change to the primary responsibility. The management of a secondary school shall be accountable to parents, students, the government and donors as appropriate for the use of institutions resources.

Based on MoEST, Financial Management Instructions for Educational Institutions (2002), the institutions management should maintain accounting records and financial statements that show how the institutions resources were obtained, used and also the financial position of the institution at a specific date. The financial statements of educational institutions shall be audited once every year in accordance with the provisions of the Education Act. Non compliance with these directives constitutes breach of duty and those responsible shall be liable for disciplinary action under the provisions of the Teachers Service Commission (TSC) Act and the code of regulation of Teachers.

2.6 Financial Management System of Secondary Schools

Each secondary school should determine its expenditure priorities through established procedures and the expenditure priorities must be approved by the institutions management, the approval must be evidenced in writing. A budget should then be prepared reflecting recurrent and capital (development) expenditure. Analysis of expenditure items shall be in the format of standard account names; vote/vote head/sub-heads/items. The secondary schools are expected to raise money in accordance with approved budget, which may include user charges on parents, grants from government and donors, and income generating activities (MoEST, Financial Management Instructions for Educational Institutions, 2002).

All funds received and all expenditure by the institution should be completely and accurately recorded in the institution's records. The institution funds should be spent only for authorized



purposes and management should procure goods and services using procedures that assure transparency and value of money. Assets should be safeguarded and only used for authorized purposes. The MoEST, Financial Management Instructions for Education Institutions (2002) also requires that annual financial statements should be prepared, audited and presented to stakeholders. The financial statements should comprise the annual budget, statement of cash receipts and payments and balance sheet. The financial statements should be prepared on a cash basis.

2.7 Setting Expenditures Priorities and Preparing the Budget for Secondary Schools

2.7.1 Setting Expenditure Priorities

To ensure good management practices the BOM should convene a meeting of stakeholders at least once every year to review, discuss and agree upon the institution's development and operational plan and how the planned activities shall be financed. The outcome of these meeting will be a prioritized list of both recurrent and development projects the institution intends to spend its resources on over the succeeding year. The institution should work out a mechanism to ensure that major projects are approved by stakeholders before such projects commence (MoEST, Financial Management Instructions for Educational Institutions, 2002).

2.7.2 Preparation of Secondary Schools Budget

The budget sets out estimated cash receipts from the variety of sources approved by appropriate officials and the estimated expenditure on activities based on expenditure priorities agreed upon by stakeholders and approved by appropriate officials. The annual budget should be used as an essential tool of financial control. It's the responsibility of the head of the secondary school with support from stakeholders to prepare the annual budget. After the budget has been prepared it should be approved by the BOM and other stakeholders as appropriate during the Annual General Meeting, before it can be used. The budget for the preceding year is given alongside the projected budget for next year. The transactions should be classified in accordance with the vote heads (MoEST, Financial Management Instructions for Educational Institutions, 2002).

2.7.3 Internal Control in Secondary Schools

For internal control purposes in secondary schools, the Financial Management Instructions for Educational Institutions (2002) have recommended that each secondary school should keep and maintain the following records: 1) fees register, 2) parents register, 3) rent and service charge register, 4) commitment register, 5) telephone call register, 6) contract register, 7) textbook register, 8) textbook management manual, 9) imprest register, 10) claims register, 11) money orders register, 12) stores register, 13) fixed assets register, 14) counter foil receipt register, 15) audit file which should hold the audited trial balance and financial statements.

3.0 RESEARCH METHODOLOGY

The study area was Nairobi County. Survey research design was used. The target population was 50 public secondary schools. Data was collected from heads of public secondary schools using a structured questionnaire. A five point likert scale was used to determine the factors considered, perceived benefits and challenges associated with budgeting process in public secondary schools. Data was analyzed using descriptive statistics such as frequency, Mean, percentage and standard deviation.



4.0 DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Source of Income for Public Secondary Schools

Table 4.1 shows the various sources of income for public secondary schools.

Table 4.1: Sources of Income for Public Secondary Schools

Response	N	Frequency		Percent	
		Yes	No	Yes	No
Fees	21	21	0	100	0
Donations	21	8	13	38.1	61.9
School farm	21	2	19	9.5	90.5
Government grants	21	8	13	38.1	61.9
CDF	21	5	16	23.8	76.2
Rent	21	9	12	42.9	57.1
Sponsorships	21	1	20	4.8	95.2
Hiring of school facilities	21	1	20	4.8	95.2

Results obtained indicate that public secondary schools had various sources of income that included fees, donations, school farm, government grants, CDF, rent, sponsorship and hire of school facilities. From table 4.1 100% of the respondents had fees as their major source of income, 42.9% received income in form of rent, 38.1% received income in form of donations and another 38.1% in form of government grants, while 23.7% received CDF to supplement their income. Only 4.8% received income in form of sponsorship. It was established from the research data that, 40% of the respondents who received CDF money had a prior budget made for the CDF before allocation was made, while 60% received CDF money before making a budget for such funds.

4.2 Staff Categories Employed By Public Secondary Schools

Table 4.2 shows the various staff categories employed in public secondary schools.

Table 4.2: Category of Staff Employed by Public Secondary Schools

Response	National Secondary Schools		Extra County Secondary Schools	
	Mean	Standard deviation	Mean	Standard deviation
Teaching staff	0	0	4	7.9
Non teaching staff	65	16.17	16	8.39

The results obtained indicate that there were no teaching staffs employed by national secondary schools implying that all teaching staff are government employee, while extra county secondary schools had an average of 4 teaching staff employed by the school. However both national and extra county secondary schools had non-teaching staff employed by the school. National schools had an average of 65 non-teaching staff employed by the school while extra county secondary schools had an average of 16 non-teaching staff employed by the school.

4.3 Occurrences of Deficits and Surplus, and Factors That Contribute Towards Occurrence of Deficit.



Respondents were asked whether they experienced surplus or deficit in their operations. From the research data obtained, 95.2% of the respondents stated that they experienced a deficit, while 4.8% stated that they experienced both deficit and surplus.

Table 4.3 below shows the factors contributing towards budget deficit.

Table 4.3: Factors contributing towards budget deficit

Deficit Contributing factors	N	Minimum	Maximum	Mean	Standard Deviation
High cost of food and other material	21	2	5	4.5	1.0
Expenditure on co-curriculum activities	21	2	5	3.6	0.9
Increased number of fee defaulters	21	1	5	4.3	1.1
Unsuitable scale of activities	21	1	5	2.3	1.3
Fees charged being inadequate	21	1	5	4.2	1.4

Results obtained indicate that high cost of food and other materials was the highest contributor towards deficit with a mean of 4.5 and standard deviation of 1, followed by increased number of fees defaulters with a mean of 4.3 and standard deviation of 1.1. Third was fees being inadequate with a mean of 4.2 and standard deviation of 1.4, fourth was expenditure on co-curriculum activities with a mean of 3.6 and standard deviation of 0.9 and fifth was other factors such as low sponsorship and high renovation costs both with a mean of 3.5 and standard deviation of 0.9. The least contributor was unsustainable scale of activities with a mean of 3.5 and standard deviation of 0.7.

Only 9.5% indicated that their deficit was caused by other factors such as low sponsorship and high renovation costs. Non availability of a strategic plan seemed to contribute towards occurrence of deficits, because 90.5% of the secondary schools had no strategic plans, while at the same time 100% of them experienced a deficit or both deficit and surplus.

4.4 Factors Considered When Undertaking Budgetary Process in Public Secondary Schools

Table 4.4 below shows factors considered during the preparation of budgets in public secondary schools.

Table 4.4 Factors Considered When Undertaking a Budgetary Process in Public Secondary Schools

Factors considered	N	Minimum	Maximum	Mean	Std. Deviation
Frequent feedback on performance	21	1	5	3.71	1.38
Top management support	21	1	5	4.14	1.20
Flexibility of the budget	21	1	5	2.95	1.63
HODs support	21	1	5	3.38	1.72
All employee participation	21	1	5	2.00	1.30
Clear and realistic goals	21	1	5	4.05	1.24
Influence of external environment on availability of resources	21	1	5	3.90	1.14
Motivation of employee	21	1	5	2.90	1.41



Communication of policies to employees	21	1	5	3.24	1.34
Number of students	21	3	5	4.86	0.48
Strategic plan for the school	21	1	5	3.81	1.33
Other sources of income	1	5	5	5.00	

Results in table 4.4 above indicate that the number of students was the most considered factor with a mean of 4.86 and standard deviation of 0.48, second most considered factor was top management support with a mean of 4.14 and standard deviation of 1.20. Thirdly, there were clear and realistic goals with a mean of 4.05 and standard deviation of 1.24, followed by influence of external environment on availability of resources with a mean of 3.90 and standard deviation of 1.14, followed by strategic plan for the school with a mean of 3.81 and standard deviation of 1.33. The second least considered factor was motivation of employees with a mean of 2.90 and standard deviation of 1.41, while the least considered factor was participation by all employees with a mean of 2.00 and standard deviation of 1.30.

4.5 Necessity and Perceived Benefits of Budgeting in Public Secondary Schools

Table 4.5 shows perceived benefits of budgeting among public secondary schools.

Table 4.5: Perceived benefits of budgeting in Public secondary Schools

Perceived benefits	N	Minimum	Maximum	Mean	Std. Deviation
Cost control	21	2	5	4.76	0.70
Motivation of staff	21	1	5	2.76	1.48
Coordination of operations	21	3	5	4.67	0.58
Communication among staff regarding expectations	21	1	5	3.24	1.37
Communication among parents	21	1	5	4.19	0.98
Fulfilling MoEST requirements	21	1	5	4.05	1.32
Anticipation of bottlenecks and their possible solutions	21	1	5	3.86	1.35
Planning annual operations	21	1	5	4.33	1.20
Evaluation of performance by various departments	21	1	5	3.90	1.22
Effective and efficient resource allocation	21	1	5	4.52	0.93
Implementing strategic goals of the school	21	1	5	3.48	1.44

The results obtained indicate that budgeting process was considered as being necessary in public secondary schools with a mean of 4.71 and standard deviation of 0.90. Concerning the perceived benefits of the budgeting process the results obtained indicate that the most perceived benefit of budgeting process was cost control with a mean of 4.76 and standard deviation 0.70, while the second and third most perceived benefit was coordination of operations with a mean of 4.67 and standard deviation of 0.58 and effective and efficient resource allocation with a mean of 4.52 and standard deviation of 0.93 respectively. The second last perceived benefit was communication



among staff regarding expectations with a mean of 3.24 and standard deviation of 1.37 while the least considered benefit was motivation of staff with a mean of 2.76 and standard deviation of 1.48. Fulfillment of MoEST requirements ranked sixth as a perceived benefit with a mean of 4.05 and standard deviation of 1.32, and it was followed by evaluation of performance by various departments with a mean of 3.86 and standard deviation of 1.35.

4.6 Challenges Associated With Budgeting Process in Public Secondary Schools

Table 4.6 indicates a summary of responses concerning the challenges associated with the budgeting process in public secondary schools.

Table 4.6: Challenges associated with budgeting process

Challenges	N	Minimum	Maximum	Mean	Std. Deviation
Lack of top management support and involvement	21	1	5	2.19	1.50
Lack of education for individuals involved	21	1	5	3.29	1.38
Participation of all individuals	21	1	5	3.05	1.28
Budget implementation	21	1	5	3.38	1.43
Lack of understanding of the external environment	21	1	5	3.29	1.74
Setting unrealistic targets by managers for personal gains	21	1	4	1.76	1.00
Budget complexity	21	1	5	2.95	1.28
Conflicts among managers	21	1	4	1.95	0.92
Non-communication to employees during budgeting	21	1	5	2.19	1.25
Cost escalation beyond anticipation	21	1	5	4.05	1.16

The greatest challenge to the budgeting process was cost escalation beyond anticipation with a mean of 4.05 and standard deviation of 1.16, secondly was budget implementation with a mean of 3.38 and standard deviation of 1.43, while thirdly was lack of education for individuals involved which had a mean of 3.29 and standard deviation of 1.38. Ranking fourth was lack of understanding of the external environment with a mean of 3.29 and standard deviation of 1.74, followed with participation of all individuals involved with a mean of 3.05 and standard deviation of 1.28. The second last challenge was conflict among managers with a mean of 1.98 and standard deviation of 0.92, while the least challenge was setting of unrealistic targets by managers for personal gain with a mean of 1.76 and standard deviation of 1.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The objectives of the study were to establish factors public secondary schools considered when undertaking a budgeting process, the perceived benefits and challenges of budgeting process among public secondary school. The major findings emanating from data analysis have been highlighted and discussed under this section. Also included is the conclusion, policy recommendations and recommendations for further research.



Factors Considered When Undertaking a Budgetary Process

When preparing the budget, it was established that secondary schools considered mostly the number of students. Other factors considered were top management support, clear and realistic goals, influence of external environment on availability of resources and the strategic plan of the school. These findings are in agreement with Hansen et al (1998), who have indicated that setting of realistic standards and frequent feedback are key features of a sound budgetary system. Failure to consider motivation of employees and participation by all staff in the budgeting process contradicts with theory as indicated by Carter et al (1997). They stated that budgets motivate employees through participation in the setting of budget targets, and hence improve allocation of resources. The possible consequences of not tying budget targets achievements to rewards include lack of a sense of responsibility, perception that budgets are pressure devices and budget padding among the employees. The policy formulators should therefore see to it that all the internal stakeholders in secondary schools are educated on the budgeting process.

Perceived Benefits of Budgeting

Most secondary schools stated that the most perceived benefits of budgeting were cost control, effective and efficient cost allocation, co-ordination of operations, planning annual operations and communication with parents. These findings are in agreement with assertions by Welsch et al (2000) that budgeting facilitates effective communication, dynamic control, continuous feedback and is an important tool for management of resources in organizations.

Challenges Encountered During Budgeting Process

The greatest challenges faced by secondary schools when undertaking the budget process were cost escalation beyond anticipation, budget implementation and lack of education for individuals involved. This is in agreement with the previous findings that 61.90% of secondary schools did not educate staff about the budgeting process.

5.2 Conclusion

The findings from this study indicate that secondary schools within Nairobi perceive budgets to be important instruments towards achievement of efficient financial management in schools. Secondary schools perceive the budget to be of great benefit in controlling costs, planning annual operations and for effective and efficient resources allocation. Respondents in this study perceived that budgeting contributes little towards motivation of staff and therefore all staff participation in the budgeting process is least considered. When undertaking the budget process the number of students is greatly considered. The number of students provides a clear indication of the amount of revenue likely to be generated and likely expenditure. Revenue expectation limits the level of operation of the school. The major challenge to the budget process is escalation of costs beyond anticipation, budget implementation problems and lack of education for individuals involved in the budgeting process.

5.3 Limitations of the Study

The study was limited by the period of the term when data was collected. It was observed that at the beginning of the term secondary school principals, deputy principals and school bursars are quite busy with school management matters. This made it difficult to collect data from most schools. Money and time were also limiting factors in that these limited the frequency of visits



to the secondary schools with an aim of trying to persuade the heads of schools to fill the questionnaires. It would also have been possible to allow them enough time out of their busy schedules to fill in the questionnaires. The other limitation of the study was non-response by a few of the respondents. Inclusion of all respondents in data analysis could have resulted in more precise conclusion. However, given that the non participating schools were not in any way unique from the participating secondary schools, the above study conclusions can be said to be quite representative of the population.

5.4 Policy Recommendations

From this study it has been observed that 100% of public secondary schools depend on fees as their major source of income. Measures should be put in place to ensure that public schools diversify their revenue sources so as to avoid overreliance on fees paid by parents.

5.5 Recommendations for Further Research

It was suggested that further research be carried out to establish other factors that may have an influence on financial performance of secondary schools other than budgeting practices.

The fact that schools heavily depend on fees collected from students suggests that research needs to be done to identify other revenue generation activities that may be utilized to supplement the fees. This will help shift the heavy burden of fees payment from parents who may not afford secondary education, despite their children having qualified for admission in expensive schools such as national schools.

Other probable research areas are a study to establish apparent usage of Activity Based Budgeting in secondary schools and the extent of involvement by internal stakeholders in secondary school budgeting process.

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