Influence of Principals' Innovation on Financial Management in Secondary Schools in Meru County, Kenya

Sarah Njeri Mungai[1*], Severina Mwirichia[2], Paul Gichohi[3]

[1,2,3]Kenya Methodist University, P.O. Box 267–60200 Meru, Kenya

**Corresponding Author's E-mail: snmungai2@gmail.com*

Abstract

Principals' receptivity to innovative ways of running the operations of their institutions should be based on methods that minimize costs, save time and allow excellence. However, there is inadequate financial resources that disallow adequate use of digital resources in secondary schools. The purpose of this study was to investigate the influence of principals' receptivity to innovation on financial management in secondary schools in Meru County, Kenya. The study used descriptive research design, and targeted a population of 389 secondary schools. The study used simple random sampling method to get a sample of 117 secondary schools. It further used purposive sampling method to obtain 117 principals. The study used drop and pick method to administer questionnaires to the respondents. Piloting of research instruments was done in twelve secondary schools in Tharaka Nithi County. The study analysed quantitative data using descriptive statistics such as frequencies, percentages and mean. It also carried out correlation analysis to test hypothesis. The results revealed that 80(92%) were in agreement on a mean of 4.93 that donors and sponsors were more convinced in investing their financial resources in the schools. However, 66(76%) were not in agreement on a mean of 2.82 that the school had made plans to ensure that all departments adopted various technological and social innovation. The Pearson correlation coefficient was r=0.286** at $\alpha < 0.000$ and 99% significance level, hence as a positive influence; thereby rejected the null hypothesis. The study concluded that digitalization was only used by the management, while departments required to prepare departmental budgets manually. This slowed the process of decision making for the principals. The study recommended that the ministry of education considers increasing annual funding for secondary schools. Principals should also explain to the management boards the need to digitalize the whole school as opposed to a few departments.

Keywords: *Principal's Innovation, Financial Management, Secondary Schools, Meru County, Kenya*

IJPP 11(1); 66-77

1.0 Introduction

Financial management is defined as the responsibility taken by school management to efficiently plan how school funds would be used in a way that do not breach the laid down regulations and processes (Center for Organization Leadership and Development [COLD], 2019). Efficient management of funds involves protection of funds from loss

and fraud, and it is of a great concern in learning institutions. In New York, high schools' financing systems have suffered from delays in disbursement of funds from the government leading to shortages of teaching aids such as books, chalks, teaching boards and laboratory chemicals (National Conference of State Legislatures [NCSL], 2022). Switzerland schools have experienced challenges related to lack of accountability that result to loss of confidence by financial (United Nations Office for the Coordination of Humanitarian Affairs [UNOCHA], 2021).

In addition, secondary schools in Hong Kong have reported concerns related to poor financial reporting techniques. In Indonesia, secondary schools still use traditional methods of book-keeping and stores management which consumes a lot of time, are prone to poor entry of books of accounts, and loss of important school funds data (International Trade Administration [ITA], 2022). In Nigeria, there is lack of robust buffer when finances are low causing delays in paying for various staff members and services. Additionally, there is lack of clear communication and guidance on how finances relate to the school vision, hence total disconnect on various departmental operations (UNICEF, 2022). Additionally, there is lack of courage to make various financial decisions on time, hence causing unnecessary shortage of resources in form of seats and desks to accommodate new students in Tanzania (World Bank Group, 2019). In Kenya, there have been concerns of lack of secondary schools' budget valuations to accommodate new needs that arise from incorporation of Information Communication and Technology [ICT] infrastructure to complement learning (Teachers Updates, 2021).

The severity of these issues could be solved through having principals guide other staff in adopting modern methods and technologies when performing assigned tasks (European Union, 2019). Principals become innovative when administering their duties by allowing use of digital resources to facilitate social innovations such as partnership with students' families and teachers, delivering outstanding customer service experience, and meeting decision-making timelines.

Statement of the Problem

Principals' receptivity to innovative ways of running the operations of their institutions should be based on methods that minimize costs, save time and allow excellence. The principals should inform and train junior staff on the proposed innovative ways before their implementation. This would ensure that the school is able to provide the required services using shortest time possible and with less errors.

However, there has been inadequate financial resources that allow adequate use of digital resources as an innovative way in Kenyan secondary schools (Ministry of Education, 2019). This is due to serious inefficiencies in the management of funds by the principals that have led to strained payments to suppliers of learning materials and installers ICT services such as internet, computer stations and other electricals as well as those that offer maintenance and repairs (Omondi, 2021). Incidentally, the staff has kept using old methods of teaching, submitting reports, and communicating. This has caused wastage

of time and resources, thereby making schools to incur further expenses.

Globally, Tatjana et al. (2019) examined principal's skills in developing, utilizing and evaluating financial budget plans. However, they did not address principals' innovative skills. In Kenya, Omondi (2021) and Kijiba (2018) concentrated on influences of internal control systems, and Boards of Management involvement in financial management accountability. A few more studies such as Mgandi et al. (2017) and Savuli (2018) focused on principals' financial management capability in Kilifi and Kitui public secondary schools respectively. This creates a knowledge gap on the influence of principals' innovation in financial management in secondary schools in Meru County, Kenya which this study sought to fill.

Purpose of the Study

To investigate the influence of principal's innovation in financial management in secondary schools in Meru County, Kenya.

Hypothesis of the Study

$H_0$1: Principal's innovation had no significant influence on the financial management in secondary schools in Meru County, Kenya.

Theoretical Review

Two factor theory was propounded by Herzberg (1959). It states that certain distinguished factors can cause fulfillment, while a few others can prompt disappointment at work places. What that means is that some elements which are well known in an organization cause a lot of satisfaction, while others which do not. A principal who ensures that he or she has become open to innovation at personal level by acquiring relevant skills, and at organization level by incorporating ICT, bring a lot of satisfaction to teaching, non-teaching staff and students (Herzberg (1959).

Empirical Review

Globally, Ovcharuk et al. (2022) investigated the innovative digital tools that the Ukrainian secondary school principals were using to make distance learning successful. The study was motivated by the fact that Ukrainian education system was paralyzed due to covid-19 pandemic that required everyone to work and study from their homes. The study sampled 1463 respondents, who were principals and teachers, to answer a well-structured google form questionnaire. The study found out that principals had provided funds for teachers to acquire ICT infrastructure, such as laptops, internet supply, and basic ICT training. This infrastructure enabled teachers to access digital tools like zoom, google meet, Padlet, Edmodo and Sisco Webex. The tools further, enabled teachers to shift from traditional to digital classes, conferences and even courses.

Regionally, in South Africa, Lumadi (2020) reviewed how curriculum innovation affected secondary schools finances in Eastern Cape. The study used both primary and secondary data from three high schools that were underperforming. Three principals, ten teachers and ten learners were interviewed and answered questionnaires. Lumadi's study revealed that principals in the three high schools outsourced finances from politicians, donors and sponsors to fund their curriculum needs. The budgets were also

developed through consultation with teachers. However, there was a gap on the type of rewards that teachers would receive when students excelled in their respective subjects. The study could have included finance officers to provide more information on the budgeting process and other sources of finance such as the government.

Locally, Nyakanga and Mungai (2021) evaluated the innovative forms that the principals used to ensure that public secondary schools performed exceptionally in their examinations. The study used a secondary school population of eighteen entities whose eighteen principals, a hundred and forty-nine teachers, and one thousand nine hundred and sixty-two students were selected. The study established that principals ensured they bought course textbooks, revision books, and past papers for the students. They also provided finances to cater for academic trips, gave teachers monetary rewards and paid lunches when students performed exceptionally in their subjects; and ensured that teachers attended professional development conferences where they would learn financial management at both personal and corporate level. Their study had chosen four schools from the target population for pre-test. This was statistically wrong. However, the study concentrated on just public schools and did not involve their private counterparts.

2.0 Materials and Methods

The study used descriptive research design to examine a target population of 389 secondary schools. The study used simple random sampling method to get a sample of 117 secondary schools which constituted 30% of the target population. It further used purposive sampling method to obtain 117 principals. The study administered questionnaires to the respondents. Piloting of research instruments was done in twelve secondary schools in Tharaka Nithi County. The study analysed quantitative data using descriptive statistics such as frequencies, percentages and mean. It also carried out linear regression analysis and correlation analysis to test hypothesis.

3.0 Results and Discussion

Reliability Statistics

This study used Cronbach Alpha Coefficient test to measure reliability. Twelve principals and bursars answered the pilot study's questionnaire. The population was obtained by using 10% of the sampled population. The results of reliability test are presented in Table 1.

Table 1

Reliability Statistics

Instrument	Cronbach's Alpha	N of Items
Questionnaires	0.881	12

According to Table 1, the questionnaire issued to the respondents had a Cronbach Alpha coefficient of 0.881. Therefore, it was evident that the questionnaire had Cronbach Alpha above 0.7.

Response Rate

The study distributed questionnaires to 117 principals and the response rate results are indicated on Table 2.

Table 2

Response Rate

Respondents	Sampled	Response	Percentage
Principals	117	87	74%

The results on Table 2 reveal that, the returned and completed questionnaires from principals were 87(74%), which was excellent according to Doss et al. (2021) who proclaimed that any response rate above 70% can be described as excellent.

Results on Financial Management

Financial management constituted the dependent variable and had indicators such as resource mobilization, information analysis on books of accounts, interpretation of financial policies, transparency and accountability in budgeting, risk management and financial control. The questionnaires had options organized in Ordinal Likert scale such that 1- strongly disagreed, 2-disagreed, 3-neutral, 4-agreed and 5-strongly agreed. The results for the first questionnaire are presented on Table 3.

Table 3

Descriptive Statistics of Financial Management

Statements-N= 87	1	2	3	4	5	Mean
Clear financial policies on funds allocation	2 (2%)	3 (3%)	13 (15%)	29 (33%)	40 (47%)	4.17
Distinguished roles between the accounts department and school management	46 (53%)	23 (26%)	7 (8%)	5 (6%)	6 (7%)	2.17
Availability of a reporting system.	3 (3%)	10 (12%)	15 (17%)	35 (40%)	24 (28%)	3.77
Acceptance of Financial Accounting Standard Board (FASB).	2 (2%)	4 (5%)	10 (12%)	29 (33%)	42 (48%)	4.21
The finance department is actively engaged in mobilization of funds	6 (7%)	9 (10%)	14 (16%)	39 (45%)	19 (22%)	3.64
The rule of law and code of ethics guides financial management	0 (0%)	4 (5%)	6 (7%)	36 (41%)	41 (47%)	4.31

According to Table 3, most principals 41(47%) strongly agreed, and 36(41%) agreed on a mean of 4.31, that the rule of law and code of ethics guided financial management processes in issues pertaining accountability and transparency. Additionally, 42(48%) strongly agreed and 29(33%) agreed on a mean of 4.21, that there was acceptance of Financial Accounting Standard Board (FASB) as basic principles followed when maintaining books and in financial information analysis. The results indicated that the extent of financial innovation allowed by the principals in schools was strongly backed through rule of law, code of ethics and FASB accounting principles. This meant that no matter how innovative a financial practice was, as long as it did not conform to the law, ethics and FASB, it was not worthy implementing. This enabled the principals to implement only what was viable and did not attract fines and imprisonment penalties for school staff.

Comparatively, Galigao, et al. (2019) also found out that the different levels of schools' financial management practiced by the school heads in Philippines was mainly based on their ability to follow the laws of the land and Generally Accepted Accounting Principles [GAAP]. However, 46(53%) strongly disagreed while 23(26%) disagreed on a mean of 2.17 that there were distinguished roles between the accounts department and school management especially in control of finances. These results mean that principals at times interfered with the operations of the accounts departments while trying to control school finances. This brought conflict of interest and strained working relations between the staff in accounts department and the school management.

Results on Innovation

Innovation constituted the independent variable and had indicators such as contemporary use of digital resources; social innovation such as partnership with students' families and teachers, customer service experience; and decision-making timelines. The study had principals' questionnaires on this variable organized in Ordinal Likert scale such that 1- strongly disagreed, 2-disagreed, 3-neutral, 4-agreed and 5-strongly agreed. The results are presented on Table 4.

Table 4

Descriptive Statistics of Innovation

Statements N=87	1	2	3	4	5	Mean
The school has adopted use of digitalization methods in financial management	0 (0%)	7 (8%)	0 (0%)	43 (50%)	37 (42%)	4.84
We are always encouraged to use digitalization methods to ensure that there is a solid financial	5 (5%)	7 (8%)	0 (0%)	36 (42%)	39 (45%)	4.77

partnership with parents and donors.						
Less time is taken when documenting double entry in the books, producing invoices, receipts and reports due to innovative methods of accounting.	13 (16%)	23 (26%)	0 (0%)	16 (18%)	35 (40%)	3.69
There is job satisfaction due to improved customer services especially when one is able to automatically get school fees balances, invoice history and reports	13 (16%)	23 (26%)	0 (0%)	19 (21%)	32 (37%)	3.11
The school has made plans to ensure that all departments adopt various technological and social innovation in bid of improving service delivery	30 (34%)	36 (42%)	7 (8%)	11 (13%)	3 (3%)	2.82
Donors and sponsors are more convinced in investing their financial resources in our school since we have put up financial systems that show the trail of usage of funds over extensive periods of time	0 (0%)	7 (8%)	0 (0%)	30 (34%)	50 (58%)	4.93

The results presented in Table 4 indicate that 50(58%) strongly agreed and 30(34%) agreed on a mean of 4.93 that donors and sponsors were more convinced in investing their financial resources in schools since they had put up financial systems that showed the trail of usage of funds over extensive periods of time. Adding to that, 39(45%) strongly agreed and 36(42%) agreed on a mean of 4.77 that schools had adopted use of digitalization methods in financial management. The results meant that principals had ensured that they were innovative by having in place financial systems which were partly anchored on digitalization, to manage the finances. According to Espinosa (2018), teachers agreed that by school heads accommodating the idea of having digital financial systems, they were able to easily record, store and retrieve financial information for decision making.

However, 30(34%) strongly disagreed and 36(42%) disagreed on a mean of 2.82 that the school had made plans to ensure that all departments adopted various technological and social innovation in bid to improve service delivery. The results meant that in as much as the schools had adopted digitization

in financial management, it did not extend to departments. That is, the aspect about digitalization was only used by the management team, whereas departments required to prepare departmental budgets, organize timetables, and maintain both student and teacher's registers manually.

In Ukraine, Ovcharuk et al. (2022) found out that high school teaching personnel and management had advanced various process such as digital learning reports and attendee lists that are signed online for decision making. Less time and institutional money were wasted since there was less paper work with most of online learning and meetings. The institutional heads required very little effort to push the staff into doing their jobs; hence they are able to concentrate on ensuring that there was smooth running of the school financial management, human resource management and students' management.

Correlational Analysis of Innovation and Financial Management

In testing the relationship between innovation and financial management, the study had a null hypothesis that innovation had no significant influence on the financial management in secondary schools in Meru County, Kenya. Therefore, the study used Pearson correlational analysis to test the hypothesis of the influence of innovation on financial management for principals as shown in Table 5.

Table 5

Pearson Correlation Analysis of Innovation and Financial Management

Pearson Correlation Analysis			Innovation	Financial management
Pearson	Innovation	Pearson Correlation	1	.286**
		Sig. (2-tailed)		.000
		N	87	87
	Financial management	Pearson Correlation	.286**	1
		Sig. (2-tailed)	.000	
		N	87	87

The results presented in Table 5 revealed that Pearson correlation coefficient r=0.286** at $\alpha < 0.000$ and 99% significance level indicated a positive influence, since the Pearson correlation value was less than 1 and significance level less than 0.05. Therefore, the study rejected the null hypothesis and concluded that innovation had significant influence on the financial management in secondary schools. The results reveal that when principals became innovative, they were able to manage finances better. This was because they were able to implement use of digital resources, were socially accommodative, provided exemplary customer service experience, and made timely decisions. Comparatively, Bawuro et al. (2018) also established that one of the

reasons why teachers had become innovative was because of the encouragement by the head teachers towards delivering the assigned teaching tasks. That notwithstanding, Bawuro et al. (2018) did not expound their findings from the perspective of head teachers, but rather that of the teachers.

In this study, findings revealed that 50(58%) strongly agreed and 30(34%) agreed on a mean of 4.93 that donors and sponsors were more convinced in investing their financial resources in the schools, since they had put up financial systems that showed the trail of usage of funds over extensive periods of time. Additionally, 39(45%) strongly agreed and 36(42%) agreed on a mean of 4.77 that the school had adopted use of digitalization methods in financial management. These results meant that principals had ensured that they were innovative by having in place financial systems which were partly anchored on digitalization to manage the finances. However, 30(34%) strongly disagreed and 36(42%) disagreed on a mean of 2.82 that the school had made plans to ensure that all departments adopted various technological and social innovations in order to improve service delivery. The Pearson correlation coefficient r=0.286** at $\alpha < 0.000$ and 99% significance level for principals indicated that there was a positive influence since Pearson correlation value was less than 1 and significance level less than 0.05; hence, the null hypothesis was rejected by concluding that innovation had significant influence on financial management in secondary schools.

4.0 Conclusions

The findings of the study indicated that in as much as the schools had adopted digitization in financial management, digitalization was not extended to other departments. This means that the aspect of digitalization was only used by the management team, while departments were required to prepare departmental budgets, organize timetables, and maintain both student and teachers' registers manually. This led to wastage of time and it slowed the process of decision making for the principals. The principals had to wait for a very long time to get reports delivered to them as compared to when they could have been using technology. However, complete innovation through digitalization required heavy investment in terms of installing internet, buying computers and cameras, training the staff, and purchasing of routers.

5.0 Recommendations

The study recommends that the Ministry of Education (MoE) should consider increasing annual funding to secondary schools. Further, MoE should work in conjunction with the ministry of ICT to get access to funds for installing affordable ICT infrastructure in the school. Principals should convince BOMs on the need for digitalizing the whole school system instead of few departments.

Contribution to Theory, Policy and Practice

The findings of this study are consistent with two-factor theory whereby the principals' ability to use and apply e-resources particularly in reporting procedures on

financial management had increased the number of donors and sponsors to the school. This is because the donors understood how previous resources had been used, hence they were sure that their donations in form of finances, foodstuff, stationery, desks, beds, office equipment, uniforms and others, would be accounted for. As a result of ICT resources, payment of supplies, debt, salaries and allowances are not delayed, hence motivating the staff to become more innovative. However, data showed that schools that had not digitalized all school operations wasted time and slowed the process of decision making since principals had to wait for a very long time to get manually-prepared reports delivered to them.

References

Bawuro, F.A., Danjuma, I., & Wajiga, H. (2018). Factors influencing innovative behavior of teachers in secondary schools in the North East of Nigeria. P*ath of Science: International Electronic Scientific Journal, 4*(3), 1007-1017. https://pathofscience.org/index.php/ps/article/download/471/516/

Center for Organization Leadership and Development (2019). *Financial management challenges.* https://centreold.com/blog/FinancialManagementChallenges.php

Doss, W., Rayfield, J., Burris, S., & Lawver, D. (2021). A quantitative content analysis of survey research. *Journal of Agricultural Education, 62*(3), 310-328 https://doi.org/10.5032/jae.2021.03310

Espinosa, F.M. (2018). Financial management practices of school heads: teachers' perspectives. *Skyline Business Journal, 13*(1), 33-44. https://www.skylineuniversity.ac.ae/images/pdf/sbj/2017/Article4.pdf

European Union (2019). *Digital education at school in Europe: Eurydice report.* https://eacea.ec.europa.eu/national-policies/eurydice/sites/default/files/en_digital_education_n.pdf

Galigao, R. P., Lacandula, I.M., Pilapil, F.A., & Queniahan, M.C. (2019). Linking the level of school financial management among school heads: A case study in Mandaue District, Cebu, Philippines. *International Journal of Engineering Research & Technology (IJERT), 8*(7), 383-386. https://www.ijert.org/research/linking-the-level-of-school-financial-management-among-school-heads-a-case-study-in-mandaue-district-cebu-philippines-ijertv8is070144.pdf

Herzberg, F., Mausner, B., & Snyderman, B. B. (1959). *The motivation to work* (2nd Ed.). John Wiley

International Trade Administration (2022). *Education and training.* https://www.trade.gov/country-commercial-guides/indonesia-education-and-training

Kijiba, A.A. (2018). *Influence of board managements' corporate governance practices on financial management in public secondary schools in Moyale Sub-County Kenya* [Master's Thesis]. University of Nairobi, Kenya. http://erepository.uonbi.ac.ke/bitstream/handle/11295/104573

Lumadi, M.W. (2020). School finance reform for curriculum innovation: An equity prospect. *South African Journal of Education, 40*(4), 1-9. https://doi.org/10.15700/saje.v40n4a2027

Mgandi, E.N., Mathuva, E., & Egondi, P. (2017). Factors influencing principal's financial management capability in public secondary schools in Kaloleni and Rabai sub-counties, Kilifi County. *International Journal of Scientific Research and Innovative Technology, 4*(9), 13-22. https://www.ijsrit.com/uploaded_all_files/3080116908_u2.pdf

National Conference of State Legislatures (2022). *Elementary and secondary school emergency relief fund tracker.* https://www.ncsl.org/ncsl-in-dc/standing-committees/education/cares-act-elementary-and-secondary-school-emergency-relief-fund-tracker.aspx

Nyakanga M. P., & Mungai, J. G. (2021). Influence of examinations on principals' instructional leadership practices in public secondary schools in Nakuru County, Kenya. *The International Journal of Humanities & Social Studies*, *9*(11), 490-500. https://doi.org/10.24940/theijhss/2021/v9/i11/HS2111-057

Omondi, M. A. (2021). *Internal control systems on financial accountability in national public secondary schools in Kenya* [PhD Thesis]. Jomo Kenyatta University of Agriculture and Technology, Kenya. http://ir.jkuat.ac.ke/bitstream/handle/123456789/5526

Ovcharuk, O.V, Gurzhii, A.M., Ivaniuk, I.V., Kartashova, L. A., Hrytsenchuk, O.O., Tetiana, A., Vakaliuk, T.A., Mariya P., & Shyshkina, M. P. (2022). *The use of digital tools by secondary school teachers for the implementation of distance learning in the context of digital transformation in Ukraine*. http://ceur-ws.org/Vol-3085/paper10.pdf

Savuli, E. (2018). *Factors influencing principals' effectiveness, in financial management in public secondary schools in Mwingi Central Sub-County, Kitui County-Kenya* [Master's Thesis]. University of Nairobi, Kenya. http://erepository.uonbi.ac.ke/bitstream/handle/11295/106023

Tatjana, H., Bernardka Ž., & Hazbo, S. (2019) Impact of school management on legally adequate content of a budget plan: The evidence from Slovenia. *Economic Research-Ekonomska Istraživanja, 32* (1), 3502-3518.

https://doi.org/10.1080/1331677X.2019.1666022

Teachers Updates (2021). *Ministry concerned over missing junior high school costs in new budget: Budget for building CBC classrooms cut in half.* https://teachersupdates.co.ke/schools/ministry-concerned-over-missing-junior-high-school-costs-in-new-budget/

UNICEF (2022). *UNICEF warns of Nigerian education crisis as world celebrates International Day of Education amid COVID-19 concerns.* https://www.unicef.org/nigeria/press-releases/unicef-warns-nigerian-education-crisis-world-celebrates-international-day-education

UNICEF (2018). *Transforming education in Africa. An evidence-based overview and recommendations for long-term improvements.* https://www.unicef.org/media/106686/file/Transforming%20Education%20in%20Africa.pdf

United Nations Office for the Coordination of Humanitarian Affairs (2021). *Global Education Summit: Switzerland announces its support for the Global Partnership for Education (GPE) for the period 2021–25.* https://reliefweb.int/report/world/global-education-summit-switzerland-announces-its-support-global-partnership-education

World Bank Group (2019). *Project appraisal document on a proposed credit in the amount of SDR 364.2 million (us$500 million equivalent) to the united republic of Tanzania for a Secondary Education Quality Improvement Project (SEQUIP).* https://documents1.worldbank.org/curated/en/299851580138262444/pdf/Tanzania-Secondary-Education-Quality-Improvement-Project-SEQUIP.pdf