

Research Article

Financial Resource Management Practices and Challenges in Gambella Town Primary Schools, Ethiopia

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Abstract

This study aimed to investigate the practice and challenges of primary school financial resource management in the Gambella town administration of the Gambella Region. The research adopted a mixed methods approach, utilizing questionnaires and interviews as the main data collection instruments. A total of 102 respondents from five schools and the town education office participated in the study. The collected data were analyzed using descriptive statistics for quantitative data and narrative analysis for qualitative data obtained through interviews. The findings of the study revealed several challenges in the budget implementation process and financial resource utilization in the selected government primary schools. The major challenges identified included the lack of stakeholder participation in the budget implementation process, absence of follow-up and monitoring auditing activities, and the resulting erosion of accountability and transparency in budget utilization. Based on the findings, it is recommended that the town education office and schools take measures to increase stakeholder participation in the budget implementation process. Additionally, schools should report their budget performance to the relevant agencies, and the town education and finance office should establish regular monitoring and evaluation mechanisms. These measures can help address the identified challenges and improve the financial resource management practices in primary schools in the Gambella town administration.

Keywords

Financial Resource Management, Primary School Education, Budget Implementation, Stakeholder Participation, Town Education Office

1. Introduction

Financial management involves utilizing knowledge, skills, and techniques to effectively utilize an organization's resources. This includes activities such as planning, arranging, managing, overseeing, and controlling the financial aspects of an organization's operations [3]. Resources play a crucial role in the efficient completion of activities and the growth and improvement of organizations. Among these resources,

the financial aspect is often overlooked despite being a fundamental component of actual capital [15]. Financial resources serve as the foundation for acquiring, utilizing, and maintaining all other types of resources. Without a strong financial foundation, it would be challenging to produce the right kinds of goods and services in sufficient quantity and quality that meet both acceptability and feasibility criteria.

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The availability of funds in an organization or institution is vital to its production process and the quality of its products and services since the modern economy operates on a monetary basis [11]. To this end financial management is vital for schools as it allows for efficient budgeting and resource allocation, affordability and accessibility of education, investment in educational resources, staff recruitment and retention, infrastructure development and maintenance, and overall financial sustainability. By practicing effective financial management, schools can provide quality education, attract students and staff, and create an environment conducive to learning and growth.

According to Munge, Kimani, and Ngugi [10], financial management plays a crucial role in improving the performance of institutions, corporations, organizations, and commercial entities, while also reducing exposure to financial risks. Funding is an essential factor for the success of any organization. [1] states that the primary goal of financial management is to ensure that the acquired cash is used effectively and efficiently. With limited resources, educational administrators must optimize their use to achieve institutional goals. Poor administration of finances can lead to misappropriation and diversion of funds from priority initiatives.

Education is a vital tool in reducing poverty and promoting development in nations [14]. Therefore, it is necessary to effectively manage the limited resources provided to schools to ensure their efficient utilization.

School financial management encompasses the preparation and execution of a financial strategy, accounting processes, financial reporting, and safeguarding assets against misuse, damage, and fraud [3]. The key outcomes of financial management in schools are the annual report and the financial plan. The planning process, goal-setting, and measurement activities are closely linked to the reporting process [3]. Financial resources are often considered a significant component of physical capital.

Poor financial management can result in various issues such as financial misappropriation, embezzlement, diversion of funds, and other financial irregularities. [16] highlight several problems that contribute to improper administration of school funds, including delays in fund disbursement, diversion of funds to other sectors, inadequate training for educational institution heads in financial management, negligence by financial clerks, hiring of unqualified personnel for financial management roles, and related challenges. Additionally, [7] points out that many school principals and board members lack the necessary financial skills to effectively address financial issues within their institutions.

The effective management of financial resources in primary schools has become a central issue due to the growing interest of the public and government in ensuring the proper utilization of funds allocated for primary education [2]. Money is a critical resource for providing a high-quality education [6], and it is crucial to secure timely funding and manage existing financial resources efficiently to improve

educational quality. The achievement of educational goals and the provision of high-quality education heavily rely on the effective utilization of school financial resources [5]. Insufficient money management skills can lead to poor educational outcomes. Additionally, a lack of funding, financial planning and management abilities, and coordination at the local level have been identified as obstacles to effective policy implementation and goal attainment in education [12].

In Ethiopia, school principals have received various instructions on managing financial resources as outlined by the Ministry of Education [9]. However, the ESDP V midterm report of Ethiopian Ministry of Education acknowledged that despite these instructions, challenges such as insufficient training, the presence of unqualified personnel, weak administrative capacity in educational finance management, and low effectiveness in finance implementation still exist at the school level in Ethiopia [4]. Therefore, it requires the dedication and hard work of school administrators to improve financial resource management in schools. Effective management of financial resources is crucial for achieving educational objectives.

In the specific study area of Gambella, there are identified issues regarding the effective and efficient utilization of financial resources in primary schools. As mentioned in the annual conference report of the Gambella Regional Education Bureau in 2022, weak financial management practices among principals have created an unfavorable environment for the teaching-learning process. To address this situation, the study aims to examine the financial management strategies employed by primary school principals in the Gambella town administration. Through conducting this study, it is anticipated that insights and recommendations can be derived to enhance financial resource management practices in primary schools. This, in turn, will contribute to creating a conducive learning environment and improving the overall educational outcomes in the Gambella town administration.

2. Materials and Methods

The study utilized a mixed-methods approach, combining quantitative and qualitative methods, to comprehensively explore the practices and challenges of implementing financial resource management in government primary schools in the Gambella town administration. The survey research method was employed. The study population consisted of all 329 teachers across eight primary schools in Gambella town, located in the Gambella regional state. A sample size of five primary schools, representing 62% of the total schools, and 86 teachers, representing 26% of the total number of teachers, were randomly selected to participate in the study. Additionally, five Parent-Teacher Association (PTA) leaders, five finance heads, and one education expert were purposively selected to provide further insights aligned with the study's objectives.

The primary data collection instruments employed in this study were a questionnaire and interviews. The questionnaire

gathered quantitative data, while interviews allowed for in-depth exploration of the topic. Simple descriptive statistics, such as mean, were used to analyze the quantitative data, while qualitative descriptive techniques were employed to analyze the data acquired through interviews and open-ended questions. The qualitative data analysis supplemented the study's objectives and complemented the quantitative analysis in addressing the research questions.

3. Description of the Study Area

The study was conducted in Gambella town, which is situated in the Gambella regional state of Ethiopia. Gambella regional state is one of the 14 regional states in the country. The Gambella People's National Territory is located at coordinates 6028'38" to 8034' north latitude and 330 to 35011'11" east longitude, approximately 777 kilometers southwest of the federal capital, Addis Ababa. The region shares borders with the Oromia region to the northeast, Southern West Nations and Peoples Region to the south and southeast, and South Sudan to the west and northwest.

The administrative organization of the Gambella regional state includes three ethnic zones, 12 woredas (districts), one special woreda, and one city administration, comprising a total of 223 kebeles (sub-districts). Among these kebeles, 201 are rural and 22 are urban. According to the 2007 Census conducted by the Central Statistical Agency of Ethiopia (CSA), the region has a total population of 306,916, with women accounting for 147,237 (52%) and men accounting for 159,679 (47%). The population is distributed with 77,878 (25.3%) residing in urban areas and 229,038 (74.7%) in rural areas. The focus of this study was to examine the practices and challenges associated with financial resource management in public primary schools specifically within the Gambella town administration.

4. Results

Information Regarding Financial Resource Practice in Primary Schools

The [table 1](#) below provides the key findings related to financial resource practices in primary schools.

Table 1. *Appropriateness of Budget Allocation to Implement Annual Intended School Activities.*

No	Item Description	N	Mean	ST. D
1	There is the proper deciding budget allocation for every activity by PTA and school principals in common	86	1.8	0.83
2	The non-salary budget allocated by the town parliament as well as financial income earned from external and internal to the school are performed for the planned activities	86	1.4	0.49
3	Budget allocation coincides with the need of your school	86	1.9	0.88
4	The school budget plan is approved by the kebele parliament before utilize	86	2.2	1.16
	Average mean	86	1.83	0.84

5. Strongly agree 4. Agree 3. Undecided 2. Disagree 1. Strongly disagree. The cut point of 2.50

The data presented in [Table 1](#) reveals that the mean ratings for items 1-4 were 1.8, 1.4, 1.9, and 2.2, respectively, with corresponding standard deviations of 0.83, 0.49, 0.88, and 1.16. Importantly, all mean ratings fell below the cutoff point of 2.50. These results indicate a lack of agreement among respondents regarding the presence of a well-established budget allocation process for school activities by the Parent-Teacher Association (PTA) and school principals. Furthermore, it suggests that the non-salary budgets allocated by the town parliament, as well as the financial income generated from external and internal sources, are not effectively utilized for planned activities. Respondents also disagreed that the budget allocation adequately aligns with the specific needs of their school. Additionally, the approval of the school budget plan by the kebele parliament before implementation was not consistently observed.

In-depth interviews with principals revealed a prevailing

sense of uncertainty regarding their initial year earnings and instances where the approval of the financial plan by relevant bodies was disregarded. Overall, the data strongly implies that the annual school budget was not allocated in accordance with the intended plan of work. It underscores the notion that the allocation of the education budget, despite being designated for a specific plan of action, does not inherently contribute to institutional success unless it is implemented in a timely manner and utilized for its intended purpose. Therefore, the findings from this study suggest a lack of appropriate budget allocation for school activities by the PTA and school principals. The non-salary budgets from the town parliament and financial income from internal and external sources are not effectively utilized for planned activities. The budget allocation does not sufficiently align with the specific needs of the schools, and the approval process by the kebele parliament is not consistently followed. The study highlights

the importance of ensuring that the annual school budget is allocated according to the intended plan of work, as the ef-

fective implementation of the education budget is crucial for achieving institutional success.

Table 2. *Preparing Annual Plan of Budget for Utilize School Financial Resources Properly.*

No	Item Description	N	Mean	Std. D
1	School stakeholders have participated in preparing the school's annual budget plan	86	1.55	0.66
2	Properly deciding budget allocation for every school activities	86	1.5	0.54
3	The school principal gives serious attention to planning the school budget	86	1.43	0.58
4	The annual breakdown budget is informed for concerning bodies (teachers, PTA, and KETB Principals)	86	1.47	0.58
5	There is transparency on financial utilization in the school	86	1.51	0.56
	Average mean		1.49	0.58

5. Strongly agree 4. Agree 3. Undecided 2. Disagree 1. Strongly disagree. The cut point of 2.50

The data presented in Table 2 illustrates the mean ratings for items 1-5, which are 1.55, 1.50, 1.43, 1.47, and 1.56, respectively. The corresponding standard deviations are 0.66, 1.07, 0.54, 0.58, 0.56, and 0.58. Importantly, all mean ratings are below the cut-off point of 2.50. These results indicate a lack of agreement among respondents regarding several aspects related to the school budgeting process.

Firstly, respondents disagreed regarding the participation of school stakeholders in preparing the school's annual budget plan. They also expressed disagreement regarding the proper decision-making process for budget allocation across various school activities. Additionally, respondents indicated that the school principal does not give sufficient attention to planning the school budget. Furthermore, there was disagreement regarding whether the annual breakdown budget is effectively communicated to relevant bodies. Lastly, respondents disagreed that there is transparency in the financial utilization within the school.

The average mean of 1.49, with a standard deviation of

0.58, was also found to be below the cut-off point of 2.50. This further supports the finding that respondents disagreed on various aspects related to the school budgeting process.

In-depth interviews revealed that principals tended to give less attention to working with stakeholders. Another critical challenge highlighted was the absence of monitoring mechanisms, which requires immediate attention and solutions. To this end, the findings from this study suggest that respondents disagreed on multiple aspects related to the school budgeting process. This includes the participation of school stakeholders, proper decision-making for budget allocation, attention given by the school principal to budget planning, communication of the annual breakdown budget to relevant bodies, and transparency in financial utilization within the school. The study underscores the need for increased stakeholder involvement, improved decision-making processes, and the implementation of monitoring mechanisms to address the challenges identified in the school budgeting process.

Table 3. *Controlling Abusing, and Auditing Activities of School Finance.*

No	Discretion of items	N	Mean	Std. D
1	Your school implements the budget according to the intended plan	86	1.54	0.60
2	The school committee PTA makes follows up to determine the proper utilization of budget	86	1.81	1.00
3	The school submit financial utilization report to the town education office regularly	86	2.17	1.07
4	The school conducts internal auditing	86	1.89	1.01
5	The school has external auditing	86	2.09	0.92
6	The school invite staff to participate in auditing school finance	86	1.88	0.83
	Average mean	86	1.90	0.91

5. Strongly agree 4. Agree 3. Undecided 2. Disagree 1. Strongly disagree. The cut point of 2.50

The data presented in Table 3 displays the mean ratings for items 1-6, which are 1.54, 1.81, 2.17, 1.89, 2.09, and 1.88, respectively. The corresponding standard deviations are 0.60, 1.00, 1.07, 1.01, 0.92, and 0.83. Importantly, all mean ratings are below the cut-off point of 2.50, indicating disagreement among respondents regarding several aspects related to the implementation and control of the school budget.

Firstly, respondents disagreed that their school effectively implements the budget according to the intended plan. They also expressed disagreement regarding the follow-up conducted by the school committee PTA to ensure proper utilization of the budget. Additionally, respondents indicated that the school does not regularly submit financial utilization reports to the town education office. Furthermore, there was disagreement regarding the presence of internal auditing within the school. Respondents also disagreed that the school has external auditing, and they disagreed that staff members are invited to participate in auditing the school's finances.

The average mean of 1.90, with a standard deviation of 0.91, was also found to be below the cut-off point of 2.50. This further supports the finding that respondents disagreed on various aspects related to the implementation and control mechanisms of the school budget.

Responses from open-ended questionnaires and interviews further explained that primary schools in Gambella town have weak control mechanisms and financial resource auditing systems. The findings from this study suggest that respondents disagreed on various aspects related to the implementation and control of the school budget. This includes the effective implementation of the budget, follow-up mechanisms by the school committee PTA, regular submission of financial utilization reports, internal and external auditing practices, and staff involvement in auditing the school's finances. The study highlights the need for strengthening control mechanisms and financial auditing systems in primary schools in Gambella town to ensure proper utilization of resources and enhance.

Table 4. Major Challenges to School Financial Resource Management Practices in Government Primary Schools.

No	Item Description	N	Mean	Rank
1	Shortage of budget contribution by other stakeholders (i.e., community participation, school internal income, etc.)	86	4.18	4
2	Absence of participation of concerned bodies in budget preparation	86	3.82	9
3	Poor financial budget planning for school	86	3.98	7
4	The problem of reporting and documenting the financial activities of the school	86	4.19	3
5	Not regularly submitted financial utilization report	86	3.93	8
6	Not properly implementing financial guidelines, rules, and regulations of finance at the school level	86	4.32	2
7	Lack of transparency on financial activities for the school community	86	4.12	5
8	Not properly using auditing comment	86	3.56	10
9	Lack of experience of the school principals in budget preparation and control	86	4.07	6
10	Lack of control and follow-up from Gambella town administration, education, and finance office	86	4.37	1
	Average mean	86	4.06	

5. Strongly agree 4. Agree 3. Undecided 2. Disagree 1. Strongly disagree. The cut point of 2.50

According to the results presented in Table 4, the mean rank analysis highlights several challenges faced by government schools. These challenges are ranked based on their perceived importance by the respondents.

The first challenge identified by government schools is the lack of control and follow-up from the Gambella town administration, education, and finance office. This indicates a lack of oversight and monitoring from these relevant authorities. The second challenge is the absence of proper implementation of financial guidelines, rules, and regulations at the school level. This suggests that schools are not effective-

ly adhering to established financial protocols. The third challenge relates to the reporting and documentation of financial activities within the school. This implies that there is a lack of proper record-keeping and documentation practices, which can hinder transparency and accountability. The fourth challenge is the shortage of budget contributions from different stakeholders. This indicates that schools are facing difficulties in securing sufficient financial support from various parties. The fifth challenge is the lack of transparency regarding financial activities for the school community. This suggests that there is a lack of openness and clarity in com-

municating financial information to stakeholders. The sixth challenge identified is the lack of experience of school principals in budget preparation and control. This implies that principals may not possess the necessary skills and knowledge to effectively manage and allocate budgets. The seventh challenge is poor financial budget planning within the school. This suggests that schools may not be effectively planning and allocating financial resources to meet their needs. The eighth challenge is the absence of regular submission of financial utilization reports. This indicates a lack of consistent reporting on how financial resources are being utilized within the school. The ninth challenge relates to the absence of participation from concerned bodies in budget preparation. This suggests that key stakeholders are not actively involved in the budgeting process, potentially leading to a lack of alignment with school needs and priorities. The tenth and final challenge identified is the absence of properly utilizing auditing comments. This indicates that audit recommendations or feedback may not be effectively implemented to improve financial practices within the school.

The data gathered from interviews further supports these challenges by emphasizing the need for continuous monitoring and evaluation in schools. Additionally, the participation of community members is seen as crucial not only to support school improvement but also to foster a sense of ownership and accountability. Therefore, the findings highlight various challenges faced by government schools, including a lack of control and follow-up, issues with financial guidelines and implementation, reporting and documentation deficiencies, budget shortages, transparency issues, lack of principal expertise, poor budget planning, irregular reporting, limited participation in budget preparation, and underutilization of audit comments. Addressing these challenges requires enhanced monitoring, community involvement, and improved financial management practices at the school level.

5. Discussion

The findings of this study shed light on several important issues related to financial management practices in primary schools in Gambella town. The first finding highlights the absence of transparency in the use of school budgets, a lack of team spirit among primary school stakeholders, such as PTAs and school management, and the inadequate implementation of internal and external auditing activities. These factors contribute to ineffective financial management practices in the schools under investigation.

According to the Ministry of Education [8], the responsibility of managing school financial resources lies with school principals, finance personnel, and PTAs. Effective financial management requires principals to take accountability for their actions and achievements, granting them greater control over resource allocation. The findings of this study support the notion that school principals and board members often lack the necessary financial expertise to address financial

challenges within their institutions, as suggested by [7].

The second finding underscores the lack of control and follow-up from town administration, education, and finance offices regarding the utilization of school finances. Additionally, there is a lack of proper implementation of financial guidelines, rules, and regulations at the school level. Moreover, the study reveals deficiencies in reporting and documenting financial activities within the schools, as well as a lack of transparency in financial activities for the school community. These factors significantly hinder the effective utilization of financial resources.

These findings align with the views of [13], who identified low stakeholder involvement, a lack of guidelines and control systems, limited staff participation in budget planning and decision-making, improper utilization of financial resources, and inadequate school finance auditing as major challenges to effective financial resource utilization in schools.

6. Conclusion

The findings of this study highlight the importance of key stakeholders' participation in the planning and implementation of financial resource utilization in primary schools. Effective financial management and efficient budget utilization can be achieved when all relevant parties work together in partnership. The study also emphasizes the significance of supportive monitoring and follow-up mechanisms to ensure proper financial management in schools.

The challenges identified in the study indicate that there are issues with the financial control systems in government primary schools in Gambella town. These challenges contribute to the improper utilization of financial resources. It is crucial to address these challenges to improve financial management practices and ensure the effective utilization of funds in schools. Overall, this study underscores the need for collaborative efforts among stakeholders, including school management, PTAs, town administration, and finance offices, to enhance financial management practices in primary schools. By addressing the challenges and promoting stakeholder participation, schools can improve their financial control systems and optimize the utilization of financial resources for the benefit of students and the overall educational environment.

Abbreviations

CTA	Central Statistical
ESDP	Education Sector Development Program
PTA	Parent-Teacher Association

Conflicts of Interest

The authors declare no conflicts of interest.

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