

ISRG Journal of Arts, Humanities and Social Sciences (ISRGJAHSS)



ISRG PUBLISHERS

Abbreviated Key Title: ISRG J Arts Humanit Soc Sci

ISSN: 2583-7672 (Online)

Journal homepage: <https://isrgpublishers.com/isrgjahss>

Volume – II Issue-IV (July – August) 2024

Frequency: Bimonthly



The Role of School Boards on School Financial Management in Mara Region: A Perspective of the Seventh-day Adventist Church-Owned Schools in Tanzania

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| **Received:** 24.06.2024 | **Accepted:** 29.06.2024 | **Published:** 09.07.2024

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Abstract

School governance in the Adventist world church is well stipulated in their working policy. Even though school boards of governors have been entrusted with the day-to-day welfare of the schools, yet, most of them are currently running at a loss and some of them have been declared closed due to financial mismanagement and lack of vision. It is in this regard, this study sought to investigate the role of school boards on school financial management in the Mara region: a perspective of the Seventh-day Adventist church-owned schools. The study employed a survey design where self-constructed questionnaires were used as a tool for data collection from a sample of 89 respondents who were purposively selected. This study specifically addressed three objectives namely: (i) to examine whether the school board of management knows schools' financial management (ii) to determine the factors leading to financial stability in schools and (iii) to determine the relationship between board members' knowledge on financial management, and the financial stability in schools. For research objectives one and two, we employed descriptive statistics to determine the characteristics of the mean score and standard deviation. For research objective three, we employed the Pearson Product Moment Correlation coefficient (ρ) to ascertain the relationship existing between variables. The findings revealed that to a large extent, the majority of the board members are less informed with financial knowledge as most of them are engaged in these boards by their positions in the church regardless of whether they are financially literate or not. The study further found that there is a strong and positive correlation between the board members' knowledge of financial matters and that of schools' financial stability ($\text{Sig} = .000$, $r = .741$). This suggests that the more knowledgeable the board members on financial matters are, the better for the welfare of the school's financial stability. The study recommends that the positive relationship between the role of school board members and financial stability calls for school managers to revisit the composition of school board members whose membership should be determined by their capability rather than the virtue of their positions in the church.

Keywords: Seventh-day Adventist church, Board of Management, Financial Management, Financial Stability.

1. Introduction

The School Board of Management according to Ntsele (2014) is defined as a statutory body of people who are democratically elected to govern a school. School boards of management are responsible for school management, development planning; discipline, and financing of the institutions. In addition to that, school boards are to be responsible and accountable for the management of schools: in economic planning and budgeting, construction and maintenance of buildings, monitoring education delivery strategies and quality, discipline, academic inputs, and other school welfare activities.

A further observation is noted by Kija, (2015) who argues that the School Board of Management shall have managerial and supervisory powers to review and direct the heads of schools in respect of the management, development, planning, discipline, and finance. It shall discuss matters related to the implementation of education policy in Tanzania and make recommendations to the commissioner as appropriate. The board is further obliged to direct the heads of schools on matters that may be referred to as the commissioner of education and advise the commissioner on any matter that may be referred to the school board. Mwombeki (2013) adds that the School Board of Management shall promote better education and welfare of the school and will also initiate projects and programs for the general progress of the school and do any other activities within its capacity.

A study conducted by Tumen, (2013) in New Zealand found that the school's Board of Trustees is responsible for the school's financial and physical resources and they are publicly accountable for the school's financial governance. They are responsible for the allocation of funds to reflect the school's priorities. Principals are usually delegated to run the day-to-day financial management of the school and must ensure that funds are properly spent according to the Board's plan and budget. In his concluding remark, Tumen observes strongly that the failure in financial management in schools reflects the incompetence of the school board of trustees.

A Comparative Analysis of School Finance Management in Norway and Ukraine found that Inadequate funding for children with special needs was viewed by the principals as the main issue in their ability to appropriately manage budgets. In Norway, children with special needs have the right to attend regular schools within their neighborhood. Providing inclusive schools is a basic tenet of the Norwegian Government's educational policies (Yevdokymova, 2012). The School Board of Management in South African schools as observed by Thenga (2012) show that sometimes constitute members who are less knowledgeable on financial and leadership matters. The principal is expected to keep on guiding the parents on issues of finances meanwhile parents in the School Board of Management are not sure of their roles, even though they are committed to supporting the school.

The study conducted by Manu *et al.*, (2020) in Ghana revealed that the School Board of Management; 33% of the members were aware of income generation whereas more than half of them i.e. 67% were not aware of where the money spent in the schools came from. It is confusing to note that the School Board of Management participants designated that they monitor the expenditure of school funds yet they are not aware of the sources of the funds.

The experience of Kenya as documented by Nyaga (2016) found that the School Board of Management has a contribution to school finance management through approval of all revenues and

expenditures which help in preventing misuse of finances. The Board of Management always tasks school management to be accountable for the school's financial expenditure which retrospectively amounts to school heads accountability. Muturi (2013) went ahead and discovered that most board members are inadequately prepared on financial management, but mostly depend on the principals for financial guidance and seem disinterested in a meeting discussing financial figures.

Mwombeki (2013) who conducted a study in the Kagera Region found that School administrations and School Boards were expected to do the planning and budgeting for school development projects through community funding schemes and donations from various education partners. But it was revealed that School Boards had not been successful in convening regular parents' and community meetings in schools, geared to discussing schools' development issues which cause schools to depend on the capitation funding for the whole school development.

School Board of Management has no impact on the financial management in terms of cash inflow and cash outflow which affect the ability of teachers and students performance in a particular school. A study conducted by Kija, (2015) in Rombo District revealed that school boards have such contribution concerning student academic performance in such a way that a school board is a policy implementing entity for the local school district; School Boards are the administrative agency that must provide oversight for the operation of the local school system and is ultimately accountable for the system's operation.

In any school, the Board of Management defines success abiding within the school plan to attain it in the particular time in which it demands school management to follow and be guided to reach the success intended. According to Adventistegde, (2019) in the school board manual for Seventh-day Adventist schools analyzed that Seventh-day Adventist school boards have many functions among others include assuming responsibility for planning and funding a capital budget and assuming responsibility for the planning and funding of an annual operating budget.

The study of Furst, (2003) addresses that every school in Adventist Church has a committee or board that is responsible for its daily operations. However, most schools face financial challenges, small schools are particularly vulnerable to fiscal crises. Since most Adventist schools depend heavily on tuition, a guarantee of sustainability is compromised. Therefore, good financial management is a vital element in administering the schools. Roles of the school boards in the Seventh-day Adventist schools appear to be similar to that of the contemporary world, yet as much as financial management is concerned and the deterioration of church owed schools financially, has prompted the researchers to investigate the role of school boards on financial management: a perspective of the Seventh-day Adventist church-owned schools in the Mara region.

1.1 Statement of the problem

The policy on the election of School Board Members in the Seventh-day Adventist church is made clear in the Church Manual (2016) that members should be of high standing rooted in faith and professional aspects. According to Thomassian *et al.*, (2010) in the Guide to school board success narrate that board members may be liable for financial decisions that are not made on an informed basis, especially where they sign checks in matters dealing with the remittance of statutory deductions to government bodies. The

Board is required to vote and adopt a clear plan of financial resources that it can reasonably predict and satisfy the objectives of the school. As observed by Tumen (2013) schools failing to do their major obligations due to lack or mismanagement of finance is a pure reflection of the incapability of the School Board of Management. This being the case, the study seeks to investigate and determine the role of School Boards in influencing the financial management aspect in schools in the Mara region: a perspective of the Seventh-day Adventist church-owned schools.

1.2 Objective of the Study

The proposed study was to investigate the role of the school boards on the financial management of schools in the Mara region: a perspective of Seventh-day Adventist church-owned schools. To be specific, the study sought to address three research questions as follows:

1.3 Research questions

- (i) To what degree are the school board of management members knowledgeable on financial management?
- (ii) To what extent are the Seventh - day Adventist schools financially stable?
- (iii) Is there a significant relationship between the knowledge of the school board of management members and the school financial stability?

1.4 Methodology

This study employed a survey research design. The research was conducted in Mara region, Tanzania. The target population of the study was 89 board members purposively selected from 10 Adventist-owned schools. The same population was treated as a sample because the total number of the respondents could not need further sampling processes. A self-constructed questionnaire was used as a tool for data collection. Descriptive statistics involved the calculation of means, percentage, and standard deviation which was used to address research questions one, and two, while question three we used Pearson Product Moment Correlation Coefficient (rho) to determine the relationship between variables. The correlation was determined at $r = 0.01$ level of significance.

1.5 Results and Discussion

The study used a 4 point scale interpreted as follows: 1 = not at all (1.00-1.49); 2 = to a small degree (1.50-2.49); 3 = to some degree (2.50-3.49); and 4 = a greater degree (3.50-4.00) which was used to respond to research question one, two and three.

Question one: *To what degree are school board members knowledgeable on financial management?*

Table 1: Financial Knowledge of School Board Members

SN	Item in the Questionnaire	Mean	SD	Interpretation
1	I have the knowledge to advise on financial matters	1.55	.76	To a small degree
2	I can read and interpret the financial statements without problems	2.31	.94	To a small degree
3	I am quite comfortable discussing financial issues	2.11	.88	To a small degree
4	I tend to share my financial knowledge with colleagues	1.46	.97	Not at all
5	I can advise on financial investments	2.05	.83	To a small degree

6	I am knowledgeable enough to execute financial issues in school	2.02	.76	To a small degree
7	I know how to interpret financial audits	1.44	.99	Not at all
8	I attend training and seminars on school financial management	1.22	.98	Not at all

Source: Field Data (2021)

1.69 .86

As evidenced in Table 1, the average mean is ($M = 1.69$; $SD = .86$) indicating that school board members possess financial literacy to a small degree. Respondents indicated that to a small degree have the knowledge of finance and therefore are unable to give professional advice on financial matters ($M = 1.55$; $SD = .76$); they cannot interpret financial statements to the extent of giving good advice to the school administration on how to properly manage their finances ($M = 2.31$; $SD = .94$); neither are they comfortable discussing financial issues whenever in meetings as they do not seem to have any concrete ideas on how to help the schools to manage their finances ($M = 2.11$; $SD = .88$); they cannot interpret financial audits; that means they rely on a word of mouth from whoever is expert in the area ($M = 1.44$; $SD = .99$) and have not attended training and seminars on school financial management ($M = 1.22$; $SD = .98$). The general findings have shown that Board members who are expected to pave the way for a better school do not possess any financial literacy and therefore lack the audacity to command the school businesses. This, to a greater degree, paralyzes most of the schools' economies. Unless this trend is changed, most of the schools will continue to run at a loss and more so may end up closing down the projects.

Johannes *et al.*, (2015) found that Sound financial management knowledge is imperative to manage schools effectively. Fifty percent (50%) of their respondents indicated that background knowledge in financial management is very important to organize and streamline schools' financial processes. Furthermore, ongoing training in financial management is required. A further observation is noted by Mlimbi, (2018) who viewed the level of knowledge in hi his study and found that the Effectiveness of Community Secondary Schools Boards on School Performance in Rukwa, Tanzania shows that 42% of the respondents had primary education level as their highest level of education while 32.5% had a bachelor's degree. Education is always valued as a means of liberation from ignorance in any society; thus, the only principle mechanism of developing human skills, thinking, and knowledge towards challenging the existing environment.

Research Question 2: *To what extent are SDA Church-based schools financially stable?*

This question was guided by a 4 point scale interpreted as follows: 1 = not at all (1.00-1.49); 2 = to a small extent (1.50-2.49); 3 = to some extent (2.50-3.49); and 4 = a greater extent (3.50-4.00) which was used to respond to research question one, two and three.

The financial stability of schools under investigation was measured by nine statements. Table 2 indicates that the mean scores in all nine statements ranged between 1.50 and 2.49 which means that the schools, to a small extent, can manage their financial obligations.

Table 2 Financial Stability of Schools

SN	Item in the Questionnaire	Mean	Std. Dev	Interpretation
1	The school pays obligatory PAYE	2.11	.71	To a small extent
2	The school pays salary on time	1.10	.78	Not at all
3	The school pays obligatory pension funds for workers	2.08	.82	To a small extent
4	The school meets obligatory utility bills	2.01	.81	To a small extent
5	The school has a clear revenue collection method	2.98	.76	To some extent
6	The school receives a clean audit report	2.29	.83	To a small extent
7	The school is liquid enough to support its projects	2.07	.75	To a small extent
8	The school is self-sustained	2.20	.83	To a small extent
9	The school has several income-generating projects	1.66	.89	To a small extent

Source: Field Data (2022) **2.05** **.79**

According to the findings as shown in Table 2 above, the financial stability of schools is appalling (M = 2.05; SD = .79). Almost every item under investigation did not receive a positive comment. This indicates that schools are in crisis and that their financial positions are almost negative. With such a situation, most schools are no better, and it is where school board members' intervention is vital with tangible solutions. Otherwise, schools' academic functions no longer holds and students' academic performance is expected to drop significantly.

A study conducted by Bua and Adzongo, (2014) found that if school finance has stability it own impact on its performance where 63% of the respondents agreed that prompt payment of staff salaries and allowances has an impact on the management of secondary schools as against 37% respondents who disagreed and 64% of the respondents agreed that school fees and other revenue generated has to impact on the provision of instructional materials in secondary schools as against 36% respondents who disagreed. However, the study concluded that Based on the findings, it has been established that prompt payment of staff salaries and allowances significantly impact the management of secondary schools and that school fee and other revenue generated significantly impact the provision of instructional materials in the management of secondary schools.

Question 3: *Is there a significant relationship between the effectiveness of school boards and the financial stability of the schools under investigation?*

Table 3: Correlation between Variables

		KNOWLEDGE	STABILITY
KNOWLEDGE	Pearson Correlation	1	.741**
	Sig. (2-tailed)		.000
	N	89	89
STABILITY	Pearson Correlation	.741**	1
	Sig. (2-tailed)	.000	
	N	89	89

As Table 3 indicates, this research question called for testing of the following null hypothesis: *there is no significant relationship between the effectiveness of school boards and the financial stability of the schools under investigation.* The third research question was analyzed through Pearson Correlation with the help of the SPSS to determine the effect of the independent variable on the dependent variable. The nature of possible correlations would be either positive or negative and its interpretation is based on Cohen's formula as follows: $\geq .70$ = strong relationship; $\geq .50$ = moderate relationship and $\leq .50$ = weak relationship (Chee,2015).

Table 3 indicates several correlations between the independent and the dependent variables under investigation and therefore, the null hypothesis is rejected, maintaining that there is a significant relationship between the effectiveness of school boards and the financial stability of the schools under investigation.

Particularly, there is a strong and positive correlation between board members' knowledge and financial stability of schools (Sig =.000, r =.741). This suggests that the more knowledgeable the board members on financial matters are, the more the schools are financially stable. It is obvious that having literacy on financial matters it impacts positives on financial management.

A study conducted by Phylisters and Mulwa, (2018) found that the majority of the respondents in their study 88.1% believed that management training towards Knowledge has influences on financial management to a greater extent. However, this was followed by 42.9% who indicated that management training influences budgetary skills to a very large extent and a large extent. However, none of the respondents believed that training of management influences financial management to some extent, little extent and no extent showed that the correlation between the management training and effectiveness of financial management in secondary schools of Kitui Central District is 0.72. This shows that there is a high positive relationship between financial knowledge owned by Board of Management (BoM) and the effectiveness of financial management in secondary schools.

Another study conducted by Koros, (2015) found that BoM's ability to handle financial management in schools might be influenced by their BoM and superintendent experience and Knowledge in the mobilization of funds, monitoring expenditure, and prioritization of activities. Since the superintendent helps BoM in preparing and discussing the school budget that prioritizes activities, monitors school expenditure, and finds sources of the fund through mobilization and fundraising.

2. Conclusion

Based on the findings from the study we make the following conclusions:

Firstly, the general findings have shown that Board members who are expected to pave the way for a better school do not possess any financial literacy and therefore lack the audacity to command the school businesses. This, to a greater extent, paralyzes most of the schools' economies. Unless this trend is changed, most of the schools in the same caliber will continue to run at a loss and more so end up closing down the business.

Secondly, the general picture indicates that involving and attending school board meetings is one thing, but executing the duties involved in the business is another. If board members are less active in executing the business affairs of the schools due to financial illiteracy their attendance in meetings becomes meaningless. They need to know their noble duty and be accountable for whatever happenings in a school because they are the engine.

Thirdly, there is a significant positive relationship between the role of school board members and the financial stability of the schools under investigation. Therefore, board members' knowledge determine the financial stability of the schools.

3. Recommendation

Based on the findings from the study we recommend:

That, the board members' knowledge about financial matters is crucial. Therefore, the school management should see to it that all board members involved in managing the schools are well versed with financial literacy. This will ensure sustainability, high academic performance, and retention of skilled personnel in a school. A discrepancy was noted between attending the school board meeting and the execution of real matters. Board members ought to be in a grip of all the activities done in a school. Board members should be given the authority to hire and fire and also be accountable for the mismanagement of the schools. In this way, they will know their powers and what it is expected of them.

That, the schools should maintain their financial sustainability as this will make them able to meet the financial needs of the schools. Failure to achieve this, schools will continue to drop academically, and finally closing down of the business will be assured.

That, the positive relationship between the effectiveness of school boards and the financial stability calls for the school managers to improve the effectiveness of school boards to realize the schools' financial stability.

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