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## Competencies of Head Teachers and SMC Chairpersons in Financial Management in Elementary Schools: A Case Study

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### Abstract

*Head Teachers and the School Management Committee (SMC) are the main stakeholders entrusted with administrative roles in elementary schools to meet the financial objectives in Odisha. The dynamic changes in educational culture demand more knowledge, skills, values, and attitudes to achieve efficiency in financial management among the Principals and SMC members. The survey, with a well-structured questionnaire, was conducted in 58 government elementary schools across 116 respondents consisting of 58 head teachers and 58 SMC chairpersons. The objective of this study was to evaluate the competencies of primary schools in generating income and its effective utilisation for the school's development through the perceptions of the two major stakeholder groups. Frequencies, percentages, and averages were used in descriptive statistics, whereas inferential statistics were used for hypothesis testing. At a significance level of 0.05 in the t-test, the study indicated that there is no significant difference between the mean ratings of Head Teachers and SMC Chairpersons in the case of financial management practices. The major issues relating to the financial management of schools are found to be poor knowledge regarding sources of funds and means of acquiring them, poor follow-up and tracking of budget preparation and evaluation, a lack of auditing abilities, and a lack of transparency in financial operations, which are crucial for managing finances. Therefore, the quality of education can be improved through efficient financial management by addressing these issues.*

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## INTRODUCTION

The role of education can never be denied in a nation's development in all fronts, such as on the socio-economic, political, and cultural fronts. Finances, being the lifeblood of every institution, need to be managed efficiently to achieve quality improvement in education, particularly elementary education. The major stakeholders who are at the helm of affairs in elementary school management are the Principal and the School Management Committee, who take responsibility for providing the school's facilities, organising the teaching-learning process, planning co-curricular activities, supervising school activities, and identifying students' needs and demands. The scope of functions also includes maintaining the school's records, ensuring financial management, collaborating with parents and society, working with educational authorities, tracking and evaluating student performance.

This study examines the key areas on which the Principals and SMC members should give attention for proper financial management by utilising the resources given by the Education Department, thereby developing the education scenario. The research makes an effort to know how successfully Principals and SMCs use resources provided by the Department of Education to improve communities through education. The study suggests that there is a need for capacity development programmes

and follow-ups to upskill and reskill the staff, and strengthen the school governance structures in order to ensure solid financial management at the level of the school. The principal is one of the educational leaders, and his or her understanding and leadership abilities are essential to realising educational goals. This guarantees that Head Teachers' and SMCs' competence level improves and evolves in order to attain teacher professionalism rather than being stagnant at its current level.

This study has recommended that school Principals and SMCs be listed among the emphasised competencies for academic success. The study suggested training in financial management, record keeping, staff management, service law, and ICT skills for incoming Principals at the time of joining as well as capacity building for present Principals in these areas for efficient financial management.

## REVIEW OF LITERATURE AND RESEARCH GAP ANALYSIS

An attempt has been made to review some of the literature related to financial management of schools, both at national and international levels.

Alias and Nor (2018) conducted a study on the financial management skills of Principals in Malaysia, using descriptive survey design. They emphasised lifelong learning on the part of the Principals, particularly in the use of digital equipment in

managing school finances in the present era. Principals are also responsible for keeping track of all expenses related to their role as a school's financial manager. A financial committee must be constituted, with all members performing their responsibilities effectively and efficiently. In-service training, workshops, and seminars on financial resource management must be organised in order to give school administrators the tools they need to effectively manage school finances in secondary schools. It is also suggested that auditors check the schools' financial records on a regular basis.

Dwangu and Mahlangu (2021) and Kwan (2011) used semi-structured interviews to identify the effectiveness of accountability mechanisms in financial management practices of school Principals. The study stated that the School Governing Body (SGB) should continue to be involved in the budgeting process at the school. Parents should continue to approve the school budget, but the school administrator should be held responsible for its execution. The finance committee should have the ability to vote on who will provide specific items or services. The school principal should be required to hold parent meetings every year in order to submit a financial report to the parents. Last but not least, schools should consider creating a strategy for leadership succession.

Mobegi, Ondigi, and Simatwa (2012) revealed that a corrupt style of promotion, a lack of financial training, a weak board of governors, inadequate internal control systems, irregular auditing, a lack of trained bursars, and meddling from sponsors and the community were all major contributors to financial mismanagement.

Mestry and Singh (2007) conducted a study on continuing professional development for Principals in South Africa using qualitative research approach. The study revealed that the Advanced Certificate in Education (ACE) degree can help to provide a consistent and long-term approach to strengthening leadership and managerial skills across the educational system. In-service education should become an essential and required part of Principals' continuing professional development in school management, rather than a remedial accessory. In-service training is designed to assist a principal's advance professionally so that they may better manage their schools and respond to educational change and innovation.

Adegbemile (2011), Ray, Muhammad and Adnan (2021), and Ng and Szeto (2015) used survey questionnaire to investigate the competency needs of Principals for effective school management. The study ascertained that: 1) Teachers will be more committed to ensuring that the objectives are realised if they are involved in the definition

of the objectives. 2) The principal is responsible for keeping the school's financial records up to date. Giving non-governmental organisations, PTAs, people, and the government information about the school's current and financial situation would work as a "curtain raiser" for them to offer funds for school expansion.

### OBJECTIVE OF STUDY

The study is designed to ascertain the financial management practices of elementary school Principals and SMC Chairpersons in Jaleswar. The objectives of the study are:

1. Examine the financial management responsibilities of Principals, Head Teachers, and SMCs in elementary schools.
2. Determine the financial management issues in elementary schools that Principals and SMCs deal with in terms of funding sources, budgeting, audits, transparency and financial resource management.

### HYPOTHESES

The following hypotheses were tested in the study:

**Ho1:** There is no significant difference between the mean rating of Head Teachers and SMC Chairpersons in the case of financial management practices related to sources of fund, budget preparation and utilisation in elementary schools.

**Ho2:** There is no significant difference between the mean rating of Head Teachers and SMC Chairpersons in

the case of financial management practices related to financial resources, transparency, auditing and financial management in elementary schools.

### RESEARCH METHODOLOGY AND DATA

The study uses primary sources of data, gathered through survey questionnaires.

#### Area of Study

Jaleswar is located in the eastern part of Balasore district of Odisha in India. The town has a 78 per cent literacy rate, higher than the national average of 72.87 per cent. It is 8 km from the West Bengal border and 50 km from Balasore. It is one of the major blocks in Balasore. According to 2011 India census, Jaleswar had a population of 25,747 inhabitants which comprises 52 per cent male and 48 per cent female. There are 181 Government elementary schools in Jaleswar. 58 elementary school Principals or Head Teachers and 58 SMC Chairpersons make up the study's subject population. Participants in the study comprise 72 per cent males and 28 per cent females in Head Teachers, and 91 per cent males and 9 per cent females in SMC Chairpersons (as shown in Table-1) in 58 elementary schools. 55 per cent of Head Teachers are B.Ed. graduates, and 79.3 per cent of Head Teachers have more than 20 years of experience. 10 per cent of SMC chairpersons are not even matriculates and 98 per cent of SMC chairpersons have 0-5 years of experience.

**Table 1**  
**Profile of Head Teachers and SMC Chairpersons**

Participants	Demographic variable	Category	No of persons participating in survey	Percentage
Head Teachers	Gender	Male	42	72
		Female	16	28
	Educational Background	Post Graduate with B.Ed/ C.T	7	12.1
		Graduate with B.Ed/C.T	32	55.1
		Intermediate with C.T	11	19.0
		Matric with C.T	8	13.8
Experience	0-10 years	3	5.17	
	11-20 years	9	15.52	
	Above 20 years	46	79.32	
SMC Chairpersons	Gender	Male	53	91
		Female	5	9
	Educational Background	Graduate	15	25.8
		Intermediate	13	22.4
		Matriculate	24	41.4
		Lower than Matric	6	10.3
Experience	0-5 years	57	98.28	
	Above 5 years	1	1.72	

### Research Design

This research is primarily a descriptive survey. It was created to look into how accountable Head Teachers and SMCs are for financial management.

### Population of Study

The population of the study comprised 181 Government elementary school Principals and SMC Chairpersons in Jaleswar. The population of Principals and SMC was 756.

### Sample and Sampling Technique

The study was conducted in 58 schools out of 181 schools. The sample

consists of 58 Principals and 58 SMCs which gave a total of 116 respondents. The simple random technique was used. The sample was stratified into two strata, namely:

1. Principals or Head Teachers
2. School Managing Committee (SMC) Chairpersons.

### Instrument for Data Collection

The Financial Management Practices Questionnaire (FMPQ) is the instrument used for data collection. In order to provide knowledge of financial management techniques, this was examined and modified. There are 22 components in the instrument.

## Reliability of the Instrument

The Cronbach alpha method was used to determine the reliability of the instrument. This yielded a high reliability coefficient of 0.85.

## Data Collection Technique

The researchers were able to determine the best times to distribute and collect the questionnaires, which served as the primary study instrument, thanks to an earlier meeting with a few of the Principals, block and cluster resource people. The questionnaire, which has 22 items and was created in relation to accountability in financial management practices of Head Teachers and SMCs, was personally given to the respondents and collected by the researcher.

## HYPOTHESES

The null hypotheses below guided the study and they were tested as 0.05 level of significance  $H_0$ .

There will be no significant difference between the mean ratings of the Principals and SMCs with regard to the financial management of elementary schools.

## DATA ANALYSIS AND FINDINGS

The study used a descriptive survey design and was carried out in Odisha's

Jaleswar block. 58 Principals and 58 SMC Chairpersons from Jaleswar's elementary schools made up the study's sample. A 22-item questionnaire created by the researcher was used to analyse the managerial competencies of the Head Teacher and SMCs for effective management of school resources for the study. Each question had a 5-point Liked-scale with the following options: 5-Strongly Agree (SA), 4-Agree (A), 3-Neutral or I don't know, 2-Disagree (DA), and 1-(D) Strongly Disagree (SDA). In order to address the study issues, data were analysed using the mean and standard deviation.

To find the answers to the stated study questions, the gathered data were evaluated. The five point category approach was used to weigh the responses to the survey items.

1. Strongly agree (5 points)
2. Agree (4 points)
3. Neutral (3 points)
4. Disagree (2 points)
5. Strongly disagree (1 point)

$$\text{Mean } X = \frac{5 + 4 + 3 + 2 + 1}{5} = \frac{15}{5} = 3.0$$

In analysing the data, the simple mean was used to answer the research questions. The t-test statistics were used to test the hypothesis study.

**Table 2**  
**Mean Ratings of Head Teachers and SMC on the Sources of Funds and Budget for the Management of Elementary Schools**

S.N.	Questionnaire items	Head Teacher (N=58)		SMC (N=58)		Average Mean	Decision
		Mean	Decision	Mean	Decision		
1.	A school uses a community contribution as a source of school finance	2.74	Disagree	2.81	Disagree	2.8	Disagree
2.	A school generated its own additional sources of finance/Land rents, etc.	2.17	Disagree	2.28	Disagree	2.2	Disagree
3.	School uses any financial support from industry, promoters, MP, MLA, 5T and others	2.53	Disagree	2.62	Disagree	2.6	Disagree
4.	A school uses alumni contribution such as Mo School Aviyan as a source of school finance	3.55	Agree	3.41	Agree	3.5	Agree
5.	Concerned bodies (teachers, SMCs, head teacher, BEO, DEO) participate in budget preparation	3.81	Agree	3.93	Agree	3.9	Agree
6.	Adequate experience of the school Principals or heads and SMCs in budget preparation	2.69	Disagree	2.33	Disagree	2.5	Disagree
7.	Financial budget and planning as per need of schools	4.54	Agree	4.09	Agree	4.3	Agree
8.	Timely preparation of budget by concerned bodies	3.07	Agree	2.62	Disagree	2.8	Disagree
9.	The allocated budget was utilised as per financial norms	4.46	Agree	4.05	Agree	4.3	Agree
10.	The allocated school finance was recorded regularly	4.42	Agree	4.0	Agree	4.2	Agree

11.	School stakeholders directly participate in budget utilisation	3.98	Agree	3.76	Agree	3.9	Agree
<b>Grand Mean</b>		<b>3.45</b>	<b>Agree</b>	<b>3.26</b>	<b>Agree</b>	<b>3.4</b>	<b>Agree</b>

Source: Field Survey Data 2023

With average mean scores of 3.5, 3.9, 4.3, 4.3, 4, 2, and 3.9 respectively, respondents in Table 2 agreed with questions 4, 5, 7, 9, 10, and 11. Items 1, 2, 3, 6 and 8 all have mean scores below 3.0, indicating that respondents didn't agree with the assertion. They also opine that inadequate experience in budget

preparation and timely preparation of budget are the other weak areas. The grand average, being 3.4, shows that the managerial ability of the Principals and SMCs is average, which leaves a lot of scope for improvement.

The data for providing answers to the above research question are presented in Table 3 below:

**Table 3**  
**Mean Ratings of Head Teachers and SMCs on Financial Management Practices Related to Resource Monitoring and Controlling, Transparency, Auditing and Resources Management in Elementary Schools**

S.N.	Description	Head Teacher (N=58)		SMC (N=58)		Average Mean	Decision
		Mean	Decision	Mean	Decision		
1.	The school spends the funds according to approved budget in school	4.24	Agree	3.98	Agree	4.1	Agree
2.	Involvement of stakeholders (Head Teachers, Teachers, SMCs and other concerned) for implementation of financial activities	3.97	Agree	3.76	Agree	3.9	Agree
3.	Transparency on financial activities for the school community	2.62	Disagree	2.48	Disagree	2.6	Disagree
4.	Stakeholders (Head Teachers, Teachers, SMCs and other concerned) get any relevant training on financial control	3.34	Agree	3.33	Agree	3.3	Agree

5.	Receipts are serially numbered and issued for payment made	4.02	Agree	3.66	Agree	3.8	Agree
6.	School stakeholders (Head Teachers, Teachers, SMCs and other concerned) participated on internal auditing as per schedule	3.86	Agree	3.72	Agree	3.8	Agree
7.	Training in financial management for Principals, SMC members, Accountants	2.97	Disagree	2.71	Disagree	2.8	Disagree
8.	Properly implementing financial guidelines, rules and regulations of finance at the school level	2.53	Disagree	2.52	Disagree	2.5	Disagree
9.	There is no delay in purchasing	2.6	Disagree	2.5	Disagree	2.6	Disagree
10.	Involvement of Principals and School Management Committees in managing school finances	2.57	Disagree	2.36	Disagree	2.5	Disagree
11.	Transparency in school financial implementation	2.62	Disagree	2.48	Disagree	2.6	Disagree
<b>Grand Mean</b>		<b>3.26</b>	<b>Agree</b>	<b>3.1</b>	<b>Agree</b>	<b>3.2</b>	<b>Agree</b>

Source: Field Survey Data 2023

According to Table 3, respondents agreed with assertions 1, 2, 4, 5, and 6 since those items had mean scores above 3.0, but they disagreed with claims 3, 7, 8, 9, 10, and 11 because those items' means are below 3.0. This implies that both the categories of stakeholders, i.e., the Principals and SMC members hold the view that lack of transparency in financial activities and its implementation for the community, lack of involvement of the stakeholders in management of finance, inadequate training for

the stakeholders are the weak areas. The overall mean score of 3.2 shows that the managerial skills of SMC chairpersons and head teachers are not adequate for sound financial management.

### TEST OF HYPOTHESES

**H01:** There is no significant difference between the Mean Scores of Head Teachers and SMC Chairpersons in the case of the sources of funds and budget for financial management in elementary schools at Jaleswar, Odisha.

**Table 4**

**t-Test Analysis of the Differences Between the Mean Scores of Principals and SMC Chairpersons on the Sources of Funds and Budget for the Financial Management of Elementary Schools**

**Summary of t-Test for H01**

S.N.	Respondents	N	Mean	S.D	Significance level	df	t-cal	t-crit	Result
1.	Principals or Head Teachers	58	3.4	0.6	0.05	114	1.41	1.98	No significant (Ho accepted)
2.	SMC Chairpersons	58	3.26	0.42					

The t-test analysis produced a t-cal. of 1.41 at 114 degrees of freedom and 0.05 level significant, as shown in Table 4 above. The aforementioned null hypothesis is accepted since the t-crit. of 1.98 is greater than the t-cal. of 1.41.

Thus, there are no appreciable differences in viewpoints between SMC Chairpersons and elementary

school Principals or head teachers with regard to the budget and funding sources for the financial management at Jaleswar.

**Ho2:** There is no significant difference between Mean Ratings of Head Teachers and SMCs in the case of financial management practices to ensure fund availability.

**Table 5**

**t-Test Analysis of the differences between the Mean Ratings of Head Teachers and SMCS on Financial Management Practices to Ensure Fund Availability.**

**Summary of t-Test for H02**

S.N.	Respondents	N	Mean	S.D	Significance level	df	t-cal	t-crit	Result
1.	Principals or Head Teachers	58	3.27	0.61	0.05	114	1.62	1.98	No significant (Ho accepted)
2.	SMC Chairpersons	58	3.1	0.46					

The t-test analysis produced a t-cal. of 1.62 at 114 degrees of freedom and 0.05 level significant, as shown in Table 5 above. Because the t-crit. is higher than the t-cal. (1.62), the null

hypothesis stated above is accepted.

Thus, there are no significant differences in viewpoints between SMC Chairpersons and elementary school Principals about the financial management at Jaleswar.

## SUMMARY AND CONCLUSION

According to the study's findings, Jaleswar's elementary school Principals and SMC Chairpersons are responsible for possessing the managerial skills necessary for efficient budget management. Though the budget allotted is used in accordance with financial standards, recorded on a regular basis, and stakeholders are involved in budget creation and utilisation, the Head Teachers and SMCs need to concentrate on the availability of cash from various sources and there is a need for training to improve financial skill and timely budget preparation.

The Head Teachers and SMCs spend funds in accordance with the requirements, they include stakeholders in the execution of financial activities, take part in pertinent financial control training, and plan internal audits. To achieve the goals of schools, Head Teachers

and SMC Chairpersons must also place an emphasis on financial transparency, regular training in financial management, purchasing strategies, and financial regulations and standards. There is no statistically significant difference between primary school Principals' and SMC Chairpersons' perspectives regarding the availability of funds, budgeting, and financial management.

Therefore, more efforts should be made to raise additional funds from both external and internal sources. Training programmes and workshops should be organised for the Principals and SMC members, new teachers for development of financial management skills. Principals and SMCs must have tacit understanding of professional or financial development to make decisions regarding system transformation for general accountability and efficiency.

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