Identifying the Level of School Financial Management among Primary School Headmaster: A Case Study in the State of Kedah and Perlis, Malaysia

Fauzi Hussin¹*, Yahya Don², M.S. Omar-fauzee³, Siti Noor Ismail⁴, Abdull Sukor Shaari⁵

¹,²,³,⁴,⁵ University Utara Malaysia
Sintok, Kedah
Malaysia

*Corresponding author’s email: fauzi [AT] uum.edu.my

ABSTRACT— The level of understanding of Malaysian primary school headmasters in the accounting and financial management of the schools can be judged through how they handle the finance and accountancy issues of their schools. The focus of the discussion is to compare the level of understanding among 15 primary school headmasters based on gender, experience, level of education and courses attended in accounting and financial management of the school. A qualitative study was conducted in the state of Kedah and Perlis, Malaysia. The main source of data was achieved through interviews and underpinned by observation and document analysis. Qualitative data was analyzed manually based on in-depth interviews, supported by evidence recorded from the interview. The results showed that the experience of being a headmaster, education level, and financial courses attended are important factors in determining the level of knowledge headmaster in accounting and financial management of the school. However, gender, experience as a teacher and experience as a senior assistant teacher do not contribute to the level of knowledge in accounting and financial management of the school. Most teachers and senior assistant teachers were not directly involved in accounting and financial management of the school. All financial matters related to the school normally are viewed as the responsibility of the headmaster and the financial clerk.

Keywords— School, headmaster, financial management, Malaysia

1. INTRODUCTION

Malaysia is serious in improving the education of its people. The allocation provided by the Malaysian government for education spending has seen a steady increase year after year. For example, the amount spent on education in 2013 were RM38.7 billion, while in 2014, the amount increased to about RM54.6 billion. This significant increase shows that the Malaysian government is indeed giving its serious attention in developing the education sector. Therefore, school managers should manage the allocations provided efficiently and put their trust in the government's efforts in developing the field of education can be achieved. The guidelines on the Standard of Competence of Principalship in Malaysia by the Ministry of Education, which is based on the National Education Association and the country’s education philosophy, should be understood by school managers, especially those related to financial management [5].

The finance of a school should be managed by a competent manager, who is trustworthy and exhibits high integrity as stated in the Education Act 1996. The principal or headmaster should have expertise in educational management, particularly in areas related to school finance. They are solely responsible for ensuring the financial management of the school is carried out in accordance with the acts and financial circulars issued by the government. The administration of a school requires an expert in both educational management and financial management of the school to fulfill the Education Development Plan (MECC) 2013-2025, which is to produce skilled and professional administrators to realize profits to the country, according to the capital produced [6].

2. PROBLEM STATEMENT

One of the issues or problems that arises in the appointment of school managers is that the appointment itself is not based on the training and expertise possessed by the headmaster, which in turn will cause the appointed headmaster to manage the school based on a trial and error method [1]. The headmaster will also be heavily dependent on the financial clerk who is more experienced in the financial management of the school. Consequently, this would cause problems in the
school’s finance management due to the prevailing lack of understanding and experience among headmaster in preparing the school expenditure. The Auditor General explained that one of the causes of the financial management weaknesses that are often raised is the lack of interest among school managers in managing the accounts and finance of the school [13]. This problem is probably due to the lack of knowledge and experience, in addition to the education failing to make the regulation and supervision of the officers and staff involved with school finance.

The appointment system of a principal or a headmaster in Malaysia is not based on the expertise possessed by them in the school management as well as their participation in courses or training on leadership and management, instead most principals and headmasters are appointed based on their ‘seniority’ in the service. School managers are usually appointed without having to take any courses on how to manage schools, including financial management courses. Therefore, principals will have no choice but to manage the finance and accounts of their schools assisted by the financial clerk. This eventually will cause the headmasters to lose confidence in making decision related to the financial management of their schools. This unsatisfactory situation will be made worse if officials at the District Education Office and the State Education Department are not involved in monitoring and providing assistance to them [12].

The study found that only 26.9% of the total number of principals were directly involved in the financial management of the school. The number showed a quite disturbing rate of the lack of involvement of principals in the financial management of their schools. All principals or headmasters should participate actively in all aspects and stages of the financial management of the school to ensure the effectiveness and efficiency of the financial management of the school. Such things happen because the principal have to give full confidence to the clerk to manage the financial and accounting of the school, where as the principal or headmaster only have to put their signatures down on necessary documents [11].

Headmasters also fail to plan available resources in managing the school expenses efficiently and effectively. Consequently, problems will arise when expenditure is made without proper planning which in turn will cause other complications such as failure to use the school funds to achieve its intended purposes. In addition, some procurement procedures may also show discrepancies such as purchases made without proper order forms or goods obtained in advance from suppliers. Furthermore, some payments may be made without using payment vouchers or supporting documents. Therefore, if the school administrator does not have some level of understanding of the school financial management, this will eventually lead to his (or her) failure to plan, manage and control the school finance more effectively.

The audit report also showed that as many as 1,579 out of the total number of 6,213 schools audited were issued conditional audit reports impressions for failing to comply with the circulars and financial regulations that have been set. Based on this data, there is an increase in conditional audit reports from 1998 and 1999, totaling 1,477 and 1,572 number of schools respectively [6]. Problems also arise when headmasters fail to monitor the expenditure for per capita grants for each subject among teachers [2].

Another prevalent issues involving financial management of Malaysian schools is the delay in government funding received by schools. This causes the schools to have limited financial resources. To overcome this problem, schools have to use other sources of funding namely the funding from collection generated by the Parents and Teachers Association (PTA). However, if the PTA account does not have sufficient financial resources, this will eventually lead to problems in carrying out school activities by the school administrations [4]. Studies showed that autonomy was not fully given to the school principal to get funds for schools without the approval from the head of Responsibility Centre [7][8]. On the contrary, some school managers of foreign countries have complete autonomy in decision-making to acquire funding for their schools, in addition to only conducting programs that are deemed profitable [14].

The paper seeks to identify the level of understanding of the headmasters in financial management and accounting schools in five primary schools in Kedah and Perlis, Malaysia. The comparison of the level of teachers' understanding of the financial management is based on gender, experience, education and finance courses attended will be discussed in this paper.

3. LITERATURE REVIEW

One of the weaknesses faced by headmasters in the financial management of the school is that they don’t know how to administer accounting issues of the school [9]. This lack of understanding in the field of accounting results in the difficulties faced by the headmasters in administration and management of the school. The efficiency of a headmaster in financial management is very important and should be given attention [10]. Effective accounting management requires the headmaster to possess some theoretical knowledge in the field of accounting. This knowledge will help headmaster in picturing the actual situation to be faced in the financial administration of the school. It also helps the headmaster in providing supporting details on how funding is acquired and then how it is spent.

Among the tasks to be addressed by headmasters are managing orders and dealing with reckless purchases in order to avoid the problems of excessive or unnecessary buying. In addition, some headmasters also fail to recheck the
list of purchases made. There are also cases of teachers who have violated the procedure of purchasing goods purchases [12].

The issue of the appointment of headmasters and principals who are mostly without proper training and skills in financial management and have not attended any courses before being appointed, which consequently cause the newly appointed headmasters using trial and error methods in administering their schools. This, in turn, will make the headmaster to depend solely on the finance clerk in dealing with financial issues of the school. Such problems are made worse if school does not have a financial clerk. In addition, the State Education Department is also unable control and provide guidance to the headmasters because of the department itself does not have a financial officer [15].

4. RESEARCH METHODOLOGY

Qualitative methods were used in this study using face-to-face interviews with the selected headmasters. The findings from these interviews are supported by the observation of further documents, files, records and photographs. This method required the researcher to go to the schools to interview subjects. Structured questions were used in the interviews and all respondents were asked the same set of questions. Researchers also recorded the interviews using a voice recorder and a video recorder. The selection of fifteen headmasters was done randomly in fifteen schools in the different district. Method of in-depth interviews were conducted on each of the respondent to obtain complete information.

The interview used in the research consisted of two main parts. Part A is related to the background and experience of the headmasters, while questions used in Part B are designed to find out the headmasters’ understanding of the financial management of the school. The content questions to the headmaster during the interview relate to issues such as the school financial system, procedure of receivable and collection, purchasing and payment, cash book management, school account management and auditing.

5. FINDING

Table 1 is a summary of background information on the respondents who were interviewed.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Education</th>
<th>Exp. as Teacher</th>
<th>Exp. as Admin.</th>
<th>Exp. as Headmaster</th>
<th>Financial course attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headmaster 1</td>
<td>F</td>
<td>degree</td>
<td>14</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Headmaster 2</td>
<td>M</td>
<td>SPM</td>
<td>16</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Headmaster 3</td>
<td>F</td>
<td>STPM</td>
<td>12</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Headmaster 4</td>
<td>M</td>
<td>SPM</td>
<td>17</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Headmaster 5</td>
<td>M</td>
<td>Diploma</td>
<td>15</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Headmaster 6</td>
<td>F</td>
<td>degree</td>
<td>13</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Headmaster 7</td>
<td>F</td>
<td>STPM</td>
<td>10</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Headmaster 8</td>
<td>M</td>
<td>Diploma</td>
<td>13</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Headmaster 9</td>
<td>M</td>
<td>SPM</td>
<td>17</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Headmaster 10</td>
<td>M</td>
<td>degree</td>
<td>14</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Headmaster 11</td>
<td>F</td>
<td>Diploma</td>
<td>14</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Headmaster 12</td>
<td>M</td>
<td>STPM</td>
<td>12</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Headmaster 13</td>
<td>F</td>
<td>degree</td>
<td>11</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Headmaster 14</td>
<td>F</td>
<td>SPM</td>
<td>14</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Headmaster 15</td>
<td>M</td>
<td>Diploma</td>
<td>10</td>
<td>9</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: Exp. = experience, Admin. = administrative, SPM = Malaysia Certificate of Education, STPM = Higher Certificate of Education. All headmasters have a teaching certificate from education college.

Table 1 shows eight male respondents and seven female respondents who were randomly selected to be interviewed. The respondents also had different levels of education. In terms of teaching experience, five of the respondents had more than 15 years of teaching experience, while five respondents had more than ten years experience as senior assistant teachers or administrative teachers. Of the fifteen respondents, only four had experienced being a headmaster for (more than?) eight years. The findings showed that all headmasters had basic knowledge about the types of accounts in school and what should be recorded in each account. However, only two of respondents had not attended any courses related to
school finance. Headmaster 1, 6, 10, 13 had the highest academic qualifications compared to the other respondents and the study found that they (because more than 1 headmasters) could explain more about how to manage schools finance and accounting. They also understood clearly about the cash book management and how reviews should be made in the payment and receipts.

Research showed that the experience as teacher of the selected headmasters had no effect on the level of understanding of schools financial management and accounting. For example, Headmaster 2, 4, 5, and 9 had more teaching experience than other headmasters, but they did not display high level of understanding of the school financial management and accounting compared to other respondents. Instead, Headmaster 1, 5, 8, and 13 who had more experience in years as a headmaster had higher level of understanding on schools financial management and accounting. The findings showed that gender had no effect on the level of understanding of the accounting and financial management of the school. For example, Headmaster 2 and 8 (male) had a lower level of understanding of accounting and finance schools, on the other hand, Headmaster 5 (male) was more dependent on the financial clerk in the financial management of the school.

The level of understanding of headmaster on schools financial management and accounting was not influenced by the experience as administrators or as senior assistant teachers. For example, Headmaster 7, 9, and 14 were more experienced as senior assistants of their schools but did not display high level of understanding in schools financial management and accounting.

Finally, headmasters who had attended courses on financial management were found to have better understanding of the schools finance and accounting. Although there were other factors that helped them in understanding the financial management of the school, such as the the headmasters’ own experiences and academic qualifications, these financial courses were also seen as helping the headmasters to better understand the schools’ financial management.

6. CONCLUSION

This paper aims to compare the level of understanding of selected primary school headmasters of the accounting and financial management of the school through a structured interview technique. Comparison of the level of teachers' understanding of the financial management in school is based on the characteristics of the respondents such as sex, education level, experience as a teacher headmaster and administrative, and financial courses attended. The results showed that the experience of being headmaster, education level, and financial courses attended are important factors in determining the headmasters’ knowledge in accounting and financial management of the school. Whereas gender, experience as teacher and senior assistant teacher does not contribute to knowledge in accounting and financial management of the school. Most teachers and senior assistant teachers are not directly involved in schools financial management and accounting. Most of tasks related to financial management and accounting of the school usually become the responsibilities of the school managers and financial clerks. Therefore, appointment as school managers should have a first degree and are obliged to follow course about the schools’ financial management.

7. REFERENCES


