

**EXPLORING APPROACHES OF MANAGING SCHOOL  
FINANCES IN A RURAL CONTEXT: A CASE STUDY OF  
FIVE NOVICE PRINCIPALS**

**Sibongiseni Derrick Cebekhulu**

**A dissertation submitted in partial fulfilment**

**of the requirement for the degree**

**Master of Education**

**Education Management, Leadership and Policy (EMLP)**

**Faculty of Education**

**University of KwaZulu-Natal**

**Supervisor: Dr Phumlani Erasmus Myende**

**DECLARATION**

I, Sibongiseni Derrick Cebekhulu, declare that:

The research reported in this dissertation (Exploring the approaches of managing school finances in rural context) except where otherwise indicated is my original work.

- i. This dissertation has not been submitted for any degree or examination at any other university.
- ii. This dissertation does not contain other persons' data, pictures, graphs or any other information, unless specifically acknowledged as being sourced from other persons.
- iii. This dissertation does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
  - a. their words have been re-written but the general information attributed to them has been referenced;
  - b. Where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- iv. Where I have reproduced a publication of which I am an author, co-author or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
- v. This dissertation does not contain text, graphics or tables copied and pasted from the internet, unless specifically acknowledged, and the source being detailed in the dissertation and in the References section.

Signed: ..... Date: .....

## SUPERVISOR'S STATEMENT

I, Dr Phumlani Erasmus Myende, declare that this dissertation has been submitted with my approval.

.....

**Supervisor's signature**

.....

**Date**

## ACKNOWLEDGEMENTS

Firstly I thank God almighty for everything that he had done for me thus far and by providing me with people who have made my dream come true:

My loving wife, Phumzile Cebekhulu, thank you for supporting me and for giving me space and time to fulfil my dream. Thank you for allowing me to drive almost every second weekend of the month from Vryheid to Durban. I know that every time I am driving you prayed for my safety on road. I am blessed to have you in my life.

To all members of my family and friends, your love, spirit and support is so great and immeasurable. Thank you all for believing in me and for your words of encouragement that you always gave me.

To my supervisor, Dr Phumlani Erasmus Myende, you have a talent and skills of getting what you desired from your candidate. Thank you for your time, your support, your patience and your highest dedication towards your work. Thank you for your ever presence whenever I needed your assistance. Thank you for your guidance and constructive ideas and criticisms, they built and shaped me and has made me more stronger and developed my confidence more than it was before.

To the participants, thank you for your time and being truthful during our engagements. Without you, I would not have finished this study in time.

Thank you very much! May God bless you all!

## **ABSTRACT**

The Department of Basic Education receives the largest budget of any government departments from the National Treasurer every year. It distributes the budgeted funds to the provincial Departments of Education, who then allocate them to schools using quintiles. The South African School Act No. 84 of 1996 mandates principals and school governing bodies to manage school funds when they reach schools. Having observed that principals have to manage school finances, this study sought to explore the approaches of managing school finances which novice principals use in a rural context. The study was guided by three questions. The first question explores the approaches that the novice principals use to manage school finances. The second question explores the intersection between rurality and the management of school finances, and the third outlines lessons that can be drawn from the ways through which novice principals manage school finances. An interpretive qualitative study using a case study methodology was used and semi-structured interviews and documents reviews were employed to generate data. Five novice principals were selected using convenience and purposive sampling. This study reveals that novice principals use the school financial management approaches of planning, organising, controlling and leading in the process of school financial management in a rural context. The rural context brought some challenges in the school financial management process, such as ranking of schools into quintiles, the level of education of school governing body members and the lack of adequate training of principals. There is a high level of unemployment, poverty and inequalities around the school communities which has led to the administrative errors by novice principals. These errors include the inability to use the “Other” budget items appropriately, improper implementation of the school budget and inability to formulate and develop school financial policy. The findings further suggest that the Department of Basic Education and Provincial Departments of Education need to develop a strategy around the practical training of principals and school governing body members on school financial management. It is recommended that Department of Basic Education review the school funding norm and to make the school financial management skills and knowledge requirements for the appointment of educators to the position of principalship. It is further recommended that principals capacitate themselves in school financial management by enrolling at the institutions of higher learning. A study on a larger population must be conducted in this phenomenon to increase knowledge about school financial management.

## **ABBREVIATIONS AND ACRONYMS**

AGM	Annual General Meeting
DOBE	Department of Basic Education
ELRC	Educator Labour Relations Council
FO	Finance Officer
HOD	Head of Department
KZN DOE	KwaZulu-Natal Department of Education
PDE	Provincial Department of Education
PFMA	Public Finance Management Act
PMDS	Principals' Management Development Programmes
RSA	Republic of South Africa
SASA	South African Schools Act
SDC	School Development Committee
SEM	Senior Education Management
SGB	School Governing Body
SMT	School Management Team

## **TABLE OF CONTENTS**

Declaration	i
Supervisor's statement	ii
Acknowledgements	iii
Abstract	iv
Abbreviations	v
Table of contents	vi

## **CHAPTER ONE: INTROCTION AND BACKGROUND OF THE STUDY**

1.1 Introduction	1
1.2 The background of the study	1
1.3 The rationale for the study	2
1.4 Problem statement	4
1.5 Purpose of the study	5
1.6 Research question	5
1.7 Significance of the study	5
1.8 Location of the study	6
1.9 Definition of concepts	6
1.9.1 Novice principal	6
1.9.2 Rurality and rural context	7
1.9.3 Leadership and Management	7

1.9.4 School financial management	7
1.10 Organisation of the report	8
1.10.1 Chapter One	8
1.10.2 Chapter Two	8
1.10.3 Chapter Three	9
1.10.4 Chapter Four	9
1.10.5 Chapter Five	9
1.11 Chapter summary	9

## **CHAPTER TWO: LOCAL AND INTERNATIONAL DEBATE ON SCHOOL FINANCIAL MANAGEMENT**

2.1 Introduction	10
2.2 School financial management: Legal framework	10
2.3 The role of principal on school financial management	13
2.4 Challenges in school financial management	18
2.5 Formal Models of management	22
2.5.1 Planning school financial management	24
2.5.1.1 The school financial committee	24
2.5.1.2 The school budget	25
2.5.2 Organising school financial management	29
2.5.3 Leading school financial management	30
2.5.4 Controlling school financial management	32



2.6 Chapter summary	32
---------------------	----

### **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

3.1 Introduction	35
3.2 Interpretive Paradigm	35
3.3 Qualitative Research design	36
3.3.1 Case study	36
3.4 Sampling and sampling methods	38
3.5 Data generation methods	39
3.5.1 Semi-structured interviews	39
3.5.2 Documents reviews	40
3.6 Data analysis	41
3.7 Trustworthiness	41
3.8 Ethical consideration	43
3.9 Chapter summary	44

### **CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS**

4.1 Introduction	46
4.2 Profiling schools and participants	46
4.3 Research findings	48

4.3.1	Novice principals approaches towards financial management	48
4.3.1.1	Engaging is school financial management process	48
4.3.1.1.1	Budgeting as an aspect of school financial planning	52
4.3.1.2	Facilitating school financial organisation	56
4.3.1.3	Ensuring effective school financial control	61
4.3.1.4	Providing the school financial leadership	63
4.3.2	The intersection between rurality and management of school finances	68
4.3.2.1	Controlling, monitoring and evaluation of the school budget	68
4.3.2.2	The ranking of schools into quintiles	70
4.3.2.3	Adequate training of novice principals on school financial management	72
4.3.2.4	SGBs level of education	75
4.3.2.5	Changing of signatories	76
4.4	Chapter summary	77
<b>CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS</b>		
5.1	Introduction	78
5.2	Summary of the study	78
5.3	Summary of the findings	79
5.3.1	What are the approaches of managing school finances which novice principals use in rural context?	80

5.3.1.1 School financial planning	80
5.3.1.2 School financial organising	80
5.3.1.3 School financial controlling	81
5.3.1.4 School financial leading	81
5.3.2 How does the context of rurality intersect with the way novice principals manage the school finances?	81
5.3.3 What lessons can be drawn from the novice principals manage school finances in rural context?	84
5.4 Contribution of the study	85
5.5 Recommendations	85
5.5.1 Recommendations directed to the Department of Basic Education	85
5.5.2 Recommendations directed to the school principals	86
5.5.3 Recommendations directed to the researchers	86
5.6 Limitations of the study	86
5.7 Chapter summary	87
• <b>REFERENCES</b>	90
• <b>APPENDICES</b>	97
Appendices A: Letter to the school principal	97
Appendices B: Letter to the participants	98

Appendices C: Letter to the Department of Education	99
Appendices D: Informed consent for participants	100
Appendices E: Interviewed schedule	101
Appendices F: Information Sheet	103
Turn it-in Report	105
Ethical clearance from the University of KwaZulu Natal	106
Ethical clearance from the KwaZulu Natal Department of Education	107

## **CHAPTER ONE**

### **INTRODUCTION AND BACKGROUND OF THE STUDY**

#### **1.1 INTRODUCTION**

This thesis presents the results of a study that explored approaches of managing school finances in a rural context. Focusing on novice principals with less than three years of experience in their position as principal of schools in a rural context. These principals were leading and managing primary and secondary schools in Vryheid-Abaqulusi under Zululand District in KwaZulu-Natal. This chapter presents the background and rationale for the study, problem statement, purpose and key research questions, followed by the significance of the study, a brief discussion and definition of the following key concepts: novice principals, rurality and rural context, management and leadership and financial management.

#### **1.2 THE BACKGROUND OF THE STUDY**

As in many other social contexts, financial difficulties are being experienced in education in South Africa. Principals are expected to ensure that quality teaching and learning continue to take place while the State budget provision allocated to their schools for this purpose is steadily reduced. In view of dealing with financial matters, it is imperative that school principals and school governing bodies (SGBs) perform their financial management task with caution and thoroughness (Van Deventer & Kruger, 2003).

Public schools are required to manage state funds in terms of provisions of Section 20 and 21 of the South African Schools Act, performing general and additional functions respectively (Act No. 84 of 1996) (RSA, 1996b). Section 20 of the South African Schools Act gives the SGB a mandate on the school's financial function, with powers to administer and control the school property, buildings and resources occupied by the school, though in most cases it delegates financial management tasks to the principal who is thus held accountable (Mestry, 2004). A problem with such delegation is that the principal is generally better informed and has greater powers, whereas members of the SGB are either illiterate or have little knowledge of financial matters.

In many schools the principals have the burden of taking on most of the financial functions assigned to their respective SGBs, and therefore become responsible for both professional and financial management of their schools (Mestry, 2010). According to Hansraj (2009), many principals of Section 21 schools are encouraged by quicker and efficient service delivery, but in some cases life is made harder for them by increasing administrative and financial management roles and demands on their time. Six out of ten principals interviewed indicated that they were ultimately responsible for drawing up their school budget. In a study conducted by Xaba (2011) titled, “*The possible cause of school governance challenges in South Africa*” the findings indicate that most challenges in South African schools are mostly related to management of school resources particularly school finances and maintenance of physical facilities. There were problems in budgeting, balancing expenditure and income, and correct procedures regarding the use of finances. There was poor or no financial savvy at schools and principals were quite open about the reasons for poor management of finances at schools.

Although by law SGBs are expected to be central in managing schools’ financial resources, the literature suggests that they must work together with various stakeholders in education (provincial departments of education, SGBs, donors, parents, teachers and learners) and provide leadership with or without any sound financial management training. They are expected to have the necessary knowledge and skills as soon as they are appointed to the position of principalship, though most have no formal or informal training on managing financial resources.

There is a gap in literature on approaches through which novice principals manage school finances, the challenges of the school financial management process in a rural context. The intersection of the context of rurality with the way in which novice principals manage school finances. As Chikoko, Naicker & Mthiyane (2015) state principals in rural context are already operating with multiple deprivations and inadequately trained in managing school finances. Thus, in this study I try to close the in scholarship by exploring approaches used by novice principals when managing school finances in a rural context.

### **1.3 RATIONALE FOR THE STUDY**

Mandated legislation and policies of Section 16A of SASA as amended (RSA, 1996b), Employment of Educators Act No. 76 of 1998 (RSA, 1998a) and the Education Labour Relations Council collective agreement 1 of 2008 (ELRC, 2008), principals have the burden of taking on most of the financial management functions assigned to their respective SGBs. The researcher was appointed in 2011 as principal of a primary school which is a no-fee school and enjoys Section 21 and is situated in a rural area. The section 21 with function C status means that it has applied for allocated duties as per Section 21 of the Schools Act, which stipulates that it is in a position to manage its finances. I received no assistance or training in these aspects from the Department of Education (DoE) in this regard, but fortunately, by the time I was promoted, I was already in possession of Further Diploma in School Management and later enrolled for a Bachelor of Education (Honours), which enabled me to execute my duties much better, including managing school finances. Although I have these qualifications, I still faced some challenges in managing school finances effectively and efficiently.

The legislation and policy of the DoE on dealing with the management of school finances is similar and standardised to all public schools, but in my experience the situations and conditions under which principals are working in rural schools are different from those of their counterparts in semi-urban and urban schools. Firstly, the training and support offered and given to the principals in schools on school financial management is inadequate. Heystek (2013) confirms that this situation is commonly found in previously disadvantaged schools, which the majority of these schools are situated in rural areas. Secondly, the level of literacy and the understanding of financial terms by parents serving on the SGBs is minimal, thus making the duties and the responsibility of principal and SGB challenging. Thirdly, there are still inequalities in resources provision to schools in the rural context. In my school there is no administration clerk, security guard or general assistant, unlike schools in the township within the same circuit. From this personal experience, I was motivated to conduct this study, and examine approaches used by newly appointed principals on managing finances in their schools, especially those in a similar position to myself. This study is intended to inform policy on the appointment of principals and the skills they need to manage school finances. In addition, I aim to make up for the shortage of literature addressing issues on school financial management in a rural context.

## **1.4 PROBLEM STATEMENT**

My experiences as indicated in the above section are indications that managing school finances in schools in a rural context is an abstract and the challenging task. In my four years I had to manage school finances without support or training from the provincial DoE and to work with SGB members whose level of education was relatively modest. As the principal I had to play an important role not only in school financial management and leadership but also in the entire school governance.

As the State has a large budget for education and spends a great deal on schools, it is important for principals to possess sound knowledge of school financial management. They should have necessary skills and in-depth knowledge of raising additional funds, project management, asset management, and effective financial leadership (Botha, 2013). My experiences also suggest that there is no support, skills development or training, which poses questions about novice principals who are new and have no experiences in managing school finances. The study therefore explores the approaches used by novice principals in managing their school finances in a rural context.

## **1.5 PURPOSE OF THE STUDY**

This study explores the approaches through which novice principals manage school finances in a rural context.

The objectives of this study are:

- 1.5.1 To identify approaches through which novice principals manage school finances in a rural context.
- 1.5.2 To explore the challenges of novice principals when using these approaches on their school financial management process in a rural context.
- 1.5.3 To examine how the context of rurality intersects with the way in which novice principals manage school finances.



## **1.6 RESEARCH QUESTIONS**

The Research questions are:

- 1.6.1 What are the approaches of managing school finances which novice principals use in rural context?
- 1.6.2 What are the challenges novice principals experience in the management of school finances in rural context?
- 1.6.3 How does the context of rurality intersect with the way novice principals manage their school finances?

## **1.7 SIGNIFICANCE OF THE STUDY**

Managing school finances is a process that involves various tasks and different stakeholders in the school. The principal has to manage the school finances and at the same time provide strategic direction with regard to how these finances should be managed. This demands an ability to balance stability (practice) against innovation (thinking) (Botha, 2013). Findings of this study may contribute new knowledge and insight to the field of financial management in schools. New understanding of how novice principals in a rural context manage their school finances may emerge, providing new perspectives to the dynamics and challenges facing novice and other principals. I also hope to provide clear guidance on what is involved in the process of school financial management, thus giving principals an idea of financial management.

## **1.8 LOCATION OF THE STUDY**

The geographical location of the study was Vryheid-Abaqulusi, Bhekuzulu Circuit under Zululand District in KwaZulu-Natal (KZN), South Africa, in which the level of unemployment, poverty and inequalities is high. Five schools and their principals in this district were used as sampling. The progress in improving the quality of education by the government by providing necessary required resources in these five schools is slow. The level of education of some SGB members is minimal, so it is necessary to explore principals' approaches towards managing school finances in this context. Their ability or inability may influence the quality of the education offered to children, given the level of poverty and the need for quality education.

## **1.7 DEFINITION OF KEY CONCEPTS**

There are five concepts that encapsulate the study, briefly discussed below.

### **1.9.1 Novice principal**

A novice principal is an educator who has been employed to the position of principal in a school by either the provincial DoE in a public school or the SGB in a private school, and who has served less than three years in this position of management and leadership. As participants in the study they provided information on how they manage their school finances.

### **1.9.2 Rurality and rural context**

Rurality refers to an area under the leadership and governance of traditional leaders. A rural school will then be any school found in a place led by and governed by traditional leadership (Myende & Chikoko, 2014). It often is characterised by social ills such as diseases, poverty, low level of education, lower learner achievements, low level of self-esteem, unfavourable policy environment and limited facilities. This study was conducted in schools that are situated in rural areas, therefore the rurality and rural contexts were used to examine whether they intersect with the way in which novice principals manage the school finances.

### **1.9.3 Leadership and management**

The terms 'leadership' and 'management' are distinguishable, but often are used interchangeably. Leadership is frequently seen as an aspect of management, with born leaders being characterised as charismatic individuals with visionary flair and the ability to motivate and inspire others. This is so even if others lack the managerial skills to plan, organise effectively and control resources (Van Deventer & Kruger, 2003; Bush, 2009). A difference between leadership and management is that leadership relates to mission, direction and inspiration, whilst management involves designing and carrying out plans, getting things done and working effectively with people. Gerber, Nel & Van Dyk (1998) believe that this distinction may be more a function of implicit theories of leaders and managers than of what happens in work settings. The difference between being perceived as a leader or as a manager is a function of the specific responsibilities of a given role, and how a person chooses to fulfil those responsibilities (Gerber et al., 1998). Managers have been characterised as people who do things right, and leaders as people who do right things (Bush, 2009). Leadership and management are used in this study to establish how novice principals provide financial leadership to manage school finances in a rural context.

#### **1.9.4 School financial management**

Financial management is one of the areas for managers in education. From a structuralist and positivistic perspective the process, including the budget and budget management process, is a set of rational decisions based on numbers (Heystek, 2013). A contextual and situational approach sees financial management taking place within a complex organisation in which individuals or groups jockey for position. Financial management is the performance of management actions connected with the financial aspects of schools, with the aim of achieving effective education and is carried out by a person in a position of authority (Bisschoff & Mestry, 2005; Heystek, 2013). According to Botha (2013), school financial management is a process in which the SGB and school management team plan, organise, delegate, lead and control the funds of the school so as to achieve the aims and objectives of the school. This was compared with the approach used by novice principal in managing school finances.

### **1.8 ORGANISATION OF THE REPORT**

This study consists of five chapters, each briefly described below.

### **1.9.5 Chapter One**

The background and rationale for this study has been presented in this chapter and the problem statement, purpose, research questions that assisted in finding out answers for this study discussed. The significance, location limitations and a brief discussion of relevant literature were detailed.

### **1.9.6 Chapter Two**

This chapter provides a detailed discussion of literature on school financial management. Pertinent information regarding the legal framework, the role of principal and challenges of school financial management and theories underpinning this study is presented. The literature combines both local and international debate around school financial management.

### **1.10.3 Chapter Three**

The chapter draws attention to the research design and methodology which was applied to generate data required to address the research question driving this study. It also details measure taken to ensure the trustworthiness and adherence to ethical consideration of the study.

### **1.10.4 Chapter Four**

Data is presented and discussed in this chapter. The verbatim quotes of participants are presented as evidence of the claims made after interpreting their recorded interviews.

### **1.10.5 Chapter Five**

This chapter summarises the findings of the study and makes recommendations for possible ways that can be used to assist novice principals on managing their school finances efficient and effectively. From the findings a process of school financial management is diagrammatically presented. Recommendations for further research are also suggested and presented in this chapter.

## **1.9 CHAPTER SUMMARY**

This chapter discussed the background, the rational, problem statement, and the purpose and research questions for the study. The significance, the location and key concepts used in this study were discussed. I have presented the argument that although principals are mandated by pieces of legislation to manage school finances, little has been done by the DoE to capacitate them in this aspect of school financial management. It has also indicated that principals are not responsible for managing school finances only, but rather are also responsible for efficient and effective school governance, professional and instructional leadership in the schools. The next chapter reviews local and international debate on school financial management.

## **CHAPTER TWO**

### **LOCAL AND INTERNATIONAL DEBATE ON SCHOOL FINANCIAL MANAGEMENT**

#### **2.1 INTRODUCTION**

The previous chapter provided an orientation to the study, covering the problem being investigated and the critical question the study aims to answer. Guided by the purpose and the critical research questions, this chapter reviews debates around school financial management in general and the school principals in managing school finances in particular. The chapter's aim is to draw from literature a set of emerging views around how school principals perform the school financial management tasks, some of the challenges they encounter in the process of school financial management and how they address them. This is to identify and understand the current practices of principals around the school financial management. The views are drawn from local and international perspectives. The chapter further presents formal models of management with an aim of explaining how financial management guided by the principles of formal models should occur in schools.

#### **2.2 SCHOOL FINANCIAL MANAGEMENT: LEGAL FRAMEWORK IN SOUTH AFRICA**

It is important for this study first to review the funding of public schools, so as to determine and clarify where the school funds come from and how they are distributed. Section 29(1) on the Bill of Rights in the Constitution of the Republic of South Africa Act No. 108 of 1996 establishes the right to education, which means no child of an age for obtaining basic education should be denied such a right or opportunity, irrespective of ability to finance or fund his/her education (RSA, 1996a). In addition, Section 34(1) of the South African Schools Act (SASA), Act No. 84 of 1996 stipulates that the State must fund schools from public revenue on an equitable basis in order to ensure the proper exercise of the right of learners to education and redress the inequalities in education provision. Section 39(1) of SASA further states that the school fees may be determined and charged at a public school only if such a resolution has been adopted by the majority of parents attending a school

parents meeting (RSA, 1996b). Drawn from the above legal frameworks it is clear that public schools are funded from two sources: the public money provided by the State and money provided by individuals and organisations, mostly parents from the school community (van Rooyen, 2013).

Public funds are distributed to schools in accordance with the National Norms and Minimum Standards for School Funding (RSA, 1996b), defined by Gallie (2013) as guidelines about on the distribution of government resources to the “poor” and “non-poor” alike. The school funding norms are supposed to allow the DoE to allocate funds according to the needs of the school. Public schools are then required to manage state funds allocated to them in terms of provisions of Section 20 and 21 of SASA (Act no. 84 of 1996) (RSA, 1996b), with Section 20 schools accorded the authority only to perform general functions whilst Section 21 schools enjoying more financial freedom and are required to exercise considerable control and management. The onus is on the school not the DoE, to exercise fiscal discipline (Bisschoff & Mestry, 2005). Botha (2013) regards Section 21 schools as self-managed because of the special capacity-based functions allocated to them. According to Section 21, allocated functions of the SGB are as follows:

1. Subject to this Act, a governing body may apply to the Head of Department in writing to be allocated any of the following function:
  - a. To maintain and improve the school’s property, buildings and grounds occupied by the school, including school hostels, if applicable;
  - b. To determine the extra-mural curriculum of the school and the choice of subject options in terms of provincial curriculum policy;
  - c. To purchase textbooks, education materials or equipment for the school;
  - d. To pay for services to the school.

Section 21 functions are allocated by the Head of Department (HoD) to the school, only if the school has the proven capacity. This is determined by considering that the school has managed its funds efficiently and is complying with the regulations as stipulated in the Schools Act (Mestry, 2004). According to Botha (2013), if 21 schools are self-managed schools there might be some financial implications of balancing management and leadership

roles. Empowerment of the SGB in school financial matters signifies an important change in the role of principal from being a manager and a leader, an elevated yet challenging one. Firstly, he or she principal has to manage the school finances and at the same time provide strategic direction with regard to how. Secondly, self-management is a developmental process and principals should take a lead in driving the process rather than passively adapting themselves to the changes the process brings about. They have to learn new accounting procedures and ways to use technology for managing school funds. The empowerment that comes with self-management is an opportunity to contribute to their own development and education and as financial leaders they need to be innovative and use the resources made available by the State to assist the SGB in seeking way of supplementing the schools' financial resources.

Financial management is the performance of management actions connected with the financial aspects of schools, with the aim of achieving effective education, and is carried out by a person in a position of authority. It is a process involving several activities, including identification, measurement, accumulation, analysis, preparation, interpretation and communication of information (Bisschoff & Mestry, 2005). It is defined by Heystek (2013) as the process and functions associated with the management of an organisation's financial resources to achieve its aims and objectives.

Financial school management, meanwhile, is a process of ensuring that the SGB and school management team plan, organise, delegate and control the funds of the school in such a way that it achieves its goals. For the school to function economically and efficiently, school governance must know how much money is available in the bank account, how much money is still needed and why, how and where to get the money and how it will be spent (Bisschoff & Mestry, 2005).

Section 20 of the SASA gives the SGB a mandate on financial function of the school, as they are responsible for establishing a school fund, preparing a budget annually, collecting and administering school fees, keep financial records, appointing an auditor and supplementing schools' resources (RSA, 1996b, Mestry, 2010). The SGB comprises parents, teachers, non-teaching staff and learners in combined and high schools, and the principal, in his or her official capacity (Heystek, 2013). On the other hand, section 16A of SASA (as amended) clearly states the functions and responsibilities of a principal of a public school. According to the Act, the principal represents the HoD on the SGB when acting in an official



capacity, including on the management and use of learning and support material and equipment; safekeeping of school records; informing the SGB about policies and legislation and assisting them in the performance of their functions and responsibilities. The HoD is an accounting officer in the DoE, therefore if the principal represents him or her in governing the school it implies that the principal is Accounting Officer of a school (RSA, 1999, Mestry, 2010).

The Employment of Educators Act No. 76 of 1998 (RSA, 1998) and the Education Labour Relations Councils (ELRC) collective agreement Number 1 of 2008 in terms of financial matters (ELRC, 2008), state that the principal should manage various kinds of school accounts, keep proper records and make best use of funds for the benefit of the learners in consultation with appropriate structure. The principal manages the school finances and applies necessary control to maximise the use of funds available and account for all spending, support the SGB in developing the annual budget, and provide data to inform planning, including enrolment and fee exemption and collection levels. It should support the school fundraising efforts and help the SGB in having the school's accounts audited annually, as prescribed by the law. Although the SGB is also responsible for the school funds the above legal frameworks suggest that the principal has a vital role to play in process of managing school finances. It is against this legal framework that this study seeks to understand how novice principals perform their financial management tasks.

### **2.3 THE ROLE OF THE PRINCIPAL IN SCHOOL FINANCIAL MANAGEMENT**

Besides these legal frameworks, researchers have conducted studies on the role of the principal in financial school management. For example, Mestry (2004) conducted a study titled, "*Financial accountability: the principal or the school governing body*", in which the intention was to understand who, between the principal and SGB, was supposed to be accountable for school finances. The specific aims were to ascertain the perceptions of parents and educators with regard to accountability for the management of school finances; and to develop guidelines so that the SGB might manage the school's finances efficiently. This study was a review of a court case between Mpumalanga Department of Education and the SGB of a school. The findings were as follows:

- There was a perception amongst many parents, educators and principals that the principal was the accounting officer of the school and he/she was thus accountable to the DoE for the school finances. Some indicated that the Finance Committee was accountable, rightly pointing out that the SGB was responsible for the management of the school's finances.
- In some schools, the principal and the SGBs did not work collaboratively in managing the school finances.
- The SGBs were not effectively trained to manage the schools' finances effectively. Some of the principals objected to the cascading model of training and found the contents of the workshops too theoretical. Some trainers did not have a sound financial background.
- The DoE had no mechanisms in place to support schools on financial issues and problems.

These findings are an indication that although Section 36 of SASA mandates the SGB to manage school finances, the parents place their hopes of good school financial management with the principals, who need to provide professional leadership and mend the working relationship with relevant stakeholders for effective and efficient school management. The DoE, on the other hand, has to devise relevant developmental programmes to assist all those involved in managing school finances, thus enabling them to achieve the main objective of the Department by providing quality education to all learners.

Heystek (2013) argues that most parents on SGBs have limited literacy, specifically financial management knowledge, skills and experience. These factors limit their ability to have a reliable and valid input process, relying on the principals and teachers as the literate and supposedly financially knowledgeable people for daily management of finances. In many schools, specifically rural ones, principals also have limited financial training or experience, except with their own finances. Principals in many smaller rural schools are also full-time subject and class teachers, hence they have limited administrative support and time to provide sufficient resources to support the SGB or to manage funds effectively, as mandated by the SGB. These findings strengthen this study by indicating that the principals has a role to play in managing school finances, regardless of financial management

knowledge, training and skills. They assume their duties of managing school finances immediately after their appointment to the position of principal. Qualifications in financial management and any financial management skills and knowledge are not requirements for the appointment of an educator to the post of a principal. This means, like parents, principals are expected to perform their financial management tasks without any formal training in financial management. It poses questions on their ability and capacity to perform these tasks.

The SGB, according to Mestry (2004), is mandated by Section 20 of the SASA to administer and control the property, buildings and resources occupied by the school. In most cases it delegates various financial tasks to the principal whom it thus holds accountable. A problem with delegation of duties from SGB to the principal is that the latter is generally better informed with regard to the delegated tasks than the former (Mestry, 2004). According to Ntseto (2009), good management of school finances means that principals should involve parents, community members, staff and learners when making financial decisions. Principals, as school financial managers, need to look for ways in which the interest and ability of each individual stakeholder can contribute to effective financial management. In short, this means that there should be collaboration amongst all stakeholders when managing school finances. The study conducted by Mestry (2013) on “*Collaboration for the effective and efficient management of school financial resources*”, presents contrary findings in this aspect of collaboration. He found that views on collaboration reveal that participation by parents in financial matters is limited to certain issues determined by the principal. From his observations it became clear that parent SGB members did not supervise financial initiatives nor become involved in broad decision-making. Mistrust between the principals and SGB is the dominant factor that leads to a lack of collaboration and suggests that there is a need for principals to be equipped with necessary skills and knowledge regarding collaborative methods. He further suggests that financial constraints can constitute one of the most significant, inhibitory factors in the creation of good quality education in schools. Principals need to ensure that financial resources are effectively managed so that quality education is sustained (Mestry, 2013).

This literature is crucial for this study on the approach that principals, especially novice principals, may employ when managing school finances. Principals as collaborative and financial leaders are in good position to develop collaborative structures that will help them to promote trust, co-operation, delegation, teamwork, and effective communication. It is also

imperative for this study to explore how other countries manage their school finances as this will help determine whether South Africa is in line with practices of its international counterparts. For instance, Lesotho, Kenya, New Zealand and Zimbabwe employ school-based management, such that school finances are managed within the school, similar to the South African practice.

According to Wylie and King (2004, p.19), New Zealand school boards have had a legal responsibility for creating their own budgets and managing their own finances since 1989, when educational administration was decentralised to individual school level. The Ministry of Education provides guidance to boards on financial planning and monitoring, including checklists of indicators of good financial management, and signs of a school being at risk financially. These schools generally take a conservation approach to financial management with an emphasis on stability, gradual change and development and avoidance of the need to make heavy cuts in costs, particularly around staffing. Wylie and King (2004) further state that school professionals and boards have solid relationships built on openness, and trust is developed by shared decision-making and analysis, using shared frameworks of the school strategic plan and identified with the school culture rather than particular individuals.

The Department of Education in Lesotho provides a legal framework pertaining to the management of school finances. Major responsibility for managing school finances is placed on the principal, and according to Mncube and Makhasane (2013), Section 14A of Education (Amendment) Act of 1996 mandates the principal to be a chief accounting officer of the school responsible to the school board for the control and use of funds. It also requires the principal to prepare the annual budget and submit it to the school board for approval. The principal as an accounting officer is financially accountable to the school board, parents, teachers and donors for all financial transaction that take place in the school. He or she must inform the parents on how much school fees the parents are expected to pay and how he/she intends to spend them. The principal is thus accountable for everything that happens to the school funds and must ensure that full and proper records of the accounts of the school's income and expenditure, assets and liabilities are kept. The principals in Lesotho have to carry out school financial management whilst parents have to be assured that the finances are managed properly under their custody (Motsamai, Jacobs & De Wet, 2009).

In South Africa, the practice is different from that in Lesotho, as SGBs have parents are the majority, as mandated by Section 36 of SASA, and play an important role in the governance

and management of the school fund. The SGB drafts the budget and must convene a parent meeting to win a vote to accept it (Heystek, 2013). According to Marishane (2013), while it is acknowledged that the SGB is responsible for the school's finances and assets, the leadership of the principal is crucial. To ensure that financial decisions taken align with the school vision, the SGB looks to the principal for professional guidance and direction.

In Zimbabwe, Nyandoro, Mapfumo and Makoni (2013) report that the Department of Education has to establish School Development Committees (SDCs) as per Section 29 Amendment Act of 1991, responsible for encouraging provision of materials and financial support where possible to enhance development of schools, and vested with control of financial affairs of the schools for which they are established. The main objective of the SDCs is to promote, improve and encourage the development and maintenance of the schools, responsible for charging and collecting fees, maintenance of school premises, and provision of classrooms, teachers' housing, teaching and learning materials and school furniture. They have overall control of school funds through a budget and are responsible for the establishment of a school fund account with a commercial bank in the school name in which all funds are to be transacted, taking into consideration a building fund, all examination fees, all practical subject fees, and money received from any source (Chivore, 1995 & Nyandoro et al., 2013). Zimbabwe employs school-based management but the role of the principals, also members of the SDCs, is not clarified by the literature. There is also a gap when it comes to the level of responsibility and accountability of the principals on school financial management. They are responsible for the day-to-day management of the schools but as they spend most of their working time in schools their role in school financial management should be clearly defined.

Maronga, Weda and Kengere (2013) conducted an investigation in Kenya into the influence of Government Financial Management on public schools and reported that according to the Financial and Accounting Instructions for Educational Institutions (Revised Edition 1991) by the Ministry of Education, the school funds include parents' contribution in respect of tuition fees, medical fees, activity funds, boarding fees, personal emolument and contingencies. According to the Public Officer Ethics Act (2003), the Government Financial Regulations stipulate how the funds should be managed and accounted for. The Act directs that any money given out as petty cash should be accounted for, and major purchases in schools should be made through a tendering process. Auditing should be carried out in

school books accounts, and fees collection is the responsibility of the bursar with every payment to be supported by a voucher.

In Kenya, principals who are appointed by the Ministry of Education are responsible for managing the day-to-day activities of their schools assisted by school committees. The Kenya Education Staff Institute enhances management skills of principals by providing management training aimed at improving performance and efficiency. The training programme offered includes educational management, financial management, personnel management and legal matters affecting education (Maronga et al., 2013). Head teachers of primary schools and principals of secondary schools are the financial controllers and accounting officers and are responsible for all financial collections and expenditures. The head teacher should be familiar with bookkeeping procedures and ensure efficient and effective management of school finances to provide and promote educational services (Ministry of Education, 1991, Maronga et al., 2013).

## **2.4 CHALLENGES IN SCHOOL FINANCIAL MANAGEMENT**

The South African Schools Act, Employment of Educators Act and Educator Labour Relations Council give both the SGB and principal the mandate and responsibility to work together when managing school finances. Although these two parties have to work collaboratively, findings of studies conducted by various authors and scholars indicate that there are challenges facing these parties in executing the duties of managing school finances.

Heystek (2013) states most parental governing body members have limited literacy and specifically financial management knowledge and skills or experience. Low literacy levels and limited experience of school financial management are just some serious challenges that inhabit effective school financial management. Khuzwayo (2009) argues that parents in rural schools, with their little financial management knowledge and understanding are participating in management of school finances. The challenge they face is that they have to walk long distances from their homes to schools, thus diminishing their willingness to participate in school governance activities.

School financial management has become the principal's responsibility, in addition to already having too much work. These factors limit their ability to have a reliable and valid

input in the process of school financial management. In many schools, specifically rural ones, many teachers or principals also have limited financial training or experience, except with their own. Many of the governing bodies have overspent, which is possibly a case of the mismanagement of funds (Heystek, 2013). According to Mestry (2006), Section 19 of South African Schools Act stipulates that the provincial departments should provide introductory training for newly elected governing bodies to enable them to perform their function. Although they do provide such training through the schools district offices it is inefficient and ineffective as many departmental officials selected to train the SGBs are not experts in school financial management. Some school districts employ the services of consultants who do not necessarily have sound knowledge of school finances to train SGBs.

There is a lack of collaboration between the principals and the members of the SGBs, and the former are not prepared to share the responsibility of school governance lest they lose their power. Withholding information on school finances may be an intentional act on the part of principals, some of whom maintain that the management of school finances is their role, thus regarding parents' involvement as interference (Mestry, 2006). According to Khuzwayo (2009), in his study "*The role of parent governors in school financial decision making*", principals and parent governors do work successfully together. Some in rural schools are deeply involved in taking financial management decisions, and in Section 21 schools they are participating in the committee that considers quotations, making a positive contribution. Not all is bad in rural schools, but principals need to strengthen their strategies and improve the means of communication they use to engage the relevant stakeholders in school financial management.

'Corruption Watch' (2014) reports that schools are particularly vulnerable to financial mismanagement and corruption in the acquisition of goods and services, due to the limited knowledge around procedures for managing schools by principals and members of SGBs. Mestry (2006) believes this is a result of the absence of an effective school financial policy or the ineffective implementation of financial policy. It might also be the reason for mismanagement of funds and confrontations between SGBs and principals. He further suggests that in order for a school to manage its finances effectively and efficiently its finance policy should be developed, adopted by all relevant stakeholders and implemented accordingly. Mestry (2006) argues that the lack of organisational structures in financial management is the most critical challenge in managing school finance. Many stakeholders

are excluded from financial decisions because the principals and SGB chairperson do not involve them in discussions. He suggest that the schools establish a finance committee and sub-finance committee as many schools do not have these structures in place. While schools seems to have policies directing how financial control processes are to be executed the implementation is doubtful, indicative of poor budget and expenditure control (Xaba & Ngubane, 2010). Treasurers in some schools lack necessary financial expertise and merely sign blank cheques presented to them by the principal or chairperson of the SGB, and there is a lack of effective financial control measures (Mestry, 2006).

No-fee schools are prohibited from raising money by fees or any other charges. The provincial education department prescribes how the allocated funds should be spent and this restricts schools in hiring additional qualified teachers or improving facilities and maintaining smaller size classes, resulting in the quality gap between poor and affluent schools being narrowed (Mestry, 2014). According to Marishane (2013), the no-fee school situation puts pressure on school principals to clearly identify pressing school infrastructural needs and be creative in generating financial strategies to satisfy them. This situation also demands that both the desired and existing infrastructure be well maintained to sustain its educational value. Mestry (2014) believes the allocation for different budget items are fixed and principals and SGBs face challenges on how they should be spent. For example, allocations for municipal services are usually insufficient and SGBs are unsure of how to access more funds or redirect funds received from provincial education departments. Similarly, some rural schools without water and electricity are allocated funds for this cost-centre but SGBs are clueless on how to redirect the funds to another cost-centre.

Xaba and Ngubane (2010) report that, while schools do engage in budgeting process, this is often only for the purpose of compliance with departmental regulations and the budgets do not really focus on the needs of the school. The figures in the budget do not correspond with the needs of the school and the budget is just a formality. In my view, one may expect this to happen in school with a newly appointed principal who has no training or support from the DoE.

Despite efforts to provide school financial management training for the principals and SGBs, the process of procurement, budgeting, monitoring and controlling of physical assets, managing school funds and financial reporting remain complex and onerous for many principals and SGBs. District officials lack knowledge and skills in school financial



management and this has created serious challenges for schools under their control. Better support and training combined with clear mechanisms to track all transfers into school accounts will promote efficient school financial management accountability and responsibility (Mestry, 2014).

Nyandoro et al. (2013) report serious challenges in Zimbabwe, in that the abovementioned SDC fails to account for funds under their custody, and 96 school heads and SDC members have been arrested countrywide following reports of abuse of teacher incentives. Chikoko (2008) observes that the SDC faces conflict and confronts difficult issues such as failure to pay fees as an indicator of its ineffectiveness. This mismanagement of school funds and poor communication by heads of school and SDCs has created a sour relationship school administrators and other SDC members. Malpractices include non-availability of reconciliation statements, lack of financial committee meetings, and illegal borrowing of school funds by SDC members (Nyandoro et al., 2013).

Mncube and Makhasane (2013) found Lesotho faced challenges regarding the implementation of the policy, despite a manual for principals of secondary schools on financial planning and organisation. There are still challenges regarding the collection and recording of school fees, budgeting as well as a lack of administrative support. Motsamai et al. (2011) agree that delay in the payment of school fees impacts negatively on the general operation of the school, including on the services provided. During the budgeting process, power relations surface with principals playing a dominant role in decision-making regarding both departmental and main school budget. Principals are not provided with sufficient capacity-building on financial matters, which cripples them in performing the budgetary tasks (Mncube & Makhasane, 2013).

Atieno and Simatwa (2012) report that in Kenya there is a delay in disbursement of funds to schools as a challenge in school management, as well as the stipulated duties to be performed with the funds stagnate and fee defaulting by parents. Budgeting and incompetence by the newly appointed principals is also regarded as a major challenge to managing school finances. Kanguri, Njati and Thiaine (2014) found that while some schools draw up a tight budget others do it in rather careless functions, some teachers being lazy and relying on the budgets of past years and the minimal involvement of education stakeholders in the budgetary process. School financial reports are poorly prepared, which may be attributed to a lack of knowledge, apathy, and lack of school financial management expertise personnel.

Reviewing literature on the challenges of managing school finances in South Africa in comparison with those of Lesotho, Zimbabwe and Kenya, there are sufficient similarities which will assist this study to determine whether the novice principals in rural schools are facing similar challenges when managing their school's finances.

## **2.5 MODELS OF MANAGEMENT**

This study is theoretically guided by formal models of management. To provide an explanation of the formal nature of the task of school principals in schools it is important that I firstly provide the policy framework under which the work of the principal is guided. When the vacant post is to be filled in by the provincial Department of Education there are various pieces of legislation, including Sections 195 and 197 of Constitution of the Republic of South Africa Act No. 108 of 1996(RSA, 1996a), South African School Act No. 84 of 1996 (RSA, 1996b), Employment of Educators Act No. 76 of 1998 (RSA, 1998a), Labour Relation Act of 1995 and Employment Equity Act No. 54 of 1998 (RSA, 1998b), that must be taken into cognisance and various formal processes followed.

The main aim of the post is to provide school leadership and management that promotes a school ethos conducive to the delivery of quality education and positive learning experiences for all learners (ERLC, 2008). The positions of a principal in a school is regarded as 'formal' because of the official and the structural element of the school as an organisation (Bush, 2009). Principals possess authority legitimised by their formal position within the schools and are accountable to the provincial Head of Department and SGB for their activities, including the management of school finances (Bush, 2009). Formal models give prominence to official structures, rational processes, the authority of leaders and accountability. According to Motsamai, Jacobs and De Wet (2011, p.107), these may be linked to the approaches of school financial management processes, namely, planning, organising, leading, and controlling school monetary resources. These may also be employed by principals as strategic approaches to efficient and effective managing of school finances.

According to Bush (2009), the formal model is an umbrella term used to embrace a number of similar models, such as structural, system, bureaucratic, rational and hierarchical. The formal models emphasise accountability of the organisation to its sponsoring body. In this instance school principals are accountable to the provincial Head of Department in terms of

their duties and responsibilities as prescribed in section 16A of SASA, including the management of school finances. The formal model is associated with managerial leadership, which assumes that the focus of leaders ought to be on functions, tasks and behaviours and if these are performed competently the work of others in the organisation will be facilitated (Bush, 2009).

De Venter (2005) recommends that managerial leadership should manage existing school activities successfully, develop and implement a cyclical management processes of goal-setting, and carry out identification, priority-setting, planning, budgeting, implementation, controlling and evaluation. In my view this approach is suitable for principals working on school-based management system as it prioritises the efficient external imperatives. When managing school finances, principals have to manage finances within the prescripts of law, such as the South African Schools and Public Finance Management Act which are regarded as prescriptive by higher level bureaucratic hierarchy in the education system. Principals have a responsibility to draw up the school budget and a make financial report on an annual basis to all school stakeholders, and account for any negative deficit.

### **2.5.1 Planning of school financial management**

Regarded as one of the most important tasks of an educational leader, planning forms the basis of all management tasks (Van der Westhuizen, 2007), whilst Van Deventer and Kruger (2003) describe it as deliberate intellectual activity that should take time because it requires thinking about, as well as visualising the future of the school within the boarder context of South African school system. Ntseto (2009) defines school financial planning as the task of the principal who has to see that the school's purposes, mission, goals and methods of attaining these are clearly understood by all stakeholders of the school. He regards these as the responsibility of the principal and SGB. For Botha (2013), it constitutes part of the basic knowledge of financial management that principals learn through academic training and other basic capacity-building initiatives available in the country. As a management function, it involves, inter alia, setting clear goals, objectives and targets to be achieved within a broad school vision; formulating strategies to achieve them; generating the means and resources necessary for the implementation of the strategies within a given time; indicating how the

various strategies will be implemented and monitored; and determining how performance will be measured against targets and how the entire process will be evaluated as a success or failure.

An important planning tool in school financial management is the annual budget and linking it to a long-term school strategic development plan that articulates the school mission and vision statement (Botha, 2013). A school's financial planning includes the creation of necessary decision-making structures to enable it to function smoothly, one which is a finance committee (Heystek, 2013).

#### ***2.5.1.1 The school finance committee***

The overall task for control of school finances lies with the SGB, however, the principal, as the accounting officer, is ultimately accountable for their management. To assist the principal and the SGB, Section 30 of SASA requires the establishment of a school finance committee (SFINCOM) (RSA, 1996b), which may be composed of a treasurer as a chairperson and member of the SGB, the principal, educators; parents and co-opted members.

The KZN Department of Education, on its Principals' Management Development Programme (PMDS) training manual suggests the school finance committee should be responsible for drawing up the school financial policy; keeping overall control of school finances; drawing up an annual budget; approving all expenditure budgeted for; suggesting ideas for fundraising; assisting in drawing up the annual financial statements; conducting internal audit of financial records; advising on ways to invest surplus funds; recommending who should be appointed as a school financial auditor; advising the SGB on the amount of school fees to be levied; and advising the SGB on school fee exemptions (KZN DOE, 2013).

In my view, the finance committee is one structure that should work with all relevant stakeholders within the school to develop a school budget, present it to the SGB for further discussion then to the annual general meeting of parents for approval. In their approaches, principals may be forced to apply participative management and decision-making since the committee is established to make decisions regarding the acquisition and application of school funds.

### ***2.5.1.2 The school budget***

A budget is a management tool or mechanism by which the finance committee of a school can estimate and plan, utilise, coordinate, control and evaluate the human, material and other resources in financial terms (du Plessis, 2013). According to Kruger (2003), budgeting can be described as a management task or process reflecting the revenues and expenditures of various programmes in the school, related to the financial planning of its programme Kruger (2003) further states that the total or budgeting system of a school consists of various sub-budgets:

- **Operating/cash budget:** for the day-to-day operations of keeping the school's programme on track. It includes materials, services, office stationary and repairs.
- **Activity/departmental budget:** this covers the various activities (curricular as well as extra-curricular) or programmes that the school offers.
- **Capital budget:** to cover purchase of certain assets for the school, for example, sports equipment, gardening equipment and transport.
- **Project budget:** for larger projects planned by the school, for example, a tennis court or painting school buildings.

Kruger (2003) further advises that the principal and finance committee pay attention to the basic budgeting task when drawing up a school budget, with tasks as follows:

- **Planning financial terms:** This involves expressing the school plan in financial terms. The process of such planning begins with the mission and general aims of the school as a framework. It goes on to determine the outcomes according to the needs of the school and identify actions for each activity or area in the school programme, searching for relevant alternatives if possible. It then measures the cost of programmes and establishes school fees and other revenue sources to supplement the income of the school for several years. It evaluates the output of each programme and designs the budget. Schools can use two basic designs:

1. **The performance or school programme design:** In this budget design the income and expenditure are stated, though it also includes a description of what is to be achieved by each item of expenditure, thus emphasising the benefit to the school.
  2. **The traditional or functional budget design:** The income and expenditure items are listed, thus emphasising the issue of finances. The name of each line is set, as is the amount of money the school can spend on each item. For instance, if the school is to spend R55,000 on stationary this amount must be indicated next to stationary item.
- **Allocating funds:** Once the budget items have been determined the school's various programmes can then be prioritised, and the amount for each allocated. If the school budget indicates that there will be a teacher development programme for that academic year it must be indicated in the budget how much is allocated for such programmes.
  - **Implementing the budget:** The budget should be approved by the appropriate authorities and stakeholders, including parents, the SGB, educators, learners and the Department of Education. Once approved, the budget becomes the basis on which financial decisions in the school are based. It must then be monitored, supervised and controlled.

In contrast, Du Plessis (2013), believes that a school budget has the most important functions that may help the school finance committee in efficient school finance management, namely, providing a foundation for planning and implementing a financial strategy for the school and an operational cost-time framework for implementation of school programmes. It further indicates a relationship between expenditure and income and serves as the basis for expenditure control. It is a benchmark through which the performance against budget plan can be measured. It is a basis for delegation and provides standards of performance.

The school finance committee may use several approaches and methods when drawing up the school budget, detailed as follows:

- **Incremental budgeting**

An incremental budget involves an approach that uses the previous year's expenditure as the base on which to make adjustment. The previous year's budget is not challenged but

attention is given to minor adjustments in the financial spending (Ntseto, 2009). Incremental budgeting begins with the previous year's budget and is a pure form of add-on or subtract-from the previous. Du Plessis (2013) argues that the annual inflation rate is usually a factor by which the amount is increased and its lack of complexity has merit. The process itself has some logic and has been used often in the history of budgeting. It pays little attention to changes or trends in income and expenditure or how the money in the budget is used. Some disadvantages are that there is little opportunity to plan for changes in priorities or in the educational climate, and there is implicit assumption that all costs are rising at the same time (du Plessis, 2013).

- **Zero-based budgeting**

A Zero-based budget is based upon a comprehensive management plan from which the budget is derived. Logical, management-orientated and comprehensive, it requires every activity and expenditure to be justified and will not be easy to operate (Bisschoff & Mestry, 1997). It may be used by the school finance committee to improve the financial planning in school because it allows them to re-assess how they manage their school finances and to justify all financial expenditure that has been incurred. It begins with an assumption that all categories of spending should be scrutinised. Zero-based budgeting presents some advantages to the school finance committee who employ it, notably allowing for new initiatives to be incorporated into the budget. It should prevent inequalities of the past from continuing and it introduces an evaluative or reflective element into the financial planning process. Disadvantages are that it is time-consuming and costly, and it has inconsistencies between budgetary periods, making year-on-year comparisons difficult. Some sub-budget holders will be better at the bidding process and justifying their costs as many are fixed, year on year, a true zero-based budget is not really possible (Du Plessis 2013).

- **Programme budget**

Mestry (2008) defines programme budgeting as a more modern, more sophisticated type of budgeting. The school plans strategically, identifies programmes to achieve its objectives and determines the cost of each programme. Funds are then allocated in support of the programmes and the results evaluated to ascertain whether the desired objectives have been accomplished (Du Plessis, 2013). According to Ntseto (2009), programme budgeting is used by principals and the SGB to compare costs of various schools activities, for example,

indicating how much was spent in the previous year for sports, textbooks, maintenance and school equipment. This comparison assists the principal and the school governing body in establishing priorities amongst the school programmes and considering alternative means to attain education goals. The programme budget aims at examining alternative means of reaching financial targets and enables the principal to provide justification for school activities on which expenditure is incurred. It represents an appropriation of a fixed sum of money for the specific programme, and it requires that only cost-effective programmes are selected for allocation (Ntseto, 2009).

- **Line item budgeting**

A line item budget is one that requires that the school budget be organised according to functions such as teaching and learning support material, administration, supplies equipment, services and transportation. These appropriations of financial categories are not reviewed when the new budget for the school is prepared (Ntseto, 2009). The principal has to work with a line item budget and it specifies administration, so for instance, if it requires R1,000 for services, the school cannot spend R1,700 for administration and R800 for services. The line item budgeting by the school finance committee does not provide sufficient information on future expenses and it only gives the impressions that the school budget is made on an incremental basis with no proper financial appraisal of the current budget (Ntseto, 2009).

- **Rolling budgeting**

Rolling budgets have emerged from the idea that in day-to-day management there is a relatively short time for decision-making. It operates within the system whereby a year's budget of targets and resources is divided into quarterly periods. Du Plessis (2013) states that the advantage of a rolling budget is that it provides a greater degree of flexibility and allows principals to divert resources from one part of the school to another, without the typical problems of ownership and de-motivation found with other budget systems.

The school budget is an important aspect of the school financial planning and a useful financial control device, therefore principals as school accounting officers must ensure that the SGB and its financial committee has acquired the necessary skills and knowledge in drawing up a school budget. They must consider the school's financial environment when carrying out this task of budgeting. Financial planning seeks to help the school to achieve



its financial aims and objectives. Each individual within the school context must be involved in and take responsibility for achieving the vision and goals, and work together to develop a plan for achievement.

### **2.5.2 Organising school financial management**

Organising school financial management is a function that involves establishing systems, processes, procedures and functional organisational structures, such as budget committees, asset management committees and finance committees. It involves gathering various elements of a school together and integrating them into a unified structure for the collective pursuit of the school's objectives (Botha, 2013). According to Kruger (2003), organising school finances should include aspects such as drawing up a school financial policy; setting structures within the school to handle administrative and financial matters; delegating certain functions to clerks, class educators and the treasurer; and coordinating activities.

Financial organisation can only be successful if carried out in an organised manner. This implies that organisational structures should be set to handle financial management tasks, whether in the field of administration or accounting. Administrative tasks are gathering, storing and making available financial information to all relevant stakeholders, such as parents and the DoE. The accounting tasks are identifying, allocating, analysing and interpreting financial information, implementing and executing the school's financial policy, and communicating its financial information to all stakeholders (Bisschoff & Mestry, 1997).

For the school to be able to promote good financial administration and management practices, to help in coordinating financial activities, and to provide clarity on procedure, the school needs to develop a finance policy (Mokoena, 2013). When doing so the finance committee must involve various school stakeholders to provide inputs and make recommendations before the adoption of such a policy. A school financial policy should include the mission statement of the school, its ethos and dynamics; the role of the school management team (SMT) and the SGB; the financial responsibility of the SGB; budgeting procedures; how to deal with money received and how payments are effected; procedures for safekeeping of documents; petty cash procedure; details of accounting records and financial reporting; and details of registers that need to be maintained (KZN DOE, 2013).

The critical questions which should be answered by the policy are: “What should be managed?” “Who is responsible?” and “How often should actions be conducted?”

Delegation is part of organising the school financial management, since a specific task is given to a specific member of the finance committee through delegation. It is the duty of the chairperson to consider the background and circumstances of individual member of the committee beforehand. To ensure that the task of organising takes place in an orderly centralised manner of delegation, the principal should coordinate all activities with synchronisation of all actions, resources and techniques within the school, from writing the mission statement to producing final financial statements of the schools’ activities (Bisschoff & Mestry, 1997).

### **2.5.3 Leading school financial management**

Leadership in school financial management covers four main activities, namely, setting direction, developing people, establishing a positive relationship with the change context and creating a culture of accountability for the school as an organisation (Botha, 2013). Bisschoff and Mestry (1997) contend that leadership in school financial management boils down to three aspects, namely, sound relationships, motivation of all people concerned with the school finances and communication with all the stakeholders, internal as well as external.

For Botha (2013), setting direction involves developing and articulating the school’s vision guided by the values beliefs and common aspirations of the school community. The principal as a financial leader focuses on aligning the school’s vision with the amount of funding it receives every year from various sources. The principal should cultivate healthy relations on financial matters with the internal and external stakeholders and nurture them to ensure their continual support for the school. The principal keeps people in the school, focussing not only on what they do at the given moment but also on the consequences of their actions in the future.

Mestry (2006) indicates that many principals and SGB members are placed under great pressure to manage their school’s finances because they are unable to work out practical solution to financial problems, on account of their lack of financial knowledge, skills and expertise. They need capacity (knowledge, skills and positive attitudes) to carry out financial

activities with confidence. It is therefore the duty of a principal as leader to ensure that these people receive relevant training in school financial management, identify themselves with conventional financial management principles and remain motivated (Botha, 2013).

Principals, when leading the school financial management process, should exercise moral leadership by practicing what they pronounce in words. They influence educators to act in an ethical manner and apply principles of honesty, fairness, caring and courage when taking financial decisions. Whilst motivating educators to use school funds cost-effectively by doing the same and harnessing educators' commitment to the school's values they reward them for good performance. Transparent in the use of funds, they demand accountability at all times, not just when it suits them, empowering educators by offering them learning opportunities and personally taking part in the learning process and activities. They encourage educators to be innovative, taking a calculated risks with school financial management in the best interests of learners, and supporting them when they falter (Botha, 2013).

#### **2.5.4 Controlling school financial management**

Control in the school financial sense has to do with all the measures that relate to the planning and organising of a school financial functions, including the tasks of drawing up criteria to ensure that the school's resources are mobilised effectively, monitoring and evaluating the its financial progress and initiating corrective actions if needed. Kruger (2003) writes that monitoring and controlling a school budget and finances is imperative and should be a continuous process throughout the year. It entails keeping a check on the difference between the planned financial status at any given time and the actual financial status at that time. It involves the following aspects:

- Drawing up a projection for the whole year and identifying positive and negative variances.
- Checking expenditure against the budget allocations.
- Checking if resources are mobilised effectively.
- Evaluating and re-organising if and when necessary.

- Noting if there is a surplus or deficit at the end of the year, and whether there is any possibility of building reserves.
- Controlling and checking expenditure by means of monthly and quarterly statements and annual reports.

The principal must ensure that the necessary control measures are taken, to be able to give a clear picture of the school finances. A financial report on the income and expenditure for the financial year must be submitted to the SGB for approval and parents are invited to the meeting to comment on and acknowledge the annual report.

School financial management is the process and function aligned with the general management of the school's financial resources to achieve the aims and objectives. Financial management in schools does not exist in a vacuum (Heystek, 2013) but a school functions within its small community and is influenced by the broader local community and beyond, in wider circles of influence, including the provincial and national departments of education. Therefore, it is important for the novice principal to know and understand the national legal frameworks that guide the school financial management and what role the principals play in it. On the other hand, principals must be aware of both national and international challenges of managing school finances so that they can apply their minds carefully when performing such a task and assist them when developing strategies to deal with such challenges. In this study, the position of a principal is regarded as "formal", therefore, formal models of management and managerial leadership elements of planning, organising, leading and controlling must be well executed. When these financial management elements are well executed, principals will be empowered and assisted in achieving the mission, vision, aims and objectives of their schools, thus providing quality education in their schools.

## **2.6 CHAPTER SUMMARY**

In this chapter, various processes and approaches of managing school finances have been discussed, including planning, organising, leading and controlling, which must be deliberated on by the school finance committee, with the budgeting processes being a centre of attention. The budget as the plan and mission of the school can be used for many purposes, including controlling, monitoring and analysing expenditure. School finance committees are

at liberty to employ and adopt any discussed methods of budgeting, rather only one approach.

The school is a learning organisation compelled by regulations and policies of the country to have structures in place for efficient and effective school financial management. It must have a financial policy, of which during its drafting stage all stakeholders are involved and have some input and agreement. The finance policy is a key instrument that gives direction on how and what the school funds should be utilised for.

The principal must provide leadership in the school as the one best positioned to articulate the school's values and vision, express financial management principles and consider them when deciding on how resources can best be used to attain success. Successful leaders do not work alone, but count on their followers for success. Financial control, on the other hand, is the most important function of effective and efficient school financial management. Without a key control mechanism in place the school is likely to lose a great deal of money and risk not achieving its objectives. Having reviewed critical debates around school financial management, the next chapter will present a detailed account of the research design and methodology employed in this study to explore the novice principals' approaches in the management of school finances.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

The previous chapter provided a critical review of local and international debates on school financial management and the theoretical framework of the study. This chapter addresses and justifies the research design and methodology, firstly with a description of the interpretive paradigm in which this study is located, secondly with detailed discussions of the qualitative research design, sampling and sampling methods, data collection instruments, data analysis, trustworthiness and ethical considerations.

#### **3.2 THE INTERPRETIVE PARADIGM**

This study was guided mainly by the interpretive paradigm. Interpretive approaches give the research greater scope to address issues of influence and impact, and to ask question such as “why and how” particular technological trajectories are created (Cohen, Manion & Morrison, 2011). According to Mackenzie and Knipe, (2006), the purpose of the interpretive approach is to understand the process whereby information science influences and is influenced by the context. Interpretive researchers believe that the reality consists of people’s subjective experiences of the external world, thus they may adopt an inter-subjective epistemological and ontological belief that reality is socially constructed (Creswell, 2014).

According to Niewenhuis (2007), the interpretive paradigm is underpinned by observation and interpretation, thus to observe is to collect information about events, while to interpret is to make meaning of that information by drawing inferences or by judging the match between the information and an abstract pattern. It focuses on people’s subjective experiences, on how people construct the social world by sharing meaning, and how they interact with or relate to each other. This study involves exploring novice principals’ subjective meaning of what it means to manage school finances in rural schools. It is believed that approaches used by these principals can only be understood from their subjective meanings and the reasoning behind them is not detached from their context of

rurality. Thus, they cannot be compared with other principals from other contexts. Within the interpretive paradigm, this study will adopt a qualitative design.

### **3.3 QUALITATIVE RESEARCH DESIGN**

Guided by the interpretive paradigm, and to generate in-depth subjective views of principals, this study adopted a qualitative design. According to Niewenhuis (2007), the qualitative approach to research is geared towards exploring every detail about an issue or case, and unearths the quality of whatever is being researched. Creswell (2014) argues that an effective research study should have several features that can be addressed in evaluating qualitative research. Amongst other features he mentions that qualitative research uses rigorous procedures and multiple methods for data collection; The study is framed within the assumptions and nature of qualitative research, with data analysed at different levels and the writing engaging the reader replete with unexpected insight whilst maintaining believability and accuracy. Maxwell (2005) argues that qualitative research should have intellectual goals to understand the meanings attributed to events and situations by participants, the particular context in which participants are located, and the processes that contribute to situations, events and actions. It develops causal explanations of phenomena.

Drawing from the above arguments and the ideas of Maree (2011), qualitative researchers, believe that the world is made up of people with their own assumptions, intentions, attitudes, beliefs and values, and that the way of knowing reality is by exploring the experiences of others regarding a specific phenomenon. Qualitative research therefore acknowledges an interactive relationship between the researcher and participants as well as between participants and their own experiences and how they have constructed reality based on those experiences. In this study, the qualitative approach was employed to generate rich in-depth views about novice principals' approaches of managing school finances in rural schools. Qualitative researchers can use a variety of approaches in generating in-depth data from participants, including life history, narrative, ethnography, self-study, ethnographic case study and case study. A case study approach deemed relevant for this study and this is justified in the next section.

### 3.3.1 Case Study

Stake (2008) defines a case study as an in-depth analysis of single entity, and a choice of what to investigate and identify as a single case or cases. Yin (2009) argues that a single case may be part of a multiple-case study design and, by contrast, a particular data collection instrument may be part of a cross-site case study. For Rule and John (2011) a case study is a process that involves following a number of steps, such as identifying a case, reading around the case and its context, gaining access to people, documents and places, gathering information about the case, analysing data, writing it up and presenting it. Merriam (2002) concurs with Rule and John (2011) that a case study is an intensive description of a single unit that is used to gain an in-depth understanding of the situation of those involved.

Stake (2008), Merriam (2002) and Maree (2011) argue that a case study research method is one empirical inquiry that investigates a contemporary phenomenon within its real context, while Rule and John (2011) suggest it can be conducted and used for various purposes. Firstly, it can generate an understanding of and insight into a particular instance by providing a thick, rich description of the case and illuminating its relation to its broader context. Secondly, it can be used to explore a general problem or issue within a limited focused setting. Thirdly, a case study might also shed light on another, similar case, thus providing a level of generalisation or transferability. In concurrence with Rule and John (2011), Cohen et al. (2011) state that case study results are more easily understood by a wide audience as frequently written in everyday non-professional language. They are immediately intelligible and speak for themselves. Yin (2009) argues that case study results may not be generalisable, except when other readers or researchers see their application. They are not easily open to cross-checking, hence they may be selective, biased, personal and subjective.

Case study design is aimed at gaining greater insight and understanding of dynamics of specific situation. In this study, a case of five novice principals was chosen to investigate and explore the approaches they used when managing school finances in rural Bhekuzulu schools, in KZN. These principals have recently been appointed between 2012 and 2014, not having received any training or support from their employer with regard to school financial management, whilst they are expected to manage school funds effective and efficiently. The five principals are the case because they are all new in their principals positions. They have less than three years of experience by 2015 and in 2016 all five



principals will have more experience and will no longer be regarded as novice. The school financial management is therefore the phenomenon for the study.

The case study approach provides a strong description of how school finances are managed in rural schools, which are Section 21 and no-fee paying schools. The case study is most suitable and appropriate to examine and obtain detailed information on school financial management. It will help this research to harness the approaches and experiences of novice principals while they are engaged in school financial management activities in rural schools.

### **3.4 SAMPLING AND SAMPLING METHOD**

According to Cohen et al. (2011), for a qualitative research study to produce the desired results the sampling population must be relatively small. Non-probability sampling was employed to select participants for this study. In a non-probability sample the chances of members of the wider population being selected are known. Cohen et al. (2011) describe this as a situation in which the researcher picks individuals who possess particular qualities for which s/he is looking, based on personal judgement. This study employed both purposive and convenient sampling approaches. The former includes selecting information-rich cases for in-depth study and is used by qualitative researchers to understand something about the cases without needing to generalise to all such cases (McMillan & Schumacher, 2010). In concurrence with the above authors, Maree (2011) claims that it looks towards the people who fit the criteria of having knowledge of the topic. Meanwhile, the latter, convenient sampling, refers to a situation in which population elements are selected based on their being easily and conveniently available to the researcher.

Data was generated from five selected novice principals in their working environment, namely rural schools. They were selected because they were managing school finances and expected to be knowledgeable and informative about the approaches they used. Only novice principals were needed as they were information-rich in terms of what it means to manage school finances in a rural context. On the other hand, they had not been trained or capacitated in the aspect of school financial management. This way I built up a sample satisfactory to my specific needs, though some principals were excluded. The schools in which these principals were stationed were situated within the vicinity of Vryhied-Abaqulusi Municipality and under Bhhekuzulu Circuit Management area. It was quick and relatively

inexpensive for me to reach them since they were easily accessible. I also understand that this number of participants did not represent the entire novice principals of Bhekuzulu Circuit Management. The results may not be generalised but the focus is on the in-depth information and data provided by the respondents.

### **3.5 DATA GENERATION METHODS**

The study adopted two data generation methods, namely document analysis and semi-structured interviews. McMillan and Schumacher (2010) define data collection as a process that involves both interactive and non-interactive strategies, with both participant observation and interviewing data collection tools having elements of interactive approaches whereas document analysis is used when a qualitative researcher is immersed only in obtaining clues and noted them down.

#### **3.5.1 Semi-structured individual interviews**

Cohen et al. (2011) write that semi-structured individual interviews involve a two-person conversation initiated by the researcher for a specific purpose of obtaining relevant information. Semi-structured interviews use open-ended questions to obtain data on participants' meaning of how individuals perceive their world and how they explain or make sense of the important events in their lives (MacMillan & Schumacher, 2010). They are informed by the interview schedule which is set of questions asked in predetermined order throughout the investigation. The interview schedule can be flexible, adaptable and used with many types of persons, such as those who are illiterate and too young to read and write.

During these interviewing process, I followed the suggestions of Nieuwenhuis (2007) by ensuring that I made it clear to the participants the aims of the interview, the type of information to gather from them and verify the voluntary nature of the interview. The interview included the variety of question, ranging from experience and behaviour questions to opinion and value, feeling, knowledge and sensory or value-based questions. Throughout the interviews I was able to generate in-depth data through probes for further detailed responses. I was sensitive and did not try to force participants to answer questions that they

did not want to answer, later checking if my understanding of what had been said was accurate through paraphrasing. This suggests that there were questions which were based on the school financial management process, namely, planning, organising, leading and controlling. This helped determine the approaches employed by novice principals when managing school finances by obtaining positive responses from the participants regarding these element of school financial management.

The plan was that each interview would take an hour and the entire interview process with all participants would take two weeks. The interview process went on as planned, although interviews with other participants took more than an hour and others took less than an hour. Maree (2011) claims that the interview can progress well only if the interviewer has planned in advance the logistics of the interview process. Maree (2011) argues that a participant needs to feel comfortable with whatever mode of recording is being used and that recording an interview must be conducted in a meticulous manner. So, in this study, to ensure comfortability of the participants it was planned to negotiate the intentions to tape-record the voices of the participants for easy transcription and analysis. The view is that writing down responses during the interview may be time-consuming and distract the interview proceedings.

### **3.5.2 Document reviews**

A document may be defined as a record of an event or process and such record may be produced by individual or groups, taking many different forms (Cohen et al., 2011). I opt to review the following documents: minutes of SGB meetings in which financial matters form part of the meeting agenda, minutes of school finance committee meetings, school budget, school finance policy and procurement policy. Document reviews as non-interactive data generation were used to compliment the semi-structured individual interviews. Although it was difficult to obtain these documents from schools, since they carry sensitive and confidential financial information, the researcher and selected principals working together in the vicinity and so having an established relationship which might convince the participants to trust the researcher. It was further explained to them that the data obtained in these documents would be treated with confidentiality and used for research only. This assisted in ascertaining from discussions in these documents and policies whether there

could be any approaches that principals used when managing school finances. These documents helped confirm some responses from the interviews with the participants and some data obtained from documents and in exploring why principals manage finances the way they do. It allowed me to examine factors promoting or hindering the successful management of school finances in a rural context.

### **3.6 DATA ANALYSIS**

Data was analysed using qualitative data analysis, that is, a systemic way of selecting, categorising, comparing, synthesising and interpreting data to provide explanation of a single topic of interest (McMillan & Schumacher, 2010). According to Maree (2011), it is based on an interpretive philosophy that aims at examining meaningful and symbolic content of qualitative data. In order for this study to achieve this it employed content analysis strategies and techniques. Verbal and written material was analysed using a set of reduced volumes of verbal and printed material into more meaningful data from which I was able to identify patterns and gain insight. This allowed me to convert or transcribe data collected into final patterns to serve the purpose of the study. Data collected was reduced into themes that addressed major research questions. Document analysis informed subsequent data collection from interviews.

### **3.7 TRUSTWORTHINESS**

In qualitative research, validity and reliability are usually addressed through trustworthiness (Cohen et al., 2011). According to Lincoln and Guba (1994) they include credibility transferability, dependability and confirmability as key criteria of trustworthiness in qualitative research. Shenton (2004) argues that these criteria are parallel to the conventional criteria of enquiry of internal and external validity, reliability and neutrality respectively.

Credibility is an attempt by the researcher to demonstrate that a true picture of the phenomenon under scrutiny is being presented (Shenton, 2004). For Anney (2014), credibility establishes whether or not the research findings are plausible information drawn from participants' original data and are accurate views. To ensure the credibility of this study

I followed Morrow's (2005) suggestions through prolonged engagement with participants, persistent observation in the field, the use of peer researchers, negative case analysis, researcher reflexivity, and participant checks or validation. The researcher was in the same profession as participants and working with them in the vicinity, therefore the working relationship and trust had been established. The researcher also had great understanding of participants' culture and context since they were working together in rural schools. I continuously received guidance and support from my academic supervisor, who helped me to improve the quality of the inquiry and findings. On completion of the interviews I submitted the transcript to the participants to evaluate and correct or suggest changes if they were unhappy with it or because they had been misreported.

Transferability is a provision of sufficient detail of the context of the fieldwork for a reader to be able to decide whether the prevailing environment is similar to another situation with which he/she is familiar and whether the findings can be justifiably be applied to the other setting (Shenton, 2004). In concurrence with Shenton (2004), Morrow (2005) defines transferability as the extent to which the reader is able to generalise the findings of a study to his or her own context and addresses the core issue of how far the researcher may claim a general application of their theory. Morrow (2005) advises that for the researcher to achieve this he or she needs to provide sufficient information about him/herself and the research context, processes, participants, and relationship with participants to enable the reader to decide how the findings might be transferred. In this way, case studies do not aim to be transferred to other context but I have provided a thick description of the context and my experience in order to ensure that people in a similar context can check if my findings are relevant to theirs.

Dependability involves participants evaluating the findings and the interpretation and recommendations of the study to make sure that they are all supported by the data received from informants of the study (Cohen et al., 2011). For Gasson (2004), dependability deals with the core issue that the way in which the study is conducted should be consistent across time, researchers and analyses techniques. Thus, the process through which findings are derived should be explicit and repeatable as far as possible. Shenton (2004) concurs with Gasson (2004) and describes dependability as striving by the researcher to enable future researchers to repeat the study. Dependability is established using an audit trail, a code-recode strategy, stepwise replication, triangulation and peer examination (Ary, Razavieh &

Sorensen, 2010). This study adopts Anney's (2014) suggestion to accomplish dependability, whereby the researcher is willing to account for all the research decisions and activities and to show how data was collected, recorded and analysed. The researcher would discuss his research process and findings with neutral colleagues who were conducting qualitative research and had experience of qualitative research.

Confirmability refers to the degree to which the results of an enquiry could be confirmed or corroborated by other researchers and involves steps taken by the researcher to demonstrate that findings emerge from data are not subject to his/her own predisposition (Shenton, 2004). Confirmability of qualitative enquiry is also achieved through an audit trail, reflexive journal and triangulation (Lincoln & Guba, 1994). An audit trail offers visible evidence from process and product that the researcher did not simply find what he or she set out to find (Anney, 2014). In this study, confirmability was ensured through triangulation of data generation methods (semi-structured interview and document analysis). To capture what participants said I recorded interviews using a tape-recorder.

To further enhance trustworthiness, McMillan and Schumacher (2010) contend that qualitative researchers adopt a combination of strategies, so two of the multi-validity strategies in this study were mechanically recorded data and member-checking approaches. According to McMillan and Schumacher (2010), the former is characterised by the use of tape recorders, photographs and videotapes, while the latter involves rephrasing and probing to obtain complete and subtle meanings. Therefore, in the case of this study, I opted to use both validity strategies, as pointed out in this section, to obtain accurate descriptive data and a complete record, to re-adjust ambiguous questions if necessary, and to obtain a fine picture of novice principal approaches to managing school finances. There was continuous engagement and communication with the participants throughout the research process to avoid misunderstanding and misinterpretation of data collected from the participants.

### **3.8 ETHICAL CONSIDERATION**

The researcher must first obtain permission to access the research field by applying for ethical clearance to conduct a study from his/her institution of learning, as informed by what Nieuwenhuis (2007) who lists both official and social procedures. Official permission to visit the field of study involved the consent of departmental authorities to conduct inquiry

in the school as an organisation. I applied for ethical clearance to conduct this study from the University Ethics Committee and this was granted. I also applied for permission to conduct the research from KZN Provincial Department of Education authorities and principals of schools on the sites of my prospective participants. This was also granted by the Department of Education and principals. A letter granting me permission to conduct the study from the Department of Education was submitted to the circuit office and the district office as it instructed me to do so.

To be ethical is to be aware that participants have their privacy and sensitivity which are to be protected if information about their personal interest sets off from them (McMillan & Schumacher, 2010). The ethical issues of anonymity, confidentiality and freedom of participation were addressed and guaranteed in the consent letter that was signed by all participants. To address their right to privacy, interviews were characterised by coding the names of participants and disguising the names of schools through pseudonyms (Cohen et al., 2011). Coding the names of participants entails giving each one and their schools the pseudonyms. To cater for anonymity, no questions were asked that might influence the participants to reveal any names of the participants or their schools. In the case of voluntary participation, participants were guaranteed the point of free participation in the consent letter. Interviews were recorded with the participants' permission. Participants was assured that the contents of our conversation, minutes of meetings and any documents would be used solely for the study.

During the sites visit I received a warm welcome and full corporation from all the school principals who were participants. I also encountered some challenges, such as a long wait for principals for us to start the interview. The documents in other schools were not well arranged or organised as requested. The arrangement of minutes of meetings was not convincing and there was non-availability of other documents. During the interview process I noticed that some participants had little understanding of financial terms, such as 'bank reconciliation', the difference between budget and income and expenditure statement, so I had to explain and give the differences between these terms.

### **3.9 CHAPTER SUMMARY**

This chapter has provided description of the interpretive research paradigm, qualitative research design adopted to conduct the study and the case study as the approach employed. The combination of the non-probability sampling methods, which are convenience and purposive were used to select participants. Data collection instrument and process, data analysis, ethical clearance procedures, trustworthiness were also discussed. This also serves to justify that this is truly a qualitative research study. The next chapter presents the presentation and discussion of findings of the study.



## **CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.1 INTRODUCTION**

The previous chapter discussed the research design and methodology used to explore the approaches used by novice principals in managing school finances in rural contexts. In this chapter, data generated through semi-structured individual interviews and document analysis is presented and discussed. Data was generated to respond to the three objectives of this study, which were linked to the main aim of the study. The analysis of data was completed through qualitative data analysis, as discussed under Section 3.6. The purpose of this chapter is to present and discuss the data that attempts to give answers to the research questions. The chapter begins with the profiling of schools and the principals who participated in this study. Further from the profiles, the chapter presents the research findings under themes: novice principals' approaches towards financial management; challenges of novice principals when managing school finances; intersection of the context of rurality and school financial management; and it concludes with a summary of this chapter.

#### **4.2 PROFILING SCHOOLS AND PARTICIPANTS**

The school in which Man H was a principal served the population of 800 households, from Grade R to 7. The school was ranked in quintile 2, with ten classrooms, no library, school hall, laboratory or grade R infrastructure. It had 13 educators, 459 learners and received a fund allocation of R340,000 from the Provincial Department of Education. The participant was a professionally qualified educator and in possession of Senior Certificate, Senior Primary Teachers Diploma, Advanced Certificate in Education and Bachelor of Education (Honours Degree) in Education Leadership, Management, Law and Policy. He had one and half years experiences as principal.

The school in which Shakes was a principal served a population of about 2,000 households, stating from Grades 4 to 7. The school have 15 classrooms, with a mini converted school hall, library, science laboratory or computer laboratory. The school was ranked in quintile 3, has 19 educators, 615 learners and received the fund allocation of R420,000 from the Provincial Department of Education. The participant was a professionally qualified

educator in possession of Senior Certificate, National Diploma (N5) Electrical Engineering and Secondary Teachers Diploma (Technical). He had two years' experience as a principal.

The school in which Bird was a principal served a population of about 1,200 households, from Grade 8 to 12. The school had 13 educators and 325 learners, and was ranked in quintile 3. It had ten classrooms, no science laboratory, library or school hall and received a fund allocation of R390,000 from the Provincial Department of Education. The participant was a professionally qualified educator in possession of Senior Certificate, Bachelor of Arts and Higher Diploma in Education. He had eight months experience as a principal.

The school in which Phefeni was a principal served the population of 3,000 households, from Grade 8 to 12. It had 22 classrooms, a science laboratory and computer laboratory but no school hall. It employed 36 educators and 1,151 learners. It was ranked in quintile 3 and received a fund allocation of R1,000,200) from the Provincial Department of Education. The participant was a professionally qualified educator in possession of Senior Certificate, Bachelor of Arts, Higher Diploma in Education and Advanced Certificate in Education. He had two years' experience as a Principal.

The school in which Bhazuka was a principal served a population of 3,000 households, from Grade R to grade 7. It had 22 educators and 620 learners, with 14 classrooms but no library, school hall or science laboratory. It was ranked in quintile 2 and received school funding allocation of R520,000) from the Provincial Department of Education. The participant was a professionally qualified educator in possession of Senior Certificate, Senior Secondary Diploma and Bachelor of Arts. He had two and half years' experience as a principal.

#### **4.3 RESEARCH FINDINGS**

Principals are mandated by pieces of legislation and policies to manage their school finances. These include Section 195 and 197 of the Constitution of Republic of South Africa Act no. 108 of 1996 (RSA, 1996a), Section 16A of SASA (RSA, 1996b), Educator Employment Act No.76 of 1998 (RSA, 1998a) and in ERLC collective agreement No.1 of 2008 (ERLC, 2008). As indicated in the introduction, this study was guided by three research questions. The themes that were drawn from the research questions are used in this section to present and discuss the data with an aim to show the findings that emerged. There are three main

themes under which the findings of the study are presented: novice principals' approaches towards financial management; challenges of novice principals when managing school finances; and the intersection of context of rurality and school financial management.

#### **4.3.1 Novice principals' approaches towards financial management**

In the process of analysing data it emerged that novice principals in a rural context use a variety of financial management elements and approaches when managing schools' finances. These approaches include financial planning through budgeting, financial organising with various school structures and policies, financial control and the provision of financial leadership. Each of these elements are discussed in detail below.

##### ***4.3.1.1 Engaging in school financial planning process***

In the process of finding how the five novice principals managed their schools' finances it emerged from four that they began by making sure that they engaged in planning for the following year in the current academic year. Although the process was not completely similar in all five schools, it was guided by the indicative allocation from the DOE. The process involves a number of different stages, communicating the indicative allocation to the finance committee and other stakeholders of the school, setting up a budget planning meeting and planning for the date of the SGB meeting that would then decide when the parents' meeting were to be held and where the proposed budget would be presented and adopted.

The voices of principals directly indicated the process as mentioned above. For example, when Man H, the principal of Glamour Kids Primary School was asked how he managed his school finances as a novice principal, he responded:

*Mr Cebekhulu, the procedure with the Department of Education is that, before the end of each financial year the Department issues an indicative fund allocation of the next academic year to school. Once the school received this indicative fund allocation I hold meeting with the School Finance Committee to report and to plan for a School Governing Body (SGB) meeting to inform them about the allocation.*

*We then sit down with all stakeholders and determine the school needs for the next academic year, prioritise and draft the school budget guided by the indicative allocation as it dictates how to spend money on each item. Towards the end of the year we convene Annual General Meeting with parents and make the draft budget presentation for adoption. Come the following academic year I have to ensure that the budget is controlled and monitored so that every item we buy is within the school budget of that year (Man H)*

Within the same question, adding to the views of Man H, Shakes, the principal of Buccaneers Primary School also indicated that he engaged in the school financial planning process guided by the indicative allocation. As in the responses of Man H, Shakes further indicated that his process involved looking at the school's needs and was inclusive of all school stakeholders.

*As part of planning, we do strategic planning including drawing up of the school budget, guided by the indicative allocation from the Department of Education, the staff is involved through the drawing up of their phase budget which is taken to the SGB, then to the parents meeting for adoption (Shakes).*

Bird, the Principal of Swallows Secondary School, shared the sentiments of Man H and Shakes. Although he put it differently, it showed that the indicative PDE allocations guided his school financial planning process. Furthermore, in his voices it emerged that he ensured that the process looked at the school's resource requirements and was inclusive of other school stakeholders. When asked how he managed the school finances as a novice principal he responded:

*The involvement of all stakeholders is what I do to ensure that there are all aware of the indicative budget allocation from the PDE and contribute towards policy development and financial planning of the school. We meet to look at what resources we need going forward in order to achieve quality education and draft the budget according to those needs (Bird).*

Along the same lines as Man H, Bhazuka, the principal of Angels Primary School indicated during the interview that the indicative budget allocation was the baseline for the financial planning process. In his view it had also been established that the process was not a 'one-man-show' but should involve all school stakeholders, such as the finance committee, the

SGB, HoDs and educators. This is also in agreement with what Shakes and Bird stated was happening in their schools. The words of Bhazuka clearly provide evidence for the claims made above:

*We sit down together and look at the needs of the school. Looking at the physical infrastructure of the school this include buildings and the furniture. I also involve and engage the class teachers and HODs in term of the resources they will need in their classrooms and phases. After receiving these needs we go to the SGB meeting where we tabled these needs, then after the approval of the SGB, finance committee draft the school budget (Bhazuka).*

The section on the processes of school financial management (Section 2.5.1) in Chapter Two indicates clearly that financial planning is an aspect of school financial management (Ntseto, 2009). This suggests that what was happening in schools is in line with what the literature is proposing. As shown in Chapter two, planning can be regarded as one of the most important task of an education leader, and it forms the basis of all management tasks (Van der Westhuizen, 2007). For Botha (2013), the important tool used in school financial planning is the budget, so planning involves developing annual budgets and linking them to a long-term school strategic development plans that articulate school mission and vision. School financial planning includes the creation of necessary decision-making structures to enable the school to function smoothly, one of these structure being the finance committee. As shown in the voices of the participants all the principals had formulated finance committees in their schools.

Further, school financial planning must be considered within the socio-economic context of the school and within both the narrow and broad community, legislation, policies and the situational context (Heystek, 2013). Novice principals are advised that planning includes setting objective that are specific and understandable by all, measurable, achievable, realistic and time-specific (Du Plessis, 2013). As suggested by Heystek (2013), it is important for all the role players and people involved in the school to participate in determining the school financial management strategies. The findings proved that the novice principals were clear that the involvement of all stakeholders was key to the financial planning process.

The participants stated that they were involving all stakeholders, especially the SGB, when managing school finances in a rural context. A disjuncture between the findings of this

current study and those of Mestry (2006). Mestry (2006) shows a lack of collaboration between principals and the members of the SGBs, as principals are not prepared to share the responsibility of school governance. However, the current study shows that all the novice principals willingly shared power in the process of school financial planning process. Because of this disjuncture, I had to confirm this collaboration through use of documents. The documents (minutes of the SGB, finance committee, SMT meetings and minutes staff meetings) indicated that the claims made by the principals were correct as all the minutes showed a different member was present, according to attendance registers in those meetings. The intention was not to dig deeper into what was discussed in these meetings, but it was to check participation and whether the matters discussed were school finance matters. This was confirmed.

It was also relevant for me to establish why these novice principals seemed to have facilitated collaboration, as reported in other studies. The literature shows that the SGB, parents, SMT, educators and learners must be involved in the decision-making process in schools. This may account for the reasons these principals involved stakeholders in their planning processes.

Emerging from the findings above, is that after all the reporting to the relevant stakeholders about indicative allocations is concluded, the principal together with the school finance committee and the entire SGB engage in the process of budgeting.

#### ***4.3.1.1.1 Budgeting as an aspect of school financial planning***

Budgeting as understood by the participants is a process of formulating a detailed plan of financial activities of the school and it provides information about the expected income and expenditure of the school during the forthcoming academic year. In the literature in Chapter two, budgeting has been argued to be the key aspect of financial planning (Kruger, 2003; Du Plessis 2013). The novice principals also understood that the key tool to financial planning was budgeting and this was judged from what they indicated formed part of their school financial planning process. Their voices indicate that budgeting remained the key component of the planning.

*We do budgeting looking the coming year, the school financial start in the first of January and end on the thirty first of December” (Man H).*

*We involved educators to do their class budgets and that are taken phase budgets and SMT will sit on the meeting and prioritise after receiving all the phase budgets. We then engage in the budgeting process with the SGB and SFINCOM on the items that are budget for further discussions to the parents meeting (Shakes).*

*We sit down with the SFINCOM and do the school budget, looking at what is it that we need because as the SGB we do have teacher component that are representing educators (Bird)*

*When we draft our budget we ensure that it covers the needs of that entire financial year (Phefeni).*

*After receiving these needs we go to the SGB meeting where we tabled these needs, then after the approval of the SGB, finance committee draft the school budget (Bhazuka).*

The literature reviewed in chapter two (section 2.5.1.2) suggests that the school budget is a management task of estimating, planning and reflecting the income and expenditure of the various activities in the school. It consists of cash, departmental, capital and project budgets (Kruger, 2003; Du Plessis, 2013). As novice principals explained in the previous paragraphs they did regard the budget as a planning tool, but it was important for this study to establish whether they did know and understand the components of budgeting. Man H and Bhazuka tried to explain and it:

*Our budget, as I said, contains the detailed financial plan of activities i.e. what needs to be paid for. It provide information about the expected income and expenditure for the school during next academic school year (Man H).*

*Firstly, we are guided by the number of learners that we are having in grades and in the phases. We then allocated the funds as per the needs of resources based on the number of learners in the phase. The phase with the highest number of learners receive more fund allocation in our school budget (Bhazuka).*

The above explanations indicated that the two novice principals did have a little knowledge and understanding of what the school budget components were, and how the school budget should be drawn up. This confirms Du Plessis (2013) definition of a budget as an ordered, detailed framework of the anticipated or estimated income and costs of all the organisational units, grouped together in one master budget.

During the school budgeting process by the novice principals and the SFINCOM, they may use any of budget methods as described in details in (Section 2.5.1.2.1) of chapter two. These budgeting methods are incremental, zero-based, programme, line item and rolling budgeting. When asking novice principals about the budgeting method that they used when preparing their school budgets it appeared that four novice principals were dependent on the indicative school budget provided to the schools by the DoE. Phefeni the principal of Love and Peace High School seemed not to know anything about the approaches or methods of budgeting. This is how the four novice principals responded:

*When drawing our school budget we use and we are guided by the indicative budget that we receive from the PDE and all stakeholders are involved in the school budgeting process (Shakes).*

*We use the indicative budget that is provided by the PDE, as everything is there your just allocate fund next to items that are relevant to the school and leave those items that are applicable to us (Bird).*

*As alluded in before, we do engaged in the budgeting process guided by the breakdown from the allocation school certificate and indicative budget (Man H).*

*We use the indicative budget that we received with the school allocation from the PDE (Bhazuka).*

When Phefeni responded to this question he looked confused and not knowing what to say, but after posing for a couple seconds. He eventually responded:

*Although, I am learning new thing as we are engaged in this discussion, to tell you the truth Mr Cebekhulu, this new to me that there approaches or methods of budgeting. We use to add a certain percentage from our previous budget and use the number of learners that are enrolled in each department (Phefeni).*



What Phefeni said here matches the description of the incremental budgeting method as it is described by Ntseto (2009), namely as a process that begins with the previous year's budget and adds or subtracts the certain percentage to or from the budgeted items for the forthcoming financial year. This is what Phefeni was doing, but surprisingly he was not aware it was incremental budgeting.

Although the four participants indicated that they were dependent on indicative budget from the DoE, it appeared during the documents review that this was only an approximation of percentages of how school funds should be spent by the schools, depending on their allocations. In my view the indicative budget provided by the DoE is only an example of how the school should draw their budget and it is not prescriptive as assumed by the novice principals.

The continuous involvement of all relevant stakeholders during the planning of school finances is important, therefore it is vital for the novice principal to involve the stakeholders during budgeting. The school budget is regarded as the driving force towards achieving the mission, vision and objective of the school, and stakeholders must play different roles during the process. The findings indicated that they did participate and were allocated different tasks to perform. Bhazuka responded:

*All educators in different phases meet with their HODs and present the lists of all their grades and classroom needs. Then after the phase meetings, we meet as the SMT and look and analyse the needs of all phases, then prioritise them. We then draft them according to the order importance, priorities and present the draft list to the SGB meeting and if the SGB endorse the list we then draft the school budget. The SGB on the other side they also present their wish list of the things that they feel they need to do on the physical infrastructure of the school including renovations and repairs (Bhazuka).*

Man H gave an explanation that was slightly different, as he was not specific in identifying the tasks of the SGB, HoD and educators, rather specifying what the SFICOM and parents were doing during the process of budgeting:

*The most important aspect there is an involvement of other stakeholders, for instance the school financial committee is responsible for the drafting the school budget as it is mandated by the SGB, when they draft the budget they consult with the*

*stakeholders, such as the SGB, SMT and educators. Therefore, that budget is then taken to parents at the AGM for approval and adoption and they are given thirty days' notice for the meeting and fourteen days to come and view the budget before the AGM (Man H).*

The data provided by Bhazuka and Man H revealed how the stakeholders were involved in the budgeting process. Ntseto (2009) and Mestry (2014) recommend that good management of school finances means that principals should involve parents, community members, educators and learners when making financial decisions at schools.

It emerged from the above findings that all participants did engage in the school budgeting process, but more parents, possible donors and sponsors, as well as teachers and learners must be involved in it (Heystek, 2013). Individuals and groups in the schools, teachers or departments may have their own departmental budgets and they need to be communicated and well-managed in a democratic manner and process.

Budgeting may be described as a management task or process reflecting the revenues and expenditure of various programmes in the school. It is related to the financial planning of the school programmes (Du Plessis, 2013), thus becoming a means for planning and tracking revenues and expenditures so that resources can be used most effectively to meet the institutional goals and comply with a contract that limits the use of income (Botha, 2013). The school finance committee may use several approaches and methods when drawing up the budget, whether incremental budgeting, zero-based budgeting, programme budgeting, line item budgeting and rolling budgeting. In our interviews with participants and the school budgets that I reviewed, none of the approaches mentioned a method that participants used when budgeting, and it only emerged that they all depended on the indicative budget from the Department of Education that came with school fund allocation.

#### ***4.3.1.2 Facilitating school financial organisation***

The novice principals established the financial management structures and policies as a way to facilitate school financial organisation. The structures included the school finance, fundraising, and school procurement committees. In addition, to ensure a smooth and proper financial organisation, the principals ensured that there was a school finance policy

formulation. When responding on how the novice principals organised their school finances, they stated that they had established committees which were sub-committees of the SGB and used policies to guide their actions. Below are the responses of the principals:

*The school has the finance committee that is guided by the school financial policy on how the school finances should be used. This committee is mandated by the executive committee of the SGB to assist us in managing the school finances. The committee also include that financial advisor that the SGB co-opted” (Shakes).*

*The school has established the new finance committee with four members, we set down a do financial planning together, including looking at the needs of the school in this current academic year, we prioritise them and we drafted a school budget (Bhazuka).*

*The FINCOM as the sub-committee of the SGB has the functions that are delegated to this committee and to me as an Accounting Officer, for instance the procurement of goods and services (Man H).*

*As difficult as it may be we manage to set up a new SFINCOM all together, we sit down and do planning with them although we inherited some financial problems from the previous SGB and SFINCOM (Bird).*

*The SFINCOM look at what we are planning to do with the school finances and further plan how we shall achieve our aims and objectives (Phefeni)*

To prove these responses from the participants, I asked them to provide evidence of whether their school finance committees did exist. They provided me with minutes of SFINCOM meetings which were appended with different signatures. These contained discussion around their school finances. I moved on and asked for the names of the members of their SFINCOM. Four participants said the members were the SGB Chairperson, SGB Treasurer and school Finance Officer. One participant (Shakes) mentioned that beside these four members as stated by other participants, his school had co-opted additional members:

*Members of the SFINCOM include myself as the principal, the chairperson and the treasure of the SGB, the finance officer and the co-opted member of the SGB who is the financial advisor by profession. The finance committee is responsible for the*

*procurement of goods and services, the drafting the school budget and formulating of the school finance policy. The SFINCOM has the responsibility to report and get approval from the SGB of any function they performed before they can implement such activity (Shakes).*

The SFINCOM is the legitimate structure and sub-committee of the SGB, and operates in terms of the South African School Act No.84 of 1996. The SGB therefore may delegate some of its financial function to SFINCOM, including preparing and presenting financial reports to the SGB, co-ordinating and preparing the annual budget (RSA, 1996b). I then asked novice principals what they saw as the role of their SFINCOM in assisting them in managing their school finance. The findings revealed that their SFINCOM assisted them in various aspects but the common response was that it was more involved in school budgeting. This is how Phefeni, Bird and Man H responded:

*The SFINCOM look at what we are planning to do with the school finances and further plan how we shall achieve our aims and objectives. The committee then draw-up the school budget. The SFINCOM is steering that drive us in all planning activities and they ensure that we rich our planned goals” (Phefeni).*

*We sit down with the SFINCOM, we look at what is it that we need because as the SGB we do have teacher component that are representing educators. We do this looking at the allocation of the school from PDE. After these needs we prioritise which thing are of almost importance when comparing these needs and how much are allocating for those prioritise needs. The SFINCOM draft the school budget (Bird).*

*...It very important for to ensure that the budget is monitored, we look at the allocation for the specific need, when we need to buy certain commodities the SFINCOM check whether that item is budgeted for and then they invite quotations from service provides for procurement of that particular items. The SFINCOM that present the document to SGB who then approves the purchasing of the item from the suitable service provider (Man H)*

The above extracts are an indication that novice principals did facilitate the school financial organisation by formulating school financial structures. Botha (2013) asserts that financial organisation in the school is regarded as one important element for successful, efficient and

effective school financial management. Mestry (2006) further suggests that schools must establish the finance committee and sub-financial committee as many school do not have these structures in place. The participants affirmed that they had established school finance committees and described their responsibilities, and described the formulation of school finance policy as one vital task.

The school finance policy, as suggested by literature, serves as a guide that promotes good and sound school financial management and provides clarity in terms of how the school finances should be utilised. It further suggests that every school should develop its own policy that will suit the environment of the school (Mokoena, 2013; KZN DoE, 2013). This study established that schools do have a finance policy. It also emerged that the novice principals narrated various stories when asked about their school financial policies. Although Bird, Phefeni and Bhazuka had school finance policy, the way in which they shared their stories was different from those of Man H and Shakes, who were the only ones who seemed confident when they said they had policies and they were in full implementation. This is how they shared they stories about their school finance policies:

*Unfortunately there was no policies in place when I come in and I had to go around looking for policies, fortunately there was a document that is provided/prescribed by the KZN-Doe as to how the school finance policy should be, and I had to engaged the SGB to discuss the document and we were able to come the finance policy for the school. It now assist us to manage the school finances the way they are supposed to be managed. The finance policy that we have, it states very much clear that we need to conduct an analyses of school needs. What it is that we require in order for us to implement and achieve the mission and vision of the school in the provision of quality education (Man H).*

A similar view was given by Shakes, who emphasised what was presented by Man H but in a different way:

*The school do have the financial policy, to us the school financial policy is like a bible, it guides, leads and it tell us if we are still within the policy, it is one of the school official document that we need to follow at all material times. What is also important about our policy is that every stakeholders were involved in the drawing up of this policy, there it is binding to all of us (Shakes).*

The above reports by Man H and Shakes were supported by the documents that I reviewed during my school visits, such as their schools' finance policies and minutes of SGB and SFINCOM meetings. I noted that they did have the finance policy in place and minutes showed that during their meetings they referred to the policies when they had a deadlock in some financial matters. While Man H and Shakes did have the school finance policy in place, I found that Bird, Phefeni and Bhazuka were not sure about what they had at their disposals as their school financial policies. They shared their stories on school finance policies:

*The school do have the financial policy, but the issue here is the implementation of the policy itself which is a challenge and we are not following it. This policy is the inherent from the previous SGB and former principal, it need a serious reviewing”* (Bird).

*The school do have the financial policy but it is not properly implemented, because there is a lack of guidance and support from relevant stakeholders and maybe is because we borrowed the policy from other school with experience principal, due to the lack of policy development skills on my side as I'm novice principal* (Phefeni).

*The school does not have a financial policy although we do discuss issues of policies in meetings. Mr Cebekhulu, what is left for us to do, is to sit down with all relevant stakeholders and draft the school financial policy and submit it to the SGB for approval. I can promise you this will happen before the end of this year* (Bhazuka).

The above extracts paint a negative picture about the way in which these participants regard the importance of school finance policy. It emerged from these finding that these participants know that they must have the school finance policy in place. In my view the challenge here is the seriousness on the part of the participants in ensuring that they take a lead in the formulation of their school finance policies.

I then probed further to obtain more information on how these novice principals managed their school finance without the proper school finance policy. This is how Phefeni and Bhazuka tried to justify their deeds:

*We have something tentative that we agreed upon with all stakeholders, what is left with us to do is to put it on paper as a school finance policy. I need an assistances,*

*support and development on how to draft, draw up and implement the school finance policy (Phefeni).*

*We don't have it on paper but there are things that we agreed upon on SGB meetings, what is left for us to do is to put these things together in a form of a policy. Although they are not the policy but they are binding to all of us, because every time when we encounter a challenge, we referred to them for a solution as part of our collective agreement (Bhazuka).*

Our engagements with all the participants did indicate that they had not received assistance, capacity building, development or training in school financial managements, as Phefeni indicated that he needed such in policy development, formulation and implementation:

*To be able to manage the school finance correctly almost in all aspects, I need to be capacitated, developed and trained myself, since I became a principal in this school I never received any financial management training (Bhazuka).*

In concurrence with this, Xaba and Ngubane (2010) add that the schools seem to have policies directing how financial organisation processes were executed but the implementation of such policies was doubtful. As the non-implementation and the borrowing of school finance policy by novice principals draws more attention to the role played by the Department of Education in capacitating novice principals on school financial management skills. These findings raised questions about the seriousness of DOBEs' skills development programmes on school financial management as the Government of South Africa invests a large percentage of its budget on education in every financial year.

School financial organisation is a management function that involves establishing systems, processes, procedures and functional organisation structures such as budget committees, asset management committee and finance committee (Botha, 2013). According to Mokoena (2013), for the school to be able to promote good financial administration and management practices, to help in coordinating function activities and to provide clarity on procedure, the school should develop a finance policy. Although the interviews with participants did indicate that schools had these committees, documents reviewed during school visits revealed little on the duties and responsibilities of these structures.

#### ***4.3.1.3 Ensuring effective school financial control***

The theoretical framework suggests that when managing the school finances it is important to ensure effective and clear control measures. These include monitoring and evaluating the school financial activities and initiating corrective measure if necessary. During the interviews participants indicated with confidence that they kept financial records of all their school financial activities in order to monitor the way in which the school finances were applied:

*There are also three people that are responsible for the signing of school cheques, the principal, chairperson and treasurer of the SGB. We also appointed our administrative clerk to be our Finance Officer, he is responsible for the recording of financial transactions to relevant school accounting books such cash payments and receipt and organising the school finance file, keeping of monthly bank statements and prepare all financial documents for auditing. The budget also has to be monitored by the FINCOM particularly the Treasurer of the SGB as the chairperson of the committee. We has also have the finance policy that say all financial activities must be reported internal on monthly basis (Man H).*

I then probed to find out from Man H how the critical position of the school Finance Officer was filled at his school. The principal responded by saying:

*The FO was appointed by the SGB, since we have elected treasurer of the SGB. The FO was appointed because he has did accounting as subject in his Matriculation, therefore we had a feeling that he will be able to do a daily accounting activities for the school, since also he an administrative clerk this form part of his job description (Man H).*

Similar sentiments were shared by other participants when they were asked how they ensured proper control of their school finances:

*The school has a receipts and payments books, where records of money/cash received and paid is recorded and the cheque register where we record all cheques issued. The school have the bank account and we also do a monthly reconciliations with the bank (Shakes).*



*We records all the financial transactions, we also have the finance file, where we kept all financial recordings (Bird).*

*We do financial recording in subsidiary books of income and expenditure accounts (Phefeni).*

*The school recording books where we record all receipts and payment made to or by the school. We also have cheque issued register where we record all cheques issued and the recipient of a cheque signs to acknowledge that a cheque is received (Bhazuka).*

These responses by the novice principals indicated that they had control measures in the form of the correct application of the accounting practices that they employed to control their school finances. While participants showed confusion and misunderstanding over control measures they used to control school finances and financial recording, document analysis indicated that they were trying their best to practice efficient accounting procedures. The records of receipts and payments, school finance files and copies of audited financial statements were reviewed during the school visits. During the review of these documents, I noted that participants did keep records of the daily activities of their school finances in the correct subsidiary books.

These findings are in line with the findings of Motsamai et al. (2011), that principals are willing to adhere to sound financial management and accounting principles and practices when managing their school finance. As part of financial control measures, Section 21 of the South African Schools Act No. 84 of 1996, mandates schools to have safety rooms in which petty cash and important financial documents are kept (RSA, 1996b). The findings also revealed that all schools kept their financial records in a securely locked school safe, although one participant raised concern with regard to the number of years expected for him to keep school records:

*Our school has a strong room and security safe where we keep all financial records and documents (Shakes).*

*As far as I understand but I am not sure because no one who told me this, the school financial records has to be kept for at least five years (Phefeni).*

*“The school have the build-in strong room, we keep all financial records for a certain number of years (Bhazuka).*

While the literature emphasises the importance of financial control within the framework of controlling (Kruger, 2003; Bischoff, 1997), novice principals did ensure that necessary control measures are taken as part the approach they use when managing their school finances. Principals do keep school financial records and from my findings principals did submit audited financial statement to the provincial DoE as prescribed in the South African School Act on an annual basis. Parents were invited to the meeting to engage on school financial matters and to acknowledge the annual reports.

#### ***4.3.1.4 Providing the school financial leadership***

Drawing on the formal model of management and managerial leadership model, principals possess authority legitimised by their formal position with the school are responsible for the provision of leadership in the management of school finances (Bush, 2009; Motsamai et al., 2011). According to Botha (2013), Bischoff and Mestry (1997), leadership in school financial management covers four main activities of setting direction, developing people, establishing a positive relationship with the change context and creation a culture of accountability. The findings indicated that the novice principals had harmonious relationship with the stakeholders. Questioned on how they built the relationship with the stakeholders, they responded:

*The relationship with the stakeholders is a stable one, although parents has develop a tendency of leaving everything to the school as the school is a no-fee paying school. They believe that the school has to do everything for them, the educators do understand and know that we have to do everything within the prescript of Department of Education policies when dealing with school finances (Shakes).*

Bird and Bhazuka expressed similar views on the relationship between them and the stakeholders, although they emphasised the relationship with their SGBs:

*With the SGB, it has been a sort of roller coaster ride, since I became a principal, but it is improving with the new SGB and with parents. I can say we have a very*

*good relationship so far. We held a number of meeting with them and are contributing positively towards improving the school ethos and they are very supportive (Bird).*

*Mr Cebekhulu, at the moment I can say we are having a health relationship with stakeholders because I am trying at all times to transparent when it comes to school financial matters. I can also mention that the involvement of stakeholders in financial matters assisted me in maintaining this relationship that we have with them (Bhazuka).*

I asked a question to establish how the participants set up the direction and developed others on managing the school finances. The findings indicated that novice principals subscribed to the Batho Pele principles and shared all financial information with the stakeholders. They also mentioned that they had developed and gave financial capacity to the stakeholders. Man H responded by saying:

*Mr Cebekhulu, here at school we work as a team and the issue of transparency when it come to school finances is very important and we try by means to practice Batho Pele principles at all times. Mr Cebekhulu, there are clear goals that have been set by the school in financial planning, in achieving these goals I took up the initiative to provide capacity to all members of the school body and members of the SFINCOM. I done this so that we are all in the same understanding of how the school finances should be used and managed in proper way. To make them aware the legislative prescripts including the PFMA that pertain the utilisation and the management of school finances (Man H).*

Bhazuka had the similar view on the issues of setting direction and developing the stakeholders on managing school finances:

*What I normal do is to update all the stakeholders about all financial activities that are taking place in the school. I even link our school bank account to the cell phones of the chairperson an treasurer so that every transaction that take place, they get the SMS informing them about that activity and for me is account about all those transactions. I also subscribed to the principle of valuing money, the school funds must be used properly and all financial resources must be taken care off. We are*

*also putting the needs of the learners on the fore front whenever we are using school finances (Bhazuka).*

The literature suggests that the level of education of parent governors in rural areas is low, which makes it difficult for principals to work effectively with them in managing school finances (Mestry, 2006; Du Plessis, 2013). In trying to find more about how novice principals capacitated them considering their levels of education I probed. Man H responded by stating that:

*I also provide a guidance and support to all stakeholders in terms of how things should be done, and assist them in interpreting some documents in language that they understand better which is IsiZulu, since most DoE documents come in English Language (Man H).*

The findings also indicated that novice principals were practicing Batho Pele principles as transformation agenda in the public service sector. They consulted relevant stakeholders, improved service standards, gave information and openness, valued money and provided leadership and strategic direction when managing school finances.

Communication is regarded as the most important element of leadership when managing school finances as it builds up trust and honesty amongst all involved in school financial management (Botha, 2013). When responding on the means of communication that the novice principals used when communicating the finance matters with stakeholders, it emerged that participants used meetings with stakeholders as their common communication tool:

*The SGB is always involved, when we deliver a financial reports to parents meeting the chairperson of the school finance committee is the one who lead us (Man H).*

*We communicate with all stakeholders through meetings, we discuss and debate school financial matters and take decisions in meetings (Shakes).*

*Honestly speaking, we communicate our financial matters with the entire stakeholders only through meetings. We hold meetings with educators, SMT, SGB and parents AGM where finance matters are tabled and discussed (Bird).*

*The school financial matters are communicated with stakeholders through meeting and with the DOE we submit audited financial statements on annually basis (Phefeni).*

*We communicate the financial matters through meetings, where the Treasurer of the SGB present all financial matters and the attendance of parents in these meeting is very good (Bhazuka).*

The data suggested that all the novice principals in schools in a rural context shared sentiments and regarded communication as a key element of managing school finances successfully. Our engagements with the participants clearly indicated that they did communicate school financial matters with all stakeholders.

Botha (2013) suggests that principals should cultivate healthy relations on financial matters with the internal and external stakeholders and nurture them to ensure their continual support for their school. Motsamai et al. (2011) argue that principals can achieve this through effective communication which can also assist in providing motivation to the stakeholders. The school financial matters must be clearly communicated to everyone involved, in a language that all understand, including parents with limited literacy skills and learners in junior grades of the school (Heystek, 2013). According to Mestry and Bisschoff (1997), good communication will ensure all those who are involved in school finances would be informed about various expenditure and know to whom the results of expenditure should be reported. Stakeholders should feel that they have a role to play in all financial activities, as this will motivate them to work hard and consequently achieve effective and efficient financial administration.

There are various leadership styles that the novice principals might adopt when managing school finance, including the laissez-faire, autocratic, democratic and situational leadership styles. In trying to establish the leadership styles that the novice principals used when managing their school finances I asked them a question in this regarded. Man H and Bird responded:

*I can regard myself as a democratic, transformation and participative leader, as I had explained previously that I involved every stakeholders, I allow committees to make their own decision and I have transform and capacitated almost all members that are involved in various school financial management structures (Man H).*

*I can say is the combination of the most of them because sometimes the situations demand you to be democratic, autocratic, transformational leader. I can simple say I applied the leadership style that is relevant in that current situation. Let say we are planning the school finances, the style I applied is democratic and participative because of the involvement of the all the stakeholders, but the execution part of the plan will need a different style from that I used during planning. Shortly Mr Cebekhulu, I am a person who believe in democratic processes and appreciate participation and transforming other people (Bird).*

When looking at the data presented above, participants adopted a mixture of leadership approaches when managing school finances. The literature suggests collective leadership or distributed leadership as more appropriate for stakeholders' involvement (Botha, 2013). For instance, Botha (2013) proposes distributed leadership as it equates with different leadership practices through interaction rather than individual practice.

Evidently, the findings under leadership as an element of school financial management are in contradiction with the literature in Mestry (2006), and Xaba and Ngubane (2010) of Chapter 2 of this study, in which they state that parents were not participating in the management of school finances. While these findings are in concurrence with Khuzwayo's (2009) findings, parent governors in rural schools he studied are deeply involved in financial management decisions and participating in school committees that are dealing with finance. All is not bad in schools in a rural context, but principals need to strengthen their strategies and improve the means of communication o engage the relevant school stakeholders in school financial management.

The above findings provide evidence that participants who are principals in schools in a rural context do engage in the formal processes of planning, budgeting, organising, controlling and leading when managing school finance in their context. It also emerged that novice principals did gain some new experience and encountered challenges when employing these approaches as strategies for effective and efficient school financial management.

#### **4.3.2 The intersection between rurality and management of school finances**

The context of rurality emerged to be posing a threat towards the process of financial management in schools. A number of issues were identified by most novice principals as their challenges in managing finances in schools within the rural context. Some of the challenges in managing their school finances might be the results of the context of rurality where their schools are situated. Although the findings indicated that they had different experience when it came to the challenges, it emerged that there were experiences that were common amongst the participants. These findings include controlling, evaluating and monitoring of the school budget, and ranking of schools into quintiles; the level of education and understanding of financial terms by the members of the SGBs; changing of signatories in the school bank account; and lack of support and training of both the SGB members and principals on school financial management by the DoE. The methods that the DoE employed when classifying schools in quintiles as the funding norms for schools were raised as a challenge by some participants. These findings are presented as sub-themes below.

#### ***4.3.2.1 Controlling, monitoring and evaluating the school budget***

Scholars (Bisschoff, 1997; Mestry, 2006; Botha, 2013; Du Plessis, 2013) emphasise the importance of school budgeting, and if properly implemented, controlled, monitored and evaluated it can assist the school in achieving its education goals. The findings of the study as indicated on the previous Section (4.3.1.1.1), show that all five novice principals did engage in budgeting process, but it also emerged that they encountered some challenges with it. These challenges include the “other” allocation, implementation of the school budget, controlling and monitoring of the school budget, which led to diversions. This is how the novice principals reported their different challenges of budgeting:

*As alluded in before, we do engaged in the budgeting process guided by the breakdown from the allocation school certificate. The DOE must come up clear with the “Other” allocation in the school allocation certificate. It confuses me a lot in what is it exactly the school must procure with” Other” allocation (Man H).*

The challenge raised by Man H above, is in concurrence with the findings of Mestry (2014), when he alludes that the allocation for different budget items are fixed and principals and SGBs face challenges on how these funds should be spent.

While Man H was noting his challenges with budgeting, Bird and Phefeni also had their own challenges. Bird stated that his challenge was with the actual implementation of the budget,

as they drew up theirs towards the end of the year. Shakes, on the other hand, stated that although they drew up the school budget their challenge was lack of full implementation and diversion from the original one:

*The budget process is supposed to be done as prescribed by the DOE policy, but in reality we have some challenges with budgeting. We do budget towards the end of the year for the following year, discussed how much do we need to run the school successfully, but the challenge here is its implementation which is not done accordingly (Bird).*

*The school do draw up the school budget on annual basis as I indicated that the school cannot move further successfully without proper budgeting. What I can truly indicate is that we sometimes divert from our original school budget because of improper budget planning and due to the unforeseen situations and expenditures (Phefeni).*

*Mr Cebekhulu, I will be lying if I say our budget is fully implemented, I will say it partial implemented on the basis that we are human beings that are not able determine the future. This tell us that we plan to do something but at the end of the day it does happen the way we were wishing it to happen due to some unforeseen eventualities (Shakes).*

The voices of Bird, Phefeni and Shakes are in concurrence with Xaba and Ngubane's (2010) findings that adhering to the budget and its implementation is not possible because budgets by their very nature are planning tools and not necessarily accounting tools. Diversions from the school budget are permitted unless it is approved by the DoE and can make it difficult for schools to deliver on their mandate of being accountable and to provide quality education to the learners (Xaba & Ngubane, 2010). These findings of not knowing how to use the "other" allocation, diversion from the school budget and failing to implement the budget by the participants have serious implications for their young careers as school managers and their financial accountability at schools. The principals are expected to provide leadership in schools as they are best positioned to articulate the financial principles on how resources can best be used to attain success. Training and development in school financial management skills and accountability process are imperative for novice principals to remedy this situation.



#### **4.3.2.2 The ranking of school into quintiles**

The school funding norm required provincial education departments to rank schools according to the resource targeting table. The physical conditions of the school, relative poverty of the community around it, the level of education of the parents served by the school and level of unemployment in the school community are factors that must be considered when ranking the school (RSA, 1996b; Gallie, 2013). It transpired from findings of this study that the ranking of schools was posing a serious challenge to them. The schools were situated in the same vicinity and were in a similar rural area, but were ranked in different quintiles. This posed challenges to novice principals as some schools still lacked resources but were in quintiles which were regarded as not highly disadvantaged:

*The context of rurality to me does not matter much, the main issue is the kind of support and development to various school structures. The classification of schools according to quintiles in rural school still need the attention of the DoE. There are still issues of inequality items of resources in rural schools, there are no school libraries, laboratories, school halls and grade R infrastructures in many rural schools including ours. I am of a view that there should be equitable means by the DoE to allocate resources to schools (Man H).*

*Mr Cebekhulu, in this one I am of a view that the DOE should go to school communities and conduct the awareness of what it means for the school to a no-fee paying school. The rural school community around here believe that if the school is a no-fee paying school, it means to them that they do even make a contribution to supplement the government funding. The high level of unemployment which make a school to work with a tight budget because most parent cannot make contributions. The rural schools funding allocation norm is a challenge, I think is time that DoE review it and implement other strategies as we are still under resourced in rural schools (Phefeni).*

*The context of rurality do have a big impact on how I manage school finance, the first impact is the level of poverty which is very high, at all times when we are budgeting we have to consider those needy learners that I spoke about earlier. The level of child headed-homes by some of our learners also have a great impact, we*

*have to organise them counsellors to give them counselling and paid them with using school funds but our school is ranked quintile three while the neighbouring school is in quintile one. (Shakes).*

These challenges of ranking of schools were also indications of the type of situations and conditions under which the participants were working in schools in a rural context. Myende and Chikoko (2014) define rurality as any place that is under the leadership and governance of traditional leadership. They argue that rural schools will then be any found in a place led and governed by the traditional leadership. Rural contexts are often confronted mostly by triple challenges of inequalities, poverty and unemployment and other challenges of diseases, low levels of education in the society, low level learner achievement, unfavourable policies and limited facilities (Chikoko and Khanare, 2012). Although the novice principals had different sentiments on these, the findings showed that the ranking of school in a rural context did have an impact on the way novice principals managed their school finances.

Mestry (2014) reaffirms these funding when he argues that no-fee schools are prohibited from raising money by forcing parents to make contribution to schools. The provincial departments prescribed how the allocated funds should be spent and this restricted schools when trying to improve facilities and maintain the infrastructure, resulting in quality and putting rural schools at a disadvantage in improving towards providing quality education. Marishane (2013) contends that no-fee school situation puts pressure on principals to clearly identify pressing infrastructural needs and to be creative in generating financial strategies to address them.

Besides the approaches of planning, organising, controlling and leading that the participants use when managing school finances, the experiences and context of rurality under which they manage their school finances is significant.

#### ***4.3.2.3 Adequate training of novice principals on school financial management***

For schools to provide high quality services to the learners, the financial health of the public school must be in a sound state. This may be achieved through structured, adequate and sound financial management training to all the stakeholders involved in managing the school finances. Principals as accounting officers should be given priority by the DOBE in giving

the support and training on school financial management. It emerged from the findings that after being appointed to the position of principal, novice principals did not receive any support, capacity or training on school financial management from the DOBE. It also transpired that some of the challenges encountered by the novice principals in managing school finances, such as budgeting, were the results of non-support, capacity and training:

*Mr Cebekhulu, training in every aspect is very important to each and every sector. The public and business world are changing everyday therefore, we need a continuous school financial management training as school principals so that we will be in line with the new development in and out of our education system. In my view principals in urban schools are better placed to develop themselves compared to us in rural schools because there are nearby the institutions of higher learning. With a sustainable continuous training, development and support, I can do much better in managing school finances and in school management in general (Man H).*

*Mr Cebekhulu, of course with improved and better training on school financial management, I will improve on managing school budget and eliminate diversion from the budget, recording of transactions, organisation of school financial structures and provide proper financial leadership (Shakes).*

*I will argue positively in that and by saying proper guidance, proper training and support I can improve my school financial management skills, which may lead to efficient and effective planning, organising, controlling and leading as every school principal need to have an expert knowledge on these elements of school financial management (Bird).*

*I believe that with better guidance, support and a continuous training, I can do much better in school financial management. I am also of a view that the DOE must be specific on defining what is the "OTHER" items in a school allocation is? This can assist us as principals to know exactly how to spend the "OTHER" allocated funds (Phefeni).*

*Mr Cebekhulu, with a sound school financial management training, financial management skills development, I hope maybe the way I am managing school finances can improve and become much better if not the best, particularly on budgeting, diversion from the original budget and the drafting and implementation*

*of school finance policy. The way in which I currently manage school finances is because I use my previous experience as deputy principal and in the last two years being a principal our received an unqualified audit financial audits (Bhazuka).*

These above arguments reveal concerns of the participants that they were involved in managing school finances without adequate training, support and development in school financial management. They also serve as confirmation and evidence that novice principals do play a role and are engaged in managing school finances as mandated by their formal appointment to the position of principalship (Bush, 2009). Section 36 of SASA mandates the SGB to manage school finances, and parents place their expectations of good school financial management in the hands of the principals (RSA, 1996b). Principals assume their duties of managing school finances immediately after their appointment, without considering their school financial management skills and knowledge. As participants indicated that they have their concerns in regard, the question on their abilities and capacities to perform this task of financial management arises.

#### ***4.3.2.4 SGBs levels of Education***

The level of education for SGB members has remained a challenge in the functioning of the SGB members in general (Mestry, 2006)). In this study, in relation to managing school finances, this problem also appears to be one of the challenges that novice principals face. The findings indicated that although the SGB members participated in the school financial management their education level tended to be a concern when it came to understanding and interpreting of the financial terms. This discouraged them from making sound contribution and input on school financial management:

*The environment around here does has impact on the way I manage the school finances, the school might have a good policies on paper but because of the society, you find it difficult to implement sometime because of the lack of understanding by the members of the SGB and parents (Bird).*

*Regarding the low level of education of SGBs I have to do a capacity building programme in the language that they understand for them, I asked them where can I help them and with what kind of development as SGB do they need (Man H).*

*I would say the majority of population of this community including the SGB members is not educated, they do not understand their right and they don't take the education of their children very serious. For instance, when I call a parents meeting they don't attend as expected only 30% is attending school meetings (Shakes).*

*This is two folds in the sense that I don't feel any pressure from the parents point view because they understand these financial terms and task, including budgeting and auditing. It also worries me when they don't ask question regarding finances in meetings. They are making some who is perfect the way in which they behave in the meetings as if everything I doing is right (Bhazuka).*

The level of education of the SGB members may have serious impact on understanding and interpreting DoBE policies and some pieces of legislation. Bird had experienced an emotional challenge over his acceptance as principal of the school because the SGB members were in favour of the acting principal. The findings revealed that the SGB members colluded against him and did not hand over all financial documents as required by departmental policy:

*Mr Cebekhulu, to me the process of managing school finances is quite an experience to me. It is the mixture of good and bad experience, firstly it very difficult to have the SGB that is resistance to hand over to you the financial documents. The so called acting principal before my appointment stay as signatory in the school bank account for three months after my appointment. The then chairperson and treasurer colluded and went behind my back when they want to sign cheques, meaning that I was just a principal by name and when it comes to financial management and control I was have no say.*

*There were decision that took to use school funds without informing and letting me to know about those decision. I have to write letters to the SGB members and to the Circuit Office (SEM) to say as a much as you have appointed me to the position of principal on November 2014 but you have handed over the financial document in March 2015, there I am not accountable for any financial activities that took place between this period (Bird).*

I then probed to find out whether his situation was known by the DoBE as his employers and what they did about this situation. He replied by saying:

*I think the DoE knew of what was happening because there is a case pending and the Circuit Official (SEM) even suggested that we confiscate the cheque book from these SGB members, so that they cannot continue spending the school funds that way they do. He then gave the cheques book to me, he called the meeting with to draw the line on this matter (Bird).*

The above challenge of Bird happened to some of the novice principals in their schools, but besides these experiences and challenges participants did demonstrate positive leadership characters. They did give up and continue with their responsibilities of managing school finances and provide leadership. Some took a leadership initiative to train and develop their SGBs in understanding financial matters without any assistance from the DoE. Principals as leaders must ensure that stakeholders receive relevant training in school financial management, identify themselves with conventional financial management principles and be motivated at all times (Botha, 2013).

The above findings concur with Bush and Heystek (2006) and Heystek, (2006; 2013), whose assertions that most parent governing body members have limited literacy and specifically financial management knowledge, skills and experience in rural schools. Low literacy levels and limited experiences of financial management are just some of the serious challenges that inhabit the effective financial management of schools. Parents rely on the principal as the literate and supposedly financially knowledgeable person to carry out the daily management of the school finances. Principals are also not trained to be financial managers and although the provincial departments are supposed to provide training to the governing bodies and principals, the quality of this training is dubious.

#### ***4.3.2.5 Changing of signatories***

The high level of fraud, corruption and mismanagement of school finances has led to watertight security measures by the commercial banks to secure schools' banking accounts. Commercial bank require a number of documents from schools and signatories whenever there are changes that need to be made to the school bank account. This measure made it difficult for the schools in rural areas to complete the process of changing signatories with ease. This study also found a similar situation did occur with the novice principals, as they

have to provide documents from local authorities to the bank, which according to the participants was not easy for them to obtain:

*The other challenge was with changing of signatories in the school bank account in the bank. The bank demanded a lot of documents including the letter from the tribal authority, which was very difficult to obtain. I went to the tribal authority office more three times to request this letter, even in the bank we have go three times. In May two thousand and fifteen that is when everything regarding signatories went through (Bird).*

*The other interesting challenge was when we have to change signatures of members of the SGB who are signatories on the school funds in the school bank account. I took us more than a month to do that because the bank authorities were turning us away for some documents. Today they tell you a story, on the following day you find someone who will tell a different story on the same issue like that of the previous day (Phefeni).*

Interestingly, the findings from the participants revealed that some of the challenges that participants had were the result of lack of training, development and support to novice principal and their SGBs on school financial management. This is in concurrence with the finding of Mestry (2014), Mncube and Makhasane (2013), that district officials lack knowledge and skills in school financial management and this has created serious challenges for schools under their control. Principals are provided with sufficient capacity building on financial matters, which cripples them in performing their schools financial management tasks.

Participants further demonstrated that leadership, as suggested by Meyer and Boninelli (2004), involves enabling ordinary people to do extraordinary things, inspiring others, engaging other people and helping people to understand the past, present and the future. They continue to create an environment of excellence, empowering the stakeholders to believe in their vision and to help reach the specific goal of effective and efficient school finance management.

#### **4.4 CHAPTER SUMMARY**

This current chapter has presented and analysed data from the field. The first Section (4.2) presenting the school profiles and the profile of participants as principals of these schools. The data was presented and analysed according to three major themes, with one having its own sub-themes. The second Section (4.3) addresses the theme of financial management approaches that novice principals use when managing school finances. These are financial planning and budgeting as financial planning tools, school financial organising, school financial controlling and leading the school financial management.

The third section looked at the intersection between the context of rurality and school financial management. This focused on issues that participants might regard as their challenges in school financial management caused by the context of rurality and the general administration of school finances. It shed light on the intersection between rurality and the way finances are managed. This chapter has mainly used literature and theoretical framework to compare and contrast what literature suggests and what is emerging in the field. The next chapter presents the summary of findings and make recommendations.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The previous chapter presented, analysed and interpreted data generated through individual semi-structured interviews and document reviews. This chapter presents a summary of the study, with findings that are drawn from the generated data, and makes some recommendations. The research questions are used to present the summary of the findings of this study. It presents a diagrammatic depiction of how school financial management occurs. This is to provide a clearer picture of the school financial management process, emanating from what the novice principals provided as their ways of managing school finances.

#### **5.2 SUMMARY OF THE STUDY**

This study sought to explore the approaches of managing school finances used by novice principals in a rural context. The inspiration to conduct this study was sparked by my experiences of managing school finances as a principal of a school situated in a rural area. I had to manage the school finances without any financial management experience, support or training from the provincial Department of Education. I was studying this phenomenon in a rural context with the study focusing on establishing the approaches of managing school finances used by novice principals and the challenges of school financial management.

To be able to achieve what I was looking for and to get a full understanding of school financial management I visited literature. I interrogated national legal and policy framework of school financial management and both national and international scholarly conversations focussing on school financial management. In the literature the key debates that emerged were, firstly, that there is a scarcity of literature focusing on school financial management in rural context. Secondly, the role of principals and school governors in financial management in countries such as Lesotho, Kenya, New Zealand and Zimbabwe are similar to those of South Africa, as all these countries employed school-based management. Thirdly, the challenges of school financial management were different in some countries and similar

in others, depending on national policies. The model used as the theoretical lens of this study showed that principals, as formally appointed, have to manage school finances as part of their job description. When managing the school finances they should use various approaches. Having established information around school financial management, I needed to illustrate how I would conduct this study.

I followed various steps in order to generate answers to the research questions. The discussions centred on the interpretive paradigm, the qualitative research approach and the case study methodology that was used in this study. The issues surrounding trustworthiness, ethical consideration and my experiences in the field were also discussed.

Having used the framework I then presented data and the findings of the study under the main themes of:

- **Novice principals' approaches towards financial management**
- **The intersection between rurality and management of school finances**

Under the theme on novice principals approaches sub-themes of financial planning, financial organising, financial controlling and financial leading were interrogated as the elements of school financial management used by novice principals when managing school finances. Under the theme on the intersection between rurality and management of school finances sub-themes interrogated the challenges of managing school finances in rural context. Out of exploration of the themes I was able to arrive at the findings which will be summarised in the next section.

### **5.3 SUMMARY OF THE FINDINGS**

In the introduction I indicated that the research questions are used as headings under which the summary of the findings is presented. The research questions were as follows:

- What are the approaches of managing school finances which novice principals use when managing their school finances in rural context?
- How does the context of rurality intersect the way novice principals manage their school finances?

- What lessons can be drawn from the ways through which novice principals manage finances of their schools?

### **5.3.1 What are the approaches of managing school finance which novice principals use in the rural context?**

The findings of this study demonstrate that novice principals engaged in the process of managing school finances. During this process they used financial planning and budgeting as their planning tools, financial organising, financial controlling and providing financial leadership as their approaches of managing school finances. Each of these approaches will be discussed below.

#### ***5.3.1.1 School financial planning***

School financial planning is a process that take place in the school to prepare how its funds will be used to achieve educational aims and objectives. After receiving the indicative budget from the provincial Department of Education the principals inform all the relevant stakeholders. They identify the needs of the school and prioritise them in order of importance and draft the school budget. They allocate funds next to each budgeted item that appeared from the indicative budget. After drafting the school budget they present it to the SGB for approval. The SGB invites parents to an Annual General Meeting where the budget is presented to the parents for adoption. The adopted school budget becomes the guiding document on how the school funds will be used in the next academic years.

#### ***5.3.1.2 School financial organising***

Organising the school finances means that the principals must ensure that the school has financial organisational structures and policies in place. The structures are the school finance committee, fund raising committee which are the sub-committees of the SGB. The members of the SFINCOM are the principal, chairperson, treasurer of the SGB and school finance officer. The main function of the SFINCOM is assist and advice the SGB in all school

financial matters, including the formulation of the school finance policy. All stakeholders should be informed and involved during the process of formulation of the school finance policy. The policy guides all stakeholders on how to use the school funds.

#### ***5.3.1.3 School financial controlling***

The principals have the responsibility for ensuring that effective school financial control is applied in the schools. It emerged from the findings that novice principals were trying by all means to keep financial records of all school financial activities and apply the correct accounting practices to control the school finances. All schools have school banking accounts with commercial banks and they indicated that they kept all the financial documents in the school safe as their financial control measures.

#### ***5.3.1.4 School financial leading***

Leadership is about giving direction to the followers by being responsible and accountable for everything that one does. School principals as financial leaders have the responsibility to provide the school financial leadership by building a harmonious relationship with all the stakeholders by involving them in the school's financial decisions. Principals must be transparent, capacitate the stakeholders on school financial management and even translate the financial documents to a language that the stakeholders understand. Proper communication channels and continuous communication between principals and the stakeholders prevail at all times. On the leadership styles that the novice principals adopted when managing school finances, it emerged that they used various leadership styles, ranging from transformational, participative to democratic.

### **5.3.2 How does the context of rurality intersect with the way novice principals manage the school finances?**

The context of rurality poses serious challenges towards the process of school financial management. The first challenge revealed by this study was the ranking of schools into quintiles. The school funding norms required the provincial Department of Education to rank school according to the resource targeting table, from the poorest to the least poor using five quintiles. The poverty, infrastructure development around the school community and the overall physical conditions of the school are taken in consideration when schools are ranked into quintiles. The level of poverty, unemployment and inequalities around the school community in rural context is high, manifested in many parents' inability to contribute towards the additional and supplementary funds of the schools. The schools were ranked in different quintiles but were serving the same rural community and under the same local authority. There is still a lack of infrastructure and teaching and learning resources in schools in the rural context such as Grade R classrooms, libraries, and science laboratories and schools halls.

The level of education of parents and SGB members remains a challenge in schools in rural context. Although parents and SGB members participated in school financial management, their contribution was minimal because they lacked understanding of financial terms used. The principals have to translate some of the documents into Isizulu, the language for the parents and SGB members. This helped them understand documents but is time-consuming.

The novice principals managed the average school budgets amount of R550,000 amongst them. For them to manage this budgeted school funds efficiently and effectively they need adequate training in school financial management. The provincial Department of Education has the responsibility to provide a continuous support, skills development and training to school principals. The novice principals had received no training on school financial management, which led to administrative errors, an inability to monitor, evaluate and control of the school budget and misunderstanding of how to spend the "Other" allocation on the school indicative budget. There was an inability to formulate and proper implementation of the school financial policy.

The level of fraud and crime has compelled commercial banks to tighten their security measures on schools' bank accounts. This delays and frustrates the process of changing signatories in schools' bank accounts whenever they engage in this process. Some of the documents that the banks need when changing signatories are not easily obtainable from the schools that are situated in rural areas and this poses a challenge for the novice principals.

As the way of concluding and drawing from the findings, school financial management can be argued to be a process encompassing the aspects. The diagram below present the summary of findings based on information obtained from the literature on school financial management and presentation provided by the participants on the way in which they manage school finances.

### **SCHOOL FINANCIAL MANAGEMENT PROCESS**

#### **PDE**

- Ranking of schools
- Allocating school funding
- Training of principals and SGBs

#### **PRINCIPAL**

- Receiving indicative school budget
- Informing relevant stakeholders
- Implementing SFM approaches of:

#### **PROVIDING SFM LEADERSHIP**

- Setting Direction

SASA  
ACT  
NO. 84  
OF 1996

Regulates

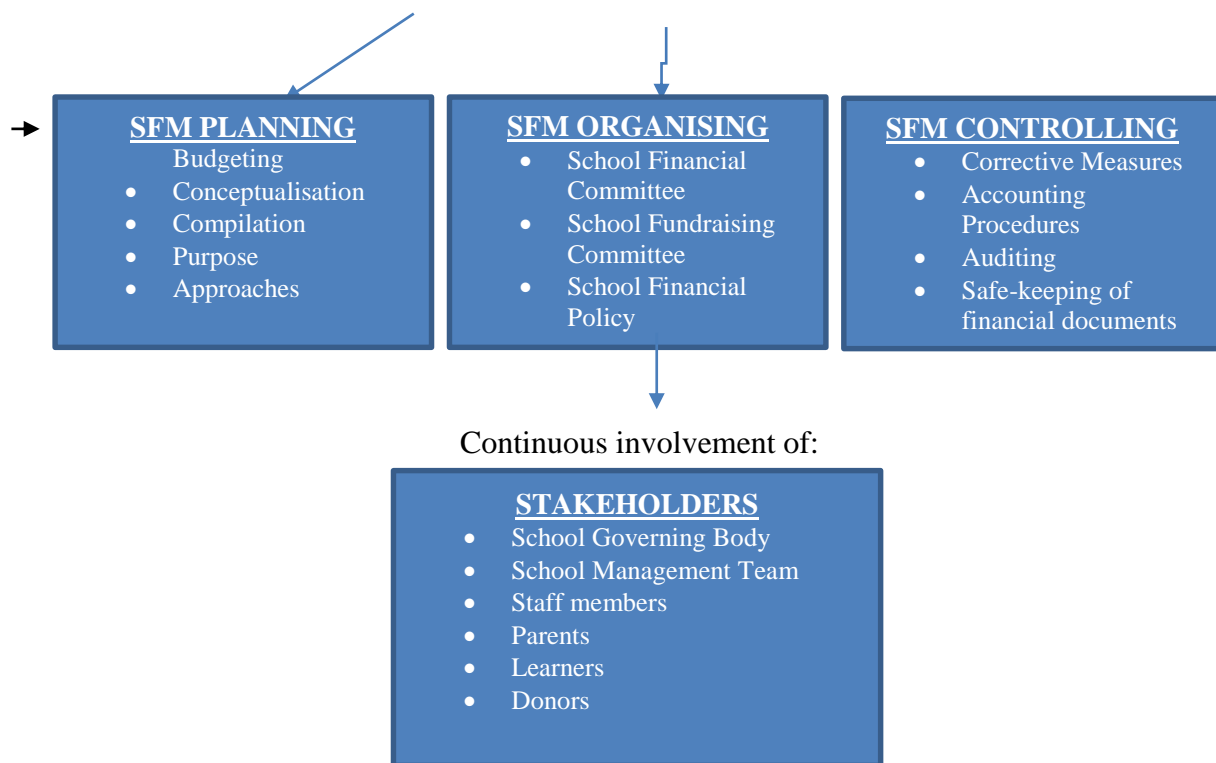


Figure 5.1: The school financial management process

Figure 5.1 above illustrates the process of school financial management which is regulated and guided by the South African Schools Act No. 84 of 1996. The SASA make provisions for the National School Funding Norms, functions of the SGB in section 20 and 21 of the Act and the functions and responsibilities of school principals section 16A as amended. The SASA also delegates some powers to the provincial DoE, such as the ranking of school into five quintiles, allocation of school funds and the training of the principals and SGBs on school financial management.

The provincial DoE has the responsibility for ranking school into quintiles, allocating school funds, issuing of indicative budgets to schools and the capacitating and training of SGBs and principals on school financial management. The principal, after receiving the indicative budget, must inform all the school stakeholders about the expected funding from the provincial DoE. The principal must provide school financial leadership by facilitating the processes of planning that includes budgeting, organising and controlling of school finances. Throughout these school financial management approaches the principals are continuously involving all school stakeholders.

### **5.3.3 What lesson can be drawn from the way novice principals manage school finances in rural context?**

Novice principals used the approaches of planning, organising, controlling and leading when managing school finances from rural context. Throughout the process of planning and budgeting they involved all relevant stakeholders. They established school financial structures such as school finance committees, formulated and developed their school finance policies. They further ensured effective school financial control and applied an acceptable accounting procedures. They provided leadership by establishing the communication channels with the stakeholders and took initiative to train their SGBs on school financial management using the language that all SGB members understand it better. It must be noted carefully that novice principals were able to do all this without any support, guidance, capacity or training from the provincial DoE in a period of more than two years.

Although the context of rurality has the intersection and influence on the way in which novice principals manage school finances, novice principals persevered and showed character by not giving up their responsibility for managing school finances. The ranking of schools into quintiles and allocating school funds as per number of learner enrolment in schools poses a serious threat and challenge in rural schools. There is still a large challenge of inequalities in the supply of infrastructure and resources in rural schools. Beside these challenges and many others that are related to general school management, novice principals showed eagerness and willingness to continue with their task of school financial management, provided that the provincial DoE is willing to give them support and training that they need very much.



## **5.4 CONTRIBUTION OF THE STUDY**

Literature reviewed in chapter two shows that school financial management is under-researched. To date the school principals and their governing body members remain unclear of the processes they need to follow in the management of school financial resources. Available literature has not focussed on developing clear processes of managing school finances. The major contribution of this study lies in the provision of clearer process of school financial management in figure 5.1. The diagram provided shows a practical process which is also guided by policy about how financial management occurs. This diagram can provide those involved in the process some basic things to do when managing school finances. The Department of Basic Education and provincial Departments of Education may use this diagram when training the departments' officials, school governing bodies and principals on school financial management. Moreover, this study has also exposed some school financial management challenges relating to school categorisation into quintiles. The challenges exposed are context-based (they seem to be unique to the rural context) and they have not been exposed in the literature since the emergence of school quintiles.

## **5.5 RECOMMENDATIONS**

I make three recommendations in this study. The first one is directed at the Department of Basic Education, another at the school principals, and the last one for further research.

### **5.5.1 Recommendations directed to the Department of Basic Education**

Based on the findings presented with regard to the intersection between rurality and management of school finances, under the ranking of schools into quintiles. It appeared that this funding norm was not serving its initial purpose of addressing past imbalances in education, especially in rural schools. I therefore recommend the review of the school funding norm used by the Provincial Department of Education to allocate funds to schools.

Principals are managing school finances without adequate support and training, therefore, there is a great need for the DBE to come up with the developmental and practical training programmes to capacitate all principals in school financial management. The State allocates a large percentage of its budget to basic education every year, so I recommend that basic school financial management be made a requirement for the appointment of educators to the position of principalship. This will ensure that all principals know how and what to do when managing school finances.

### **5.5.2 Recommendations directed to school principals**

School finances are a critical resource in the school environment so must be managed with care and a good understanding of all the financial aspects. It is recommended that principals must use their available time to capacitate themselves and enrol with the institutions of higher learning to upgrade their skills and knowledge of school financial management. This will assist the principals, especially novice principals, in not waiting for more than two years for the DBE to develop and train them in school financial management as per the findings of this study.

### **5.5.3 Recommendations directed at the researchers**

There is a scarcity of research regarding school financial management and practices in a rural context. This study was a small-scale study that used only five novice principals and it does not provide generalisable results, thus large-scale research on this topic is required. I also recommend that further studies be conducted in a rural context to create more knowledge about this phenomenon.

## **5.6 LIMITATION OF THE STUDY**

Time was also a limiting factor since the participants were full-time employees and might not be available as scheduled or have personal commitments, which led to the researcher not finishing his schedule as planned. As a small-scale study, although the findings are valuable they cannot be generalised to a wider audience. However, I have provided a thick description of the findings to make readers understand the context under which this study was

conducted. Given these descriptions similar situations may be interpreted from this study provided there is a clear understanding of the similarities between the two contexts.

## **5.7 CHAPTER SUMMARY**

This study was conducted to explore the approaches of managing school finances in rural context. It sought to explore how five novice principals used these approaches when managing school finances and how the context of rurality intersects with the way novice principals manage the school finances. It emerged that they used four approaches when managing school finances and that the context of rurality poses threats towards the process of financial management in schools.

In this chapter a summary of the findings has been presented and conclusions drawn based on these findings. A diagram illustrating the approaches of managing school finances is presented and recommendations has been offered. The intention of the illustration is to assist those engaging in school financial management and those who may want to use the approaches to understand them better so it can yield positive outcomes.

## REFERENCES

- Anney, V.N. (2014). Ensuring the Quality of the Findings of Qualitative Research: Looking at Trustworthiness Criteria. *Journal of Emerging Trends in Educational Research and Policy Studies*, 5(2), 272-281.
- Ary, D., Jacobs, L.C., Razavieh, A., & Sorensen, C.K. (2010). Introduction to research in Education (8<sup>th</sup> ed.). New York, NY: Hult Rinchart & Wiston.
- Atieno, M.E., & Simatwa, E.M.W. (2012). Challenges faced by newly appointed principals in the management of public secondary schools in Bondo district, Kenya: an analytical study. *Education Research* 3(4), 388-401.
- Bisschoff, T., & Mestry, R. (1997). *Financial Management Explained*. Cape Town. Kagiso.
- Bolman, L., & Deal, T. (1984). *Modern approaches to understanding and managing organisation*. San Francisco: Jossey Bass.
- Botha, R.J. (2013). (Eds.). *Financial management and leadership in schools*. Pretoria. Van Schiak Publishers.
- Bush, T. (2003). *Theories of Educational Management* (3<sup>rd</sup> ed.). London: Sage.
- Bush, T. (2009). *Theories of Education Management*. National Council of Professors of Educational Administration. OpenStax-CNX.
- Brunton, C., & Associates. (2003). *Policy handbook for Educators*. Pretoria. Universal Print Group.
- Chikoko, V. (2008). Negotiating the roles of and responsibilities in the context of Decentralised school governance: A case study of one cluster of schools in Zimbabwe. *University of KwaZulu Natal*. South Africa. 1-22
- Chikoko, V. & Khanare, F. (2012). School Management Teams conceptualisation of school assets in addressing the needs of children orphaned and made vulnerable by HIV and Aids: Evidence from South Africa. *Journal of Social Science*. 32, 23-36.

- Chikoko, V., Naicker, I., & Mthiyane, S. (2015). Leadership that works in areas of multiple deprivation in South Africa. *Education Management Administration and Leadership*. 9(5), 1-16.
- Chivore, B.R.S. (1995). *Educational administration and methodological handbook for primary school Heads in Zibwabwe*. UNESCO: Harare.
- Corruption Watch. (2014). *Lesson from solicited reports into corruption in schools* (Report No.1).
- Cohen, L., Manion L., & Morrison, K. (2011). *Research Methods in Education* (7<sup>th</sup> ed.). Hampshire. Routledge. Taylor & Francis.
- Creswell, J.W. (2011). *Education Research: Planning, Conducting and Evaluating Quantitative and Qualitative Research* (4<sup>th</sup> ed.). New York: Pearson.
- Creswell, J.W. (2014). *Research Design* (4<sup>th</sup> ed.). London: Sage.
- Davies, E.H. (1997). *Administration of the education system and School Governance*. Pretoria. Centre for Education Law and Education Policy.
- Deem, R., Brehony, K.J., & Heath, S.J. (1995). *Active citizenship and governing of schools*. Buckingham. Open University Press.
- Du Plessis, P.J. (2013). Budgeting process. In J. van Rooyen (Ed.), *Financial Management in Education in South Africa* (pp.77-98). Pretoria. Van Schaik.
- Du Preez, P., Grobler, B., Loock, C., & Shabba, S.M. (2003). *Effective Education Management Series*. Sundown. Heinemann Publishers.
- Education Labour Relations Council. (2008). *Collective Agreement Number 1 of 2008: Framework for establishment of an occupation specific dispensation for educators in public education*. Pretoria: Education Labour Relation Council.
- Elo, S., & Kyngas, H. (2007). The qualitative content analysis process. *Journal of Advanced Nursing*, 62(1), 107-115.

- Gallie, M. (2013). The financing of education: a strategic management perspective. In J. van Rooyen (Ed.), *Financial Management in Education in South Africa* (pp.173-196). Pretoria. Van Schaik.
- Gasson, S. (2004). Rigor in grounded theory research: An interpretive perspective on generating theory from qualitative field study. In M.E. Whitman & A.B. Woszczyński (Eds.). *The handbook of information systems research* (pp. 79-102). Hershey, PA. Idea Group.
- Gerber, P., Nel, P., & Van Dyk, P. (1988). *Human Resource Management*. Johannesburg. Thompson.
- Guba, E.G. (1990). *The paradigm dialog*. Newbury Park. Sage.
- Hansraj, I. (2009). *Financial management role of principals of Section 21 schools*. University of South Africa. Unpublished master's thesis. University of South Africa, Pretoria, South Africa.
- Heystek, J.H. (2013). Financial management in context. In J. Van Rooyen (Ed), *Financial in Education in South Africa* (pp.49-75). Pretoria. Van Schaik.
- Kaguri, M. Njati, I.C. and Thiaine, K.S. (2014). Financial management challenges facing implementation of free day secondary education in Imenti North District, Kenya. *IOSR Journal of Business and Management*, 1(16), 55-78.
- Khuzwayo, Q.O. (2009). *The role of parent governors in school financial decisions: Experience of parent governors in Ndwedwe rural schools*. University of KwaZulu-Natal, Durban. Unpublished master's thesis, University of KwaZulu Natal, Durban, South Africa.
- Kruger, A.G. (2003). Efficient Financial Management. In I van Deventer & A.G. Kruger (Ed.), *An educator's guide to school management skills* (pp.234-244). Pretoria: Van Schaik.
- Kruger, A.G. (2011). (Eds.). *Study Guide: Managing school as an organization*. Pretoria: UNISA.

- Lincoln, Y.S. (1990). *Towards a categorical imperative for qualitative research*. New York. Teacher college press.
- Mackenzie, N., & Knipe, S. (2006). Research dilemmas: Paradigm, methods and methodology. *Issues in educational research*, 16(7), 1-11.
- Maree, K. (2011). (Eds). *First steps in Research* (8<sup>th</sup> ed.). Pretoria: Van Schaik.
- Marishane, R.N. (2013). Management of School Infrastructure in the Context of a No-Fee Schools Policy in Rural South African Schools: Lesson from the Field. *International Journal of Education Policy and Leadership*, 8(5), 1-13.
- Maxwell, J.A. (2004). *Research Design: An Interactive Approach* (5<sup>th</sup> ed.). Thousand Oaks. California: Sage.
- McMillan, J.H., & Schumacher, S. (2010). (Eds). *Research in Education: Evidence-based Inquiry* (7<sup>th</sup> ed.). Boston: Pearson.
- Merriam, S.B. (2002). *Research in Practice*. Jossey-Bass, a Wiley Company. San Francisco. CA.
- Mestry, R. (2004). Financial accountability: The principal or the school governing body? *South African Journal of Education*, 24(2), 126-132.
- Mestry, R. (2006). The functions of school governing bodies in managing school finances: *South Africa Journal of Education*, 26(1), 27-38.
- Mestry, R. (2010). The position of principal in school management: A South African Perspective. *Journal of Education Studies*, 9(2), 36-48.
- Mestry, R. (2013). Collaboration for effective and efficient management of school financial resources. *African Education Review*, 10(3), 431-450.
- Mestry, R. (2014). A critical analysis of the National Norms and Standards for School Funding policy: Implications for social justice and equity in South Africa. *Education Management Administration and Leadership*, 42(6), 851-867.

- Meyer, T. & Boninelli, I. (2004). *Conversation in Leadership: South African Perspectives*. (1<sup>st</sup> ed.). Johannesburg: Knowledge Resources (Pty) LTD.
- Mncube, V.S., & Makhasane, S. (2013). The dynamics and intricacy of budgeting in secondary schools in Lesotho: A case studies of three high schools. *Africa Education Review*, 10(2), 347-363.
- Mokoena, P.K. (2013). *The understanding of the principals of their role in the management of public school finance and the implementation of the finance policy*. University of Pretoria. Unpublished master's thesis, University of Pretoria, Pretoria, South Africa.
- Moranga, E., Weda, C.W. & Kengere, D.O. (2013). An investigation on the influence of government financial management on Kenyan Public Secondary Schools: A case of Sameta Division. *International Journal of Scientific & Technology Research*, 2(9), 96-101.
- Morrow, S.L. (2005). Quality and Trustworthiness in Qualitative Research in Counselling Psychology. *Journal of Counselling Psychology*, 52(2), 250-260.
- Motsamai, M.J., Jacobs, L. & De Wet N.C. (2011). Policy and Practice: Financial Management in schools in the Mafeteng District of Lesotho. *Journal of Social Sciences*, 26(2), 105-116.
- Myende, P. & Chikoko, V. (2014). School-University Partnership in South African Rural Context: Possibility for Asset-based Approach. *Journal of Human Ecology*, 46(3), 249-259.
- Nieuwenhuis, J. (2007). Qualitative research design and data gathering techniques. In K. Maree (Ed.), *First steps in Research* (pp.70-97). Pretoria: Van Schaik.
- Ntseto, V.M. (2009). *A programme to facilitate principals' financial management of public schools*. University of Free State. Unpublished doctoral thesis. University of Free State, Free State ,South Africa.
- Nyandoro, J., Mapfumo, J., & Makoni, R. (2013). Effectiveness of School Development Committees in financial management in Chimanimani West circuit primary schools in Zimbabwe. *Academic Research International*, 4(1), 255-287.



- Republic of South Africa (2008). *Educator Labour Relations Council Collective Agreement No.1 of 2008*. Pretoria. Government Printers.
- Republic of South Africa (1998). *Employment of Educators Act, Act No. 76 of 1998*. Pretoria. Government Printers.
- Republic of South Africa (1998). *Employment Equity Act, Act No. 55 of 1998*. Pretoria. Government Printers.
- Republic of South Africa (1995). *Labour Relations Act, Act No. 66 of 1995*. Pretoria. Government Printers.
- Republic of South Africa. (1996a). *Constitution of the Republic of South Africa, Act No 108 of 1996*. Pretoria: Government Printers.
- Republic of South Africa. (1996b). *The South African Schools Act, Act No.84 of 1996*. Pretoria. Government Printers
- Rule, P., & John, V. (2011). *Your guide to Case Study Research*. Pretoria: Van Schaik Publishers.
- Shenton, A.K. (2004). Strategies for ensuring trustworthiness in qualitative research project. *Education for Information*, 22(5), 63-75.
- Stake, R.E. (2010). (Eds.). *Qualitative Research: Studying how things done*. New York: Guilford Press.
- Thurlow, M., Bush, T., & Coleman, M. (2003). Leadership and Strategic Management in South African Schools. *Huddersfield: Commonwealth Secretariat*.
- Van Deventer, I., & Kruger, A.G. (2003). *An educator's guide to school management skills (9<sup>th</sup> ed.)*. Pretoria. Van Schaik Publishers.
- Van der Westhuizen, C. (2007). Planning a Research Proposal. In K. Maree (Ed), *First steps in Research* (pp.24- 45). Pretoria: Van Schaik.
- Van Wyk, N. (2004). School governing bodies: The experiences of South African Educators. *South African Journal of Education*, 42(9), 49-54.

- Waghid, Y. (2003). *Democratic Education: Policy and Praxis*. Stellenbosch University Press. Stellenbosch.
- Wylie, C. & King, J. (2004). How do effective schools manage their finances. *New Zealand Council for Educational Research*, 11(5), 1-6.
- Xaba, M., & Ngubane, D. (2010). *Financial Accountability at schools: challenges and implications*. University of KwaZulu-Natal. Unpublished master's thesis, University of KwaZulu-Natal, Durban, South Africa.
- Xaba, M.I. (2011). The possible cause of school governance challenges in South Africa. *South African Journal of Education*, 31(8), 201-211.
- Yin, R.K (2008). *Case study research design and method (5<sup>th</sup> ed.)*. London. SAGE Publication.

## **APPENDIX A: Letter to Principals**

P.O. Box 10622

Vryheid  
3100  
28 July 2015

The Principal

.....  
.....  
.....

Sir/Madam

**PERMISSION TO CONDUCT RESEARCH STUDY**

I S.D. Cebekhulu, Masters of Education student at the University of KwaZulu-Natal, hereby request permission to conduct a research in your school. I intend to interview the principal on the study titled “**Exploring approaches of managing school finances in a rural context. A case study of five novice principals**”. I also humbly request permission to observe financial minutes books as a form of subsequent data collection analysis from interviews.

Data collected will be treated as confidential and will not be disclosed for any other purpose except for the study. The name of the school and yours will never be showed and mention in any manner instead pseudonyms will be used to protect the identity of all participants.

For further inquiries in this regard, kindly contact my supervisor, Dr P. Myende at the University of KwaZulu-Natal (031- 260 2054).

Thanking you in advance.

.....

S.D. Cebekhulu

082 458 5225/073 511 3269

**APPENDIX B: Consent letter for participants**

P.O. Box 10622  
Vryheid  
3100

28 July 2015

Sir/Madam

**REQUEST TO PARTICIPATE ON RESEARCH STUDY**

I S.D. Cebekhulu, Master of Education student at the University of KwaZulu Natal, hereby request you as a principal of the school to be a participant on research study to be conduct in your school titled **“Exploring approaches of managing school finances in rural context. A case study of five novice principals”**.

Data collected will be treated as confidential and will not be disclosed for any other purpose except for the study. Your name will never be mentioned and showed in any manner instead pseudonyms will be used to protect the identity of all participants.

Thanking you in advance.

.....

S.D Cebekhulu

082 4585 225/073 5113 269

**APPENDIX C: Letter to DoE**

P.O Box 10622  
VRYHEID  
3100

2015-08-20

Head of Department: Education  
Private Bag X9077  
Pietermaritzburg  
3200

Sir/Madam

**APPLICATION FOR CONDUCTING A RESEARCH STUDY IN KWAZULU NATAL PROVINCE**

I S.D. Cebekhulu, Masters of Education at the University of KwaZulu Natal, hereby request a permission to conduct a research study in five schools in the Department of Education: KwaZulu Natal. The research title is “**Exploring approaches of managing school finances in a rural context. A case study of five novice principals**”.

Furthermore I request your permission to conduct interviews with the principals of these five schools. The interviews will be conducted outside school contact hours.

For further enquiries in this regard, kindly contact my supervisor, Dr P. Myende at the University of Kwazulu-Natal at (031- 260 2054).

Thank you for your attention.

Yours sincerely

**S.D. Cebekhulu**

**APPENDIX D: Declaration and Informed consent**

I .....(full name of the participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time should I so desire. I also understand that my participation is free and there will be no financial benefits given to me by the researcher or the University of KwaZulu Natal.

I hereby provide consent to:

<b>Consent</b>	<b>YES</b>	<b>NO</b>
Audio-record my interview		
Video-record my interview		
Use my photographs for research purposes		

Signature of the Participant

Date

.....

.....

**APPENDIX E: Interview plan**

1. Introduction by the Researcher to the participant.

2. Explaining the procedure to be followed and signing of a consent form by the participant.
3. Credentials of the participant: Qualifications, teaching experience, principalship Experience and other relevant information that can assist the study.
4. Discussions and Questions

4.1 Discussion around the legislation and policies guiding the school financial management, SASA section 20 and 21 (Functions and allocated functions of the SGB), 30 (committees and sub-committees of the SGB), 34 (responsibility of the State regarding funding of public schools), 35 (norms and standards for school funding: quintiles), 36 (responsibility of the governing body regarding management of school finances), 37 (school fund and assets of a public school), 39 (school fees at a public schools: fee and no-fee schools).

#### 4.2 Questions

- 4.2.1 Does your school have the constituted governing body?
- 4.2.2 Is your school a section 20 or 21 in terms of SASA? If section 21 with or without function(c).
- 4.2.3 Is your school a fee or no-fee school?
- 4.2.4 In which quintile is your school?
- 4.2.5 Does your SGB receive training regarding its functions and school financial management?
- 4.2.6 How do you manage your school finances considering the South African School Act?
- 4.2.7 How would you describe the relationship between you and other relevant stakeholders (SGB, parents and other staff members) with regards to school financial management?

4.3 Role of the principal on school financial management as mandated by section 16(A) of SASA, Employment of Educators Act, Educator Labour Relations Council.

#### 4.4 Questions

4.4.1 What role do you play in school financial management as mandated by SASA, EEA and Educator Labour Relations Council Collective Agreement No.1 of 2008?

4.5 School financial management process: Planning: school finance committee and budgeting, Organising: school finance policy, Leading: communicating with stake-holders regarding school finances, coordinating, delegating (finance officer), Controlling: keeping school finance records and financial statements and reporting.

#### 4.6 Questions

4.6.1 How do you do your school financial planning?

4.6.2 Who in the school and outside the is involved in your school financial c

4.6.3 Does the school engage in the budgeting processes and what kinds of activities are involved in that process?

4.6.4 Does the school have a school finance policy and what effect the policy has on the way you engage in school financial management processes?

4.6.5 How do you communicate the school financial matters to other relevant stakeholders?

4.6.6 What control measures the school has to control school finances?

4.6.7 How does the school keep its financial records?

4.7 Challenges of managing school finances: Summary of some findings from various researchers.

#### Questions

4.7.1 What are experiences as a novice principal have regarding the management of school finances?

4.7.2 What are the challenges do you face as a school principal in the process of school financial management?

4.7.3 Would you argue that the context or the environment has an impact on how you manage your school finances and if has, what kind of impact?

4.7.4 Would you argue that with good guidance and better school financial management training, you can improve your school financial management knowledge and skills and if so, how will you improve?

## **APPENDIX F: INFORMATION SHEET**



### **The Researcher:**

**Sibongiseni Derrick Cebekhulu** is carrying out this research as part of the requirements for a **Master's Degree** in the **Educational Leadership, Management and Policy**.

It has been approved by the University of KwaZulu Natal and is being supervised by Dr Phumlani Myende of the University of KwaZulu Natal.

### **Contact Details**

#### **Sibongiseni Derrick Cebekhulu:**

Cell (073 511 3269/082 458 5225) Fax (034 967 9103) Email ([sbocebza06@yahoo.com](mailto:sbocebza06@yahoo.com))

#### **Dr Phumlani Myende:**

Cell (073 991 2393) Office (031 260 2054) Email ([myendep@ukzn.co.za](mailto:myendep@ukzn.co.za))

### **Aim of the study**

The aim of the study is to explore the approaches of managing school finances in rural context.

### **Participants: What is required of you?**

- You are requested to prepare the following documents: minutes of SGB, SFINCOM, Procurement Committee, SMT meetings in which the school finances was part of the agenda, school financial documents and any documents that can assist in the study.
- A face to face interview that will take approximately 1 hour.
- The interview will be voice recorded.
- You have the right to decide not to take part or to withdraw from participating at any stage.

### **Confidentiality and Anonymity**

I will take every measure possible to ensure that the identity of the school is never known to anyone and that the identity of the individuals interviewed remains confidential. I have the interests of the school at heart and I am very aware of how the school financial documents

are critical and confidential they are. Pseudonyms will be used and direct quotes will be used but will be identified using categories and the chosen pseudonyms.

# APPENDIX G: TURNITIN CERTIFICATE

The screenshot displays a Turnitin Document Viewer interface. The document title is "Exploring approaches of managing school finances in a rural context: A case study of" by Siboniseni D Cebekhulu. The document is 12 pages long, and this is page 1. The overall similarity score is 10% (0% out of 9). The match overview on the right lists the following sources:

Match Number	Source	Similarity
1	etd.uovs.ac.za (Internet source)	1%
2	Submitted to Universit... (Student paper)	1%
3	Submitted to North We... (Student paper)	1%
4	Submitted to Universit... (Student paper)	1%
5	Mestry, R., "A critical a... (Publication)	1%
6	uir.unisa.ac.za (Internet source)	<1%
7	www.krepublishers.com (Internet source)	<1%
8	joe.ukzn.ac.za (Internet source)	<1%

The document content visible includes:

## CHAPTER ONE

### INTRODUCTION AND BACKGROUND OF THE STUDY

#### 1.1 INTRODUCTION

This thesis presents the results of a study that explored the approaches of managing school finances in a rural context. Focusing on novice principals with less than three years of experience in their positions of being principals of schools in rural context. These principals are leading and managing primary and secondary schools in Vryheid-Abaqulusi under Zululand District in KwaZulu Natal. This chapter therefore, presents the background and rationale for the study, problem statement, purpose and key research questions of the study. This is followed by the significance of the study, a brief discussion and definition of key concepts of novice principals, rurality and rural context, management vs. leadership and financial management. Then towards the end of the chapter, I present the structure of the thesis and conclusion.

#### 1.2 THE BACKGROUND OF THE STUDY

As in many other social contexts, financial difficulties are being experienced in education in South Africa at present. Principals are desired and compelled to ensure that the high standard teaching and learning continuously happening while the State budget provision given to their schools for this objective is slowly decreased. Van Deventer & Kruger (2003) suggest that when executing school financial matters, it is important that managers/principals with governing bodies should execute their school financial management duty with caution and

## APPENDIX G: Ethical Clearance from UKZN



03 September 2015

Mr Sibongiseni Derrick Cebekhula (215074661)  
School of Education  
Edgewood Campus

Dear Mr Cebekhula,

Protocol reference number: HSS/1220/015M

Project title: Exploring the approaches of managing school finances in a rural context: A case study of five novice principals

### Full Approval – Expedited Application

With regards to your application received on 28 August 2015. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr. Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr P Myende  
Cc Academic Leader Research: Professor P Morojole  
Cc School Administrator: Ms Tyzer Khumalo

---

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag 904001, Durban 4000

Telephone: +27 (0)31 260 3887/3150/4257 Facsimile: +27 (0)31 260 4809 Email: [ymhup@ukzn.ac.za](mailto:ymhup@ukzn.ac.za) / [smmanm@ukzn.ac.za](mailto:smmanm@ukzn.ac.za) / [mohmp@ukzn.ac.za](mailto:mohmp@ukzn.ac.za)

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)

 1915 - 2015  
100 YEARS OF ACADEMIC EXCELLENCE

Research Centres:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

## APPENDIX J: KZN DoE Approval



education

Department:  
Education  
PROVINCE OF KWAZULU-NATAL

Enquiries: Nomangisi Ngubene

Tel: 033 392 1004

Ref.:24/8/530

Mr SD Cebekhulu  
PO Box 10622  
VRYHEID  
3100

Dear Mr Cebekhulu

### PERMISSION TO CONDUCT RESEARCH IN THE KZN DoE INSTITUTIONS

Your application to conduct research entitled: "EXPLORING THE APPROACHES OF MANAGING SCHOOL FINANCES IN A RURAL CONTEXT: A CASE STUDY OF FIVE NOVICE PRINCIPALS", in the KwaZulu-Natal Department of Education Institutions has been approved. The conditions of the approval are as follows:

1. The researcher will make all the arrangements concerning the research and interviews.
2. The researcher must ensure that Educator and learning programmes are not interrupted.
3. Interviews are not conducted during the time of writing examinations in schools.
4. Learners, Educators, Schools and Institutions are not identifiable in any way from the results of the research.
5. A copy of this letter is submitted to District Managers, Principals and Heads of Institutions where the intended research and interviews are to be conducted.
6. The period of investigation is limited to the period from 01 September 2015 to 30 September 2016.
7. Your research and interviews will be limited to the schools you have proposed and approved by the Head of Department. Please note that Principals, Educators, Departmental Officials and Learners are under no obligation to participate or assist you in your investigation.
8. Should you wish to extend the period of your survey at the school(s), please contact Miss Connie Kehologile at the contact numbers below.
9. Upon completion of the research, a brief summary of the findings, recommendations or a full report / dissertation / thesis must be submitted to the research office of the Department. Please address it to The Office of the HOD, Private Bag X9137, Pietermaritzburg, 3200.
10. Please note that your research and interviews will be limited to schools and institutions in KwaZulu-Natal Department of Education.

See list attached

Nkosisinathi S.P. Sishi, PhD  
Head of Department: Education  
Date: 27 August 2015

#### KWAZULU-NATAL DEPARTMENT OF EDUCATION

POSTAL: Private Bag X 9137, Pietermaritzburg, 3200, KwaZulu-Natal, Republic of South Africa ...dedicated to service and performance  
PHYSICAL: 247 Burger Street, Anton Lembede House, Pietermaritzburg, 3201. Tel. 033 392 1004 beyond the call of duty  
EMAIL ADDRESS: [kehologile.connie@kzndoe.gov.za](mailto:kehologile.connie@kzndoe.gov.za) / [Nomangisi.Ngubene@kzndoe.gov.za](mailto:Nomangisi.Ngubene@kzndoe.gov.za)  
CALL CENTRE: 0860 596 363; Fax: 033 392 1203 WEBSITE: [www.kzndoe.gov.za](http://www.kzndoe.gov.za)