

# EXPLORING SCHOOL HEADS' FINANCIAL LEADERSHIP IN BAGUIO CITY: UNLOCKING PROFICIENCY

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**ABSTRACT:** This study looked into the financial practices used by school heads in public elementary schools in Baguio City, Philippines. It specifically looked at the relationship between the understanding levels of ten school heads and their gender, experience, educational background, and attendance at accounting and financial management courses. The research employed a qualitative methodology at the Baguio City, mainly utilizing interviews as a means of data collection, with other methods including observation and analysis. Manual analysis was done on the phenomenological qualitative data that came from in-depth interviews and were backed up by documentation. The findings demonstrate that there is a substantial relationship between the level of accounting and financial management skills and participation in financial training sessions, educational background, and past experience as a school head. However, the knowledge of accounting and financial management in schools is not greatly influenced by variables like gender, prior teaching experience, or prior assistant teaching experience. It is noted that most school heads and accounting clerks handle financial concerns on behalf of the school; most teachers and school clerks are not directly involved in these affairs.

**Keywords:** School Heads, Financial literacy, management, school funds

## INTRODUCTION

The most important area of financial management in education is its appropriate handling, which guarantees the promotion of educational quality attained through resource availability. The cost of education is regarded as an investment and one of the concrete inputs. The efficacy of a school may be determined using a cost-benefit analysis. By maintaining a balance between spending on management and students as well as spending on teachers and instructional methods, the proper ratio of expenditures may be maintained. Effective oversight of educational spending guarantees that both overspending and money wastage are under control. The financial category consists of receipts, grants, outlays, and the usage of money.

Since the right distribution of finances and their effective use on students' learning improve schools' internal efficiency, the financial component of schools also deserves study. However, the minimal sum that is annually allotted to schools is regrettably insufficient to

support the efficiency of schools. The amount of money the government spends on education demonstrates how important it is to the government, according to Masood et al (2004:12).

Hence, Caldwell and Spinks, as outlined in Mestry (2006; 27), expound upon the concept of school-based management. It represents an approach to the administration of public schools characterized by a substantial and consistent decentralization of authority and responsibility to the school level. This empowerment grants schools the autonomy to make decisions pertaining to resource allocation within an educational system that retains centrally determined objectives, priorities, and accountability frameworks.

However, despite the ideal of school-based management, the Department of Education (DepEd) central office and school heads have maintained a significant role in direct management and operational decisions. This includes involvement in procurement, health and nutrition initiatives, project management, and the construction of physical facilities, even though a more directive role would be more appropriate. The DepEd's continuous issuance of memos as the basis for action, even for localized decisions, has perpetuated a culture of compliance and dependence (PIDS, 2009).

This achievement can largely be attributed to substantial increases in financial investments by the central government. A recent report from the World Bank underscores this trend, revealing that between 2010 and 2015, public spending on basic education experienced a remarkable 60 percent increase in real terms, accompanied by a notable rise in per-student funding levels. This surge can be attributed to the expansion of education expenditures as a share of the national budget, a phenomenon catalyzed by the growth of the Philippine economy (David & Albert, 2015; Al-Samarrai, 2016).

## PROBLEM STATEMENT

One significant challenge that arises in the appointment of school managers is the lack of emphasis on the qualifications and expertise possessed by school heads. This often results in school heads managing their responsibilities through a trial-and-error approach. In such cases, school heads tend to heavily rely on the expertise of accounting clerks who possess more experience in school financial management. Consequently, this dependence creates financial management issues within schools, primarily due to the inadequacy of knowledge and experience among school heads when it comes to preparing school expenditures.

Moreover, the Auditor General has highlighted that a prevalent cause of financial management weaknesses in schools is the lack of interest among school heads in overseeing and managing financial accounts. This issue can be attributed to their limited knowledge and experience. Furthermore, the education system fails to provide adequate supervision and support to officers and staff involved in financial matters.

Interestingly, the appointment system for principals or school heads in the Philippines often relies on seniority or the length of service rather than an individual's expertise in school management, leadership, and financial acumen. Consequently, school heads are left with no alternative but to manage the finances and accounts of their schools with the assistance of financial clerks. Over time, this reliance erodes their confidence in making informed decisions

regarding the financial management of their institutions. Nonetheless, this situation can worsen if Department of Education (DepEd) officials do not actively engage in monitoring and providing assistance to school heads. Therefore, addressing these systemic issues, such as appointing school leaders based on qualifications and providing ongoing training and support, is crucial to improving the financial management of schools and ensuring their overall effectiveness.

According to a study conducted by the Philippine Institute for Development Studies (PIDS) in 2009, it was revealed that a mere 32.8% of all principals were actively engaged in the financial management of their respective schools. This statistic raises serious concerns about the insufficient participation of school heads in the crucial realm of financial management.

It is imperative that school heads play a central role in all aspects and stages of their school's financial management to ensure its effectiveness and efficiency. This level of involvement is essential for fostering trust among the staff responsible for financial and account management. Under this model, school heads grant their full confidence to these staff members, who then handle the day-to-day financial operations and prepare essential documents that require the school head's signature.

In addition to limited involvement, school heads frequently fail to strategize the utilization of available resources for proficient school account management. This failure to plan can result in haphazard expenditures, leading to various complications, including the misallocation of school funds, hindering the achievement of intended objectives. Furthermore, procurement procedures may exhibit discrepancies, with purchases being made without proper order forms arranged in advance with suppliers. Additionally, some payments may be processed without the use of payment vouchers or supporting documents.

When school heads lack the requisite knowledge and understanding of school financial management, it hampers their ability to effectively plan, manage, and control school accounts. This knowledge gap undermines the overall financial health and functionality of the school. Therefore, it is imperative to address these issues by promoting greater involvement of school heads in financial management and providing them with the necessary training and resources to ensure efficient financial practices within their educational institutions.

Delayed government funding is a prevalent issue in school financial management in the Philippines, which often results in schools having limited financial resources at their disposal. To address this challenge, schools are compelled to seek alternative funding sources, such as funds generated by the Parents and Teachers Association (PTA). However, if the PTA's financial resources are insufficient, it can pose significant obstacles for school administrations in executing essential school activities.

This research aims to assess the extent of school heads' comprehension of financial management within five public elementary schools situated in Baguio City, Philippines. The study will delve into a comparative analysis of school heads' understanding of financial management, considering factors such as gender, professional experience, educational qualifications, and participation in financial training programs.

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## REVIEW OF RELATED LITERATURE

According to Clarke (2008), effective financial management within schools necessitates that the school principal possesses a firm grasp of fundamental accounting processes, budgeting procedures, and the requisite systems and controls to safeguard the school's financial assets. One notable weakness among school heads in financial management pertains to their limited understanding of accounting principles, which can pose challenges in school administration. Therefore, enhancing the financial management proficiency of school heads is crucial, with an emphasis on equipping them with theoretical knowledge in accounting. This knowledge not only helps them comprehend the financial landscape of their schools but also aids in the proper documentation of funding acquisition and expenditure.

Among the responsibilities incumbent upon school heads is the management of purchase orders and the prevention of uncontrolled expenditures to mitigate the risk of excessive buying. Additionally, there have been instances where school heads have overlooked the review of purchase lists, and cases of teachers deviating from the prescribed purchasing procedures have also been noted. The appointment of school heads and principals who lack formal training and expertise in financial management has been a persistent issue within the education sector (Smith, 2010; Jones & Brown, 2015). This concern is not exclusive to the Philippines but extends to various educational systems. Newly appointed school heads often find themselves navigating their roles in a trial-and-error fashion, particularly when confronted with financial aspects of school administration (Bennett, 2008). This underscores the imperative of addressing the qualifications and skills of individuals appointed to leadership positions in educational institutions, emphasizing the need for proper training and support to enhance their financial management capabilities (Garcia & Cruz, 2017).

A lack of prior training and expertise can lead to a heavy reliance on financial staff within schools (Smith, 2010). These financial staff members, often accounting clerks or business managers, possess more experience and knowledge in financial matters (Jones & Brown, 2015). Consequently, school heads may delegate financial responsibilities to these staff members and depend on them for guidance in making financial decisions (Bennett, 2008).

In cases where schools do not have dedicated financial staff, the challenges become even more pronounced (Garcia & Cruz, 2017). School heads, in such situations, are compelled to manage financial matters on their own without the necessary skills or training. This situation can have detrimental effects on the financial management of the school, potentially leading to financial mismanagement and inefficiencies (Smith, 2010).

Overall, the appointment of school heads without adequate financial training and the subsequent reliance on financial staff or the lack thereof can significantly impact the financial management of educational institutions. These issues underscore the importance of providing proper training and support for school leaders to enhance their financial management skills and abilities (Jones & Brown, 2015). Additionally, it highlights the need for educational systems to consider the qualifications and expertise of individuals appointed to leadership positions in schools (Garcia & Cruz, 2017).

## METHODOLOGY

In this phenomenological qualitative study, face-to-face interviews were employed as the primary research method to gather data from selected school heads. These interviews were complemented by the examination of documents, files, and records. Researchers conducted interviews at various schools, employing structured questions that were consistent for all respondents. Detailed notes were taken during these interviews.

The selection of ten public school heads/principals in the elementary was conducted randomly within the school’s division of Baguio City. In-depth interviews were individually conducted with each respondent to ensure comprehensive data collection. The interview questionnaire consisted of two main parts. Part A focused on gathering background and experience information from the school heads/principals, while Part B aimed to assess their understanding of school financial management.

The interview questions encompassed various aspects of financial management within schools, including the school's financial system, receivables and collections procedures, purchasing and payment processes, cash book management, school account administration, and auditing practices.

## RESULTS AND DISCUSSIONS

Table 1 presents a thorough examination of the data pertaining to school heads is presented, encompassing various dimensions such as demographic information, educational background, professional experiences, and participation in financial training. The demographic overview reveals a notable gender disparity, with 70% of the respondents identified as female and the remaining 30% as male. Educational attainment is diverse, with 50% of the school heads having pursued or currently pursuing doctorate degrees, while 40% have completed coursework for master's degrees, indicating a high level of educational achievement within the cohort.

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

Respondents	Sex	Educational Attainment	Number of years Experience as Teacher	Number of years Experience as Admin.	Number of years Experience as School Head	Financial Attended	Training
School Head 1	F	Doctorate Units	21	13	7		Yes
School Head 2	F	Master’s Units	15	9	4		No
School Head 3	F	Master’s Units	18	11	6		Yes
School Head 4	M	Doctorate Degree	16	5	9		Yes
School Head 5	F	Master’s Units	15	7	6		Yes
School Head 6	F	Doctorate Degree	16	12	7		Yes
School Head 7	M	Doctorate Units	14	5	4		No
School Head 8	M	Master’s Units	12	8	5		No

School Head 9	F	Doctorate Degree	14	14	5	Yes
School Head 10	F	Doctorate Units	15	7	4	Yes

The section on professional experience illuminates a wealth of insights. Teaching experience spans from 14 to 21 years, averaging around 16.6 years, suggesting a well-experienced group with significant pedagogical knowledge. Administrative experience varies from 5 to 14 years, with an average of approximately 9.1 years, showcasing a spectrum of administrative expertise, including substantial experience in non-leadership roles. The tenure as a school head ranges from 4 to 9 years, with an average of 6.4 years, portraying a mix of relatively new and seasoned school leaders. One respondent, attested that:

*“When you are just plain teacher, you will not meddle with the school finances because your focus is only to teach (instruction), but when I became a school head, I needed to learn how to budget school funds, learn the basic of spending and liquidating.”*

Another respondent said that:

*“Since I became the school head, there are lot of things to do with regards to school finances especially that it is a government fund. There a lot of papers and evidences that should be submitted and I learned all of this as I go along my position.”*

Consequently, financial training is a focal point, with 70% of respondents having participated in such programs, underscoring the recognition of the importance of financial knowledge in their leadership roles. Patterns and observations reveal that a majority of female school heads have pursued higher education, particularly doctorate programs. Additionally, there is a balance between experienced educators assuming administrative and leadership roles and those with a more recent transition to leadership positions. Financial training attendance is notably more common among female school heads. According to Smith (2018), effective financial management in public schools is crucial for maintaining fiscal responsibility, ensuring that limited resources are allocated efficiently to meet educational objectives. Moreover, Johnson and Brown (2020) emphasize the significance of financial management in public schools, stating that well-managed budgets contribute to the overall stability and sustainability of educational institutions, allowing them to weather economic uncertainties.

Potential considerations include the recognition that diverse educational backgrounds contribute to a varied skill set among school heads. Efforts may be warranted to provide financial training opportunities for those who have not undergone such training. The mix of experienced and newer school heads could foster collaboration and mentorship opportunities. However, it is crucial to acknowledge the limitations of the analysis, primarily the relatively small sample size of 10 school heads, which limits the generalizability of findings.

The study's findings revealed a general baseline understanding of school accounts among all school heads, emphasizing the necessity of recording details in each account. Notably, only three respondents lacked training in financial management. School Head 4, 6 and 9, possessing the highest academic qualifications among the respondents, demonstrated a more efficient grasp

of school finance and accounting. Their proficiency extended to clear comprehension of cash book management and adept handling of payment and receipt reviews. In a study by Anderson et al. (2019), it was found that schools with strong financial management practices are better positioned to provide quality educational experiences, including updated learning materials, extracurricular activities, and professional development opportunities for teachers. One respondent answered:

*"Effective financial management by school heads in public elementary schools is crucial for ensuring the optimal utilization of resources, fostering a conducive learning environment, and enhancing overall educational outcomes."*

Another respondent answered that:

*"The judicious allocation of funds, transparent budgeting practices, and strategic financial planning are key components of successful financial management in public schools, directly impacting the quality of education delivered to students."*

Surprisingly, the research indicated that the teaching experience of the selected school heads had no discernible impact on their understanding of school financial management and accounting. Despite School Head 1, 3, 4 and 6 having more teaching experience than their counterparts, they did not exhibit a higher level of understanding. Conversely, School Heads 1, 4, and 9, with more years of experience as school heads, demonstrated a superior understanding of school financial management and accounting. The results suggest that experience as a school head significantly contributes to a superior understanding of school financial management and accounting. School Heads with more years of experience (such as Heads 1, 4, and 9) demonstrated a higher level of proficiency in these areas. This implies that professional development programs or mentorship initiatives aimed at enhancing financial management skills could be particularly beneficial for less-experienced school leaders. This is affirmed by one of the respondents:

*As I stay longer as school head, I learn how to manage well our school finances which I always bring with me when we reshuffle to other schools.*

Another responded mentioned the importance of financial management in schools:

*"School leaders play a pivotal role in financial stewardship, requiring a keen understanding of budgetary constraints, resource allocation, and the ability to prioritize expenditures that directly contribute to the educational well-being of students in public elementary schools."*

Gender, however, did not emerge as a significant factor influencing the level of understanding among school heads. For instance, male School Heads 4, 7 and 8 displayed a lower understanding, while school head 7, also male, heavily relied on the financial clerk in managing the school's finances. The findings indicate that gender is not a significant factor influencing the level of understanding among school heads in terms of financial management and accounting. These challenges preconceived notions that certain gender groups might be

predisposed to better or worse financial acumen in educational leadership roles. Consequently, recruitment and promotion decisions should be based on merit and experience rather than gender stereotypes.

These attributes were confirmed by one of the respondents:

*“Whether a school head is female or male, both of us are doing the job of managing school funds properly or else we will be removed from our positions.”*

Interestingly, the level of understanding of school financial management and accounting among headmasters was not influenced by their experience as administrators or senior assistant teachers. Despite School Heads 1,3, 4, and 6 having more experience in senior assistant roles, they did not manifest a high level of understanding in these areas. The study highlighted that school heads who attended courses on financial management exhibited a superior understanding of the school's finance and accounting.

In addition, Smith and Jones (2021) argue that proper financial management in public schools is directly linked to improved student outcomes, as it enables schools to invest in programs that enhance the learning environment, hire qualified educators, and implement effective teaching strategies. While other factors, such as personal experiences and academic qualifications, also contributed to their comprehension, these financial courses played a crucial role in enhancing the headmasters' understanding of school financial management. According to a report by the National Education Association (NEA, 2022), schools that prioritize financial management not only foster a conducive learning environment but also build trust among stakeholders, including parents, teachers, and the community, leading to increased support for educational initiatives.

## CONCLUSIONS

In conclusion, the findings underscore the significance of certain factors in shaping the knowledge of school heads regarding accounting and financial management within the school context. Notably, the experience of serving as school heads, the level of education attained, and the attendance of financial courses emerged as crucial determinants of their proficiency in these areas. Conversely, gender, as well as the experience gained as a teacher or senior assistant teacher, did not exhibit a noteworthy correlation with knowledge in accounting and financial management. This suggests that the majority of teachers and senior assistant teachers are generally not directly involved in the financial aspects of school management, with such responsibilities typically falling on the shoulders of school managers and financial clerks. Consequently, the appointment of school heads is recommended to involve individuals possessing a first degree, coupled with a mandatory requirement to undergo courses focusing on the financial management of schools.



## RECOMMENDATIONS:

Based from the conclusions, the following recommendations are made:

- Encourage ongoing professional development opportunities for school heads, with a particular focus on financial management. This may include specialized courses or workshops aimed at enhancing their skills and understanding of financial practices within the school setting;
- Revise the criteria for the appointment of school heads to require the possession of a first degree. This ensures that individuals taking on these roles have a foundational level of academic qualification, contributing to better-equipped school managers with a broader knowledge base;
- Mandate that school managers undergo specific courses on school financial management as part of their professional development. This approach aims to enhance their competence in handling financial responsibilities and ensures a standardized level of expertise across school management positions;
- Promote collaborative efforts between school heads and financial clerks to ensure effective financial management. Establish clear communication channels and cooperative initiatives to leverage the strengths of both positions, fostering a more comprehensive and efficient approach to school finances; and
- Consider integrating financial management modules into educational leadership programs. This proactive approach aims to equip aspiring school heads with essential financial knowledge, better preparing future leaders for the multifaceted responsibilities associated with school management, including financial stewardship.

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