

## Financial Management for Improving Efficiency of Schools: Issues and Concerns

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### Abstract

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*Financial management in education is the most vital realm, the effective dealing of which ensures the promotion of education quality achieved by the provision of resources. Educational expenditures are considered as investment, which forms one of the tangible inputs. Proper ratio of expenditures can be maintained by keeping a balance between spending on teachers and instructional processes as well as expenditures on management and pupils. Effective supervision of these ensure control over both overspending and money lapsing. More than 50% of total education expenditure was allocated to staff salaries. In developing countries even more than 80% are spent on staff salaries and in Pakistan it is more than 96%. Spending high proportion on salaries will stop hiring additional teachers and provision of facilities, which will have negative impact on internal efficiency. Developed countries spent approximately 12-16% of their GDP on education as compared to less-developed countries, which was 6-7%. School efficiency is affected by financial management skills of principals to receive, allocate and control financial resources. The efficient and timely utilization of such resources will require the principal to be knowledgeable about such skills, which are significant in trend-setting schools. The estimation and execution of fiscal resources are dependent on effective management of resources, which promote internal efficiency of schools.*

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**Key words:** Financial management, Expenditure, Investment, Financial Resources and Spending.

### 1. Introduction

The financial aspect of schools also merits consideration as the allocation of funds and its proper utilization on students' learning enhance the internal efficiency of schools. But unfortunately a meager amount is allocated, annually, to schools and that is not adequate to help promote the efficiency of schools. According to Masood et al (2004:12) Government's spending on education shows how much priority is given by Government to the education sector.

Education in Pakistan has experienced numerous problems such as low investment, low access and quality as well as high wastage in terms of human resources, materials, money and time. Public expenditure of education in Pakistan is meager, which is amongst one of the five lowest spending nations of the world.

Aziz (2004:10) stated that public spending on education dropped during 1990-91 from 2.6% of the GDP to 1.8% in 2002-2003. Education sector was not prioritized as it was evident from low spending on it. The sector remained neglected from the independence of Pakistan and continues to suffer till to date.

Secondary Education in Pakistan is free in public sector (Government) schools and no tuition fees are charged from the students and all provinces are constitutionally bound to make arrangement for free secondary education. The contribution of students to educational finance in the shape of school tuition fees is practically negligible, which adds burden to public exchequer. The financial category is further divided into revenue, grants and expenditure.

### **1.1 Revenue of Government High School**

Revenue of Government high school is a meager amount and could not run the business of school efficiently. It is in the form of admission fees, late certificate fees, duplicate certificate fees, and fines. The total admission fee for 9<sup>th</sup> -10<sup>th</sup> class per student annually is Rs.137, while total admission fee for 6<sup>th</sup>- 8<sup>th</sup> class per student per annum is Rs.113. Late / duplicate certificate fee is Rs.25 each for 9<sup>th</sup> -10<sup>th</sup> class and Rs.15 each for 6<sup>th</sup> - 8<sup>th</sup> class. Absentee fine is received at the rate of Rs. 2 per day and other fines are received at different rates depending upon the severity of the case (Source: Directorate of Elementary and Secondary Education, Khyber Pakhtunkhwa No2696-50 Dated25/7/2011). Moreover the revenue of the school is also obtained from auction of trees, unserviceable articles (furniture and equipments) as well as financial assistance received from community and NGOs.

### **1.2 Grant to Government High School**

Grants are provided to the Government high school in the form of classroom consumable items, petty repair, provision of basic facilities, and terms of partnerships (TOP). These grants are spent through Parent-Teacher Council (PTC) to ensure involvement of community. The amount of grant is not fixed and provided to the schools on need- base. Parents Teachers Councils (PTCs) have the power to spend the funds on repair of building and furniture, classroom consumable items, electrification, white wash, purchase of floor mats/furniture, and payment of compensation utility bills. The amount of petty repair and classroom consumable items per room for high school was Rs.5515/ and Rs. 1950/ respectively for the year 2010 (Source: EDO E&SE NO8632-721 dated 16/1/2010).

### **1.3 Expenditures of Government High School**

Expenditures of Government high school for the purpose of budget may be divided into two heads. Those of which the amount can be determined exactly (recurring expenditures) and those the amount of which can be estimated approximately (non-recurring expenditures). The former includes such charges as salaries, fixed contingent, grants and sanctioned recurring grant-in-aid and the latter includes; petty construction and repair, non-recurring expenditure for buildings and other charges which fluctuate from year to year. Recurring expenditures formed large proportion of school budget as compared to non-recurring expenditures. Any variation between the new budget and that for the preceding year for first category needed to be supported only by a reference to the order sanctioning the change or by a note to the effect that an officer has been promoted or has become entitled to an increment or such other explanation as may be required or request to create new post of teachers and support staff if needed.

According to UNESCO (2012:7) 45.46% of the total provincial budget goes to school education during 2010-2011. Out of the total budget, the salary component is 96% and non-salary is 4%. (Source: District Education Budget (Salary & Non-Salary) 2010-11). The salary component is continuously increasing and that reducing the non-salary provisions, which adversely affects the quality of education. Moreover it mars effective teaching - learning process within the classroom due to non-availability of actual inputs required for quality education.

The Institute of Social and Policy Sciences (I-SAPS 2010:102-103) reported that budgetary allocations of federal and provincial governments (Rs.150.13 billion) in 2010-11 represent a significant improvement over the combined education budget of Rs. 138.32 billion in 2009-10. In 2010-11, the largest increase has been made in Baluchistan budget (81 percent), followed by Khyber Pakhtunkhwa (64 percent), Sindh (18 percent) and Punjab (11 percent).

A breakdown of budget data suggests that utilization was highest in Khyber Pakhtunkhwa (123 percent) followed by the federal government (88 percent), Baluchistan (84 percent), Sindh (81 percent) and Punjab (62 percent). Compared with previous years, it is noted that the overall trend has remained unchanged with high overspending in KP and lowest spending in the Punjab.

## **2. Literature review on Financial Category**

Financial management in education is the most vital realm, the effective dealing of which ensures the promotion of education quality achieved by the provision of resources. Educational expenditures are considered as investment, which forms one of the tangible inputs. Cost-benefit analysis can be used to identify school effectiveness. Proper ratio of expenditures can be maintained by keeping a balance between spending on teachers and instructional processes as well as expenditures on management and pupils. Effective supervision of educational expenditures ensures control over both overspending and money lapsing. The financial category includes revenues, grants, expenditures and use of funds.

### **2.1 Spending on Education**

According to a report of European Research Associates (2006:115) the efficiency of education is calculated on the basis of total spending on education. Total education expenditure is composed of inner and outer institutional costs. There are a number of indicators that could be considered in relation to total spending, which are educational spending; spending on education per student (purchasing power standards); total expenditure on education as a percentage of GDP; educational spending per student compared to GDP per capita; total expenditure on education per student as a percentage of GDP and cumulative spending.

The NEP Ministry of Education, (2009:13) documented that Pakistan educational spending as percentage of GDP is lowest than other countries of the South Asian region. Pakistan allocated 2-2.7% of the GDP to education sector. According to UNESCO's EFA Global Monitoring Report (2009:149), spending on education as percentage of GDP, in Bangladesh was 2.6%, in Nepal 3.2%, in India 3.3%, in Iran 5.2% and in Maldives 8.3% of their GDP.

Hoos, Janos (2001:4-5) reported that Hungary educational spending is approximately 6-7 % of the budget, which is considerably less than the industrialized countries. Finland spends 13-14%, Sweden 14-15%, Denmark 12-14%, Japan 16% and USA 12%.

The European Research Associates (2006: 54) reported in a study that total educational costs consist of spending on goods and services of educational institutions, which includes all direct public, private and international expenditure whether educational or non educational; private expenditure on educational goods and services purchased outside of educational institutions; public subsidies to students for students' living costs as well as transfers and payments to other private entities.

Asian Development Bank (2008: IV) documented in a report that schools' expenditures can be evaluated by inputs each year. Recurring expenditure includes: salaries of teaching and non-teaching staff, operation and maintenance, instructional aides, workshops, training activities and study visits, and non-recurring expenditure includes: construction, furniture and equipment.

Frankie-Dolor (2002:126-133) asserted that of all the pre-requisites for effective management of an organization, the most vital is the human resources. The success of any type of organization may be it social, political, religious or economic, depends to a large extent, on the human beings that make up the organization. Human beings take decisions, which provide the knowledge, energy and the co-operation through which organizational objectives are achieved. On physical and material resources, its importance, need and relevance towards the success of every educational programme cannot be overemphasized.

The availability of adequate school buildings, classrooms, chairs, desks and other facilities are necessary for the attainment of educational objectives.

According to UNESCO (2006:76) there are no international benchmarks of spending on education. The spending on education as percentage of GNP ranges between 5-6% in a bulk of nations with highly developed education systems. In 2005 South African educational spending was 5.59% of its GNP.

According to South African Education Department report (2009: 105) public spending on education is classified into three categories. They include spending on human resources; physical facilities and instructional support services. The cost of human resources is minimized due to realistic distribution and deployment of teachers in education and just distribution of teachers across the provinces. Spending on human resources during 1998 was 91% of the total budget which was reduced to 81% in 2005. The ratio of spending on human resources to instructional support services touched the limit of 80:20 during 2005, which was 91:9 during 2000. The analysis showed that spending on education would improve internal efficiency if it is realistic and need- based.

World Bank (2004a:89) showed that additional public spending on education, even if it is on the right school inputs, will not improve learning unless education providers are motivated to implement and capable of implementing the required actions. Systemic reform involves setting up objectives relating to performance rather than inputs and giving education providers sufficient autonomy to manage for results while making them accountable for the results. Schools and teachers also need adequate financing to manage for results. The above statement indicated that motivated teachers and performance based system would improve the internal efficiency of schools.

Mulkeen et al (2007:68) documented that in majority of countries; more than 50% of total education expenditure allocated to public institutions is spent on staff salaries. In developing countries, the percentage spent on staff salaries is typically even higher, often making up more than 80% of overall government education cost. Given the high proportion of overall education budgets spent on teachers' salaries, there are significant constraints to hiring additional teachers, particularly in many developing countries where infrastructure is often weak and in need of improvement. On the other hand, offering higher salaries to teachers may attract better qualified candidates to the profession.

The crux of the analysis is that more than 50% of total education expenditure was allocated to staff salaries. In developing countries even more than 80% are spent on staff salaries and in Pakistan it is more than 96%. Spending high proportion on salaries will stop hiring additional teachers and provision of facilities, which will have negative impact on internal efficiency.

UNESCO (2011:72) reported that world average of total Government spending on education in 2009 totaled 4.8% of GDP. Government cost on education as a share of GDP was highest in North America and Western Europe (5.2%), followed by Central and Eastern Europe (5.0%) and Sub-Saharan Africa (4.9%). The regions of Latin America and the Caribbean, as well as South and West Asia, are close to the world average, with 4.8% and 4.7% respectively. The lowest public share of national resources in education is found in Central Asia, with an average of 3.6%... Public expenditure for secondary education accounted for 1.6% of the world's GDP in 2009, while primary and tertiary education attracted 1.7% and 1.0%, respectively.

## **2.2 Educational Costs**

According to John, R. (2003:2) government spending on primary education in 1998 as a portion of GDP was 4.1% in low and middle income countries. Similarly, 3.4% and 2.9% of GDP were spent by low income and least developed countries respectively. However, low spending does not essentially signify low enrolments.

Table-2.1 indicates that mean spending as a share of GDP was higher in Sub-Saharan Africa (SSA) where enrolment rates are low, than East Asia and the Pacific (EAP) where enrolments are high.

**Table-1: Public Expenditure on Education as a Share of GDP 1996–8**

	Sub-Sahara, Africa	Latin America, Caribbean	East Asia, Pacific	Middle East, N Africa	South Asia
Median	3.7	3.6	3.2	4.6	3.0
Minimum	1.0	1.6	1.3	2.7	2.4
Maximum	10.8	6.7	6.2	8.2	3.4
<b>Source: World Development Index</b>					

UNESCO (2011:72) presented the public unit cost per secondary school student (as a percentage of GDP per capita) in relation to secondary GER. For countries with higher GERs in secondary education, the unit cost per student is, with a few exceptions, relatively lower, most are middle- or high-income countries. On the other hand, unit costs vary considerably among countries with low secondary GERs, most of which are located in Sub-Saharan Africa. Some African countries with low GERs show extremely high unit costs per secondary school student, such as Lesotho (54% of GDP per capita), Niger (57%), Burundi (60%) and Mozambique (85%).

Watt (2001:30) reported that the provision of fiscal and human resources are the most important inputs of schools. Fiscal contribution is ensured in the form of school fees or through fund raising programmes as against public donations, which is usually in the form of supply of labour for school buildings.

According to Tibi, C. (2009:15) evidence unfolds that the expenditure ratio per unit of primary teacher training and higher education are alike to those of international unit cost. The initiatives to minimize expenditure of the programmes involve reducing the number of such activities and increasing the students' number, equate within and out of campus study programmes, increase duration of teaching practice and investment in distance education programmes.

The analysis of literature reviewed on financial category found it important for this study reason being that it is one of the important inputs for improving internal efficiency of schools. It came to light that Government expenditure as a portion of GDP was the highest in North America and Western Europe, followed by Central and Eastern Europe and Sub-Saharan Africa. The regions of Latin America and the Caribbean as well as South and West Asia, remained close to the world average, with 4.8% and 4.7% respectively. The lowest public share of national resources in education was found in Central Asia, with an average of 3.6%. [UNESCO (2011:72)]. Developed countries spent approximately 12-16% of their GDP on education as compared to less-developed countries, which was 6-7%. [Hoos, Janos (2001:4-5)]. School efficiency is affected by financial management skills of principals to receive, allocate and control financial resources. [World Bank (2004 a: 89)]. The efficient and timely utilization of such resources will require the principal to be knowledgeable about such skills, which are significant in trend-setting schools. The estimation and execution of fiscal resources are dependent on effective management of resources, which promote internal efficiency of schools.

### **3. Methodology of the Study**

The study attempted to identify different issues and concerns of financial management of secondary schools in the context of Khyber Pakhtunkhwa province of Pakistan. It chose a descriptive methodology based on scientific method of research. Both qualitative and quantitative approaches were applied for analysis of data. The study was delimited to Boys' High Schools in public sector both in urban and rural areas of five districts of Khyber Pakhtunkhwa province of Pakistan. Girls' schools as well as private schools were not included in the scope of the study.

Population may be target or sampled depending on the situation. The target population of the study was 1229 principals/heads of secondary schools and 4201 senior school teachers in Khyber Pakhtunkhwa province of Pakistan. The sampled population of the current study was 297 principals/ heads of secondary schools and 1433 senior school teachers in five districts of five divisions of Khyber Pakhtunkhwa province of Pakistan.

**Table-2 Population of High Schools' Principals and Senior School Teachers (SSTs)**

Population of Respondents, District-wise	District Bannu	District Kohat	District Lower Dir	District Mardan	District Peshawar	Grand Total
Population of High Schools' Principals	48	44	62	69	74	297
Population of SSTs	248	145	275	410	355	1433

The study chose stratified random sampling technique as the population was spread over five districts. Therefore districts were purposively selected and sample from every district was randomly chosen in order to provide equal opportunity to subjects, for inclusion in every unit of the population. The sample of the study was adequate because 75 (25%) principals and 359 (25%) senior school teachers were included in the study from all five districts of five divisions of Khyber Pakhtunkhwa province of Pakistan. The following table gives a synoptic picture of the sample in five districts of Khyber Pakhtunkhwa province.

**Table-3 Sample of High Schools' Principals and Senior School Teachers (SSTs)**

Sample of Respondents, District-wise	District Bannu	District Kohat	District Lower Dir	District Mardan	District Peshawar	Grand Total
Sample of High Schools' Principals %age	12 (25%)	11 (25%)	16 (25%)	17 (25%)	19 (25%)	75 (25%)
Sample of SSTs %age	62 (25%)	36 (25%)	69 (25%)	103 (25%)	89 (25%)	359 (25%)

The following statistical manipulations were used for determination of consistency in data of the respondents.

Standard Deviation of principals ( $S_p$ ) =3.03, Standard Deviation of SST ( $S_t$ ) =23.04

Principals' average per district ( $\bar{X}$ )<sub>p</sub> =15.00, SSTs' average per district ( $\bar{X}$ )<sub>SST</sub> =71.80

Co-efficient of variation (C.V) for principals and SST are given as

$$C.V_p = S_p / \bar{X}_p \times 100$$

$$C.V_{sst} = S_t / \bar{X}_{sst} \times 100$$

$$C.V_p = 20.20$$

$$C.V_{sst} = 32.09$$

Co-efficient of variation of principals (20.20) is less than SST (32.09), which means that data of principals are more consistent (reliable).

#### **4. Research Instruments**

The study used opinionnaire for collecting data from principals and senior school teachers regarding financial category for improving school efficiency in five districts of Khyber Pakhtunkhwa province of Pakistan. The opinionnaire was administered to the subjects using Likert Scale with five options for each statement. They were handed over to participants and collected in person.

#### **5. Data Collection, Analysis and Discussion**

The primary data were obtained through closed-ended opinionnaire personally handed over to the principals and senior school teachers in urban and rural areas in five districts of Khyber Pakhtunkhwa province of Pakistan.

The secondary data were obtained from office records, documents and review of relevant literature both in local and global perspectives.

The analysis of data was given both quantitative and qualitative treatment. The quantitative data were supported by statistical measures and converted into percentages in tabular form duly supported by graphic presentation. The qualitative data were placed under different patterns and categories, discussed and interpreted for drawing inferences. Chi-square test was also applied for validation of results.

The statements were framed under financial category and the subjects (principals and SSTs) were solicited to prioritize their choices out of the following options: Most Essential, Quite Essential, Essential, Essential to Some Extent and Not So Essential. School:

1. Spends financial resources allocated by Government for providing physical facilities.
2. Utilizes fund by school for improving instructional process.
3. Generates revenue from different sources for smooth running of the school.
4. Receives grants, gifts and donations from Government, NGOs and community to improve teaching learning process.

**Table-4 Responses of 75 Principals Regarding Financial Category in Five Districts of KP**

Options (Likert Scale)	Statement number	Districts					Total Responses (Row)	% ages
		Bannu 12	Kohat 11	Lower Dir 16	Mardan 17	Peshawar 19		
Most Essential	1	9	4	10	13	13	49	16.33
	2	8	2	6	8	11	35	11.67
	3	10	2	6	4	3	25	8.33
	4	7	2	8	9	4	30	10.00
Total Resp. (Column)		34	10	30	34	31	139	46.33
Quite Essential	1	3	4	3	4	3	17	5.67
	2	4	5	6	4	4	23	7.67
	3	1	5	5	1	3	15	5.00
	4	5	3	3	0	9	20	6.67
Total Resp. (Column)		13	17	17	9	19	75	25.01
Essential	1	0	2	2	0	1	5	1.67
	2	0	4	3	3	2	12	4.00
	3	1	4	4	5	6	20	6.67
	4	0	2	5	4	2	13	4.33
Total Resp. (Column)		1	12	14	12	11	50	16.67
Essential To Some Extent	1	0	1	1	0	2	4	1.33
	2	0	0	1	1	2	4	1.33
	3	0	0	1	5	3	9	3.00
	4	0	4	0	4	2	10	3.33
Total Resp. (Column)		0	5	3	10	9	27	8.99
Not So Essential	1	0	0	0	0	0	0	0.00
	2	0	0	0	1	0	1	0.33
	3	0	0	0	2	4	6	2.00
	4	0	0	0	0	2	2	0.67
Total Resp. (Column)		0	0	0	3	6	9	3.00
G. Total		48	44	64	68	76	300	100

N=75

Out of (75x4) 300 responses of 75 principals in all the five districts 139 (46.33%) responses were opted for ‘Most Essential’, 75 (25.01%) for ‘Quite Essential’, 50 (16.67%) for ‘Essential’, 27 (8.99%) for ‘Essential to Some Extent’ and 09 (3%) for ‘Not So Essential’. The analysis indicated that out of (75x4) 300 responses a majority of 139 were in favour of ‘Most Essential’. It revealed that financial discipline was most essential in school organization. Effective financial management of the schools helps improve their internal efficiency. The inference drawn from the analysis was that principals’ knowledge of financial category ought to be more effective for promoting school efficiency as financial resources are needed for effectiveness of schools.

The data reflected in Table-4 were further subjected to statistical measures for authentication.

**H<sub>0</sub>** = Financial Category and Internal Efficiency of Schools are independent or they are not associated.

**H<sub>1</sub>** = Financial Category and Internal Efficiency of Schools are not independent or they are associated.

Level of significance  $\alpha = 0.05$  (for 95% confidence level)

Critical Region  $\text{Chi-Sq (cal)} \geq \text{Chi-Sq } \alpha (r-1) (c-1) \text{ d.f.}$

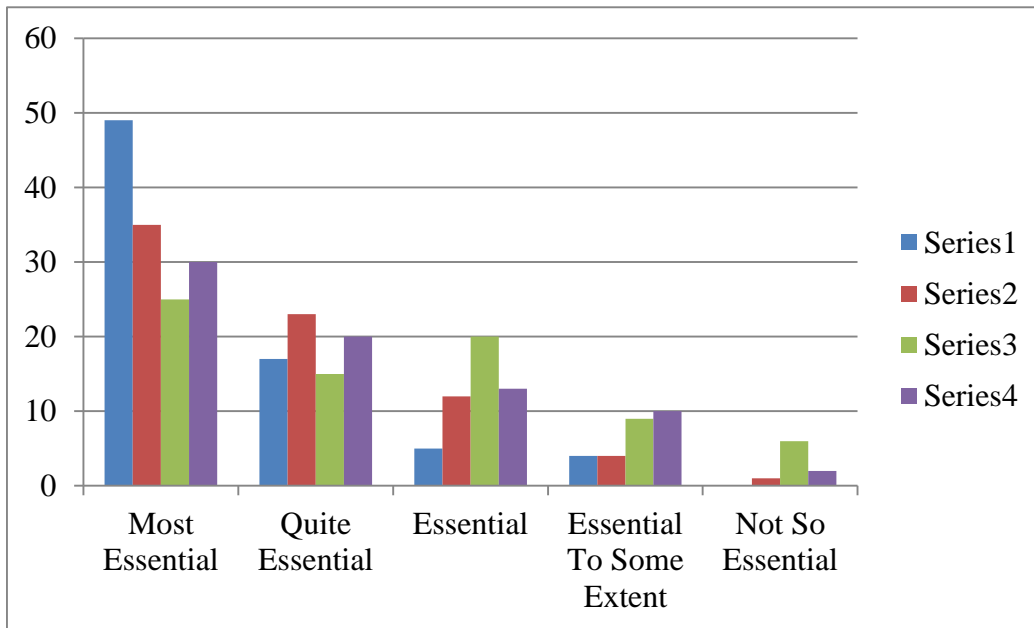
$\text{Chi-Sq (cal)} \geq \text{Chi-Sq } 0.05 (3) (4)$

$\text{Chi-Sq (cal)} \geq \text{Chi-Sq } 0.05 12 \Rightarrow \text{Chi-Sq (tab)} = 21.03$

$\text{Chi-Sq (cal)} = 34.008$

Since  $\text{Chi-Sq (cal)} (34.008)$  is greater than  $\text{Chi-Sq (tab)} (21.03)$ , which falls in the critical region. So we reject  $H_0$  and conclude that ‘Financial Category’ and ‘Internal Efficiency of Schools’ are not independent. Further elucidation of data was made through graph in Figure-1.

**Figure-1 Responses of 75 Principals Regarding Financial Category**





**Table-5 Responses of 359 Senior School Teachers (SST) under Financial Category in Five Districts of KP**

Options (Likert Scale)	Statement number	Districts					Total Responses (Row)	% Ages
		Bannu 62	Kohat 36	Lower Dir 69	Mardar 103	Peshawar 89		
Most Essential	1	45	17	34	45	50	191	13.30
	2	30	10	37	37	35	149	10.38
	3	31	9	17	25	18	100	6.96
	4	32	13	30	31	34	140	9.75
Total Resp. (Column)		138	49	118	138	137	580	40.39
Quite Essential	1	14	7	14	26	20	81	5.64
	2	17	12	9	31	22	91	6.34
	3	19	8	15	30	21	93	6.48
	4	12	6	12	19	12	61	4.25
Total Resp. (Column)		62	33	50	106	75	326	22.71
Essential	1	1	9	16	26	13	65	4.53
	2	12	11	13	23	21	80	5.57
	3	8	12	14	30	27	91	6.34
	4	13	11	9	24	27	84	5.85
Total Resp. (Column)		34	43	52	103	88	320	22.29
Essential To Some Extent	1	2	3	4	5	4	18	1.25
	2	3	3	9	11	9	35	2.44
	3	4	5	13	15	10	47	3.27
	4	5	3	11	25	13	57	3.97
Total Resp. (Column)		14	14	37	56	36	157	10.93
Not So Essential	1	0	0	1	1	2	4	0.28
	2	0	0	1	1	2	4	0.28
	3	0	2	10	3	13	28	1.94
	4	0	3	7	4	3	17	1.18
Total Resp. (Column)		0	5	19	9	20	53	3.68
G. Total		248	144	276	412	356	1436	100

**N=359**

Out of (359x4)1436 responses of 359 senior school teachers in all the five districts 580, (40.39%) responses were opted for 'Most Essential', 326 (22.71%) for 'Quite Essential', 320 (22.29%) for 'Essential', 157 (10.93%) for 'Essential to Some Extent' and 53 (3.68%) for 'Not So Essential'. The analysis indicated that out of (359x4)1436 responses a majority of 580 responses were in favour of 'Most Essential'. It revealed that financial discipline was most essential in school organization. Effective financial management of the principals helps improve their internal efficiency. The inference drawn from the analysis was that principals' knowledge of financial category ought to be more effective for promoting school efficiency.

The data reflected in Table-5 were further subjected to statistical analysis for authentication.

**H<sub>0</sub>** = ‘Financial Category’ and ‘Internal Efficiency of Schools’ are independent or they are not associated.

**H<sub>1</sub>** = ‘Financial Category’ and ‘Internal Efficiency of Schools’ are not independent or they are associated.

Level of significance  $\alpha = 0.05$  (for 95% confidence level)

Critical Region  $\text{Chi-Sq (cal)} \geq \text{Chi-Sq } \alpha (r-1) (c-1) \text{ d.f.}$

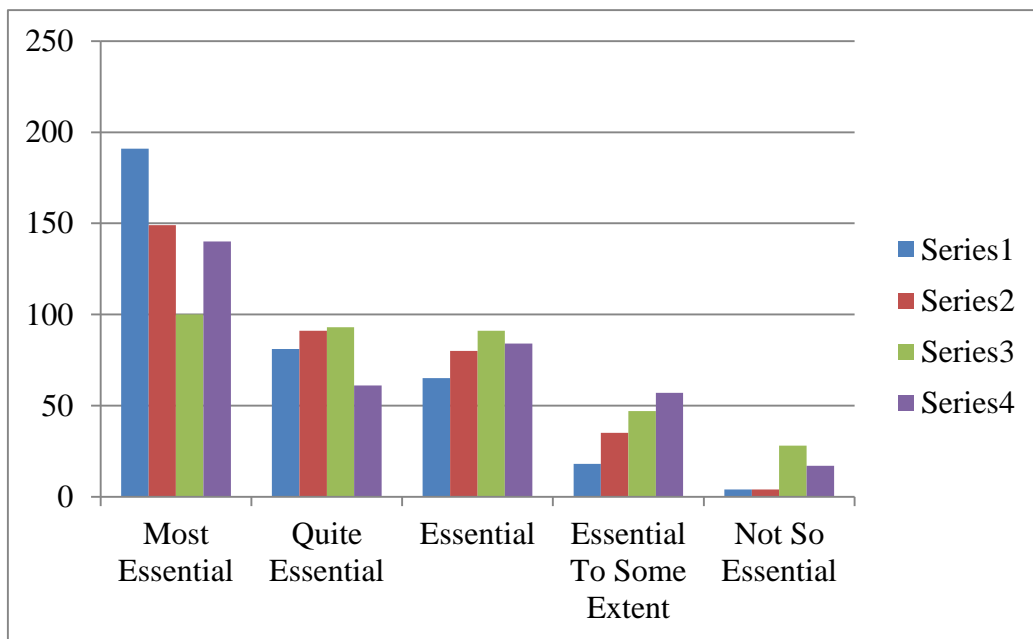
$\text{Chi-Sq (cal)} \geq \text{Chi-Sq } 0.05 (3) (4)$

$\text{Chi-Sq (cal)} \geq \text{Chi-Sq } 0.05 12 \Rightarrow \text{Chi-Sq (tab)} = 21.03$

$\text{Chi-Sq (cal)} = 93.174$

Since  $\text{Chi-Sq (cal)} (91.174)$  is greater than  $\text{Chi-Sq (tab)} (21.03)$ , which falls in the critical region. So we reject  $H_0$  in favour of  $H_1$  and conclude that ‘Financial Category’ and ‘Internal Efficiency of Schools’ are not independent. The data were further supported through graph in Figure-2.

**Figure-2 Responses of 359 Senior School Teachers (SST) under Financial Category**



**6. Outcome of the Study**

It was found that out of 300 responses of principals and 1436 responses of senior school teachers a majority of 139 (46.33%) and 580 (40.39%) responses respectively supported the statements that financial discipline as envisaged under financial category was most essential. Majority of principals and senior school teachers felt that financial discipline was ‘Most Essential’ in school organization. Effective financial management of the schools by principals helps improve their internal efficiency. In order to ensure sustainable development of schools, the budget allocation for the schools has to be increased and their transparent utilization ensured by the management. This would also require the training and orientation of principals in financial discipline.

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