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My sincere thanks to all my colleagues, friends and relatives whose support I really valued.
SUMMARY

Section 34(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “the State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision”. Although the State has legislated its intentions of funding public schools, financial and budgetary constraints prevent it from meeting all the financial requirements of schools. Bearing this in mind, Section 36 of the same Act states that “a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. Thus, schools - through their governing bodies, of which the principal is a member - are being encouraged to raise funds to supplement that which the State can provide. The State has qualified in terms of section 34(2) of the same Act that “the State must, on an annual basis, provide sufficient information to public schools regarding the funding referred to in subsection (1) to enable public schools to prepare their budgets for the next financial year”. In addition to this subsection which requires schools to draw up a budget, Section 38(1) of the same Act stipulates that “a governing body of a public school must prepare a budget each year, according to guidelines determined by the Minister of the Executive Council, which shows the estimated income and expenditure of the school for the following financial year”. Thus, budgets have become compulsory activities in the financial management functions of schools.

Schools in Britain and the United States of America have been delegated the financial management task or function under the auspices of local management of schools (LMS). Principals in these schools generally saw a change in the role as compared to their traditional roles prior to the advent of the delegated financial management for schools. Of particular importance in their changed role was the fact that collaborative and participative decision-making had to become part of their management style. Principals generally felt that although the financial management of the school did not rest solely with the principal, their role was not relinquished or diminished in any way. They still saw themselves as having a part in the accountability and responsibility of the
financial school management function. At the time when financial school management was delegated to schools, studies revealed that principals whose schools participated in the study were generally not prepared for the wide ranging tasks associated with financial school management. This aspect highlighted the need for adequate and appropriate training for principals. The literature study of schools revealed that one of the foremost benefits of effective and efficient financial school management was to empower schools to use their closer knowledge of pupils and their communities in determining how resources could be used efficiently and effectively. With regard to the function and purpose of a budget, it was established that a budget does not have a single function or purpose. Hence, a budget could be used for long and medium term planning, for purposes of evaluating performance, for co-ordinating activities, for implementing long term plans, for communicating the total plan to all parts of the organisation, for motivating staff and for providing authority for expenditures and as a control mechanism.

Interviews conducted with principals from six schools from the Gauteng Department of Education revealed approximately the same information obtained from the literature study. Thus, principals saw their role as a changing one. They saw collaborative and participative decision-making as an essential aspect in financial school management. Principals still regarded themselves as being accountable and responsible for the smooth functioning of the financial management of the school. With regard to skills required, principals generally agreed that some form of business management skill would assist in the financial management function of the school. In order to compensate for principals who did not possess any specific financial management related skills, training modules in this regard were recommended. On the question of the benefits of effective and efficient financial school management for the school, it was felt that it encouraged schools to fund resources in an optimal manner. Schools will be encouraged to undertake a prioritisation of needs. Schools in the South African context were asked to discuss some common problems associated with the financial school management function. Two of the pertinent problems outlined were, firstly, the follow-up of the non-payment of school fees and secondly, the parent component of the governing body does not always possess the necessary skills and knowledge relating to school governance. This is more pronounced in disadvantaged areas and communities. Finally, the function and purpose of a budget was not comprehensively outlined by respondents.
Principals provided varied views on the function and purpose of the budget as a tool in financial school management. However, certain common patterns surfaced.

In concluding the summary, it would be fitting to echo Levacic (1991:5) where it is contended that the main concerns of school managers (principals) are those of setting the institutions broad policy framework (or aims), linking these to detailed operational goals and controlling the activities of the organisation. Financial management in education is a key part of these management tasks; it therefore embraces far more than managing money.
Volgens Artikel 34(1) van die Suid-Afrikaanse Skolewet No. 84 van 1996 (Staatskoerant No. 17579, 1996:24) "die Staat finansier openbare skole uit openbare inkomste op 'n billike basis ten einde die behoorlike uitoefening van die regte van leerders op onderwys en die regstelling van ongelykhede van die verlede in die voorsiening van onderwys te verseker". Alhoewel die Staat bekend gestel het dat dit openbare skole wil finansier, is daar finansiële en begroting beperkings wat dit verhoed om al die finansiële behoeftes van skole na te kom. Ingevolge daarvan, is dit voorgestel in Artikel 36 van dieselfde Wet dat "'n beheerliggaam van 'n openbare skool moet alle maatreëls binne sy vermoe tref om die hulpbronne deur die Staat voorsien aan te vul ten einde die gehalte van onderwys wat deur die skool aangebied word aan alle leerders by die skool, te verhoog". Dus word skole, deur hulle beheerliggaam waarvan die hoof 'n lid is, aangemoedig om fondse in te samel om die Staat se gedeelte aan te vul. Die Staat het ook in terme van artikel 34(2) van dieselfde Wet bepaal dat "die Staat moet, op 'n jaarlikse basis, voldoende inligting in verband met die befondsing bedoel in subartikel (1) aan openbare skole voorsien om openbare skole in staat te stel om hul begrotings vir die volgende boekjaar voor te berei". Saam met hierdie subartikel, wat verwag dat skole begrotings voorberei, is daar artikel 38(1) van dieselfde Wet wat verwag dat "'n beheerliggaam van 'n openbare skool moet elke jaar, in ooreenstemming met riglyne deur die Lid van die Uitvoerende Raad bepaal, 'n begroting voorberei wat die beraamde inkomste en uitgawe van die skool in die volgende boekjaar uiteensit". Skole is dus verplig om begrotings voor te berei as 'n deel van die finansiële bestuur van die skool.

Die finansiële bestuurstaak onder die naam van plaaslike bestuur van skole (PBS) is gedelegeer aan skole in Brittanie en die Vereenigde State van Amerika. Hoofde in hierdie skole het in die algemeen besef dat daar 'n verandering is in hulle rol in vergelyking met die tyd voor die delegering van finansiële bestuur aan skole. 'n Aspek van hulle veranderde rol is die feit dat samewerking en gesamentlike besluitneming 'n deel van hulle bestuursstyl moet word. Hoofde het ook in die algemeen gevoel dat alhoewel finansiële bestuur van die skool nie alleenlik hulle ver-
antwoordelikheid is nie, dit nie hulle rol of take verminder het nie. Hulle besef dat hulle nog steeds ‘n deel het in die verantwoordelikheid van die finansiële bestuursfunksie van die skool. Teen die tyd dat die finansiële bestuur van die skool aan skole oorhandig is, het studies getoond dat hoofde van skole wat in die studies deelgeneem het, nie gereed was vir die veelsydige taak van finansiële bestuur nie. Hierdie aspek beklemtoon die nood vir voldoende en gepaste opleiding van hoofde. Die feitlike en literêre studie van skole het bepaal dat om die belangrikste en vooruitstaande voordele van effektiewe en bevoegde finansiële skoolbestuur te grond, was om die nadere kennis van leerlinge en die gemeenskap te gebruik om te bepaal hoe bronne doelmatig en doeltreffend gebruik kan word. Met betrekking tot die fynskie en doel van die begroting, is bepaal dat dit nie net ‘n eenledige fynskie of doel het nie. Daarvolgens kan ‘n begroting gebruik word vir lang en korttermyn beplanning, vir die doel om prestasie te bereken, vir koördinering van aktiwiteite, vir die implementering van langtermyn beplanning, om die totale beplanning oor te dra aan al die dele van die organisasie, om personeel te motiveer en laastens om gesag aan owerhede en kontrole meganisme te verleen.

Onderhoude gevoer met ses skool hoofde van die Gauteng Onderwys Department het basies dieselfde inligting wat verkry is deur die literêre studie, weergegee. Daarom sien hoofde hulle rol wel as veranderd. Hulle het kollaterale en deelnemende besluitnemings as ‘n noodsaaklike aspek in finansiële bestuur van ‘n skool beskou. Hoofde het hulle nog steeds as verantwoordelik beskou vir die funksonering van die finansiële bestuur van die skool. Met betrekking tot vaardighede wat benodig is, het hoofde in die algemeen ooreengekom dat daar ‘n behoefte is tot sekere vaardighede wat die finansiële bestuur of funksie van ‘n skool kan bystaan. In hulle poging om te kompenseer vir die hoofde wat nie beskik oor spesifieke finansiële bestuursvaardighede nie is daar opleidingsmodules aanbeveel. Na aanleiding van die vraag oor die voordele van doelmatige en doeltreffende finansiële skoolbestuur, het hulle gevoel dat dit skole aanmoedig om fondse optimaal te benut. Skole sou aangemoedig word om volgens ‘n prioriteitslys sy behoeftes te bepaal. Skole in die Suid-Afrikaanse konteks is gevra om hulle algemene probleme wat geassosieer word met die funksonering van die finansiële skoolbestuur, te bespreek. Twee prominente probleme wat beklemtoon is, was eerstens, die opvolging van skoalfonds wat nie betaal word nie, en tweedens, dat die ouer-komponent deel van die bestuursliggaam nie oor die
nodige vaardighede en kennis beskik met betrekking tot die finansiële bestuur van skole nie. Die het veral voorgekom in minderbevoorregte gemeenskappe. Laastens is die funksie en doel van ‘n begroting nie volledig uitgestip deur terugvoerders nie. Hoofde het verskillende sienswyses ten opsigte van die funksie en doel van die begroting as ‘n meganisme in finansiële skoolbestuur gehad. Nogtans het daar sekere algemene patrones na vore gekom.

Om die opsomming saam te vat, is dit gepas om Levacic (1991:5) te ondersteun dat die basiese bekommernisse van skoolbestuurders (hoofde), die daarstelling van ‘n breë beleidsraamwerk (of doelwitte) is, wat gekoppel moet word aan die volledige operasionele doelstelling en kontrollering van die aktiwiteite van die liggaam of organisasie. Finansiële bestuur in die onderwys is die sleutel tot bestuurstake en daarom behels dit baie meer as net die bestuur van fondse.
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CHAPTER 1

ORIENTATION

1.1 INTRODUCTION

The South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996) makes provision for two types of schools in our education system, namely, public schools and independent schools.

With reference to the funding of public schools, Section 34(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “the State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision”. Although the State has legislated its intentions of funding public schools from public revenue; it is, however, bound by financial considerations. Baine and Mwamwenda (1994:132) state that many educators are of the opinion that the proportion of state funding allotted to education has reached its limit. When applying this statement to the South African context, current information shows that approximately 21,2% of the 1997/1998 budget has been allocated to Education spending, (Nxesi, 1997:2). This represents the largest slice of the budget. This slice can only be increased, firstly, if the economy develops or grows rapidly and secondly, to the financial detriment of other sectors such as Health, Welfare and Housing. Since both these possibilities are not achievable in the immediate future it is clear that spending on Education has reached its limit. Furthermore, the greater portion of the Education budget is spent on Educators salaries thereby allowing a small percentage for resources, materials and other supplies to schools. The Gauteng Department of Education, for example, is expected to spend R3,9-billion “on staff, mainly teachers” out of a budget of R5,03-billion in the 1997/1998 budget, (Alfreds, 1997:1). Thus the State may not be able to meet all the financial-related requirements of the school.
The above-mentioned realities of funding public schools in South Africa has given rise to the idea of community assistance in financing of schools. Section 36 of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. This section of the Act clearly allows for community assistance in financing of schools. Bray (1996:495) contends that community financing is a vital source of supplementary funds for education, particularly where governments are unable to meet all the needs of their peoples. This aspect of financing public schools highlights the principal’s role in managing the finances of the school in an effective and efficient manner.

Section 34(2) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) emphasises that “the State must, on an annual basis, provide sufficient information to public schools regarding the funding referred to in subsection (1) to enable public schools to prepare their budgets for the next financial year”. This section of the Act compels the principal, as head of the school and also as a member of the governing body, to manage the budget of a school and thereby the finances of the school. Jackson M. (1994:52) contends that budgeting should be an integral part of the whole school planning and decision-making process. A school’s budget is simply a way of costing and then implementing those plans.

The South African Schools Act No. 84 of 1996 has therefore in essence changed the role of the principal with regard to school financial management as an important aspect of the overall management of the school.

1.2. STATEMENT OF THE PROBLEM

The South African Schools Act No. 84 of 1996 makes provision for schools - through the governing body - to obtain additional funds from the community, in addition to funds provided by the State, in the running of the school. These additional funds can be regarded as “public” money and therefore the acquisition and spending of such funds has to be managed effectively and
efficiently. The principal, as head of the school, has a major role to play in managing the additional finances of the school. This role creates the necessity for principals to acquire and possess the knowledge and skills of financial school management.

Educational legislation prior to the South African Schools Act No. 84 of 1996, with the exception of “model C” schools, did not require schools to actively or compulsorily engage in acquiring additional funds from the community. School fund collections, for example, were completely voluntary and could not be enforced in any way. At that time, Berkhout and Berkhout (1992:xiii) aptly stated that at present the need for knowledge of business economics among staff at public schools is limited, because a large proportion of these activities is still being handled by the education authority. It is only in isolated and exceptional cases that specialists are employed to assist the principals and staff of public schools with these functions. However, the same authors further expounded that all these benefits may well disappear in the near future and relevant knowledge of business economics may become increasingly important to management committees, education managers, school principals and staff members. Thus, it is imperative that knowledge of the various aspects of finance and financial management (of schools) will be of “immeasurable practical value on the management level” (Berkhout and Berkhout, 1992:xiii). Thus the role of the principal is a changing role.

In the light of the preceding information, the problem surrounding the topic can be condensed by means of the following questions:

* how do principals view their role with regard to financial school management in the context of previous Education legislation as well as the South African Schools Act No. 84 of 1996?
* do principals possess the necessary knowledge and skills for effective and efficient financial school management?
* what benefits does effective and efficient financial school management have for the overall management of the school as well as for general educational goals of the school?
* what is the purpose and function of a budget as a tool in financial school management?

The above questions will serve as a framework for studying the topic under discussion.
1.3. AIMS OF THE STUDY

The general aim of this study is to:

* highlight the important role of the principal with regard to financial school management as a vital component of the general management of the school - in the context of the South African Schools Act No. 84 of 1996.

In order to achieve the general aim, the specific aim of this mini-dissertation is to:

* determine whether principals possess the knowledge and skills which are required for financial school management;
* elucidate the benefits of effective and efficient financial school management for school management and to reach the general educational goals of the school;
* examine the purpose and function of budgets/budgeting as a tool in financial school management.

1.4. METHOD OF RESEARCH

The qualitative research paradigm will be used throughout the study. According to Cresswell (1994:1-2), a qualitative study is designed to be consistent with the assumptions of a qualitative paradigm. Furthermore, this qualitative study is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting. As expounded by Cresswell (1994:21) one of the main reasons for conducting a qualitative study is that the study is exploratory; not much has been written about the topic or population being studied, and the researcher seeks to listen to informants and to build a picture based on their ideas.

Table 1.1 displays assumptions of the qualitative paradigm based on ontological, epistemological, axiological, rhetorical and methodological approaches. Cresswell (1994:4) states that it is important to understand these assumptions because they give direction in the design of all phases of a research study.
Table 1.1  
Qualitative Paradigm Assumptions

<table>
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<th>Question</th>
<th>Qualitative Paradigm</th>
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<tr>
<td>Ontological</td>
<td>What is the nature of reality?</td>
<td>Reality is subjective and multiple as seen by participants in a study</td>
</tr>
<tr>
<td>Assumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epistemological</td>
<td>What is the relationship of the researcher to the researched?</td>
<td>Researcher interacts with that being researched.</td>
</tr>
<tr>
<td>Axiological</td>
<td>What is the role of values?</td>
<td>Value-laden and biased.</td>
</tr>
<tr>
<td>Assumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhetorical</td>
<td>What is the language of research?</td>
<td>Informal; evolving decisions; personal voice; accepted qualitative words.</td>
</tr>
<tr>
<td>Assumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Methodological</td>
<td>What is the process of research?</td>
<td>Inductive process.</td>
</tr>
</tbody>
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Source: Cresswell (1994:5)

1.4.1. Literature Research

Before proceeding into the field in order to interview principals, a literature research will be undertaken. Cresswell (1994:20-21) explains the purposes of the literature as follows:

* it shares with the reader the results of other studies that are closely related to the study being reported;
* it relates a study to the larger, on-going dialogue in the literature about a topic, filling in gaps and extending priorities;
* it provides a framework for establishing the importance of the study, as well as a benchmark for comparing the results of a study with other findings.

Furthermore, the literature will be used inductively so that it does not direct the questions asked by the researcher.

1.4.2. Interview

Interviews will be conducted with six public primary school principals from the Vaal Triangle area. A protocol will be used in conducting interviews. This protocol will include the following components, Cresswell (1994:152):
* a heading;
* instructions to the interviewer (opening statements);
* the key research questions to be asked (questions will be semi-structured);
* probes to follow key questions (where necessary);
* transition messages for the interviewer;
* space for recording the interviewer's comments;
* space in which the researcher records reflective notes.

1.5. DELIMITATION OF THE STUDY

The interview aspect of the research study will be limited to six principals of public primary schools in the Vaal Triangle area (S2 and S3 Districts) which falls within the control of the Gauteng Department of Education.

The focus of the study will be on the changing role of the principal with regard to school financial management as in important aspect of the overall management of the school. Furthermore,
emphasis will be placed on budgets as an instrument is assisting the principal in his/her financial management task.

1.6. DEFINITION AND EXPLANATION OF TERMS

1.6.1. Change

The Oxford Advance Learner’s Dictionary of Current English (Hornby, 1983:138) describes “change” as “to be different from one’s routine” and it also describes “change” as “abandon an old system and take up a new one”. From the definitions, it can be stated in simple terms that change basically involves altering an existing state or condition for another, different or new state or condition. Sergiovanni and Starrat (1993:22) state that for change to have meaning and effect it must change not only the way things look but also the way things work. Furthermore, “change” is typically that which alters basic issues of schooling such as goals, values, beliefs, working arrangements and the distribution of power and authority. This kind of change requires more than just tinkering with the existing school culture, (Sergiovanni and Starrat, 1993:23). Thus, in the context of the research title, the principal has to change. He has to be different from his old routine as far as the management of school finances is concerned.

1.6.2. Role

The Oxford Advance Learners Dictionary of Current English (1983:735) defines “role” as a “person’s task or duty in an undertaking”. Van der Westhuizen (1995:91) states that the concept “role” involves the behaviour of a person within an organisation (i.e. school) as determined by interpersonal relationships and events. What a certain person does in a certain position in his role. The person who fills the role and his colleagues have an idea of the behaviour expected in a certain office or position in an organisation. The role is usually defined by these expectations or ideas, and the distinctive personal characteristics of the individual (i.e. school principal) are included. In the context of the research topic, the behaviour and what is expected of the principal in a new education dispensation is essentially different from the behaviour and what was expected
of a principal in previous education dispensations, particularly from a school financial management point of view.

1.6.3. Principal

Principal refers to the head of the school, the educational leader of the school, the manager of the school as well as a member of the governing body of a school.

1.6.4. Public Primary School

A “public” school is a school owned by the State, the funding of which is mainly the responsibility of the State. A “primary” school means a school providing education up to but not exceeding the seventh level (Gauteng Provincial Gazette Extraordinary No. 331, 1997:3).

1.6.5. Financial school management

Knezevich and Fowlkes (1960:2) explain the concept of financial school management as that phase of educational administration that is primarily concerned with procuring, expending, accounting for, protecting, organising and maintaining fiscal and material resources in an efficient manner so that human resources and efforts are aided in achieving educational goals. According to this definition financial management would include such activities as budgeting, procuring and handling funds, purchasing or the expending of funds, inventoring, accounting, auditing, financial reporting, cost analysis, maintaining property, insurance programming etc. The purpose of such activities must at all times be kept in mind lest the activity become an end in itself.

School business (financial) management is explained by Nieman (1995:372) as the execution by a person of authority of those management actions (regulated tasks) connected with the financial aspects of schools and having the purpose of achieving effective education.
1.6.6. **Perspective**

Perspective refers to the viewpoint from which the main aspect of the topic will be studied. Thus, the changing role of the principal of a public primary school will be studied from the financial management viewpoint.

1.7. **PLAN OF STUDY**

Chapter one provided a brief outline and introduction to the topic of study by highlighting some of the pertinent sections of the South African Schools Act No. 84 of 1996; particularly those related to the funding of public schools.

Chapter two will consist of a literature research into financial school management and the principal’s role in this area of management. Literature on local management of schools, self-managing schools and organisation and management in schools from a financial management perspective in the European and North American public school system will be studied. In addition to this, the chapter will also serve to develop a theoretical framework which can be used in data collection, analysis, interpretation and recommendations.

Chapter three will cover the data collection and data recording procedure. Interviews will be held with six principals of public primary schools. An interview protocol will be used. The interview will be recorded on an audio-cassette recorder.

Chapter four will deal with the analysis and interpretation of the data collected. Marshall and Rossman (1995:111) regard data analysis as the process of bringing order, structure and meaning to the mass of collected data. Qualitative data analysis searches for general statements about relationships among categories of data; it builds grounded theory.
Chapter five will provide findings from the research. It will also provide recommendations and suggestions relevant to the role of a principal from a financial school management viewpoint. Finally, conclusions will be provided.

1.8. CONCLUSION

This chapter introduced certain sections of the South African Schools Act No. 84 of 1996 related to funding of public schools. It also indicated briefly the implications of these sections for the role of the principal in school financial management. The next chapter will survey literature relating to school financial management in public schools in other countries such as the United States of America and the United Kingdom. This chapter will serve as a theoretical framework from which data collection, analysis, interpretations and recommendations can be made.
CHAPTER 2

LITERATURE SURVEY

2.1. INTRODUCTION

Hoberg (1993:64) states that it is the principal’s leadership behaviour and effective school management that will promote and foster organisational commitment amongst staff, pupils and parents. The principal thus occupies a unique leadership position and exercises influence in structural, operational and instructional matters in the school. What is achieved in the school in terms of the quality of education, will invariably depend on the crucial leadership role of the principal and his ability to foster organisational commitment among the staff, pupils and parents. Furthermore, Hoberg (1993:65) contends that “a bad administrative leader may render ineffective even the best school programme, the most adequate resources and the most motivated staff and students”.

At the time of the writing of the article, Hoberg (1993:65) stated that research of present and current literature showed that the role of the principal is presently undergoing significant change. With the advent of the new South Africa, where sudden and unpredictable change in ingrained traditions, attitudes, social structures and even legislation is the order of the day, it is becoming increasingly clear that the school principal’s main concern should not simply be the maintenance of the school’s organisational structure or the adjustment of the management process in the school; but also a novel approach to principalship and leadership in terms of organisational commitment is called for.

Primary schools operate today in circumstances which are changing rapidly and with increased complexity. They are also dominated by the realities of contraction and faced with such issues as increasing public accountability and the demands of value for money within comparatively small budget levels. This implies, therefore that the principal’s task “of administering the school is a
great deal more complicated and time consuming and, it is important to add, more stressful” (Lloyd, 1985:291).

Dean (1995:111) provides a British perspective in stating that one of the biggest changes that has taken place in education over recent years is local management of schools. Communities will have a greater role in the running of the school than they had in the past. This has given schools much more freedom in managing their affairs, and opened the door to better ways of managing the money available. At the same time it has posed considerable challenges for principals and members of governing bodies for many of whom much of the work of managing finance on this scale is new. The essence of what has been described can also be applied to education in the current South African context.

Sections 38(1) and 38(2) of the South African Schools Act No. 84 of 1996 (Government Gazette No.17579:24) and Regulation section 50 (a) and 50(b) of the Provincial Gazette Extraordinary of the Gauteng Department of Education (No. 331, 1997:16) require schools to prepare budgets each year and present these budgets to parents “for consideration and approval by a majority of parents present and voting”. Thus, budgets will form an integral part of school management in general and financial school management in particular. However, Douglas (1995:71) maintains that “a budget is not about money”. Though it consists of a list of amounts of money allocated, it is in reality an expression of plans. These plans are not solely about money. These plans relate to the activities of teaching and learning, with staff, premises, stocks and services required to make these plans happen. The budget quantifies and costs everything. However, it is the educational activity that drives the budget, not the budget driving the educational activity.

The principal, as head of the school and as a member of the governing body of the school, should preferably work with staff members and members of the governing body to ensure that the process of budgeting becomes a reality in financial school management.
2.2. FINANCIAL MANAGEMENT IN THE SCHOOL CONTEXT

Hill (1989:(i)) states that with the arrival of delegated budgets in primary schools, the notion that finances somehow manage themselves is no longer sustainable. Furthermore, Hill (1989:97) felt that primary school financial management is “largely unchartered territory” - there have been very few studies of how primary schools manage their financial resources. Although the author provides a British viewpoint, it can also be relevant to the South African situation. Furthermore, the idea of providing autonomy to schools with regard to their financial management can be seen to be a world trend. In relation to this, Section 36 of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. Thus, these additional finances have to be managed to the benefit of the school.

Jackson (1994:52) is of the opinion that local management of schools has been the most significant development for primary school management this century. Jackson (1994:53) further quotes a report which states that “the objective of delegating financial management from local authorities to schools was to empower schools to use their closer knowledge of pupils and their communities in determining how resources could be applied to greatest effect. A further aim was to improve efficiency by enabling schools, through their day-to-day management, to use resources efficiently. Local management was also intended to strengthen accountability by more sharply focusing responsibility for the management of resources on schools themselves”. Although the context of the quotation applies specifically to schools in Britain, it does have relevance to schools in the South African context. With regard to the efficient use of resources for the benefit of the school and for the attainment of educational goals, Thomas and Martin (1996:3) aptly state that resources matter and that those who work in schools as teachers and associate staff, school premises, furniture, equipment and books all provide some of the means by which we transform our hopes and aspirations for children’s education into daily learning opportunities and experiences and, beyond that, into longer term outcomes of schooling. It is therefore necessary that schools not merely try to acquire resources but also use these resources in an optimal manner.
By using resources optimally, pupils will benefit in their learning programmes which are not merely geared for the short term of their school life but also for their experiences beyond school life.

It should, however, be borne in mind that financial and resources management is not a one-off activity that takes place at a certain time of the month or year only. To the contrary, it is an ongoing process. Levacic (1991:6) states that financial and real resource management within an institution involves a number of distinct stages which form a coherent and interrelated cycle of activities.

The first stage entails the acquisition of resources. Although Section 34(1) of the South African Schools Act No. 84 of 1996 makes provision for State financing of the greater portion of a
school's running expenses, there still exists the need to obtain additional funds from the community, such as parent's time or donations in cash or kind.

The second stage in the cycle is making decisions about how to allocate resources. With delegated budgeting, schools will need to decide how to convert the financial resources acquired into real resources. This in turn will be determined by what educational activities school managers intend to provide. This implies that schools will have the autonomy in deciding on the extent of income and expenditure that they can afford: one school may have the ability to raise great amounts of income and thereby have an expenditure in accordance with the income while another school may not have this ability. Furthermore, in the school context, financial resources means money from school funds, donations, sponsorships or any other form of income. However, this money must be converted into resources which can be used for the benefit of the learners. Thus, for example, money raised could be used to purchase library books which will be of tremendous benefit to the learners. Sponsorship from a sports company could be used to purchase sports equipment that will contribute to meeting the extra-curricular needs of the learners.

The third stage involves putting the budget plan into operation. Broadly interpreted, this task encompasses all the management activities of staffing, timetabling, running the premises, ordering stock and so on, which incur expenditures. Other activities involve bringing-in additional income. The task related to financial management during this stage is monitoring the budget regularly through the year in order to compare actual income and expenditures under the various budget heads with those intended.

The fourth stage is evaluation. While considerable educational evaluation is undertaken, care should be taken to see that it relates the value of the resources used to the resulting educational outcomes. This implies determining whether the monetary resources acquired by the school actually benefited the learners from an educational perspective. Thus, for example, principals should ascertain whether the money spent on purchasing library books actually encouraged learners to read more often and thereby provide benefit in the respective subjects.
The above financial management cycle gives the impression that financial school management is more than merely collecting and spending money and resources. It involves a whole range of activities which include planning, organising, guiding and controlling, participative and collaborative decision-making and accountability - all these activities are required for effective and efficient financial management of the school. Knight (1993:114) quotes a report from Coopers and Lybrand which state that "good management requires the identification of management units for which objectives can be set and resources allocated; the unit is then required to manage itself within those resources in a way which seeks to achieve the objectives; the performance of the unit is monitored and the unit is held to account for its performance and for its use of funds".

Thus the financial management aspect of the school encompasses a wide range of activities that contribute to the overall efficient and effective management of the school. In this regard, Paisey (1992:81) stresses that of all kinds of information in the school system, none is more important than financial information since all the activities of the school and its ultimate performance turn on soundly managed finances. This statement could be taken to imply that a school may have sufficient financial resources, but if these resources are not managed efficiently and effectively then these resources will not contribute to the attainment of educational goals and objectives. Thus the generation and flow of financial data is of vital importance because of the need to compensate for the lack of financial experience which may be prevalent among governors and teaching staff who in general may not have any training or expertise in financial management. In certain schools there may be a governor with professional experience in financial management such as banking. Thus, in all cases adequate financial information with the general information system is required to ensure control of expenditure and to ensure that the school as a whole and its various activities are economically viable.

With the advent of a certain amount of financial management for all schools in terms of certain sections of chapter four of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24-28), it is imperative that a financial culture be prominent in schools. Paisey (1992:82-83) contends that a financial culture should be prominent but not dominant in schools.
The reason advanced is that the financial viability of the school does not depend upon the learner as consumer, client or customer who has to pay directly for a service that is received at an economic rate. This is so because the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:6) compels learners to attend school (at least till grade 9 or the age of 15) and there are educational purposes that have to be catered for beyond those of mere financial viability. However, it must be emphasized that a “new admixture in which financial awareness and expertise are added to the traditional cultural elements among all those responsible for the running of the school is needed. The financial element is a powerful future determinant and perspective”.

Jackson (1994:53) is of the opinion that if delegated finances are to be used effectively by the school, it is then necessary that a well devised and comprehensive plan is in place. This will enable the school to set realistic and observable targets and to assess its current position in relation to the targets. With such a plan in place the school will then be in a position to design an implementation strategy. It is thus essential “that the school development plan drives the budget and not the other way round”. However, the budget forms a vital aspect of the financial and general management of the school.

2.3. THE BUDGET

A budget is described by Douglas (1995:71) as “the expression, in monetary terms, of an institution’s plans for a given period, and for given price assumptions”. Nieman (1995:375) however, elaborates by stating that the budget should not be regarded or understood to be merely a list of figures. In reality it is a “refinement of precise processing of the educational programme in financial terms”. Thus the budget can be considered to be the foremost financial and business planning tool in the future or forthcoming periods school programme. The view taken by Knight (1983:191-192) is that the budget should not be mistaken to be a balance sheet. The budget should not also be merely regarded as a statement of the previous year’s spending and a prediction or projection of spending for the next year. It should be regarded as a planning instrument, a decision model to assist the management of the school during the next financial
period and beyond. Knight (1983:192) further feels that “a budget is a quantitative expression of a plan of action and an aid to co-ordination and implementation”. Thus the budget should approximate closely to a formal model of the organisation, its objectives, its inputs and expected outputs. However, in the educational context, the question of assessing outputs may cause difficulties, but the principle remains.

Paisey (1992:83) contends that subject to the need to keep organisation maintenance (and development) costs as low as possible, the budget can be taken to be an indispensable tool of effective financial management. Section 38 of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) has now made it a legal duty on the governing body of a school (which includes the principal) to ensure that a proper budget is prepared and agreed upon. This budget will serve for the school as a whole. However, in order to prepare this overall budget, there is a need for derivative budgets. These derivative budgets are the budgets of the various departments of the school as well as the administration budget. In this regard Paisey (1992:83) is of the opinion that a school with large sub-units such as departments is unable to avoid derivative budgets but they need to exist in a well-defined structure, avoiding the possibilities of overlap.

When considering the way in which a budget should be drawn-up, Paisey (1992:83-84) explains that a budget-holder’s share of the overall or master budget for the school can be determined in one of three ways. In the first case, some kind of standard costing or unit costing can be calculated. This may be, for example, the average cost per pupil per year from overall expenditure, yielding a per capita basis for a derivative budget. A second way is simply to repeat the previous year’s sum, whatever the basis for it had been, but with an adjustment for inflation and/or a proportional adjustment up or down according to the overall figure available for the school as a whole. A third way is to assume a stand-still position in which there will be no expenditure. Each proposed expenditure is then treated on merit and must be independently justified. This is known as zero-based budgeting and has the merit of enabling superordinate management to reward economies and prudent financial management in a subordinate or sub-unit
and to punish profligacy and failure to reach objectives. It does, however, involve more work for
the superior who must check each proposed initiative either personally or through a committee.

A budget does not have a single function or purpose. To the contrary, it has a variety of
functions. Knight (1983:192) states that a budget can be used for long term and medium term
planning, for evaluation of performance, for co-ordinating of activities, for implementing long
term plans, for communicating the total plan to all parts of the organisation, for motivating
personnel and for giving authority for expenditures and activities. The author provides a broad
outline of what a budget should be at its best. A budget should:

* compel the management of a school to plan ahead, to formulate targets and objectives, to
  identify expected levels of performance and adopt appropriate strategies;
* provide expectations for future performance which can be used as criteria for judging actual
  performance;
* promote communication and co-ordination. Separate departments will be compelled to
  consider the needs of other departments and to see their position in the organisation. Thus the
  varying choices that individual teachers or departments make, whether out of educational
  concern, through a broader consensus, or in response to institutional, provincial or national
  requirements, are choices which ultimately produce the budget. Since many school
  departments function apparently independent of others, this could be a substantial gain.

In order to supplement what has been mentioned above, Nathan (1991:192) provides a few ideas
as to what a budget system should entail. The author states that a budget system should:

* respond equitably to the needs of different subject areas;
* enable priorities to be taken into account;
* promote organisational objectives;
* encourage innovation;
* facilitate long term planning;
* be easily understood;
* be widely accepted within the organisation.
It has been further stressed by Knight (1983:192) that the form that a budget takes is important “because the form itself will influence the effectiveness of the budget. The medium will be the message”. If a school’s budget is to be a planning instrument, it must reflect and be in accordance with the school’s objectives. Knight (1983:192) believes “it should not simply be a line-by-line record of categories of expenditure past and present. It needs to reflect the functions and purposes of the school”. It is therefore necessary that members of the governing body and staff need to be given detailed budgetary information at lower levels in the school in a manner that they can identify with the school’s overall objectives and feel that they are a part of them.

As mentioned earlier, financial management of the school is not a one-off activity. In a similar manner, the budget of a school should also represent a cycle. It should be on-going. A suggested budget cycle may take the following form:

![Budget Cycle Diagram](image)

**Figure 2.2: A suggested “budget cycle”**

Adapted from: Jackson (1994:55)

* Review or audit: this is the stage where members of the governing body and staff look at where the school is. It would involve reviewing the previous year’s plans.
* Re-definition of the school's aims: this would entail making sure that everyone involved in the school has knowledge of these aims.

* Establishment of school development plan: this stage requires determining where the school is aiming for in terms of its short-, medium- and long-term targets, in some form or order of priority.

* Budgetary process: at this stage, information relating to the budget is available and the process of costing the school's development plan will begin.

* Implementation of the plan: during this stage it may be that various aspects of the plan will have to be implemented in stages, according to financial and/or time constraints.

* Monitoring and evaluation: this aspect of the budget should be done by various groups within the school. It is important that members of the governing body and senior staff are in a position to bring all the different ideas together. Nathan (1991:192) provides certain guidelines as to what evaluation of the budget would involve. Evaluation would involve assessing how the money has been spent; relating outcomes to objectives and deciding whether it has all been worthwhile, i.e. cost effective.

The cycle would then begin again. At all stages of the cycle, it is vital that governing body members have some input, or alternatively they should be kept informed. It would be beneficial for some governors to be involved with teaching and non-teaching staff at all stages of the planning cycle. In order to do this, individual governors could be involved as and when they are available or to have a well-structured system of governor sub-committees, each one taking the responsibility to be involved with the staff at one or more of these planning stages.

The essence of the budget is that it represents "the school's financial plan and its preparation and control is an integral part of the process of management", (Nathan, 1991:189). However, budgets need to be understood. According to Knight (1983:192) the purpose behind budgets and the system adopted needs to be fully appreciated by all members of the governing body and staff if they are to be successful.
In the final analysis, it would be correct to agree with Paisey (1992:84) when he asserts that budget language will be a firmer feature of school discussion and policies in the future than in the past. However, it must be remembered that the use and success of a budget is having a happy and effective school. In this regard the budget can be the cause of meetings between governing body members and staff and needs to generate co-operation and willing communication between them, applying to both horizontal and hierarchical relationships.

2.4. THE ROLE OF THE PRINCIPAL IN FINANCIAL SCHOOL MANAGEMENT

Educational legislation prior to the South African Schools Act No. 84 of 1996 and educational legislation prior to the implementation of “model C” schools, did not require schools to actively or compulsorily engage in acquiring additional funds from the community. Thus, monies collected in the form of school fees were voluntarily paid. It therefore follows that principals did not have to control large amounts of finances. Hill (1989:96), from a British perspective, aptly states that “traditionally, heads have directly controlled only a tiny portion of the financial resources of their school”. This can also apply to principals from previous South African educational legislations. However, the introduction of the South African Schools Act No. 84 of 1996 and chapter four in particular allows schools to actively engage in collecting additional funds from the community. This legislation will have an effect on the way in which principals manage their schools financially.

Knight (1993:46) states that published studies of financial devolution worldwide show general agreement that the role of the headteacher or principal is enhanced. He or she is seen as more important, more of a manager and the key figure in the school. Headteachers themselves talk of being more in control, better able to steer the ship or alter course. According to Levacic (1995:113) the new tasks of budget management, encompassing financial reporting and budget-setting, are the most transparent and obvious of the changed role of the school and hence of the headteacher.
2.4.1. The changing role of the principal with regard to collaborative and participative decision-making

At the time of the writing of his book, Hill (1989:97) expressed the view that current practice (in managing school finance) is characterised by two features: informality and secretiveness. Informality means that the assessment of needs and priorities within the school, and the evaluation of the effectiveness of resource use, were done in an informal manner by the head, with the actual ordering often delegated to a member of staff. Secretiveness refers to the way that heads tended to keep financial information to themselves, leaving teachers in the dark about how much money was available or how the money was spent. Few teachers are involved in financial decision-making.

Hill (1989:98) further attempts to find out why heads manage their financial resources in this way. It is felt that the whole culture of primary schools stresses informality. It may stem from the high value placed upon informality as part of the child-centred ethos espoused by so many primary practitioners. An informal system of management thus fits well with other aspects of life in a primary school. Furthermore, the reasons for a secretive approach could be connected with the view that knowledge is power. The head is the only one to know the overall situation. Hill (1989:98) is of the view that “this enables him to work in a micropolitical way”. Competing demands from staff are more easily dealt with if none of the competitors knows for sure what the demands are, nor knows the details of the school’s budget. Although this may be a reasonable accurate description of the way in which some heads behave and while some may be very effective at manipulating the conflicting interests of their staff to achieve their own ends, Hill (1989:98) believes that “it will hardly serve as a prescription of how heads should effectively lead a team of professional teachers”.

Chapter four of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24-28) places the responsibility for the financial management of the school in the hands of the governing body of the school. Thus, the principal as a member of the governing body cannot make decisions on his own. The principal has to consult with all stakeholders on the governing
body in relation to financial management of the school. The very nature of the Act encourages collaborative and participative decisions. Therefore, if a principal is not accustomed to such forms of decision-making, he or she will now have to change their manner of management to suit the changing circumstances. As far as collaborative and participative decision-making is concerned, Knight (1993:46) contends that the possible role change of headmasters concerns style. Extension of financial management makes it more difficult for headteachers to be autocratic. They will need to work more closely with their governing body and to win support from their staff. They will usually be forced to delegate more and communicate more with their staff, learners and parents.

Section 38(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) delegates the school’s financial budget to the governing body of the school. However, Levacic (1991:4) emphasizes that the prime responsibility for financial management will, in most cases, rest with the head or principal and be shared in varying degrees by a senior management team, with local circumstances determining the degree of involvement of particular governors. These are the key people in schools on whom the emerging task of financial management will rest. Hill (1989:105) is of the opinion that Local Financial Management (LFM) gives more power to the head. In the “North American jargon Local Financial Management is about empowerment: the headteacher is empowered by being given control of over 90 percent of the school’s budget”. Thus heads (principals) with powers of Local Financial Management will be in a better position to plan ahead because they will have control of the resources necessary for implementation instead of having to rely upon the support of the Local Education Authority (LEA) or in the South African context, the provincial legislature or the local district office.

It is further contended by Hill (1989:105) that advocates of Local Financial Management also lay claim to the fact that it promotes the involvement of the governing body because at long last these “sleeping partners” are given something worthwhile to do which increases their understanding of the school. Local Financial Management further highlights the process of decision-making within the school. Knight (1993:120) remarks that most research implicitly acknowledges the importance of principals by frequent reference to their views and actions. However, power has
not grown unchecked. Participation and involvement of staff, the enhanced role of governing bodies and increased accountability have provided some limitation.

With regard to what was mentioned earlier about the secretive approach adopted by some principals, Hill (1989:105) states that heads will be less able to be secretive about the budget. Heads will have to encourage teacher participation in decision-making on budgeting matters. Thus from the point of view of head teachers anxious to enhance rather than diminish the professionality of their teachers, the emphasis should be upon encouraging participation in decision-making rather than on maintaining their “management flexibility”. Nicholson (1989:139) stresses that with the advent of budgets for schools, the decision-making groups should comprise staff and governors and perhaps some friends of the school with specialised knowledge. The head who attempts to take too much upon him or herself will probably find his decisions are poor and/or poorly received and is likely to suffer high levels of anxiety. In a similar argument, Blanchard, Lovell & Ville (1989:58) states that the degree or extent to which involvement in the actual processes of Local Financial Management permeates through the school will vary greatly, depending on the extent to which the headteacher embraces the initiative and his or her management style.

2.4.2. The changing role of the principal with regard to accountability, responsibility and increased managerial duties

Hill (1989:97) advances the view that the more autonomy a head has, then the more room there is in taking decisions, and the more work there is involved. In a similar argument, Hill, Smith and Spinks (1990:66) reflect that headteachers will be more obviously accountable under schemes of local management and they will have more scope to match their resource planning to their curriculum strategies. Furthermore, it is contended that the role change will be dramatic for those heads who have failed or refused to recognise a managerial role in their schools.

A pertinent question to be asked is: do principals have to be expert accountants in order to carry-out their school financial management tasks and duties? A related problem could be whether
principals will spend a greater portion of their time on school financial management affairs than on general educational affairs. In response to the first question posed above, Nicholson (1989:138) states that heads involved in pilot studies have generally not found themselves required to be super-efficient accountants, rather managers who have a finger on the pulse and a sense of vision about the future. Closely related to this, Hill, Smith and Spinks (1990:67) states that the experience of existing schemes of local financial management supports the view that heads will not have to become accountants. The anxiety many heads feel about their capability and ability to handle budget print-outs and financial controls is largely a function of unfamiliarity and in various cases will subside when the schemes begin to operate. However, heads will be required to use financial information as an aid to management: they do not need to possess the operational skills necessary to produce that information. This duty can now be delegated to a competent person on the governing body or to a member of staff. Hill, Smith and Spinks (1990:67) also state that “the general effect of financial delegation has been to improve heads’ morale and to give them greater satisfaction by matching more closely their accountability to their power to make decisions.”

When considering the issue as to whether the principal will have to devote more time to financial administration than to general school management, Knight (1993:120) says that there is conflict about whether the principal becomes more of an administrator and less of a manager. The author presents evaluation based on interviews with seven pilot school principals. The evaluation found that all seven heads agreed that the scheme (financial delegation to schools) had increased their workload and changed its pattern. One head stated that he spent “a considerable amount of time on matters not strictly educational ...”. Comments from four heads revealed that this change in role meant less contact with pupils and staff and a number expressed some worries about such a change in role, although all except one felt that the time spent on the scheme was of benefit to his school in terms of providing better working conditions for pupils and staff.

It should be mentioned, however, that conflicting views were received from the Cambridgeshire pilot schools. Knight (1993:120) in this instance reports that people in Cambridgeshire feared, when the pilot scheme started, that issues relating to finance and administration would tend to dominate educational decisions and that heads would merely become bookkeepers. The reverse is
actually what has happened. All the heads found themselves in positions to make financial responsibility serve their educational objects; they have become better managers because of their management of finance. Stenner (1988:61-62) also stresses that there are conflicting views among heads. Some heads are of the view that they entered the profession to teach and “not to do a glorified accounts job”. They had no intention of becoming financial managers because it was not a role appropriate to the position of a headteacher. Conversely, there were other primary heads who were eager to enter the pilot scheme. They saw no “dichotomy” between the educational and managerial functions of the principal because in reality these were interwoven. They believed that they would be better managers of education if they also managed the resources.

With regard to the aspect of spending time on school financial matters Knezevich and Fowlkes (1960:3) remark that it is important that educationists know business management so thoroughly that they can spend less amount of time on such problems and be free to spend a greater amount of time on other problems of educational and community leadership. Closely related to this, Hill (1989:100) stresses that his experience suggests that schools which raise the most money are those where the principals personally spend less time doing it themselves but prefer to involve willing parents. This does not imply that the principal and staff relinquish control of decisions on how to spend the money. There is a definite need to account to parents as to how the money is spent, but the greater majority of parents have no wish to be involved in the details of expenditure.

The South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:chapter 4) specifically refers to the governing body with regard to financial issues. It should, however, be stressed that the principal as a member of the governing body and the head of the school will bear most of the accountability and responsibility. Knight (1993:119) aptly states that there seems to be general agreement that the importance of the principal increases significantly with financial delegation. It must be mentioned that the principal will have to work closely with other members of the governing body in effecting financial school management. However, it may not be practical for the principal to consult with the parent members of the governing body on every financial or
budgetary transaction concerning the school. This, in effect, means that principals should try to secure authority from other governing body members for financial transactions. In this instance, Jackson (1994:56) recommends that governors should reconsider their decision to allow headteachers to spend money without limit. It is pertinent that the balance be set right. Firstly, governors need to bear in mind that financial responsibility has been delegated to them and not to principals, but, if principals are to manage their school effectively on a day-to-day basis, they must be given the power to do so. Secondly, principals must remember that the management of the school is a partnership and the governors are “powerful and important partners who need to be kept informed”.

Richards (1992:255) regards the head teacher as the administrator for the governing body, but all its members retain the “ultimate responsibility for the school budget”. The author quotes the headteacher of Audenshaw High School when he states that “... the Governing Body have delegated to me quite a substantial amount of power in so far as spending is concerned and allocating resources, but at the end of the day I am responsible to them. When they delegate to me I am only working on the basis that I understand their expectations of me. Part of that expectation and fulfilment is that they are informed about what we are doing”. According to Richards (1992:255) the implication here is that the principal, although the employee of the governing body, still holds more power and responsibility than any one individual member of the governing body.

In considering the management role of the principal, Hill (1989:97) expresses the view that “the management task remains the same: to make the best possible use of the available resources in order to achieve the school’s aim. What differs is the range of expenditure which the head can control in seeking to accomplish that task and, as a result, the room for manoeuvre which he has in allocating resources”.
2.5. ARE PRINCIPALS ADEQUATELY PREPARED AND EQUIPPED FOR FINANCIAL SCHOOL MANAGEMENT?

From explanations rendered above, it can be asserted that principals now have to play a considerably different role from that of the past. Blanchard, Lovell and Ville (1989:91-92) relate that besides an exemplary practitioner able to ensure that each teacher is following the National Curriculum, preparing children for tests and examinations and fulfilling any other curriculum and assessment requirement which the LEA (provincial education department) and governors may have, headteachers must now include in their range of skills financial expertise, resource management, considerable understanding of building maintenance issues, some knowledge of accountancy, essential committee expertise and a range of management skills that traditionally has not been expected of them. The question that needs to be asked is whether principals are currently adequately prepared and equipped for the task of financial school management? Hill (1989:106-107) quotes remarks from the annual reports on educational provision by Her Majesty's Inspectorate. The inspectorate commented directly on heads' management performance in the schools they had visited. One report stated that "... unsatisfactory standards of provision are more often related to ineffective deployment of people and resources than to shortages of the resources themselves". A second comment was that "deficiencies in the use of resources in schools were judged most often to be the result of inadequate perception of pupils' needs and poor management deployment". A third comment felt that "inadequate management of resources by heads surfaced especially in the lack of clear criteria and consultation procedures for distributing capitation allowances". These reports provide some indication to the question as to whether principals are adequately prepared and equipped for the forthcoming task of financial school management. It could therefore be expected that some principals may experience difficulty, hopefully only initially, in undertaking this new challenge.

In order to overcome this perceived problem, it may be vital that training programmes and advice be given to principals and prospective principals. With reference to this, Hill (1989:107) remarks that as we advance from a system where principals were not required to manage considerable amounts of finances and budgets to systems of managing considerable amounts of finances and
budgets, it is clear that heads are in need of training and advice. This view is echoed by Blanchard, Lovell and Ville (1989:99) where it is mentioned that with the rapidly changing role of the principal, it goes without saying that training is essential and vital. Without the necessary training any new system is threatened with failure. Therefore, even in conditions and circumstances in which change is welcomed, “initial enthusiasm can quickly turn to frustration and anger if not supported by well-thought-out training programmes”. Nicholson (1989:133) stresses that heads and governors will require support if they are to implement LMS (local management of schools) effectively and competently. A similar view is also held by Nightingale (1990:84) when he states that serious thought should be given to assisting heads adjust to the increasing demands that are being placed upon them. Strong emphasis is placed on the significance of the head to the effectiveness of a school. In this regard, there needs to be much improved headteacher training.

2.6. CONCLUSION

In concluding, it would be pertinent to affirm what Jacobson, Logsdon & Wiegman (1973:415) state regarding the principal and the role of financial school management. The authors state that the school should be regarded as an educational enterprise and as its manager the principal is responsible for its total operation. This implies that he or she has business functions to carry-out as well as educational functions. The educational functions exceed in importance the duties and functions which are managerial in nature. However, without the efficient performance of managerial tasks the school as an educational enterprise operates under serious handicaps.

The next chapter will deal with research design and data collection, whereby principals of some schools will be interviewed. The essence of the interview and the questions asked during the interview will serve to obtain information and views of principals regarding financial school management, budgeting and the role of the principal with reference to discussions in this chapter. The information obtained will provide a South African perspective on the topic discussed thus far.
CHAPTER 3

RESEARCH DESIGN AND DATA COLLECTION

3.1. INTRODUCTION

The previous chapter provided a description of what financial management at school entails. An explanation was also rendered regarding the nature, function and purpose of a budget in the school situation. Furthermore, the role of the principal in the overall financial management of the school was also highlighted. The discussion mainly focused on the British and American (United States of America) contexts. However, there were instances where overlap with the South African situation were noted, such as the changes in local management of schools.

Section 36 of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. This section of the Act encourages schools to collect finances, over-and-above those supplied by the State and to use these finances in the acquisition of resources that will benefit the realisation of educational goals. This requires financial management and provides schools with some autonomy in regard to financial management. Thus, it is imperative to get a South African perspective on financial management of schools in general and the principal’s role in such financial management in particular.

Section 38(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No.17579, 1996:24) states that “a governing body of a public school must prepare a budget each year, according to guidelines determined by the Member of the Executive Council, which shows the estimated income and expenditure of the school for the following financial year”. This section of
the Act compels a school to present a budget each year. It is therefore imperative to gauge the principal’s view on the nature, function and purpose of a budget of a school.

After discussing financial school management and the principal’s role in this management from a British and American (United States of America) perspective, it is necessary to also gain a South African viewpoint and perspective. In order to achieve this research will be conducted with six school principals in the Vaal Triangle region (South region) of the Gauteng Department of Education. The qualitative research paradigm will be used and the instrument of research will be the interview.

3.2. QUALITATIVE RESEARCH

Cresswell (1994:161) contends that the qualitative research paradigm has its roots in cultural anthropology and American Sociology. It has, however, only recently been adopted by educational researchers. The intent of qualitative research is to understand a particular social situation, event, role, group or interaction. It is mostly an investigative process where the researcher gradually makes sense of a social phenomenon by contrasting, comparing, replicating, cataloguing and classifying the object of study. This entails immersion in the everyday life of the setting chosen for the study; thus, the researcher enters the informants world and through ongoing interaction, seeks the informants’ perspective and meanings.

The following assumptions of the qualitative research paradigm are outlined by Cresswell (1994:145):

* qualitative researchers are concerned primarily with the **process**, rather than outcomes or products;
* qualitative researchers are interested in **meaning** - how people make sense of their lives, experience and their structures of the world;
* the qualitative researcher is the **primary instrument** for data collection and analysis. Data are mediated through the human instrument, rather than through inventories, questionnaires or machines;
* qualitative research involves **fieldwork**. The researcher physically goes to the people, setting, site or institution to observe or record behaviour in its natural setting;

* qualitative research is **descriptive** in that the researcher is interested in process, meaning and understanding gained through words or pictures;

* the process of qualitative research is **inductive** in that the researcher builds abstractions, concepts, hypothesis and theories from details.

Furthermore, Cresswell (1994:94-95) asserts that in a qualitative study, one does not begin with a theory to test or verify. Instead, consistent with the inductive model of thinking, a theory may emerge during the data collection and analysis phase of the research or be used relatively late in the research process as a basis for comparison with other theories. The following diagram will serve to explain how the inductive mode of research is used in a qualitative study in order to develop theory or theories or to compare pattern(s) with other theory or theories:

![Diagram of the inductive mode of research in qualitative study](https://university.johannesburg)

Figure 3.1: The inductive mode of research in qualitative study

Source: Cresswell (1994:96)
3.2.1. The role of the researcher

In describing the role of the researcher, Marshall and Rossman (1995:59) state the with regard to qualitative research and studies, the researcher is the “instrument”. The researcher’s presence in the lives of the participants invited to be part of the study is fundamental to the paradigm. Whether that presence is sustained and intensive, as in the case of long-term ethnographies, or whether it is relatively brief but personal, as in in-depth interview studies, the researcher enters into the lives of the participants. This view is supported by Le Compte and Preissle (1993:91) where they state that the personal characteristic most affecting the conduct of qualitative research is the investigator’s identity as the “essential research instrument”. They also regard ethnographers as human video tape recorders who record as faithfully as possible the phenomena they see. “The identity of data collector mediates all other identities held and roles played by the investigator”, (Le Compte and Preissle, 1993:92). However, LeCompte and Preissle (1993:94) provide the suggestion that interviewers who schedule a single session are observers-as-participants. They do not enter into the lives of those they study, but social interaction is brief and focused around the question-and-response format of the interview.

In addition, Marshall and Rossman (1995:60-61) are of the view that the researcher’s role “may vary in intensiveness and extensiveness, that is, the amount of time spent in the setting on a daily basis and the duration of the study over time. Various positions on both dimensions demand certain role considerations on the part of the researcher”. For example, in an intensive and extensive study the researcher is required to devote considerable time early in the study to developing trusting relations with the participants. Gathering relevant data is secondary at that point. On the other hand, if the researcher will be minimally involved and present for a short period of time only, then building trusting relations must proceed in conjunction with gathering good data.

A further perspective on the role of the researcher is provided by Glesne and Peshkin(1992:36) where they contend that a pertinent role of the researcher is that of the “researcher as a learner”. 
It is vital to have this sense of self from the beginning. This perspective of the researcher as learner will lead to a reflection on all aspects of research procedures and findings. It can also help to set up a particular type of interaction with the respondents, participants and interviewees ("others"). Thus, the researcher should be a curious student who comes to learn from and with research participants. Furthermore, the researcher should not present himself or herself as an expert or authority. If researchers are perceived as being as experts or authorities, then respondents will not feel encouraged to be as forthcoming as they can be. "As a learner, you are expected to listen; as an expert or authority you are expected to talk. The differences between the two roles are enormous" (Glesne and Peshkin, 1992:36).

3.2.2. Researcher subjectivity

With regard to research subjectivity, Le Compte and Preissle (1993:92) believe that qualitative research is distinguished partly by its admission of the subjective perception and biases of both participants and researcher into the research frame. Thus, the subjectivities of participants in the study usually form a major aspect of what investigators seek to capture in their records. However, the subjectivities of the researcher serve multiple sources; hence, affective reactions to what we are observing can be important clues to things that need to be examined and analysed further. Furthermore, subjectivities of researchers' are also needed to establish and build the intimate relationships with participants that permit trust and confidence. In addition, Le Compte and Preissle (1993:93) stress that "the metaphorical predispositions of ethnographers as well as their personal and professional interests form the basis for initial questions and choice of participants".

3.2.3. Gaining access

Glesne and Peshkin (1992:33) regard access as a process and describe it as the "acquisition of consent to go where you want, observe what you want, talk to whomever you want, obtain and read whatever documents you require, and do all this for whatever period of time you need to satisfy your research process". If unqualified consent is received, total access is obtained.
However, if access is qualified then it may be necessary to explore the meaning of the qualifications for meeting research expectations.

If the research study is to be conducted with an individual or individuals in some institution, organisation or agency, then contact must first be made with its "gatekeepers". The "gatekeeper" is the person or persons who must give their consent before entering a research setting and with whom the condition of access must be negotiated. However, since there may be several different "gatekeepers", making contact may be complicated, which involve different persons at different times. Glesne and Peshkin (1992:33) provide the example that if a particular elementary school is to be studied, do we first approach the principal, the superintendent or the school board? It is also contended that it is risky to start anywhere but at the top of the hierarchy as acceptance by those in the lower ranks may be negated by those higher up. On the contrary, it may also be risky to gain acceptance at the top because others may feel ordered to cooperate "or may think that you are somehow politically aligned with one of several factions" (Glesne and Peshkin, 1992:34). Furthermore, when meeting the "gatekeeper" access needs to be negotiated. This will involve presenting the cover story, listening and responding to concerns and demands, and clarifying overarching issues.

At the time of the writing of this study, the researcher is employed by the Gauteng Department of Education. The research for this study is to be conducted with principals of six schools in the Vaal Triangle region (South region). These schools fall under the control of the Gauteng Department of Education. Thus, the "gatekeeper" in this instance is the Education Research Unit of the Gauteng Department of Education. Once access has been negotiated with the relevant authorities, the researcher would then make personal contacts with the principals of the designated schools. The instrument of research will be the "interview".

3.3. THE INTERVIEW AS INSTRUMENT OF RESEARCH

According to Anderson (1990:222) the interview is "probably the most widely used method of data collection in educational research". Thus, interviews can be conducted on various subjects
and they can range from informal incidental sources of data to the primary source of information used in a research study. An interview can be defined as "a specialized form of communication between people for a specific purpose associated with some agreed subject matter" (Anderson, 1990:222). This therefore implies that the interview can be regarded as a highly purposeful task which goes beyond mere conversation.

The following are some of the advantages of the interview as a method of data collection, (Anderson, 1990:222):

* people are more easily engaged in an interview than in completing a questionnaire - hence there will be fewer problems with people failing to respond;
* if the respondent is not clear about a question the interviewer can clarify such questions and probe the answers of the respondents, thereby enabling more complete information than would be available in written form. The aspect of in-depth probing enhances the interview particularly when dealing with informed respondents;
* interviewing enables the interviewer to pick up non-verbal cues, including facial expressions, tones of voice and in the case of interviews conducted in the respondent’s surroundings, cues from those surroundings and contexts.

Despite the interview having significant advantages, it does, however, have certain disadvantages and drawbacks (Anderson, 1990:223):

♦ it is often difficult to record responses, particularly if the interviewer is also responsible for writing them down;
♦ with regard to reliability and validity, different interviewers may obtain different answers, particularly if questions, procedures and techniques are not standardised;
♦ the advantage of the interview in providing non-verbal information, has the disadvantage of occasionally affecting responses due to interruptions and pressures of time.
3.3.1. Types of interviews

Anderson (1990:223) has identified two basic types of interviews that are categorized according to purpose; namely, normative and elite interviews. Normative interviews are used to collect data which is classified and analysed statistically. Examples of normative interviews are those used in mass surveys by pollsters and researchers intent on finding the views of large numbers of people to fairly straightforward questions. Essentially, these interviews are questionnaires in oral form. Questions are prepared in advance and the interviewer codes the responses on a form.

With regard to the elite interview, the researcher is not interested in statistical analysis of a large number of responses, but wants to probe the views of a small number of elite individuals. Thus, an elite interview is directed at a respondent who has a particular experience or knowledge about the subject under discussion. The person to be interviewed might be a school principal who has in-depth knowledge of what goes on in the school or it could be a head of state or other significant person who is unique. The type of interview to be conducted in this specific research study is the elite interview. Six individual school principals will be interviewed on a subject which they have knowledge about.

3.3.2. Interview questions

Once the decision has been made to use the interview to collect data, an interview schedule needs to be constructed. This schedule lists all the questions that will be asked, and the researcher either writes the responses or records them via audiocassette. The questions relate directly to the objectives of the study and follow a given sequence that is adhered to in each interview. Generally, the written questions are precisely those that will be asked orally with relevant probing questions. McMillan and Schumacher (1993:251-252) distinguish three forms of questions, namely, structured, semi-structured or unstructured questions. Structured questions, also called limited response questions, are followed by a set of choices, and the respondent selects one of the choices as the answer; for example, "would you say the programme has been highly effective,
somewhat effective, or not at all effective?”. Semi-structured questions have no choices from which the respondent selects an answer. It is an open-ended question but is fairly specific in its intent, for example, “what has been the most beneficial aspect of your teacher training programme?”. Unstructured questions allow the interviewer great latitude in asking broad questions in whatever order seems appropriate.

For the purposes of data collection for this research study, semi-structured questions will be asked in the interview. These questions have been included in the interview protocol in the “appendix” of this research study.

3.3.3. Conducting effective interviews

Anderson (1990:227) contends that effective interviewing relies on sound planning, skills which can be developed by practice and a co-operative interviewee. Furthermore, in order to undertake effective interviewing the interviewer needs to control both the content and process of the interview.

3.3.4. Basic interviewing skills

Anderson (1990:228-231) highlights the following basic interviewing skills:

* Active listening: In this regard the interviewer’s goal is to listen actively and to communicate this attentiveness through a relaxed posture, use of varied eye contact, and verbal responses which indicate to the interviewee that the interviewer is attempting to understand what is being communicated.

* Openness and empathy: The purpose in an interview is to allow the interviewee to share his or her information with the researcher. This requires the interviewer to be open in posture and expression, willingly accepting the information offered. Empathy should be displayed in a non-leading way. Value judgements and agreeing or disagreeing with the respondent should be avoided. The interviewer should accept what the interviewee says but should be careful not to lead the interviewee or respondent further than he or she wants to go voluntarily. However,
openness does not imply being not assertive. Control the interview but at the same time do not condone the views and opinions expressed. Hence, be firm and direct while at the same time open.

* Paraphrasing: Entails taking what the interviewee has just mentioned and repeating it in different words. Thus it crystallizes comments by repeating them in a more concise manner. The purposes of paraphrasing is to acknowledge your attention and it helps to increase validity by checking whether what you heard the interviewee say was the intended message. Thus, for example, when the interviewer's paraphrase differs from the interviewee's intent, he or she will clarify the statement and the interviewer would not have obtained an invalid response.

* Summarization of content: This means recapitulating, condensing and crystallizing the essence of what the interviewee has said. It differs from "paraphrasing" in that the period covered by a summary is substantially longer than that of the "paraphrase". Some of the major functions that a summary would serve are: crystallizing in a more coherent and integrated manner what the interviewee has been talking about; it may help the respondent put facts together; it may serve as a stimulus for further exploration of a particular topic or area; it can also serve as a necessary perception check for the interviewer.

3.3.5. Validity and reliability of the interview

Best and Kahn (1986:188) contend that validity is greater when the interview is based upon a carefully designed structure, thereby ensuring that relevant and significant information is elicited. In order to assist in achieving validity, the critical judgement of experts in the field of enquiry is helpful in selecting the essential questions.

On the issue of reliability, Best and Kahn (1986:188) state that reliability, or the consistency of response, may be evaluated by restating a question in slightly different form at a later time in the interview. An alternate method of assessing the reliability of the interview and the consistency of response would be to repeat the interview at another time.
In order to cater for validity and reliability in this research study, all interviewees will be asked the same questions and follow-up questions. The questions to be asked were drawn-up by me taking into account the aims and objectives of the study and also from the literature survey (chapter 2). The questions were then submitted to the relevant professors as well as to members of the Education Research Unit of the Gauteng Department of Education. The inputs provided were taken into consideration and a set of modified questions were drawn-up. Once these modified questions were satisfactorily received by all the persons concerned they were then taken as final for interviewing respondents (principals of schools). All the questions are included in the interview protocol which appears in the “appendix” at the end of this research study. To further consider validity and reliability, the interviewer will paraphrase the interviewee’s response after each question and follow-up question. This will serve to increase validity by checking whether what the interviewer heard is actually what the interviewee intended.

3.4. CONCLUSION

In conclusion, it can be reiterated that the interview as a data-gathering technique has distinct advantages. “In areas where human motivation is revealed through actions, feelings and attitudes, the interview can be most effective” (Best and Kahn, 1986:188). This chapter provided an outline concerning data collection and research design. In this regard the qualitative research paradigm, its assumptions and characteristics as a means of data collection were highlighted. Since the interview would serve as the instrument of research, the various aspects of this instrument of research were discussed. The next chapter will provide insight into the analysis and interpretation of data collected.
CHAPTER 4

DATA FINDINGS, ANALYSIS AND INTERPRETATION

4.1. INTRODUCTION

Data was collected using the qualitative research paradigm and the instrument of research was the "interview". Interviews were conducted with six principals of public primary schools in the Vaal Triangle region. These six principals belonged to the S2 and S3 districts (see annexure 2 for the map of the relevant districts) of the South region of the Gauteng Department of Education.

After collecting data from respondents it is now necessary to report on the findings and also to provide an analysis and interpretation of the data. However, before commencing with the actual task of reporting data findings and its analysis and interpretation, it is imperative that a brief explanation be rendered as to what data analysis entails in a qualitative study.

4.2. DATA ANALYSIS AND INTERPRETATION IN A QUALITATIVE STUDY

Marshall and Rossman (1995:111) state that "data analysis is the process of bringing order, structure, and meaning to the mass of collected data. It is a messy, ambiguous, time-consuming, creative and fascinating process. It does not proceed in a linear fashion; it is not neat. Qualitative data analysis is a search for general statements about relationships among categories of data; it builds grounded theory".

Cresswell (1994:153) is of the view that data analysis is "eclectic"; there is no right way. Hence, metaphors and analysis are as appropriate as open-ended questions. Thus, data analysis requires that the researcher be comfortable with developing categories and drawing comparisons and contrasts. The researcher may also be required to be open to possibilities and see contrary or alternative explanations for the findings. Furthermore, it is contended that the process of
qualitative analysis involves the researcher taking a voluminous amount of information and reducing it to certain patterns, categories or themes and then interpreting this information. However, as Cresswell (1994:154) emphasizes that while much work in the analysis process consists of “taking apart” the great amounts of data, the final goal and end product is the emergence of a larger, consolidated picture.

In the context of this research study, data was collected by means of the “interview”. Seidman (1991:99) states that a more conventional way of presenting interview data is by organising excerpts from the transcripts into categories. The researcher then searches for patterns and connections among the excerpts within those categories and for connections between the various categories that might be called themes. A further stage of data interpretation and analysis requires the researcher to ask what the research has meant to him or her. In the course of interviewing, the researcher asked the respondents what their experience meant to them. Now he or she must respond to the same question. What was the experience like, how do I understand it, make sense of it, see connections in it?

After providing a theoretical explanation regarding qualitative data analysis and interpretation, findings from the interview data as well as data analysis and interpretation will now be carried-out.

**4.3. FINDINGS FROM INTERVIEW DATA AND ANALYSIS AND INTERPRETATION OF DATA**

**4.3.1. Views of principals concerning a shift in their role or function with regard to financial school management**

Prior to commencing each interview, respondents were informed of sections 34(1) and 36 of the South African Schools Act No. 84 of 1996. Firstly, section 34(1) was read and it was then explained to respondents that although the State has legislated its intentions to fund public schools from public revenue, the State may not be able to meet all financial requirements of all schools.
Secondly, section 36 was read, which in essence compels the governing body - of which the principal is a member- to raise additional funds for the school for the benefit of all learners at school. Bearing the above sections of the Schools Act in mind and the explanations rendered, respondents were asked to comment generally as to whether they saw a shift in their role or function in financial management of the school.

Respondents from former Model C schools firstly felt that there was no general change in the role, function or manner in which financial management of schools was being carried-out presently in comparison with the period when their schools were functioning as Model C schools. Thus, their financial management functions from the Model C system to the present system has not brought any changes. However, when the respondents were asked to compare their role or function in financial school management presently and during the period prior to the Model C schooling system, it was reported that there is a shift or change in such function. Respondents cited the example of education provisioning by the department of education of the pre-Model C schools period and the current system of securing educational provisions and services. In this regard, under the pre-Model C school period, it was the principal’s responsibility to see to it that the administration was done in order to obtain supplies from the Department. Under the present system, if no supplies or stock is being issued by the Department, it is the principal’s role to ensure that firstly, money is available and then to get the best possible prices in obtaining supplies, provisions and stock. This example was one of the shifts in the role or function of the principal with regard to the financial school management function. Judging from the views of respondents, it seems that now the onus for securing educational provisions and supplies rests a great deal in the principal as facilitator.

Respondents who were from school systems that were not Model C schools, were of the view that there was a shift with regard to the principal’s role in financial school management. Reasons provided for the shift were varied. One respondent felt that the shift arises because of the requirement of appropriate skills from the principal. Principals may find themselves in positions where larger amounts of finances are being handled. Thus, there will be a move from an ordinary budget to handling vast amounts of money. There was therefore the need to expand and be more
ambitious and creative in financial management. Hence, the shift would be to become skilled to be able to take charge of the impending situation. Another respondent felt that the shift was due to realities of providing school requirements and provisions and the governing body - of which the principal is a member- has to undertake a concerted effort in this regard. Furthermore, if more funds need to be raised there will be a greater volume of work, which needs to be managed. Other respondents felt that the shift in the role or function of the principal was due to the fact that governance and running of the school now had to be done on the basis of working hand-in-hand with the governing body. One respondent also felt that the process of transformation had necessitated this shift in the role or function of the principal.

In trying to further determine the changing role of the principal with regard to financial school management, respondents were asked to comment on the involvement of staff and governing body members in the financial management of the school. All respondents interviewed indicated that it is appropriate to involve staff and governing body members in fulfilling the financial management function of the school. One approach in involving staff members that was mentioned was the use of different committees. By involving committees, the requirements and needs of all staff members with regard to finances can be accommodated. It was, however, pointed-out by one respondent that due to the teaching loads of teachers, the school secretary, as the non-educator component of stakeholders, should conduct or carry-out a great deal of the financial tasks of receipting, depositing monies, reconciling cheque vouchers and other related tasks which cannot be undertaken by teaching staff during normal teaching hours.

Two respondents specifically stressed the budget as an avenue of extensively involving staff in the financial management function of the school. It was stressed by one of the two respondents that the involvement of staff would assist in drawing-up a “realistic” budget as they had appropriate knowledge with regard to items such as stationery requirements of learners. The finance committee would accommodate the involvement of the parent component of the governing body. Their needs and concerns which can also be seen as the representative needs and concerns of the parent community can be catered for in this manner. Furthermore, one respondent felt that by involving parent members of the governing body, open communication would be created and
enhanced. Hence, the fear and threat that the principal and staff are not conducting the financial management function properly is removed. The respondent regarded this as a process and stated that it takes time to build-up mutual respect and trust. It was also mentioned that there may be certain decisions relating to finance that he/she would not like to make on his/her own and that is why it is preferable to discuss matters with a committee. The decision then becomes a committee decision and not the principal’s own.

A general feeling emanating from many of the interviews is that the principal, by involving staff and governing body members in the financial management of the school, is actually sharing the work load, the volume of work and responsibility. Hence, such involvement helped to make the principal’s task easier as the principal could not handle the task on his/her own. The issue or fund-raising was particularly seen as the area in which staff and governing body involvement could be used to a maximum effect. One respondent stated that it could be used to motivate the teachers and possibly also governing body members in raising funds for the school. Thus, if teachers saw the need for improved sporting facilities, then this could serve to motivate them to be forthcoming in ways and means of raising funds in order to accomplish the need for such activities.

In determining the views of respondents with respect to decision-making in school financial management, it was strongly felt that staff and governing body members input would be considered. Thus, when issues relating to financial management functions had to be discussed, the needs, proposals, suggestions and views would be considered before a final decision was taken. Since all the needs, proposals, suggestions and views of all teachers cannot be satisfied, possibly due to financial constraints, there would also be a process of prioritising needs.

It should, however, be emphasised that despite there being considerable involvement of staff and governing body members in the financial management of the school, principals still found themselves playing a guiding and mediation role in order to ensure that decisions and actions were taken in the best interest of the learners and the school in general.
An analysis of responses of principals in the matter relating to staff and governing body members involvement in financial school management, it would firstly be mentioned that although principals did not specifically mention the terms "collaborative" and "participative" decision-making indications are that such practices are being incorporated in their management style. When considering the involvement of staff and governing body members in assessing the various needs with regard to financial transactions, the principal negates the view that he/she knows all the financial needs and requirements. It can also provide the staff with the feeling of their school rather than the principal's school or the governing body's school.

If the financial management task of the school is regarded as a major or enormous task, then it is important for the principal to involve staff and governing body members in assisting to fulfill this function. This will then enable the principal to concentrate on other aspects of school management, for example, the instructional leadership role which presently is of great importance especially with a view to the outcomes-based curriculum and the impending teacher appraisal and performance-related pay systems.

In considering the needs, suggestions and proposals of teachers in the decision-making process, the principal's guiding role in assisting in the system of prioritising will help in ensuring that those needs most relevant to the education of learners will be catered for.

Respondents were then asked to provide their comments and views on ensuring accountability, responsibility and transparency in the financial management of the school.

With regard to accountability and responsibility, indications from all respondents were that records were being kept on aspects relating to financial transactions. One respondent was of the opinion that use had to be made of accountable bookkeeping practices in order to ensure that there was a set system in operation. In considering accountable and responsible system of record-keeping of financial transaction, a general observation was that respondents had some form of system when dealing with records of income and expenditure. Thus, for example, a system of issuing receipts to parents was one way of controlling income for school funds. When taking
expenditures into account, one respondent stated that any individual or committee from the school or governing body had to complete a requisition form for any expenditure. This requisition had to be substantiated by a motivation for the expenditure. Furthermore, permission for the expenditure would only be granted once the financial committee has given its approval. Another respondent indicated a similar voucher system being kept at school to ensure accountability for expenditures at school. In order to further increase accountability and responsibility in effecting payments, principals stated that more than one signature had to appear on cheques. Respondents who mentioned this, included themselves as one of the signatories. One respondent stated this was being done arising from the need to know what payments are being made and for what. A pertinent aspect noted was that matters were not being handled individually, but through the operation of the finance committee which in general comprised the principal, staff and governing body members.

A further step taken by respondents in catering for accountability, responsibility and transparency was the annual reporting to parents by means of annual financial statements. This step is either undertaken at a meeting of parents specifically for this purpose or letters are sent to parents with this information. One respondent stressed that such action taken by the school (of which the principal is a manager and leader) and governing body (of which the principal is a member) will provide an indication to parents how the money is being used so that they will realise that their children are benefiting from the funds they pay. This would in turn encourage support from the parents as they would now see the needs of the school. In addition to this, another measure of ensuring accountability, responsibility and transparency was the submission of annual financial statements and other financial records for auditing to a person independent of the school. This in essence was one way of checking whether accountable bookkeeping practices are being employed as a means of record-keeping. It should, however, be stressed that the procedure of auditing the financial records and statements of the school is now compulsory by law. Section 43(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:26) states that “the governing body of a public school must appoint a person registered as an accountant and auditor in terms of the Public Accountants and Auditors Act, 1991 (Act No. 80 of 1991), to audit the records and financial statements referred to in section 42”. It should also be further reflected
that the same Act compels schools through their governing bodies to keep financial records. In this regard section 42(a) of the Act (Government Gazette No. 17579, 1996:26) states that “the governing body of a public must keep records of funds received and spent by the public school and of its assets, liabilities and financial transactions”. Such legislation will compel the principal as a manager of the school and member of the governing body to ensure that such records are accurately kept and timeously submitted.

Two respondents indicated they respectively use or will use the budget in order to assist in ensuring accountability, responsibility and transparency in the financial management of the school. One of the respondents indicated that the budget could be used to get stakeholders to work as a team, liaising with each other and determining needs collectively. My personal view is these actions would result is transparency as well as contributing towards sharing responsibility and accountability in managing the finances of the school. Judging from what has been mentioned, the budget could play some part in ensuring accountability and responsibility as expenditure, in particular, would then be controlled as outlined in the budget.

In dealing with transparency, one respondent expressed the view that by involving teachers and governing body members in decisions and in carrying-out financial-related tasks, the principal would not continuously have to explain allocation and disbursement of funds as decisions and actions were taken jointly. This will contribute to transparency and shared responsibility and accountability. Another respondent stated that an “open door” policy was adopted whereby any member of staff, governing body or parent was free to examine the financial records of the school by arrangement or request. This was another way in which principals could ensure transparency to all stakeholders with reference to the financial affairs of the school.

The responses and explanations provided above indicate that systems may be in place at schools to assist principals in their task of ensuring accountability, responsibility and transparency. Generally, respondents believe that finally the principal is accountable. One respondent of the three felt that this is so because he/she has to be able to say where the money is being spent and how it is being spent. Another respondent stated that the principal had to be constantly in touch
with all financial records since, in the final analysis, the manager is responsible for any mishaps or irregularities. The other respondent believed that even though the governing body is there, the person accountable is the school principal.

In analysing what has been reported on the issue of accountability, responsibility and transparency, it can be stated that although there is staff and governing body involvement in decision-making and in the recording of financial transactions, it is vital for the principal to keep a tab on affairs. This will help the principal to detect any irregularities and take the necessary corrective action. Furthermore, since the principal is the person on the spot, he/she would always be looked-to for answers to any queries that may result from any financial management matters. Thus, the principal is no longer expected to carry-out all the financial activities of the school on his/her own. There is a move to share such activities with staff and governing body members. This, however, does not allow the principal to abdicate his/her responsibility and control. The principal in essence has a greater role in that the need arises to play an important guiding role so that together with the help of other stakeholders the financial matters of the school can be conducted effectively, efficiently and successfully.

The following patterns emerged in relation to the following: views of principals regarding the shift in their role or function in financial school management; involvement of staff and governing body members in financial school management; and accountability, responsibility and transparency in financial school management:

* There is or will be a shift in the principal’s role or function with regard to financial school management.
* Principals would now be in a position of handling larger amounts of money.
* Principals found it appropriate, imperative and necessary to involve staff and governing body members in fulfilling the financial management function of the school.
* The use of committees and sub-committees would be useful in the involvement of staff and governing body members.
* Principals felt that by involving staff and governing body members in the financial management function of the school, they were actually sharing the volume of work and responsibility.

* Not only will the actual tasks of financial school management be subject to the involvement of staff and governing body members but also decision-making relating to financial school management.

* The drawing-up of the budget was one aspect of financial school management that would be used to maximum effect in involving staff and governing body members.

* Despite encouraging staff and governing body member involvement in financial school management functions, principals saw their role as guides and mediators in ensuring that decisions are taken and actions are carried-out in the best interest of all concerned.

* Appropriate financial recording measures and steps were in place in order to ensure accountability, responsibility and transparency. Measures such as accounting practices, drawing-up of budgets and staff and governing body members involvement all contributed to accountability and transparency.

In the final analysis, principals still found themselves to be accountable and responsible for the efficient and effective financial management function of the school.

4.3.2. Skills required by principals for effective and efficient financial school management and forms of training recommended and suggested

Candidates interviewed expressed the idea that some form of skill needs to be possessed by principals for effective and efficient financial school management. However, respondents differed in the type of skills required in fulfilling their financial management functions. Initially, one respondent expressed the opinion that the financial management task was something individual and that the management style may differ from school to school. The particular respondent stated that experience had a role to play in effective and efficient school financial management and that stakeholders were there to give advice when required. It was later felt that some form of qualification in finance and management will help in conducting effective and efficient school financial management. Two respondents emphasised that the drawing-up of a budget was an
important skill to be possessed by the principal since, as the one respondent stated, that the budget process starts with the principal because the principal derives the information from staff members. One of the two respondents further remarked that if schools have to start coping with more money, then every person needs to understand the details. My interpretation of this last statement is that every person needs to understand the details of financial operations. In addition, it was thought that by the principal possessing the relevant skills, he/she could then pass-on such skills to other stakeholders. This view was also echoed by another respondent.

Five of the respondents specifically stated that management skills and accounting, business or financial management skills are required by principals. One of the respondents mentioned that such skills were required that would enable them to see that necessary control measures were in place and also to ensure that accepted principles of bookkeeping are operational. One respondent expressed the concern that his/her training was related to becoming a teacher, that is, a qualification was obtained relevant to providing instruction and teaching, but no financial training was provided. The implication here could be that such training would be relevant and beneficial to the principals job setting.

One respondent cited motivational and superior communication skills as necessary skills to be possessed by principals. These skills would help firstly to convince the financial committee, staff and government body members on fund-raising issues and secondly it would assist in persuading, convincing and enticing the business community around the school to help the school with funds. It was further stated that the ability and skill in setting goals was relevant in order to ensure that clear directives could be issued and also to handle “hiccups” and other situations. Planning progressively and bearing in mind possible difficulties and the possible solution to such difficulties could also serve as a valuable skill possessed by principals.

From the responses received it could be categorically stated that most of the principals interviewed felt that some skill had to be possessed by principals that would enhance their positions and efforts in effecting sound financial management of the school.
With regard to suggestions on training modules that would help equip principals for financial school management functions, it was felt that there is a definite need for such training. One of the reasons provided was that these days much is expected (of principals, presumably) in the running of the school. Another pertinent reason was that presently educators could be promoted from a level one post immediately to a principal’s post and therefore such training could be beneficial. The implication here could possibly be that if a candidate who has no financial and/or managerial experience and if other stakeholders are also in a similar position, then costly mistakes can be made by way of mismanagement of funds, for example; and this could impact negatively on the character and image of the school. The third pertinent reason advanced in favour of training of principals is that in some cases governing body members may not be knowledgeable on financial management issues and if the principal is trained in this area of management then he/she can assist and provide guidance and thereby ‘empower’ governing body members and teachers. Some of these comments were provided by respondents from disadvantaged areas and they expressed concern that the parent component of their governing bodies did not possess any knowledge or skills about financial school management and therefore little was forthcoming in this area of school management.

The following are some of the favoured forms of training recommended and suggested by the respondents:

* formal training: some respondents were of the view that training in the form of a management diploma through a technikon or other institution specifically geared towards financial school management would serve their purpose. Two respondents emphasized that school financial management should be included broadly into the curriculum of teacher training colleges;

* in-service training, crash courses and workshops: in recommending and suggesting in-service training and workshops as training modules, three respondents specifically mentioned budgeting as a key topic to be catered-for during these sessions. Another idea was that schools be helped in ways of running themselves effectively with funds available. Another major area to be discussed during workshops was the issue of fund-raising. A realistic remark was that workshops be practical, on-going and be relevant to the area in which the school is situated. Thus, fund-raising efforts for a school situated in a city or town may not be identical
to fund-raising in a rural school community. A further suggestion was that workshops be conducted for principals to enable them to analyse data (presumably of a financial nature), choosing suitable projects and drafting business plans. This latter aspect is vital especially when schools approach businesses for sponsorships and large donations.

* meetings and seminars: it was stated that these forms of training could be conducted through district offices where ideas and content could be conveyed on certain specific topics (presumably related to financial school management matters);

* department and business collaboration: one respondent felt that the Department should arrange with different businesses to draw-up training modules relating to financial management of the school. These training modules should be designed to help principals manage finances effectively.

From the responses received, there seems to be a correlation between the perception relating to the specific skills required by principals for effective and efficient school financial management and the training modules to be provided in order to equip principals with these skills.

The following patterns emerged relating to the skills required by principals for effective and efficient financial school management and forms of training recommended and suggested:

* **Principals were in agreement that some form of skill needs to be possessed for effective and efficient financial school management.**

* **Some of the skills specifically mentioned were management skills and accounting, business or financial management skills.**

* **Principals were unanimous that there was a definite need for training that would equip principals for financial school management functions.**

* **Among the many forms of training mentioned, in-service training and workshops appeared to be the favoured method.**
4.3.3. Implications of effective and efficient financial school management on the delivery of quality education

Three respondents believed that one of the implications of effective and efficient school financial management on the delivery of quality education was the benefit to the learners, primarily because of the prioritisation of needs. Hence, in managing the finances of the school, those aspects will be targeted that will directly benefit the learning of the learners. One respondent provided the example where, if the school could only afford books or soccer balls, then the priority for the learners would be books. Closely related to this is the fact that it encourages planning. Thus, for example, if a primary school wants to introduce computer education, then it needs to plan the acquisition and disbursement of funds in realising this aim.

Most of the respondents specifically related that a pertinent benefit of effective and efficient financial school management was that it could lead to improved facilities and also provide for "extras" such as computers, a computer room, sports equipment and excursions. Hence, there will be an improvement in the total education of the child. One respondent felt that everything related to school requirements could be covered. These views were echoed by two other respondents who felt that if we are serious about raising the quality of our teaching and education then there is a need to go out and look for funds and if we have money then the maximum can be provided. In substantiating this statement, it was explained that if the school has resources it can be looked-upon by parents and the community as keeping-up to the quality levels in education. By inference, it could be expounded that if a parent or community placed strong emphasis on sporting and extra-curricular activities, and if the particular school, through efficient and effective financial management can provide more than adequately for such activities then the parents will find it beneficial to send their children to that school. It was mentioned further that if the school was able to conduct effective and efficient financial school management and thereby secure adequate funds, then the pupil-teacher ratio, as outlined by national norms, need not be followed. Thus, the pupil-teacher ratio could be reduced and the additional teachers salaries could be paid from school funds.
In considering maintenance of buildings and the infra-structure of the school, one respondent felt that previously the Department carried-out large amounts of maintenance of school buildings; however, presently (and possibly in the future) the onus may be left on the school to maintain and upkeep its buildings. Therefore, if sound financial school management is effected, then this task can be afforded by the school. In analysing this statement, it could be inferred that if the atmosphere of the surroundings contribute to the learning process, then the maintenance of the buildings and the surroundings is of vital importance. Thus, in order to maintain and improve the infra-structure of the school it would be necessary to conduct effective and efficient financial management of the school.

When taking motivation and confidence of teachers and learners into account, it was also specifically stressed by some respondents that, if, through effective and efficient financial school management we are able to provide the needs of teachers and learners, then there will be increased motivation among such teachers and learners. By implication, if there is a requirement and need for certain apparatus for the teaching of certain topics in science and if such apparatus is readily available then it can create the motivation to teachers and learners to complete such activities. On the contrary, if such apparatus is unavailable, it may create the situation where no teaching and learning takes place in that area or subject.

A remark made by one of the respondents was that if the school is able to acquire something (presumably in the furtherance of quality education) then there will be a responsibility on the part of everybody to look after or care for the items acquired.

The following patterns emerged relating to the implications of effective and efficient financial school management on the delivery of quality education:

* One of the benefits of effective and efficient financial school management on the delivery of quality education was that it encouraged prioritisation of needs.

* Improved facilities were the result of effective and efficient financial school management.
* Motivation and confidence of teachers and learners could be enhanced because their needs could be met.

4.3.4. Possible problems and obstacles encountered in fulfilling financial school management functions

A general problem that surfaced from the interviews related to the payment of school fees. The percentage of payment of school fees and therefore also the non-payment of school fees differed among the schools. One respondent stated that the biggest problem encountered that related to financial management was in trying to keep track of follow-up of parents who do not pay school fees. Furthermore, it was mentioned that as pupil enrolment increased, so the problem increased. Respondents from disadvantaged communities and schools and also those from rural areas found that trying to raise even small amounts of funds was difficult. Some of the respondents specifically attributed the problem and obstacle of non-payment of school fees to unemployment. It was felt that where unemployment was rife, it became problematic in persuading learners to pay school fees. However, such learners could not be excluded, but they have to be catered-for. One of the respondents commented that too many committees within the school undertake fund-raising, for example, the sports committee, culture committee and so on. This made it difficult for everyone to benefit financially. By implication, if this idea is expanded, it may be difficult to raise funds for schools especially if there are many schools in close proximity to the same community. Hence, we may find the situation where a number of schools, for example, a primary and secondary school compete for funds by way of fund-raising from the same parent or business community. In this regard one respondent mentioned that companies generally assisted schools whose parents were employed there, thus making it difficult for other schools to benefit from them financially.

Two respondents expressed the opinion that lack of knowledge and information amongst parents, governing body members and principals was problematic. One respondent stated that the school does not get the necessary help in trying to involve parents. It was experiencing difficulty in educating the community in how to participate and be involved in the school. The respondent
qualified the statement by adding that parents do participate, but not to expectations. The other respondent felt there was a lack of knowledge on the part of the principal and therefore the principal could not impart much information to the governing body members. In relation to what has been mentioned above, one respondent provided the view that another difficulty could be a non-committed governing body. The school is dependant on the community members of the governing body for their professional, managerial and financial skills. These members have direct links with the community and if they do not assist the school then advancement of the school may be retarded.

One respondent regarded lack of manpower as the biggest problem. It was explained that since teachers have a full teaching load and the fact that the principal may also be expected to teach, this may hamper fund-raising efforts. The implication of this response may be that collaborative and participative efforts, particularly in financial school management could be adversely affected if there is a non-committed governing body.

The following patterns emerged relating to the possible problems and obstacles encountered in fulfilling financial school management functions:

* Payment and collection of outstanding school fees posed a major problem in financial school management. This problem seemed to be more pronounced in the disadvantaged and rural areas.

* Lack of relevant knowledge and information among parents, governing body members and principals appeared to be an obstacle particularly amongst disadvantaged schools.

4.3.5. Structures and tools needed at school to assist in effective and efficient financial school management

Four of the respondents emphatically stated that the one structure or tool that would assist the school in achieving effective and efficient financial school management was a skilled, supportive and competent finance committee. One respondent emphasised, however, that not only should
the principal be knowledgeable about financial school management. The management of the school should also have knowledge in this regard. The reason is that the governing body has a limited number of years in duty and the principal could leave. It was therefore necessary that someone else possess such knowledge so that the work can continue uninterrupted.

One respondent cited a good system of bookkeeping as a valuable tool in effective and efficient school financial management. It was believed that even if a computerised system was not available then a system of recording according to some set structure would also suffice.

The following aspects and structures were mentioned by one respondent: a vision and mission for the school; spirit of team building and team work; committees such as for development planning and conflict resolution. On enquiry as to how such aspects and structures would impact on the financial management of the school, the respondent stated that if the above are not operational then the school cannot function effectively. This could affect the school’s image negatively which in turn could lead to a dramatic drop in enrolment and therefore a reduction in much needed funds. In analysing this response, it could be argued that the aspects and structures mentioned could serve as an indirect but yet vital aspects and structures in assisting in financial school management functions.

The involvement of parents was also considered to be a structure in financial school management. The implication in this instance could be that parent involvement entails paying of school fees regularly and promptly and by actively participating in projects for fund-raising for the school.

It was surprising to note that no respondent mentioned the budget as a tool that could assist in financial school management.

The following patterns emerged regarding the structures and tools needed at school to assist in effective and efficient financial school management:
* Generally, principals felt that the one structure or tool that could assist the school in achieving effective and efficient financial school management was a skilled, supportive and competent finance committee.

* Parental involvement was also regarded as a valuable structure in financial school management.

4.3.6. Purpose and function of a budget in financial school management

Some of the general features that emerged from the responses to this aspect of financial school management was that the budget could be used as a guide in conducting financial school management. Thus, the budget provided a guideline for proposed income and expenditure items. In explaining the function of the budget as a guide, one respondent emphasised that the budget required planning, which would then serve as a guide throughout the year. Thus, the budget as a planning tool was vital in conducting financial school management. It was also regarded as an estimation of income and expenditure for the year. The budget was also seen as a means of channelling and as a form of providing direction. One respondent expressed the view that items that were placed in the budget created a commitment in fulfilling or attaining those items in the budget. By implication, this could mean that if the school committed itself to raising an amount of money by means of fund-raising, then it would ensure that such amounts of money were obtained in order to meet their proposed expenditure. On the other hand, if an amount of money was budgeted for a certain item of expenditure, then efforts should be made to keep within the limits of that item of expenditure. In close relation to this, it was also emphasised that the budget focuses attention on targets. Three respondents also regarded the purpose and function of the budget as a control mechanism. In this instance it was commonly felt that the provisions within the budget will be adhered-to as far as possible. However, in exceptional cases and if the need and necessity arose to overspend on certain items or to incur expenditure on an unbudgeted item, then it was stated that such decisions would have to be taken with the stakeholders and the finance committee of the school.
Generally, an emerging feature was the correlation between the drawing-up of the budget and collaborative and participation between the principal and stakeholders. Respondents indicated that in drawing-up the budget, they would consult with all teachers, governing body members and the finance committee. Teacher input would be determined from the various committees and subject heads. In considering the inputs, the needs and wants of all the committees will be taken into consideration and this will involve a process of reconciliation of the two concepts. Furthermore, there will also be the need to convince members of the governing body and the finance committee on the relevance of expenditure items in particular. In analysing, it is pertinent that the budget represents as many different aspects of the school as possible and that as many people are consulted as possible. The wider consultation will probably allow for more commitment towards the successful implementation of the budget.

On enquiring as to the common categories of income and expenditure that schools generally include in their budget, it was established that school fees was the category of income included in the budgets of all schools. Another common aspect of income was fund-raising from projects. Thereafter, different schools listed different forms of income in their budgets. These ranged from interest on investments to profit from tuckshops to charging advertisers for placing advertising boards on the school perimeter walls. With regard to items of expenditure, it was ascertained that there are four main categories of expenditure, namely, administration, maintenance and development, academic, and extra-mural activities.

From the responses received, it can be reiterated that the budget is viewed by school principals as a valuable tool in the school financial management function.

The following patterns emerged regarding the purpose and function of a budget in financial school management:

* The budget served as a guide in conducting financial school management. It served to estimate income and expenditure for the year.

* The budget could be used as a control mechanism.
* The budget was a valuable way in encouraging collaboration and participation among staff and governing body members in financial school management functions.

* The two main categories of income to be included in the budget are school fees and fund-raising.

* Four categories of expenditure were highlighted in the budget, namely, administration, academic, maintenance and development and extra-mural activities.

4.4. CONCLUSION

This chapter provided a South African viewpoint on aspects related to the changing role of a principal of a public primary school from a financial management perspective. Data has been analysed and interpreted. Views of respondents and views of the researcher have been recorded. The next chapter will provide the a summary and conclusions related to the study conducted and will also provide recommendations from the literature study and the data collected, analysed and interpreted.
CHAPTER 5

SUMMARY, FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1. INTRODUCTION

In the previous chapter data collected by means of interviews was analysed and interpreted. Analysis and interpretation related purely to the responses of interviewees. It is, however, imperative that research from the literature survey be correlated with research findings from the interviews. This will provide a view on the similarities and differences relating to aspects of the changing role of the principals from a financial school management perspective for countries such as Australia, Britain, United States of America and South Africa. Thereafter, recommendations will be provided from the literature study as well as from data collected.

5.2. SUMMARY

Section 34(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “the State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision”. However, due to financial constraints and limits of the National and Provincial budgets pertaining to education, it may not be possible and feasible for the State to provide all financial requirements of the school.

Bearing the above in mind, Section 36 of the same Act states that “a governing body of a school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. This section of the Act makes provision for schools - through their governing bodies, of which the principal is a member - to obtain additional funds from the community. These
additional funds can still be regarded as “public” money and therefore the acquisition or collection and disbursement or spending of such funds has to be managed effectively and efficiently.

Chapter four of the Act titled “funding of public schools” makes constant reference to the governing body of the school. However, the principal, as manager of the school, is also a member of the governing body. This research study has endeavoured to study the changing role of the principal in the effective and efficient financial school management function. This study included the principal’s views on staff and governing body involvement in the financial management function of the school as well as the principal’s role in ensuring accountability, responsibility and transparency in the financial management of the school. Furthermore, the research study intended to determine from respondents (principals of schools) what skills they felt were required or necessary in fulfilling the financial management function of the school and also to suggest or recommend training modules that would enhance or assist in improving the financial management function of the school. A further intention of the research study was to ascertain the benefits of effective and efficient financial school management for quality education. The research study also endeavoured to determine from the respondents what possible problems and obstacles they encounter in the financial management function of the school.

Section 38(1) of the same Act stipulates that “a governing body of a public school must prepare a budget each year, according to guidelines determined by the Member of the Executive Council, which shows the estimated income and expenditure of the school for the following financial year”. This section of the Act makes it compulsory for schools to draw-up annual budgets. In this regard the research endeavoured to ascertain how the principal - as manager of the school and governing body member - will use the budget as a tool in financial school management.

Schools in the United States of America and Britain have been delegated the financial management function under the auspices of local management of schools (LMS). The role of principals of schools in these countries from a financial management perspective were studied in order to provide a conceptual framework for the study. This study included a discussion of the concept of financial school management; the role of the principal as far as collaborative and
participative decision-making was concerned; the role of the principal in ensuring accountability, responsibility and transparency in effecting the financial management function of the school. The study also involved obtaining the views of principals in those countries (USA and Britain) on skills and training, if any, that are required by principals for fulfilling the financial management function of the school. In addition, the benefits of effective and efficient financial school management of the school as a whole were also studied. Finally, a detailed study of the budget as a tool in financial school management was undertaken. The discussions in the literature study thus provided an overview of the relevant aspects of the topic of this research study. Furthermore, it provided a framework for devising questions that would be asked to principals from South African schools.

The next step entailed collecting data from respondents relating to the various aspects of the research study. In this regard, questions were developed, checked, modified and redrafted. Principals of six public schools from the southern region of the Gauteng Department of Education were interviewed and asked the relevant questions. Data gathered from interviews was then recorded, analysed and interpreted such that categories and patterns could be formed from the information received.

In order to conclude the research study, it would be pertinent to highlight the findings from the literature study as well as from the data collected and also to examine how the literature study and the data findings relate to each other. Finally recommendations will be drawn from the literature study.
5.3. IMPORTANT FINDINGS FROM LITERATURE STUDY AND DATA COLLECTION

5.3.1. The changing role of the principal with regard to staff and governing body member collaboration and participation and accountability, responsibility and transparency in the financial management of the school

A general feeling emanating is that the principal cannot conduct financial school management affairs in an informal, secretive and autocratic manner as “it will hardly serve as a prescription of how heads should effectively lead a team of professional teachers”, (Hill, '1989:98). This therefore implies that the possible role change for principals concerns their management style. Thus, they can no longer manage affairs in an autocratic manner. They will have to work more closely with their governing bodies and to win support from their staff. They may also be forced to delegate more and communicate more with their staff, learners and parents. This aspect is vital as Nicholson (1989:139) aptly states that the principal who tries to take too much upon himself or herself will probably find that his/her decisions may be poor and/or poorly received and this may result in him/her suffering high levels of anxiety. Furthermore, the involvement of the parent component of the governing body helps to increase their understanding of the workings of the school with particular reference to the financial management function.

A particular area in which principals can encourage teacher and governing body collaboration and participation is through the budget. Hence, with the advent of budgets for schools, the decision-making groups should comprise staff and governors as well as members of the community who have specialised knowledge in this regard.

When considering responsibility, accountability and transparency in financial management of the school, Jacobson, Logsdon and Wiegman (1973:441) seem to echo what many British and North American educationists and writers believe when they state that the changed conditions under which schools operate today have greatly increased the business responsibilities of school principals. Thus the efficient operation of these schools have become vital as communities make
heavy demands on the business competency of the principals. It is, however, contended by Bell (1989:272) that as new policies are implemented, the responsibility for managing the school (which include financial management) will move from those inside the school to a position of shared responsibility with those outside the school. Thus the principal may find himself/herself more closely involved in matters which have hitherto been considered as either peripheral to the school or external to it. “This may mean that the team leaders inside the school have to play a more active part in the internal organisation of the primary school than perhaps has always been the case up to now”.

A pertinent aspect to be clarified is that in effecting accountability, responsibility and transparency in financial school management, the principal is not expected to be a super-efficient accountant. What is required is the ability to delegate these tasks to competent members of staff or governing body members and to maintain a tab on affairs. However, in doing so, the principal does not relinquish or diminish his/her role in financial school management. To the contrary, Knight (1993:119) maintains that there seems to be a general agreement that the importance of the principal increases significantly with financial delegation. This view is also held by Levacic (1991:4) where it is stated that the prime responsibility for financial management will, in most cases, rest with the principal and be shared in varying degrees by a senior management team, with local circumstances determining the degree of involvement of particular governors.

Findings from interview data on this aspect revealed that principals were generally in agreement that there is a shift in their role or function with regard to financial school management. The reasons advanced for this shift were varied. However, the reasons provided covered the areas of responsibility required by principals in the financial management function of the school. In accordance with findings in the literature study, principals interviewed expressed their willingness to involve staff and governing body members in collaborative and participative decision-making with regard to the financial school management function. However, in discussing and deciding on issues relating to the financial management function of the school, principals would extensively make use of needs assessment and prioritisation of such needs and requirements. Two particular
areas in which maximum staff and governing body member involvement could be attained was in drawing-up the budget and in fund-raising projects.

When considering accountability, responsibility and transparency in financial school management, all principals interviewed indicated that a system of record-keeping was in place in order to maintain accountability. Furthermore, by sharing tasks with members of staff and governing body members, responsibility will also be shared which will also allow for greater transparency. An important aspect in which there was consistency between the literature study and the interview data collected was that although the financial management function of the school is not solely in the hands of the principal, the principal still saw his/her role as one of being accountable and responsible in the final analysis.

**5.3.2. Skills required by principals for effective and efficient financial school management and forms of training recommended and suggested**

Blanchard, Lovell and Ville (1989:91-92) from a British point of view strongly feel that “headteachers must now add to their repertoire of skills financial expertise, resource management, detailed understanding of building maintenance issues, some knowledge of accountancy, considerable committee expertise and a range of management skills that traditionally has not been expected of them”. Hill (1989:106-107) informs us that reports submitted by Her Majesty’s Inspectorate on principals management performance in British schools generally reveal that principals were not adequately prepared for the wide ranging tasks associated with financial school management.

In order to overcome the perceived problem of inadequacy that may be experienced by principals in financial management of schools, it is essential that relevant training programmes and advice be given to principals and prospective principals. With reference to the need for training, Jacobson, Logsdon and Wiegman (1973:441) emphatically state that job analysis of the business functions required of school principals runs into hundreds of duties and it is highly important that principals and persons aspiring to be principals take courses in school administration through institutions of
higher learning dealing with the nature of the business aspects of school administration. It is also essential that they keep up with the current literature on school organisation and administration. To further support the need for training for principals in financial school management, Nightingale (1990:84) contends that there needs to be much improved teacher training. It is possible for a principal to take up a post without any real training for principalship. There is no need to identify what are the training needs of newly appointed heads. This is already clear. What is needed is to establish the means by which this training can be systematically and regularly implemented. Thus, with the rapidly changing role of the principal, training is essential and vital because without the necessary and relevant training any new system is threatened with failure.

As mentioned before, studies conducted in Britain in the late nineteen eighties (Hill, 1989:106-107) revealed that principals were at that time generally not prepared for the task of financial school management. The six principals interviewed during this research study did not specifically admit or state that they were not prepared for the financial school management task. However, there was a general agreement that some form of management skills and accounting, business or financial management skills would enhance their positions in the financial school management function. The need to possess some financial management skill was more pronounced among principals of schools from disadvantaged areas. The necessity arose because they did not have staff members or governing body members who could assist them in this task, since many of them did not possess such skills themselves. On the other hand, principals from former Model C school systems found that they could rely on their governing body members for assistance in the financial management function of the school as these members may be in possession of the required knowledge and skills.

There was a definite agreement among principals that there was a need for training in the field of financial school management. This need had to be focused both on currently serving principals as well as prospective principals. Thus, it was also felt that financial school management be included in the curriculum at teacher education institutions, as an aspect of personnel development. In close relation to what Blanchard, Lovell and Ville (1989:99) stated in the British context that training is essential and vital otherwise any new system is threatened with failure; many principals
also echoed that with new forms of school governance coming into place, training was essential especially for principals. If principals received the appropriate form of training, then they will be in a position to pass on their knowledge and skills to other members who are responsible for the governance of the school. Training modules favoured by most of the respondents were “in-service training” and “workshops”.

5.3.3. Benefits and implications of effective and efficient financial school management on the delivery of quality education and for the general goals of the school

One of the foremost benefits of effective and efficient financial school management is to empower schools to use their closer knowledge of pupils and their communities in determining how resources could be used efficiently and be applied to greatest effect. McAllister and Connolly (1990:35) in their article on local financial management in the British context provide an overview of the benefits of the delegation of financial management to schools. They assert that the government argues that schools will have increased incentives to seek greater efficiency and economy in their use of resources since they will be able to use any resource savings to develop or improve their services. This is vital while efficiency and economy are laudable goals to pursue they are not sufficient motivators on their own. Effectiveness is also important. Thus the overriding aims of the proposed system of financial delegation are to enable the governors and headteacher of each school to make the most effective and efficient use of the resources available to them, to give schools greater flexibility and freedom within an agreed budget to spend according to local priorities; and to increase awareness within the profession of how the financial system in education operates in practice since it is important that the financial strategy supports the educational goals.

It was expressed in the previous paragraph that the benefit of effective and efficient financial school management was that schools could use their resources optimally to their individual needs. A similar view was expressed by principals during their interviews. Hence, it encouraged schools to conduct a needs analysis and then prioritise their finances according to their needs. Thus, for example, if the school had sufficient funds for either books or flowers for the garden, then the
school would be managing finances effectively if they spent their finances on books as a matter of priority. Another realistic benefit of effective and efficient financial school management was the idea that more and better resources could be afforded by the school, which in turn could have a motivational effect on teachers and learners.

5.3.4. Possible problems and obstacles encountered in the financial school management function

Responses received from principals generally divide into two categories of problems or obstacles, namely, the difficulty relating to the follow-up of non-payment of school fees while the other obstacle related to the lack of knowledge and information among parents, governing body members and principal. The former obstacle applied in general to all schools whose principals were interviewed while the latter obstacle appeared to be limited to schools in disadvantage areas and communities.

The obstacles mentioned above may be resolved. In the first instance, the non-payment of fees may be overcome with reference to Section 41 of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:26) which states that "the governing body of a public school may by process of law enforce the payment of school fees by parents who are liable to pay in terms of section 40". However, this process would involve additional administrative work. In the second instance, capacity building programmes are currently taking place at public schools of the Gauteng Department of Education. These programmes are geared to empower governing body members, who represent all stakeholders of the school, with the necessary information, knowledge and skills for effective and efficient school management.

5.3.5. The budget as a tool in financial school management

It was established from the literature study that a budget does not have a single function or purpose. Thus, a budget should be used for long term and medium term planning, for purposes of evaluating performance, for co-ordinating the various activities, for implementing long term plans,
for communicating the total plan to all parts of the organisation, for motivating staff (teaching and non-teaching) and for providing authority for expenditures and activities. Berkhout and Berkhout (1992:51) state that one of the advantages of a budget is that it educates all parties concerned to think in terms of money and costs. Thus, for example, demands for more or better equipment, sports facilities, apparatus or services will be approached more rationally by the staff members concerned, because costs and income become "visible" and can be judged.

The budget can also be viewed as an important avenue for encouraging and enhancing collaborative and participative decision-making. Thus, for the budget to be drawn-up effectively and realistically, the input of all the departments of the school and stakeholders need to be accommodated and considered. In this regard Berkhout and Berkhout (1992:53) believe that the budget should be the end product of frank discussions, honest negotiation and even of compromises between management and all the parties concerned. It should be the end product of teamwork, and not the efforts of an individual or a department.

Responses received from principals regarding the purpose and function of a budget in financial school management were varied. The collective views of the principals can be summarised as follows: the budget can be viewed as a guide in collecting and spending money; it can serve as a means of channelling funds and providing direction - thus, if funds are required for a specific project, it will provide direction into the efforts needed to raise such funds; it encourages commitment especially in the expenditure side of the budget; finally, it was seen as a control mechanism. These views are in accordance with aspects related to the budget as explained in the literature study where it was contended that the budget does not have a single purpose but rather a multitude of functions and purposes.

Principals saw the budget as an important avenue for enhancing collaborative and participative involvement of all stakeholders in the financial management of the school. Collaborative and participative involvement is necessary because the final budget is a product of the derivative budgets from the various departments and sub-departments. Furthermore, if many stakeholders
are involved in the drawing-up of the budget, they will be more committed to fulfilling and meeting targets set in the budget.

5.4. RECOMMENDATIONS

* Principals should make use of co-operative management and collaboration and participation to a maximum by involving all stakeholders in effecting the financial management function of the school. This ability to undertake collaborative and participative decisions and actions is a fundamental tenet of democratic school governance. By encouraging participation and collaboration of stakeholders in the financial management function of the school, the principal may also be encouraging commitment because if people feel that their inputs are valued, then they will be committed to achieving what they may have suggested. Furthermore, the principal will also be sharing the work load and thereby allowing himself/herself adequate time for the management of the instructional programme of the school. It is also important that parent members of the governing body that are represented on the finance committee have a good working knowledge of the requirements of the school as they have a critical say in allowing or disallowing funds to be spent. In addition, since they are the representatives of the parent community, they should be seen as partners in managing the financial function of the school optimally.

* Although the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996) makes specific reference to the governing body of a school, principals should not view their roles as being diminished. To the contrary, as Knight (1993:46) who provides a British perspective relates that published studies of financial devolution worldwide show general agreement that the role of the headteacher or principal is enhanced. Hence the principal is still seen as important, more of a manager and the key figure in the school. Furthermore, principals should view themselves as intermediaries, co-ordinators, guides and mediators in the overall financial management of the school.

* Principals should be prepared to delegate financial school management tasks to responsible members of staff and governing body members. However, they should ensure that proper methods of bookkeeping and accounting are maintained in order to prevent fraudulent
transactions as well as mismanagement of funds. This is vital since principals will be held accountable and responsible if school finances are not properly accounted for to the public.

* Since the delegation of financial management to schools is relatively new in our education system, it is imperative that relevant training modules be offered to principals who may not have the necessary knowledge and skills in this regard. With reference to training, Nightingale (1990:84) states that all newly appointed heads should receive some induction training before taking up their post. This should be more than a couple of evenings but a course of at least one week’s duration. It need not necessarily be organised by a local authority; they could be regional courses. Proactive measures can also be taken by including compulsory financial school management courses at colleges of education. This measure will help in cases where teachers are promoted early in their careers to principal’s posts.

* A reality among schools is that certain schools may be better resourced than others. Some schools may be also be in a position to manage larger amounts of finances than other schools. As a result of these realities, different training modules for different school circumstances may be needed. Thus, for example, training modules in financial school management for farm and rural schools may be different from training modules in financial school management for urban and more better resourced schools.

* In order to derive substantial benefits from financial school management, principals should ensure that the process of needs analysis and prioritisation of needs is given prominence. This will ensure that monies are spent where it is needed most and also to the benefit of the learners and teachers.

* With regard to the non-payment of school fees, principals and governing bodies are now being empowered by the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:26) to enforce parents to pay school fees. Section 41 of the said Act specifies that “the governing body of a public school may by a process of law enforce the payment of school fees by parents who are liable to pay in terms of section 40”. However, it should be emphasised that there may be cases of learners whose parents are genuinely indigent. In such cases, members from the parent component of the governing body could be asked to approach wealthier, philanthropic and charitable people in the community to subsidise pupils who cannot
afford such fees. If possible, the names of learners or their families should be kept discreet in order to prevent any stigma being attached to them.

* When considering internal fund-raising by the various committees and sub-committees of the school, it would be preferable to allow different committees to raise funds during different times of the year. Thus, for example, the Sports Committee could raise funds in February or during the first term; the English Committee could raise funds during April or the second term and so on. Whether fund-raising will be carried-out on a monthly or termly basis will depend on the number of committees and sub-committees in the school.

* The budget should not merely be seen as a statement of the previous year's spending and a prediction or projection of spending for the next year. The budget should not be viewed as satisfying only one management activity. To the contrary, it should encompass the management activities of planning, organising, guiding (leading) and controlling. The budget should be one of the key areas of financial school management in which maximum staff and governing body member collaboration and participation is encouraged. This is particularly vital since the main budget is drawn-up from derivative budgets. However, the budget should be easily understood particularly where members do not have any specialised knowledge in this regard. Finally, the budget should be regarded as an integral part of financial school management and should be considered as a process and not a one-off activity.

5.5. CONCLUSION

With the advent of local financial management for schools, the role of the principal is a changing one. A new approach to the management of the school is required, particularly from a financial perspective. In the first instance principals cannot conduct financial school management functions in isolation. Issues relating to financial school management have to be discussed and carried-out with all groups and stakeholders. Secondly, as this is a relatively new concept in school management, relevant training has to be conducted if the system is to succeed. Thirdly, if financial school management functions are carried-out effectively and efficiently, there will be benefits to the school by way of quality delivery of education. Finally, principals should use the budget as a tool in financial management to maximum effect.
In providing the final analysis, it would be appropriate to report what Blanchard, Lovell and Ville (1989:92-93) state regarding the changing role of the principal with reference to financial school management. On the positive side, the changed role for principals will without doubt ensure that schools are much more aware of the financial cost of education. Whether it is the payment for electricity and water, a window repair or the purchase of additional equipment; these will now be known rather than vaguely understood. The era of the “pure educationalist” - that is someone who tried to ignore the financial cost of a particular form of provision - has disappeared. Principals will become more attuned to and more responsive to the demands of all stakeholders and this may mean saying “no” rather than shifting the blame or passing the buck and the decision to the relevant education department.

On the negative side, it is likely that the principal may have less time to be a teacher. Unless the school has the advantage of a bursar to take up the increased administrative load, the principal may find that more of the day is taken up with financial matters, and thus less with individual children, parents and staff.

With regard to the budget as a tool in financial school management, the views of Jackson (1994:53) are very relevant where it is contended that whether we approve of it or not, the delegation of budgets to schools has meant that words like accountability, clients, efficiency, effectiveness and managers, are with us and are not going to go away. As South Africa moves towards the year 2 000, principals are going to have to accept the extension of their chief executive role, and (probably) the subsequent displacement from the core act of teaching. They will need to be the people with the vision of where the school is going and with the managerial expertise to plan and budget for the journey.
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ANNEXURE ONE

INTERVIEW PROTOCOL

1. HEADING: THE CHANGING ROLE OF THE PRINCIPAL OF A PUBLIC PRIMARY SCHOOL: A FINANCIAL SCHOOL MANAGEMENT PERSPECTIVE

2. METHOD OF RESEARCH:

The qualitative research paradigm will be used throughout the study.

Interviews (with semi-structured questions) will be conducted with principals from six primary schools in the Vaal Triangle region of the Gauteng Department of Education.

3. INFORMATION TO THE INTERVIEWEE PRIOR TO THE COMMENCEMENT OF INTERVIEW QUESTIONS:

With reference to the funding of public schools, Section 34(1) of the South African Schools Act No. 84 of 1996 (Government Gazette No. 17579, 1996:24) states that “the State must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision”. However, due to financial constraints, the State may not be able to meet all the financial-related requirements of schools. As a consequence of this, Section 36 of the same Act states that “a governing body of a public school must take all reasonable measures within its means to supplement the resources supplied by the State in order to improve the quality of education provided by the school to all learners at the school”. This section in essence compels the governing body - of which the principal is a member - to raise additional funds for the school for the benefit of all learners at the school.
4. **QUESTIONS:**

**Question 1:**
With reference to Sections 34(1) and 36 of the S.A. Schools Act, do you think there is or will be a shift in your role/function with regard to school financial management?

*Possible follow-up questions:*

Q1.1:
What approaches do you find effective, as a manager of a school, in involving staff and governing body members in the financial management of the school?

Q1.2:
As a manager, how would you ensure accountability, responsibility and transparency in the financial management of the school?

**Question 2:**
What specific skills do you think school managers would require in order to perform effective and efficient school financial management functions?

*Follow-up question:*

Q2.1. What particular training modules and approaches would you suggest or are necessary to equip principals for school financial management functions?

**Question 3:**
What implication does effective and efficient school financial management have on the delivery of quality education in the school?
Follow-up question:
Q3.1. What are some of the possible problems and obstacles that may be encountered in fulfilling school financial management functions?

Question 4:
What are some of the structures and tools that need to be placed at school in order to assist in the effective and efficient financial management of the school?

Possible follow-up question:
Q4.1. How would you use the budget to assist in the school financial management function?

After each question there will be other possible follow-up questions and probes. Where the researcher is uncertain as to the response from the respondent, there will be paraphrasing.

5. The interview will be recorded on an audio cassette recorder.
ANNEXURE TWO

MAP OF THE DISTRICTS OF THE GAUTENG DEPARTMENT OF EDUCATION

Interviews for this research study were conducted in the S2 and S3 districts.