

CAPITAL BUDGETING TECHNIQUES AND THE SURVIVAL OF PUBLIC SECONDARY SCHOOLS IN ABIA STATE

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Abstract

This paper investigated Capital Budgeting Techniques and the Survival of Public secondary Schools in Abia State. It was a descriptive survey. A sample of 60 principals and 20 finance officers was drawn from a population of 106 representing 75% of the population. A 25-item, 2-part, 4-point scale instrument was used to generate data for answering 3 research questions. The instrument was validated by a team of experts in Educational Management and a reliability of .75 established. The instrument was administered by the researcher. Research questions were answered with means and rank order. Results reveal that the forms of capital budgeting techniques employed in public secondary schools are PPBS, Zero-Based and Milestone and concluded that different factors influenced the application of capital budgeting techniques. Continuous improvement of principals, finance officers is

necessary for effective management for the realization of public school goals and recommended among others that principals, finance officers be given seminars on the use of Capital Budgeting Techniques.

Every establishment be it public or private finds it necessary to prepare a budget, practice budgeting and institute budgeting techniques/control for the purpose of translating policies, co-coordinating activities as well as financial control in order to achieve the best possible result. The success of any public secondary school depends largely on the techniques used in the capital that have been budgeted for the school year. The success or failure of these schools may depend on the degree and the use of the administrative behaviours adopted by the education policy bodies, principals of schools, finance officers in education boards, bursars in schools on the application of the technique accepted to achieve the set objectives of the school year.

It is therefore obvious that secondary school principals, finance officers, education policy making bodies, bursars, administrative behaviour have implications for overlooking any technique accepted for public school survival in their planning. Therefore, what can be done to obtain co-operation from the education policy bodies, principals, finance officers, bursars to stimulate them to discharging their responsibilities effectively in the school planning to realize the usefulness or the need for an appropriate technique. This has been a major concern to education policy bodies, principals and finance officers on what to do to make good use of the capital budgeted for the school year. It is in the realization of this that educational administrators argue that the school principals must broaden the base of their administrative behaviour towards capital budgeting if they are to secure survival.

In developing societies like Nigeria, which poses a challenge to education, education policy bodies must see its role in relation to the contributions it can make towards administrative effectiveness. The success of any public secondary school depends also on effective administration. As a leader in education, the principal and education policy makers are seen as the image makers of the school, Ministry of Education and the society driven by the application of capital budgeting techniques determines the survival of public secondary schools. It is therefore compelling to examine these techniques and explore ways of improving the use of them in order to effectively attain secondary school objectives. Since the maintenance of secondary education is in a crucial system, education policy makers should appreciate the need to have one of these techniques in use and make sure it is in practice. This is because the degree to which a public secondary school loses its' clientele, aesthetic value and worth depends on the techniques applied at the onset of planning for their survival. This means that poorly programmed educational facilities, buildings, equipments, staff etc will quickly lose their functionality, beauty and value, thereby inhibiting the teaching / learning process.

Education facilities in our public secondary schools will take a positive giant leap for longevity or life expectancy of the facility, aesthetic beauty and operational use when the principle of “a stitch in time saves nine” is adequately applied and enforced in the care of school for all-round development. Nigeria as a developing nation is experiencing population explosion leading to the consequent increment in enrolments demands provision of core educational planning such that the use of capital budgeting techniques is essential.

In essence the application of capital budgeting techniques in the public secondary schools could lead the secondary system to the part of profitability and viability.

The Problem

For sometime now, the non-application of capital budgeting techniques in public secondary schools appears an omission of a great concern. This is because, it could lead to lack of focus, mission and vision that could affect secondary school principals’ administrative effectiveness thereby affecting the survival of the public secondary schools. It is possible that some elements of administrative behaviour of secondary school principals attract the interest of educational policy makers.

There is no doubt however, that education policy makers concern in the application of capital budgeting techniques is needed to ensure the survival of secondary school, since education policy makers’ actions to secondary school principals non compliance to capital budgeting techniques may be indispensable to the achievement of administrative effectiveness.

Purpose of the Study

This study is intended to:

1. Determine what forms of capital budgeting techniques are employed in public secondary schools.
2. Identify the real constraint behind capital budget in public secondary school
3. Identify the effect of capital budgeting techniques adopted in schools on the performance of duty of a principal and finance officer.

Research Questions

The following research questions were posited to guide the study:

1. What forms of capital budgeting techniques are employed in public secondary schools?
2. What are the constraints against budgeting mechanism?
3. What is the effect of capital budgeting techniques adopted in school on the performance of duty of a principal and Finance officer?

Methodology

A descriptive survey design was adopted to determine the extent capital budgeting techniques affected the survival of public secondary school in Abia State. This design was found appropriate because it allows for the use of questionnaire in gathering data.

The population is made up of the 106 principals and finance officers in the Abia State secondary school structure. The cluster random sampling techniques was adopted to select 60 principals and 20 finance officers giving a total of 80 representing .75 percent of the population.

A 2-part, 25-item, 4-point scale instrument with options strongly agree (SA), Agree (A), Disagree (D) and strongly Disagree (SA) and weights 4, 3, 2, and 1 were used to generate data for answering the three research questions. The instrument was validated by a team of two experts in the department of Educational Management and two experts from the department of Measurement and Evaluation, University of Port-Harcourt and a reliability value of .75 established using Pearson’s Product Moment Correlation Co-efficient.

The instrument was administered by the researcher. Mean and rank order were used to answer the research questions.

Research Question 1

What forms of Capital Budgeting Techniques are employed in Public secondary school?

Table 1: Forms of Capital Budgeting Techniques Employed in Public Secondary School?

S/n	Forms of Capital Budgeting Techniques	Principals	Finance Officers	Mean	Rank Order
1	PPBS is a dominant feature in schools / board.	3.4	3.6	3.5	1 st
2	ZBB is prevalent in my school / board.	3.6	1.5	2.6	2 nd
3	Life cycle budgeting is practiced in my school.	2.8	1.6	2.2	5 th
4	Operating budget is practiced in my school.	3.2	1.6s	2.4	4 th
5	Milestone budget is a form of budgeting in my school / board	3.7	1.5	2.6	2 nd
	Number	60	20		

Table 1 above shows that in descending order of magnitude (PPBS) is the dominant technique of capital budgeting in schools / boards (means 3.5) while zero-based budgeting and millstone budget (mean 2.6) are other forms of budget practiced in the schools. In effect, planning programming budgeting system (PPBS), Zero-based

budgeting and milestone budgeting are forms of capital budgeting employed in the school.

Research Question 2

What are the constraints on Capital Budgeting Mechanisms?

Table 2: Constraints to Capital Budgeting Mechanisms.

S/n	Constraints on Capital Budgeting	Principals	Finance Officers	Mean	Rank Order
1	There is adequate information for capital budgeting.	3.3	1.9	2.6	6 th
2	The unavailable information promotes inconsistency.	1.5	1.2	1.4	10 th
3	Budgetary resources are lacking.	2.8	1.2	2.0	8 th
4	Budgeting time for the techniques are not enough.	3.1	1.5	2.3	7 th
5	The techniques entail many expenses.	3.6	3.7	3.7	2 nd
6.	There is psychological fear	3.4	1.4	2.4	5 th
7.	Authority and responsibility for budgeting are inadequate.	3.1	3.7	3.4	4 th
8.	Performance measurement for budgeting is lacking.	3.6	3.6	3.6	3 rd
9.	Absence of programme analysis is relatively absent.	2.1	1.4	1.8	9 th
10.	Funds are not readily available to make the budget.	3.7	3.8	3.8	1 st
	Number	60	20		

Table 2 shows that the constraints against capital budgeting mechanism in public secondary schools were basically funds are not readily available to make the budget which ranked first (with mean score of 3.8) among other existing means. That was followed by the techniques entail much expenses which had a score of 3.7 judging by the scores, it is revealed that the constraints on capital budgeting in public secondary schools funds are not readily available to make the budget; the techniques entails much expenses, performance measurement, authority and responsibility for budgeting are inadequate and psychological fear.

Research Question 3

What is the effect of capital budgeting technique adopted in school on the performance of duty as a principal and finance officer?

Table 3: Effects of Capital Budgeting Techniques Adopted in the Public Secondary Schools on the Performance of the Principal and Finance Officers duty

S/n	Effects of Capital Budgeting	Principals	Finance Officers	Mean	Rank Order
1	The principals are cautious of their responsibility.	3.3	1.4	2.4	5 th
2	It encourages effective teaching / learning process in the school.	3.6	2.8	3.2	2 nd
3	It makes project monitoring and evaluation easy for education Policy makers.	2.8	1.3	2.1	8 th
4	It leads to partial implementation of projects.	2.1	1.5	1.8	9 th
5	It serves as a focus for future budgeting.	3.6	1.3	2.5	3 rd
6.	It serves as a basis for evaluating leadership.	3.7	3.8	3.8	1 st
7.	There is structural development in the school.	3.2	1.6	2.4	5 th
8.	There is adequate remuneration of both teaching and non teaching staff.	1.5	1.5	1.5	10 th
9.	It brings down Academic activities in the school.	3.1	1.3	2.2	7 th
10.	Teaching / learning are affected.	3.4	1.6	2.5	3 rd
	Number	60	20		

Table 3 shows that the most prevalent ways by which capital budgeting techniques affect the performance of principals were that, it serves as a basis for evaluating leadership and administrative performance of principal, which ranked first in descending order of magnitude with a cut-off point of 2.5 (with mean score 3.8). It encourages effective teaching and learning process in school which ranked second (with mean score of 3.2). Teaching and learning are affected ranked third (with mean score 2.5). The principals are cautious of their responsibility and there is structural development in the school ranked fifth (with mean score 2.4) respectively.

Discussions

Research Question 1:

What forms of Capital Budgeting Techniques are employed in Public secondary school?

Findings in Table 1, item 1 reveal that Planning Programming Budgetary System is a dominant technique in school budgeting. This corroborates the findings of Enaohwo (1990) who hinted that Planning Programming Budgetary System is good but that one major constraint of the Planning Programming Budgetary System at the secondary school level is that the Planning Programming Budgetary System requires high level expertise which many secondary schools especially in the third world cannot afford.

Result in Table 1, item 2 reveal that Zero Based Budgeting is prevalent in many schools and boards of education. This result is in agreement with the result of work carried out by Nwokocha (2010) who identified Zero Based Budgeting and Line-item budgeting as budgets used for the effective use of scarce resources in the pursuit of specified goals. The author also maintains that Line-item technique is commonly used among teachers to plan for what they need in terms of pen, chalkboard, and stationery and so on.

Additionally, the information provided in line-item type of budget does not permit rational decision-making in terms of alternative educational programmes and projects. According to the writer, it lacks orientation, quantification of total cost associated with the achievement of specific educational objectives, inputs-output ratio or any unit cost analysis process is difficult to carry out. The author maintains that this technique encourages corruption due to the dumping of all items together (Ebong, 2004).

Nnabuo, Okorie, Agabi and Igwe (2004) observed that a major improvement in budgeting is the introduction of formula budgeting which classifies the budget by breaking it down into functional and sub-functional units. In support of this, Enaohwo (1990) is of the view that unlike the traditional budget, formula budgeting differentiates between department on the basis of their programmes, activities and total enrolments whether full or part time. The researcher maintains that different formulas or weights must be applied because of differences in degree of utilization and student distribution.

Research Question 2:

What are the constraints on Capital Budgeting Mechanisms?

Result in Table 2, item 10 indicates that funds are not readily available to make the budget. This is in agreement with the observations of Obanya (2000) and Obioma (2000) who agree that past budgetary allocations failed due to poor and inadequate funding as well as over-centralization of management. According to them, lack of adequate funding of education systems therefore invariably portends lack of efficient and effective management of the education systems.

Similarly, Egwu (2009) while commenting on Roadmap of Nigerian education system emphasized that education in Nigeria has been inundated with a myriad of challenges. Some of the general issues include; poor budgeting allocations, inadequate funding of schools, poor management and utilization of funds. Expressing the same feeling, Abiogu (2009) points that out of every ten percent of annual budget set aside for education, only 2% actually gets to the classroom.

Similarly, Obioma (2000) posits that funding of the education sector in the past was poor and inadequate, compounded by epileptic release of such funds, therefore inimical to successful implementation of budgetary programmes. Expressing dismay over this, Umoru-Onuka (2001) emphasized that it is a common knowledge that one of the factors that inhibits the implementation of educational programmes in Nigeria is lack of adequate funding. The author went a little further to state that this problem has bedeviled the sector for about a decade hinges largely on inadequate funding since appropriate level of funding would automatically lead to the provision of infrastructures, learning equipment, teaching equipment, good libraries highly motivated teachers and other workers in the educational sector.

Ememe and Njoku (2009) opined that it is interesting to note that both the federal and state governments each year give a huge share of the annual budgetary allocation to education, yet the schools do not feel the impact of such huge sums of monetary allocations. The authors maintain that the above are the problems affecting the operation of an institution. The researchers indicate that the problems include; insufficient budgetary allocations, safeguarding of assets and so on. Lending his voice, Agabi (1999) observed with dismay that there is poor accountability and the adoption of unrefined budgetary practices. These functions can only be successfully carried according to the author if efficient strategies are adopted for the flows of funds from the government agencies and other financing bodies to the schools.

Coming from a different view point, Ogbonnaya (2005) stated that in most cases, budgets are prepared hurriedly such that important issues are lost sight of.

Research Question 3:

What is the effect of capital budgeting technique adopted in school on the performance of duty as a principal and finance officer?

Findings in Table 3, item 2 show that one of the effects of Capital Budgeting techniques adopted in secondary school include serving as a basis for evaluating administrative leadership performance. It also encourages effective teaching and learning. Indeed when good and adequate budgetary techniques are adopted, it removes the bottlenecks involved in budgeting disbursements. This means that funds will be available at the right time. Educational administrative leaders who adopt the right type of budgetary techniques achieve organizational goals and are adjudged efficient leaders.

Conclusions

Budgeting whether in a small or large scale is practiced by every secondary school in Abia State as financial planning that propels all the activities and services of the schools. Planning, programming, budgeting system, milestone and zero-based budgeting appear more prominent as schools' budgeting techniques.

The major constraints identified in capital budgeting mechanism include: inadequate funding that cripples and limits activities of the secondary school system. The budgetary techniques entail much expense. There is no inbuilt mechanism for performance evaluation of the techniques. The major effect of capital budgeting techniques is that it serves as a basis for evaluating leadership performance and encourages effective teaching and learning processes in schools.

Recommendations

Based on the results of the study, the following recommendations were made:

1. Efforts should be made to make funds available to make the budgets a reality. When funds are not available, it cripples school activities, nothing moves.
2. Budgetary resources should be made available; this is because no workman works without tools. This will enhance productivity of the secondary school system.
3. It is necessary to make adequate information available for capital budgeting. This will expand the evaluation and performance of the secondary school system.
4. It is necessary that performance measurement for budgeting should be improved as this will help stream-line the activities of the school system.

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