

**The principal's role in the budgeting process of fee-paying public  
schools**

**by**

**Dean Stander**

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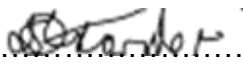
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**OCTOBER 2022**

## DECLARATION OF ORIGINALITY

I, Dean Stander, declare that this report on the principal's role in the budgeting process of a public fee-paying school in the Tshwane

North and South areas is my own work. The study has never been submitted for a degree at any tertiary institution before. Where the work of other authors has been cited, proper acknowledgements were made by means of complete references.

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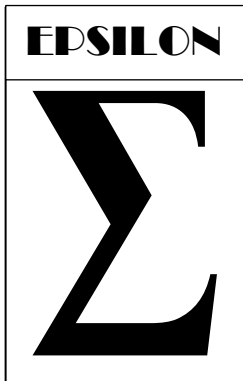
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LANGUAGE EDITING AND PROOFREADING



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TO WHOM IT MAY CONCERN

This is to confirm that I have completed the language editing of the dissertation **The principal's role in the budgeting process of fee-paying public schools** by Dean Stander submitted in partial fulfilment of the requirements for the degree **Magister Educationis** (Management, Law and Policy) in the Faculty of Education at the University of Pretoria.

Yours faithfully

Isobet Oberholzer

8 November 2022

## **ABSTRACT**

Research has shown that budgeting is one of the most important aspects to ensure effective school financial management. Very little research has been conducted on the specific role principals need to play in the budgeting process of public fee-paying schools. Although Chapter 4 of the South African Schools Act clearly stipulates the role of school governing bodies in terms of the financial management of their schools, Section 16 A of the South African Schools Act stipulates that the principals of a public school must advise their schools' governing bodies on the implications of financial decisions made by them. This includes the budgeting process of schools. The purpose of this study was therefore to investigate the principal's role at fee-paying public schools during the budgeting process of their schools.

This study will made use of a qualitative research approach with a multiple case study design. Principals, governing body chairpersons and chairpersons of the finance committees of six fee-paying schools (three primary and three secondary schools) were invited to participate in the study. Data was collected through semi-structured interviews.

The findings indicate that the principal is the primary source of information and must advise school governing bodies in their decision-making during the budgeting process. This is because of the principal's daily involvement in the management of the school. In addition, sound communication channels between the principal and his or her governing body need to be established and the relationship between principals and their governing bodies must be based on mutual trust.

### **Key words:**

School governance; school financial management; school budgeting process; fee-paying public schools; school leadership; school management

## LIST OF ABBREVIATIONS

DBE	Department of Education
HOD	Head of Department
MEC	Member of the Executive Council for Education
NNSSF	National Norms and Standards for School Funding
OECD	Organisation for Economic Cooperation and Development
PFMA	Public Finance Management Act
RSA	Republic of South Africa
SASA	South African Schools Act
SGB	School Governing Body

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## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND

Budgeting is of utmost importance in assuring effective school financial management. It is a tool for the planning, controlling and managing of a school's funds. A budget is defined as an organised, comprehensive structure of income and expenditure that is expected in an institution for a specific period, usually a financial year (Berkhout & Berkhout 1992:53). Budgets should set goals and strategies, but these goals should include income as well as expenditure of funds. Therefore, a budget does not only reflect the allocation of funds to the different organisational units, but also indicates the sources and types of income (Shim & Siegel, 2008:1). A budget is the financial symbol of what an organisation, which in this case is a school, wants to achieve. School principals have a great responsibility as they are expected to maintain a high level of quality teaching and learning while their budgets are steadily being reduced (Van Deventer & Kruger 2003:234).

The principal is seen as the 'chief executive officer' (CEO) of a school and the mismanagement of the budget can be damaging in the sense that the best interest of the school is not being promoted. Some departments or divisions in a school need more funding than others; therefore, purchasing and the monitoring of purchasing is a critical part of budgeting as it could be an area of corruption and big losses (Coffin & Cooper 2017:96). Allocating funds fairly does not mean that each department in the school receives the same amount of funding. Rather it refers to the right amount of money being given to each department according to their needs and governance policies (Bisschoff & Mestry 2003:52). In doing so, schools and departments will be cost effective, getting more and better results with the same amount of money and being able to cover unforeseen events that might take place (Bisschoff & Mestry 2003:3).

In the United States of America most schools receive funding from state and federal governments (Baker, Sciarra & Farrie 2010:2). These funds form part of the budget and is used for all school aspects. School success does not solely rely on funding and the amount received, but the wise investments of these funds (Baker, Sciarra & Farrie

2010:1), thereby emphasising the important role of the school principal. Lindberg (2012:152) states that principals in England have a huge financial responsibility as they not only manage their own budgets, but they are responsible towards staff and the government too. In Sweden, responsibility for quality teaching, financial control and budgeting is shared by the municipalities and the principals (Lindberg 2012:56).

Public schools in South Africa also receive funding from the state, known as public funds, for the development and improvement of the school in its entirety (Van Deventer & Kruger 2003:234-235). Financial contributions made by any person with regards to the attendance of a fee-paying public school is another form of funding known as private or individual funding. Veriava, Thom, Fish Hodgson (2017) and McLaren (2017) indicate that 95% of all schooling in South Africa is subsidised by the government. All funds raised by the state are public funds because they derive mainly from the taxes individuals and companies pay. In terms of Section 39 of the South African Schools Act, 84 of 1996 (hereafter referred to as the Schools Act) and the National Norms and Standards for School Funding (hereafter referred to as NNSF) (RSA, 2019) school fees may be determined and charged at public schools to supplement the funds that are received from the government. In addition, Section 36 (1) of the Schools Act stipulates that a school governing body “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”. These funds form part of the entire budget that a school governing body (SGB) and principal must use for the improvement of education in their school. Van Deventer and Kruger (2003:240) state that organisational monetary skills at schools include the development of a financial plan, the development of a school structure to deal with administrative and financial matters, and the distribution of activities to all staff members in the various departments.

The legal framework for financial management in schools is found in Chapter 4 of the Schools Act, the Public Finance Management Act, 1 of 1999 (hereafter referred to as the PFMA) and the NNSF. It is also important to note that in terms of Section 15 of the Schools Act, public schools are juristic persons with authority to perform functions in terms of these acts. Such functions may include entering contracts, purchasing property and engaging in litigation. In addition, Section 16 of the Schools Act also determines that a SGB should also be in a position of trust towards the whole school

community (Heystek 2004:308), whilst the principal should be supporting his or her SGB in their governance functions (Section 16). Likewise, the SGB should support the educators in their professional functions (Section 20) (Heystek 2004:308).

## 1.2 RESEARCH PROBLEM

In terms of the National Norms and Standards for School Funding, public schools are placed into quintiles according to which the State will allocate funds which are then distributed to the schools. Quintiles 1 to 3 are non-fee-paying schools, located mainly in rural areas and townships and comprise 60% of the public schools in South Africa. Quintiles 4 and 5 are generally fee-paying schools to which additional functions have been allocated in terms of Section 21 of the South African Schools Act. The amount allocated to Quintile 1, 2 and 3 schools in 2020 was R1 466 per learner, while Quintile 4 and 5 schools were allocated R735 and R254 per learner respectively (RSA, 2019). This means that Quintile 5 fee-paying public schools received approximately six times less funding from the State than non-fee-paying schools (Du Plessis, 2020:177). The implication is that fee-paying schools, the focus of this study, are primarily reliant on funding from private sources, primarily school fees paid by the parents. Hence, principals and SGBs of public schools are not only accountable to the State, but also to the parents who are the major sources of their finances (Du Plessis, 2020). Therefore, this study sought to understand the principals' role in managing the funds allocated to and received by them through the budgeting process in fee-paying schools.

The responsibilities of SGBs in terms of financial management are stipulated in Chapter 4 of the Schools Act. Among others, Section 38 of the Schools Act prescribes that school governing bodies must prepare an annual budget that indicates the estimated income and expenditure of the school during the next financial year. According to Sections 16A (1) and 58B of the Schools Act, public school principals are accountable for the academic performance of their school, which include effective financial management to enhance the provision of quality education. The conundrum facing public school principals is that, although they are not directly responsible for the budget of their school, they should be making significant inputs in terms of the strategic planning element of their school's budget. This misalignment between the functions of the SGBs and their school principals was illustrated in *Schoonbee & Others v MEC for*

*Education and Another*. Joubert (2008:99) explains that contrary to what is generally accepted, a school does not have an accounting officer and the principal is not the chief accounting officer in terms of the Public Finance Management Act. In *Schoonbee & Others v MEC for Education and Another* the court found that the Member of the Executive Council (MEC) for Education in Mpumalanga province erred when he suspended both the principal and deputy principal because he deemed them to be the accounting officers of the school. The court ruled that they were both members of the school governing body, the principal *ex officio* and the deputy principal an elected educator member, and that the school governing body has collective accountability as the accounting authority for the management of the finances of a school. Thus, the question that intrigued me was: what is the role of the principal as part of the school governing body collective in the budgeting process of a fee-paying school as framed against Section 16 A (3) of the South African Schools Act?

According to Section 16(3), the principal (under authority of the provincial Head of Department) undertakes management duties of the public school he or she has been assigned to, whilst Section 16(1) of the Schools Act determines that governance is the responsibility of the school governing body (SGB). There should thus be a relationship based on trust and support between the principal and the members of the SGB. However, subsection 16A (2) (h) (ii) of the Schools Act states the following:

“The principal must assist the governing body with the management of the school's funds, which assistance must include the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school.”

Sub-section 16A (2) of the Schools Act describes the professional management roles of public school principals. Firstly, they are to be present during and contribute to all meetings of the SGBs; and secondly, they are to provide support to their SGBs in the management of school finances by advising them about the consequences of decisions related to financial issues. However, the Schools Act does not specify how this reciprocal support must be provided, particularly in the budgeting process of schools.



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

Managing a budget necessitates obeying strict internal protocols on expenditures and without a well-planned budget, funds will go to waste and or used in low priority areas. A well-managed budget ensures continued smooth operations and growth (Bisschoff 1997:66). The budget allows schools to prioritise the funds that need to be allocated once all items were determined in respect of the school's various programmes. Prioritising implies focusing on the most important things, therefore everything that must be done first, will be a priority. The final step that needs to be taken is the implementation of the budget. Once the priorities are set and funds are allocated, the budget can be set into motion (Van Deventer & Kruger 2003:239).

However, I have experience that this is not always the case, as the priorities of the parent members of a SGB do not always correspond with the priorities of the principal and the school management. Principals take full responsibility for the management of their school (Sub-section 16(3) of the Schools Act). Therefore, they need to communicate the needs of the school to the SGB. When the visions of the principal and that of the SGB are not aligned, conflict may occur. This was the case at my school where both the chairperson of the SGB and the chairperson of the finance committee resigned after conflict arose regarding the building of additional classrooms that were needed due to a substantial increase in learner enrollment for the following year. This led me to realise that the potential for misalignment between those responsible for the professional management or executive functions of a school, and those that are responsible for the governance of that school is a reality. I therefore decided to investigate this problem and explore this interaction between the principals of the fee-paying schools and their SGBs during the budgeting process.

### **1.4 RESEARCH QUESTIONS**

The primary research question that guided this study is as follows:

How do principals of a fee-paying public schools support their school governing bodies in the budgeting process of their schools?

The following secondary questions were formulated to support the main research question:



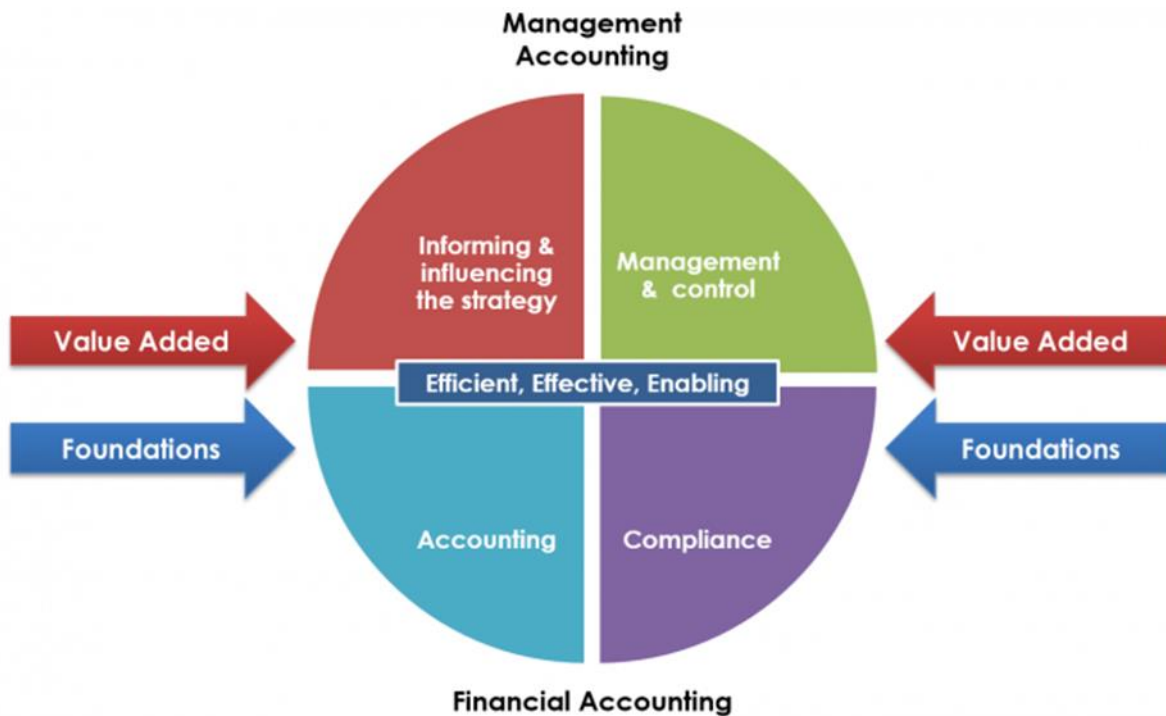
- How do principals of fee-paying public schools perceive their role in the budgeting process?
- How do members of school governing bodies of fee-paying public schools perceive the role of their school principals in the budgeting process of their schools?
- How do school governing bodies and principals of fee-paying public schools align their priorities during the budgeting process?

### **1.5 PURPOSE STATEMENT**

Based on the above problem statement, the purpose of my study is therefore to explore the principal's role during the budgeting process at fee-paying public schools.

### **1.6 CONCEPTUAL FRAMEWORK**

School budgeting is one of the most important functions that SGBs and principals must perform in order to manage school funds efficiently and effectively. When schools are confronted with financial pressure, people in decision-making positions are also pressurised to make the right decisions with limited resources and insights because they are liable and responsible for the outcome of those decisions. They could follow the control system as developed by Leigh (2020) to guide them in the right direction. This control system is illustrated in Figure 1.1 below:



*Figure 1.1: Control system pie chart (Leigh, 2020)*

### 1.6.1 Control system core functions

All aspects of the control system chart revolve around the three Es of financial management, namely that school fees must be managed **efficiently** and **effectively** to create an **enabling** environment. Schools have educational objectives that need to be delivered in an efficient and effective way, and it is the governing bodies and principals' responsibility to enable this.

### 1.6.2 Adding value to the core functions

The principal should inform the school governing body of the school's needs to effectively perform its core function, namely teaching and learning. Principals must then support the decision-making and strategies of school governing bodies in terms of how and where the available funds would benefit the school the most. This means that value is added, and the effective use of funds is the result. The school governing body along with the principal must manage and control the decisions and strategies that were made when they the budget was compiled. Management and control are focused on the future; therefore, the school governing body and the principal must constantly perform these functions. Because school governing bodies are responsible for the financial management of public schools in South Africa, public school principals

must provide support and assist the school governing bodies in terms of resource allocation, budgetary planning and control, analysis of trends and data to bring insight, financial modelling and decision-making support (Leigh 2020). This is in accordance with Section 16A of the South African Schools Act.

### **1.6.3 Foundation aspects of the chart**

The bottom half of the diagram refers to the foundational aspects a school governing body and their principal must follow to meet the challenges the school is facing in terms of financial management in general and the budgeting process in particular. Sound accounting and financial management practices are essential and must be performed in compliance with relevant legislation and policy. This also applies to the budgeting process.

## **1.7 RESEARCH PARADIGM**

I followed an interpretivist approach to explore the principal's role in the budgeting process of public fee-paying schools. Interpretivism, which forms part of constructivism, allows individuals to construct and make meaning of their own reality which leads to multiple realities, no distinction is made between the subject (researcher) and object (event studies) (Maree, et al 2013:21,59). This approach allowed me to make findings based on the subjective views of the participants and to find the meaning they give to their realities. Assumptions are made from within the participant's subjective experience (Maree, et al 2013:21,59). This approach is regarded as an ideographic research - individual cases or events are studied - and it can contribute to a better understanding of the reality as perceived by the individual participants. The knowledge gained from this approach is generated by each subjective account and by getting inside their situation (Pathirage, Amaratunga & Haigh 2008:8). Therefore, a qualitative research methodology was used to give me the best possible findings.

## **1.8 RESEARCH METHODOLOGY**

As indicated in the previous section, qualitative research approach was the most appropriate approach because of the desire to gain a better understanding of the principal's role towards the SGBs in the budgeting process (Maree, et al 2013:51; Delmont & Jones 2012:185). A qualitative approach focuses on gaining insight of each

participant's naturalistic context that framed their responses (Maree, et al 2013:51). Interpretations and explanations were made of the principal's decision-making abilities and responsibilities, taking into consideration the natural setting and context in which they find themselves, the support they have at the school (internal and external), the financial backing they receive, the impact of funds on the development of school facilities and what challenges principals face in managing school funds in general (McLaren 2017:52).

Strauss and Corbin (1990:11) emphasise that the term 'qualitative research' is not aimed at producing results through statistical procedures or other means of quantification. It refers to a much more personal experience of a phenomenon that could include multiple realities. Flick (2014:542) states that qualitative research focuses on collecting non-standardised data, and text and images are analysed rather than numbers and statistics, which stressed the fact that people try to make sense of something in the world. So, qualitative research covers interpretive techniques as well as a naturalistic approach to the subject at hand. It is a concept that covers a variety of topics which has positive and negative aspects (Denzin & Lincoln 1994:2; Van Maanen 1979:5). This differs from the quantitative research method where the focus is on quantification in the collection and analysis of data where amounts are important for the research (Bryman 2012:35).

Qualitative research, on the other hand, require detailed information from the participants regarding their feelings and experiences so that I could interpret the meanings of their actions as well as how their meanings are shaped (Denzin 1989; Corbin & Strauss 2008). Therefore, with the focus on the specific phenomena, the qualitative research covers a variety of aspects and understands the human experience in specific settings (Denzin & Lincoln 2002). The most common ways for collecting data are direct and participant observation, semi-structured or unstructured interviews and transcribing records, which are all used in qualitative research (Cohen, Manion & Morrison 2011). Researchers interact with participants during the data collection process, even though it is subjective and detailed.

There are some limitations in respect of qualitative research. Contextual sensitivities are left out at times when the focus is on the meanings and experiences of participants (Silverman 2010). The population of the research cannot be generalised due to the

smaller sample size (Harry & Lipsky 2014; Thompson 2011). Qualitative research is a time consuming and difficult process which encompasses indefinable data along with strict requirements for analysis (Berg & Lune 2012:4)

## **1.9 RESEARCH DESIGN**

I used a multiple case study design as it had the potential to provide insight about the phenomenon being explored (Maree, et al 2013:76). As Bromley (1990:302) explained, it is a process of inquiry which aims to describe and explain the opinions of the person being questioned. It is effective because it gives more than one perspective with an analysis. I was able to use the voice and perspective of different participants and to better understand the interaction between them. A multiple case study design also allowed me to not only focus on the experiences of participants at one public fee-paying school, but also on the views of participants from multiple fee-paying schools (Maree, et al 2013:75).

### **1.9.1 Sampling or selection of participants**

I used stratified purposive sampling and convenience sampling. Stratified purposive sampling allows a researcher to select participants relevant to the questions being asked. Purposive sampling means that relevant pre-selected criteria will be applied when participants and settings are selected (Maree, et al 2013:75).

Convenience sampling is a type of careful sampling where members of the target population that meet certain practical criteria, such as convenient location, availability at certain times, or the willingness to participate, are included for the purpose of the study. It meant that I would be researching subjects of the population that were easily accessible. Convenience sampling is affordable; participants are relatively easy to access, and the participants are readily available (Etikar, Musa & Alkassim 2016:2).

Because I live in Pretoria and for the sake of convenience, participants were from fee-paying schools within the Pretoria region of Gauteng. In order to obtain a broader representation of school contexts, both primary and secondary schools were sampled. Principals, chairpersons of school governing bodies and chairpersons of the finance committees at each participating school were invited to participate in the study. These participants were in the best position to provide information about the role of a school principal in the budgeting process of fee-paying schools. The total sample consisted

of three primary fee-paying and three secondary fee-paying schools with a total of 18 participants, nine contributors from secondary schools and nine contributors from primary schools (six principals, six SGB chairpersons and six Financial Committee Chairpersons)

### **1.9.2 Data collection strategies**

The main sources of my data collection were semi-structured interviews and relevant school legislation, mainly the South African Schools Act (from now on referred to as SASA) which forms part of document analysis as it is a document of the government which provides guidelines and support towards all factors that influence schools. Although an interview guide or interview protocol was used, the semi-structured interviews also enabled me to ask probing questions and to ask participants to clarify their answers (Kajornboon 2005). I audio-recorded the interviews and took notes while the interviews were in progress. The participants were interviewed individually.

The use of the SASA document allowed me to examine data and to interpret it to elicit meaning, gain understanding and develop knowledge (Bowen 2009:27) which gave me sufficient data and information for my study. To add school and financial policies to the study would have been a major challenge as all schools have their own policies and the load of information would have been too much to incorporate into the study, it was better to use SASA as document analysis for data collection as all public schools have to obey these laws. I systematically reviewed and evaluated these documents relevant to my study which helped me to incorporate information in my study (Bowen 2009:28). This process guided me in finding, selecting, making sense of, and synthesising the data contained in the documents. The use of legislation with the focus on sections that include finances, the principal and the SGB, contributed to the means of triangulation in my study (Bowen 2009:28) as it was another source of evidence in my study that pursued convergence and corroboration using different data sources and methods to ensure that the conclusions I reached were not biased and based on the data I collected (Terre Blanche & Durrheim 2004; McMillan & Schumacher 2001; Maxwell 1996:93). Therefore, data was obtained from various sources and role players (different categories of participants) in the budgeting process of fee-paying public schools (Maree, et al 2013:39). Triangulation reduced the risk of a biased conclusion from the researcher as well as chance association. I therefore also juxtaposed and

compared the responses of the participants with relevant legislation, primarily the South African Schools Act. In this way I tried to limit any biases I may have had as the researcher and the biases of the participants.

### **1.9.3 Data analysis and interpretation**

The data analysis process included the following: processing of the data which in this study included transcribing the audio recordings of the interviews, organising the data, and analysing the data to produce meaning (Maree et al 2013:99; Hofstee 2006:140; Corbin & Strauss 2008; Rapley 2007).

Maree, et al (2013:104) emphasised that the transcribing of data needs to be *verbatim* (word for word) and nothing should be left unnoticed. You should know and understand your data after transcription. A process called “memoing” was needed which required me to engage in the research and reflect on everything learned throughout the study and writing down all the impressions I experienced as I worked through the data (Maree, et al 2013:104).

## **1.10 TRUSTWORTHINESS OF THE STUDY**

The strategies I employed to enhance the trustworthiness and credibility of the study is discussed in the following sub-section.

### **1.10.1 Credibility**

The credibility of the study was enhanced by constantly observing the participants and taking field notes when necessary. As the set of questions for each category of participants were predetermined, I could ensure that the participants in each category were asked the same questions. Credibility of the data was also enhanced by allowing the participants to review the transcripts of the interviews and by inviting the participants to review the findings (Maree, et al 2013:114).

## 1.11 OULINE OF THE STUDY

The structure of the dissertation is briefly outlined as follows:

### **Chapter 1: Introduction**

The first chapter contains the background and introduction of the study as well as the problem statement, purpose of the study questions, theoretical framework, research methodology, research design and methods of data collection and analysing. This chapter informs the reader what this study will discuss and the aim of the study.

### **Chapter 2: Literature review**

In Chapter 2 literature is used to discuss the principals' role in the budgeting process of a public fee-paying school. It will give background of what has previously been published about the specific topic to justify my own research attempt. Previous studies' content and finding are used to clarify my own findings and demonstrate the competence of the area I am researching. In this chapter there are sections that all focus on a specific topic which influenced the major topic and title of the research. This chapter gives more insight and rich information about the factors that influence the budgeting process and the role of the principal during this process, in a public fee-paying school.

### **Chapter 3: Research methodology**

Chapter 3 describes the study's research methodology and research design. The main source of data was the semi-structured interviews that I held with participants and for more background on the area of the study, I scrutinised relevant legislative documents and the South African Schools Act as part of my data collection strategies. Interviews were transcribed, the data that I had received were organised and analysed. The last process of research methodology is to ensure it is trustworthy, which was done through triangulation and credibility methods. Lastly, to ensure the study was ethical and legal, all the documentation for the study was requested and acquired.



## **Chapter 4: Presentation of data**

In chapter 4 the data is presented. This chapter also contains a discussion of the findings after comparing the data that I received from participants in the semi-structured interviews with that of the documents (SASA and legislative documents) as well as further information that transpired from the research.

## **Chapter 5: Conclusion**

In Chapter 5 I answer the research questions. I also make recommendations and provide suggestions for further research. This chapter concludes the study of a principal's role in the budgeting process of a public fee-paying school.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

Shim and Siegel (2011) define a budget as a formal expression of plans, goals and objectives of management that covers all aspects of operations for a designated period. Even though it sounds like a basic process, there are plenty of role players and events that have an impact on a budget, especially a school budget. The decentralisation of school management has given stakeholders power to influence the budgeting choices made by schools. Before any plans regarding the budget is made, all possible role players and factors that have an influence must be considered. The focus of this chapter is on the principal's role in the budgeting process of public fee-paying schools. According to Sub-section 16A (2) of the South African Schools Act, principals are to be present at and contribute to all meetings of the school governing bodies (SGBs) and to provide support to the SGBs in the management process of school finances by advising them about the consequences of decisions related to financial issues.

Decentralisation in the South African education system led to more stakeholders having the power to influence the decision-making process in schools. This had a major effect on the budgeting process as well because school management teams and principals are not the only ones that decided where money should be allocated, especially in Section 21 fee-paying schools where additional funds are generated and received. The National Norms and Standards for School Funding (NNSF) is a government policy that specifically addresses the equity factor in South Africa because of the financial gap that developed in the public-school sector during the apartheid-era. The principle of cooperative governance is applicable because public schools' principals are not only *ex officio* members of their school governing bodies, but according to Section 16A (1) of the Schools Act, they also represent the provincial Head of Department.

Budgets are influenced by unforeseen events and must be managed efficiently and effectively to ensure that scarce resources are optimally utilised. The budgeting process in fee-paying schools differ from other schools as they must generate a

substantial portion of their own funds and they will only be able to budget according to the income that the school generates from external sources.

Governance accountability will lead to successful decision-making. There are role players with power to make important decisions, which must be followed by taking responsibility for whatever the outcomes of the decisions might be. All the decisions, planning and performance of tasks are influenced by a variety of stakeholders because the community is involved in the schooling system. The stakeholders' influence in financial decision-making plays a much larger role than is expected as everyone must collaborate to make the process effective. The South African principals are not the only principals that have to deal with the challenges of a budgeting process, as school principals' financial role in other African countries is just as complex and they experience similar challenges.

## **2.2 BACKGROUND**

The budgeting process is a concept that has been applied in South African schools for many years. Schools have educational objectives they want to achieve and need a financial plan that indicates the funds that they expect to receive and the expenses they will incur to achieve their educational objectives (Free Essays – PhDessay.com., 2017).

Stakeholders play a significant role as they all need to collaborate to ensure the efficient use of school funds. According to Mestry (2016:35) school governing bodies are accountable and responsible for funds received by the school and fulfilling all the school objectives with the funds available, whereas principals are liable for the performance and the professional activities of the school under the authority of the provincial Head of Department (RSA, 1996). It therefore stands to reason that principals should support their governing bodies to ensure efficient management of financial resources. In this regard Subsection 16A (2) (h) (ii) of the Schools Act stipulates that:

“The principal must assist the governing body with the management of the school's funds, which assistance must include the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school.”

Cordial collaboration between principals and the SGBs would be an ideal environment as it will benefit the school and all the persons involved in the budgeting process. Situations where the principal and SGB do not agree can be damaging. Therefore, it is of utmost importance for everybody involved to be well-trained so that they can understand the reasons for certain decisions as it will contribute to effective and efficient management of the school's financial resources. Training is seen as a fundamental requirement for sound financial management for it will provide school managers and governors with the necessary financial skills. SGBs are accountable and responsible for funds received by the school and the fulfilment of specific school objectives that include the development of physical resources on the schoolgrounds. In effect, this would equip the role players to contribute to the overall quality of the teaching and learning experience of the school and its learners (Mestry 2006:127). In addition, the effectiveness of SGB committees contributes to the effective management of school funds as they set the financial policies, create a budget and monitor all expenditure (Mestry 2006:131).

Lindström and Johansson (2015:171) explain that a school is one of the most important institutions in society because it contributes to the next generation's ability to learn how to manage and develop our society. The effective management of school funds will allow for opportunities for the development of physical resources and teacher and learner development.

Before South Africa's transition to a full democracy in 1994 many problems occurred in both the financial and management spheres of South African schools (Mestry 2016:27). Bureaucracies were divided, financing of education with the focus on resources were not equal and there were numerous racial barriers. The quality of education was not equal throughout the whole country (Asmal 2001:7). After 1994 the persistent lack of financial knowledge, skills and expertise of principals and school governing bodies continued to contribute to mismanagement of funds at many schools. Mestry (2016:1) found that the different stakeholders in schools now have the power and opportunities to improve their schools as they see fit, but many schools did not implement a financial policy that provided direction in terms of how school funds should be management and that many SGBs did not receive any training in financial management.

It is crucial to create a system for SGBs and school principals to effectively manage the funds received from both the State and the private funds generated through the efforts of school governing bodies. Public schools therefore must adhere to a traditional or functional budget system where all income and expenditures are listed, emphasising the importance of financial resources (Van Deventer & Kruger 2003:242). According to Van Deventer and Kruger (2003:242) schools should use funds for the 'here and now' when they are experiencing financial pressure and delay the 'nice-to-have' projects until later.

Effective management of funds will lead SGBs and school principals to create opportunities to promote the best interest of their schools as stipulated in Sub-section 21 (1) (a) of the Schools Act. Therefore, financial management at a school must be understood by those who are tasked with the responsible management thereof. Du Plessis (2020:177) states that in South African schools, the funding from the State towards non-fee-paying schools is approximately six times more than towards fee-paying schools and principals and SGBs of fee-paying schools need to carefully budget and manage all funds of the school as they are liable for every financial action that takes place (Bush & Heystek 2003:130). According to Leigh's, (2020) theory and control system pie chart, a financial accounting foundation has to be created which will in effect add to the effectiveness of managing financial challenges, these foundational aspects being accounting and financial management practices and to comply to all relevant legislation and policy aspects. It might be problematic for schools when unforeseen events occur, as the COVID-19 pandemic in 2020 clearly illustrated. The pandemic created several unforeseen events that had to be dealt with, placing schools under financial pressure. Leigh (2020) also indicates in the pie chart that once the foundational aspects are attended to and satisfied, value can be added to the system through management accounting. If a particular strategy is chosen, management can add value by informing and influencing the strategy, they need to support the decisions that were made by SGBs in terms of how and where funds would be made available to benefit the strategy and goal the most. Value is also added through management and control which is focused on the future and results of the strategies that were followed. All these aspects, foundational- and value adding aspects, evolve around what is called the three Es, Efficient, Effective, Enabling. Funds must be managed efficiently and effectively to create an enabling environment. This underscores the

importance of a sound relationship between principals and their SGBs, particularly in terms of managing financial resources.

Bagarette (2012:100) and Botha (2012:256) conducted research in schools with diverse social and economic capacities, most of them situated in township and rural areas where learners' parents cannot afford school fees. Bagarette (2012:104) and Botha (2012:269) both found that principals played the dominant decision-making role in the SGBs of these schools. In contrast, Aina and Bipath (2020:7) found that this is not the case in fee-paying schools they sampled for their study, where the SGBs played a dominant role in the decision-making processes of the participating schools.

### **2.3 DECENTRALISATION IN THE SOUTH AFRICAN EDUCATION SYSTEM**

In modern Western society, decentralisation has become a widespread and prominent feature that is accepted by most people and businesses (Dyer & Rose 2005:105). South Africa joined this trend of decentralisation in political and social reforms which led to the South African education system being democratised, giving more stakeholders the power for participation. In this regard, McLennan (2003:182) refers to the vision of the African National Congress which stated the following:

“Governance at all levels of the integrated national system of education and training will maximise democratic participation of stakeholders, including the broader community, and will be oriented towards equity, effectiveness, efficiency, accountability, and the sharing of responsibility.”

Sayed (1997:722) suggested two reasons for the decentralisation of schools. Firstly, to include all sectors, role players and stakeholders. Secondly, that the representation of accountability, legitimacy and democracy at local levels are much greater than in the past (Du Plessis 2019:47). This viewpoint is strengthened by the Preamble of the South African Schools Act where it is stated that the schooling system should “uphold the rights of all learners, parents and educators, and promote their acceptance of responsibility for the organisation, governance and funding of schools in partnership

with the State”. Also, the National Education Policy Act, 27 of 1996 encourages independent and critical thought (Sub-section 4(i)) and broad public participation in the development of education policy and the representation of stakeholders in the governance of all aspects of the education system (Section 4(m)).

The Schools Act refers to schools as ‘public schools’ (Section 12) and not ‘state schools’, creating the idea of community involvement. Local communities therefore should take control of the management and governance of their schools. Section 20 of the Schools Act sets out the functions of all SGBs of public schools, and also stipulates that they should comply with actions taken by the Head of Department and that their power of decision-making should not interfere or hamper decisions made by the MEC or HOD. Although SGBs govern their schools, according to Section 18 (1) of the Schools Act they are subject to the Act and any applicable provincial law. SGBs of public schools “must function in terms of a constitution which complies with minimum requirements determined by the Member of the Executive Council”. Local communities and the State need to work as a partnership to manage schools effectively.

According to Section 20 of the Schools Act, the functions of all SGBs are the following:

“to encourage the best interests of the school and try to ensure its development through the provision of quality education for all learners at the school; to develop and implement a constitution; to develop the mission statement of the school; to adopt a code of conduct for learners at the school; to support the principal, educators and other staff of the school in the performance of their professional functions; to recommend the appointment of staff; to determine times of the school day consistent with any applicable conditions of employment of staff at the school; to administer and control the school’s property, buildings and grounds occupied by the school; to encourage parents, learners, educators and other staff at the school to render voluntary services to the school”.

Schools that have been granted additional functions according to Section 21 of the Schools Act, may apply to the provincial Head of Department to use funds in the following ways: property maintenance or improvement (including buildings, school grounds, hostels, and other applicable sites), learning and teaching support material (LTMS), and paying for services the school receives.

However, the implementation of greater control measures over schools ensures that efficiency in policy implementation and education delivery is promoted to replace the early post-apartheid rhetoric of democracy and participation with a rhetoric dominated by compliance assurance. Greater regulations and accountability are increased by education authorities which takes away the initial commitment to stakeholders' democracy and participatory decision-making (De Clercq 2013:13). A 'top-down' state imposition or at best strained negotiations between education departments and other role players' manages this approach (De Clercq 2013:14). By limiting the real authority of school governing bodies, the state is trying to assert itself in schools (Beckmann, 2009:139).

## **2.4 THE PRINCIPLE OF COOPERATIVE GOVERNANCE**

It is important to know where the funds come from before schools can use them effectively. The bulk of all education funding in South Africa is provided by the State and is derived from taxes, duties and levies. According to McLaren (2017:38) fee-paying public schools charge fees to supplement the funding received from the State, and provincial education departments oversee and manage the basic education system when they distribute funds to public schools within their jurisdiction. It includes the provincial education budget (McLaren, 2017:41).

School development is about government and local endeavours at individual schools to create opportunities which result in more pupils achieving the national objectives (Lindström & Johansson 2015:173). The schools are controlled by government through economic priorities that are related to funding. Government also needs to regularly monitor schools to see how funding is distributed (Lindström & Johansson 2015:172). School governing bodies and their principals need to give account of the expenditure of funds and will be held liable for the ineffective use thereof.

In the past two decades self-governance has become the trend in many schools (Bush & Heystek 2003:127). Governance serves as a commitment to democratic institutions coming from the injustices and inequities of the past. The South African Constitution clearly links governance to wider democratic objectives in its advice to school



governors. Just like the country has a government, the school that a child in a community attends, needs a 'government' to serve the school and the school community (Department of Education 1997a:2).

Du Plessis (2019:82) states that cooperative governance as envisaged by the Schools Act has been cemented as a function that serves as an organising principle for the provision of access to education which makes it a fundamentally important norm of the South African democratic dispensation. The role of the school governing bodies in cooperative governance is to function as a democratic group in a democratically run school that involves all the different stakeholders in any decision-making process to ensure that the best possible input from all the interested parties is obtained (Du Plessis 2019:82). Cooperative governance in the Schools Act strives for a relationship between the governing bodies of public schools and the State which allows for close cooperation, one which identifies all the partners' distinct but inter-related functions. These relationships should include consultation, cooperation in mutual trust and good faith (Du Plessis 2019:82), underscoring the importance of quality interactions between public school principals and their SGBs.

## **2.5 THE NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING (NSSF)**

The Department of Education (2006) set out the National Norms and Standards in terms of Section 39 (7) of the South African Schools Act, 84 of 1996. This document provides provincial education departments with procedures to follow in the determination of resource allocation for their schools. The National Norms and Standards (NSSF) deals with the public funding of public schools, in terms of Section 35 of the Act, and the exemption of parents who are unable to pay school fees, is stipulated in Section 39(4) of the Act. The funding policy relating to learners with special educational needs was prepared in accordance with the Education White Paper 6: Special Needs Education. The Department of Education (DOE) finalised this document after consultation with the sub-committee on finance of the Heads of Education Departments Committee (HEDCOM). The sub-committee included representatives of the DOE and PEDs, the National Treasury and national educator organisations.

The NSSF states that it is the responsibility of the SGB of fee-paying schools to improve the quality of education by raising funds to supplement what is given by the

State (SASA Section 36), as they do not receive the same amount of funding per learner as in non-fee-paying schools (Section 39). The effect that this has on fee-paying schools is significant as they must arrange and organise events to get additional funds, and they depend on parents to pay school fees which will be their largest source of income. Failure to collect sufficient funds can have a detrimental effect on the school's budgeting processes.

Equity is about “providing the right number of resources that a certain group needs to live a full life, given the historical, material and social marginalisation they have experienced” (Zine 2001:251). Equality refers to equally distributing the same amount of money to all schools while equity in the quantile system operates from the premise that the poorest schools will receive more than wealthy schools to ensure all schools have the same number of resources to perform at the same academic level and minimise the academic gap (Mestry & Ndhlovu 2014: 2).

According to Section 34 of the South African Schools Act, the State is mandated to 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 to redress past inequalities in educational provision (Mestry & Ndhlovu 2014:1). The National Norms and Standards for School Funding policy was implemented by the government specifically to address the equity factor in South African public schools because of the financial gap in the country due to the inequalities and disparities that were created by the apartheid-era (Mestry 2018:385). This pro-poor funding policy allows the state to distribute funding based on a quintile ranking system that places schools in quintiles from 1 to 5, with quintile 1 schools being the poorest and quintile 5 schools being the most affluent. Quintile 1, 2 and 3 schools usually lack infrastructure, physical and financial resources and are located in poor socio-economic environments. These schools have been declared non-fee-paying schools and as indicated earlier, the State provides far more funding to them than to well-resourced quintile 4 and 5 schools which are fee-paying schools. The amount allocated to quintile 1, 2 and 3 schools in 2020 was R1 466, while quintile 4 and 5 schools were allocated R735 and R254 respectively (RSA 2019). This means that quintile 5 fee-paying public schools receive approximately six times less funding from the State than non-fee-paying schools. Quintile 4 and 5 school principals and SGBs therefore face a massive challenge in the management of funds (Mestry 2018: 385) in order to compensate for the lesser funding

received from the State. It is thus vitally important that a healthy cooperative relationship must exist between a principal, who is responsible for the professional management of a school, and his or her SGB, who is responsible for the financial management and governance of a school.

The NNSSF emphasises that there needs to be equity in funding between poor schools in rural and township areas and wealthy schools in urban areas to close the achievement gap between these schools (Mestry & Ndlovu 2014:2). The system of dividing schools into quantiles aims to provide all schools with the same opportunity to perform at the highest possible academic level. Motala and Mungadi (2000:13) state that equity is seen as equaling the playing field, giving no group better opportunities than another in transforming the education system, ensuring fairness and justice. However, the NNSSF has placed an additional responsibility on the communities served by fee-paying schools to make up the shortfalls caused by receiving lesser funding from the State. This makes it even more important that the financial management of these schools must be on a sound footing and that their budgeting processes are effectively managed.

## **2.6 WHAT IS A BUDGET?**

Shim and Siegel (2005:1) define a budget as a “formal” expression of plans, goals, and objectives of management that covers all aspects of operations for a designated period”. It is important to have goals and objectives as well as plans to achieve it, but the cost linked to achieving it must be controlled. A budget serves as a financial master plan as it is a tool that provides certain targets and leads schools in the right direction (Shim & Siegel 2005:1). Before final decisions are made and implemented, the budget emphasises the importance of evaluating alternative actions to ensure the best decisions are made. Anderson, et al (2001:28) claim that a budget is divided into four spheres to convert financial resources into real resources: firstly, planning and decision-making; then control; thirdly to have accountability and stewardship; and the fourth sphere is motivation. However, these four aspects are not the only elements of the budgeting process. The broader school financial management framework requires that schools must also consider the following: coordinating activities of the school; authorising expenditure and activities; communicating objectives and priorities to

personnel; and obtaining value for money and assessing cost effectiveness (Knight 1997:150).

Van Deventer and Kruger (2003:237) distinguish between zero-based budgets, incremental budgets and activity-based budgets. A zero-based budget “is the most comprehensive form of budgeting where all school expenses get re-evaluated and reconsidered every year” (Van Deventer & Kruger 2003:237). Incremental budgets follow a “process where the budget of the previous year is used by the SGB to build its yearly budget” (Van Deventer & Kruger 2003:237). Activity based budgets are used when the focus is placed on one of the activities of the school (Van Deventer & Kruger 2003:237). Most schools combine these approaches, and that action gives a better opportunity for success. Members of the Executive Council of a province (MEC) are responsible for providing the governing bodies with guidelines that must be taken into consideration when the budget is drawn up (Van Deventer & Kruger 2003:238). In addition, Section 34 of the Schools Act stipulates that the State must provide sufficient information to public schools regarding the funding that is provided by the State. This is usually done through regular revisions of the NNSSF and is in accordance with the principle of cooperative government. This is important because SGBs of fee-paying public schools will need this information to be able to determine their school’s fees to draft their budgets for the following financial year.

Budgets are focused on future operations and results (Shim & Siegel 2005:1). Berkhout and Berkhout (1992:53) emphasise that it is not an expected amount of income and expenditure they plan for when a budget is compiled, but rather the management of funds that ensures specific systems are followed and it should lead to productivity. A budget can span any period, it may be short term (one year or less, which is usually the case), intermediate term (two to three years), or long term (three years or more). Short term budgets are, in most cases, a very specific budget or event that is planned for, while intermediate budgets focus on projects that are usually in progress to achieve long-term objectives. Long term budgets are broad and will sometimes be transformed into more short-term plans (Shim & Siegel 2005:1).

A budget is not a single feature that covers everything regarding finances or planning of funds, but rather a variety of aspects and situations that must be taken into consideration as every single decision will influence the total budget. Schools do not

only operate on a main budget that is set out during the planning process but must consider various sub-budgets according to Van Deventer and Kruger (2003:237). They listed various sub-budgets that form part of the total budget or budgeting system. The following sub-budgets are commonly used by public schools: an operating/cash budget, which covers the day-to-day activities of a school, keeping the school program on track; activity/departmental budgets which cover various activities, including curricular and extra-curricular activities; a capital budget which relates to the purchasing of certain assets for the school such as sport and gardening equipment; project budgets, which cover larger projects that are planned by the school i.e. the improvement of sporting grounds or the painting of school buildings) (Van Deventer & Kruger 2003:237).

The principal, SGB and finance committee have certain tasks they must pay attention to when they draw up the budget and they need to have good financial skills and knowledge (Mestry 2016:2). This will ensure that the budget is effective, the school objectives are successful, and they prevent any unwelcome expenditure (Mestry 2016:2). The first task is to plan in financial terms; the mission and general aims of the school will serve as a guideline for this planning process. A school's needs should direct the planning that needs to be done, determining the outcomes and identifying actions for each activity or area in the school programme. Alternative options should also be considered where possible, all the costs linked to the individual programmes should be measured to establish possible school fees and external revenue sources to supplement the income of the school in the future. The last step in the planning is to evaluate the output of all these programmes. Projections are made for the coming year from assumptions based on reliable data of expected incomes which form the basis for the projected expenditure (Van Deventer and Kruger 2003:238).

## **2.7 THE IMPACT OF UNFORESEEN EVENTS ON THE BUDGET**

As previously mentioned, according to Berkhout and Berkhout (1992:53) a budget is an organised, comprehensive structure of income and expenditure that is expected in an institution for a specific period, usually a financial year. Unforeseen events are not expected and are therefore not accommodated for in the budget. This can cause great stress in the school environment where funds are needed to cover all the necessary aspects, and SGBs will need to make additional plans to cover for these events.

The most notable unforeseen event in the world since the financial crisis of 2008/09 was undoubtedly the COVID-19 pandemic (Al-Samarrai 2020:1). The contributions that schools receive from parents and other donors can be affected as those sources of income need to manage the effect of such unforeseen events to survive themselves before contributing funds to schools. In many cases, unforeseen events that damage the budget, lead to teachers also being affected as experienced during the 2008/09 financial crisis. The Organisation for Economic Cooperation and Development's (OECD) assessment of its member countries showed that education budgets were covered, but that in 2010 a third of countries cut their overall education budgets while just under a half of countries cut teacher salaries (OECD 2013). Cuts in government education spending can have a detrimental impact on education outcomes. There is, however, limited evidence of the impact of budget cuts on education outcomes, particularly in developing countries. In the USA, evidence suggests that cuts in public education budgets had negligible negative impacts both on learning and on college enrollment rates as Al-Samarrai (2020:5) states in agreement with Jackson, Wigger and Xiong (2018).

Budgets affected by unforeseen events do not only influence the physical aspects of a school, but it also affects the teaching and learning of children. Almost half of all children in low- and middle-income countries are unable to read proficiently by the time they reach 10 years of age (World Bank 2019). Developing countries have invested a lot more in their education systems over the last 15 years, but COVID-19 is likely to be a set-back to this progress (Al-Samarrai 2020:8). The principal, being in control of the academic performance, will have a lot to do to prevent that budget cuts affect the performance of learners.

Unforeseen events have a long-term effect on school budgets as funds that were budgeted for might be used for needs that are more important. The forecasts highlight the uncertainty surrounding how COVID-19 will affect government education budgets. While forecasts do not represent a fixed destiny, they show that many countries will find it extremely challenging to fully protect their education budgets over the next two years (Al-Samarrai 2020:9). To minimise the financial damage that unforeseen events can cause it is important to have the foundation of Leigh's (2020) control pie chart system; accounting and financial management skills, and compliance with relevant legislation and policies. Nothing can be built up if there is no foundation to do



it from and with this foundation the setback received from unforeseen events will not have detrimental long-term effects.

## **2.8 THE BUDGETING PROCESS IN FEE-PAYING SCHOOLS**

School budgeting sets out key financial targets for the coming year and is considered one of the most important tasks in the financial management process SGBs must perform. This is because without adequate funding and planning, even the best policies and plans will be hard to implement successfully (McLaren 2017:41). Most schools use various forms of budgeting and SGBs get guidance from the Member of the Executive Council for Education (MEC) in each province to draw up their budgets (Van Deventer & Kruger 2003:237). This must, however, be done in accordance with Section 38 of the Schools Act.

Principals need to be aware of several important tasks when determining the budget. Firstly, it involves planning in financial terms which requires principals to work within the financial framework of a school. Planning and control go together (Van Deventer & Kruger 2003:136) and are important aspects because the drafting of a budget usually starts with planning (Van Deventer & Kruger 2003:236). Principals are advised to create a whole-school approach when drafting a budget, allowing everyone involved in the implementation process, e.g., educators who head certain activities as well the school management, to also be involved when the budget is drawn up (Van Deventer & Kruger 2003:236).

The second task is the design of the budget itself, a task in which the expected income and planned expenditure are taken into consideration. Structuring a budget in a certain way will allow for effective planning of the use of financial resources. Thirdly, it is important to prioritise when allocating funds, making sure that the necessary needs are covered. The fourth aspect is the implementation of the budget. After approval by all the authorities and stakeholders, the budget will serve as a basis of financial decisions that must be monitored and controlled (Van Deventer & Kruger 2003:139). According to Sections 16A (1) and 58B of the Schools Act, principals will be held accountable for the daily school and quality teaching activities and therefore the planning of the principal (and school management team) should correspond with the overall budget of the school.

When considering the budgeting process of fee-paying schools, it is important to take cognisance of Sections 38 and 39 of the Schools Act. Section 38 stipulates that after the budget has been approved by the SGB, it must be presented to a general meeting of parents for ratification. School fees may only be determined and charged if a resolution to do so has been adopted by most parents at this meeting (Section 39 (1)). This resolution must provide for the actual amount of school fees to be charged in the following financial year.

However, Section 39 (7) of the Schools Act allows for an exemption to Section 39 (1) whereby the Minister of Education must, by means of a notice in the Government Gazette, annually identify public schools in national quintiles that may not charge school fees. Parents from poor communities who cannot afford to pay school fees are accommodated for in this way (Aina 2017:22). However, in fee-paying schools the Regulations for the Exemption of Parents from the Payment of School Fees (2006), which was published in terms of the Schools Act, stipulate those parents who cannot afford the payment of school fees are exempted from it. Mestry (2016:1) argues that the levying of fees enables SGBs to replace funds not provided for by the Department of Basic Education and to provide their schools with the most recent and relevant physical resources. It will also help to supplement the employment of teaching and non-teaching staff. The budgeting process of a fee-paying school is thus not only concerned with determining the income and expenditure of a school, but it has a direct bearing on the actual amount of school fees payable by the parents, which in turn, will influence the number and quality of the programs offered in a particular school. The charging of fees also raises the accountability the SGBs and principals has towards the fee-paying parents.

## **2.9 GOVERNANCE ACCOUNTABILITY**

Accountability can be regarded as an essential tool of school governance to help strengthen the position of school governors and managers and to share a lot of power without losing it (Maile 2002:326). People in leadership roles exert a certain amount of power, make use of resources, and implement policies, but these actions need to be followed by accountability (Beckmann 2000:8). In this regard it is pertinent to take note of the status of public schools as determined by Section 15 of Schools Act (RSA, 1996). Section 15 determines that every public school is a juristic person with legal



capacity. This implies that it may sue or be sued, own property and enter contracts. This enables SGBs, who act as agents on behalf of a public school, to take legal action in any process that will provide education for learners registered at the school (Van Rooyen 2012:31)

Financial accountability in schools is linked to responsibility for all the financial activities happening in the school. Responsibility is the expectance of people completing tasks appointed to them to the best of their ability (Mestry & Bischoff 2009:73). Van Rooyen (2012:12) views responsibility as when people and/or structures accept to carry out a task to achieve a set objective. Van Rooyen (2012:12) further describes accountability as the duty of the person who committed to completing a task to give account of the actions that took place. Similarly, Mestry and Bischoff (2009:74) explain that accountability involves two responsibilities: the first is to perform the appointed task accordingly and the second is to give account of the task/duty carried out. Thus, financial accountability in schools involves two responsibilities: firstly, the carrying out the duties, and secondly to give account to the relevant parties of the financial obligations carried out.

Financial accountability in schools is the basis of certifying that schools make use of the funding they receive to benefit the learners of their school in every possible way (Xaba & Ngubane 2010:139). Basing her argument on Van Rooyen (2007) and the Schools Act (Republic of South Africa 1996), Aina (2017:27) is of the opinion that financial accountability to manage school finances are allocated to the SGBs, which includes being held responsible for the financial decisions in a legally stated manner. Therefore, SGBs and their principals are obligated to follow the stipulations for financial activities set out by the Schools Act and to report to the relevant stakeholders. Xaba and Ngubane (2010:143) add that by law SGBs must follow the principles of school financial accountability. This is achieved by ensuing appropriate financial management and accounting systems because SGBs are responsible for obeying school financial management structures. Van Rooyen (2012:128) states that SGBs are accountable to:

“the parent community who elected them; the state for all the functions lawfully allocated to them in term of Section 20 and 21 of the Schools Act as it relates to school governance; the State for the management of the

public money allocated to the school for a given financial year; the parent community for the management of public money paid into the school account; all private institutions who donated to the school fund; all stakeholders for the preparing, consent and accountable management of the school's budget; and both State and the parent community through the audited financial statements and giving feedback to the parents at the annual general meeting”.

According to Lello (1993:1), in the act of being accountable one must provide all the stakeholders with the necessary answers. Wagner (1989:1-12) explains that accountability implies an obligation to give account. The Schools Act states that principals, who are *ex officio* members of the SGB, are not solely accountable to the SGBs for statutory functions delegated to him or her by the SGB. They are also accountable to their employer who is the provincial Department of Education for the functions and responsibilities as set out in section 16A and for the day-to-day professional management of a public school (Prinsloo 2016:2). Collingridge (2020), and Lello (1993:1) extend the accountability factor of a principal by stating that they also need to be accountable to teachers, parents and learners. The SGB is accountable to the same stakeholders. This makes it important that the interaction between the principal and the SGB is of such a nature that the best interest of the school community is promoted.

## **2.10 STAKEHOLDERS' INFLUENCE IN FINANCIAL DECISION-MAKING**

With this study's focus being on fee-paying Section 21 schools, it is important to know that these schools are referred to as self-managed schools (Mestry 2016:3). Decision-making powers, including school financial management decisions, are distributed among the stakeholders. Public schools with Section 21 functions have the advantage of selecting their own suppliers, instead of depending on the district office to purchase teaching materials for them and to negotiate the quoted prices to minimise costs and to use funds as effectively as possible (Mestry 2016:2; Aina 2017:19). Section 16 of the Schools Act states that school governing bodies are responsible for the governance of the school which mainly focuses on the budgetary and policy issues as described in the South African Schools Act of 1996 (Heystek 2004:308). Section 20

and 21 of the Schools Act of 1996 clearly define the functions of all school governing bodies.

There are different stakeholders who influence the financial decision-making process of schools. The introduction of the South Africa Schools Act of 1996 led to the decentralisation of decision-making, involving communities in school management (Mestry 2004:130). The Schools Act, therefore, gave various stakeholders a voice in the decision-making process of the South African schooling system. These stakeholders need to be taken into consideration as they collaborate on the use of available funds. According to Van Rooyen (2012:30) the three major role players responsible for education in South Africa are the State (funding schools from public funds), parent communities (raising of additional funds by SGBs) and other stakeholders (private funding such as sponsorships). Even though school governing bodies are accountable for school funds paid by parents, principals should play a supportive role to ensure the efficient management of these funds (Mestry 2016:35).

### **2.10.1 School governing bodies (SGBs)**

The Schools Act has placed greater decision-making authority and responsibility on SGBs and principals (Moloi 2007:468; Mestry 2006:27). The Schools Act informs and guides SGBs on the way financial management must be carried out and stipulates the duties and functions of the principals regarding school financial management (Republic of South Africa 1996). School governing bodies are accountable and responsible for funds received by the school and the fulfilment of specific school objectives that include development of physical resources on the school grounds. Effectively stakeholders can contribute to better the teaching and learning experience of the school and learners (Mestry 2006:129).

The functionality of a finance committee of a SGB also contributes to the effective management of school funds as they draft financial policies, create the budget to work according to and monitor all expenditure. However, overall governance is a responsibility given to governing bodies as fiduciary in respect of the school. This means that they will have to take responsibility for managing school finance and property in the best interest of the school (Mestry 2004:129). Given the fact that the principal needs to manage funds and the overall responsibility of school finances rests with school governing bodies, one can assume that both parties are responsible and

can be held accountable for the management of funds. School governing bodies and principals need to be timely and accurate when managing funds, using it at the right time and reporting the use of funds whenever needed.

### **2.10.2 Finance committees**

Section 30 of the Schools Act instructs that SGBs should establish sub-committees while Sub-section 16A(j) specifically instructs the principal of a public school to “be a member of a finance committee or delegation of the governing body in order to manage any matter that has financial implications for the school”. In addition, Sub-section 30 (1) (b) specifies that as a sub-committee, members of the finance committee must be appointed based on their expertise, and that the chairperson of that committee must be a SGB member which implies that SGBs are expected to appoint people who are skillful and knowledgeable about financial management to their schools’ finance committee.

The Gauteng Provincial Gazette, No. 230 of 2014 states that with the majority members being parents, the finance committee should comprise at least five members. An important duty of a finance committee is to make recommendations to the SGB about financial issues. The full governing body should be informed, or professional suggestions should be given before decisions about financial issues are made to ensure that the best financial decisions are made for the school. This means that as a sub-committee, finance committees should not function independently from an SGB, but that their decisions and recommendations need to be ratified by the full governing body. Finance committee meetings must be held at least once a month as it will provide opportunities for discussions to ensure effective financial management decision-making.

Financial functions should be performed by finance committees, including the development and implementation of finance policies, the preparation and control of school budgets, checking and authorising all expenditure, and ensuring that all purchases are made by means of normal quotation and tendering processes (Mestry 2004:131). However, adequate execution of financial duties will only take place when SGBs ensure that financial management decision-making processes contained in the schools’ finance policies are commensurate with the Schools Act and they are strictly followed.

Good financial management by finance committees is likely to happen when responsibilities are clearly defined, and boundaries of delegated power are recognised (Mestry & Bischoff 2009:4). In this regard Mestry and Naidoo (2009:109) affirm that effective and efficient financial management in schools depends on the finance committees' skills as well as the honest and fair deliverance of their duties.

### **2.10.3 Principals**

As stakeholders, principals and SGBs should form a team. In some situations, power play and domination become problems when one of the stakeholders try to dominate the other, which may lead to detrimental effects on the relationship of trust and mutual support (Heystek 2004:309). Having dominance in a relationship, especially when one stakeholder of a school has dominance over another, support and influence will disappear as the other will only be a pawn in the system.

Power that stakeholders possess lead to the ability to execute authority and the way it is done contribute largely to the extent of influence in the decision-making process (Gerber, Nel & Van Dyk 1998:301). As mentioned previously, SGBs hold great power through the legal capacity to perform their functions and obligations given in Section 15 of the Schools Act. Principals are given authority to enforce certain actions in a school in line with Section 16A of the Schools Act and guidelines (policies) given by provincial education departments (Prinsloo 2016:2). The HOD of a provincial education department has the authority to delegate authority to subordinates, which in this case is the principal. Mestry and Govindasamy (2013:431) reason that to allow SGBs to fully participate in school governance, principals should develop processes for genuine teamwork. Principals and other school governing body members have similar roles and need to always work together (Mestry & Govindasamy 2013:432).

Section 4 of the Employment of Educators Act, 76 of 1998 determines the Personnel Administrative Measures (PAM) which acknowledges that core duties and responsibilities of principals are individual and varied, influenced by the different approaches and needs of their school (Du Plessis 2018:102). It is therefore important that principals exercise their professional discretion to management related matters in the varied contexts in which they are expected to lead and manage their schools. Du Plessis (2018:103) elaborates on the duties and responsibilities of a principal which was inserted as Section 16A into the Schools Act through the Basic Education Laws

Amendment Act, 15 of 2011. Sub-section 16A (1) (a) of the Schools Act stipulates that “[t]he principal of a public school represents the [provincial – own insertion] Head of Department in the governing body when acting in an official capacity”, followed by Sub-section 16A (1) (b) (i) which requires principals of public schools to “prepare and submit to the Head of Department an annual report in respect of the academic performance of that school” and “the effective use of available resources”. Section 16A emphasises principals’ responsibility in assisting SGBs with the management of the school funds which include the following compulsory functions (Du Plessis 2018:103):

- the provision of information relating to any conditions imposed or directions issued by the Minister, the Provincial Member of the Executive Council (MEC) or the provincial Head of Department in respect of the financial matters of the school;
- the giving of advice to the school governing body on the financial implications of decisions relating to the financial matters of the school;
- taking all reasonable steps to prevent any financial maladministration or mismanagement;
- managing any matter that has financial implications for the school, as a member of a finance committee;
- reporting any maladministration or mismanagement of financial matters to the school governing body and the provincial Head of Department.

The implication is that although the Schools Act determines that the SGB is responsible for a public school’s finances, principals are required to be fully involved in all financial matters and financial decision-making.

#### **2.10.4 The role of the Department of Basic Education in the management of school finances**

Both the Department of Basic Education and school governing bodies formulate directives and policies according to which the principal must act. The provincial Head of Department provides the principal with the responsibility to manage the school in a professional way (Mestry 2006:129). In addition, the Department of Basic Education

stipulates certain actions that must take place when funds are allocated to schools. Researchers concluded that there are funds being distributed by the provincial Departments of Education that they hope are used effectively.

Section 34 of the Schools Act stipulates that the government must fund public schools from the public income on an impartial basis to compensate for the inequalities of previous education provision. The state allocation, as determined by the National Norms and Standards for School Funding, is deposited directly into the bank accounts of all public schools and any unspent money for a current year-end is carried forward to the following year. Section 36 (1) of the Schools Act stipulates that SGBs must supplement resources supplied by the State in order to increase the value that schools offer to the learners and its personnel. The approach to supplementing resources usually takes the form of fund-raising procedures by the SGB which include levying of school fees in the case of fee-paying schools, various donations, renting out school facilities, operating tuck shops on school grounds and hosting fundraiser events for learners and parents (SASA Section 20(2); Aina 2017:22).

Where schools effectively manage their funds and are acting according to all regulations mentioned in the Schools Act, for example submission of audited financial statements within the first six months of the following year, they will receive funding from the provincial Department of Education (Mestry 2006:130). These funds are ring-fenced as follows: “learner support material, education material, equipment and curriculum needs: 60%; maintenance of and repairs to buildings: 12%; payments for services (municipal): 28%” (Mestry 2006:130). The implication is that SGBs have limited scope in terms of what these funds may be used for. This is even more so in the case of fee-paying schools who receive substantially less from the State than non-fee-paying schools.

## **2.11 SCHOOL PRINCIPALS’ FINANCIAL MANAGEMENT ROLE IN OTHER AFRICAN COUNTRIES**

Across Africa schools experience a problem with financial management, especially when dealing with budgets. Principals need to perform a variety of roles and have responsibilities such as budgeting, implementing budgetary plans, controlling the implementation processes and reporting the results. They are expected to have the necessary skills in financial management since they are the accounting officers in their



schools (Wagithunu, Muthee & Thingwi 2014:103). It is important that they can deal with aspects such as budget preparation, management of funds, personal remunerations for support staff, sourcing of funds, developing transparent financial systems, developing a cost-sharing policy and keeping financial records. In order to fulfil these responsibilities, principals must be competent in financial management and appreciate the elements of accountable educational planning (Wagithunu, Muthee & Thingwi 2014:103).

Management of secondary schools in Kenya has changed over the years. Principals, appointed through merit by the Ministry of Education manage day-to-day activities. A Board of Governors (BoG) and Parent Teachers Associations (PTAs) are also assembled, i.e., elected by parents of the school (Koross, Ngware & Sang 2008:62). Parental influence in the financial management is expected to contribute to transparency and accountability and in turn should improve the effectiveness of the school's resources.

According to Wagithunu, Muthee and Thingwi (2014:105), principals' roles have changed; they are teachers, bursars and secretaries to the Board of Managers (BoM). They play a key role in the implementation of the curriculum and sustaining the learning institution and they are also involved in financial management. These principals must perform the duty of ensuring the budgetary, accounting and auditing functions are carried out effectively as required by the Ministry of Education. Secondary schools in Kenya receive government grants and parents must pay other costs and tuition fees to enable students from all backgrounds to receive education (Republic of Kenya 2005). Funding from the Ministry of Education in secondary schools is done according to each individual school's characteristics and enrolments. These schools decide how the money will be utilised which places a big responsibility on principals and tests their level of competence in managing finances (Wagithunu, Muthee & Thingwi 2014:105).

In Nigerian secondary schools, principals and administrators are responsible for ensuring effective financial management by preparing a school budget which will lead to achieving the school objectives (Victor 2017:4). Poor budgeting is a contributing factor to the poor management of schools due to miscalculation in spending which can lead to misappropriation and mismanagement of school funds (Victor 2017:4).



Setbacks in the actualisation of school action plans occur because principals do not involve stakeholders in the budgeting process and the sourcing of funds for school improvements. Victor (2017:4) notes that financial management issues in Benue State, Nigeria, resulted in schools being in a poor state. The inability to generate revenue internally and misuse of available resources are major financial issues. In contrast to South African public schools where financial management is the responsibility of school governing bodies, the principal is the chief accounting officer in the school and must attain certain goals and objectives which is only achievable when accountability and efficiency is secured in the management of financial resources (Victor 2017:4).

## **2.12 CONCLUDING REMARKS**

From the above-mentioned, clearly the budget is one of the most important aspects in a school. School governing bodies, including finance committees and principals, are primarily responsible for the budgeting process in public schools and key stakeholders in the decision-making process. Referring to Leigh's (2020) theory which was presented in chapter 1 and mentioned in chapter 2 it is clear that the three Es of the pie chart, Efficient, Effective and Enabling are all created by a solid foundation of financial accounting and compliance to law and policies that will create an opportunity to add value to the whole budgeting process. Principals and their school governing bodies must efficiently and effectively allocate the funds to the correct departments in the areas where it is needed, and their decision-making ideas need to be correlated to avoid any constraint. They need to support and trust one another to be most effective and make the best decisions regarding the school, teachers and learners to enable them to perform to the best of their abilities. In a decentralised education system, there are many more role players in the decision-making process of a school. It is important for all these role players to agree and work in a cooperative environment, to ensure success and avoid any difficulties or constraints.

Laws also have a massive impact on the budgeting process of schools. When drawing up a budget, schools are accountable for certain responsibilities to improve the school and its academic performances. Principals and management teams receive a lot of pressure from the State to obey laws and they want to see a higher level of performance.

With the focus on the principal's supporting role towards the SGB, one can assume that the supportive role towards the SGBs can make or break the budgeting process. However, the principal has a limited role in the budgeting process and the final decisions do not always lie with the principal, but still the principal is held accountable for what is transpiring in the school.

In Chapter 3 I present the methodology and research design of this study. I also discuss the data collection and sampling techniques I used in this study, as well as the ethical aspects I had to consider.

## CHAPTER 3

### METHODOLOGY AND RESEARCH DESIGN

#### 3.1. INTRODUCTION

In this chapter a thorough description of the methodology and research design of this study is given. The sampling strategy, sample size and the rationale for both are also presented. In addition, I present the quality measures I put in place to ensure that the best possible data was collected, and the ethical considerations that are applicable to this study.

#### 3.2. RESEARCH PARADIGM

An interpretivist paradigm was used to explore the principal's role in the budgeting process of public fee-paying schools. Interpretivism, which forms part of constructivism, allows individuals to construct and make meaning of their own reality which leads to multiple realities. No distinction is made between the subject (researcher) and object (event studied) (Maree, Creswell, Ebersohn, Eloff, Ferreira, Ivankova, Jansen, Nieuwenhuis, Pietersen, Plano Clark & Van der Westhuizen 2013:21, 53). This approach allowed me to make findings based on the subjective views of participants and discover the meaning they give to their realities.

When researching from an interpretivist paradigm, assumptions are made from within the participant's subjective experience (Maree, et al 2013:21,59). This approach is regarded as an ideographic research - individual cases or events are studied - and it will contribute to a better understanding of the reality as perceived by the individual participants. The knowledge gained from this approach is generated by each subjective account by placing oneself inside their situation (Pathirage, Amaratunga & Haigh 2008:8). Therefore, qualitative research was the appropriate methodology to provide me with the best possible findings.

#### 3.3. RESEARCH METHODOLOGY

As this study followed an interpretive paradigm, a qualitative research approach was used to gain a better understanding of how principals support their SGBs in the budgeting process (Maree, et al 2013:51; Delmont & Jones 2012:185). A qualitative approach focuses on gaining insight into each participant's naturalistic context that

would frame their responses (Maree, et al 2013:51). Interpretations and explanations are made of the principals' decision-making abilities and responsibilities, taking into consideration the natural setting and context in which they find themselves, the support they have at the school (internal and external), the financial backing they receive, the impact of funds on the development of school facilities and what challenges principals face in managing school funds in general (McLaren 2017:52).

Strauss and Corbin (1990:11) emphasise that qualitative research is not aimed at producing results through statistical procedures or other means of quantification, but that it refers to a much more personal experience of a phenomenon that could include multiple realities. Flick (2014:542) states that qualitative research focuses on collecting non-standardised data and text and images are analysed, rather than numbers and statistics, which stressed the fact that people try to make sense of something in the world. So, qualitative research covers interpretive techniques as well as a naturalistic approach to the subject at matter. It is a concept that covers a variety of topics which has positive and negative aspects (Denzin & Lincoln 1994:2; Van Maanen 1979:5). This differs from the quantitative research method where the focus is on quantification in the collection and analysis of data where amounts are important for the research (Bryman 2012:35).

### **3.3.1 Advantages of a qualitative research approach**

Qualitative research will ensure detailed information from participants regarding their feelings and experiences and for interpretation of the meanings of their actions as well as how their meanings are shaped as referred to by Rahman (2016:104) and Denzin (1989). Basing his argument on Denzin and Lincoln (2002), Rahman (2016:104) states that the focus is on the specific phenomena and qualitative research covers a variety of aspects which will in turn understand the human experience in specific settings. Rahman (2016:104) states that the most common ways for collecting data in qualitative research are direct and participant observation, semi-structured or unstructured interviews and describing records (Cohen, Manion & Morrison 2011). Researchers interact with participants during the data collection process; even though it is subjective and detailed, and a variety of data collection methods can be used (McMillian & Schumacher 2014: 355). To add to the trustworthiness of the study, both semi-structured interviews and document analysis were used as data collection

methods in this study (Babbie & Mouton 2015:270). This is an ideographic approach as it focuses on single cases or events which enable the researcher to understand different people's opinions (Rahman 2016:104). The knowledge gained is the difference in meaning for people. Qualitative research concentrates on the inner experience of the participants and how their culture shaped their way of thinking as indicated by Rahman (2016:104).

### **3.3.2 Disadvantages of a qualitative research approach**

There are some limitations in respect of qualitative research. Contextual sensitivities are left out at times when the focus is on the meanings and experiences of participants (Silverman 2010:4). The population of the research cannot be generalised due to the smaller sample size that raises an issue. Thompson (2011:79) states that generalisability is a situation where a selected group is picked because the study is concerned with certain concepts and specific individuals which result in findings or theories being only applicable to a certain group. Findings of qualitative research are said to be biased at times by the approach and opinions of the researcher which lead to a lack of accuracy and objectivity (Patton & Cochran 2002:2). To address some of these concerns, this study made use of a variety of research sites and participants, including principals, SGB chairpersons and financial committee chairpersons, that made it more objective and gave accurate data and results. This, however, makes qualitative research a time consuming and difficult process which encompasses indefinable data along with strict requirements for analysis (Berg & Lune 2012:4).

### **3.4 RESEARCH DESIGN**

I used a multiple case study design because it offers the potential to gain deeper insight about the phenomenon being explored (Maree, et al 2013:76). Bromley (1990:302) describes it as process of inquiry which aims to describe and explain the opinions of the person(s) being questioned. It is effective because it gives more than one perspective with an analysis. I was able to use the voices and perspectives of different participants and compare the views of relevant people and the interactions between them. Baxter and Jack (2008:550) and Gustafsson (2018:3) agree that a satisfying fact from the multiple case study is that it measures strong and reliable responses.

A multiple case study design allowed me to not only focus on the views and experiences of participants at one public fee-paying school, but on the views and experiences of participants from multiple fee-paying schools. (Maree, et al 2013:75). Because the focus of this study was on the principal's role in the budgeting process, I had to involve chairpersons of governing bodies and chairpersons of their finance committees as well (Maree, et al 2013:76; Hamilton & Corbett-Winter 2013:16). Rich and inclusive data pertaining to participants' understandings of the phenomenon – the role of principals in the budgeting process - needed to be gathered. Multiple sources and techniques for the gathering of data is an advantage because I could determine what evidence to gather and the appropriate techniques to use to gather the best data for answering the research questions. For this study, the primary data gathering tools were semi-structured interviews and document analysis.

### **3.4.1 Advantages of a multiple case study design**

Gustafsson (2017:3) emphasises that results that are shown in a multiple case study are either used to portray contrasting results for expected reasons or similar results in the study which clarifies whether the findings are valuable or not. It is suggested that when several factual evidence are given, a more convincing theory is created because it is grounded by the evidence (Gustafsson, 2017:3). A wider discovering of theoretical evolution is created through a multiple case study which allows for more research questions that can be asked (Gustafsson, 2017:9). It is ideal to explore and describe a participant in context using various data sources, which is allowed by a qualitative case study (Baxter & Jack, 2008:543).

### **3.4.2 Disadvantages of a multiple case study design**

Case study research has received a lot of criticism for lacking scientific rigour and providing little basis for generalisation (Crowe, Creswell, Rebertson, Huby, Avery & Sheikh 2011:7). Multiple case studies are a very expensive and time-consuming process as the researcher must accommodate all the participants and take into consideration all the external factors that influence the study (Gustafsson 2017:3).

Gaining permission to do interviews with principals, SGB chairpersons and financial committee chairpersons required a lot of patience as many e-mails were sent, phone calls were made and not everything went according to plan, especially during the

COVID 19 pandemic as many of the participants had other important challenges to deal with. It was very time consuming, and I arranged meetings that did not fit into everyone's timetables, thus in most cases I had to adapt the schedules.

### **3.5 SAMPLING AND SELECTION OF PARTICIPANTS**

The main aim of sampling is to gain a representative small group of participants from a larger population so that the researcher can use data from the smaller group to provide accurate details about the main group (Neuman 2003:210). Tshwane has a large population and many fee-paying public schools, where the study of a representative few cases could provide a good understanding of the influence the principal has on the decision-making process of the budgeting. Three fee-paying public primary schools and three secondary fee-paying public schools were purposively selected as case study sites. The generalisation of the findings was not the purpose of this study and, therefore, a smaller sample of the population was appropriate to answer research questions (McMillian & Schumacher 2014:350).

I used stratified purposive sampling and convenience sampling. Babbie (2007:184) emphasises that purposive sampling is a non-probability sampling technique where participants are carefully chosen on a pre-determined basis according to the researcher's thoughts and preferences. Stratified purposive sampling allows a researcher to select participants relevant to the questions being asked. The size of the sample group will also be determined according to the time and resources that are available because participants and settings (schools) were chosen according to pre-defined characteristics which make them the holders of the needed data for this study (Maree, et al 2013:79). Purposive sampling means that relevant pre-selected criteria were applied when selecting participants and settings for this study (Maree, et al 2013:75).

Convenience sampling is a type of careful sampling where members of the target population that meet certain practical criteria, such as convenient location, availability at certain times, or the willingness to participate in the study, are included for the purpose of the study. It means that I would be researching subjects of the population that are easily accessible. Convenience sampling is affordable, participants are relatively easy to access, and the subjects are readily available (Etikar, Musa & Alkassim 2016:2).



The criteria I used to select the participants and the schools were the following: Because I live in Pretoria and for the sake of convenience, participants will have to be from fee-paying schools within the Pretoria region of Gauteng. To obtain a broader representation of school contexts, both primary and secondary schools were sampled. Principals, chairpersons of school governing bodies and chairpersons of the finance committees at each participating school were invited to participate in the study. These participants were in the best position to provide information about the role of a school principal in the budgeting process of fee-paying schools. As indicated the total sample consisted of three primary fee-paying and three secondary fee-paying schools, and each school having three participant which made it a total of 18 participants, nine from secondary schools and nine from primary schools. The participants from each school being the Principal, the SGB Chairperson and the Finance Committee Chairperson.

### **3.6 DATA COLLECTION STRATEGIES**

As mentioned earlier in this chapter, I collected data by means of semi-structured interviews.

Based on my literature review, I identified a list of key themes, issues, and questions that need to be included in the interview protocol which is attached as Addendum A. However, in this type of interview, the order of the questions can be changed depending on the direction of the interview. An interview guide or interview protocol is used, but additional questions can be asked (Kajornboon 2005:5). Corbetta (2003:270) states that the order of questions and topics as well as the wording or vocabulary are for the discretion of the interviewer. As the semi-structured interview takes the form of a conversation, the interviewer is free to conduct the conversation and questions as he feels appropriate and asking for explanations or clarifications if he feels some answers are unclear (Corbetta, 2003:270). This differs from structured interviews as Corbetta (2003:269) states: they are "... interviews in which all respondents are asked the same questions with the same wording and in the same sequence." Bryman (2001:107) explains that during structured interviews questions are usually very specific and very often the interviewees give a fixed range of answers (this type of question is often called closed, closed ended, pre-coded, or fixed choice). There are also unstructured interviews that take a very informal approach where interviews are non-directed and flexible (Kajornboon 2005:6). There are no rules or



detail as to how the interview will take place, interviews are all different, and respondents are encouraged to speak openly and give their opinions and as much information as possible (Kajornboon 2005: 7)

Semi-structured interviews provided me with opportunities to probe for views and opinions of the interviewees. Probing is a way for the interviewer to explore new paths which were not initially considered (Gray 2004:217). This meant that prepared questions were asked which were supplemented by follow-up questions based on the responses the participants gave to the questions (Maree, et al 2013 87; Hamilton & Corbett-Whittier 2013:104). The interview protocol used in this study is included as Addendum A.

The participants were interviewed individually as each interview will provided me with the specific information needed for the study, based on the individual context and role performed of each participant. In addition, the use of more than one participant will give me a broad spectrum of answers for the questions being asked (Maree, et al 2013:91; Hofstee 2006:391). Questions included details such as experiences as a principal or as a member of the SGB, how they approach the budgeting process at their school and how they perceive the role of the principal in the budgeting process. A date, time and venue were arranged with each individual participant, in most cases this was after school hours (Hamilton & Corbett-Whittier 2013:113). The interviews were audio recorded and lasted about an hour on average.

Doody and Noonan (2013:30) state that the researcher will be able to answer what, why and how questions that will allow clarifying confusing questions to participants as well as the opportunity to get a richer type of data that can be used. This data will lead to a better understanding of the principal's role in the budgeting process of a fee-paying public school through the transcription of the semi-structured interviews and document analysis (Babbie 2007:24).

### **3.7 ANALYSIS OF INTERVIEW DATA**

The data analysis process included the following: processing of the data which in this case included transcribing the audio recordings of the interviews; organising the data; and analysing the data to produce meaning (Maree, et al 2013:99; Hofstee 2006:140; Corbin & Strauss 2008; Rapley 2007). In addition, this study analysed financial and

other relevant school policies to understand more about the principal's role in the budgeting process of their schools.

Maree, et al (2013:104) emphasise that the transcribing of data needs to be *verbatim* (word for word) and nothing should be left unnoticed. You should know and understand your data after transcription. A process called "memoing" which will add more value to the researchers themselves is needed: the researcher will engage in the research and reflect on everything learned throughout the study, writing down all the impressions they experience as they go through the data (Maree, et al 2013:104). This will add some data to the researcher's analysis, that will enrich their thoughts about the study and make explanation of the study easier. There were quite a few challenges that came to the fore as the interview data collection process took place. To be able to accommodate all the participants that partook in the study according to their availability, especially during the COVID-19 epidemic, some of the interviews had to be virtual which proved to be quite a difficult task (Hamilton & Corbett-Whittier 2013:113). The reason for the latter was that I had to take into consideration everyone's safety, as their health during this time was a priority. Their office and work hours were also a challenge as I did not want to interfere during those times.

According to Schwarz (1999:96) interviewees are not always predictable or remarkably insightful and are sometimes intentionally dishonest about their perceptions, feelings, and motives which we can refer to as response bias (Uziel 2010:248; Leedy & Ormrod 2013:141). According to Leedy and Ormrod (2013:188), participants sometimes answer what they feel the interviewer wants to hear and do not reveal the truth about a certain aspect. Answers were thus repeated for some of the questions that were asked. Neuman (2012:197) states that the biggest limitation to conducting interviews is the time spent and the accumulation of costs in terms of both time and money spent on traveling and constant communication. I experienced the time issue during my interviews quite often and it felt like some of the interviewees rushed to finish the interview and that resulted in answers that did not contain as much rich data as I would have preferred.

The South African Schools Act was triangulated with data obtained from the interviews to strengthen the trustworthiness and credibility of the study. The process of document analysis allowed me to examine data contained in documents and interpret it to elicit

meaning, gain an understanding and develop knowledge (Bowen 2009:27). The legislation helped me to incorporate additional information in my study and to verify the data provided in the semi-structured interviews (Bowen 2009:28).

### **3.8 TRUSTWORTHINESS AND CREDIBILITY OF THE STUDY**

To enhance the quality of the study I needed to pay attention to matters relating to trustworthiness, credibility, dependability, transferability and confirmability of the data and the findings. These are discussed in the following sub-sections.

#### **3.8.1 Trustworthiness**

To ensure that the study can be trusted, I made use of a method called triangulation which was important to drive the study's trustworthiness. I also had to ensure that the conclusions I made were not biased and were based on the data I collected (Terre Blanche 2004; McMillan & Schumacher 2001; Maxwell 1996:93). Therefore, data was obtained from various sources to enhance trustworthiness (Maree, et al 2013:39). When findings from data obtained from different individuals are similar, the trustworthiness of the finding is more viable and make different audiences pay more attention to the study and its findings (Lincoln & Guba 1985; Maree, et al 2013:113). Triangulation therefore reduces the risk of a biased conclusion as well as chance association. I also juxtaposed and compared the responses of the participants with relevant legislation, primarily the South African Schools Act, and the financial policies of the participating schools with the experience and feelings participants have about the role of a principal in the budgeting process. In this way I could limit any bias I may have had as the researcher, as well as the bias of the participants. Trustworthiness of the data and the findings was also enhanced by allowing the participants to review the transcripts of the interviews and by inviting the participants to review the findings (Maree, et al 2013:114).

#### **3.8.2 Credibility**

The participants and setting limited the study as only a small number of schools and a limited number of participants were selected to participate in the study. Findings of how these participants experienced the budgeting process can therefore only be linked to these schools and cannot be generalised to other schools. The credibility of the study was however enhanced by constantly observing the participants and by taking

field notes when necessary. As the set of interview questions were predetermined, the engagement with the participants was of such a nature that their responses were guided to produce relevant data, thereby improving the credibility of the findings.

### **3.8.3 Dependability**

For the research to be consistent and repeatable I had to focus on the factor of dependability which confirms findings as consistent with the raw data that I collected during interviews and the South African Schools Act and education law literature (Statisticssolution 2022). Increasing the dependability of the study would make it more likely that data obtained in other research will compare favourably to the data and the findings, interpretations, and conclusions of this study. Maree, et.al (2013:305) state that the identified themes should be evaluated to ensure that all the data received is in fact accurate and dependable as explained by Durrheim and Wassenaar (2002:64), enhancing dependability of a study therefore means convincing readers that the research did in fact happen as I have stated.

### **3.8.4 Transferability**

Taking the findings and rich data that a researcher collects and transferring them to other context that is in the researcher's words and easier to understand for the reader, is referred to as generalisability (Maree, et al 2013:206). Clear descriptions of data from participants were therefore given to supply valuable and detailed information about the study that will contribute to transferability according to Cresswell (2003) and Mayan (2001), included in Maree, et al (2013:306). Transferability of the study adds an extra dimension to the trustworthiness of the study.

### **2.8.5 Confirmability**

The final step to improve the quality of the study was to establish confirmability through the participants' knowledge rather than readers thinking that biased findings exist (Statisticssolution, 2022). Findings had to be shaped according to the information provided by the participants. I collected data through interviews which were then analysed and transcribed. The data was then coded and themes as well as sub-themes (presented in chapter 4, table 4.1) for the study were created and linked to topics that were relevant and of value to the study to make sense of all the data. The

data was then presented and discussed according to each theme and sub-theme to add to the confirmability and trustworthiness of the study.

### **3.9 ETHICAL CONSIDERATIONS**

It was important to behave properly and adequately towards participants as well as to make the right choices where needed to contribute to the ethics of the study that serves as the conduct (Neuman, 2012:53). Ethics allows us to distinguish between right or wrong and good or evil (Neuman, 2012:53). The research ethics process prepared and led me through a proper, ethical way to approach (design) and conduct the study in the professional manner that provided a pursuit of knowledge and the protection of the rights of all participants which was of utmost importance (Neuman, 2012:53). Therefore, ethical issues were approached very cautiously by not just advancing my own potential benefits through in completing my study and research, but also safeguarding participants against a loss of dignity, self-esteem, privacy or democratic freedoms by keeping information about specific individuals or institutions partaking in the research private (Neuman, 2012:53-55).

#### **3.9.1 Gaining access to participants**

I am a student at the University of Pretoria and was representing the university when conducting this study. I therefore needed to submit an ethics application to the Ethics Committee of the Faculty of Education of the University of Pretoria before I started my research (Maree, et al 2013:41). It is important that I conducted the research according to the ethics and research statement provided by the Faculty of Education of the University of Pretoria (Maree, et al 2013:301). The ethics approval for this study is attached as Addendum B.

This research was conducted at public fee-paying schools within the Gauteng Province, and it was therefore necessary to obtain approval and agreement to all legal and contractual requirements from the Gauteng Department of Education (Addendum C) as their employees were to be participants in the research process (Maree, et al 2013:42). After receiving permission from the Gauteng Department of Education, I sent letters to selected schools and individual participants inviting them to participate in the study. Examples of these letters are included as Addendum D and Addendum E respectively. In the letters I explained the purpose of the study and the rights and

responsibilities of the participants. The letter also informed the participants that the interviews would be recorded and that they could withdraw from the study at any time.

### **3.9.2 Protection from harm, privacy and confidentiality**

During the study I endeavoured to be honest, respectful and sympathetic in everything I do. All the participants were required to sign an informed consent form in which they acknowledged that they understood their rights and responsibilities and in which they consented to me using the data they provided for my study (Maree, et al 2013:301). An example of the consent form is attached as Addendum F.

Principals and SGB members are accountable to the school and must act in the best interest of the school and the Gauteng Department of Education. In addition, the financial information of schools is potentially sensitive in nature. I therefore assured the participants that I would not bring disrepute in any form to their school, employees, SGB members or the Gauteng Department of Education. I emphasised the importance of confidentiality and protection of all individuals and identities of the individual participants and participating schools (Maree, et al 2013:41). I protected the anonymity of the individual participants and participating schools by allocating pseudonyms to replace the names of participating schools and individual participants.

### **3.10 CONCLUSION**

In Chapter 3 the research methodology, research design and data collection and analysis strategies I used in this study were presented and motivated. The advantages and disadvantages of each were also discussed, three primary- and three secondary schools in Pretoria were purposely selected and eighteen semi-structured interviews were conducted with principals, SGB chairpersons and finance committee chairpersons of the participating schools. In Chapter 4 I present and discuss the data collected during the interviews and additional research.

## CHAPTER 4

### PRESENTATION OF DATA AND DISCUSSION OF FINDINGS

#### 4.1 INTRODUCTION

The aim of this chapter is to present the data and the findings of the study and provide a detailed categorised interpretation of the interview data and document analysis to answer the primary and secondary research questions that was stated in Chapter 1.

The primary research question was: How do principals of fee-paying public schools support their school governing bodies in the budgeting process of their schools?

The primary research question was supported by the following sub-questions:

- How do principals of fee-paying public schools perceive their role in the budgeting process?
- How do the members of school governing bodies of fee-paying public schools perceive the role of their school principals in the budgeting process of their schools?
- How do school governing bodies and principals of fee-paying public schools align their priorities during the budgeting process?

It is very important to indicate that the use of the conceptual framework (Leigh's control system pie chart (Leigh, 2020) as discussed in Chapter 1) influences the processes and outcomes of a principal's involvement in the budgeting process. Being in a supportive role during the budgeting process, a principal cannot be in control of all areas, but have more influence in certain areas than others. As illustrated in the control pie chart, the principal and his or her school governing body (SGB) should strive towards the establishment of an enabling school environment for effective and efficient teaching and learning. The control pie chart indicates four areas that need attention and principals firstly play a supportive role by informing and influencing the SGB in the budgeting process. Principals are fully involved in this sphere of the chart with the transparent and honest information that he or she provides. Secondly, management and control are also areas of importance as principals are responsible for the daily management and control of a school's budget. These two aspects are seen as value



adding areas and highlight the role of support that is expected from the principal. The other two spheres, namely accounting and compliance are regarded as foundation areas. Accounting is a specialised area that must be managed by someone who has expert knowledge and experience and should not be attempted without the necessary skills. Compliance is applicable to the principal and the SGB and it is essential that both should be cognisant of the relevant legislation and policies because they are accountable for the finances of a school.

The themes and sub-themes which emerged from the data are indicated in Table 4.1.

<b>Main themes</b>	<b>Sub themes</b>
Theme 1: Supporting the SGB in the budgeting process	Transparency and honesty Guiding and advising the SGB Decision-making
Theme 2: The principal's inputs	Day-to-day management of budget Identifying the needs of the school Interaction with teachers
Theme 3: Aligning budgeting priorities of everyone involved	Importance of meetings Openness for change Using expert knowledge
Theme 4: The importance of planning	Value of planning No planning, no budget Achieving goals

**Table 4.1: Themes and sub-themes that emerged from the data**

I first present the profiles of the participating schools and the individual participants, after which I present the data according to the themes indicated above.

## **4.2 PROFILES OF PARTICIPATING SCHOOLS**

The participating schools were all fee-paying public schools in the Tshwane North and Tshwane South districts of the Gauteng province. Three of the participating schools are primary schools and three are secondary schools. The participating schools all offer a wide range of activities which have financial implications for the schools. For example, the following sport activities are offered at the schools: cricket; tennis; table tennis; chess; athletics; hockey; rugby; softball; swimming; golf; fishing; netball; and mountain biking. Cultural activities at the schools include musical productions; light



music orchestra; cheerleaders; public speaking; revue; Voortrekkers; drama; choir; and photography.

The number of teachers at each participating school vary according to the number of learners at the school. At all the participating schools the teaching and non-teaching staff that are employed by the Gauteng Department of Education (GDE) are supplemented by staff employed by the SGBs of these schools.

All the participating schools are Quintile 5 fee-paying schools. The SGBs of these schools have all been allocated additional functions in terms of Section 21 of the South African Schools Act. Parents pay school fees that financially support the school as school fees generate the bulk of the income of the participating schools. All the participating schools also embark on additional fundraising projects that are initiated and managed by their SGBs. In Table 4.2 the school fee profiles of the participating schools are indicated. It is interesting how fee-paying schools differ in the amount charged and their approach to school fees, and how the participating schools use the funds generated by school fees to develop and improve the facilities of the schools and the effect it has on the school budget and the budgeting process.

Schools	Primary or Secondary	Quintile	Section	Total learner enrolment	School fees per learner per month	Yearly School fees
A	Primary	5	Section 21	704	R 1 330 (Jan-Nov)	R 14 630 Once off before 28 Feb.)
B	Primary	5	Section 21	576	R 1 300	R 16 300 (R2 000 book fee included)
C	Primary	5	Section 21	1 415	R 2 300	R 27 000
D	Secondary	5	Section 21	1 473	R 1 850	R22 850
E	Secondary	5	Section 21	1 128	R 1 850	R20 350 (11 months)
F	Secondary	5	Section 21	1 409	R 1 460	R16 060 (11 months)

**Table 4.2: Profiles of participating schools**

### 4.3 PROFILES OF THE INDIVIDUAL PARTICIPANTS

The data that was collected from the individual participants specifically focused on the budgeting aspect of schools to obtain accurate and rich information regarding the principals' supporting role in the decision-making of a school's budgeting process. Some of the principals involved in the study did not have much experience in financial management of a school but had many years of teaching experience. However, what was quite clear was that the SGB chairpersons and the chairpersons of the finance committees were all very skilled and experienced in financial management. Also, the financial staff at the participating schools all have financial qualifications and are therefore able to provide valuable support to the principals and SGBs of their schools. The SGB chairpersons all are well-educated and experienced professionals. Finance committee chairpersons are all qualified and experienced in financial management, with the bulk of them being accountants. Financial management experience was emphasised by all the participants as an important factor because it gave them a better understanding of financial management in general and the budgeting process in particular.

Due to the COVID-19 pandemic I had to make one adjustment to the sampling of participants. The financial chairperson of School E did not want to take part in the study and was replaced by the financial officer of school D which is also a high school.

	<b>Participant code</b>	<b>Qualification</b>	<b>Years involved at current school</b>	<b>Years' experience in the position at the school</b>
School A	AP	MBL (Masters in Business Leadership)	3	3
	ACP	B.C.L; LL.B. (advocate)	3,5	3,5
	AFCP	B. Com. (Acc.) Hons.	3	3
School B	BP	B. Ed. (Hons.)	6 20	12
	BCP	B. Com. Hons: Financial planning	7 4	3 Months
	BFCP	M.Ed. Quality Assurance in Education and Training	8 2	1
School C	CP	Ph. D. (Education)	10	7
	CCP	B. Com. Hons. (Acc.); CA (SA), M. Com. (Tax)	4	2
	CFCP	Ph. D. (Taxation)	7	2

School D	DP	BA. Ed.	22	2
	DCP	B. Proc.	2	3
	DFCP	B. Compt. (Accountant)	3 years 6 months	2 years 6 months
	DFO	CA (SA)	10 months	10 months
School E	EP	B.Sc. Hons.; PGCE	4	4
	ECP	National Diploma in Clothing Design; Certificate in Graphic Design	First year	First year
School F	FP	B.A.	10	10
	FCP	B. Tourism	4	3
	FFCP	B. A. Hons. (Public Administration)	1	1

**Table 4.3: Profiles of individual participants**

#### 4.4 PRESENTATION OF DATA

In this section I present the data according to the themes and sub-themes as indicated in Table 4.1.

##### 4.4.1 Theme 1: Supporting the SGB in the budgeting process

The data indicated that principals do indeed play a very important role in supporting the budgeting processes of SGBs. This support takes the form of being transparent and honest and leading and informing the SGB in their decision-making during the budgeting process.

Providing support to the SGB during the budgeting process is one of the most important roles of the principal. Support can be in the form of advising the SGB. Providing advice entails the provision of relevant information in respect of a situation. As the principal is the one who are the most knowledgeable about the school, he or she also has the most information. SGBs therefore count on their principal's inputs to make informed decisions. This is evident from the following responses from participants:

*The principal is also able to provide the SGB members with an insight into the well-being of the school, the learners, and most importantly, the parents.*

– DCP

And:

*I think I am the central part of it. I should know every part of the school and the risks involved, as well as the places we need to enhance. So, I would say, in giving them advice I am the central part in the budgeting process. – AP*

The principal should give the advice on what he or she thinks will benefit the school most. However, the SGB can decide how they want to use the advice provided by the principal. The principal should also advise the SGB from a teacher and employee perspective. BFCP explained as follows:

*He tells us even of little things. [For example] they wanted to change the gate and it was not necessary, but he thought: “You know what, let me just raise this thing”, and when it is put there on the table, we are able to decide if that is a priority or can we afford it or just postpone it or maybe is there a better way of dealing with this. So, when the principal is honest and open about the finances, it gives us something to work with and even when we go to fundraising, we know why we are doing it.*

The above is in line with sub-section 16A (2) (h) of the South African Schools Act which prescribes that a principal must ‘assist the governing body with the management of the school’s funds’. However, sub-section 16A (2) (h) (ii) further stipulates that this assistance must include “the giving of advice to the governing body on the financial implications of decisions relating to the financial matters of the school”.

The data further suggests that there are a few foundation levels in the support a principal provides to the SGB. These are indicated in the following sub-themes.

#### **4.4.1.1 Transparency and honesty**

The principal’s support requires strong trust relationships among all the relevant parties as this lays a solid foundation for the budgeting process. As much as budgeting is a structure driven process, it also represents the personal value systems of those of those who are involved. Principals must be transparent and honest about what is happening and what ought to be happening in the school including all matters that have financial implications. This is illustrated by the following remarks by some of the participants.

*I think honest participation and that is what is happening at our school. There is an open door to raise any concerns. Like I said at the beginning, the principal takes ownership of the budget as well. So, I think what is good is that he has an openness to give his input; he is not afraid to say no, he doesn't agree with that and ultimately, he is the CEO of the school. So, I think it is very important and you cannot get away from that. – CFCP*

*...transparency and accountability and responsibility specifically. So, as the chair of the SGB I want the principal to be open. I do not want him to hide anything from me. I want the facts because without facts and proper information you are going to make the wrong decisions. So, I think if you trust one another, you are sure about your decisions; you stand by them and you work within the restraints of the budget to ensure the best for the learners and the school. – BCP*

The above-mentioned can be seen as the starting point of the budgeting process. A trustworthy, transparent, and honest relationship among all the stakeholders is required for the process to be effective. Participant EP emphasised this part by saying:

*I do think the main thing is [that] the principal must be very transparent and must be very honest. If there are challenges along the way you must obviously declare those challenges and then you must work around it. So, with regards to my support to the SGB especially with the schools budgeting process...*

The data therefore indicated that transparency and honesty are very important and foundations of the budgeting process. The principal is the one with all the relevant information of the school and the members of the SGB have to trust him and his insights to feel confident when making decisions based on that information. Only then will the SGBs be able to fulfil their mandate of “promoting the best interests of the school and strive to ensure its development through the provision of quality education for all learners at the school” as articulated in Sub-section 20 (1) (a) of the South African Schools Act.

#### 4.4.1.2 Guiding and advising the SGB

The data indicated that principals have a significant leadership role to play in the provision of relevant information to the SGB. In addition, the principal is not just a member of the SGB but is the one person who possess and have access to all the information of what is happening inside the school. He/she is seen as the leader by many of the participants. For example, participants ACP stated the following:

*...yes certainly, he is one of the foot soldiers, but he is also the general and the guy with the chequebook so to speak. So, on a day-to-day basis he sees where the needs are and what needs to be addressed. So yes, [it] is not just a supportive role. I think he is the main player together with the chair and the treasury, and of course with the SGB, as far as the budget goes, certainly.*

This view was supported by CP who said the following:

*Well, as principal you are the teaching expert; you know the school's necessities and the main goal of a school is for education and learning to take place. So, the most important is that you as [the] educator professional, you must lead the SGB to eventually see the light for the right budgeting necessities namely, teacher and learner material.*

The principal is not just a leader during school hours, but also during the budgeting process when he is needed to lead the SGB in the right direction. Decisions cannot be made at random when they involve large amounts of money, particularly when there are long term financial implications, because it can have detrimental effects on the school's budget and financial sustainability. Therefore, all the decisions that are made must be well informed decisions. Most of the participants emphasised the importance of information as an aspect during the budgeting process. For example, ECP explained as follows:

*I think by giving us all the information that we need regarding decisions that we must make, being informed you know, is basically the best thing for us.*

Any person in a management or leadership role must know and abide to ethical and legal parameters, especially with regards to financial management. SGBs are placed

in a position of trust by the school community parents and therefore they must ensure that financial management practices in general and the budgeting process in particular are conducted in an ethical and transparent manner. To have knowledge of the law is a prerequisite for effective financial management. Participant BCP explained as follows:

*When it comes to budgeting and finances, ethics is very important. So, the King Code looks at transparency and accountability and responsibility specifically. So, as the chair of the SGB I want the principal to be open, I do not want him to hide anything from me. I want the facts because without facts and proper information you are going to make the wrong decisions. So, I think if you trust one another, you are sure about your decisions, you stand by them and you work within the restraints of the budget to ensure the best for the learners and the school ... I think you need to trust one another and support one another ... you have good communication and regular communication to ensure that the money is spent as it should.*

The data therefore suggested that although the SGB has the final say and that the principal is only an *ex officio* member on the SGB, it is very important that the principal plays a leadership role in the budgeting process. Providing detailed and appropriate information is one of the most important factors for a budget to be effective.

#### **4.4.1.3 Prioritisation in decision-making**

The principal is expected to support the SGB in all aspects of the budgeting process and prioritisation in decision-making is one of the most important phases during the budgeting process. The information that is received affects the priorities in terms of decision-making, and after the decisions are made it is final in most cases. Participants regarded decision-making as a highly important task. For example, EP stated the following:

*As principal I must always support the SGB in decision-making and any of the duties and the value that they add. ... wherever I can support the SGB with regards to decision-making and the school budget and processes, I do so.*



The SGB can use all the information they receive from various sources to make decisions, but the principal see situations from a different point of view and will think differently than other members of the SGB because he/she experiences the daily challenges and approach the challenges differently than for example parent members of the SGB would. DCP explained as follows:

*The principal is also able to make an assessment about the financial means of his school's parents and thus will provide the information when decisions are made pertaining to the raising of school fees and the determination of necessary budget items and the determination of a wish list and the determination of a capital expenses.*

Prioritisation in decision-making is a vital part in the budgeting process and the principal has to be fully invested to avoid wrong decisions as it can cause the budget to be ineffective, because after decisions are made it is, in most cases, final and determines the priorities of the school in the next financial year.

#### **4.4.2 Theme 2: The principal's inputs**

When asked whether the principal is of any value in the budgeting process, all the participants agreed that principals indeed add value to the budgeting process. They indicated that without the principal's input there would be no effective budget as he/she is the source of inside information for the budgeting process. Principals not only spend the bulk of their time at the school managing the daily activities, but are involved in every aspect and department of the school. Inputs by the principals lead to the identification of the needs of the school. Principals are also the intermediary between the SGB and the teachers; they interact with the teachers daily. ACP explained:

*Well, from my side as the SGB chairperson it is certainly an invaluable one. Without the principal's input, in my opinion, there would be no possibility of a sensible budget at all. The Treasury and SGB chair play important roles; but the lead role is played by the principal and he is certainly the important coordinator of the personnel and teachers of the school and well, to that extent, he is the coordinator of staff and the SGB members...*

Similarly, participants ECP and FCP stated the following:



*The input is of extreme value because she [the principal] looks at the overall view, not just from the learner side, but also from the district side as well as from the teacher's side. – ECP*

*It's quite pertinent and very important in a sense that the principal is involved on a day-to-day basis, and she holds the position as deflector, also a position as a member of committees, so she is quite valuable in that sense. – FCP*

Data on the principal's input in the budgeting process was further presented under the following sub-themes: day-to-day management of the budget; identifying the needs of the school; and interaction with teachers.

#### **4.4.2.1 Day-to-day management of the budget**

Participants made it clear that because principals are involved every day in all of the activities of a school, the inputs they make are the most valuable in the budgeting process. They know exactly what is needed at the school, whether it is related to school maintenance or for support of the teachers and learners. Principals guide the SGB in the right direction for decision-making. Participants said the following:

*... on a day-to-day basis he is the important role player. So yes, without the principal there would be no possibility of sensible decision-making. He is there daily, running everything, and we are there in a supportive role. – ACP*

*I consider it extremely valuable since the principal is ultimately responsible for managing the school and he notices the daily management of the school and the daily activity. So, without his input we cannot have a proper budget. – EFCP*

*Yes, definitely a principal is busy through most of the day whereas the SGB is not busy with the finance of the school throughout the day so I believe so because they know that as principal you are busy with school finances the whole day. It always sounds ironic but they are they're mostly for 3 years and the principal is usually there for more than 3 years so the impact that you have on your budget will have a longer impact than 3 years so I think*

*they do value your input and your decisions carry a lot of weight in the budget. - BP*

Daily involvement at the school not only allows the principal to be the holder of all the information as he/she has an influence on each and everything that happen at the school, but also on the strategic things that need to happen to take the school forward. Daily involvement is very important as a source of valuable information and inputs.

An important aspect to take into consideration regarding daily involvement is that of short-term decision-making. Not all budgeting decisions are made for the long term. As principal BP stated during a discussion of budget planning, there are different types of budgets for different time periods. He explained as follows:

*You plan your budget; then you have weekly planning, monthly planning, mid-term planning, year planning and then 3-year planning. So, it all depends on the school development plan which is 3 years and your school improvement plan that must include the financial planning year to year, and then you can have a weekly and monthly planning with your financial committee.*

The principal's daily involvement would focus mainly on weekly to monthly planning and decisions and when meetings are held. Principal EP explained:

*"Definitely yes, as I am involved in the day-to-day decisions around the spending of the money; also, weekly, monthly and annually with every decision regarding the payment of service providers whether it can be water and electricity accounts, all the textbooks, accounts, etc. I am the person that must obviously sign off the money. So, they value my input with regards to the budgeting process.*

From my own experience as teacher and sport organiser, I have seen that many schools, including my own, have a budget for sport or cultural activities and from that budget funds are taken whenever certain sport or cultural activities take place which was budgeted for. However, the funding from the budget of that specific activity will not be applied over a long period. The money can be requested in the week or on the day of the activity, which will then need the principal's clearance before it is received; again, making it part of his/her daily involvement.

#### 4.4.2.2 Identifying the needs of the school

With regards to the value that is added by the principal's input, the principal will know exactly what is needed for the school. SGB member BCP explained as follows:

*I see the principal as the head of school, and he needs to be the captain of the ship; and they understand the needs of their school very well.*

This sub-theme is directly connected to the daily involvement of the principal. A principal who deals with all the school's challenges knows exactly what is needed for the school to go from strength to strength, where they fall short or where they go overboard. During the interviews, some of the participants made it clear that many schools compile a need analysis by collecting the list of needs from all staff members, thereby affording them the opportunity to provide inputs in the budgeting process. In this regard, participants said the following:

*Yes, very much so. The governing body as does not exactly know what are the needs of the school. So, the principal plays a very important role in setting up the budget for the year and what we usually do is we ask each teacher [and] all the role players in the budget ... We have a request form for the next year and from there on we set the budget; and what we also do is we use financial administrative systems to see that the budget is in place for the next financial year. – DP*

*Yes, I do think so, because after our whole school evaluation with the SGB and the staff members, we normally draw up our budget. We get older, we do a needs analysis with all the teachers what they need for the next year; what shortages there are and what improvements need to be made. – FP*

*The input of the principal is very important because they are involved with the day-to-day management of the school and know exactly what goes on in each department. If it is regarding academics, sport, or culture, they are the persons that stand in the management of the school's finances and know what is needed where, and the teachers also communicate with them so they understand the needs of every department of the school. ... that is why ... it is very important for them to be part of the budgeting process. – CCP*

Mostly, principal participants focused more on the fact that they know the needs of the school better than the SGB members, which influences this theme greatly as their inputs become even more valuable. Principal CP stated that:

*Yes, as principal of the school you have first-hand information of all the managing areas, how you manage all the budgeting areas and the needs of the school and how to approach the areas, because the constitution of a school influences the learning of the school.*

In conclusion, to identify the needs of the school, the principal is the main source of information to know exactly what is needed to enhance the school at all the necessary areas for it to perform even better.

#### **4.4.2.3 Interaction with teachers**

A teacher is the most valuable asset of a school. Without teachers, teaching and learning will not be able to take place and the primary goal at any school is teaching and learning. One participating principal (Principal BP) articulated this point as follows: " ... *the core business of a school is teaching and learning*". Therefore, interaction with teachers is a very important factor in the budgeting process because the school management and the SGB must know exactly how teachers operate, whether they are satisfied and happy, and what is possibly lacking. A dissatisfied teacher will also be an ineffective one. The principal is at the school all the time; everything he does and all his decisions evolve around a school. He is also the one who interacts with the teachers at the school and is the voice between them and the SGB. Participant DCP explained as follows:

*Well, you need the principal's input because he's the guy on the ground, the person that is working with the personnel daily on the premises; and that's the reason why you need his input. You as an SGB member is an outsider, so you need the input and the info from your principal.*

Interaction with teacher can be promoted by involving them in all the school's activities. Over time principals and SGB members started involving teachers a lot more by including them and inviting their inputs during the budgeting process. This allowed schools to have more insight in what teachers need in their classrooms to be able to teach more effectively. Involving them also contribute to their feeling of belonging as

it provides a sense of inclusion and care. Schools can do this in quite a few ways. Participant AP explained:

*Yes, what we do is we take all the fields of the school, that include the sport and the culture and the academic, and then every teacher will state their needs for the next year. They will give that to the next supervisor in line that is circulated that they will bring to me and the SGB will make a note of everyone's needs for the next year. And from there, we do the budgeting process where we must prioritise and we have to go back to the teachers, telling them if we could not give them the whole budget that they asked for, we will make a plan from there on.*

Participant ACP explained that at their school

*[There is] a system where all the ordinary staff members were involved and they provided lists that would indicate what was needed in terms of budget. We had the so-called wish list, long-term so to speak, and then there was the more practical list. So, instead of just reverting to the previous year's budget, we would now approach the matter under the guidance of [the principal] to say: "Let's get lists from all of the personnel that give their input and from there, provide and compile an actual budget that bears in mind what is actually needed by the school." So, in terms of whatever is needed for sport and [the] academic year was now approached from a more practical point of view instead of just adopting [the] previous year's budget.*

Being the ones that execute the main goal of the school, namely teaching and learning, teachers must be put first in the budgetary decision-making, and everything regarding the budget must focus on education first before focusing on the next area of concern. Teachers are also the personnel involved with all the learners throughout the day and that gives them better insight into what would be in the best interest of the learners, in and outside the classroom. This makes it important for the principal to interact with his teachers and have a good professional relationship as they are a valuable source of information in the budgeting process.

#### **4.4.3 Theme 3: Aligning budgeting priorities of everyone involved**

The theme emerged from a question that every school ask themselves which is: In what way could the budgeting process be improved to enable you to provide the optimum support to the governing body? An important aspect of this is improvement, something that every school should strive towards. Many of the participants also focused on the role players who participate in the budgeting process and the role they play during the process. Emphasis was placed on the importance of having cohesion amongst all the role players. From the interviews it was evident that most schools were satisfied with their current budgeting process, and gave reasons for their effectiveness which led to the sub-themes.

Every financial year has different challenges, and the COVID-19 pandemic posed a unique set of challenges to particularly fee-paying schools who found themselves under pressure in collecting school fees and having to revise their budgets which were approved under pre-pandemic conditions. It then became very important to align the priorities of the school with the new situation so that all the role players knew exactly what was expected from a financial point of view. In this regard SGB member AFCP explained as follows:

*[The] needs of the school will change on a yearly basis. So, on that basis one will have to approach each year from a different footing.*

If all the role players are not aligned, it will negatively influence the overall budget of the school and the provision of quality teaching and learning. There will be contradictions in the decision-making and different stakeholders will not have the same goal in mind which could lead to conflict.

##### **4.4.3.1 The importance of regular meetings**

When participants were asked if there are ways to improve the budgeting process and provide principals with more opportunities to support the SGB, one aspect most participants accentuated was that regular meetings are of utmost importance. Although participants were mostly satisfied with their current budgeting procedures, they highlighted how often they meet to discuss short-, medium- and long-term budgeting aspects. Some participants stated the following:

*What we then changed as well and I think that is important to emphasise, in the past we had a financial committee meeting once a month just prior to the full SGB meeting and what we have changed as from this year, this term, is we are basically sitting weekly with the financial committee. So yes, we address on a weekly basis all the needs of the school and as we go along, we give input and that ultimately has a net result when we compile the budget. So, it makes it makes it a much more hands-on approach than we had in the past. - AFCP*

*I believe the process in our school is functional. As I said, we usually already start in August and we as a school have a financial meeting at least once a month ... sometimes it is more. So, I believe the school and the governing body, we work so close together ... I can't see anything that can be improved really. -DP*

Meetings go hand in hand with communication, and it has been stated by many successful people, that communication can be the key to success in any organisation. For example, Paul J. Meyer who was a well-known author, a successful businessman and founder of the Success Motivation Institute, a company dedicated to motivating people to their full potential, said in one of his famous quotes that “communication – the human connection – is the key to personal and career success” (Writingbros 2022). This is also applicable to the school situation and budgeting success in schools. In this regard, CCP stated that:

*How it [the budgeting process] can be improved is quite a difficult question. I would say ... the better communication there is, the better and more effectively you will reach your outcomes. People's needs are communicated beforehand which enable the principal to have better information and to ensure priorities are given.*

Generally, the participants indicated that it might not be an area that they need to improve on, because they already hold meetings on a regular basis and try to communicate as effectively as possible. However, the importance of meetings was definitely regarded as very highly by the participants, and effective communication which forms part of that was emphasised by most of the participants. Regular meetings



therefore play a major role in the budgeting process and allow principals to support the SGB better.

#### 4.4.3.2 Openness for change

Financial factors will never stay the same from year to year and there will always be room for improvement in any financial aspect, be it to save money on certain events or projects or to raise more funds for the school to be able to do more than in previous years. Apart from wanting to be better and raising more funds, there are certain aspects that schools must be aware of. It is not just about becoming better or getting more, but also about adapting to challenging times and situations which require schools and stakeholders to be open to new ideas and being prepared to change their approach to contextual changes so that the available funds are utilised as efficiently and effectively as possible. It is therefore important that principals and their SGBs reassess the budget and the budgeting process at the end of every financial year, referred to as a post assessment. As stated by CFCP: *“In the end I think there is always room for improvement...”*

Similarly, AFCP explained as follows:

*Well, from an accountant point of view, each year you change the budget.*

*The needs of the school will change on a yearly basis.*

A very important issue that emerged from the data was that situations will change regularly and that nothing is certain; that is why everyone should be open for change. When needs of the school change, so should the approach. Assessing the budget after a project or the financial year goes together with change. When situations change the needs of the school changes and reassessment of the budget will enable principals and their SGBs to make effective changes. Flexibility in the budget is therefore important as explained by ACP: *“Small changes perhaps as one goes along”*. In a similar vein BP said the following:

*It is based on checking control. So, the planning is done very neatly, but we do lean on the previous year’s budget and every year we adapt a bit more.*

*So, I believe after 10 years you almost have the perfect budget. But then the times change as well so then you must adapt to that again.*



A great example for this sub-theme – openness for change – and something that most of the participants mentioned was the COVID-19 pandemic which had a major influence on the finances of particularly fee-paying schools. It affected schools greatly in a negative way and particularly fee-paying schools were forced to revise their budgets to meet the unique challenges brought forth by the pandemic. Many fee-paying schools had to lay off teaching and non-teaching staff who were paid by SGBs, put projects on hold and could not organise events that usually raised funds for the budget. Schools that are open for change and are adaptable are more likely to get through situations like this more readily than schools that are rigid in the way they manage and approach their budgets. In this regard, participant AP commented as follows:

*... the COVID situation – that was a daunting task to make sure that you put all the necessary control measures in place as well as saving, because you couldn't at that stage last year. It was a bit problematic for us to really say how much of the parents will be able to pay their school fees and all those things, especially also the pre-school part and after care. That was the major problems for most schools. So, I would say to be hands-on on that and to understand how to make your adjustment. That will be the crucial thing. – AP*

EP mentioned the pandemic in two separate answers and both were relevant to this theme and sub-theme:

*It was Corona and lockdown and obviously as a principal and a financial committee, we were very, very afraid by this time last year whether we are going to make it throughout the year with regards to the payment of school fees...*

*Obviously last year with lockdown and COVID-19 pandemic we did not stage an external income project [which we had] for years. This year it was the same story. We will only wait for the pandemic to pass and then we will have external income projects again at our school. That is why I was referring earlier in the interview to the fact that I am so thankful for the parents for paying school fees at the school.*

Related responses were provided by other participants.

*We want to obviously increase that portion, but due to COVID a lot of the businesses outside was also affected negatively and there is not a lot of money in the market now. – EFCP*

*I think it [openness to change] is a very good thing because you cannot rely on that much parent support. It's a tough economic time; people with COVID and a lot of people losing their jobs. So, it should be a must expenditure for a parent to pay school fees. If they don't, the learners are compulsory to go to school, so you are going to struggle to keep a primary school learner out of school for not paying school fees. – BCP*

*Fundraising yes, so it's unfortunately due to COVID that we don't receive external funding so much. The only money that is chargeable is from the Department of Education. They give a certain amount to support the expenditure for SGB appointments. Due to COVID it's not easy to get external funding by way of fundraising. You must do fundraising because we don't get volunteers that would come with the donations. So, you must raise funds so that you can get external funding except for the school fees from the parents. COVID made it difficult because some of the activities cannot happen because it requires people to come in numbers and there is a restriction for everything. – FFCP*

The impact of the COVID-19 pandemic on the budgets of the participating schools were emphasised by all the participants. The ability of schools to adapt to a changing financial environment is therefore a prerequisite to manage their budgets effectively and efficiently. Not being able to adapt would make it impossible to handle situations like the pandemic. This is closely linked to the impact of unforeseen events as discussed in Chapter 2, which is a very important factor to take into consideration.

A subsequent by-product of the pandemic was that many parents were not able to pay school fees and that schools lost traditional fundraising opportunities. It is generally accepted that the bulk of the funding at public fee-paying schools is generated by the school fees but with the pandemic and current economic situation, less and less parents are able pay school fees and the funding from the Department of Basic

Education is not sufficient to cover the loss in funds. Participant FFCP explained as follows:

*So, the only improvement of the budget is this school [neighbouring fee-paying school] ... so, the income come from the parents. If it was possible to improve it ... increase the school fees. That is the only way that we can support the principal, because the government only provides salaries for the teachers [employed by the government]. But with the SGB appointments the only way is to increase the fees.*

Similarly, FP stated the following:

*The budget also depends on the number of parents that pay school fees so that plays a very big role. We have a very... I think it's only 40% of parents that really pay school fees, so that really plays a major role in what you can do. But the end of the year what we couldn't do is then again [provided for] in the budget for next year and then it is part of your school development plan where you just push the boundaries, where you make it possible in the next two to three, sometimes for many years.*

Lastly, EP had the following to say about school fees:

*If all the parents pay their school fees it will make a big difference, I must say with COVID, and everything involved with COVID, we have received a lot more exemptions [applications from parents for the exemption from the payment of school fees] than previous years. But luckily, we are still in a good financial position so, so far so good.*

The data therefore underscores that SGBs must be able to adapt to circumstances and that they need to be willing to be flexible in the way they manage their budgets. This was underscored by the COVID-19 pandemic. Being able to change, allowing for the percentage of parents that are unable to pay school fees and finding creative ways to make up for the losses in income streams, are hallmarks of an effective and efficient budgeting team and budgeting process in which the principal plays a central role.

#### 4.4.3.3 Using expert knowledge

The final sub-theme for aligning budgeting priorities of everyone involved is using expert knowledge. It was clear that all the participating schools had ensured that people with expert knowledge are appointed in the financial positions on their SGBs, e.g., as members of the finance committee or treasurers of the school. Asked about the importance of having financial management skills, participants made it clear that it is impossible to successfully manage a school's finances in general and more particularly, to compile and manage a school's budget without the necessary skills. Having skilled people working with them also strengthens the position of principals. Some of the participants explained as follows:

*I've said on many occasions: "The SGB can't effectively function without a qualified accountant on board". In my view, ... the most important portfolio is that of the treasury. You must have a qualified, in my view, accountant for that. And that is Mr [name of chairperson of the finance committee]. In his profession obviously, he has conducted many courses so he's dependent on doing courses. So yes, we heavily rely on the accountant and the treasury of the SGB. He keeps abreast of the financial developments, and he assists us accordingly. We are so grateful. – ACP*

*Yes, I think if there are not good [financial] skills, there will be mismanagement and then it has a ripple effect. Everything will be affected, so skills are important. – ECP*

*Financial management skills are an important factor, as in my business it is also an essential factor and in the financial management of a school, people without basic skills are usually prone to expect that if an item and/or an expense was budgeted during the previous year, that such an item or experience should occur. – DCP*

Being an education expert, a principal does not necessarily have the financial expertise, nor the time, to draft and manage a budget on his or her own. They are very much reliant on financial experts that serve on their SGBs. Whereas principals provide inputs with regards to the educational, infrastructure and human resource needs of their schools, financial experts on the SGB must assist in the management of the

budgeting process. There must therefore be synergy between the role played by the principal and the role played by the SGB. Should a SGB not have financial expertise available on the SGB, they should co-opt a member or members of the community to assist them with the financial management of their school as provided for in Sub-section 26 (6) of the South African Schools Act. However, the principal will usually be at a school for much longer than members of the SGB and for that reason the principal must also learn financial management skills and be able to use them in respect of future financial issues.

#### **4.4.4 Theme 4: The importance of planning**

Principal CP stated the following as to why planning is such an important aspect in the budgeting process:

*If you fail to plan you plan to fail. Our school's budget is around R 30 million so there is no way that you cannot plan and closely look at your budget and how it is created, planned, and managed. [Without proper planning] you are going to get chaos, so you cannot just randomly move money. Therefore, it is very important that an effective budget is closely looked at and carefully planned.*

Planning is one of the most important aspects of the budgeting process and should be the starting point. Apart from it being the starting point, it is also representing the goals schools set for themselves to work towards. In other words, it should be closely linked to the vision of the school. Without a proper plan schools will have no idea what they should have in their budget and what they are working towards. In addition, poor financial planning can break a budget. Participant AP explained as follows:

*Well, it's critical because everything about the school is around the budgeting process and the management of that budget. So, that budget is the only thing that the parents agreed on that we can implement at the school. So that is the only way I can pay the salaries of the personnel that we have here and the academic books and all those things. So, I would say it is critical.*

This principal emphasised that the functioning of the whole school evolves around the budget and management thereof, and with the focus on planning, it will only benefit the school when it is done effectively.

As mentioned, some management groups base their whole budget on financial planning and count on that for success. Having plans is not as important as planning for the future, one is a dream, the other is a guiding mechanism.

#### **4.4.4.1 The value of planning**

The value of planning is not something that is immediately evident. Planning is a future-orientated activity and therefore it is difficult to measure its worth. However, here are factors that need to be considered when planning is done to add value in the future. The risks and benefits of planned activities need to be considered. If decisions are complex, expert advice and skills will be needed to make the right choices. Skills, experience, and communication in the budgeting process all play a major role and affect the value of the planning process. Participants articulated the advantages of good planning as follows:

*Advantages are basically that you know what you are looking at for the year and what you need to budget for and where you might fall short and where you must try and transfer some funds from different areas to that area so yes. – ECP*

*Without a plan you won't know where you are going in terms of the finances of the school and the school can also be seen as a business so without a proper plan, there won't be effective management in terms of funds, expenses and especially cash flow. – EFCP*

Planning allows a school to know what they have available for the projects they want to complete in a financial year. It gives them an idea what they can do and what they might need to do so. It also enables SGBs to identify possible ways of saving or generating additional funds. In this regard, BCP said:

*Well, if you plan it means that you know what you have available to spend and if you don't have that available, you should cut your spending or you are going to run the risk of having to sell assets. Do you retrench teachers*

*on the SGB payroll to meet essential expenses like water and electricity, insurance, and those types of things? So, without proper planning you are going to sit with a school that won't function optimally because they don't have funds to buy or pay their suppliers and buy the things that they need. So, I think it [planning] is very, very, important.*

Planning will also help SGBs when unexpected situations occur: Participant EP explained:

*If we didn't have that sufficient and proper planning with regards to finances before the lockdown came, then it would have been a challenge, immensely. I must maybe share with you, and I know it is a lot of confidential information, but when I became the principal here it was not just the financial committee, there was immense pressure on us. We struggled every month to cover all the expenses and so forth and then made the decision that everything will be based on financial planning and if it's not budgeted for, then we don't release any money in respect of that issue. And because of that, we are in a very fortunate position at this stage. So, if it wasn't for the proper financial planning, there wouldn't have been an increase in the school's bank account. So, it is extremely important."*

CFCP also mentioned the risk that a school might face when planning is not done properly,

*The one thing is to make sure that the resources are allocated, or the financial resources are allocated to the right areas to make sure that you have allocated to whatever there is a need in the school. Furthermore, it is important to make sure that you don't sit red-faced at the end of the year, but you know what your income and your expenses is ... Well, you can't borrow money, but you must retrench personnel when you are not able to pay certain expenses. So, I think it is very important*

CCP is of the opinion that they plan effectively and indicated that:

*[T]he advantage is that you can plan for the unforeseen so that you have something to cover unforeseen events, maintenance expenses or a project that you want to start, capital expansion for the school. If you don't plan*



*properly for it and put money away, you will never have money for such projects, and the day that it is necessary it won't be there.*

Other participants had the following to say about planning:

*... we can see where we are going and on the other hand it helps us to save if we know that certain things are less expensive during certain times of the year. Then we can just put something on hold and pay for that and that opens doors for us to have a smooth ride during the year. When we go to the next year, we already know we have projected in our planning that this might happen. So, you know that is very critical and those are the advantages that will enable us to have a smooth ride the following years. – BFCP*

*Well, it's critical because everything about the school is around the budgeting process and the management of that budget. That budget is the only thing that the parents agree on; that we can implement at the school so that is the only way I can pay the salaries of the personnel that we have here and also the academic books and all those things. So, I would say it is critical. – AP*

Participant DCP explained the advantages of planning in the order of what is regarded as important and what goals they focus on to achieve, as well as the advantages thereof. With the information that the participant gave principals and SGBs do not only focus on big projects and money-making events, but rather what keeps the school going and what goals need to be reached for a school to function effectively. The goals that Participant DCP listed are short term focused goals that are necessary for the school to function:

*The advantages of efficient and effective financial planning:*

- *Salaries being paid on time every month.*
- *Service providers paid as and when payment is due.*
- *Maintenance on the school property can take place when necessary.*
- *Yearly increases in personnel salaries could be guaranteed.*
- *Financial security for school and personnel.*



It is evident from the data that one must avoid making decisions later because of ineffective planning, which indicates the importance of good planning and the effects thereof in the future. Planning serves as a guide to SGB's and it helps them to apply school policies. The planning process should include all stakeholders so the cumulative knowledge of all is exploited. FCP said the following about planning:

*It guides us as a school. As a financial committee you know our financial year ... it starts from January until December and during that period we must implement the policy to the fullest and we don't have to leave anything for the next term. So, we need to strictly apply our financial policy.*

The value of planning can be summarised in a simple quote by Winston Churchill, Prime Minister of the United Kingdom (1940-1945 and 1951-1955): "Plans are of little importance, but planning is essential" (Goodreads 2022). This indicates that thinking and discussing an issue before making a decision about it will make the value of it immeasurable.

#### **4.4.4.2 No planning, no budget**

A budget represents the strategic plan of a school in monetary terms. Therefore, without proper planning there cannot be a proper budget. There are systems, procedures system and principles that have to be followed and it assures that the people who are tasked with a school's budget and the budgeting process not to overstep or make wrong decisions that might not be in the best interest of the school. This is articulated by EFCP as follows:

*Without a plan you won't know where you are going in terms of the finances of the school and the school can also be seen as a business. So, without a proper plan there won't be effective management in terms of funds, expenses and especially cash flow.*

Similarly, Participant FP indicated that a well-planned budget is very important because "*if you don't have it, you are just floating around*". It therefore provides direction to a school.

Good planning sets the tone in terms of the financial management of a school. Also, thorough planning will make it easier for the principal and SGB to make wise financial

decisions for any project needing funds as it was most likely budgeted for. ECP explained as follows:

*Advantages [of good planning] are basically that you know what you are looking at for the year and what you need to budget for and where you might fall short and where you must try and transfer some funds from different areas to that area.*

Good planning is a process in any management system, especially financial management, that can rescue an organisation from challenging financial situations. A very important aspect that principal EP also touched on was that everything they do and all decisions they make are based on financial planning and if something is not budgeted for then no money is transferred to that issue. Much of a school's financial success can be credited to the planning of the budget.

#### **4.4.4.3 Achieving goals**

Planning is done so that set goals can be achieved. No planning is done for no reason and therefore when principals and SGBs refer to planning, they refer to achieving the goals they have set for themselves. DFCP said:

*Well without financial planning you won't be able to do anything in the school, even in your personal life you need to do financial planning, and if you want to get to a goal that you've set yourself, you need to plan for it and finances is exactly the same ... It is like in sport, if you want to be the best you need to plan and practice with finances ... you must plan and stick with that plan.*

The main objective of any school's financial planning is to achieve certain goals; from achieving a short-term goal of a few weeks to long term goals that they want to complete over three or more years. During the planning process, not only specific projects are considered, but also the strategies that need to be employed to turn these projects into reality. Setting of goals should be the first point of discussion, emphasising the importance of this step in the budgeting process and only after that has been established and all the members are comfortable with the goals, then they will start to plan strategies and approaches to reach these goals. Participant BP explained as follows:

*It all depends on your budget. You plan your budget, then you have weekly planning, monthly planning, mid-term planning, year planning and then 3-year planning. So, it all depends on the school development plan which is 3 years and your school improvement plan that must include the financial planning year-to-year; and then you can have weekly and monthly planning with your financial committee.*

Without goals SGBs have no direction. Participants stated different reasons why they plan or what the planning process can be for.

Principals and their SGBs do not always realise the importance of setting goals and working towards them during the budgeting process. Setting and achieving goals are very important in the planning process as they lay the foundation for the whole budgeting process. They guide principals and their SGBs to know what they are working towards and what they have available to achieve these goals. The importance of this aspect of the budgeting process cannot be under-estimated.

#### **4.5 DISCUSSION OF FINDINGS**

To structure a complete picture for a principal's role in the budgeting process of a fee-paying public school, the data that was collected by means of semi-structured interviews and document analysis were triangulated to contribute to the trustworthiness of the study. This is reflected in Table 4.4.

Main theme	Interview data	Document evidence
Supporting the SGB in the budgeting process.	Being transparent and honest, guiding and advising the SGB in their decision-making are major roles. Principals must be trusted as they guide the SGB. The quality of the support they provide will either drive the school to success or can lead to challenges and possible financial mismanagement.	Section 15 of the Schools Act determines that every public school is a juristic person with legal capacity. This implies that it may sue or be sued, own property and enter contracts. This enables SGBs, who act as agents on behalf of a public school, to take legal action in any process that will provide education for learners registered at the school. The Schools Act states that principals, who are <i>ex officio</i> members of the SGB, are not solely accountable to the SGBs for

		<p>statutory functions delegated to him or her by the SGB. They are also accountable to their employer who is the provincial Department of Education for the functions and responsibilities as set out in section 16A and for the day-to-day professional management of a public school.</p> <p>Further, Sub-sections 16A (2) (h) and 16 A 16A (3) stipulate that public school principals must not only assist their SGBs with the management of the school’s finances, but that they also must provide assistance to their SGBs in the performance of their functions and responsibilities in general, for example by providing information regarding instructions issued by the provincial Head of Department and relevant legislation.</p>
Principal’s inputs.	<p>A principal’s involvement in the budgeting process is primarily concerned with the day-to-day management of the budget, identifying the school’s needs, and interacting with teachers. The principal must provide inputs because they have inside information due to their daily involvement with the management of the school and their inputs are highly regarded by participating SGBs.</p>	<p>Section 16A of the Schools Act clearly stipulates that assisting the SGB includes the provision of information, giving advice regarding financial implications of decisions, taking reasonable steps to prevent any financial maladministration or mismanagement, managing any matter that has financial implications for the school, serving as a member of the finance committee and reporting any maladministration or mismanagement of financial matters to the school governing body and the provincial Head of Department.</p>

<p>Aligning the budgeting priorities of everyone involved.</p>	<p>This happens through regular meetings, communicating changes that take place and the use of expert knowledge. Alignment of budgeting priorities is important to ensure that all the role players in the budgeting process are on the same page in terms of the priorities that need to be budgeted for. Having the same ideas and approaches makes for a cooperative team.</p>	<p>Sub-section 30 (1) (b) of the Schools Act specifies that as a sub-committee, members of the finance committee must be appointed based on their expertise, and that the chairperson of that committee must be a parent member of the SGB. SGBs are therefore expected to appoint people who are skilful and knowledgeable about financial management to their schools' finance committees.</p>
<p>The importance of planning.</p>	<p>Planning is highly valued and will lead to achieving set goals. Plans are made for the future and sets a foundation for the budget, not only making the relevant stakeholders aware of the goals that need to be achieved, but also what resources they are able to work with.</p>	<p>According to Sections 16A (1) and 58B of the Schools Act, principals will be held accountable for the daily school and quality teaching activities and therefore the planning by the principal, his or her and school management team and the SGB, should correspond with and be reflected in the budget of the school.</p> <p>Section 16 A of the South African Schools Act requires compliance as a task for all stakeholders as it is essential that everyone follow relevant legislation and policy because they are accountable for the finances. It forms part of the information that principals must provide to the SGB.</p>

**Table 4.4: Triangulation of findings**

The interview data corresponds with the legal requirements of the South African Schools Act pertaining to a public-school principal's role in the budgeting process. Key elements that were identified were the following:

- Principals must be honest and transparent in the manner they support their SGBs in the budgeting process. They must guide and advise their SGBs to make the right decisions as both the principal and the SGB are held accountable for the finances of the school.
- Inputs by the principal must be made because they are intimately involved in the management of the school on a day-to-day basis and they have the inside information that SGBs require for decision-making.
- All stakeholders need to be aligned in terms of the goals they want to reach and the priorities they set themselves. Having the same train of thought will make meetings and decision-making easier as cooperation will take place with members that are skilled and knowledgeable. This corresponds with Mestry's (2016:2) that the principal, SGB and finance committee need to have good financial skills and knowledge.
- Planning will lead to success and is regarded as very important. It lays a solid foundation for the budgeting process and contributes to effective and efficient management of a school's finances in the coming financial year. Good planning ensures that a school can work towards set goals which are reflected in the budget. This corresponds with Shim and Siegl (2005:1) who state that budgets are focused on future operations.

The themes that were identified suggest that the major influence that a principal has on the budgeting process is by providing his or her support to the SGB in multiple ways. This was acknowledged by Mestry (2016:35) when he states that even though SGBs are accountable for school funds paid by parents, principals play a significant role to ensure the efficient management of these funds. As an *ex officio* member of the SGB, the principal is automatically responsible to provide guidance and support, which can take place in several ways. The data indicated that the value of the information the principal provides is very much reliant on a healthy trust relationship between principals and their SGBs because the principal is at the school on a daily basis, whereas parent members of the SGBs are not. SGBs are therefore very much reliant of the information principals provide to them and need to trust that their principal will provide accurate and reliant information. According to Du Plessis (2019:82) the

principal-SGB relationships should include consultation and cooperation in mutual trust and faith, which also include being honest and transparent.

The success or failure of the management of a school's finances will to a large extent depend on how it is managed by both the principal and the SGB. It is important for SGBs to comply with Sub-section 20 (1) (a) of the Schools Act which emphasises that effective management of funds must be aimed at the creation of opportunities to promote the best interests of a school. All stakeholders should not only be informed about and involved in the process of budgeting, but just as important is that they should all know their roles in the process. A healthy cooperative relationship between the different role players is important for effective decision-making. In this regard Du Plessis (2019:82) argues that the role of SGBs in cooperative governance is to function as a democratic group in a democratically run school in which all the relevant stakeholders are involved in any decision-making process to ensure that the best possible inputs from all the interested parties are obtained.

Lastly, a budget represents the strategic plan of a school in monetary terms, which makes the planning phase of the budgeting process so important. Shim and Siegel (2005:1) state that a budget serves as a financial master plan as it is a tool that indicates certain targets and leads schools in the right direction.

#### **4.6 CONCLUDING REMARKS**

In this chapter I have presented and discussed principals' role in the budgeting process of fee-paying public schools as perceived and experienced by the participating principals and SGBs through the lens of Leigh's control system pie chart (Leigh, 2020). The data suggested that the principal plays a key role in the budgeting process of the participating fee-paying schools and that the SGBs of these schools are very much reliant on the inputs provided by their principals. There is also general agreement among the participants that without the role of their principals during the budgeting process, it will not be possible to have an effective and efficient budget that will be in the best interest of their schools.

In the next chapter (Chapter 5) I provide answers to the research questions and make recommendations regarding the principal's role in the budgeting process of a fee-paying public school. I also suggest areas for further research.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

Quality education is the main priority of a school and to achieve it the efficient management of finances is important. Being the foundation of efficient financial management, the budgeting process will determine the success of financial management. In public schools there are different roles played by several stakeholders in the budgeting process, everyone adding value to the effectiveness of the budget. As the professional manager of a public school, the role played by the principal is of particular importance. Because of this important role of a principal, the purpose of my study was to investigate the principal's role at fee-paying public schools during the budgeting process of their schools. In this process it was important to identify factors that influence the budgeting process and mainly the effect the principals' support has during the budgeting process of the schools. In this final chapter I provide answers to the research questions, make recommendations, and provide suggestions for further research.

#### 5.2 ANSWERS TO THE RESEARCH QUESTIONS

The purpose of the study was to find answers to the following research question:

How do principals of fee-paying public schools support their school governing bodies in the budgeting process of their schools?

To supplement this question, the following secondary questions were formulated:

- How do principals of fee-paying public schools perceive their role in the budgeting process?
- How do members of school governing bodies of fee-paying public schools perceive the role of their school principals in the budgeting process of their schools?
- How do school governing bodies and principals of fee-paying public schools align their priorities during the budgeting process?



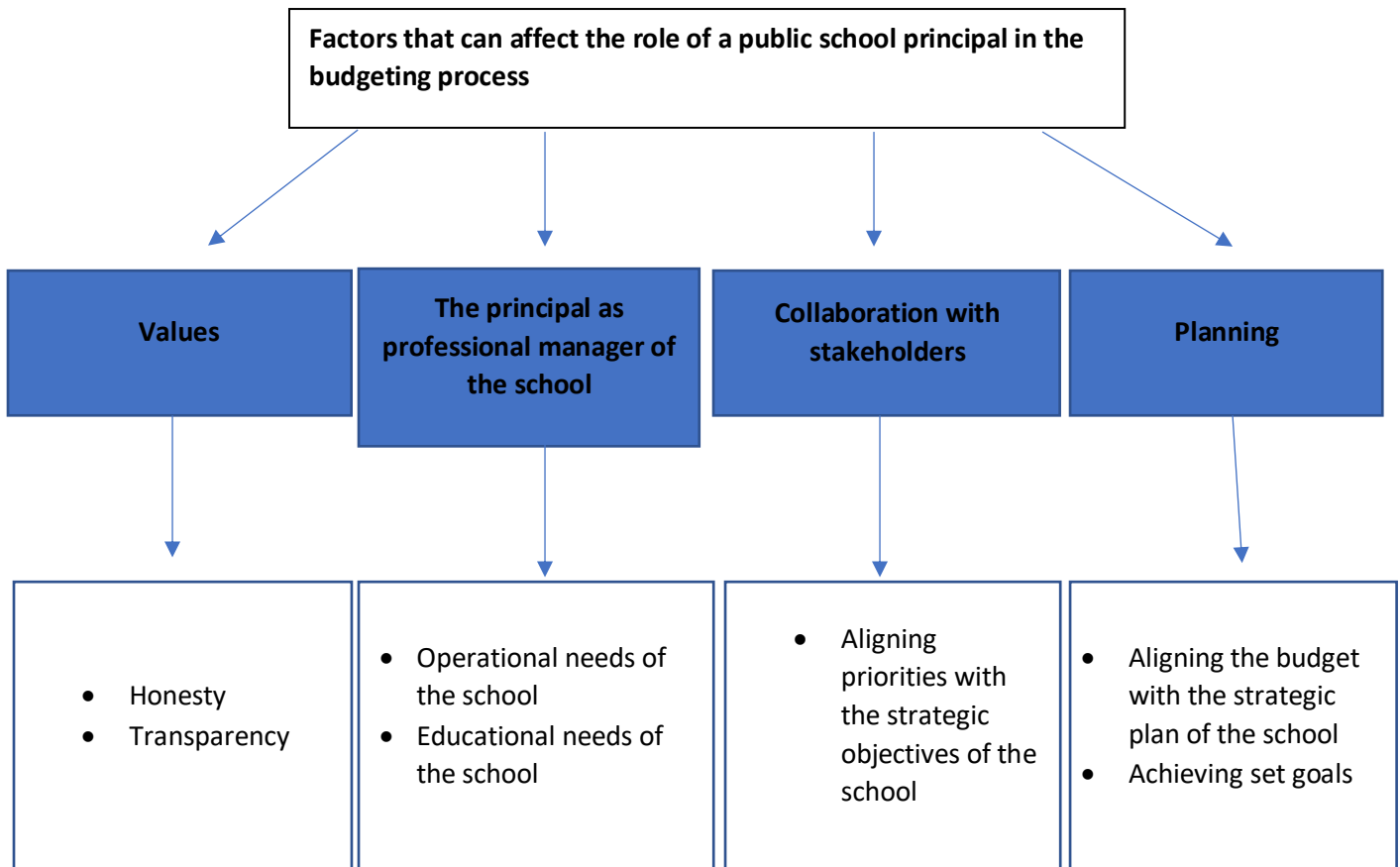
Based on the data and my findings, I provide answers to these questions in the following sub-sections.

### **5.2.1 How do principals of fee-paying public schools support their school governing bodies in the budgeting process of their schools?**

This is the main research question and it is evident that SGBs depend heavily on the support that the principal provides during the budgeting process. Principals primarily provide support in the form of information of what the needs of the school are in terms of the provision of quality education. Because they are generally not as skilled in financial matters, SGBs of fee-paying schools rely on the financial experts who are members of the finance committee of the SGB.

The way principals and their SGBs collaborate can make or break the success of the budget and financial year of a school. A relationship based on honesty, mutual trust and transparency will contribute to sound collaborative relationship. Furthermore, the principal's daily involvement at the school contributes to the value of his/her inputs.

Good planning and linking the budget to the strategic objectives of the school is also of utmost importance. In this regard, the input of the principal is important as he or she is the person who best knows the operational needs of the school. Figure 5.1 illustrates elements of a principal's role during the budgeting process that emerged from the data. The primary role of principals in the budgeting process is to ensure that the budget of their school addresses the needs of the school, particularly so that effective teaching and learning can take place. The four elements of a principal's role during the budgeting process are: the values underpinning their relationship with the SGB, the principal as professional manager of the school, collaboration with stakeholders, and the need to plan effectively.



**Figure 5.1: The elements of a public school principal's role in the budgeting process**

The important factors of figure 5.1 are explained as follows:

- Values underpinning the principal-SGB relationship: Of particular importance is that the principal-SGB relationship should be underpinned by honesty and transparency. These values are important to a relationship in which mutual trust is prevalent. Without mutual trust between the principal and his or her SGB, vested interests will make it unlikely that the budget of a school will address the needs of the school.
- Information: Due to them being the professional managers of a school (Section 16 (3) of the South African Schools Act) and in their *ex officio* capacity the only permanent member of the SGB, principals have the responsibility to provide their SGBs with all the relevant and appropriate information they require to draft an effective budget that addresses the operational and educational needs of the school. This is in line with Sub-sections 16A (2) I, 16A (2) (h and 16A (3) of the South African Schools Act which determine that the principal must assist

the SGB by providing information regarding the professional management of the school and relevant legislation, regulations and policies, and to inform the SGB when they are acting in conflict with instructions of the provincial Head of department, legislation or policy.

- The principal as professional manager of the school: The principal of a school has the responsibility of operational needs of a school which will include how everything on school grounds are managed to improve the school's overall performance. In the SOUTH AFRICAN SCHOOLS ACT NO. 84 OF 1996, Section 16A- Functions and responsibilities of principal of public school clearly stipulate what the principal must do in undertaking the professional management of a public school as contemplated in section 16 (3), carry out duties which include, but are not limited to, with a list of operational duties that has to be carried out. Linking it to what the study is investigating and figure 5.1, all these responsibilities are factors that will influence the principal during the budgeting process as operational duties will have a long term affect on the school. Also, part of this factor is educational needs, also known as LTSM (learning and teaching support material), factors that directly influence finances and budget because it is material that the school has to purchase. The importance of this factor lies within the same law of the SOUTH AFRICAN SCHOOLS ACT NO. 84 OF 1996, Section 16A 9(b) which stipulate that The principal must prepare and submit to the Head of Department an annual report in respect of— (i) the academic performance of that school in relation to minimum outcomes and standards and procedures for assessment determined by the Minister in terms of section 6A; and (ii) the effective use of available resources; and must also provide an academic performance improvement plan (SASA section 16).
- Collaboration with stakeholders: Being the professional manager of the school, the principal is in the best position to involve and collaborate with stakeholders such as departmental heads and individual teachers. This collaboration is important as they can provide valuable inputs to align the strategic objectives of the school with the budget.

- Planning: As the professional manager of the school, the principal is responsible that the objectives as expressed in the budget, are well-planned and that these plans are executed. He or she therefore needs to ensure that the budget and the plans to achieve the strategic objectives are aligned. In addition, the principal must ensure that these plans are executed in order to achieve the set goals.

### **5.2.2 How do principals of fee-paying public schools perceive their role in the budgeting process?**

Principals are *ex officio* members of the SGB and in terms of Sub-section 16A (2) (b) of the South African Schools Act must attend all the meetings of the SGB. In addition, Sub-section 16A (2) (j) of the Schools Act stipulates that the principal must be a member of the finance committee of the SGB.

Principals perceive their role as highly important as they know that informative decisions will not be possible without their input. Effective decisions and a well-functioning SGB is therefore dependent on a principal who is involved and provides the SGB with all the necessary information and guidance.

The data suggested that the participating principals perceive themselves as being the most knowledgeable about the internal workings of their schools and therefore regard their inputs in the budgeting process as invaluable. They are not only the link between the SGB and the school management team and teachers, but also the link between the SGB and the provincial department of education. The participating principals seem to take both these roles seriously.

### **5.2.3 How do the members of school governing bodies of fee-paying public schools perceive the role of their school principals in the budgeting process of their schools?**

The participating SGB chairpersons and chairpersons of finance committees seem to regard the principals' input and support as being extremely valuable. For example, one participant mentioned that the principal is seen as the CEO of the school whereas another participant referred to the principal as the one who is the eyes and ears of the school, knowing all the ins and outs and what the school's needs are. Generally, the SGB participants perceived the role of the principal as being indispensable in the

budgeting process as he or she is the only person who can provide all the information they need during the budgeting process.

The data suggested that the participating principals do not necessarily view priorities for their schools in the same way as their SGBs. Most principals have been involved at their schools for much longer than SGB members and therefore they have much more knowledge than the parent members of the SGB. SGB participants indicated that principals have intimate knowledge of the school's requirements, and they must translate it into monetary terms during the budgeting process. Principals are therefore regarded as an integral part of the budgeting process because they voice the needs of the school and motivate why these needs should be prioritised. Even though principals must work through the SGB, they should have a 100% input in everything that is decided at schools. This is particularly important because the principal is not only accountable to the SGB, but is also in terms of Section 16 A (1) of the South African Schools Act accountable to the provincial head of department.

#### **5.2.4 How do school governing bodies and principals of fee-paying public schools align their priorities during the budgeting process?**

To avoid any conflict and have an effective and efficient budgeting process, it is of the utmost importance that the priorities of principals and their SGBs are aligned and that there are no vested interests. Inflexibility and disagreement during the budgeting process can lead to financial decisions that can create numerous challenges for schools and difficulties in the upcoming year. The data suggested that to align the priorities of principals and SGBs the participating schools hold regular meetings to ensure that all the stakeholders are well-informed about the needs of the school and to prioritise these needs. These meetings also provide a valuable platform to ensure that all role players and stakeholders are informed about the reasons why certain decisions are made. In addition, the meetings allow for SGBs and stakeholders to be aligned in terms of the vision of the school. The data indicated that the participating principals and their SGBs try to meet as often as possible, generally at least once a month. However, the meetings can be held more regularly during the budgeting process when more stakeholders are also invited to provide inputs.

Another way to align priorities, is to keep all stakeholders well-informed as it would justify why certain decisions are made. As soon as all the stakeholders know why

certain decisions are made and what the current financial situation of the school is, they have a better understanding why things are done the way it is, and all the priorities of members will be aligned. In addition, keeping all stakeholders well-informed contributes to transparency and accountability. Principals have an important role to play in supporting their SGBs in this regard.

The data further indicated that all role players in the budgeting process should be open to change. Change is inevitable and situations at schools change from year to year as new challenges arise, for example the COVID-19 pandemic which confronted schools with unique challenges. Principals and their SGBs therefore need to be flexible.

Involving external experts also seem to be a way in which the participating schools facilitate the alignment of priorities. Lastly, and most important is communication. Members that are informed and communicate effectively, would be able to align their goals and priorities much better as they will know why things are done and why the decisions had been made.

### **5.3 RECOMMENDATIONS**

Based on the findings of this study, the following recommendations are made:

#### **5.3.1 Clearly demarcated roles and responsibilities**

The study found that the participating SGB's rely heavily on the support of their principals and do in fact acknowledge that they cannot draft a budget effectively and successfully without the inputs of the principal as the principal is an *ex officio* member of the SGB and a member of the finance committee. The role that the principal provides in the budgeting process of a fee-paying public school is therefore highly regarded by all participants in this study. It is therefore recommended that principals and their SGBs have well-formulated policies and procedures with regards to the budgeting process in which the roles and responsibilities of principals and SGBs are clearly demarcated. This will limit the potential for conflict due to vested interests.

#### **5.3.2 The development of a trust relationship between principals and SGBs**

SGBs require relevant and appropriate information to make appropriate decisions during the budgeting process. Because the principal has intimate knowledge of the day-to-day activities and needs of their schools, the relationship between principals

and their SGBs should be based on mutual trust and respect. Schools should therefore promote values such as honesty and transparency. The best interest of the school and its learners should therefore be the guiding consideration during the budgeting process.

### **5.3.3 Regular meetings**

Good and effective communication is essential in the budgeting process. It is therefore important that regular meetings are held to indicate to all members where the school is at and what their financial position is. This is particularly important during the budgeting process where all stakeholders, including the departmental heads and teachers, should be invited to contribute inputs. Principals should therefore promote the participation of other members of the staff in the budgeting process.

### **5.3.4 The need for training**

Principals need to be trained regarding the budgeting process and the management of budgets. They are generally trained to be teachers and are often not trained in terms of financial management. In addition, principals must be well-informed in respect of the legal requirements pertaining to schools' budgets and the implementation thereof. However, principals cannot wait for someone to train them; they must take this responsibility on themselves. They are going to be held accountable from the day of their appointment and therefore need to accept the responsibility in terms of their own training as well.

### **5.3.5 Involving experts**

When they are unsure about their own expertise, principals should not hesitate to take the lead to involve external experts in the budgeting process. This is specifically provided for in Section 30 (1) of the South African Schools Act.

## **5.4 SUGGESTIONS FOR FURTHER RESEARCH**

The following suggestions are made for further research:

- It is evident from the data that principals and SGBs of fee-paying public schools who have additional functions allocated to them in terms of Section 21 of the South African Schools Act, take on a big financial tasks and responsibilities and

that there is an assumption that these schools do not need support. Although the South African Schools Act stipulate the roles and responsibilities of principals and SGBs, many of these schools require additional support to budget effectively and to manage their finances appropriately. Therefore, further studies should be conducted on how provincial Departments of Education can support principals and SGBs of fee-paying public schools in this regard.

- Fee-paying public schools are very reliant on income sources other than that which is provided by the provincial education departments. They are confronted with unique challenges that are different from non-fee-paying schools. For example, not all parents can pay school fees and apply for exemption from the payment of school fees. Therefore, studies on the actual budgeting processes of fee-paying schools can provide valuable insights that could improve policies and practices in fee-paying schools. Such studies could, for example, include how fee-paying schools calculate the potential income from school fees, how they determine the school fees to be charged in a financial year or budget cycle, and how they determine the operational and educational needs of their schools.
- There is always the potential for conflict between the principal and his or her SGB with regards to financial priorities of the school. A study on how fee-paying schools prevent, manage, and resolve such conflicts will provide a better understanding of this phenomenon which could also inform financial management policy and practice in fee-paying schools.

## **5.5 CONTRIBUTION OF THIS STUDY**

This study greatly focused on the budgeting process and the influence that the principal has, not only on the process but also the stakeholders included in this process. Various factors aroused that influence the decision-making in the budgeting process that many people are not always aware of. Some external factors must be taken into consideration as there are no other options, as with certain laws and the Schools Act when making decisions. Internal factors and opinions from members on what will be the best in the current financial situation can be argued. This study contributed by making readers aware of these factors and what to pay attention to in these situations. Many personal opinions and data from participants were gathered and put into context. It also provided a list of responsibilities that stakeholders expect from principals, even



though all are not stated in the law or school policies from the Department of Education, the entity that the principal works for. Principals are expected to support the SGB in the budgeting process, give inputs, provide information from the school, be a member of the financial committee, run the school and be honest and transparent in every situation and for these reasons the study made it clear that principals are very important, if not the most important members of the SGB.

## **5.6 LIMITATIONS OF THIS STUDY**

This study is limited in some ways. Generalisation of findings was not the purpose of the study, because I only used schools in the Pretoria region of Gauteng. The findings could not be generalised and therefore not all fee-paying public schools are applicable to this study. The data and finding of this study are based on the participants that took part, their experiences, perceptions, and opinions. It was also primary and secondary schools of different sizes and financial capacity, therefore participants had different outlooks on some of the questions.

The study did however present some challenges, especially with regards to the COVID-19 pandemic. Participants did not all want close contact sessions and some preferred to virtually do the interview over Google Meets. I had a situation where I had to adapt and combine two interview sessions, the SGB chairperson and financial committee chairperson of the same school, to make it one interview as they had very limited time to do the interview as both were very busy. I also had one participant of a school that did not want to take part in the interview. I managed to replace that participant with someone in a similar position from another participating school.

## **5.7 CONCLUDING REMARKS**

Different provinces as well as African countries struggle with different financial challenges, therefore it is important that further studies should be done throughout the country, as my study only focused on schools in the Pretoria region, to get a more comprehensive understanding of the challenges schools, SGBs and principals face on the research topic. The budgeting process is the start of all the financial processes, and if it is managed well, and the principal can support the SGB on all terrains then it would certainly lead to a successful financial year.

Even though this study mainly focused on the budgeting process and the support the principal provides, it also made it clear that the management of all the financial processes is a key part in any school. By knowing what is going on the whole time and receiving good communication and information, it would make it easier for all stakeholders to get on board and follow the same goals. The budgeting process can make or break a school.

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## Addendum A: Interview protocol

### **INTERVIEW PROTOCOL – SGB and Finance Committee Chairperson**

#### **PURPOSE OF THE STUDY:**

The study seeks to investigate the principal's supportive role at fee-paying public schools during the budgeting process of their schools.

#### **SOURCES OF DATA TO BE COLLECTED:**

The data collection will be in the form of semi-structured interviews and document analysis. Interviews with principals, SGB chairpersons and Financial committee Chairpersons from three Primary - and three Secondary Schools will be the participants. A total of 18 participants from the Tshwane North district. During the document analysis process, I will systematically review and evaluate specific documents relevant to my study, both printed and electronic.

#### **PROTECTION OF CONFIDENTIALITY:**

You can be certain that you will not be harmed in any way by participating in this research. I will make use of pseudo names throughout the study to ensure that your identity will be kept confidential. Your personal details will be protected and will not be available to any unauthorized individual(s). Be aware that you are allowed to withdraw at any stage during this study without any repercussions. You will have the opportunity to review the transcriptions of our interview.

#### **DURATION OF INTERVIEW:**

The semi-structured interview will not exceed an hour. During the interview I will have predetermined questions, but I could ask you to explain your answers or give an example.

The entire interview will be recorded via audio and transcribed. After I have transcribed the interview, I will arrange a meeting to discuss the findings, email you the transcript or arrange a meeting during a time that will suit the participant.

During the interview I will also be making notes as the discussion progresses.

**BIOGRAPHICAL AND DEMOGRAPHIC INFORMATION:**

**SECTION A: PARTICIPANT INFORMATION - SGB and Finance Committee  
Chairperson**

1.

<b>Academic qualification</b>	
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2.

<b>Year in which degree/ diploma was obtained</b>	
---	--

3.

<b>Years' experience as SGB or finance committee member</b>	
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4.

<b>Years' experience as Chairperson</b>	
---	--

5.

<b>Years involved at current school</b>	
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6.

<b>Current occupation</b>	
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**SECTION B –Principals’ supportive role in in the budgeting process of a public fee-paying school: SEMI-STRUCTURED INTERVIEW – SGB- and Finance Committee Chairperson**

1. How valuable are the inputs of the principal in the budgeting process? Motivate/explain your answer.
2. How effective is the budgeting process at your school? Motivate/explain your answer.
3. How efficient is the school’s budget in assuring effective teaching and learning at your school? Motivate/explain your answer.
4. Does the budgeting process at your school enable the principal to provide the inputs he deems as necessary?
5. In what way could the budgeting process be improved to enable the principal to provide the optimum support to the Governing Body?
6. How effective is external funding projects for your school?
7. Do you regard financial management skills as an important factor? Explain.
8. What do you think are the advantages of efficient and effective financial planning?
9. Have you done any courses to improve your financial skills?
10. How can the principal support the SGB and finance committee in decision making of the school budgeting process?

## **INTERVIEW PROTOCOL - Principal**

### **PURPOSE OF THE STUDY:**

The study seeks to investigate the principal's supportive role at fee-paying public schools during the budgeting process of their schools.

### **SOURCES OF DATA TO BE COLLECTED:**

The data collection will be in the form of semi-structured interviews and document analysis. Interviews with principals, SGB chairpersons and Financial committee Chairpersons from three Primary - and three Secondary Schools will be the participants. A total of 18 participants from the Tshwane North district will be participating in the study. During the document analysis process, I will systematically review and evaluate specific documents relevant to my study, both printed and electronic.

### **PROTECTION OF CONFIDENTIALITY:**

You can be certain that you will not be harmed in any way by participating in this research. I will make use of pseudo names throughout the study to ensure that your identity will be kept confidential. Your personal details will be protected and will not be available to any unauthorized individual(s). Be aware that you are allowed to withdraw at any stage during this study without any repercussions. You will have the opportunity to review the transcriptions of our interview.

### **DURATION OF INTERVIEW:**

The semi-structured interview will not exceed an hour. During the interview I will have predetermined questions, but I could ask you to explain your answers or give an example.

The entire interview will be recorded via audio and transcribed. After I have transcribed the interview, I will arrange a meeting to discuss the findings, email you the transcript or arrange a meeting during a time that will suit the participant.

During the interview I will also be making notes as the discussion progresses.



**BIOGRAPHICAL AND DEMOGRAPHIC INFORMATION:**

**SECTION A: PARTICIPANT INFORMATION - Principal**

1.

Academic qualification	
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2.

Year in which degree/ diploma was obtained	
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3.

Years' experience as Teacher	
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4.

Years' experience as Principal	
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5.

Years at current school	
Years at previous school(s)	
Total years of teaching	

6.

Financial roles at school	
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**SECTION B –Principals’ supportive role in in the budgeting process of a public fee-paying school: SEMI-STRUCTURED INTERVIEW – PRINCIPALS**

1. Do you think the SGB value your inputs in the budgeting process? Motivate/explain your answer.
2. How effective is the budgeting process at your school? Motivate/explain your answer.
3. How efficient is the school’s budget in assuring effective teaching and learning at your school? Motivate/explain your answer.
4. Does the budgeting process at your school enable you as principal to provide the inputs you deem necessary? Motivate/explain your answer.
5. In what way could the budgeting process be improved to enable you to provide the optimum support to the Governing Body?
6. What is the importance of external income projects at your school?
7. How important is it to have effective and efficient financial skills? Explain/ Motivate
8. What have you done to enhance your financial skills?
9. How important is financial planning in your school’s context? Explain/motivate your answer.
10. How can you support the SGB in the decision making of the school budgeting process?

## Addendum B: Ethics approval letter



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Education

Ethics Committee  
07 December 2020

Mr D Stander

Dear Mr D Stander

REFERENCE: EDU187/20

We received proof that you have met the conditions outlined. Your application is thus **approved**, and you may start with your fieldwork. The decision covers the entire research process, until completion of the study report, and not only the days that data will be collected. The approval is valid for two years for a Masters and three for Doctorate.

The approval by the Ethics Committee is subject to the following conditions being met:

1. The research will be conducted as stipulated on the application form submitted to the Ethics Committee with the supporting documents.
2. Proof of how you adhered to the Department of Basic Education (DBE) policy for research must be submitted where relevant.
3. In the event that the research protocol changed for whatever reason the Ethics Committee must be notified thereof by submitting an amendment to the application (Section E), together with all the supporting documentation that will be used for data collection namely; questionnaires, interview schedules and observation schedules, for further approval before data can be collected. Non-compliance implies that the Committee's approval is null and void. The changes may include the following but are not limited to:
  - Change of Investigator,
  - Research methods any other aspect therefore and,
  - Participants.

The Ethics Committee of the Faculty of Education does not accept any liability for research misconduct, of whatsoever nature, committed by the researcher(s) in the implementation of the approved protocol.

Upon completion of your research you will need to submit the following documentations to the Ethics Committee for your

Clearance Certificate:

- Integrated Declaration Form (Form D08),
- Initial Ethics Approval letter and,
- Approval of Title.

Please quote the reference number EDU197/20 in any communication with the Ethics Committee.

Best wishes



Prof Funke Omidre  
Chair: Ethics Committee  
Faculty of Education

Room 3.83, Level 3, Admas Building  
University of Pretoria, Private Bag 200  
Hatfield 0028, South Africa  
Tel +27 (0)11 429 5656  
Email: edu.ethics@up.ac.za  
www.up.ac.za

Faculty of Education  
Fakulteit Opvoedkunde  
Lefapha la Thuto

## Addendum C: GDE Approval letter



### GAUTENG PROVINCE

Department: Education

REPUBLIC OF SOUTH AFRICA

8/4/4/1/2

#### GDE RESEARCH APPROVAL LETTER

Date:	03 November 2020
Validity of Research Approval:	08 February 2021– 30 September 2021 2019/661
Name of Researcher:	D Stander
Address of Researcher:	30 Kamferbos Street Kilnerpark Pretoria
Telephone Number:	012 3336 229 / 076 3394 927
Email address:	<a href="mailto:Deenstander10@gmail.com">Deenstander10@gmail.com</a>
Research Topic:	The principals supportive role in the budgeting process of public fee-paying schools
Type of qualification	M-Ed (Education ,Law and Policy)
Number and type of schools:	3 Primary Schools and 3 Secondary Schools
District/s/HO	Tshwane North

#### **Re: Approval in Respect of Request to Conduct Research**

This letter serves to indicate that approval is hereby granted to the above-mentioned researcher to proceed with research in respect of the study indicated above. The onus rests with the researcher to negotiate appropriate and relevant time schedules with the school/s and/or offices involved to conduct the research. A separate copy of this letter must be presented to both the School (both Principal and SGB) and the District/Head Office Senior Manager confirming that permission has been granted for the research to be conducted.

The following conditions apply to GDE research. The researcher may proceed with the above study subject to the conditions listed below being met. Approval may be withdrawn should any of the conditions listed below be flouted:

1. Letter that would indicate that the said researcher/s has/have been granted permission from the Gauteng Department of Education to conduct the research study.

## Addendum D: Letter to principal



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Education

### LETTER TO PRINCIPAL

The Principal

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

Dear Mr/Ms .....

### PARTICIPATION IN THE STUDY: The principal's supportive role in the budgeting process of public fee-paying schools.

I am currently enrolled for a Master's degree in Education Management, Law and Policy at the University of Pretoria. Part of the requirements for the awarding of this degree is the successful completion of a significant research project in the field of education. The title of my approved research study is: "The principal's supportive role in the budgeting process of public fee-paying schools". This study will be conducted at three primary and three secondary schools within the Tshwane North District of the Gauteng Department of Education.

My project is supervised by Dr André du Plessis who is a lecturer at the University of Pretoria. The Gauteng Department of Education has approved my research and a copy of the approval letter is attached to this document. The study has also been approved by the Ethics Committee of the Faculty of Education of the University of Pretoria and has been given the reference number \_\_\_\_\_.

---

Faculty of Education  
Fakulteit Opvoedkunde  
Letapha la Thuto

The purpose of this letter is to invite you to participate in this research. The aim of this study is to investigate the principal's supportive role in the budgeting process of public fee-paying schools. The data will be collected through audio-recorded interviews. The interview should not take more than an hour. Only participants who have given their consent will participate in this study. Data collected from this study will be kept strictly confidential, and neither the school nor the participants will be identifiable in any report pertaining to this research. The data collected will be used for research and academic purposes only. The participants who are participating in this research may withdraw at any time during the data collection process without penalisation. Only after I have received your approval will I arrange a date and time for the interview (after school hours). Due to the Covid-19 pandemic, the interview can be done via an electronic platform such as Zoom, Google Meet or Skype. Should this not be possible, protocols associated with the prevention of Covid-19, such as maintaining a 1,5m distance, wearing a mask and hand sanitising will apply during the interview.

The findings of this study could be useful to education practitioners and school governing bodies in future. The research study has the potential to provide insight into supportive role of a school principal in the budgeting process of fee-paying schools.

We also would like to request your permission to use your data, confidentially and anonymously, for further research purposes, as the data sets will be the intellectual property of the University of Pretoria. Further research may include secondary data analysis and using the data for teaching purposes. The confidentiality and privacy applicable to this study will be binding on future research studies.

If you decide to grant your permission for your school to participate in this research study, kindly indicate this by completing the consent form at the end of this letter.

Yours in service of education,

Dean Stander  
Student researcher

Dr André du Plessis  
Supervisor

---

Faculty of Education  
Fakulteit Opvoedkunde  
Lefapha la Thuto

**PERMISSION FOR RESEARCH**

I, \_\_\_\_\_, Principal of .....  
hereby give permission to Dean Stander to include me as a participant in his research on The  
principal's supportive role in the budgeting process of public fee-paying  
schools.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Addendum E: Letter to the SGB and financial committee members



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Education

### LETTER TO: Finance Committee Chairperson

The Chairperson

Finance Committee of .....

.....

-----

Dear Mr/Ms .....

### PARTICIPATION IN THE STUDY: "The principal's supportive role in the budgeting process of public fee-paying schools".

I am currently enrolled for a Master's degree in Education Management, Law and Policy at the University of Pretoria. Part of the requirements for the awarding of this degree is the successful completion of a significant research project in the field of education. The title of my approved research study is: "The principal's supportive role in the budgeting process of public fee-paying schools". This study will be conducted at three primary and three secondary schools within the Tshwane North District of the Gauteng Department of Education.

My project is supervised by Dr André du Plessis who is a lecturer at the University of Pretoria. The Gauteng Department of Education has approved my research and a copy of the approval letter is attached to this document. The study has also been approved by the Ethics Committee of the Faculty of Education of the University of Pretoria and has been given the reference number \_\_\_\_\_.

---

Faculty of Education  
Fakulteit Opvoedkunde  
Lefapha la Thuto



The purpose of this letter is to invite you to participate in this research. The aim of this study is to investigate the principal's supportive role in the budgeting process of public fee-paying schools. The data will be collected through audio-recorded interviews. The interview should not take more than an hour. Only participants who have given their consent will participate in this study. Data collected from this study will be kept strictly confidential, and neither the school nor the participants will be identifiable in any report pertaining to this research. The data collected will be used for research and academic purposes only. The participants who are participating in this research may withdraw at any time during the data collection process without penalisation. Only after I have received your approval will I arrange a date and time for the interview (after school hours). Due to the Covid-19 pandemic, the interview can be done via an electronic platform such as Zoom, Google Meet or Skype. Should this not be possible, protocols associated with the prevention of Covid-19, such as maintaining a 1,5m distance, wearing a mask and hand sanitising will apply during the interview.

The findings of this study could be useful to education practitioners and school governing bodies in future. The research study has the potential to provide insight into supportive role of a school principal in the budgeting process of fee-paying schools.

We also would like to request your permission to use your data, confidentially and anonymously, for further research purposes, as the data sets will be the intellectual property of the University of Pretoria. Further research may include secondary data analysis and using the data for teaching purposes. The confidentiality and privacy applicable to this study will be binding on future research studies.

If you decide to grant your permission for your school to participate in this research study, kindly indicate this by completing the consent form at the end of this letter.

Yours in service of education,

Dean Stander  
Student researcher

Dr André du Plessis  
Supervisor

---

Faculty of Education  
Fakulteit Opvoedkunde  
Lefapha la Thuto

**PERMISSION FOR RESEARCH**

I, \_\_\_\_\_, Chairperson of the Finance Committee of  
....., hereby give permission to Dean Stander to  
include me in his research on **The principal's supportive role in the budgeting process of  
public fee-paying schools.**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Addendum F: Consent form



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Education

### CONSENT FORM

#### VOLUNTARY PARTICIPATION IN THE RESEARCH PROJECT ENTITLED

#### The principal's supportive role in the budgeting process of public fee-paying schools.

I confirm that I have been informed about the nature of the research and that my rights have been explained to me. I have discussed the project with the researcher, Dean Stander, who is conducting the project for his MEd Leadership degree who is supervised by Dr André du Plessis in the Department of Education Management and Policy Studies at the University of Pretoria. I understand that if I consent to participate in this project, I will be interviewed.

I understand that I and my school's participation are dependent on granting permission for our participation by the Gauteng Department of Education. I further declare that I understand, as they were explained to me by the researcher, the aim, purpose, scope, benefits and methods of collecting information proposed by the researcher.

I understand that if I participate in this study my contribution will be kept confidential and will not be identifiable in any research report. I also understand that there are minimal risks associated with this study. I understand that I will remain anonymous and that my participation in this study is voluntary and willingly. I have the right to withdraw from the project at any time during the research project. My withdrawal will not affect me in any way.

I understand that by signing the consent form I am agreeing to participate in this study. I also understand that my contribution will be used primarily for a Research Project for the MEd (Management, Law and Policy) degree. I also understand that the data I provide can also be used confidentially and anonymously, for further research purposes, as the data

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Faculty of Education  
Fakulteit Opvoedkunde  
Lefapha la Thuto

sets are the intellectual property of the University of Pretoria. Further research may include secondary data analysis using the data for research purposes. The confidentiality and privacy applicable to this study will be binding on teaching and future research studies.

Participant's name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_