Critical Reflections on Fund Distribution in Malaysian Schools

Syed Ismail Syed Mohamad¹, Murugesh Arunachalam², Mary Low³, Syed Jamal Abd Nasir Syed Mohamad⁴

¹Department of Accounting and Finance, Faculty of Management and Economics, Universiti Pendidikan Sultan Idris (UPSI), 35900 Tanjong Malim, Perak
²School of Accounting, Finance and Economy, Waikato Management School, University of Waikato, New Zealand
³Department of Management, Faculty Business and Management, Universiti Teknologi MARA (UiTM), 40000 Shah Alam, Selangor
syed.ismail@fpe.upsi.edu.my

Abstract: The objective of this study is to provide critical reflections on teachers’ awareness and participation in sourcing and allocating funds for school operations in Malaysia. A survey of 118 teachers was conducted to obtain the teachers’ perspectives on the funding process. The perspectives were used as basis for critical reflections on the funding process in Malaysian schools. A theoretical framework comprising of stakeholder and intellectual capital theories was adopted to interpret the perspectives of the teachers. The survey revealed that only 9.3% (11/118) of the teachers had ample knowledge of the funding process, 32.2% (38 / 118) had very little knowledge and the remaining 58.47% (69) had no knowledge of the process. The survey also show that teachers and school administrators lack understanding of the central government’s policies on fund allocation to schools. The majority of the respondents agree that knowledge of sources and application of funds will help teachers to construct instructional planning that would enhance teaching and learning. The teachers believe that improvements at each of the school’s preliminary meetings as well as the school budget committee meeting should be presented to encourage teachers to plan their annual lesson plans by incorporating elements of creativity and innovation in their teaching and learning process. The theoretical implication of our study highlights that teachers being one of the key stakeholders contribute to the intellectual capital, which is a key feature financial management and accountability of source and application of school funds. Hence, we argue that developments in teachers’ awareness and participation in the funding process would enhance the core intellectual capital of schools.

Keywords: Source, Allocation, Funds, Stakeholder Theory, Intellectual Capital, Awareness, Teachers

1. Introduction

In Malaysia, there is lack of awareness and participation of teachers in school financial management and financial accountability. This was clearly reported during a World Education Forum: Although the Government has put many sound policies in place and has a clear vision of how to reach education sector goals, there is always the possibility of gaps between planning and delivery. As reported in the Education Blueprint, the large number of programmes, both academic and non-academic, has led to some schools losing focus. Moreover, limited use of data to inform decision-making, where monitoring is focused on process rather than outcomes, is seen as a hindrance for effective management. In addition, the occasional lack of coordination across key divisions creates overlaps or gaps in activities. Currently, financial and operational data are not linked and remain scattered across multiple platforms.


In this study, we refer to financial management and accountability in schools as a process of sourcing and using of Federal Government and non-government funds in schools. The source of school funding of Malaysia schools derives from two main sources, federal government funding and non-government funding. The government fund is distributed in the form of per capital grant (PCG) or based on the number of students enrolled in schools, staff salaries, the subject curriculum, extra curriculum activities, school maintenance and development. Non-government funds are received from supplementary school activities such as additional tuition, donations from individuals and private organisations and income from bank deposits and small business activities.

The key hypothesis of this study is that teachers are the primary stakeholders of schools and their awareness and participation in the management and accountability of sources and applications of school funds will enhance the intellectual capital of schools and the education system as a whole. Involvement in the management and
accountability processes will enable teachers to plan their instructional processes for the benefit of the students. Baker (2012) states that allocation money must be spent wisely to yield benefits on students’ learning outcomes. Teachers’ knowledge of the sources and applications of school funds greatly helps teachers to use the resources available to improve the quality of teaching and learning process. However, in many Malaysian schools, teachers lack awareness and participation of the management and accountability of school’s funds and this poses a financial burden to teachers as well as a hurdle to instructional planning of teaching and learning. Suryiati and Suhaida (2013), in their survey of 169 Malaysian teachers, found that 88.2% of the respondents never attend any school financial training or courses. Financial reports of the school are not available to the teachers and are not included in the agendas of school meetings. A vast number of teachers use their own money in teaching their subjects. Badd (2017) found in his interviewed with six Malaysian teachers that all of them have sometimes used their personal funds for providing instructions to their students. Teachers are generally not aware of the source and allocation of funds and how they are used in school operations. In this study, we also draw from previous studies on financial management and accountability of schools. The purpose of such review is to find gaps in extant literature. Our review suggests that such an investigation have not been conducted in Malaysia. Further the theoretical basis comprising stakeholder and intellectual capital theories have not used in previous studies.

In this interpretive study, we address the current issue by providing insights on the perspectives of 118 teachers from Malaysian schools in relation to their awareness and participation in the process of sourcing and distribution of Federal government and non-governmental funds. The primary objective of the study is to provide reflections on the basis of the teachers’ perspectives. The primary objective comprises of the following sub-objectives:

- Interpretive analysis of the extent of teachers’ awareness and participation in the financial management and accountability of school funds
- Interpretive analysis of the impact of the extent of teachers’ awareness and participation and on the financial management and accountability of schools
- Interpretive analysis of the impact of the extent of teachers’ awareness and participation on teachers’ instructional planning and teaching
- Reflections on stakeholder and intellectual theories on the basis of the above interpretive analyses.

For interpreting the teachers’ perspectives, we use a conceptual framework-comprising stakeholder and intellectual capital theories. The justification of using these theories is that teachers are one of the primary stakeholders of schools and contribute substantial to the operation and delivery of education to non-tertiary students. The theoretical framework is used to provide insights as to how the role of teachers as stakeholders and intellectual capital of schools have implications for financial management and accountability for Federal Government and non-governmental funds. Freeman’s (1984) stakeholder theory argues that a firm should create value for all stakeholders, not just shareholders. He addresses morals and values in managing an organization. In education according to McPhail,C.J.(2019) stakeholder refer to those interested in the welfare and success of a school and its students, including administrators, teachers, staff members, students, parents, families, community members, local business leaders, and elected officials such as school board members, city. School administrators, teachers, students and related parties must create high value in ethics and morals towards maximize the potential builds a stronger community by preparing students to be successful community members. According to Eric (2015), schools need to increase their values of providing quality education and accountability to the public. School education is expected to develop intellectual human capital for the knowledge society within the competitive global economy, to interact with its policy environment and know how to manage pedagogical knowledge. Teachers’ awareness on the allocation PCG to each subject teach in school will untie financial barrier in planning teaching and learning process for the pupils’ benefit.

Briefly discuss findings: In this study, we found that only 9.3% of the respondents aware and have knowledge regarding the school funds resources and allocations of the subject taught under the school funding guidelines. Majority (90.67 percent) of the student teachers tell that they never been expose in details how the school fund distributes during their teachers training in the colleges or school. All of the student teachers agree that if proper allocation is expose to them before beginning of the school terms, they can plan in using the allocation in their teaching and learning process in advance. The findings indicate that generally School Principals do not provide sufficient information to teachers regarding the funds received and how the funds are allocated.

Drawing from our findings, we argue that the lack of awareness among teachers and the lack of transparency and accountability on the sources and applications of school funds result in misuse of the funds. Reporting to
teachers on the sources and allocation of funds is an important aspect of budgetary control that can increase the effectiveness and efficiency of school operations.

In addition, increasing teachers’ awareness and participation in sourcing and allocating school funds will create innovative instructional processes. Financial knowledge creates teachers with financially leadership skills and as a result enhance the intellectual capital in schools comprising of teachers. Therefore, principals as heads of schools have important responsibilities to increase teachers’ awareness of the sources and application of funds and help them participate in the management and accountability processes according to hybrid model.

This study will fill the gap that lack of previous study regarding the awareness and involvement of the teachers’ regarding the source and allocation of school funding that link toward enhancing the intellectual capital of the stakeholder especially the teachers’ who are the front runner, for the benefit of the students’ qualities outcomes.

The remainder of the paper is organised in the following manner. Section 2 provides a review of previous studies in relation to financial management and accountability of schools with emphasis on management and accountability of school funds and teachers involvement in these processes. Section 3 describes the theoretical framework-comprising stakeholder and intellectual capital theories and the relevance of these theories for our interpretive analysis. Section 4 describes the method and methodology used in this study, in particular description of the survey process and the collection of data as well as the interpretive analysis adopted in this study. Section 5 presents the findings of the survey followed by critical reflections on the teachers’ perspectives in section 6. The paper concludes in section 7 with a summary and discussion on limitations of the study as well as directions for future research.

2. Literature Reviews

Financial Management and Accountability of schools

The School Principals’ has been given the mandate by the Ministry of Education to hold trust in spending and distributing school funding received from the government according to financial guidelines. Financial management refers to the process of planning, distribution and use of intellectual capital, cash, assets and services to meet the goals of the organization. The implementation of this process must comply with applicable laws and procedures. Efficient and organized financial management is very important in managing limited resources. Accountability in financial management is to ensure that the allocation of PCGs to schools is managed efficiently according to its objectives. Without accountability principle in civil servants, then there is a waste of human resources, finances and time, delays in completion a project and this will reduce public confidence in government financial management in particular and public service in general and thus opened up opportunities for it embezzlement, corruption, misconduct and abuse of power (Malaysian Integrity Institute: National Integrity Plan (PIN), 17 May 2006). Based on PIN statement, it is important that school administrators and teachers understand central government’s policies on fund allocation to schools, however, previous study found that most teachers and school administrators lack understanding of central government’s policies on fund allocation to schools (Shahri, 2005, Suriah and Suhaida, 2013). Principals should include financial committees consisting of senior teachers and representative of each subject teachers to make them aware of the allocation of PCGs and be involved in this financial distribution process under the school funding guidelines (ShahriMarzuki, 2005).

According to Ntsele (2013), transparency is still a major challenge in most schools as delegation of financial responsibilities and finance committees are not functional. This finding paralleled with this study problem statements that indicated generally school principals do not provide sufficient information to teachers regarding the funds received and how the funds are distributes. Lack of transparency and accountability on the sources and detail distribution of school funds may result in misuse of the funds. Again, according to Ntsele (2013), some finance committees have no clue of the school’s income or balance in the bank account. Monies raised are not disclosed to staff or parents. The findings also show a lack of accountability among financial committees including headmaster who do not hold financial management meetings properly and rarely. Results further delineated that lack of training, overlapping of responsibilities and dysfunctional of financial committees are some of the key factors that prevent schools from managing their finances efficiently, effectively and economically.

Base on Norfariza (2014) stated that the school financial administrative committee should collaboratively comprise of principals, teachers and administrative staff for effective school-based financial management in
Malaysia can be achieve. She highlighted teachers’ role in school-based financial management and empowered them with some authority over school financial management could have a clear picture of their duties and responsibilities to manage school funds effectively. Eric, C.K. Cheng (2015), stated that schools need to increase their values of providing quality education and accountability to the public. However previous recent study regarding the teacher’s awareness of the school funding allocation and distribution in Malaysia are hardly found except research by Suriyati and Suhaida (2013), that 88.2 percent of the 169 respondents’ teachers’ never attend any school financial training or courses. This showed that Malaysian teachers are not aware the school finance process.

Malaysian Ministry of Education (MOE) through it Account Unit had published a guidelines book in 2012 regarding how to account and manage the school financial funds according to the need of Malaysian Treasury requirement. This guideline book usually kept by the financial or administrator clerk of the schools. Shahril (2005) in his research found that sometimes school did not have financial clerk and the duty of financial will be handle by the administrative clerk with no training regarding the financial procedures and guidelines. Syed Ismail and Juliana (2013) in their research found that planning and provisions for training or courses related to manage school finance must be done with more incentives and effectiveness.

In others countries from previous research issues in school funding that create strike among teachers’ due to the teacher’s workloads and own financial burdens. According to Stephie, G.P, (2018) 94 percent of US public school teachers spend their own money on school supplies. Same in New Zealand, according to Farah Hancook (May 26, 2018), school teachers are spending hundreds of dollars of their own money on essential teaching supplies needed for their classrooms. An education advocacy group, Save Our Schools, released results from a recent survey, which asked teachers how much of their salaries they spend on classroom materials. Less than halfway through the school year 65 percent of respondents said they had already spent between $100 and $500 on classroom supplies. If the school supplies are not in the budget so allocation for teaching and learning budget are consider hardly allocate.

**Stakeholder Theory**

As we refer to the Freeman (1984) stakeholder theory argues that a firm should create value for all stakeholders, not just shareholders. He addresses morals and values in managing an organization. In education according to McPhail, C.J. (2019) stakeholder refer to who is invested in the welfare and success of a school and its students, including administrators, teachers, staff members, students, parents, families, community members, local business leaders, and elected officials such as school board members, city . School administrators, teachers, students and related parties must create high value in ethics and morals towards maximize the potential builds a stronger community by preparing students to be successful community members.

**Intellectual Capital (IC)**

Cheng (2015, 2017) defines school Intellectual capital (IC) as both human and non-human storehouses of knowledge that involve organizational routines such as policies and procedures. He (ibid) concludes that IC can be applied in schools by strengthening through creating effective organizational communication strategies.

A further studies by J. Morten, H.T. Lasen and P.N. Bukh (2001), found how a company uses IC resources to communicate not only in the form of figures but also in the form of stories and illustrations of the challenges faced by a firm. They help open the potential narrative of a firm's future to internal and external users and also being discussed how this is possible employees are persuaded to help managers craft the strategies to be pursued in the marketplace of the future.

Hargreaves (2001) and Kelly (2004) focus on the decomposition of IC elements in school context. Hargreaves defines IC as the sum of the knowledge and experience of the school's stakeholders that they could deploy to achieve the school's goals because if teachers are involved early in the allocation of school funds, teachers can develop a more creative and innovative lesson plan as a result of using those funds.

**Theoretical Framework-Comprising Stakeholder and Intellectual Capital**

Base on Sutton, M. (1996) cited in Mohd Yusri (2014) Malaysian school use three model in school financial management, centralize which headmaster as caretaker to the fund received and distribute according the guideline by the ministry of education. Second model decentralize which headmaster and financial committee or other school head administrators distribute the fund-received base on their meeting and the third Hybrid Model,
where the headmaster and financial committee make decisions through discussions and mutual understanding of all administrators and teachers’. However, the hybrid model not popular from Malaysian schools, which subject teachers are not involved in the financial distribution decision.

The theoretical implication of our study highlights that teachers being one of the key stakeholders contribute to the intellectual capital, by applying the hybrid model which meant that school administrators and teachers’ make financial management decisions through discussion and understanding. Hence, we argue that cooperation with teachers in finance matter will develop teachers’ awareness and participation in the funding process, as a result this would enhance the teachers’, one of very important stakeholder and core intellectual capital of the schools.

3. Methodology

The Study is an interpretive analysis to a focus group aimed at developing an understanding about awareness and knowledge of the respondents with school fund allocation distribution to the subject teach in school. William and Katz (2001) state that focus groups have been used as a data collection method to examine topics as diverse as nutrition, AIDS, sexual education, and technology in the educational settings. Focus groups involved people possessing certain characteristics and have focused discussion to produce qualitative data providing insights into the attitudes, perceptions, and opinions of participants as a data collection procedure (Flores and Alonsa, 1995; Maynard-Trucker, 2000; Murrey, 1998; Kidd and Parshall, 2000; Krueger, 1994; Wooten and Reed II, 2000).

The Sample of the study is constituted of 118 respondents who were master students’ teachers (with experienced more than 3 years in teaching) who enrolled for ‘PPP6114-Financial Management for School Administrators among the School teachers’ from various school in Malaysia who doing their part times masters study in Education Management at Sultan Idris Education University (UPSI) from 2016 - 2018.

Tools for Data Collection were based on the interviewed-on focus group consist 16 to 24 respondents in a group per semester. Three main questions asked to the students teacher, do any of you know fund allocation for subject taught, any of you ever been expose to the financial management of the school, and can knowledge of financial allocation in the subject teach will change the method of their teaching and learning process. The respondents given with three answer choices through hand raise to indicate the degree of agreement (ample knowledge, little knowledge, and no knowledge at all). Tools for Data Analysis such as simple descriptive from the respondent’s answers. With the answers interpretive analysis done to relate to the theories use intellectual capital and stakeholder theory base on the objectives of the studies.

4. Findings and Discussions

When asked the respondents awareness and knowledge regarding financial allocation of the subject taught under the school funding, it found that only 9.3% (11/118) of the teachers had ample knowledge of the funding process, 32.2% (38 / 118) had very little knowledge and the remaining 58.47% (69) has no knowledge of the process. It found that only teachers who involves in the school administrators such Principal, Assistants Principal and Subject Head Teachers aware of the school financial funding is in detail. The subject teachers who are the front line of the school education systems that deliver the subject material and educate the pupils should not been left behind. Norfariza (2014) highlighted teachers’ role in school-based financial management and empowered them with some authority over school financial management could have a clear picture of their duties and responsibilities to manage school funds effectively.

Majority (90.67 percent) of the student teachers tell that they never been expose in details how the school fund distributes during their teachers training in the colleges or school before enrolled in the PPP6114-Financial Management for School Administrators. From the random interviewed, the teachers said they don’t bother to know since if they know the procedures and the red tape of the processes will making them overloaded with paperwork for using the allocation budgets. This cause the teachers, use their own pocket money for the fast way out to achieve their teaching and learning objectives process in the class. Research by Suriyati and Suhaida (2013), support the findings that majority of teachers never attend any school financial training or courses.

Allof the student teachers agree that if proper allocation expose to them at the before beginning of the school terms so they can use the allocation money to prepare instructional planning in the teaching learning process. With the involvement and awareness of the PCG fund distribution to subject teach by the teachers, they can prepare the teaching and learning objectives with an up-to date information and computer technology facilities.
that support a real-life setting learning. However, the procedures must be easy for the teachers’ application to use the budgets allocations.

We support teachers’ as an important stakeholder in the school systems will not get the chance to contribute to the quality education delivery to the students if they are ignored in the financial distribution decision and knowledge. Teachers should be acknowledged or a part of the decision process in distributing the school fund allocation since they are the intellectual capital of the education system who face to face in delivering to the end outcomes. According to Mark Ginsburg (2017), characterize teachers as implementers of policy rather than as key stakeholders who should also be involved in dialogue and decision making about educational policy at various levels of the system.

5. Conclusions

Huge education budget should not reflect the quality of teaching and learning had been delivered unless it distributes according to the funding purpose as lay down in the budgets. In Malaysia hardly we receive the teachers complaining regarding using their pocket money for the students in the class in the media due to the teachers feel free to contribute for the students benefit. However, the relevant stakeholder must not take for granted this will last forever as what happen in the others countries. Proper awareness and educating teachers regarding the school financial funding base on the guidelines and procedures of Malaysian government should put as a compulsory training for the teachers. Teachers’ are associated with the welfare and success of a school and its students. Teachers then should have better understanding on the needs for collaboration and teamwork in school fund management in addition to their primary role in the teaching and learning process.

The strength of the schooling system lies in its teachers, its support staff and its governing bodies. If they are left to themselves, many will prosper, but our history shows that some will struggle. That is why the role of central and local government is not to run schools but instead to help them build capacity to meet student need, tackling underperformance where necessary and supporting improvement where possible. (Miliband, 2004 cited in Kelly 2004).

References


