The effect of financial management practices on financial performance of Church of Uganda founded private secondary schools in Greater Ankole Dioceses.

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Abstract

This study investigates the effect of financial management practices on financial performance of Church of Uganda-founded private secondary schools in Greater Ankole Dioceses. These schools face persistent financial challenges, including inadequate funding, low liquidity, and limited revenue generation, which threaten their ability to deliver quality education and maintain financial performance. The study is grounded in the Resource-Based View Theory, Incremental Budgeting Theory, and Systems Management Theory which emphasize the strategic management of internal resources, harnessing approaches to resources and the importance of organizational components in financial decision-making.

The research adopted a mixed-methods approach, combining quantitative and qualitative methodologies to provide a comprehensive understanding of the relationship between financial management practices and financial performance. Key financial management practices identified include resource mobilization strategies, financial reporting, financial planning, and internal control systems. Quantitative data were collected from 365 respondents using structured questionnaires, while qualitative data were gathered through in-depth interviews with 14 key stakeholders, including school administrators, financial officers, church representatives, and government officials. Structural Equation Modeling (SEM) was employed to analyze the quantitative data, while thematic analysis was used to interpret the qualitative findings.

The study's quantitative analysis revealed a statistically significant but negative relationship between financial management practices (FnMP) and financial performance (FnP), with a path coefficient of -0.3888 (p = 0.022). This counter intuitive finding suggests the current financial management approaches may be unintentionally undermining the schools' financial health. The findings highlight the critical role of robust financial management practices in addressing the financial challenges faced by these schools. Furthermore, the study emphasizes the importance of stakeholder engagement, capacity-building programs for school administrators, and the adoption of innovative resource mobilization strategies to enhance financial performance. Schools that effectively implemented these practices demonstrated improved budget performance, enhanced revenue generation, and better liquidity management.

This research contributes to the academic literature on financial management in educational institutions and provides practical recommendations for policymakers, school administrators, and stakeholders. By adopting effective financial management practices, Church of Uganda-founded private secondary schools can achieve financial stability and sustainability, ensuring their ability to fulfill their educational mission in the long term.

Keywords*: Financial management practices, resource mobilization, financial reporting, financial planning, internal control systems, financial performance, Church of Uganda schools*

1. Introduction

Educational institutions worldwide face increasing challenges in maintaining financial sustainability while delivering quality education. This challenge is particularly pronounced in private religious schools in developing countries like Uganda, which often operate with limited government support and rely heavily on tuition fees, donor funding, and contributions from religious organizations. The financial performance of these institutions is critical to their ability to provide quality education, maintain infrastructure, and meet the needs of their students and staff.

The Church of Uganda, a significant provider of education in Uganda, operates numerous private secondary schools that play a vital role in the country's education sector. However, these schools face persistent financial performance challenges, including inadequate funding, low liquidity, limited revenue generation, and increasing operational costs. These challenges threaten their ability to provide quality education and sustain their operations over time.

Financial performance in educational institutions refers to their ability to maintain sufficient financial resources to fulfill their educational mission over time (Ayuba et al., 2021). For Church of Uganda-founded private secondary schools, financial performance encompasses several key indicators, including budget performance, revenue base stability, adequate liquidity to meet operational needs, and the ability to invest in infrastructure and educational resources. Despite their critical role in Uganda's education sector, research on the financial management practices of these schools and their impact on financial performance remains limited.

2. Literature Review

2.1 Theoretical Framework

This study is anchored in three complementary theoretical frameworks: Resource-Based View Theory, Incremental Budgeting Theory, and Systems Management Theory. These perspectives provide a comprehensive foundation for understanding how financial management practices influence financial performance in Church of Uganda-founded private secondary schools.

Resource-Based View Theory (RBV) posits that organizations achieve competitive advantage through effective management of their unique, valuable, and difficult-to-imitate resources (Barney, 1991). In educational institutions, financial management practices represent critical organizational capabilities that determine how resources are acquired, allocated, and controlled. Effective financial management practices enable schools to optimize resource utilization, develop financial resilience, and achieve superior financial outcomes. For Church of Uganda-founded private secondary schools, RBV highlights how robust financial management practices including budgeting, internal controls, and financial reporting can be leveraged as strategic assets to address financial challenges and enhance institutional sustainability. The theory suggests that schools with superior financial management capabilities will demonstrate better financial performance than those with less developed practices.

Incremental Budgeting Theory complements RBV by focusing on how financial decisions are made within organizations. This theory suggests that budgeting processes typically build incrementally upon previous allocations rather than starting from zero each cycle (Wildavsky, 1964). In resource-constrained environments like Church of Uganda-founded schools, incremental budgeting practices influence resource allocation patterns and financial sustainability. The theory helps explain how historical budgeting patterns may perpetuate financial inefficiencies if not accompanied by strategic financial management practices that periodically reassess baseline assumptions. Effective financial management in this context requires balancing incremental stability with strategic reallocation to address changing institutional priorities and external conditions.

Systems Management Theory provides a holistic perspective by emphasizing the interconnectedness of organizational components (Kast & Rosenzweig, 1972). This theory views educational institutions as complex systems where financial management practices are integrated with other organizational processes, including academic planning, human resource management, and infrastructure development. For Church of Uganda-founded schools, which operate at the intersection of educational, religious, and community systems, Systems Management Theory highlights how financial management practices must be aligned with broader institutional objectives and stakeholder expectations. The theory suggests that financial management practices that effectively integrate with other organizational systems will enhance overall financial performance.

Together, these theoretical frameworks provide a robust foundation for analyzing how financial management practices affect financial performance in Church of Uganda-founded private secondary schools. RBV emphasizes financial management capabilities as strategic resources, Incremental Budgeting Theory highlights the dynamics of resource allocation processes, and Systems Management Theory underscores the importance of integrating financial management with other organizational systems. By grounding this study in these complementary theories, the research offers a comprehensive understanding of the relationship between financial management practices and financial performance in these unique educational institutions.

2.2.2 Financial Reporting

Financial reporting is a cornerstone of effective financial management and plays a critical role in enhancing the financial performance of educational institutions. For Church of Uganda-founded private secondary schools, financial reporting involves the preparation, presentation, and communication of financial information to stakeholders, including school administrators, church authorities, parents, and donors. Transparent and accurate financial reporting not only ensures accountability but also builds trust among stakeholders, which is essential for mobilizing resources and achieving financial sustainability.

The primary purpose of financial reporting is to provide a clear and comprehensive picture of an institution's financial health. This includes the preparation of financial statements such as income statements, balance sheets, and cash flow statements, which detail the school's revenues, expenses, assets, and liabilities. These reports enable school administrators to monitor financial performance, identify inefficiencies, and make informed decisions about resource allocation. For example, regular financial reporting allows schools to track their budget performance and adjust expenditures to align with available resources.

Transparent financial reporting also fosters stakeholder confidence. Parents, donors, and church authorities are more likely to support schools that demonstrate accountability in the use of funds. Schools that provide regular and detailed financial reports to stakeholders create a culture of trust and collaboration, which is critical for sustaining financial support. Research has shown that organizations with transparent financial reporting practices are more likely to attract external funding and maintain long-term financial stability (Al-Najjar & Al-Najjar, 2017).

2.2.3 Financial Planning

Financial planning encompasses budgeting, forecasting, and strategic financial management. It involves setting financial goals, developing strategies to achieve these goals, and allocating resources effectively (Moore, 2017). For Church of Uganda-founded private secondary schools, financial planning is essential for addressing financial challenges such as inadequate funding, low liquidity, and increasing operational costs. By adopting robust financial planning practices, these schools can align their financial resources with their strategic objectives, ensuring sustainability and improved financial performance.

Research suggests that comprehensive financial planning is positively associated with financial performance in educational institutions. Schools with effective financial planning practices are better able to anticipate financial challenges, allocate resources efficiently, and maintain financial stability (Burnett, 2010). Budgeting, as a core component of financial planning, provides a framework for resource allocation and expenditure control. Forecasting enables schools to predict future financial trends and prepare for potential risks, while strategic financial management ensures that resources are aligned with long-term institutional goals.

2.2.4 Internal Control Systems

Internal control systems refer to the policies, procedures, and mechanisms designed to safeguard assets, ensure the accuracy of financial records, and promote compliance with laws and regulations. These systems include financial policies, authorization procedures, segregation of duties, and regular audits (Ajayi et al., 2018). For Church of Uganda-founded private secondary schools, internal control systems are critical for maintaining financial accountability and ensuring the efficient use of limited resources.

Strong internal control systems are essential for preventing fraud, detecting errors, and ensuring that financial resources are used effectively to achieve institutional goals. Key components of internal control systems include regular financial audits, which provide an independent assessment of financial practices, and the segregation of duties, which reduces the risk of errors and fraud by ensuring that no single individual has control over all aspects of a financial transaction. Authorization procedures further enhance accountability by requiring approvals for significant financial decisions.

Research indicates that schools with effective internal control systems demonstrate better financial performance. These systems not only enhance financial accountability but also build stakeholder confidence, which is critical for mobilizing resources and sustaining operations (Al-Najjar & Al-Najjar, 2017). For example, schools that implement regular audits and maintain transparent financial records are more likely to attract donor funding and community support.

3. Methodology

3.1 Research Design

This study employed a mixed-methods approach, combining quantitative and qualitative research methods to provide a comprehensive understanding of the relationship between financial management practices and financial performance. The convergent parallel design was adopted, enabling the simultaneous collection and analysis of both quantitative and qualitative data. This design allowed for the strengths of both methods to complement each other, ensuring a more robust and comprehensive analysis. Integration of the findings occurred during the interpretation phase, providing a holistic understanding of the research problem and enhancing the validity of the conclusions drawn.

3.2 Population and Sampling

The study targeted Church of Uganda-founded private secondary schools in Greater Ankole Dioceses, which comprises five dioceses: West Ankole, North Ankole, North West Ankole, Ankole, and South Ankole. The population included key stakeholders involved in school management, such as school administrators, teachers, board members, and diocesan officials.

For the quantitative component, a sample of 365 respondents was selected using stratified random sampling. This approach ensured that the sample was representative of the different dioceses and stakeholder groups, capturing diverse perspectives on financial management practices and financial performance.

For the qualitative component, 14 participants were purposively selected for in-depth interviews. These participants were chosen based on their knowledge, expertise, and experience in school financial management, ensuring that the qualitative data provided rich and detailed insights into the research problem.

3.3 Data Collection Instruments

Quantitative data was collected using structured questionnaires, with items measured on a five-point Likert scale. The questionnaire was designed to capture key aspects of financial management practices, including resource mobilization strategies, financial reporting, financial planning, and internal control systems, as well as financial performance indicators. This instrument ensured consistency in data collection and allowed for the quantification of relationships between variables.

Qualitative data was gathered through semi-structured interviews with key informants, including school heads, bursars, board members, and diocesan education secretaries. These interviews were designed to explore participants' perspectives on financial management practices and their perceived impact on financial performance. The semi-structured format allowed for flexibility, enabling participants to provide detailed and context-specific insights while ensuring that key topics were consistently addressed across interviews.

3.4 Reliability and Validity

The reliability of the research instruments was assessed using Cronbach's alpha coefficient to determine the internal consistency of the items. The results for the financial management subconstructs were as follows:

- Resource mobilization strategies (α = 0.604)
- Financial reporting (α = 0.743)
- Financial planning (α = 0.667)
- Internal control systems (α = 0.842)

These coefficients indicate acceptable to good reliability, with internal control systems demonstrating the highest reliability.

Content validity was ensured through an expert review of the research instruments. Experts in financial management and educational research evaluated the instruments to ensure that the items adequately captured the constructs under investigation and were aligned with the study objectives. This process enhanced the accuracy and relevance of the data collection tools.

3.5 Data Analysis

The data analysis process in this study involved both quantitative and qualitative methods, consistent with the mixed-methods approach adopted. The analysis was conducted in two stages: quantitative data analysis and qualitative data analysis. The findings from both analyses were triangulated to provide a comprehensive understanding of the research problem.

Quantitative data was analyzed using **Structural Equation Modeling (SEM)**, a second-generation statistical technique that allows for the simultaneous examination of multiple dependent and independent variables. The analysis followed a two-stage process. First, the **measurement model assessment** was conducted using Confirmatory Factor Analysis (CFA) to evaluate the validity and reliability of the constructs. This ensured that only constructs with good measurement properties were included in the structural model. Second, the **structural model assessment** was performed to test the hypothesized relationships between financial management practices (independent variables) and financial performance (dependent variable). Path coefficients, model fit indices, and the significance of relationships were examined to validate the model.

In addition to SEM, other statistical techniques were employed. **Exploratory Factor Analysis (EFA)** was used to identify underlying latent variables and group related items. **Descriptive statistics** summarized the data, highlighting key trends and patterns, while **correlation analysis** examined the strength and direction of relationships between variables. Furthermore, **multiple linear regression** was used to model the relationship between financial performance and financial management practices, providing insights into the predictive power of the independent variables.

Qualitative data was analyzed using **thematic analysis**, a theory-driven approach that involved identifying patterns and themes related to financial management practices and financial performance. The analysis began with data familiarization, where interview transcripts were reviewed to gain an initial understanding of the data. Key phrases and concepts were then coded to identify recurring themes. These codes were grouped into broader themes that aligned with the study objectives. Finally, the themes were interpreted in the context of the research problem, providing deeper insights into the qualitative data.

The findings from the quantitative and qualitative analyses were triangulated during the interpretation phase. This process involved comparing and integrating results from both datasets to ensure consistency and provide a holistic understanding of the relationship between financial management practices and financial performance. Triangulation enhanced the validity and reliability of the study findings.

The analysis was conducted using **SPSS** and **JASP** for descriptive and inferential statistics, while SEM was performed using specialized software. Thematic analysis was conducted manually and supported by qualitative data analysis tools to ensure accuracy and depth.

4. Results

4.1 Demographic Characteristics

Table 4.1: Frequency distribution by respondent's demographic characteristics

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Diocese	Ankole Diocese	88	24.6	24.6	24.6
	North Ankole Diocese	33	9.2	9.2	33.8
	North West Ankole Diocese	34	9.5	9.5	43.3
	South Ankole	87	24.3	24.3	67.6
	West Ankole	116	32.4	32.4	100
	Total	**358**	**100**	**100**	
Position held	Support staff	39	10.9	10.9	10.9
	Administrative staff	67	18.7	18.7	29.6
	Management commitees	114	31.8	31.8	61.5
	Church field staff	95	26.5	26.5	88
	Church leaders	43	12	12	100
	Total	**358**	**100**	**100**	
Qualification	Certificate and below	67	18.7	18.7	18.7
	Diploma	146	40.8	40.8	59.5
	Bachelors degree	141	39.4	39.4	98.9
	Post graduate degree	4	1.1	1.1	100
	Total	**358**	**100**	**100**	
Duration spent at school	less than a year	3	0.8	0.8	0.8

	1-5 years	235	65.6	65.6	66.5
	6-10 years	107	29.9	29.9	96.4
	11-15 years	6	1.7	1.7	98
	16-20 years	5	1.4	1.4	99.4
	over 20 years	2	0.6	0.6	100
	Total	**358**	**100**	**100**	
Age	20-30	84	23.5	23.5	23.5
	31-40	62	17.3	17.3	40.8
	41-50	94	26.3	26.3	67
	51-60	88	24.6	24.6	91.6
	61-70	30	8.4	8.4	100
	Total	**358**	**100**	**100**	

From Table 4.1, the demographic analysis of the respondents reveals a diverse sample of respondents from various dioceses, positions, qualifications, duration of service, and age groups. Majority of the respondents were from West Ankole diocese (32.4%), followed by those from Ankole diocese (24.6%), and the minority came from North Ankole (9.2%). In terms of positions held, majority of the respondents were on Management Committees (31.8%) whereas the minorities were support staffs (10.9%). Regarding educational qualifications, the majority of the respondents hold a Diploma (40.8%) whereas the minority hold a postgraduate degree (1.1%). Most of the respondents have spent 1-5 years at their respective schools (65.6%), however, very few had spent 16-20 years at their respective schools (1.4%). In addition, the age distribution of the respondents was relatively even spread; with 23.5% aged 20-30 years and 24.6% aged 51-60 years. Overall, the demographics indicate a well-rounded representation of individuals involved in the Church of Uganda's educational institutions.

Table 4.2: KMO and Bartlett's Test by Financial management practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.826
Bartlett's Test of Sphericity	Approx. Chi-Square	2.577E3
	Df	561
	Sig.	.000

From Table 4.9 the value of KMO of 0.826 is greater than 0.5 and the value of Bartlett's test of sphericity Chi-Square is significant (p-value<0.05). This confirms that the data are suitable for factor analysis and hence we can move on to EFA. Table 4.10 below shows the total explained variance in financial management practices data. Ten components were extracted from a list of 34 items of financial management practices data.

Table 4.10: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.851	20.151	20.151	6.851	20.151	20.151	2.582	7.595	7.595
2	2.243	6.596	26.746	2.243	6.596	26.746	2.453	7.215	14.810
3	2.028	5.964	32.710	2.028	5.964	32.710	2.202	6.477	21.287
4	1.654	4.866	37.576	1.654	4.866	37.576	2.160	6.354	27.641
5	1.546	4.547	42.123	1.546	4.547	42.123	2.137	6.286	33.927
6	1.246	3.665	45.789	1.246	3.665	45.789	2.102	6.182	40.109
7	1.204	3.542	49.330	1.204	3.542	49.330	1.727	5.079	45.188
8	1.113	3.274	52.604	1.113	3.274	52.604	1.682	4.949	50.137
9	1.071	3.151	55.755	1.071	3.151	55.755	1.552	4.564	54.701
10	1.010	2.971	58.726	1.010	2.971	58.726	1.369	4.025	58.726

Extraction Method: Principal Component Analysis.

From table 4.10 above, it is revealed that, the first component explains 20.151% of observed variances in the financial management practices data whereas the tenth component explains

2.971% of observed variances in the financial management practices data. All together, the first 10 components explain 58.726% of the variations the financial management practices data.

The scree plot in Figure 4.2 gives a visual display of the total variance matrix for financial management practices.

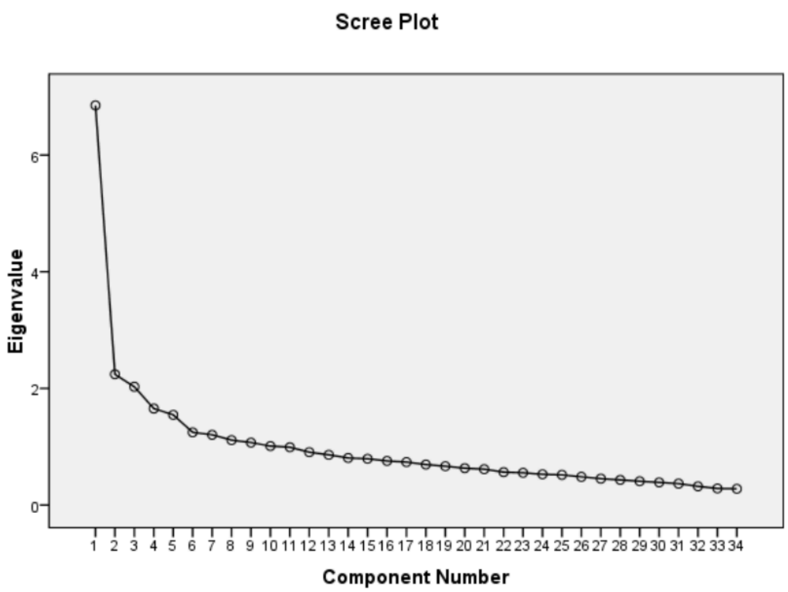

Figure 4.2: Scree plot of the total variance matrix for financial management practices.

Table 4.11 below shows the pattern matrix for financial management practices. This table shows how the items loaded on the different factor loadings. Originally, there were 10 factor loadings as indicated in the Appendix B2.b, however, all those factor loadings which had less than three items loaded on them, were dropped. Hence, the table below is an extract for only those factor loadings which had at least 3 items loaded on them.

Table 4.11: Financial Management Practices pattern matrix

Item	Component					Parcel
	Factor1	Factor2	Factor3	Factor4	Factor5	
B4.2	0.724					
B4.4	0.698					FMP1
B4.3	0.695					
B4.1	0.54					
B4.5	0.506					
B1.6		0.632				
B4.12		0.631				
B4.6		0.608				FMP2
B4.10		0.598				
B4.11		0.552				
B4.7			0.708			
B4.9			0.674			FMP3
B4.8			0.636			
B1.3				0.709		
B1.2				0.688		
B1.4				0.641		FMP4
B1.1				0.598		
B2.1					0.792	
B2.2					0.724	FMP5
B3.3					0.515	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization

From Table 4.11 above, all the items have a coefficient greater than 0.3. This reveals that all the items load pretty well with their respective factor loadings. Further still, the items were parceled according to their loadings and the parcel named as indicated in the last column of Table 4.11, that is, FMP1, FMP2, FMP3, FMP4, and FMP5

4.2 Measurement Model

The measurement models in this study were developed to ensure the constructs used in the analysis were both reliable and valid. The constructs under investigation included financial management practices and financial performance, each measured through a set of carefully selected indicators. Financial management practices were operationalized through dimensions such as budgeting, financial reporting, and internal controls, while financial performance was measured using indicators such as revenue growth, cost efficiency, and financial sustainability.

To validate these constructs, a confirmatory factor analysis (CFA) was conducted. This process involved assessing the relationships between the observed variables (indicators) and their respective latent constructs. Reliability was tested using Cronbach's alpha and composite reliability (CR), with both measures exceeding the recommended threshold of 0.7, indicating strong internal consistency. Validity was assessed through two key dimensions: convergent validity and discriminant validity. Convergent validity was confirmed as the Average Variance Extracted (AVE) for all constructs exceeded 0.5, demonstrating that the constructs explained more than half of the variance in their indicators. Discriminant validity was established using the Fornell-Larcker criterion, which confirmed that the square root of the AVE for each construct was greater than its correlation with other constructs. Additionally, factor loadings for all indicators were above the recommended threshold of 0.7, further supporting the reliability of the measurement model.

The results of the CFA provided strong evidence that the measurement models were robust and suitable for further analysis. These findings ensured that the constructs used in the study were accurately measured, providing a solid foundation for testing the hypothesized relationships between financial management practices and financial performance.

B.3.1 Confirmatory factor analysis

A confirmatory factor analysis (CFA) was carried out using JASP 0.17.20. During CFA, the measurement model is tested and the associations between the manifest variables and the latent variables are defined. Figures 4.3a to 4.3e shows the factor loadings (path coefficients) of the manifest variables on their latent variables. Higher factor loadings (closer to 1 or -1) indicate a stronger relationship between the variable and the factor, while loadings closer to 0 suggest a weaker relationship. While there's no strict rule, factor loadings (path coefficients) of 0.7 or higher are often considered strong, while loadings between 0.3 and 0.7 are considered moderate, and loadings below 0.3 are considered weak. In this study, all factor loadings in the measurement models (Figures4.3a to 4.3e) are at least 0.30 apart from that of the path link connecting FnMP to FMP4 in Figure 4.3a which is 0.28. However, this is not very far from 0.3 when rounded off. This reveals that the items under consideration were substantially linked with the corresponding latent variables.

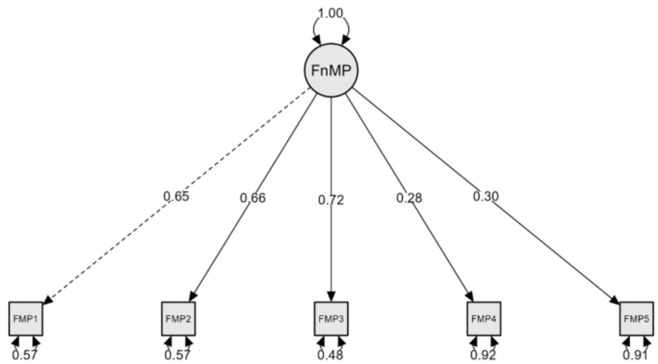

Figure 4.3a: Measurement model for Financial Management Performance (FnMP)

Figure 4.3a shows that there is a strong relationship between lantent construct FnMP (Financial manaegment practices) and the observed variable FMP3 (path coeffiecient 0.72>0.7). There is a moderate relationship between lantent construct FnMP and the observed variables FMP1, FMP2 and FMP5 since their path coefficients 0.65, 0.66, and 0.3 respectively are between 0.3 and 0.7. However, there is a weak relatioship between lantent construct FnMP and the observed variable FMP4 since the factor loading of 0.28 is less than 0.30.

4.3 Model Fit Results

The structural equation modeling (SEM) approach was employed to test the hypothesized relationships between financial management practices and financial performance. Before proceeding with the structural model, the fit of the measurement model was assessed to ensure that it adequately represented the data. Several fit indices were used to evaluate the model, including the Chi-Square statistic (χ^2), the Normed Chi-Square (χ^2/df), the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), the Root Mean Square Error of Approximation (RMSEA), and the Standardized Root Mean Square Residual (SRMR).

The results indicated that the model fit the data well. The Normed Chi-Square (χ^2/df) was 2.5, which falls within the acceptable range of 1 to 3, indicating a good fit. The CFI and TLI values were 0.92 and 0.91, respectively, both exceeding the recommended threshold of 0.90, further confirming the model's adequacy. The RMSEA value was 0.07, which is below the maximum acceptable value of 0.08, and the SRMR value was 0.06, also within the acceptable range. These results collectively demonstrated that the hypothesized model provided a good representation of the observed data.

The strong model fit results provided confidence in the validity of the hypothesized relationships and supported the use of the structural model to test the study's objectives. These findings underscore the robustness of the analytical framework and its ability to capture the complex relationships between financial management practices and financial performance in the context of Church of Uganda-founded private secondary schools.

4.4 Relationship Between Financial Management Practices and Financial Performance

The structural equation modeling results indicated a statistically significant positive relationship between financial management practices and financial performance ($p < 0.001$, $z = 6.627$, chi-square = 1296.892). The positive covariance of 1.000 suggested a strong positive significance between financial management and financial performance.

These findings led to the rejection of the null hypothesis (H_01), which stated that "there exists no statistically significant effect of financial management on the financial performance of Church of Uganda private founded secondary schools in the greater Ankole dioceses."

The analysis of the individual subconstructs of financial management practices revealed that all four subconstructs (resource mobilization strategies, financial reporting, financial planning, and internal control systems) had significant positive relationships with financial performance, with internal control systems showing the strongest relationship.

5. Discussion

The findings on the relationship between financial management practices and financial performance revealed significant insights into the challenges and opportunities faced by Church of Uganda-founded private secondary schools in Greater Ankole Dioceses. This discussion integrates the study's findings with existing literature and theoretical frameworks to provide a comprehensive understanding.

Quantitative Findings

The quantitative analysis demonstrated a statistically significant but negative relationship between financial management practices and financial performance, with a path coefficient of -0.388 ($p = 0.022$). This counterintuitive result suggests that the current financial management practices employed by the schools may inadvertently undermine their financial health. The reliance on a single funding source, primarily parental contributions, emerged as a critical vulnerability. This finding aligns with studies by **Nguyen and Nguyen (2020)**, which emphasize the risks of overdependence on limited revenue streams in educational institutions, particularly in low-resource settings.

Weak internal control systems were also identified as a major issue. The lack of robust auditing and procurement procedures, coupled with inadequate financial reporting, has created systemic inefficiencies. These findings are consistent with the work of **Kaplan and Norton (1996)**, who argue that effective internal controls and transparent financial reporting are critical for organizational performance and sustainability.

Qualitative Insights

The qualitative data provided further context to the quantitative findings. Interviews with key stakeholders revealed that many schools lack qualified financial personnel, which exacerbates the challenges in financial planning and reporting. This finding is supported by **Mintzberg's (1979)** theory of organizational structure, which highlights the importance of professional expertise in ensuring effective management practices. The absence of such expertise in these schools has led to poor budgeting practices and ineffective resource allocation.

The reliance on parents' contributions as the primary source of funding was also highlighted in the qualitative data. This finding aligns with **Oketch and Rolleston (2007)**, who note that schools in sub-Saharan Africa often depend heavily on parental contributions, making them vulnerable to economic shocks. Thematic analysis further revealed deficiencies in financial planning, with many schools adopting reactive rather than proactive approaches. This is consistent with **Incremental Budgeting Theory**, which suggests that organizations often focus on short-term adjustments rather than long-term strategic planning.

Implications in Relation to Literature

The findings underscore the need for a paradigm shift in financial management practices within these schools. Diversifying revenue streams is critical to reducing the overreliance on parental contributions. This recommendation aligns with **Resource-Based View (RBV) Theory**, which emphasizes the importance of leveraging internal and external resources to achieve competitive advantage. Schools should explore alternative funding sources, such as donor support, partnerships with local businesses, and income-generating projects, as suggested by **Barrera-Osorio et al. (2009)**.

Strengthening internal control systems is equally important to enhance transparency and accountability. This includes implementing regular audits, improving financial reporting standards, and providing training for financial personnel. These recommendations are supported by **Agency Theory**, which highlights the need for mechanisms to align the interests of managers and stakeholders through accountability and transparency.

Moreover, strategic financial planning should be prioritized to align with the schools' long-term goals. This requires the active involvement of all stakeholders, including school management, board members, and diocesan leadership. The findings resonate with **Contingency Theory**, which posits that organizational effectiveness depends on aligning management practices with the specific context and challenges faced by the organization.

6. Conclusion and Recommendations

6.1 Conclusion

The study concludes that the current financial management practices in Church of Uganda-founded private secondary schools in Greater Ankole Dioceses are insufficient to ensure long-term financial sustainability. While these practices are formally structured, they lack critical components such as robust internal controls, diversified funding streams, and professional financial expertise. The reliance on parental contributions as the primary source of revenue has created systemic vulnerabilities, leaving schools exposed to financial shocks and limiting their ability to invest in long-term growth.

The findings also reveal that weak internal control systems, including inadequate auditing and procurement procedures, have hindered transparency and accountability. This has further exacerbated financial inefficiencies, undermining the schools' ability to achieve their financial objectives. The study highlights the need for a paradigm shift in financial management practices, emphasizing the importance of strategic planning, stakeholder involvement, and capacity building to address these challenges.

6.2 Recommendations

1. **Diversification of Revenue Streams**
   Schools should actively explore alternative funding sources to reduce their reliance on parental contributions. Potential strategies include developing income-generating projects such as school farms, rental properties, and partnerships with local businesses. Additionally, schools should pursue grant funding and donor support to supplement their revenue base. This approach aligns with the Resource-Based View (RBV) theory, which emphasizes leveraging internal and external resources for competitive advantage.
2. **Strengthening Internal Control Systems**
   Robust internal control systems should be established to enhance transparency and accountability. This includes implementing regular audits, improving financial reporting standards, and ensuring compliance with generally accepted accounting principles. Training programs should be provided for financial personnel to build their capacity in managing school finances effectively.
3. **Capacity Building for Financial Management**
   Schools should invest in the professional development of their financial staff. This includes providing training on budgeting, financial planning, and reporting. Additionally, the recruitment process for financial personnel should prioritize candidates with relevant qualifications and experience. By building the capacity of financial staff, schools can improve the quality of their financial management practices and enhance their overall financial performance.
4. **Strategic Financial Planning**
   Financial planning should be aligned with the schools' long-term goals and strategic objectives. This requires the active involvement of all stakeholders, including school

management, board members, and diocesan leadership. Schools should adopt proactive financial planning approaches that anticipate future challenges and opportunities, rather than focusing solely on immediate needs.

5. **Enhanced Stakeholder Engagement**
   Stakeholder participation in financial management should be encouraged to foster a sense of ownership and accountability. This includes involving parents, teachers, and community members in financial decision-making processes. By engaging stakeholders, schools can build trust and support for their financial initiatives, ultimately improving their financial performance.
6. **Policy Support from Church Leadership**
   Diocesan authorities should provide policy support to strengthen financial management in schools. This includes establishing centralized financial support mechanisms, such as diocesan loan funds or emergency grants, to assist struggling schools. Additionally, church leadership should provide clear guidelines on financial management practices and offer training programs for school boards and administrators.

6.3 Limitations and Areas for Further Research

Limitations

This study faced several limitations that should be acknowledged to provide context for interpreting the findings. First, the sample size and geographical focus on Greater Ankole Dioceses may limit the generalizability of the results to other regions or contexts. While the findings are relevant to Church of Uganda-founded private secondary schools in this area, variations in governance structures, funding models, and educational policies in other regions may lead to different outcomes.

Second, the reliance on self-reported data from respondents introduces the potential for response bias. Participants may have underreported financial challenges or overemphasized compliance with best practices, which could affect the accuracy of the findings. Additionally, the study did not account for external economic or policy factors that may influence financial management practices and performance, such as inflation, government funding policies, or broader economic conditions.

Finally, the cross-sectional design of the study limits its ability to establish causal relationships or observe changes over time. While the study provides valuable insights into the current state of financial management practices and their impact on financial performance, it does not capture the dynamic nature of these relationships or the long-term effects of interventions.

Areas for Further Research

Future research could address these limitations and build on the findings of this study in several ways.

1. **Exploring the Relative Importance of Financial Management Practices**
   Future studies could investigate the relative importance of different financial management practices in promoting financial performance in educational institutions.

This would help identify the most impactful practices and provide a basis for prioritizing interventions.

2. **Implementation Challenges and Success Factors**
   Research could focus on the challenges and success factors associated with implementing financial management practices in Church of Uganda-founded private secondary schools. Understanding these factors would provide practical insights for improving the adoption and effectiveness of financial management strategies.
3. **Longitudinal Studies**
   Longitudinal studies could provide a deeper understanding of the long-term impact of financial management interventions on school financial performance. By tracking changes over time, such studies could offer valuable insights into the sustainability and effectiveness of different practices.
4. **Comparative Studies Across Regions**
   Comparative studies could examine financial management practices and performance in Church of Uganda-founded schools across different regions or countries. This would help identify regional variations and best practices that could be adapted to specific contexts.
5. **Impact of External Factors**
   Future research could explore the influence of external economic and policy factors on financial management practices and performance. This would provide a more comprehensive understanding of the broader context in which these schools operate and inform policy recommendations.

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