DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS

The Impact of Financial Management Practices on Financial Performances in Zimbabwe. A Case of Catholic Schools in Midlands Province

NYASHADZASHE MUKAVIYO

M225035

MASTER OF PROFESSIONAL ACCOUNTING AND CORPORATE GOVERNANCE

NOVEMBER 2023

RELEASE FORM

NAME OF AUTHOR: NYASHADZASHE MUKAVIYO

TITLE OF PROJECT: The Impact of Financial Management Practices on Financial Performances in Zimbabwe. A Case of Catholic Schools in Midlands Province

PROGRAMME FOR WHICH

PROJECT IS PRESENTED: MASTER OF COMMERCE DEGREE IN PROFESSIONAL ACCOUNTING AND CORPORATE GORVENANCE/GRAD ICSA

YEAR GRANTED: **2023**

Permission is hereby granted to Great Zimbabwe University to produce single copies of this project and to lend or sell such copies for private, scholarly or scientific research purposes only. The author reserves other publication rights. Neither the project nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

PERMANENT ADDRESS: SMB Regional House, Driefontein Mission
P. Bag 7001, Mvuma.

SIGNED: *N. Mukaviyo*

DATE: *30/11/2023*

APPROVAL FORM

We, the undersigned do hereby certify that we have read and therefore recommend to Great Zimbabwe University for acceptance; a research project titled *The Impact of Financial Management Practices on Financial Performances in Zimbabwe. A Case of Catholic Schools in Midlands Province,* submitted by Nyashadzashe Mukaviyo in partial fulfillment of the requirements of the Master of Commerce Degree in Professional Accounting and Corporate Gorvenance/Grad Icsa.

C.M. Chidoko

……

SUPERVISOR(S)

....

CHAIRPERSON

....

EXTERNAL EXAMINER

DATE: ....

DECLARATION

I hereby declare that the project has been the result of my effort and such work was not presented elsewhere for any Degree. All additional information was acknowledged by means of references.

Signature:…………………………………… Date:…………130/11/202……………….

DEDICATION

I commit the project to my S.J.I Superior (Mother Patricia Rubaya), SMB priests, Sr Irene Mabonga my Administrator, my mother, grandmother and father (RIP) who always believed in my potential and my beloved siblings who have always been my pillars of strength, supporting me in every step of the way.

ACKNOWLEDGEMENTS

Glory and honour be given to the Lord God who has made it possible for me to undertake this project. He granted me the opportunity to walk through an academic and intellectual experience.

I would like to mention in a special way Dr Chidoko my Research Project Supervisor for the guidance and support in my research project and Fr Terrence Mapwashike my Parish priest for encouragement and support.

Finally, I extent my sincere gratitude to the S.J.I. SISTERS, my friends especially Sr Precious Mabhunu, Sr Mary Shezhu and my family for their significant help monetarily, ethically and spiritually throughout my life and my tertiary education. May the God of all times bless you abundantly.

ABSTRACT

The motivation behind research project is to assess the impact of financial management practices on financial performances in Zimbabwe. A Case of Catholic Schools Midlands Province. This study employed a qualitative and quantitative research method in answering the research questions. A descriptive design of research was taken to ascertain the relationship that is there between the internal controls and revenue management. The data were gathered from both secondary and primary sources through use of questionnaires as well as interviews to gather primary data. A sample size of 44 respondents consisting of the school heads, bursars, priests in charge, teachers and SDC members was selected from which 37 responded. The key outcomes of the project show that financial management practices in Catholic schools will result in improved financial performance. The study results showed that there, is, a huge impact of financial management system on financial performance within Catholic schools. The recommendations from the study are that the responsible authority of Catholic schools should endeavor to improve efficiency of financial management controls in terms of improving financial performance.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Accountability, transparency, effectiveness and efficiency in handling organisational funds remain key in revealing its financial statuses. As such, it calls for organisations to make use of the techniques that ensure the meeting of such financial goals. In any cases of using financial strategies to ensure a full revealing of the financial status of any business entity, financial management practices can work out to be effective. Financial management comprises of the multitude of exercises that are connected with acquiring cash and utilising the cash proficiently and successfully. Schools play a part in financial management to guarantee that school funds and other resources are effectively, efficiently, economically, and transparently utilised (Ndhlovu et al., 2020).

Compelling financial management practices find proper ways to prevent the under-collection of fees, unauthorized, irregular, fruitless, and inefficient consumption. Financial management additionally requires internal controls or checks and balances to manage risks and safeguard the resources of an organisation. Viable financial management practices are fundamental in improving, transparency, efficiency, precision, accountability, and accomplishing an organization’s targets. (Phylisters et al, 2018). Proper financial management assisting establishment of an organization’s monetary needs in accordance with the organisation’s goals and objectives. Proper financial management also guarantees that an organisation's expenditures are planned and controlled by laid out hierarchical needs as communicated and expressed in the budget (Robina, et al, 2018).

As such, this piece of work is a research proposal that seeks to investigate the viability of financial management practices on financial performance in Zimbabwe, focusing on Catholic schools in the Midlands province. The research proposal is presented as follows: background of the study, statement of the problem, purpose of the study, research questions, and significance of the study. It also looks at the assumptions, scope, limitations, definition, and research project structure. In summary this topic intends to introduce the research and reasons stemming why it is being carried out.

1.2 Background of the study

Revealing the full financial status of any business entity has been a great source of worry and concerns in many organisations the world over. Financial management in Zimbabwean schools is governed by Statutory Instrument 87 of 1992. This instrument stipulates the key roles of stakeholders in schools including the need to set up the School Development Committees or Associations. Most schools are non-profit organisations and they must manage their finances judiciously. Schools mostly rely on school fees collection as the primary source of finance and have to adhere to budget lines through close monitoring. It also relies on projects like uniform sales, poultry and vegetables sales. The management of school finances is a key duty of school heads (principals) in consultation with the Priest in charge for the Catholic Mission schools, school development committees or associations. The application of organisation development principles and values is essential in addressing the increasing cases of funds embezzlement and misappropriation of assets and funds within schools. The poor adoption organisation development principles and practices in financial management remains a key challenge in educational institutions in Midlands Province Catholic Schools. The management of school finances comprises planning, controlling and implementing a financial plan, accounting, reporting and protection of assets from loss, damage and fraud. This demand inculcating essential leadership values and traits among the custodians of school funds, strong internal controls and setting robust internal audit standards.

The developments emanate from that the administration management such as the priest in charge, the school head, the bursar, the clerks and other members who are involved in monetary issues in Catholic schools have insufficient knowledge in dealing with the inflows and outflows of the cash. As such, it follows the need to analyses into the utility of financial management practices in financial performances in Catholic schools. This is in the bid to find out its effectiveness and how best it can be applied in Catholic schools for their financial well-being to take place.

1.3 Statement of the problem

Chikoko (2018) acknowledged that numerous researchers were still debating whether or not delegating financial management to schools would result in improved financial performance.

Catholic schools operate on financial management policy that is constructed by the responsible authority but at the same time they are to adhere by the financial management policies for the Ministry of Education in Zimbabwe. In this view we have two financial management policies whose articles may not entirely agree but the school is expected to adhere to both financial management policies. In addition to the financial management policies there seem to be problems that result from the failure by schools to effectively collect the fees from students and the failure to identify new opportunities in revenue collection that can support the existing ones. The developments of poor performances in financial management in Catholic schools have influenced the development of a research study of this nature.

1.4 Justification of study

The purpose of the study is to determine the influence of financial management practices on financial performance by Catholic schools in Midlands Province. To the researchers' knowledge, little empirical study has been carried out on the financial management focusing Catholic school in Midlands Province, Zimbabwe. As such, this research study is going to be an eye opener and a spring board to many institutions who are staggering to have proper strategies for use in harnessing cash flows and outflows.

1.5 Research objectives

The objectives of the study are:

i. To determine the role of financial management in the performance of Catholic schools in the Midlands Province.
ii. To establish the main challenges affecting effective school's financial management.
iii. To determine the relationship between financial management practices and financial performance of Catholic Schools.
iv. To propose solutions to the school's financial management activities to ensure Institution's effectiveness.

1.6 Research questions

The research questions of the study are:

i. What is the role of financial management in the performance of catholic schools?

ii. What are the main challenges affecting effective school's financial management?
iii. What is the relationship between financial management practices and performance of Catholic Schools?
iv. What could be done to improve the school's financial management activities and ensure organization effectiveness?'

1.7 Significance of the study

It was hoped that the research would give to the body of knowledge the importance effective managing financial resources in Catholic Schools in the Midlands Province. The findings may be of great value to policy makers in the Ministry of Primary and Secondary Schools (MoPs) because the study sought to come up with cautious propositions to the problems which in turn may bring solutions. It was also hoped that the study would encourage sharing of knowledge to promote efficient and effective financial management in schools.

1.8 Assumptions

The assumptions of the study are:

- Catholic schools are suffering loss of revenue due to poor internal control systems.
- Information regarding financial management will be readily available in Catholic schools after the carrying out of this research work.
- Respondents will positively cooperate.
- The research will form basis for future study.
- The challenges of poor financial management met are a result of the incompetence's by the administration staff and the accounting personnel in Catholic schools.

1.9 Delimitations

The research study will be conducted with particular reference that is the impact of financial management practices on the performance in Zimbabwe in the case study of Catholic Schools in the Midlands province. The researcher will focus on the selected Catholic schools in terms of enrolment that is high, medium and low. The research population selected for the study included

School bursars, Priest in Charge for the Mission, School Development Committee members and Headmasters from 2021 to 2023.

1.10 Limitations

The research faces the following limitations:

1.10.1 The study lacks external validity. The study will be conducted to Catholic schools under the diocese of Gweru that is Midlands Province. Therefore, the findings cannot be generalized to other Catholic schools in Zimbabwe and those that are beyond. To combat this, the researcher will have to find information in other Catholic schools and make more researches pertaining to Catholic schools that are beyond so as to find the similarities and differences in financial accountability systems.

1.10.2 Liability to responsive and non-responsive errors. Some of the respondents would be reluctant to provide some information as they fear the confidentiality of their internal information against their rival schools and the administration staff. To cater for this problem, the researcher will obtain a letter of confirmation from the Great Zimbabwe University which guaranteed that every information given during the research will be treated with utmost confidentiality.

1.10.3 Financial constraints. The researcher is more likely to face financial challenges when conducting this research. Money is going to be a need since there is need for money to type, travel to meet the supervisor and accommodation. Thus, the researcher will have to make use of inexpensive methods to ensure that such mobility related expenses are minimised. These will involve the use electronic media platforms such as the Email and WhatsApp to link with the supervisor. Additionally, the researcher will have to make use of data collection tools such as questionnaires to bring up credible findings.

1.11 Definitions of terms

Accountability: When somebody takes the actions of responsibility, answerability, liability, chargeable and accountable to the school. For this study, accountability is act of responsibility by the accounting personnel in Catholic schools for any financial requirement in monetary issues (Ngoma, 2018).

Budget: (Ngoma, 2018) describes budget as management tool or mechanism by means of which the management team of the school can estimate and plan, utilises and coordinate, control and evaluate the human material and other resources of school in financial terms. In this study, budget is identified in all of the following financial activities in Catholic institutions; pre planning, utilising, coordinating, controlling and evaluating financial activities ahead of their actual executions.

Financial Responsibilities: Refers to all the acts in which financial activities are guarded against. For this study, financial responsibilities refer to the acts or such acts that are given to the Catholic school members in the accounting departments such that the financial statuses of catholic schools are fully revealed (Ngoma, 2018).

Financial Management: According to Pearson (2021), financial management practices is a process of how a person plans, executes and analyses his or her finances and rally financial activities in cash, credit, insurance, investments, retirement and estate planning. In this research, financial management practices are the actions whereby the accounting personnel in Catholic institutions are to administer finances in Catholic Schools in the most effective manner.

1.12 The research project outline

Introduction, background, problem statement, purpose research question, significance, assumptions, limitations and definition of terms are focused in Chapter 1, Chapter 2 is centered on research literature review. Chapter 3 concentrate on methodology of the research that will be employed in the research. Chapter 4 focuses on the presentation of data and analysis of the study results. Chapter 5 concludes with summary, conclusion and the recommendations.

1.13 Chapter Summary

It was focusing on the background information about the study and created the necessary insight into the underlying issues concerning the research study. The problem statement gave an overview of problem into manageable questions of the research. This chapter also portrayed the background of financial management in schools in particular Catholic schools in the Midlands

Province. It thus, created a questioning mind that can only be answered by appropriate literature on the subject. The next chapter is going to review related literature into application of financial management in financial performance in Catholic schools.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

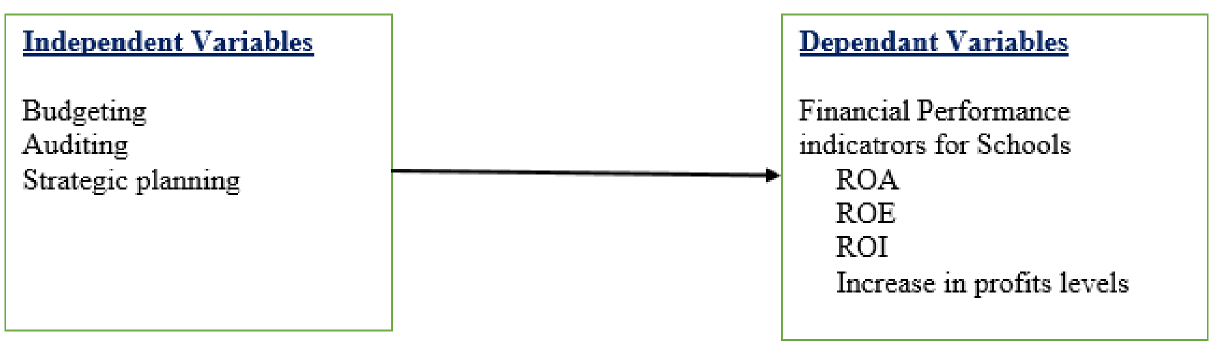
According to Murthy et al (2015), literature review is an evaluative report of information found in the literature related to the selected area of study. In this study the researcher engages in a search for information about the financial management in relation to financial performance and acquires an understanding of the related researches that were made before.

This section tries to review perspectives, agreements, and disagreements of difference authors who carried the study on similar area of study. Literature review also helps to identify the research gap from difference gap and how the research is going to cover up the problem. A conceptual framework is developed where independent variables and dependent variables are going to be identified. These are factors that affect or moderate the research results.

2.2 Conceptual framework

This demonstrates different variables to be discussed in this study. These variables under analysis include the independent variables and dependent variables as well as intervening variables. The model explains the relationship amongst the variables under study. The purpose of this study will establish the effect that financial management practices have on the financial performance in Zimbabwe.

Figure 2.1: Conceptual framework



2.2.1 Financial management practices

Turyahebwa et al. (2013) describe financial management practices as a set of constructs or methods developed to carry out accounting, reporting, budgeting, and other business finance activities and are used as trajectories for understanding the financial performance of any institution. Sandala & Mazanga (2015) contends that various practices on financial management are crucial in the control of institutions. Therefore, this research aims to establish the effect of board features, financing mix, credit default risk management, and the management practices of liability and assets on Catholic schools' financial performance.

2.2.2 Financial performance

Kenton and Scott (2020) define financial performance as generally a gauge of an organization's economic well-being as a result of effective and efficient use of the institution's assets from which incomes are created. It appreciates how an institute can craft proceeds and efficiently handily its assets, liabilities, and financial interests of its stakeholders. Most business organizations have a priority in analyzing their financial performance to ensure long-term sustainability and the potential to increase the value of the business (Kenton & Scott, 2020). Measuring any firm's financial performance is a critical step in managing risk, geared towards making sound decisions from accurate information and proper analysis. Many stakeholders in schools ranging from investors, responsible authorities, parents, students, and teachers to management are interested in a schools' financial performance with each group's interest. They are provided with the essential information on the financial performance of the institute by the relevant authorities, and they also extract it from published data in the form of financial reports that are audited yearly and also analyzed from supposedly reliable and accurate financial statements of the institute (Kenton & Scott, 2020). Kenton and Scott (2020) also argue that the most common financial statements or reports include the balance sheet, income statement, and cash flow statement. Ijaz and Naqvi (2016) postulate that financial performance can be measured through various indicators, but the most relevant in finance is financial ratios.

According to the scholars, most of the researchers have tried to find out the best performance measurements. Still, little performance indicator has been classified to have the ability to measure all performance to date. Mohammed and Abdullah (2014) show that some measures have been classified into accounting based and marketing-based measurements. Most of the accounting-based standards include Return on Assets (ROA), Return on Equity (ROE), Earnings per Share (EPS), Return on Capital Employed (ROCE), Return on Investment (ROI), among others and are mainly used to gauge the profitability of the firm. Most of the researchers have indicated the effectiveness of ROA as an assessment tool for organizational financial performance. For instance, ROA is effective when its result is a cheerful high indicator and also indicate an organisation's effective use of its assets through ROA. Mohammed and Abdullah (2014) compiled a list of the authors who used various accounting-based measures. Evidence in the compilation shows that most researchers preferred ROA as a financial performance ratio to other measures. The components of financial performance are applicable as the researcher will focus much on the link between financial management and financial performance based in Catholic schools in Zimbabwe.

According to Rehman (2002), the school principal and the finance committee often develop projections for the future year based on assumptions based on trustworthy data on expected earnings, which provide the basis for planned spending. School budgets serve as guides to financial planning and program management to allow for orderly operation for a specified period of time; thus, the basic function of a budget is to serve as an instrument for planning, which may be interrupted or restricted due to insufficient funds or depleted accounts (Jordan et al, 2008).

2.3 Theoretical Review

The study was emphasized through review of agency theory, stewardship theory, pecking order theory, Internal Control System and model of financial performance.

2.3.1 Agency Theory

Jensen and Meckling (1976) structured this theory, which explains the separation of ownership in corporate governance whereby professional managers referred to as the "agents" are appointed to manage the organization and represent the role of the organization owners. Agency theory is also described as the segregation of organization ownership and governance, which is likely to result in insufficiency (Reade, 2010). It addresses the issue relating to existing problems between principles and agents. The organization or business owner can benefit from the separation caused by strategic delegation (Arnold, DeOrtentiis & Van Iddekinge, 2017). Steinle, Schiele, and Ernst (2014) indicate that the primary expectations of principals are the maximization of the wealth and profitability of the shareholders, who are the owners of the organisation.

These are described as the priorities of the principal. However, sometimes managers or agents perform contrary to the expectations of principals, thus resulting in agency conflicts. Ross and Mitnick (1973) posit that conflicts of principal-agent nature are normal in organisational setups. These conflicts may incur agency costs in the event of the principal trying to implement solutions to the agency problems (Arnold et al., 2017). Ross and Mitnick (1973) explain that conflicts occur as a result of contrasting interests among different parties in an organisation. For instance, conflicts may arise if the managers, herewith referred to as the "agents," put their personal interests over those of the stakeholders, also referred to as the "principals," by offering great packages to benefit themselves (Fayezi, Sajad, O'loughlin, Zutshi & Ambika, 2012). Agency theory postulates that the company may solve agency problems by providing market discipline such as hostile take-over, where management provides incentives to ensure enriched management that enhances operations (Arnold et al., 2017). This may cause new management to dismiss the existing managers.

According to Steinle et al, (2014), the company may also tie administration's compensation to the organisation's stock price or performance, monitoring the agents' activities, use written contracts to avoid agency problems, creating a principal-agent model that spots and reduces the costs and threat of firing the agents. All these solutions may incur agency costs which can either be the one that occurs when an agent uses resources from the company to benefit him/herself or even the cost relating to techniques used by principles in the prevention of the agent from prioritizing his interest over the interest of the organisation (Panda & Leepsa, 2017).

On the other hand, gender diversity is the proportion of men and women who occupy board members' positions (Wikipedia.com). According to Wikipedia.com, men tend to occupy more seats than women world over, and this forms a basis for debate, of which a survey of more than 4,000 directors cited the reason as to lack of qualified female candidates. Ruigrok et al. (2007) note that a woman director can bring valuable skill, knowledge as well as different norms and understanding while also promotes greater attendance to meetings and vigilant monitoring of financial and employee performances. Gouiaa and Zeghal (2014) suggest that the features of the board of directors largely determine the accomplishment of their responsibilities. Agency theory, therefore, was of paramount importance in this study that seeks to determine the impact of board Strategic Planning on the financial outcome of Catholic schools.

2.3.2 Stewardship theory

The principle contemplates managers of a corporation as stewards of the business, that area unit dedicated collectively and area unit moved by the fact that excellence should be performed on all aspects of the entity (Donaldson and Davis, 1994), below the berth theory, company executives shield interest of house owners or shareholders and create choices on their behalf. This enables for intimate information of organisational operation and a deep commitment to effective revenue assortment or management.

2.3.3 Evolution or development of Internal Control Systems

Internal control systems as a business strategy can be traced back to some decades ago during Mesopotamian Era as early as 3600 B.C. Hacket and Mobley (2000) pointed out that the systems of internal controls was visible in the Mesopotamia in 3600 B.C as they started to record business exchanges on rocks and later on clay. This can be evidenced by the records of the period which shows ticks; dots; tiny marks and circles at sides of figures, indicating that checking had been performed. More so, it also emerged in the Hellenistic Egypt where there was separation of responsibilities (dual administration) with one section charged with the duty of collecting taxes and other monitoring the transactions.

However, the modern world and business environment, the nature of internal control systems changed due to business concepts which changes rapidly, globalisation of markets and operations that have become a major shift, emergence of new strategies to risks and bureaucratic structure have changed and the complexity in laws regulations and standards and have initiated for a change (COSO 2013:12). Thus, the nature of internal control systems has shifted from a pre-era to a new parading where the systems have become sophisticated and more complex.

2.3.4 Internal control system defined

There are quite a number of definitions that were put forward by different researchers to define internal control systems. All these definitions are in common in the sense that they take internal controls as they are put in place to achieve organisation objectives. Below is a number of definitions of internal control systems. Internal controls are strategies set by the oraganisations to ensure straightforwardness of monetary and accounting information, meet operational and productivity, targets, and spread administration arrangements all through the association (Asiligwa, 2017).

Afrosai-e Regularity Audit Manual (2013) also outlines that, internal controls are put in place to bring assurance which is reasonable about the entity's goals to be achieved with regards to financial reporting reliabilities, efficiency and effectiveness of activities and go in line with applicable laws and regulations. It went on to say that inside controls are planned and actualised to address recognised dangers that compromise the accomplishment of the organisation's targets as well as comprising of explicit parts which incorporate control climate, assessment of risk. Data system, control exercises and checking of controls. This is relevant to the research as the researcher has identified the risks that is facing many Catholics schools which is problems in financial performance hence there is need to improve internal controls. The two audit manuals agree on that the controls add up with components that are control procedures and accounting system or information system which include financial processes.

However, Afrosai-e Regularity Audit Manual (2013) goes on to add another two components that is risk assessment and monitoring of controls. Risk assessment is defined as the process whereby an auditor obtains knowledge on how the corporate identify risks relevant to monetary reporting goals and undertaken actions to address the risks and the findings. Monitoring of controls defined as process to assess effectiveness of internal control performance overtime.

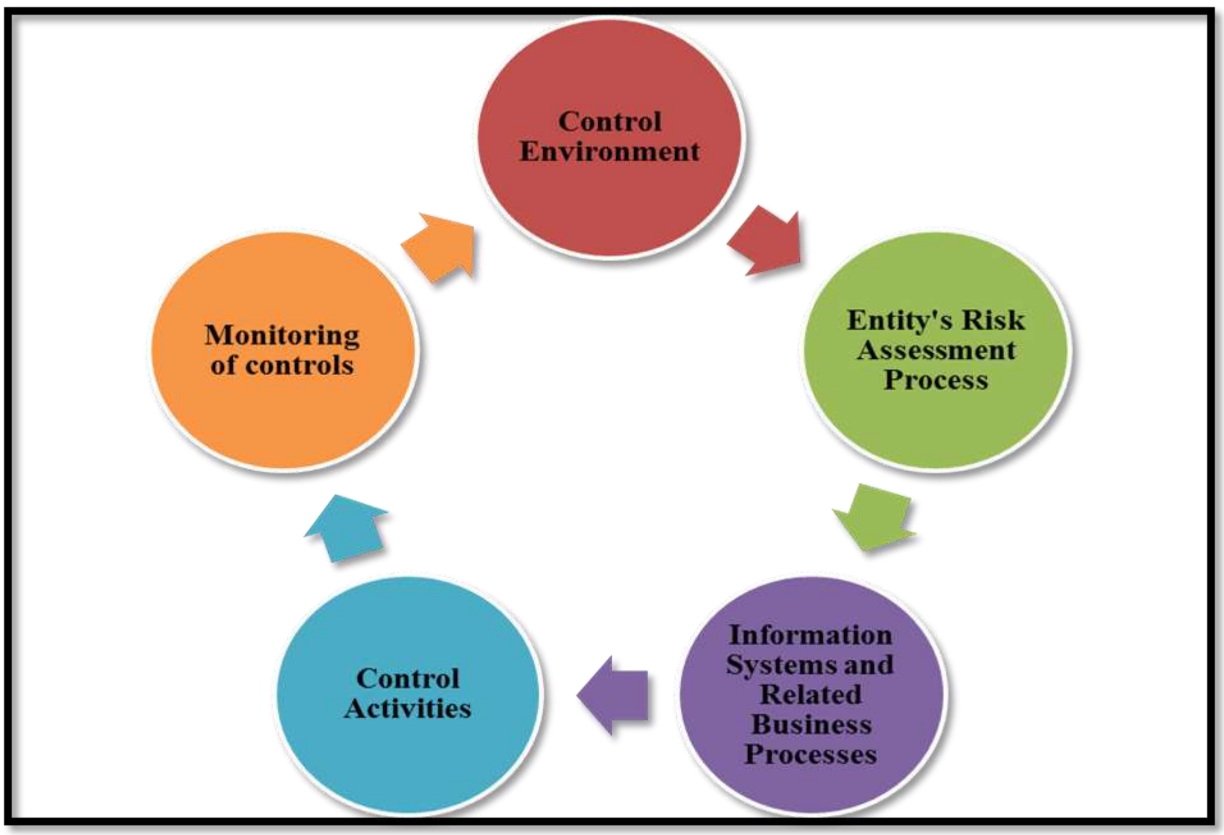
Two elements of controls are relevant to the research as the study will see into on the effects of management control systems internally in improving financial performance as another practise.COSO (2018) describes interior control as systems put in place by those charged with governance and other workers, which is created to provide assurance which is reasonable regarding the fulfilment of objectives set for the entity.

ISA 315 par 4(c) avows that, the systems of controls are processes created, effected and implemented by management; and other employees ascertain rational assurance on the fulfilment of which encompasses availability of monetary reporting, effective and efficiency of activities, in conjunction with relevant statutory requirements.

2.3.5 Internal Control System Components

Figure 1 below illustrates the components of systems of internal controls.

Figure 1.1: Components systems of internal controls



Source: ISA 315 (2019)

2.3.5.1 Control environment

It is described as processes, basics and arrangements that offer the foundation for spreading out internal controls in the organisation (COSO 2018). Institute of Internal Auditors (2017, concurred it as a foundation of an active inward controls being built and worked in an entity that fights to fulfil its planned goals , create monetary reporting which are reliable to different stakeholders , run its business perfectly , in compliance with all relevant available laws and regulations, and protect its assets. It asserts internal controls as the foundation of internal control systems because it provides integrity, discipline, employee competence; ethical values, administration's philosophy and style of operation, as well as direction and supervision provided by top officials and those charged with governance.

2.3.5.2 Entity's assessment of risk process

Administration's reason behind carrying out the process is to discover the significant or non-significant risks and avail useful controls to curb the identified risks (Leung et al.., 2015). In a solid risk assessment system, board is to take into consideration business risks and their monetary consequences, the fraud risk; material misstatements in financial statement assertions and the risk of fraud. ISA 315, articulates risks as potential cause of changes in operating environment; human capital as well as improved information systems.

2.3.5.3 Information systems

According to ISA 315 specifies that accounting system relevant to financial reporting objectives, consists of the actions and records aimed and constructed to:

- Record, process transactions, events and conditions (ISA 315);
- Rectify improper processing of transactions, on a timely basis (ISA 315);
- Check for system overrides or bypasses of controls by perpetrators (ISA 315);
- Capture information important to general purpose financial reporting (ISA 315); and
- Ensure information required for disclosing purpose on financial statements are present (ISA 315).

2.3.5.4 Control activities

These constitutes policies and course of actions designed to ensure administration delegations are adhered to. They help ensure orders are undertaken religiously to decrease chances of failure to accomplish organisational goals. The following are some examples of the control activities.

i. **Authorisation**

Authorisation is described as the responsibility of approving transactions and obligations on behalf of the company (Rayes et al., 2005). This allows prevention of fraudulent transactions for example incorporate all policies and relevant procedures and signatures on checks limited to the School Bursars.

ii. **Performance reviews**

Performance reviews explained as the involvement of managers' participation in the supervision of operations (Leung et al.., 2015). Regular performance checks allow supervisors to discover errors, and inclusion of management’s assessment and reports analysation that brief the detail balances of accounts such as accounts receivables balance or reports of sold goods and services on region, salesperson and production department actual performance compared with forecasted budgets or amounts of previous periods and the link between different information sets such as non-monetary operating data and monetary data.

iii. **Physical controls**

According to Leung et al (2015) physical control is a security measure implemented in a system as a way of limiting access to assets and important records or information of an entity. Access is restricted to authorised personnel only. There are two types of such control mechanism namely: direct and indirect controls. Controls which are direct meant for safe keeping of assets as well as records. Indirect controls are used in preparation and or processing of the documents.

iv. **Segregation of duties**

Isolation of obligations guarantees individual ought not be answerable for performing contradictory obligations (Leung et al..,2015). Obligations are viewed as contradictory when it is conceivable for an individual to submit a mistake or abnormality and afterward be in a situation to hide it in the typical course of their obligations. At the point when obligations are isolated to be crafted by one person, consequently it gives a crosscheck on crafted by another, the substance has the advantage of a free check. For example, an individual who processes money receipts from clients, ought to not likewise have the position to favour and record credits to clients' records for deals returns.

2.3.5.5 Monitoring of controls

Observing of controls is a cycle to guarantee the nature of inner control execution over the long haul (Leung et al.., 2015). Effective monitoring activities ordinarily involve continuous checking programsmes, separate assessments, and revealing inadequacies to review board**.** The board of Catholic schools must perform occasional assessments of inward controls to help a statement about the viability of the arrangement of inside control. Moreover the board and the review panel ought to be aware of Information and Technology chances and undertake separate assessments of ordinary controls due to their unavoidable impact on the different modified application controls.

2.3.5.6 Internal control and revenue loss

Internal controls provide an assurance to satisfy that certain objectives are achieved. In this research internal controls are targeted on financial management to have positive outcome on financial performance on Catholic schools in Midlands Province. As indicated by Leitch (2004) interior controls against extortion and enormous bookkeeping issues are much significant. However there is another side of inward controls that can raise incomes, cut expenses, and lift benefits month after month.

Leitch (2004) contends that deficiency of income has been exceptionally articulated in telecoms industry where a specific level of income was not charged because of a blended framework of issues. He argues that organisations should cut costs and leaking profits by implementing internal controls. Leaking profits is a problem that undermines development within the industry.

This research focuses on financial performance in Catholic schools. The literature above is relevant to the research as internal controls are used as a way of improving financial performance. However, the research is not going to consider the element of profits as this shall be carried out in a non-profit making institute.

2.3.5.7 Benefits of internal control systems

Internal control system has several contributions to the effective revenue management systems of Zimbabwe. The benefits of internal control systems improving financial management on financial performance are as given below:

- **Compliance with laws and regulations**

According to Aduam, (2015) sets out that control systems are designed to ensure compliance with Standard Operating Procedures. It guarantees that all workers will follow all authoritative projects and arrangements for the fulfilment of the set hierarchical goals.

- **Safeguarding of assets**

Aduam (2015) upheld that resources of an association which are utilised in the everyday task should be shielded from abuse and theft. These are assets possessed or controlled by the element which are utilised in the creation of products and ventures for regulatory purposes.

- **Prevention and detection of fraud**

Aduam (2015) supported that controls are very important to detect fraud that may occur during operations of the entity or through the financial statement.

2.3.5.8 Limitations of Internal Controls

Even internal controls are presented the financial performance through internal control systems are not guaranteed completely. The limitations for controls are presented below:

Errors of Judgment: The executives use decisions in planning and executing the controls and thus there can be mistakes in either the plan stage or usage one. Inaccurate decisions could be because of lacking data accessible during the plan or usage stage (Johnstone et al., 2014)

Failures: Johnstone et al., (2014) asserted that botches in controls set up can happen when there is miscommunication. . Inadequate controls in place may also cause some errors and inefficiencies within the organisation also complex technological environment may also act as a barrier to effective operation of internal controls.

Management supersede – this happens when a ranking personnel avoids SOPs.

Collusion: It follows that few representatives meet up to defraud or override the set of controls. At the point when representatives convey a significant control work, can propagate extortion and conceal the proof (Johnstone et al., 2014).

Resource limitations: Johnstone et al., (2014) notes that because of the shortage of assets, entities need to focus on the control exercises to utilise assets efficiently.

2.3.6 Pecking Order Theory

Myers and Majluf (1984) advanced the pecking order theory, which shows the preference of financing sources by managers through a hierarchical structure. Eldomiaty, Sliman, Fikri and Anis, (2016) assert that a firm prefers internal financing first than external financing in the event that internal resources are not enough. According to Hejazi, Valipoor, and Siamer (2012), internal funding includes the retained profits and finance new investments, while external funding includes debt and equity. This theory arises from the concept of asymmetric information where managers possess better information than external parties (shareholders who are the investor and creditors who are the debt holders), thus causing transaction inequality. (Corporate Finance Institute, 2021). This results in a greater rate of return for external sources of finances in 27 order to mitigate the high risk the investors are taking. As a result of information asymmetry, organization lack optimal debt to equity ratios (Bhama, Jain, & Yadav, 2018). The decision about how to finance a firm is important because organization want to know how to invest in the best way possible (Jarallah, Saleh, & Salim, 2019).

According to Bhama, et al, (2018), if it is a must for a firm to use external funds, it is recommended that it uses the pyramid in funding structure, starting with internal funding to external funding last option. In this order, only the common stock has a management's voice, thus reflecting the financial management motivation in retaining the control of the firm. It also helps in reducing the agency cost of equity and avoidance of seemingly unavoidable market reactions during the announcement of the new equity issue (Eldomiaty et al, 2016). This theory relates to the financing decisions where the Catholic schools organisation s' management has to determine the order of funding its operations. However, in the event that the Catholic schools organisation s must use external financing, preference should be on debt financing over equity financing because debt is less expensive than equity in a certain proportion (Corporate Finance Institute, 2021). 28 According to Corporate Finance Institute (2021), the issuance of debt gives a signal of undervalued stock, hence confidence that the investments of the organisation are profitable. On the contrary, the issuance of equity signals adversely that the stock is overvalued, thus gives a notion that the management is seeking funds through diluting the shares of the Catholic schools organisation . Financing decisions are critical in the determination of the value and financial outcome of an institution. (Gomez et al., 2012). Although debt is cheaper than equity, its high exposure may lead to organisation ruptcy (Oino, 2014). Therefore, it is important for all businesses, including catholic schools , to identify and acquire the most suitable financing synthesis between borrowed funds and shareholders' funds for optimum capital structure (Ukaegbu & Oino, 2012). This is why this study involved a financing mix as one of the independent variables and showed its effects on the financial outcome of the Catholic schools.

2.3.7 Financial Performance Model

Abraham (2004) structured the financial performance model in which he suggested that it should answer four critical questions according to the organization's mission. These include whether there are sufficient financial resources to enhance the mission, whether the monetary resources to support the mission are available, ways in which financial resources will be utilized to support the mission and finally, whether analysis of the financial resources is well used to support the mission. This is well demonstrated in the model below:

Figure 2.2: Shows the Model of Financial Performance in relation to mission

Source: AFAANZ 2004 Conference Paper: Alice Springs, NT, 4-6

According to Abraham (2004), in analyzing the availability and suppleness of an organization's fiscal resources, figures in both balance sheets and income statements should be considered as these financial statements judge the organisation's financial health in a particular period of time. The available financial resources suggest long-term funding, which describes the extent to which an organisation uses internal and external funding to support its mission. Further, Abraham (2004) poses that how fiscal resources are used critically touches on how organisations use the scarce resources, thus should put priority activities in the limelight. In conclusion, Abraham (2004) proposes that how an organisation proficiently and effectively applies fiscal resources is tied to financial concert accountability. Some of the efficient application parameters include profitability measures, innovation measures quality, internal measures of efficiency, and time (Horngren, Datar & Foster, 2010). This research considered profitability ratio (ROA) and liquidity ratio (Quick/Acid Test) ratio as measures of financial performance of Catholic schools in Midlands Province. ROA would indicate how profitable Catholic schools are relative to their efficiency in the use of their assets to generate earnings (Marshall & Margaret, 2020), while Quick /Acid Test measured how Catholic schools would be able to offset their temporary debts with assets that can be transformed into cash in the shortest time possible (Kenton & Scott, 2020).

2.4 Empirical Review

2.4.1 Budgeting (Strategic Planning) and Financial Performance

Wijewardena and De Zoysa (2001) perceive that the impact of budget planning and budgetary control on performance may vary from firm to firm depending on the extent of its use. The greater extent of the formal budgeting process should have a positive impact on the performance of institution. In their study, performance is measured by two financial indicators: sales growth and return on investment. Data was collected from two thousand manufacturing organisation in Australia. The results show a positive and significant relationship between budgeting planning and sales growth, and between budgetary control and sales growth. However, no significant difference was found between budget planning and return on investment (ROI), nor between budgetary control and return on investment. To explain the insignificant relationships between budget planning and ROI, as well as budgetary control and ROI, they explain that, although firms with a greater extent of planning or control report higher rates of growth in sales, "these revenues are not bringing about higher profits because of internal inefficiencies." In his study on "the participative budgeting process and its impact on employees' performance", Tromp (2009) stated in his conclusion that, budgeting participation is a complex process, affected by many variables and conditions, therefore it is hard to measure the absolute effect of participative budgeting on employee performance. Qi (2010), also conducted a study on the impact of the budgeting process on performance in Organization in China and the main empirical question for the study was whether the budgeting process significantly and positively impacts the performance of Chinese Organization . There was a positive effect of the formal budgeting process on firm performance. First, the study revealed that more formalized budgeting planning leads to higher sales revenue. Secondly, budget goal characteristics strongly affect the budgetary performance of Chinese Organization , thus clear budget goals lead to higher goal achievement, whereas, difficult (but attainable) budget goals increase the motivation of employees to achieve budget standards.

Thirdly, the study discovered that the more formalised budgetary control tends to lead to a higher growth in profit of a firm. In a study conducted by Sugioko (2010) on "the impact of budget participation on job performance of University Executives: a study of APTIK- member

Universities in Indonesia". This research aimed to test empirical evidence regarding the role of media variables on the impact of budget participation on job performance. The study concluded that budget participation has a positive and significant impact on job performance, while structural equation tests showed that, trust, organizational commitment, budget adequacy, and job satisfaction variables positively and significantly mediated the relationship between budget participation and the job. Onduso (2013) in a study on "the effect of budgets on financial performance of manufacturing companies in Nairobi County" concluded that the financial performance as measured by ROA is strongly influenced by using budget and managerial performance respectively. The findings of the study concur with this study. Mohammed and Ali (2013) in a study "the relationship between budgeting and performance of Remittance companies in Somalia" concluded that the correlation between budgeting and firm performance is 0.514, which means that one level increase of budgeting effectiveness will lead to 0.514 higher firm performance. The probability of this correlation coefficient occurring by chance is 0.00. This coefficient shows that a statistically significant moderate positive relationship between budgeting and firm performance. Faith (2013) conducted a study entitled "the effects of budgeting process on financial performance of commercial and manufacturing parastatals in Kenya". The key findings were that; more formal budgeting planning promotes higher growth of sales revenues in the parastatals, formal budgetary control leads to a higher growth of profit in parastatals and greater budgetary participation leads to better managerial performance. The study enhances the researchers understanding regarding budgeting activities and indicates that budgeting is a major element in the organization.

2.4.2 Auditing and Financial Performance

The academic literature on the relationship between Audit quality and financial performance has contributed to the emergence, the growing and the evolving of knowledge about Audit quality assessment concepts and their impact on the financial performance Revue Internationale des Sciences de Gestion ISSN : 2665-7473 Numéro 2 : Avril 2021 Revue ISG www.revue-isg.com Page 801 of companies where audit practitioners operate. Hundreds of studies in various contexts have been published especially after the awareness raising of the role of the Audit function and its importance for each company. The above authors attempted to study Audit quality and its proxies and their relation with firm financial performance. The studies cover different aspects of the Audit quality in literature such as competency, independency, quality of audit work, size of Audit… and focus mainly on its relation, its impact and its role in improving the performance of the organization.

Moreover, we will present in this paragraph the scientific articles and doctoral dissertations that have explored the relationship between Audit quality and financial performance. The first publication that we have found in this subject is by Hutchinson and Zain (2009). Theses authors focused on the relation between Audit quality and firm performance in association with growth opportunities and audit committee effectiveness. The study was conducted among sixty Malaysian Companies. The analysis revealed a significative positive relation between Audit quality and firm performance. Along the same lines, Kiabel (2012) has examined the link between Audit and performance of state-owned enterprises. The author aimed to assess the impact of Audit on the financial performance of organisations. The results of the study showed that Audit has a significant positive relationship with financial performance. The author strongly recommended the establishment of an Audit department in companies where it does not exist. Also, from the literature emerges the study of Ondieki (2013) on the effect of Audit on financial performance of commercial banks in Kenya. Audit was measured in terms of Audit standards, professional competence of Auditors, internal control, and independence of Audit (Audit quality proxies). The survey was conducted with the senior managers in the finance department of commercial banks. The study concluded that the independent variables characterizing Auditing quality have a significant positive relation with the financial performance of commercial banks. Specioza (2013) explored the topic of Audit and Local Government Performance in Uganda in the case of Scheema District Local Government. The study showed a positive significant relationship between Audit and financial performance in Scheema local government. Most of the respondents stated that the presence of Audit ensures accountability of local government employees for the efficient and proper management of public resources, and thus improves the financial performance of the government. The study Revue Internationale des Sciences de Gestion ISSN : 2665-7473 Numéro 2 : Avril 2021 Revue ISG www.revue-isg.com Page 802 also highlighted by the calculated Pearson's value, which is 1, thus showing a positive relationship between Audit and financial performance. Additionally, Bett (2014) analyzed the relationship between the effectiveness of the Audit function and financial performance of listed companies in Nairobi.

The independent variables studied are; professional competence of Auditors, quality of work of the Audit department, organizational independence of the Audit department, organizational independence of the Audit department, career development of the Audit staff, top management support for the Audit department and firm size. The dependent variables studied here were return on assets (ROA), return on investment (ROI), and return on equity (ROE). The study concluded that all the proxies of Audit quality have a positive influence on the financial performance of companies listed on the Nairobi Stock Exchange. Ziaee (2014) studied the effect of Audit quality on the performance of listed companies in Tehran Stock Exchange. The main respondents were the financial managers of the listed companies in TSE. The results of the study revealed that the quality of Auditing has a positive impact on financial performance. Farouk and Hassan (2014) provided deeper and more current insights into the impact of Audit quality on the financial performance of listed cement companies in Nigeria. The authors measured Audit quality by Auditor independence and Audit department size, and financial performance by net profit margin. The findings of the study showed that both auditor independence and the size of the Audit department had a positive impact on the financial performance of the companies studied. However, auditor independence has more influence than the size of the Audit department on financial performance. Ejoh and Ejom (2014) analyzed the effect of Audit function on the performance of tertiary institutions in Nigeria. Data was collected using a questionnaire, interview guide, and review of available documents and records of Cross River State College institution.

The study revealed that the Audit department is not adequately staffed, does not perform its duties with a higher degree of autonomy and independence from management. The study also revealed that there is a gap in the audit model. The study further revealed that the Audit function does not have a significant effect on the financial performance of Cross River State College of Education. The survey recommends competency profiling in the institution's Audit unit that should be based on what the College expects from Audit and the appropriate number of staff needed to perform the work. The study of Al-Matari et al (2014) explored the effect of Audit on corporate performance. In this study, the Revue Internationale des Sciences de Gestion ISSN : 2665-7473 Numéro 2 : Avril 2021 Revue ISG www.revue-isg.com Page 803 authors attempted to model the relationship between Audit and performance by considering their characteristic. The variables selected for Auditing are the professional qualification of the head of Auditing, the size of the Auditing department, the experience of Auditors and the qualification of Auditors.

The study provided a comprehensive overview of the relationship between Audit and performance. The results of the study showed that Auditing and performance are highly correlated. The study also revealed that the Audit department is essential as it is an important element for the proper functioning of the accounting system. It also concluded that the performance of the companies studied is the result of the effectiveness of Auditing because the financial reports reflect the quality of Auditing. Muhammad (2015) was interested in the effects of Audit function and internal control systems on financial performance of a higher education institution in Pakistan. The independent variables in this study are; control environment, Audit, and control activities. The dependent variables are; liquidity, accountability and Reporting. This study concluded that there is a significant positive relationship between Audit and financial performance, and a negative relationship between control environment and control activities and financial performance. Alwala and Biraori (2015) conducted their research on Audit independence and stock market performance of companies listed on the Nairobi Stock Exchange. The study adopted a descriptive approach and selected a sample of 60 companies. The results of the study indicate that there is a statistically significant positive correlation between Auditor independence and stock market performance.

The study also indicated that companies listed on the Nairobi Stock Exchange have implemented adaptive and effective corporate governance practices that provide Audit activities with sufficient independence for the audit department to be effective. Auditing improves corporate performance to attract investors to the stock market. The study conducted by Awdat (2015) in Jordan explored the impact of the Audit function on improving the financial performance of Jordanian commercial banks. The study was conducted with 65 Auditors working in Jordanian banks. The study showed that the Audit function improves financial performance through the quality and effective and efficient management of this function, and also through a good evaluation of the risk management process by the Auditors. The results of the study showed that the quality of Auditing has a positive impact on the financial performance of Jordanian banks. This had given the research eager to focus on the relationship between Auditing with financial performance in the Catholic schools.

2.4.2 Knowledge Gap

Table 2.1: Knowledge Gap

Variable	Writer and the year of publication	Findings	Knowledge Gap
The importance of School management in ensuring Sustainable Financial Resource Management in six Secondary Schools of Nakonde District in Muchinga Province, Zambia	Ngoma. M. P (2018)	The study concluded that for schools to achieve financial resource management, management needed to perform various financial tasks which included planning and budgeting organizing and controlling expenditure of financial resources, initiating local initiatives.	The study focused chiefly on the importance of management of financial resources of six secondary schools in Nakonde School in Zambia. This study will be looking at the impact of financial management practices in the financial performance of Midlands Catholic schools in Zimbabwe.
Causes of Mismanagement of School Finances in Mrewa District Secondary Schools	Denias Muzenda. D (2017)	The study concludes that most schools have illegitimate school Development Committees that exist through the whims and caprices of school heads. School heads also make decisions on the running of schools excluding other stakeholders	The study focused chiefly on the causes of mismanagement of Schools finances in Mrewa District Secondary Schools. This study will not generalise the impacts on the whole Country of Zimbabwe however, it will be going to concentrate on the impact of financial management practices in the financial performance of Midlands Catholic schools in

			Zimbabwe.
A Review of Financial Management practices in selected Secondary Schools in the Kwekwe District Of Zimbabwe	Ponte. F (2022)	Most of the respondents believed that the documents available for financial management are very useful in financial management in schools.	The study focused chiefly on a review of financial Management practices in Secondary Schools on the Kwekwe District in Zimbabwe. The results of this study cannot be generalized across all district in Zimbabwe. However, this study will be looking at the impact of financial management practices in the financial performance of Midlands Catholic schools in Zimbabwe.

2.5 Chapter Summary

This chapter views literature on the financial systems within various researchers of financial management systems in financial performance. The existing literature on financial management that there is limited research on the heavily biased towards Catholic schools and Central Governance among other public and private sectors. On a similar note, current literature revealed that there is little universally accepted financial management practices, hence need to carry out a similar research in Catholic Schools in Midlands Province. The next chapter will provide the methodology used during this research.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This section gave a guide of the methodology that was utilised by the researcher in endeavour the examination. The research methodology encompasses the research design, population, sample, sources of data, data collection instruments, data presentation and analysis. The researcher shall therefore employ a qualitative and quantitative research design in this study and the targeted population will be the management that constitutes bursars, headmasters and Priests in charge because these are the people who are able to answer finance issues. The targeted population of 44 respondents shall be drawn from a population of management and non-managerial staff. The researcher will use the primary and secondary sources of data.

3.2 Research design

A research design is the overall pattern of the project that stipulates what information is to be collected and from which sources and procedures. Ruth (2015), defined research design as the plan and structure of investigation of information to develop an understanding of single or multiple cases from many individual perspectives. An engaging exploration configuration was taken to build up the connection between the financial management and financial performance.The researcher shall therefore employ a quantitative research design to a larger extent and qualitative research design to a lesser extends in this study.

3.3 Population

Boddy (2016) defined population as any group of individuals that have one or two characteristics in common that are of interest to the researcher.The researcher's target population consisted of selected Midlands Province Catholic School's management, and other employees. Notwithstanding, not all the individuals from the schools were applicable to the investigation .In light of the understanding what financial management practices and frameworks are, the study centered around the representatives who are straight forwardly identified with inward control exercises and income assortment and were in the branches of review (6) Bursars, (6) Priests in charge, (6) headmasters from managerial team, (17) teachers and 9 members of the SDC.

3.4 Sampling

Kothari (2004) likewise characterise sampling as the determination of some piece of a total or entirety on the premise of which judgement or induction about the total entirety is made. At the end of the day, it is a way towards getting data about the whole population by analysing its piece. The researcher had to takea sample from the target population so as to look it in detail and thus havea better understanding of the whole study population. Sampling was chosen sinceit was considered economical and using the whole population would have required more time.

3.4.1 Sampling frame

It is the rundown, everything being equal, of population that are subject to selection. In this study it is a list of Midlands Province Catholic School's management, teachers and SDC members. The sample consists of Catholic schools employees who spearhead the collection of revenue to financeits day to day services as well as projects.

3.4.2 Sample Size

Table 3.1: Population

Category	Frequency	Percentage
Bursars	11	14
Headmasters	11	14
Priest in Charge	11	14
Teachers	31	39
Member of SDC or SDA	16	20
Total	**80**	**100**

The sample size was determined by:

$$n = \frac{z^2pqN}{e^2(N-1)+z^2pq}$$

Where e is the error for this study, taken as 10%; p is the population reliability, taken as p = 0.5;$z\alpha/2$ is the normal reduced variable at 0.05 level of significance and z =1.96. n = Total sample size N = Population size

The sample size is therefore:

$$\mathbf{n} = \frac{1.962\ (0.5)\ (0.5)\ (80)}{0.12\ (80\text{-}1) + 1.962\ (0.5)\ (0.5)} = 44$$

Table 3.2: Sample Size

Category	Population	Sample Proportion	Sample Size (nPi)
Bursars	11	0.1375	6
Headmasters	11	0.1375	6
Priest in Charge	11	0.1375	6
Teachers	31	0.3875	17
Member of SDC or SDA	16	0.2	9
Total	**80**	1.00	**44**

Based on the sample size above, the researcher will collect data from 6 Catholic Schools in Midlands Province comprise of both primary and secondary school as follows: Loreto High School, Bembezaan Primary School,Chikwingwizha Secondary School, Mkoba Primary School, Gonawapotera High School and Driefontein Primary School. The schools were selected in terms of enrolment that is high, medium and low as well as different Districts.

3.5 Sources of data

During the study both essential and auxiliary data was utilised by the researcher to evaluate theeffect of finance management on financial performance by Catholic schools employees.

3.5.1 Primary data

Essential information alludes to information created for the particular issue or choice close by (Weiers, (2005). Data which is primary,is raw data collected from field. The researcher had to rely much on primary data since there was flimsy familiar data on this research. The data was gathered using survey carried out on Catholic schools managers as well as shop floor employees.

3.5.2 Secondary data

It is depicted as information gathered by another person before. It likewise the information gathered by a gathering not identified with the exploration concentrate, however gathered this information for some other reasons and at diverse time in past(Ajayi 2017).The analyst additionally utilised the information in drawing surveys for the commitment of financial management on financial performance in reducing revenue spillages.

Sources of secondary dataused during this study incudes journals, SDC meeting minutes, institution reports, memos and Auditor's reports. These were of paramount importancein understanding different financial management practices provided by Catholic Schools.

3.6 Sampling technique

This investigation utilised both likelihood and non-likelihood examining procedures to make an inspecting outline that is simple random sampling, convenience and purposive examining procedures. These methods are clarified underneath:

3.6.1 Random Sampling

The researcher used the simple random sampling so that all members from targeted population are involved.

3.7 Data collection instruments

The researcher shall collect data by administering questionnaires with open ended and pre-coded questions, interviews, and observations. The researcher will distribute the questionnaires to the targeted subjects in selected Catholic school in Midlands Province. The interview process in research is the most important approach for collecting rich data in qualitative case studies for understanding and exploring the participant's experience (Castillo-Montoya, 2016). Observations will also be used by the researcher. This is a situation whereby the researcher will be listening and looking upon the behavior of respondents. This can either be participative or non-participative.

3.7.1 Questionnaires

Questionnaire is depicted as an instrument of observation which fuses arrangements of things introduced to a respondent in a composed structure, where the individual is required to reply back in composing (Ajayi 2017).Questionnaires wereadministered to Catholic schoolsemployees and management. Part of the questions on the questionnaires werequestions which are open ended and closed. A questionnaire designed relying on literature review of prior studies.

The questionnaire provides the same precision in theanalysis of dataas the respondents are given the same questions and respond in auniform way. Questionnaires were significant to the research sinceit gives reliableinformation as the respondents areable to respond honestly to the questions without hesitancy as they will not be directly in contact with theinterviewer. Chambers (2010) claimed that theanonymity of questionnaires reduces biases as the respondents will be freely express their emotions to the topic under review.

3.7.2 Interviews

Interviews are defined according to Mark (2015) as a formal interaction between two or more peopleand the other person controls the direction flow of information. Interviews are conducted through face to face interactions.

3.8 Validity of data

Saunders et al., (2009) characterise legitimacy as degree to which hypothetical and exact reasoning's uphold the sufficiency and propriety of understandings and activities dependent on grades. Theauthor further explained that validity looks at theeffectiveness and accuracy of the measuring instruments.

A lessening in legitimacy and consistency will be the semi-organised method of investigating. To accomplish high legitimacy and consistency on the off chance that review research, Riege (2003) give a few rules:

3.8.1 Reliability

It determines to which extend a research is able to be relied upon. If a similar exploration would be led again on the outcomes from this subsequent study says something regarding the dependability of the research. Along these lines ,the less the outcomes rely upon co frequency ,the more dependable the estimation is. Strategies to examine unwavering quality depends on full record of hypothesis and thoughts. Activities to be reported and perceptions and parallelism between various information sources in the information assortment stage. Information that is accumulated during the experimental stage can be deficient because of the time limit.

3.9 Data analysis

According to Ibrahim (2015), data analysis is the process of performing certain calculations and evaluation in order to extract relevant information from data. The researcher will apply both qualitative and quantitative techniques in analysing data. The researcher will verify collected questionnaireand examine whether they will be dully filled. The specialist performed information altering, coding, information section, and information cleaning movement to check theconsistency of the information gathered from the respondents bydifferent devices .The researcher utilized quantitative techniques for examination in investigating information that will be gathered from the poll. The researcher will use graphs, tables and pie charts for data presentation.

3.9.1 Data Analysis and Processing

Data in this study was investigated utilizing Stata/MP. Stata/MP is window-based program that can perform data entry and analysis using the examination of tables and charts. Stata/MP is fit for taking care of a lot of information and can play out all the investigation and covered in text and much more. This program was utilized by the researcher as a significant part of the data analysis in a way. It is not difficult to use calculation and presentation of statistics. It additionally acclimated with dominate highlights and the researcher can import information gathered from the excel sheet to the Stata and data can be handled. However, Stata can be complicated as it involves the utilization of coding order in the delivering of statistical like linear regression, correlation and others.

Data was accumulated and separated utilizing reasonable assessments using Stata MP. The raw data was collected change from errors, omission and corrected. Information assembled was similarly coded into consistent, expressive, and huge characterizations to supply a framework for assessment. Descriptive statistics such as, rates to unrefined data into a design that enabled plan and understanding tantamount to study questions were used. As well inferential insights of information for instance, linear regression was utilized to examine quantitative information. This regression show was made and endeavored to define the connection between small undertakings profitability and working capital administration framework. This regression was used as it a quick technique which reviews the real relationship among variables and can be utilized to expect or assess the lead of parts. Linear regression model is fundamental as it utilizes the relationship between the two components under assessment reliant on the given data and information. Based (Tech Funnel, 2020) Regression analysis could be a quantifiable system utilized for the cut off of a relationship between a dependent variable and an independent variable and can be significant to the idea of the relationship among the variables and it furthermore has an impact in showing long-standing time association between the elements understudy.

3.9.2 Study model

An assortment of variables which includes return on assets, return on investments was utilized to measure the firm financial performance. This investigation indicated return on assets as an indicator to the determinants of Financial Performance aspect which includes, return on assets, Return of Equity, Return on Investment. Intervening factors furthermore influence the financial management of together with the model which included Budgeting and strategy is included in the calculation. In order to examine the connection between financial management strategies and financial performance for undertakings. Linear regression was used to illustrate different management techniques, it reflects its influence to the performance of schools as to be illustrated by the framework below

$Y= \beta 0 + \beta 1X1+ \beta 2X2+ \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \beta 7X7+\alpha$

In this case

Y= Financial Management

B0 = the constant expressed as the value of Y and X its values are zero

X1 = Return on Assets

X2 = Return on Equity

X3 = Return on Investment

X4= Increase in Profit levels

The coefficients of variables are β1, β2, β3, β4, β5, β6, β7 which expressed as Return on Assets , Return on Equity , Return on Investment, Increase in profit levels, are coefficients for, IHP, ARP, APP, AWC, GS and GS and GTA respectively .

3.10 Ethical considerations

The researcher will adhere to the ethical issues in carrying out research. These ethical issues include integrity, seeking consent for the use of data, professionalism, social responsibility and confidentiality. Confidentiality means the researcher will not disclose information obtained to anyone or used for other purposes except for the research academic purposes.

3.11 Chapter summary

The principle point of the segment was to give the system utilised in the examination, stressing the underlying research philosophy. Two approaches to research which are qualitative and quantitative are explained and compared. The chapter also depicts the data collection techniques and sampling methods used and analysis of data collected. The next chapter will provide an insight into the results and discussion of research results.

CHAPTER FOUR: PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

The segment focused mainly on conversation of discoveries of the research as well as presentation of information. It additionally managed dissected data got through the exploration. Investigation was acquired from the overview done with the goal that last ends can be drawn.

4.2 Response rate

From the 44 distributed surveys to the respondents, 37 questionnaires were completed and returned. This represents 84% response rate. Mugenga (2003) specifies that, a reaction pace of half or more percentage is passable for examination. The results are presented in table 4.1 below. For Headmasters 5out of 6 questionnaires returned thus 13.5% response rate, all of questionnaires sent to Priests in charge were returned giving a response rate of 16.2%, 6 of 9 questionnaires sent to SDC members returned giving a response rate of 16.2%, for Teachers 14 of the 17 questionnaires returned thus 37.9% response rate and all 6 questionnaires administered to Bursars were returned giving a response rate of 16.2%.

Table 2.1: Questionnaire Response rate

		Administered	Returned	Percent	Invalid	Valid Percent	Cumulative Percent
Valid	Headmaster	6	5	13.5	0	13.5	13.5
	Priest in Charge	6	6	16.2	0	16.2	29.7
	Teachers	17	14	37.9	0	37.9	67.6
	Bursar	6	6	16.2	0	16.2	83.8
	Audit	0	0	0	0	0	83.8
	SDC Member	9	6	16.2	0	16.2	100.0
	Total	**44**	**37**	**100.0**	**0**	**100.0**	

Source: Field survey (2023) - compiled by researcher

Table 4.1 below illustrated that ten interviews were scheduled and eight were conducted successfully representing a response rate of 80%.

Table 4.2: Interview Response rate

Respondent	Interview scheduled	Interview conducted	Invalid	Valid
Headmaster	2	2	0	2
Priest in charge	2	1	0	1
SDC	2	1	0	1
Bursars	2	2	0	2
Teachers	2	2	0	2
Response rate	100%	80%	0%	80%

Source: Field survey (2023) - compiled by researcher

4.3 Demographic characteristics

The respondents were requested to determine sexual orientation, work experience, age and level of education. The results are illustrated in beneath table 4.3.

Table 4.3: Demographic characteristics

	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Level of Education	Certificate	18	48.6	48.6	48.6
	Diploma	11	29.7	29.7	78.4
	Undergraduate	6	16.2	16.2	94.6
	Postgraduate	2	5.4	5.4	100.0
	Total	37	100.0	100.0	
Experience	<1	9	24.3	24.3	24.3
	1-10	16	43.2	43.2	67.6
	10-20	3	8.1	8.1	75.7
	20+	8	21.6	21.6	97.3
	23	1	2.7	2.7	100.0
	Total	37	100.0	100.0	
Age	<20	5	13.5	13.5	13.5
	20-30	6	16.2	16.2	29.7
	30-40	13	35.2	35.2	64.9
	40-60	12	32.4	32.4	97.3
	60+	1	2.7	2.7	100.0
	Total	37	100.0	100.0	
Gender	Male	14	62.2	62.2	62.2
	Female	23	37.8	37.8	100.0
	Total	37	100.0	100.0	

Source: Field survey (2023) - compiled by researcher

The findings in relation to respondents' level of education as tabulated in table 3 shows that amongst the staff at 6 Catholic schools, majority of respondents were certificate holders at 48.6%. Diploma education constituted 29.7%, postgraduates constituted 5.4% while undergraduate constitute16.2%.4

The study involved both the male and female respondents. From table 3 above, female was most respondents at 62.2% while 37.8% were male. It confers that most of the staff employees at the 6 Catholic schools selected were females.

The study also takes into accounts respondents' Experience. The majority of respondents was found between the range of 1 to 10 years with 43.2%. The least were those over 20 years with 2.7%. This implies that most respondents served few years at Catholic School positions.

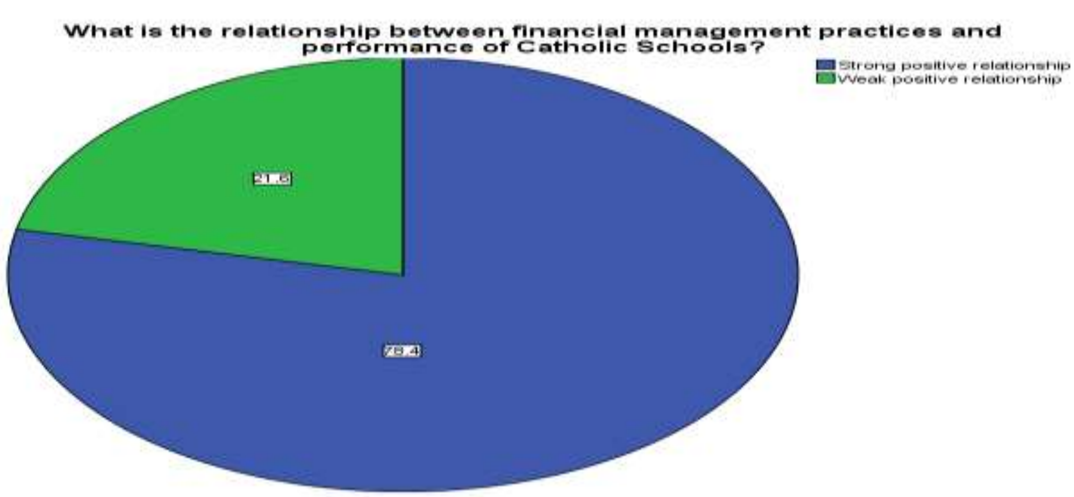
Age is another demographic character respondent are required to specify. The majority falls within the age range of 30 to 40 with frequency of 13, whilst one was over 60 of age. This implies that many respondents were economically active group.

4.4 Presenting on research results

The research pursued to answer the question," What is the role of financial management in the financial performance in Zimbabwe? The Case of Catholic schools in Midlands Province. "To answer this question, the management and other employees of the 6 selected Catholic school were investigated through the questions below.

4.4.1 Relationship between financial management and performance of Catholic Schools in the Midlands Province

Figure 3.1: Relationship between financial management and performance of Catholic Schools



From the figure above 78.4% indicated that there is strong positive relationship financial management practices and performance of Catholic Schools whilst 21.6 disagree with this notion. Those in disagreements pointed out that other factors like good governance practices, motivation plays pivotal role in the improvements of Catholic School performances.

4.4.2 Challenges affecting effective school's financial management

From the interview held many respondents indicated the following responses in relation to question on challenges affecting effective school financial management:

Respondent 1: Lack of financial knowledge and background by some Priest in charges caused Catholic School financial management to be poor. We cannot properly pay up trained bursars and bookkeepers so we end up employing individuals with little knowledge in accounting especially secretaries from vocational training centres.
Respondent 2: Financial management is not included in the training course as a Heading. We learn through trial and error as we go which makes everything difficult without an accounting background.

Respondent 3: We cannot properly pay up trained bursars and bookkeepers so we end up employing individuals with little knowledge in accounting especially in rural areas. SDC members do not understand policies and procedures. Sometimes they want to bring in what they want ignoring what policy says.

Respondent 4: Lack of knowledge due to illiteracy by SDC members is another challenge we face. As school heads we are also not well informed by Ministry Primary and Secondary Education on our responsibility and Catholic Financial Policies when it comes to management of school finances.

Responses given by school heads indicate that schools face a lot of challenges in managing school finances. Lack of financial management knowledge by school heads becomes a challenge on appointment. It also emerged that in rural schools, parents who cannot afford to pay fees in cash prefer offering their service as payments which is a challenge in equating the service to money for accounting purposes. Participants also highlighted lack of finances to pay qualified bursars resulting in them employing less qualified bursars. It was indicated that some SDC treasurers' low level of education resulted in lack of understanding financial policies and procedures and caused delays in decision making.

On the same question, SDC members also highlighted their challenges in a different angle from the school heads and this was the observation:

Respondent 1: There is lack of cooperation between school heads, Priest in Charge and SDC members. Some heads and Priests in Charge think that they know everything since they are qualified enough. This causes a rift as we feel disrespected.

Respondent 2: Some Priest in Charge make their own decision without consulting us which we know is against the law. In the workshop we were told that we only sign on agreements. Yes, I agree we do not understand the jargon in accounting, but they should explain in simple terms.

Respondent 3: Once parents like you they elect you with little education and when we start working in those positions there is scanty training which becomes a challenge on what exactly are we supposed to do as SDC members. We then rely on the school head to tell us what he wants.

Data from the SDC members is indicative of challenges faced such as lack of training in what they are supposed to do; low educational level making them fail to understand policies and procedures; lack of cooperation with school heads when it comes to making financial decision-making who often side-line them. All these factors hamper SDC members to fully participate in school financial management.

4.4.2.1 Knowledge of financial management by stakeholders

Table 4.4: Knowledge of financial management by stakeholders

Statement	**Yes**	**No**	**Not sure**
My school has a functional finance committee	73.0%	27.0%	0%
The current school development committee is properly constituted	83.8%	6%	0%
When did the officers from the accounts department from Ministry? of Primary and Secondary Education visit your school?	75.7%	22%	2%
Are government funds received on time by your school?	21.6%	78.4%	0%
Are you involved in budgeting in your school?	83.8%	8.1%	8.1%

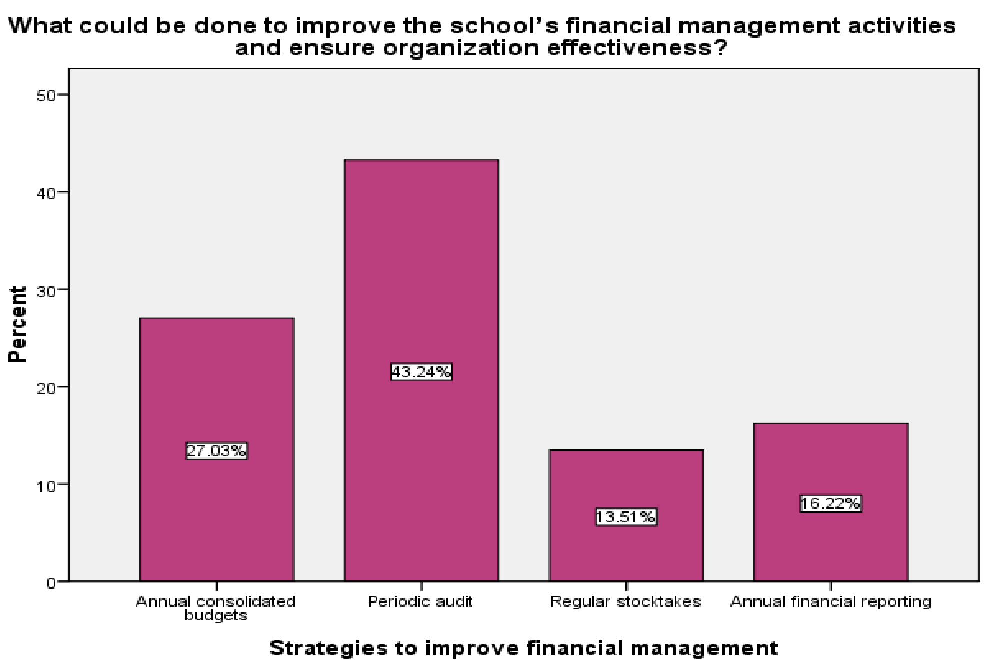
From the table above 73% of respondents believed that the Catholic Schools have functional Finance Committee whilst 27% believed that their school have no functional finance committee. 6% of the respondents believed that current School development Committee was not properly constituted whilst 83.8% believes the other way.

2% of the respondents were not sure whether Ministry officials visit School to check for compliance with financial management practices and other governance practices, 22% stated that Ministry officials were not visiting School at all yet 75.7% stated that they visit Catholic Schools in the Midlands province.

78.4% of respondents disagree with statement that school received government funds like BEAM on time whilst 21.6% pointed out that School received the funding on time.

4.4.3 Strategies to improve the school's financial Management activities and ensure organisation effectiveness

Figure 4.2: Strategies to ensure sound financial management system



Source: Primary data 2023

In response to what need to be done to improve the financial management activities, most respondent stated that periodic audit strategy improves the financial performances with response rate of 43.24%. 27.03% agreed that annual and consolidated budgets is another financial management strategy which improves effectiveness of organisations, whilst regular stocktakes was the least strategy as indicated by respondents (13.51%).

4.4.4 Correlation

Table 4.5: Correlation analysis

		Return on Assets	**Return on Equity**	**Return on Investment**	**Profit levels**
Revenue Budgeting	Pearson Correlation	1	.890**	.893**	.926**
	Sig. (2-tailed)		.000	.000	.000
	N	42	42	42	42
Capital Budgeting	Pearson Correlation	.890**	1	.877**	.876**
	Sig. (2-tailed)	.000		.000	.000
	N	42	42	42	42
Internal Auditing	Pearson Correlation	.893**	.877**	1	.955**
	Sig. (2-tailed)	.000	.000		.000
	N	42	42	42	42
Strategic Planning	Pearson Correlation	.926**	.876**	.955**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	42	42	42	42

**. Correlation is significant at the 0.01 level (2-tailed).

The researcher calculated the results for Financial Management practices and how it financial performance; it is in a positive way as the values of the two variables are .000, for practices and .000 for the performance. The values are then less than 0.01 hence the correlation is significant at 0.01 (2 tailed). This then proved that financial Management have an impact on financial performance on catholic schools.

4.4.5 Mean and standard of Variables

The study considered the general mean and standard deviation of every variable utilized in this study assessment, considering the information collected for 2023 for catholic schools from 2017 -2023. The result of the study analysis is presented in the Table 4.6 beneath

Table 4.6: Variables

Variables	Mean	Std. Dev.	Min	Max
Revenue Budgeting	11.925	8.805718	4.7	35.7
Capital Budgeting	53.375	26.2929	22	105
Return on Assets	45.75	21.13607	5	89
Return on Invest	62.375	23.97742	36	123
Return on Equity	36.75	42.67318	-79	96
Gross profit margin	1.8125	2.400521	0	9
Margin	4.25	2.695676	0	9
Growing in Sales	4.25	2.977695	1	9

Source STATA (Survey 2023)

Based on the data collected by the researcher it established the variable with the **lowest deviation of 2.40 and a mean of 1.8125** that is indication of gross profit fall from these years and the variable with the **highest standard deviation of 26,2929 and a mean of 53,375** is Capital Budgeting, catholic schools have now engaged in Capital expenditure to expand their operation hence this has a greater standard deviation as presented above

4.5 Inferential Analysis

4.5.1 Correlation Analysis

This investigation aims to test the relationship between financial Management techniques with the Financial Performance in catholic school. Based (Hargrave, 2020) the article emphasis that return on asset indicates the financial performance of schools in this study financial performance is represented as return on assets based on the study analysis of variables understudy. Correlation analysis were employed to examine the relationship financial management and financial performance of catholic schools in Zimbabwe with an aim to find the relationship between management on performance with its variables such as Budgeting , Return on assets , Return on Equity and profit levels of catholic schools.

4.5.2 Description Statistics and Correlation Matrix

Table 4.7: Description Statistic and Correlation Coefficient

	1	**2**	**3**	**4**	**5**	**6**	**7**
1 Revenue Bu	1.0000						
2 Capital Bu	0.6773	1.0000					
3 Return on Asset	-0.6236	0.2463	1.0000				
4 Return on Investment	0.3023	-0.1384	0.3358	1.0000			
5 Return on Equity	-0.8960	0.8160	0.4584	-0.4809	1.0000		
6 Gp Margin	-0.0950	0.0118	0.1186	-0.0809	0.1114	1.0000	
7Growth Sal	-0.3379	0.2499	0.4438	0.2582	0.2287	-0.2448	1.0000
8 Net profit.	-0.4862	0.2610	0.3686	0.0490	0.3159	0.3786	-0.2990

STATA Source (Findings 2023

On the issue of financial performance, the correlation indicate that Return on Equity has negative relationship to Financial Performance f (**r = -0,8960, p = 0.00**) and also a positive relationship of Net profit to Return on Assets of (r = **+0.3159, p = 0.00**). The correlation shows a negative relationship on Capital Budgeting of (**r= -0.6773, p= 0.00)** for Revenue Budgeting for these church and also shows a positive relationship of **(r= +0.2610, p= 0.00**) to Capital Budgeting based on the research understudy reflecting that there is a positive relationship between Net profit and the Return Assets indicating that with good financial Management as our net profit increase usually it is caused by increase Return on Assets

Similarly, results of Return on Assets to Revenue under correlation is **(r = -0.6236, p = 0.00**) showing that Return on Assets has a negative impact to Revenue Budgeting of the these in their operation and according to the research it also shows that there is a positive relationship of Net profit to Return on Asset of **(r = +0.3686, p = 0.00**) as illustrated by the table above. Based on this research the positive correlation of Net profit and Return on Assets implies that an expansion in these variables resulted in an increment in the profit of catholic Schools.

More so Return on Investment according to the data understudy shows that Revenue Budgeting has positive relationship to Return on Investment of (**r = +0.3023, p = 0.00),**

Based on this study approaches of above gross profit margin have a negative relationship on the Revenue of these church with **(r = -0.0950, p = 0.00)** and also it has a positive relationship to the Net profit of **(r = +0.3159, p = 0.00**) this reflects that an increment in the financial methodologies stimulates a growth in the catholic schools this research understudy.

4.5.3 Regression Analysis

Regression could be a factual strategy utilized in fund, contributing, and other disciplines that attempts to decide the quality and character of the relationship between one subordinate variable (ordinarily indicated by Y) and an arrangement of other factors (known as independent factors (Beers, 2020).The researcher had to analyse the relationship between the independent variable that is Financial Management to its dependent variables that is Return on Assets , Return on Equity , Return on Investment , Increase profitable levels

The relationship is formulated by the model below

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \beta6X6 + \alpha$

Where Beta values represents the Coefficient standard Deviation on varies variable as presented by the table below.

Table 4.8: Regression Coefficient

Return on Assets	**Coef.**	**Std. Err.**	**t**	**P>t**	**[95% Conf.**	**Interval]**
X1	**.0267605**	**.0264511**	**1.01**	**0.329**	**-.0299713**	**.0834924**
X2	**-.3436411**	**.1922896**	**-1.79**	**0.104**	**-.7720891**	**.0848069**
X3	**-.0292627**	**.0544846**	**-0.54**	**0.603**	**-.150662**	**.0921365**
X4	**.0284372**	**.0432392**	**0.66**	**0.526**	**-.0679058**	**.1247802**
_ constant	**8.320281**	**4.839812**	**1.72**	**0.116**	**-2.463491**	**19**

STATA (Survey 2023)

Where X1 is Return on Assets, X2 Return on Equity, X3 is Return on Investment, X4 is Increase profit level,

The outcome of regression model shows that the coefficient of **X1** is positive with **(.0267605**) and p-value **(0.329**) indicated a positive relationship of **X1** with Return on Assets reflecting that an increase in **X1** variable increases return on assets. Based on this table it shows that the p-value of **X1** is significant higher hence the hypothesis test of the linear regression of X1 cannot be rejected on this research data. Moreover, regression model also indicates **X2** as negative with **(-0.3436411)** and p-value **(0.104**) this indicated that there is a negative relationship of **X2** with return on assets reflecting that an increase in **X2** decreases return on assets. Also based on this table the p-value of **X2** is significant lower reflecting that the hypothesis of linear regression of **X2** can be rejected based on research data. From the table above **X3** is negative with **(-.0292627)** and the p-value **(0.603)** reflecting that an increase in **X3** negatively affect return on assets. Also based on this study the p-value of **X3** is significant higher reflecting that the hypothesis test of linear regression of X3 cannot be rejected. Moreso **X4** is positive with **(.0284372**) and the p-value **(0.526)** this reflects that an increase in **X4** also increases the return on assets. According to the table above the p-value of **X4** is significant higher indicating that the hypothesis test of linear regression of **X4** cannot be rejected.

The outcome obtained in the table 4.3.9 above recommend that all the variables had a significant regression coefficient based on linear Regression model presented by the model presented as follows

Y=8.320281-0267605X1-0.3436411X2-.0292627X3 +.0284372X4

Based on the Regression analysis above it indicates that Return on Assets (X1), Return on Equity (X2), X4 has positive relationship to Return on Assets. According to the results an increase in these variables increase the profitability of these schools. However, Return on Equity (X2), Return on Investment (X3) has a negative effect to profitability, an increase in these variables will lead to a fall in the profitability of these schools hence the church had made an assessment in making such investment.

4.6 Chapter summary

The chapter highlighted the findings in relation to the research problem. This section introduced and examined the exploration discoveries and attended to every part of inward control framework in this way the target sketched out in chapter 1 was additionally tended to. Major findings were presented, discussed, and analysed. Data used was from the questionnaire and interview guide. Percentage, cumulative percentages, correlation, and regressions were calculated to give a clear picture of the results. The next chapter presents the summary, conclusions, recommendations, and guidelines for further study.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Here the researcher put unique emphasis on the synopsis of exploration discoveries, and make a few suggestions dependent on the viability of inside review in controlling extortion at 6 Catholic schools selected that are Loreto High, Bembezaan Primary, Chikwingwizha Secondary, St Pauls Mkoba, Gonawapotera Secondary and Driefontein Primary. The findings and recommendations in this were based on the information gathered.

5.2 Summary of the findings

The research pointed out that school heads perform a greater task in dealing with school finances as they lead the finance committee in drawing up the school budget in consultation with SDC members and other stakeholders. This conclusion confirms literature observation that it is sensible for the school head to develop a whole-school approach when drawing up a budget where the input of the implementers is considered in coming up with a budget (Ntsele, 2014). It came out from the findings that the school heads also monitor the income and expenditure accounts whether they are in line with the school budget. The findings revealed that school heads perform the duty of internal auditing where they check books of accounts to ensure the proper use of school financial resources. Thus, the current study affirms the revelations that the school head as an accounting financial officer supervises and administers working capital efficiently and economically (Mpolokeng, 2011).

Evidence from the findings revealed that the school heads, Priest in Charge, SDC members and school bursars face limitless challenges mostly due lack of cooperation among school heads, Priests in Charge and SDC members. Lack of knowledge on financial policies, income, and expenditure procedures by SDC member results in some school heads overriding their decisions on what items are to be acquired, which irritates the SDC members and sometimes end up absenting themselves from vital meetings where their signatures are required. The findings are appropriate with the results of the study by Mapolisa, et al (2014) that most of the SDC members were ignorant on financial matters and as a result just recommended the school heads' decisions. The results of the study further confirm that some school heads are using school funds before banking, and this has created problems in balancing off financial books in schools. Such practices are against financial management policies provided by MoPSE. Consequently, the finding corresponds with Bua and Adzongo's (2014) observation that poor management of finance results in financial misappropriation, embezzlement, and diversion of finance for different projects.

5.2.2 Correlation

Based on this study approaches of above gross profit margin have a negative relationship on the Revenue of these church with ($r = -0.0950$, $p = 0.00$) and it has a positive relationship to the Net profit of ($r = +0.3159$, $p = 0.00$) this reflects that an increment in the financial methodologies stimulates a growth in the catholic schools this research understudy.

Financial Management techniques had been proved to be effective in this analysis in that the relationship between gross profit and revenue is negative this states that these schools there charged fees controlled by the church hence there often operate at below cost of sales hence a negative figure depicted by this study. More so as the revenue from fees increases this states that the net profit from these school also increase this states that catholic schools must operate separate from the influence of the church based on the study above.

5.2.3 Regression Analysis

Based on the Regression analysis above it indicates that Return on Assets (X1), Return on Equity (X2), X4 has positive relationship to Return on Assets. According to the results an increase in these variables increase the profitability of these schools However Return on Equity (X2), Return on Investment (X3) has a negative effect to profitability, an increase in these variables will lead to a fall in the profitability of these schools hence the church had made an assessment in making such investment. In this study catholic schools operates as any type of business by matching up the return on investment and profitability in this case its return on Assets this states that by having low profits from investment made by church this will results in lower return on investment as well hence the church had to make further assessment on this on this issue

5.3 Conclusions

The research surveyed factors that influence financial management in Catholic School in the Midlands Schools in Zimbabwe. Based on the findings from this research the author concluded that training of both school heads, SDC members and bursars influence financial management to a greater extent and there is a very strong relationship between financial management and financial performance of Catholic School in Midlands Province. The study established that, Ministry of Primary and Secondary Education influence school heads, Priest in control of Mission and SDC members in financial management through, organising training workshops/seminars on financial management, school assessment, advisory visits, and auditing/monitoring. The study also established that good working relationship among school heads, Priest in charge, SDC members and school bursars greatly influence the schools manage finances. The study further indicated that lack of knowledge by both school heads, priests in charge and SDC members in managing school finances significantly influence the way they execute their duty of managing school finances.

5.4 Recommendations

The following recommendations was proposed from the study for Catholic School to implement:

- Bursars should upgrade their qualifications to a degree and professional courses on accounting so that they execute their duties professionally.
- Finance committees and Procurement Committee to be set.
- Signatories' to be restricted to the Head, Deputy Head, SDC committee representative and responsible authority and priests in charge to exercise monitoring duties and receive reports on intervals not to carry out day to day duties at schools.
- Education and proper financial workshops especially on the proper n diligent use of funds by the responsible authority of Catholic schools. All priests to have at least a certificate in finance and bookkeeping or administration.
- External audits to be carried out every year by independent recognised audit firms.
- Internal monitoring. To produce the financial statements and see the trend income versus number of students versus outcome.
- There should be an independent signatory who is not part of the admin like any member from school development committee who always approves as well the funds.
- Follow the budget as set. Diverting from it should be approved by finance committee.

5.5 Suggested areas of further research

In order to come up with a detailed analysis of financial management practices in Catholic school further research is needed on the effectiveness of accounting information systems, financing decisions and capital structure management on financial performance.

REFERENCES

Ajayi. O. V (2017). 'Distinguish between primary sources of dataand secondary sources of data,' PhD Science Education, Benue State University, Makurdi.

Boddy, C.R. (2016), "Sample size for qualitative research", Qualitative Market Research, Vol. 19 No. 4, pp. 426-432. https://doi.org/10.1108/QMR-06-2016-0053 .

Castillo-Montoya.M.(2016).Preparing for Interview Research: The Interview Protocol Refinement Framework.

Ibrahim. M. (2015). The Art of data analysis. Journal of Allied Health Sciences Pakistan, 1(1), 98-104.

Kothari, C. (2004) Research Methodology, Methods and Technique, New AgeInternational Publishers, New Delhi.

Riege, A. M. (2003). Validity and Reliability Tests in Case Study Research: A Literature Review with "Hands-On" Applications for Each Research Phase. Qualitative Market Research, 6, 75-86. https://doi.org/10.1108/13522750310470055.

Saundes. M, Lewis. P; Thornhill, A (2009), Research Methods for Business Students, 5th Ed, Pearson Education Limited UK.

Weiers. R.M, (2005), Introduction to Business Statistics, 6th Edition, Thomson Higher Education, USA.

Abraham, B. (2004). Intervention Model Analysis. Encyclopedia of Statistical Sciences. doi:10.1002/0471667196.ess1273.

Aduam. J. (2015). Assessing the effectiveness of internal controls mechanism of the Techman Municipal Assembly, Kwame Nkrumah University of Science and Technology.

Afrosai-e., (2013). Regularity Audit Manual.

Arnold, J. D., DeOrtentiis, P., and Van Iddekinge, C. (2017). Agency theory in the selection. Context. Academy of Management Proceedings, 2017(1).

Asiligwa. G.R (2017). The effects of internal controls on the financial performance of commercial bank in Kenya, Journal of Economics and Finance, Vol.8 (3) pp 92-105.

Awdat, A. A. (2015). The impact of the internal audit function to improve the financial performance of commercial banks in Jordan. Research Journal of Finance and Accounting, 6(3), 217-225.

Bhama, V., Jain, P.K. and Yadar, S.S. (2018). Testing the Pecking Order Theory of Deficit & Surplus Firms: Indian Evidence. International Journal of Managerial Finance 12 (3) 335350.

Corporate Finance Institute (CFI), (2021).Business Ethics Retrieved from corporatefinanceinstitute.com/resources/knowledge/other/business-ethics.

COSO Internal Control Integrated Framework (2018).

http://www.coso.org/ publications/executive summary_integrated_framework.html. [Accessed: 14-09-23].

Donaldson, L., Davis, J.H. (1994). Boards and Company Performance – Research Challenges the Conventional Wisdom. Corporate Governance: An International Review, 2(3), 151–160.

Ejoh, N. O., & Ejom, P. E. (2014). The effect of internal audit function on the financial performance of tertiary institutions in Nigeria. International Journal of Economics, Commerce and Management, 2(10), 1-1.

Eldomiaty, T., Sliman, A., Fikri, A., and Anis, M. (2016). The Financial Aspects of the Corporate Responsibility Index in Egypt. . A Quantitative Approach to Institutional Economics. International Journal of Social Economics, 284-307.

Faith, M. C. (2013). The effects of budgeting process on financial performance of commercial and manufacturing Parastatals in Kenya. Accounting, organisations and society.

Fayezi, S., O'Loughlin, A. and Zutshi, A. (2012). Agency Theory and Supply Chain Management: A Structured Literature Review. Supply Chain Management: An International Journal, 17(5), 556-570. Doi: 10.1108/13598541211258618.

Farouk, M. A., & Hassan, S. U. (2014). Impact of audit quality and financial performance of quoted cement firms in Nigeria. International Journal of Accounting and Taxation, 2(2), 1-22.

Gouiaa, R. and Zeghal, D. (2014). An Analysis of the Effect of Board Characteristics and Governance Indices on the Quality of Accounting Information. Journal of Governance and Regulation 3 (3).

Hejazi, R., Valipoor, H., and Siamer, M. (2012). The Application of Pecking Order Theory in Financing: A Case Study of Industrial Companies Listed in Tehran Stock Exchange, Iran. Financial Knowledge of Security Analysis (Financial Studies), 5, (15), Pages 31 - 46.

Horngren, C. T., Foster, G., Datar, S. M., Rajan, M., Ittner, C. and Baldwin, A. A. (2010). Cost accounting: A managerial emphasis. Issues in Accounting Education, 25(4), 789-790. doi:10.2308/iace.2010.25.4.789.

Ijaz and Naqvi (2016) Financial Performance of Organisations Paristan Country Journal Teaching Education.

ISA 315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment.

Institute of Internal Auditors (2017), www.iia.org.uk [accessed on 14-09-23].

Jarallah, S., Saleh, A. S. and Salim, R. (2018). Examining pecking order versus trade-off theories of capital structure: New evidence from Japanese firms. International Journal of Finance & Economics, 24(1), 204-211. doi:10.1002/ijfe.1657.

Jensen, M.C. & Meckling, W.H. (1976). Theory of the Firm: Managerial Behaviour, Agency Costs, and Ownership Structure. Journal of Financial Economics: 3, 305 – 306.

Johnstone. K. M; Gramling. A. A, and Rittenberg. L. E (2014). Auditing: A Risk Based- Approach to Conducting a Quality Audit, 9th Ed, Nelson Education Ltd: Canada.

Kenton W, Scott G. (2020) Financial Performance Fundament Analysis.

Kinde, B. A. (2012). Financial Sustainability of Microfinance Institutions (MFIs) in Ethiopia. European Journal of Business and Management.

Leung. P; Coram. P; Cooper. B & Richardson. P (2015). Modern auditing & assurance services, 6th Ed, John Wiley & Sons Australia, Ltd, Australia.

Leitch, M. (2004) Internal Control and Leaking profits. Available at: <http://www.irmi.com>. (Accessed 14/09/23).

Marshall, H. and Margret, J. (2020). How to Use Return on Assets When Analyzing a Company. In Investopedia. Retrieved from https://www.investopedia.com/terms/r/returnonassets.asp.

Mohamed, & Ali. (2013). relationship between budgeting and performance of remittance companies in Somalia. Educational research international, 2, 7.

Mohammed E, Abdullah K, and Faudziah H., (2014) Measurement organisation Performance Dimensions.

Muhammad, J. (2015). Effects of Internal Audit Function and Internal Control Systems on Financial Performance in an Institution of Higher Education in Pakistan: A Case Study of National Agriculture Education Accreditation Council (Doctoral dissertation, Al-Madinah international university).

Murthy, S, N and Bhojanna, U, (2015). Business Research Methods, 2nd Edition, Anurag for Excel Books, New Delhi.

Onduso, E. O. (2013). The Effect of Budgets on Financial Performance of Manufacturing Companies in Nairobi County. New Business Journal, 7, 46, 74.

Panda, B. and Leepsa, N. (2017). Agency Theory. Review of Theory and Evidence on Problems and Perspectives.

Qi, Y. (2010). The impact of budgeting process on performance in SMEs in China.

Ruigrok, W., Peck, S., Tachera, S., Greve, P., and Hu, Y. (2007). The Determinants and Effects of Board Nomination Committees. Journal of Management and Governance, 10 (2), 199-148.

Sandala, M Mazanga W., (2015) .How do Board Characterise Business Performance.

Turyahebwa, A., Ssekajugo, D. and Sunday, A. (2013). Financial Management Practices and Business Performance of Small and Medium Enterprises in Western Uganda.

Steinle, C., Schiele, H. and Emst, T. (2014). Information Asymmetries as Antecedents of Opportunism in Buyer-Supplier Relationships Testing Principal-Agent Theory. Journal of business-to-business marketing. 21(2), 123-140.

Sugioko, S. (2010). The impact of budget participation on job performance of university executives: a study of APTIK-member universities in Indonesia. Kasetsart journal of social science, 276-277.

Tromp, J. F. (2009). The participative budgeting process and its impact on employee performance.

Chikoko, V. (2018). Negotiating the role and responsibilities in the context of Decentralised.

School governance: A case study of one cluster of schools. Retrieved from http://.topkinsis.com/cnference/CCEAM/wib/index/outline/PDF/CHIKOKO%20Vital is.pdf.

Ndhlovu, J., Sibanda, L. & Mathwasa, J. (2020). Influential Factors to Financial Management in Chegutu District Secondary Schools of Mashonaland West Province, Zimbabwe. Randwick International of Education and Linguistics Science Journal, 1(3), 330-340. https://doi.org/10.47175/rielsj.v1i3.141.

Ngoma. P. M (2018). The importance of school management in ensuring sustainable Financial resource management in six secondary schools of Nakonde District in Muchinga Province, Zambia, Lusaka.

Pearson B, (2021), The Role of Personal Financial Salience. Journal of Financial Planning,https://www.financialplanningassociation.org/article/journal/AUG21-role-personal-financial-salience Statutory Instrument 87 of 1992.

Phylisters ,M, Kyalo N. and Mulwa,A(2018).International Journal of Sciences and Research.

Robina R, R.; Pulido F, M. (2018), Religious Experiences of Travellers Visiting the Royal Monastery of Santa María de Guadalupe (Spain). Sustainability 10, 1890. https://doi.org/10.3390/su10061890.

APPENDICES

Appendix A: Questionnaire

My name is Nyashadzashe Mukaviyo a Great Zimbabwe student studying Master of Commerce Degree in Professional Accounting and Corporate Governance. I am undertaking a research on **the impact of financial management practices on financial performances in Zimbabwe. A case of Catholic schools in Midlands Province.** May you please complete this questionnaire. This research is for academic purposes only. Your contribution in this research is much appreciated.

<u>**Note:**</u> Do not write your name anywhere on this questionnaire.

PART A: Respondents Profile

Please tick your response where appropriate and fill-in the blank spaces.

1. What is your gender?

   (Please tick one box only)

   ☐ Male ☐ Female

2. How old are you?

   ☐ Below 20 ☐ 20-30 ☐ 30-40

   ☐ 40-60 ☐ 60+

3. Position in running of school?

   ☐ Headmaster ☐ Priest in Charge ☐ Ministry officials

   ☐ Bursar ☐ Audit ☐ SDC member

4. Level of education (state the highest level)

   ☐ Certificate ☐ Diploma ☐ Under graduate

   ☐ Post graduate Other………………….

5. How many years do you worked for the School?

   ☐ < 1 year ☐ 1-10 years ☐ 10-20 years

   ☐ 20+ years

SECTION B: Challenges affecting effective school's financial management

6. **Challenges**

Statement	**Yes**	**No**	**Not sure**
My school has a functional finance committee			
The current school development committee is properly constituted			
When did the officers from the accounts department from Ministry of Primary and Se Education visit your school?			
Are government funds received on time by your school?			
Are you involved in budgeting in your school?			

The role of financial management in the performance of catholic schools

7. What would you consider to be good financial management?

----

8. How would you describe your success with regard to the day-to-day financial administration at your school?

----

9. Are there any other comments you would like to share regarding the financial management of a school?

----

10. What is the relationship between financial management practices and performance of Catholic Schools?

- ☐ Strong positive relationship
- ☐ Weak positive relationship
- ☐ Strong negative relationship
- ☐ Weak negative relationship
- ☐ No relationship

11. What could be done to improve the school's financial management activities and ensure organization effectiveness?

- ☐ Annual and consolidated budgets
- ☐ Periodic audit
- ☐ Regular stock takes
- ☐ Annual financial reporting

Appendix B: Interview Guide

What is the role of financial management in the performance of catholic schools?

--

What are the challenges affecting effective school's financial management in the midlands Province?

--

What could be done to improve the school's financial management activities and ensure organization effectiveness?

--

Are you involved in budgeting in your school?

Yes/ No

If yes, what is the contribution of budgeting in financial management of Catholic schools in Zimbabwe?

