EFFECT OF FINANCIAL MANAGEMENT PRACTICES ON QUALITY OF EDUCATION IN PRIVATE UNIVERSITIES IN KENYA

PETER MWANGI KARIUKI

REG NO: 14/01796

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for the award of the degree of Master of Science (Finance and Economics).

I also declare that this dissertation contains no material written or published by other people except where due reference is made and author duly acknowledged.

Student Name**:** Peter Mwangi Kariuki Registration No. 14/01796

Signature: ____________________________ Date: ______________________________

I do hereby confirm that I have examined the Masters dissertation of

Peter Mwangi Kariuki

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed

Signature: _________________________ Date: ________________________________

Dr. Edward Owino

Supervisor

ABSTRACT

Kenyans have developed the thirst for higher education and this has been on the rise owing to the fact that people with different skills are required and is also widely believed as the way to come out of poverty. This has led to the increase in enrolment in universities to rise thus making the public universities unable to accommodate all those people who intend to join the University, giving rise to private Universities. As the number of private universities rises up, the question of quality of education becomes debatable owing to the fact that financial resources are scarce. Quality of education is affected by many factors among them financial resources which require to be managed properly. The aim of the current study was to evaluate the effect of financial management practices on quality of education in private universities in Kenya. The objectives of the study were to determine the effect of financial budgeting processes on the quality of education in private universities in Kenya, to establish the effect of financial reporting on the quality of education in private universities in Kenya, to determine the effect of financial record keeping on the quality of education in private universities in Kenya and to determine the effect of internal controls on the quality of education in private universities in Kenya. Stakeholder theory, agency theory and Allocation of resource theory were used. Descriptive survey design was adopted. The target population was on all the 18 private chartered universities from where four finance department staffs were selected from every institution. Structured questionnaires were used to collect primary data. Drop and pick later method was used as the data collection method, while pilot testing was done to test for validity and reliability of the instrument. Collected data was coded and then entered into an SPSS version 23.0 computer systems for analysis. Descriptive analysis was conducted where frequencies, means and percentages were obtained. To determine the relationship between the independent variables and the dependent variables, multiple regression analysis was done. Presentation of findings was done in forms of charts, figures, graphs, tables and narrations. The study established that the financial budgeting process affected the quality of education to a large extent. It further found that the financial reporting had a positive and significant effect on the quality of education. The financial records keeping significantly affected the quality of education and that the internal control systems affected the quality of education through improving efficiency and effectiveness in the Universities' performance and making sure that resources are allocated to the priority programmes. Generally, the financial management practices affected the quality of education in private universities in Kenya. The outcome of the study recommended that management of the private universities should enhance financial reporting and the practice of financial record keeping more with a view of improving the quality of education.

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DEDICATION

I dedicate this dissertation to my dear wife Lucy Muthoni Njuguna, my daughters Joy Wanjiku, Ivy Nyambura and Sharon Wairimu for their patience and encouragement even when I was absent from them during my studies.

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ACRONYMS AND ABBREVIATIONS

CHE:	Commission for Higher Education
CUE:	Commission for University Education
HELB:	Higher Education Loan Board
ICTs:	Information Communication Technology
SDGs:	Sustainable Development Goals
UMB:	University Management Boards
UN:	United Nations
IPSAS:	International Public Sector Accounting Standards
CCTV:	Close Circuit Television

OPERATIONAL DEFINITIONS OF TERMS

Financial Budgeting: involves planning and preparing ways to be adopted in using organizational resources to specific projects and programs (Tilak, 2015)

Financial Management: planning, controlling, implementation and monitoring of financial policies and activities, accounting and audit of revenue, expenditure assets and liabilities (Zietlow,Hankin, Seidner& O'Brien2018).

Financial records: Records after undertaking business transactions and activities that relate to financial management (Taylor 2013).

Financial Reporting: Involves preparing and releasing financial information to the organization stakeholders and users in various forms (Christiaens, Vanhee, Manes-Rossi, Aversano and& Van Cauwenberge 2015).

Internal Control: Entails checking on the activities, comparing with plan, and undertaking measures so that certain boundaries are not overstepped (Johnes,2013).

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Education plays a major role in the development all over in the world. Thus economic development cannot be realized without putting more effort in it. Based on goal 4 of the United Nations SDGs (Sustainable Development Goals), is to make sure that everyone is included in order to achieve quality education and ensure learning all along and this will culminate into changing the world (United Nations, 2015). With the new constitution which was put in place in 2010 Kenya has really embarked on guaranteeing on the right to access education for all. The young and the elderly have the opportunity to access education. This has been witnessed by having mothers and fathers enroll back in our schools. Remember the old man by the name Kimani who joined primary school while at an advanced age though he passed some few years ago. He really encouraged both the youth and the elderly Kenyans and generally the whole world. He had the opportunity to engage with students in the United States of America.

Kaimenyi (2013) elaborates on how the new constitution has paved way for education in Kenya and this will go a long in opening the economic opportunities as even barriers in communication will be reduced thus promoting international trade. Education as a basic right where every child has a right to access it is enshrined in the constitution and the government has an obligation to guarantee education to all children (Government of the Republic of Kenya, 2013).

In Kenya, vision 2030 gives an insight of where the country intends to be by then in terms of development and one of the key issues is education because without education, then there is no development. This aims at changing the country into an industrial country, coupled with better income which can make the standard of life to be improved where one will be living in a secure and clean environment.

The goals which the Universities have to meet are usually specified. If they don't achieve them then they will have no way to support the huge public funds they spend (Drexler, Fischer and Schoar, 2014). The commission for university education is the body that is given the power to regulate university education.

The public universities together with private universities play a big role in facilitating high education in Kenya. The public university is normally funded by the government whereas private universities have to charge the students for them to get the funds and also other activities which generate income for them which are in most cases constitute a small amount compared to the huge expenditure of the university activities. With the demand for higher education going up, different organizations have established private universities which go a long way in bridging the existing gap in higher education. Kiruja and Mukuru (2018) in their study found that private universities in Kenya and all over the world play a major role in advancing quality education by giving students an opportunity to pursue their course at their preferred private universities without relying on the public universities as has been the trend in the past.

According to Kimathi and Henry (2014), many Kenyans have embraced education and this has been witnessed by both the students who are completing form four and the working class who enroll for the evening, distance and weekend classes. The trend is the same even in other African countries where universities are registering huge numbers for enrolment in different courses all geared in questing their thirst for higher education. Nyangau (2014) concluded that private universities sector is an area to reckon with because it is one of the service industries that is on upward trajectory especially in Uganda.

Institutions of higher learning in Africa are being faced with a myriad of challenges and Kenya is no exception. Kimathi and Henry (2014) elaborates that there is no doubt that crisis in institutions of higher learning in Kenya will be experienced because of the increase in the demand for higher education. Though universities in the world play a major role in ensuring that high quality of education is provided, they face major challenges and Kenya is no exceptional.

In the United Kingdom there is existence of a harsh environment in the education sector and more so in the higher education and this was according to Taylor (2013). The consistent challenges facing the public universities in Africa touches on infrastructure facilities, decline in quality of services provided and reduced financial support from national government. Another major challenge is the management of the financial resources which is touching on both the private and public universities, Mosha (2018). The current study aimed at evaluating the effect of financial management practices on quality of education in private universities in Kenya.

1.1.1 Financial Management Practices

Management is the process of planning, organizing, leading, and controlling human resource and other organizational resources for effective achievement of organizational goal (Zietlow, Hankin, Seidner & O'Brien, 2018). It also involves management of financial resources, accounting management and financial reporting, forecasting and budgeting. Wang (2014) describes financial management as an activity which involves planning the future of the business for the current and future cash. For the planning of finances to be successful, it will depend on availability of financial resources. Financial management is committed to a prudent use of capital and this will involve understanding when selecting sources of capital, with the objective of focusing and directing the institution to its goals. It is proper then to define financial management as the prudent or rational use of capital resource to achieve the goal of the firm (Zietlow, et al., 2018).

Organizations are usually affected by the way the finances are managed, therefore it means that the survival of the institution will depend on how the finance managers drive the organization. Gudo (2016) talks of how the organizations that perform well normally show leadership strengths and better financial management .Prudent management of finances is important in any organization because it will be the basis for planning for finances and how they are going to be utilized. Finkler, Smith, Calabrese and Purtell (2016) gave their opinion, that the entire management will be based on the financial management as you understand very well that for any development to be undertaken it will depend on the available finances. It breaks down on the duties of the financial manager in the organization and this is what is supposed to be looked at when analyzing his performance in the firm. Some of the duties will involve initiatives like vibrant thinking on how to secure money with cheap interest rates and how this cash will be utilized effectively and efficiently. Financial management is one of the critical areas of management, as it emerges on different departments such as human resource, sales and marketing, and production. If it fails, these departments collapse and inevitably the whole organization comes down trembling and lastly closes down.

Financial management have been grouped by, Abanis,Sunday, Burani and Eliabu (2013) into wealth maximization and profit maximization . Lwiki, Ojera, Mugenda and Wachira (2013) gave their opinion that financial management will be expected to give a breakdown of the cash received and also show how the expenditure was made of course with supporting documents. He further should make sure that the organization portrays honesty, show good financial utilization of the resources, making sure that there is compliance with regulatory standards, ensuring value for money, efficiency, effectiveness and equity in the way the cash is being distributed. Managing risks is also very critical coupled with assisting managers for the benefit of the organization and supporting the good decisions of the managers.

Without prudent financial management practices then private universities cannot meet their objectives. Lam (2014) shared that for those organizations that normally perform very well, they usually have strong management skills in leadership and their financial management practices are good.

Finance management if well undertaken will bring stability in the university, create room for investment, seize opportunities, exercise probity in order to bring forth proper governance and accountability, and see to it that the university distributes resources properly so that its objective can be achieved. A friendly financial environment is the base for any successful institution and having sufficient finances is very important for universities bearing in mind on their culture of non-cooperation (Taylor 2013).

Kimathi and Henry (2014) shared that financial difficulties in institutions of higher learning like private universities may be realized owing to bad planning of finances, having weak internal control systems, weak external financial control systems and incompetency governance. This absence will affect financial resources in private universities and this will impact on paying suppliers, employees, coming up with modern learning facilities, coupled with cheap and unskilled labours which end up affecting on the quality of education.

1.1.2 Quality of Education

When you acquire quality education, it forms as the stepping stone towards a better life and still as a way of bringing economic development in the country as you are aware that for any country to develop, then it has to embrace industrialization in order to be able to manufacture products for local and international market and that cannot be realized without education. The vision 2030 document shows how education and training in Kenya will give quality education (Government of the Republic of Kenya, 2013). United Nations SDGs elaborates that for reduction of poverty to be realized then quality education has to be realized. Education will reduce on gender inequalities and empower individuals by achieving a healthier and better living standard. It boosts self esteem of an individual, makes one to develop self driven initiatives that brings innovations and this ends up with self development of individuals without forgetting that it also brings peace among different communities.

On the other hand, Nishimura and Yamano (2013) are of the opinion that when it comes to defining the term "quality", there is yet no agreement in what it entails. Their opinion was that more definitions of quality keep on changing from time to time and are associated with values in the society. The meaning of data has also been raised and relates to the relative paucity of its meaning that could give indicators for quality. Levy (2013) did a research on service quality in Kenyan universities and confirmed on the declining quality of education.

Due to poor remuneration of lecturers in Africa, they have ended up relocating to western countries thus affecting the quality of education in universities within Africa. Education has also been affected due to governments low support owing to poor leaderships, retirement because of age and HIV/AIDS (Mohamedbhai , 2014).

With the numbers of universities being on upward trend, this has impacted on the quality of education according to Gudo (2014), who reports that the expansion has affected the universities in different areas of teaching and research, equipping of library, and low morale of the staff due to poor pay. Kremer, Brannen and Glennerster (2013) opined that quality of university education involves inputs of teaching and administrative staff, curricula, technologies for teaching, learning arrangements for students', catering and university management and also outputs in form of tests and examinations.

1.1.3 Overview of Private Universities in Kenya

In 1922 is when the University education in Kenya can be traced with the establishment of Makerere College as a technical college which used to admit students from Tanganyika, Uganda, Zanzibar and Kenya. In Kenya, in 1961 the Royal College in Nairobi was elevated to university college status. The Royal College became the University College, Nairobi in 1963. The numbers of public and private universities have been on an upward trend as many Kenyans enroll for higher education.

The numbers for Private universities in Kenya have gone up from one in 1970 to the current number of 18 according to commission for university education (2018). There are 30 chartered public universities and 18 private chartered universities. In Kenya, University education has made good progress in comparison with the other East African countries (CUE, 2017). Universities have faced financial difficulties due to the increase in enrolments of students, increased workload for the teaching staff and this calls for universities to become more innovative so that they can be able to be competitive (Owino, Kibera, Munyoki & Wainaina, 2014).

The private universities offer both the undergraduate and postgraduate programs. The undergraduate programs have the highest number of enrolments. Private universities receive funds from student fees, endowment fund and donors. Private universities are having a difficult time due to changing government policies, change in economic situations and mismanagement of finances.

1.2 Statement of the Problem

Private universities in Kenya have been encountering a number of challenges some of them being relevance of education, courses which are irrelevant, low number of students, low motivated teaching staff and administrative employees who feel that they are not appreciated (Chang'ach, 2013). Lecturers have been going for several months without salaries, suppliers have been busy at the corridors of courts trying to get assistance in order to get justice and be paid due to the long delay in payments. Delay in the commencement of classes has also been experienced (Otiato, 2013).

Competition has become stiff due to the decrease in the number of students available for admission at the private universities due to the changes in the Kenya National Examinations Council where almost all the students who scored grade C+ and above have secured a place for admission to the public university. This has left private universities in a big challenge as they try to meet their obligations as and when they fall due. This is because private universities depend on the students' tuition fees as their main source of income with only a few other income generating activities which cannot sustain the operations of the private universities. This may affect the quality of education offered in these universities (Gudo, 2014; Gachithi, 2010). According to Owino, Kibera, Munyoki and Wainaina (2014) the emerging service quality issues facing universities in developing countries require to be checked closely. Proper financial management practices are thus required by the universities so that they can remain as going concern institutions and also competitive. This gave rise to the need to investigate the effect of financial management practices on the quality of education in Private Universities in Kenya.

Studies have been done on financial management and the quality of education in Kenya. An example is, Obwogi (2011) who looked at the factors that affect quality of teaching staff in Universities in Kenya. Kaburu and Embeywa (2014) conducted a study on evaluation of the quality of university education in Kenya. Odebero (2010) studied the crisis in financing and management of Kenyan higher education. Cheboi (2006) looked at the funding patterns and their effect on the quality of higher education in Kenya. However, while these studies were beneficial to the researcher, none of them was focused on the financial management practices and its effect on the quality of education in the private universities in Kenya, hence a knowledge gap. It was therefore this gap that the researcher sought to fill.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to analyze effect of financial management practices on quality of education in private universities in Kenya.

1.3.2 Specific Objectives

The following were the specific objectives:

i. To determine the effect of financial budgeting processes on the quality of education in private universities in Kenya.

ii. To establish the effect of financial reporting on the quality of education in private universities in Kenya.

iii. To determine the effect of financial record keeping on the quality of education in private universities in Kenya

iv. To determine the effect of internal controls on the quality of education in private universities in Kenya.

1.4 Research Questions

The research questions were:

i. What is the effect of financial budgeting processes on the quality of education in private universities in Kenya?
ii. What is the effect of financial reporting on the quality of education in private universities in Kenya?
iii. What is the effect of financial record keeping on the quality of education in private universities in Kenya?
iv. How does internal controls affect the quality of education in private universities in Kenya?

1.5 Justification of the Study

The significance of the study was based on theories, policy and practical significance. Theoretically, the result of this study was to fill in knowledge gaps in relation to literature on financial management practices in private universities in Kenya. It will help in understanding better on the financial management practices and how this impact on the quality of education in private universities in Kenya. It will also benefit scholars, researchers and academicians both in the field of financial management and education. The study will increase body of knowledge on financial management practices in Private Universities in Kenya. The areas suggested for further research will also be important.

The study will help in formulation of terms of policy by government and institutions of higher learning. Commission for university education and higher education loans board will also benefit as they provide information about financial management practices in private institutions. HELB and CUE will be assisted to reach out to the large population of private universities in Kenya and assist them in managing financial crisis that may come across.

In practice the study will be important to the private universities in Kenya as they will be able to understand financial management practices and the guidelines on how to adopt study recommendations. Some universities have a challenge in raising finances thus making it difficult to increase the number of students in a class due to the amount of cash involved, investment opportunities, constrained financial resources and incompetent management.

Students intending to enroll in different private universities will have information on the challenges likely to face their university of choice and understand quality education offered.

1.6 Significance of the Study

Various stakeholders who have interest in the private universities in Kenya either directly or indirectly will benefit a lot. The study has provided the findings on the factors affecting quality of education in private universities in Kenya and this will be of great help to scholars and other researchers. Further this will expand their knowledge and has identified areas of further study.

Academic researchers will benefit a lot as this will enlighten them in developing their research concerned with the study and to the public at large by educating them on the factors that hinders quality of education of students in private universities and research on them further.

The study will provide useful information to the management of private universities in Kenya.

1.7 Scope of the Study

The study focused on analyzing the effect of financial management practices on quality of education in private universities in Kenya. This included aspects of financial management practices which are financial budgeting process, financial reporting, financial record keeping and internal control. The study was conducted from the month of June to September 2018.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focused on the available literature studies relevant to study topic on analyzing the effect of financial management practices on quality of education in private universities in Kenya. The study scrutinized some of the previous work studies in order to develop concrete background information upon which the research work was based. The chapter also outlines the weaknesses of previous studies thus enhancing critical review. In the process, study gaps were identified and conclusions made for further research work.

2.2 Theoretical Review

This consists of existing theory/theories that are used in financial management research. The theoretical framework portrays an understanding of theories and concepts relevant to the research topic that relates it to the broader field of knowledge in financial management practices. A theory consists of a set of statements which explains a cluster of facts or phenomena, especially one that has been tested repeatedly or is widely accepted and can be used to make predictions about natural phenomena (Zikmund, 2010). The theories in the current study were; the stakeholder theory, agency theory and stewardship theory.

2.2.1 The Stakeholder Theory

This theory was originally detailed by Freeman (1984) in the book "Strategic Management: A Stakeholder Approach". This theory checks on combinations that form stakeholders of an organization. It is an organizational management and business ethics theory which focus on values and also the morality in the organizational management as viewed by the shareholders. It tries to focus on how the different stakeholders' interests are supposed to be given priority and increasing the value of the firm. The theory explains or gives an account of other parties involved as stakeholders and points out that all of them are important. They include customers, government agencies, creditors or suppliers, trade associations, financial institutions, communities, employees both past and present, trade unions, political groups and even competitors.

Phillips (2003) gave a distinction between normative legitimate stakeholder and derivatively legitimate stakeholder. He explains that the former will involve the stakeholders whom the organization has a moral obligation whereas the latter will involve stakeholders whose status can affect the organization due to their ability to control the firm indirectly for example if the banks decline to approve loans to the firm, then it becomes difficult to expand or even suppliers if they refuse to supply to the organization on credit and demand cash on delivery of the goods, sometimes it can be difficult to operate the business. The customers should be taken seriously and customer care should be enhanced in any organization so that they can keep on coming back. Employees should be well remunerated so that they can wake up in the morning with the energy to give the best in the firm. Banks or financial organizations are supposed to be paid their principle together with the interest on time so that if tomorrow the firm develops a need for cash in order to develop then it can get assistance from them as they will have developed a good relationship with the bank. The government taxes should be paid on time to avoid conflict and threat of closure. Employees should not be discouraged to join the trade unions because when the employer discourages, the employee will feel that there is something that the employer is avoiding to pay to the employee and this can bring crisis to the firm and subsequently affect the profitability.

Blattberg (2004), criticized the stakeholder theory because of the assumption that different stakeholders interests can be balanced against each other. He pointed out that dialogue should be embraced where conflicts between stakeholder interests comes up. He recommends that conversation should be given priority.

Stakeholder theory is important and relevant to our study because it explains on how organizations normally operate. It points out on the importance of the various stakeholders and shows how important all of them are in order to succeed in doing business. This is done by creating value for customers, paying suppliers on time, giving priority to the owners who are the shareholders, remunerating employees well, assisting communities with their needs for example water by digging boreholes for them and also employing them in the organization and banks to be paid for their loans as and when it falls due. This shows how important each of the stakeholders is to any organization meaning that the managers of the firm have to make sure that they balance all of them as they all have a role to play in the development and progress of the business (Beasley, Chen, Nunez, & Wright, 2006).

Proper financial management of the scarce resources then is paramount and calls for managers to improve on how the finances are being utilized coupled with good record keeping of all the transactions and subsequently giving reliable financial reports.

2.2.2 Agency Theory

According to Berle and Means (1932) there is an increase in the gap between ownership and control of large institutions arising from a decrease in equity ownership. It is based on this circumstance that managers in private universities pursue their own interest instead of maximizing returns to the shareholders who are the owners. In theory, shareholders of a private university are the owners, and it is the responsibility of the management to ensure that shareholders' interests are fulfilled. In other words, the responsibility and duty of the managers is to manage the company so that the returns to shareholders are maximized thus increasing the profits (Elliot, 2002).

This theory was explained by Jensen and Meckling (1976) whereby they gave the explanation on the relationship between the ownership structure and profitability. Agency conflicts can be experienced between shareholders and managers and when this happens then the firm is affected because the shareholder is not the one who handles the operations of the firm but the managers who instead of giving priority to add value to the owners they put more energy on how they are going to benefit from the organization by engaging in sometimes even investments which does not add value to the firm but to themselves.

Jensen and Meckling (2006) showed how the managers do not always engage in the operation of the organization with the aim of maximizing returns for the owners. Their agency theory was based on the principal-agent problem which was taken into consideration as a key factor in determining how the firm performs. The theory explains that, an agency relationship is a contract where one or more persons the principal (s) engage another person the agent to perform some service on their behalf which involves delegating some decision-making authority to the agent. The interests of the shareholders and managers is sometimes not the same as the managers will try to benefit from the running of the firm at the expense of the shareholders whom they are supposed to maximize on their return on their investments.

The professional organizations together with the government efforts have seen the shareholders interests being strengthened especially in the areas of efficient, effective and economic governance with the objective of benefiting the shareholders. The clamor for tight controls has been occasioned by the recent organization scandals (Christopher, Sarens & Leung, 2009). The stringent measures will attract more investors to invest and this will bring about growth in the economy as foreign direct investments will be realized thus boosting the foreign reserves leading to a stronger home currency. Employment of the locals will be increased resulting to better living standards, being able to access better quality education as funds for paying fees will be available and this will reduce on the levels of poverty giving room for extended lifespan. The government taxes will also rise up thus enabling it to meet its agendas.

The theory is important in this study because the owners of the private universities have given the responsibilities of running the institutions to different individuals who acts as their agents in forms of the Vice chancellors, the deputy vice chancellors, finance managers, lectures, and administrative staff among others. In the study the students are equivalent to the customers in the commercial business and are supposed to be valued as the kings in the university set up because without them then there will be no business and the university can only close down. There is therefore great need for strong internal control systems to safeguard the interests of the shareholders together with other stakeholder's interests.

2.2.3 Allocation of Resource Theory

The theory was developed by Peteraf and Barney (2003). It is concerned with the way the governments, organizations, businesses or individuals allocate their financial resources through budgeting process with the aim of achieving their objectives. In order for the organizations to be competitive, then it should have good qualities and this requires the use of budgetary control systems to distribute the scarce resources (Anantadjaya, 2008).

Without resources it is difficult to operate any business. It is based on these resources that an organization is able to be a going concern and also be able to be profitable and thus benefit both the owners and managers of the organization. This is because when companies make profits, the managers are usually awarded in form of bonuses and even their salaries can be increased while the owners also benefit from dividends. The resources could either be human or material. When analyzing the resources of the firm, a distinction needs to be made between resources and capabilities. Resources are inputs into the production process and without them then there is no output.

The economic concept of resource distribution or allocation is important for an organization by using the invisible hand theory. In this theory, the allocation of resources is done through competition, supply and demand by individuals and corporates (Peteraf, 2003). Companies allocate financial resources through budgeting process as they try to achieve their financial targets. Therefore this theory assists companies or organizations in allocating financial resources at their disposal through budgetary control systems. The theory was applicable to the study as the researcher was seeking to determine the influence of financial budgeting process by the private universities on the quality of education in Kenya.

2.3 Empirical Review

This involves a directed search of published works, periodicals and books, which elaborates on theory and presents empirical outcomes which relate to the current topic. Literature review is a comprehensive survey of previous inquiries related to a research question. It provides a researcher to place his or her research into an intellectual and historical context. The empirical review was based on the four study objectives (financial budgeting process, financial reporting, financial record keeping and internal controls) of the study.

2.3.1 Financial Budgeting Process and Quality of Education

A budget is normally expressed in financial terms as it involves money. Budgets have different purposes in different organizations thus they cannot be argued that all of them are prepared the same way as different organizations have different formats. Still their objectives are not the same as each company aims at achieving diverse goals. For example staff motivation budgets, pricing and cost control budgets, performance measurement and evaluation budgets (Barr& McClellan, 2018).Budgeting is concerned with planning and coming up with control measures to be used in allocating organizational resources in certain projects. Tilak (2015) confirms that budgeting process is key as allocation of resources is done with its help and thus showing the preferences of the programs of the parties involved. The managers in charge of the budgets should participate in their formulation and implementation and if situations arise where they require to be adjusted, then they should be flexible to change as budgets are there to guide. Bar and McClellan (2018) opine that participative budgeting makes the managers have a sense of belonging as they embrace the budget and try stick to it thus making implementation easy and thus increasing possibility for meeting the goals of the organization. A study by Geiger (2015) on financial crisis in higher education shows that budgets makes the managers of finances to be more accountable because spending will be based on what was budgeted for apart from a few variances which can either be favourable or unfavourable. The truth is financial planning or budgeting brings about accountability.

Institutions of public are experiencing challenges in budget implementation as noted by Gachithi (2010). Public institutions which undertake budgeting on a hierarchical basis faces a hundre in every level in the hierarchy, a possibility of changing the original or the first request is imminent as the various budgets are processed further and put together. One of the major challenges that affect the budgets when it comes to implementation is that those that prepared the initial budgets, but were later changed when aggregating could develop resistance on the proposed budgets. Insufficient funds allocated to various departments coupled with organization weaknesses will hinder implementation of budget.

Budgeting is a tool used by the government to enable it to achieve the realization of government objectives in a given year. A budget provides the appropriate measure of past performance to be used in the analysis of the future performance (Brigham, Ehrhardt, Nason & Gessaroli, 2016). Maritim (2013) undertook a study in order to determine the effects of budgeting processes on the financial performance of manufacturing and commercial parastatals in Kenya. The findings showed that the practices of budget which were mostly practiced were budget planning, budget participation and budgetary sophistication. Employee engagement in formulation of budgeting process has made greater success in the realization of the plans set in a particular period in the process of budget. Feedback mechanism was confirmed to be essential when it comes to implementation of the budget.

A study carried out by Kamau, Rotich and Anyango (2017) to understand how the budget performance was affected by the budgeting process on the state corporations in Kenya with a specific focus on Kenyatta National Hospital. The variables used were, budgetary participation, budgeting sophistication, budget feedback and budget controls. The findings showed that participation in the budget had the greatest effect on budget performance. Budgeting sophistication had also significant effect on budget performance. Budget feedback and budget sophistication had the least effect on budget performance and thus the quality of service delivery and products at the state corporations in Kenya.

Mukami (2012) undertook a study on the challenges which are faced in preparation and implementation of budgets together with the variances in the budget and its estimates. The researcher gave the findings that for non-governmental organizations, the budget document is a management plan with the aim of projecting the managements' desired outcome of the firms' financial performance based on income and expenditure for a specific set of resources in a given period of time. Budgets help in the facilitation of the process of acquiring, allocating and utilization of resources so that the organization can achieve its goals. Though there are a number of challenges in the budgeting process, institutions or organizations who embrace budgeting have really benefited and cannot do away from exercising it.

2.3.2 Financial Reporting and Quality of Education

Financial data that is reliable is key for effective and efficient operations of an organization. Financial reporting involves the process of preparing and distributing financial information to the organization stakeholders in different forms. According to Christiaens, Vanhee, Manes-Rossi, Aversano and Van Cauwenberge(2015) on the study about using international public sector accounting standards to reform financial reporting in the government, reporting that dissemination of financial statements to external parties by publishing annual financial statements and furnishing a copy to shareholders and filing them at companies' house is what is described as financial reporting. Financial reporting assists the management to engage in making important decisions for the company and coming up with the ways that benefits the strategies of the company. Financial reports give important information concerning the financial stability of the company and its operations or activities to its stakeholders. It gives information on whether the organization is a going concern or if it will wind up soon.

Financial reporting gives a summary of the detailed data produced by the accounting systems and then presents the data in a format that facilitates use and understanding by the management who makes decisions in the company on behalf of the shareholders. Veltri and Silvestri (2015) shared that financial information about a business is important to its shareholders, banks, creditors, employees and customers so that they can analyse the financial health of the organization. Financial statements together with annual financial reports will form part of the financial reports. Financial statement shows an overview of a company or organization or personal financial condition in both long term and short term. Christiaens, et al.,(2015) reiterates that financial statements provides information about performance and financial position of an organization which is useful to a large number of users for analyzing the stewardship of management and for making decisions. Financial reports are evidences of accountability. Users of financial statements will include investors (present and potential), financial institutions, creditors, employees (past, present and prospective), customers (on cash and credit), governments and their agencies and the general public.

Ouma (2017) studied on the relationship between reporting quality and financial performance of companies listed at NSE (Nairobi Security Exchange). Provision of financial reporting information for enterprises is mainly financial in nature and decision making is the primary objective of financial reporting. Compliance with financial reporting end up in improved financial performance in terms of liquidity ratios, solvency ratios as well as efficiency ratios.

When investing you needs information about the financials and resources of a particular organization or sector for the economy, one is supposed to invest within budget lines as revealed by Ezekiel (2016) when he was assessing the relationship between international financial reporting standards and quality of financial reporting. It should be noted that stakeholders rely on information disseminated in annual financial reports for their investment decisions. Quality financial reports create efficiency in the allocation of resources in the capital market. The study gave its findings that adoption of new international financial reporting standards amendments, revisions and improvements do improve the quality of financial reporting though the improvement is not significant.

2.3.3 Financial Record Keeping and Quality of Education

In institutions of higher learning good financial management practices is key for their survival. Taylor (2013) shared that prudent financial management practices is essential for the university leadership. When adhered to, it makes the university to be stable, creates investment opportunities and seizing of opportunities. If it is transparent then it will facilitate accountability and good governance thus ensuring that the university allocates resources effectively. Financial record keeping can be adopted in order to enhance on the management of finances hence leading to quality of education. Financial records can either be in form of soft copy or hard copies of financial statement, reflecting on expenditures and revenues.

Prudent management of financial resources is key in any organization, Drexler, Fischer and Schoar (2014). In absence of financial resources, private universities will not conduct their activities efficiently and effectively. Financial resources should be availed for the operation of different departments of the private universities. The cash is budgeted for and utilized in the procurement of the necessary teaching and learning materials which include textbooks and markers. The cash is also utilized in paying salaries for administrative staff, setting up new buildings and making improvement in different infrastructures. Financial management in institutions of learning entails costs for paying lecturers, suppliers, and support staff among many expenses associated with the cost of education, sources of income in order to meet the educational costs and also the utilization of the income in an objective manner in order to achieve the educational objectives.

If financial record keeping is properly done then it will enable organizations to plan properly and also check whether there are any resource misappropriations. According to Mwebesa, Kansiime, Asiimwe, Mugambe and Rwego (2018) on financial record keeping and financial performance in Uganda, they opined that financial record keeping is important in managing development groups. They shared that whenever members of an organization are able to access the information, then transparency and accountability of the financial records will be well kept leading to improved performance both in non-financial and financial terms. Proper record keeping will be possible if the accountants know the type of financial books which are recognized by international accounting standards board and adhering to the areas of expenses that would improve on the performance of institutions.

It is paramount for education sector to keep records of all the operations because this will boost the standards of quality education. Adejare (2014) on the impact of accounting records keeping on the performance of the small-scale enterprises shared that in absence of proper knowledge of record keeping, institutions of higher learning will not operate for long and they will be forced to bring curtains down. In this scenario it calls for more energy to be channeled in keeping good, accurate and reliable financial records of all incomes and expenses which have been incurred in the institutions. Proper financial records adds value to the organization as it helps in the reporting of total income which helps in computing the right amounts for tax to the government, key in helping to obtain credit by keeping a balance sheet, income statements and cash flow statements. In essence accurate financial records assists in producing data that helps management in making crucial decisions like improving on the quality of education as essentials for teaching are made available, general operations in the organization and also boost income or profitability.

Financial record keeping involves maintaining accurate, detailed information about the financial and operational activities of an organization. Understanding where the expenses occur and where the revenue is generated is crucial in assisting in making decisions that can help in increasing profitability and investment opportunities. According to Musah and Ibrahim (2014), financial records helps in identifying profit or loss, financial progress, or net worth of the business, assist in planning of cash requirements, in providing information for income-tax purposes, and it also provide information required for one to secure a loan from financial institutions. Proper record-keeping systems commence with documentation which is supposed to be simple and kept in a safe place to avoid tampering with the information that is inside. The data should be kept in such a way that accessing it or simply retrieving it should be easy and not complicated and this has been made easy with technology which by click of a button to a computer and with authorization by use of password, the user can get access to the data and make reference on it. All transactions that take place between a business and a customer should have written documentations where a receipt is supposed to be issued to the customer as a proof of the transaction and payment of the product or service. It can also be an invoice which the business can issue to its customers and the business can also receive from its creditors and all these transactions should be well documented.

2.3.4 Internal Controls and Quality of Education

Control involves the activities of monitoring progress, comparing it with plan, and then undertaking corrective action. Control helps to learn from past events (Johnes, 2013).The separation of ownership and control breeds low possibility of management being fired and replaced. Managers have the opportunity to operate the organization according to the way they think best and this may result in managers making decisions that benefit themselves and not the owners or the shareholders. Thus as no amount of planning and organizing will assure that the interests of shareholders are achieved, then control will be important so that activities can proceed as planned.

In trying to understand whether internal control systems affects the operating efficiencies in universities then Duh, Chen, Lin and Kuo (2014) , noted that one objective of internal control is to improve on the operating efficiency of any organization. They confirmed that internal control system is largely effective in improving the university operating performance efficiency through its adoption in the private university. Further it found out that there is a positive and significant association between internal control implementation and teaching-related efficiency. They suggest that private universities should try to embrace technology by installing CCTV cameras to monitor the activities within the university and also conducting frequent internal audits.

The fundamental aim of the internal control as a function of management is to measure performance against aims, goals and standards with an intention of making corrective actions where possible to keep the goals on target (Ruihong 2015). Logically control is a matter of developing feedback mechanisms in the organization by making sure that there is progress, accurately and changes that need to be made stay on track. The aims of financial controls is to establish short-term business plans which the business can use to seize opportunities, to establish progress towards the achievement of short-term plans, to make sure that there is coordination between different departments in the organization, delegate measurable responsibilities to managers without loss of control, and also to give a controlled flexibility for meeting change in the short-term.

Internal controls will involve the routines which are planned and that have the opportunity of offering security in order to attain the organization goals in an efficient and effective manner by adhering with conformance with financial and administrative reporting and the appropriate guidelines that safeguards a company's reputation must be applied (Haislip, Peters& Richardson, 2016). This is to say that internal controls assist an organization in the achievement of its objectives. These internal controls therefore assist in helping to analyze or measure the performance of a company. DeFond and Lennox (2017) gave their findings on the financial control process by checking on four areas; setting goals or targets, measuring the actual performance, comparing against the set standards and taking corrective measure on any significant difference in the two. Controlling is therefore part of planning and thus it consists of the process of monitoring activities by ensuring that results are as per the expectation and then taking corrective action if need be. Balanced scorecard on the measurement of financial performance together with those of customer satisfaction, internal processes, growth and innovation will form part in the assessment of the performance of the organization. The study went ahead to find that controls can sometimes breed behaviors that are not in the best interests of the institution and can make employees to feed the operating system with inaccurate information and thus people will develop resistance to controls which they view as a threat in their ability to satisfy their needs from work.

Mugo(2013) undertook a study on the effects of internal controls on financial performance of technical training institutions in Kenya. In the study the researcher investigated on the relationship between financial performance and internal control systems in technical training institutions in Kenya. The research findings were that the management of institutions were committed to control systems and that they were also involved in monitoring and supervision of the happenings of the technical training institutions in Kenya. The study confirmed that all the activities involved were initiated by the top management, the internal audit department didn't have sufficient staff and further to this is that the audit was not conducted regularly and they still did not produce regular audit reports although the few that were there revealed weaknesses in the system. The study report revealed that there was a clear separation of roles, and that weaknesses in the system were addressed. Regular training programs were initiated with the intention of building capacity in the institutions. The system however lacked information sharing and adequate security measures to safeguard the assets of the technical training institutions in Kenya. The conclusion of the findings indicated that the institutions also lacked adequate finances to meet financial obligations as and when they fall due because the fees paid by students was not enough to cover costs. The findings gave the recommendation that the government should increase on the amounts that it normally funds the institutions with as this will enable more research and in the general operations of the colleges.

2.4 Knowledge gap

With some Universities facing cash crisis and not able to meet their obligations as and when they fall due, then there was need to undertake research in the way financial management practices are undertaken in the Private Universities in Kenya.

From the foregoing review of relevant literature, it is evident that research in the area of financial management practices and quality of education in private universities in Kenya has been done but not in a comprehensive approach. All the concepts reviewed above indicates that previous researchers concentrated on a few variables of financial management while this study covers additional important variables that are of interest and emerging compared to the previous studies. From the analysis of relevant literature, it has been found that there are few studies specific to financial management practices in private universities in Kenya. The study therefore intended to fill the knowledge gap in literature by analyzing the effect of financial management practices on quality of education in private universities in Kenya.

2.5 Conceptual framework

It is a schematic diagram which shows the relationship between the independent and dependent variables. The independent variables of the study included financial budgeting process, financial reporting, financial record keeping and internal controls while quality of education was the dependent variable. Thus, the conceptual framework shown below provided basis of parameters to determine the variable relationship.

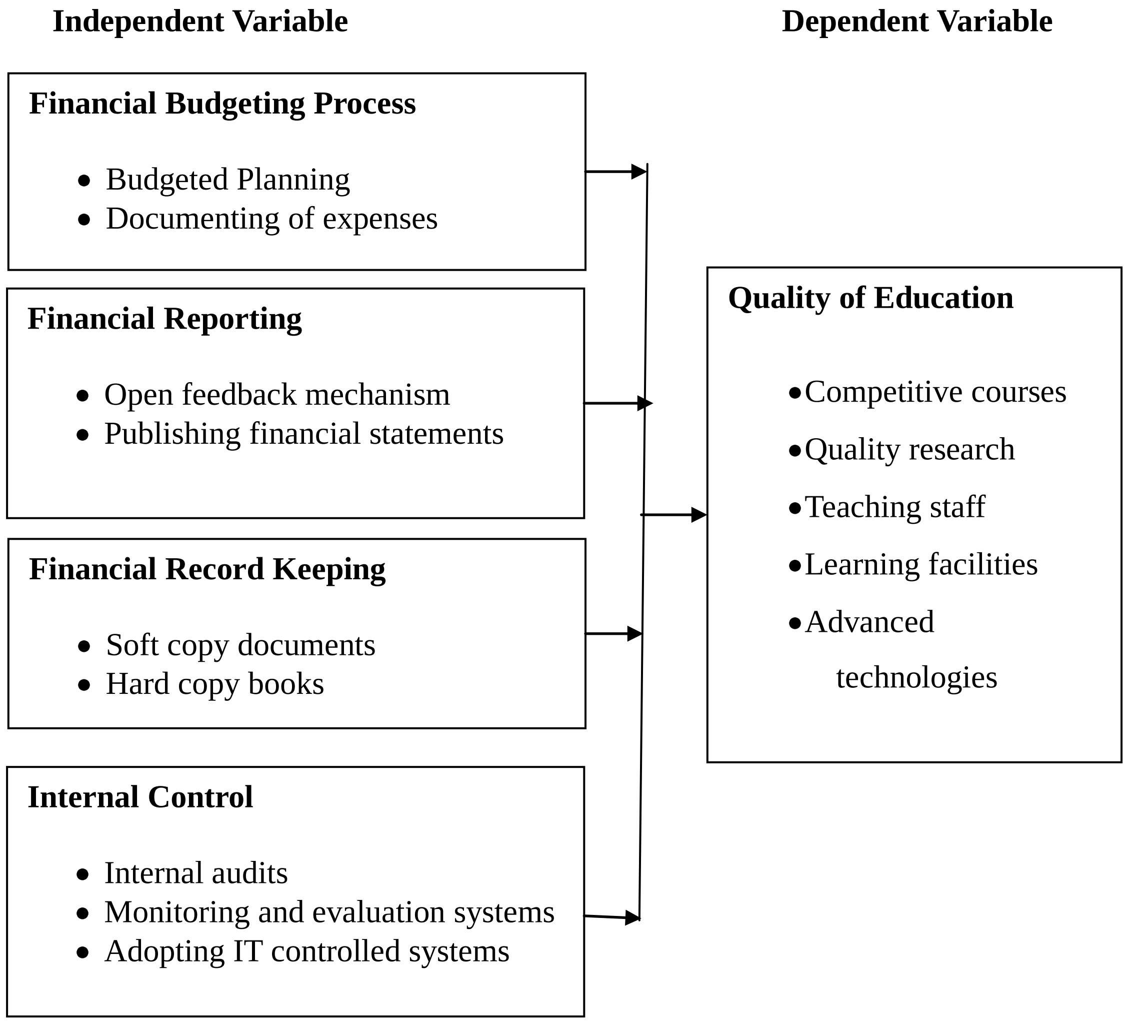


Figure 2. 1:Conceptual Framework
Source: Author (2018)

2.6 Operationalization of Variables

Table 2.1: Operationalization of Variables

Objective	Variable Type	Indicators	Measuring Scale	Data collection Method	Data Analysis
To determine the effect of financial budgeting processes on the quality of education in private universities in Kenya	Independent Financial budgeting process	• Budgeted Planning • Documenting of expenses	Interval	Questionnaire	SPSS 23
To establish the effect of financial reporting on the quality of education in private universities in Kenya.	Independent Financial reporting	• Open feedback mechanism • Publishing financial statements	Interval	Questionnaire	SPSS 23
To determine the effect of financial record keeping on the quality of education in private universities in Kenya	Independent Financial record keeping	• Soft copy documents • Hard copy books	Interval	Questionnaire	SPSS 23
To determine the effect of internal controls on the quality of education in private universities in Kenya	Independent Internal control	• Internal audits • Monitoring and evaluation systems • Adopting IT controlled systems	Interval	Questionnaire	SPSS 23
The quality of education in private universities in Kenya	Dependent	• Competitive courses • Quality research • Teaching staff • Learning facilities • Advancing technologies	Interval	Questionnaire	SPSS 23

2.7 Research Hypothesis

The following are the research hypotheses:

H_{o1}: Financial budgeting process had no significant effect on quality of education in private universities in Kenya.

H_{o2}: Financial reporting had no significant effect on quality of education in private universities in Kenya.

H_{o3}: Financial records keeping had no significant effect on quality of education in private universities in Kenya.

H_{o4}: Internal control had no significant effect on quality of education in private universities in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was employed to achieve the objectives of the study. It discusses, under respective sections the research design to be adopted, the target population, sample and sampling procedure. It also highlights data collection methods and research instruments to be used, reliability and validity of the research instruments, data analysis and presentation, and ethical considerations.

3.2 Research Design

A research design or method provides a framework for the collection and analysis of data. It is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Bryman, 2016).

The study adopted descriptive research design. Descriptive methods according to Babbie (2015) are traditionally associated with the positivist paradigm and involving the counting and measurement of events and statistical analysis of a body of numerical data, constitute the primary research approach to this investigation. The choice of methodology was consistent with the objectives of the study.

Data was collected by administering questionnaires to a sample of population. As Noble and Smith (2015) opines, descriptive survey can also be used when collecting information about people's attitudes, opinions, habits or any other variety of educational or social issues. In this current research descriptive survey was intended to produce statistical information.

3.3 Target population

A population is a well-defined group of people which is being investigated. Babbie (2015) defines the study population as the aggregation of elements from which the sample is actually selected. The study targeted all chartered private universities in Kenya accredited by the Commission for University Education (CUE, 2018). There were eighteen chartered private universities which made the target population of this study as they had pertinent information on the quality of education. This study targeted all staff working at the finance department in the 18 private universities in Kenya.

3.4 Sampling Procedure and Sample Size

Sampling is the process of selecting a sample from a defined population with the intent of accurately representing that population. There are two types of sampling techniques, probability and non-probability. A sample size is the total elements or unit selected from the target population to participate in the research. Garg and Kothari (2014) opine that the sample size should not be excessively large or too small but it should be optimum. An optimum sample is one which fulfills the requirements of efficiency, representation, reliability and flexibility.

Since the population of study was small, the study adopted a census sampling method where all the 18 chartered private universities were included in the study. According to Clark and Creswell (2014) census is ideal whenever the population is small and can readily be available to participate in the study. Secondly, the researcher adopted purposive sampling method by picking staffs working in the finance department who had the necessary information on effect of financial management practices. Flick (2014) opines that purposive sampling focuses on handpicking respondents who have specific information and characteristics regarding your area of research.

Random sampling which is probabilistic was used to select four staff members working in finance departments in all the 18 chartered private universities in Kenya. This gave the staff working in the finance department an equal chance of being selected for the research. Random sampling was deemed appropriate in selecting finance staff because it eliminates the possibility of selection bias, and thus enhances the chances of selecting a representative sample. The final sample size was then 72 respondents.

3.5 Instrumentation and Data Collection Methods

The primary data was collected using a structured questionnaire that was developed by the researcher. The questionnaires were close-ended to limit the answers given and obtain standardized answers for ease of data analysis and generating study conclusions. The questionnaires were divided into five sections covering the demographic information of the respondents and the study variables. The statements adopted a five-point Likert scale rating where Not at all, little extent, Moderate extent, large extent and very large extent for the responses were given.

The questionnaires were the main research instruments for data collection. The closed-ended questions were used to limit the respondents' answers on the subject matter for easier analysis. The researcher used 'drop and pick up later method', where the respondents were given one week to fill the instrument before they were collected for analysis. While dropping the questionnaires, contact information of the respondents were obtained so as to remind them to fill the questionnaire and to respond to any queries that they had.

3.6 Validity and Reliability of Instrument

A pilot study is a small-scale version of the complete study used to determine procedures, parameters and materials to be used in final study. Clark and Creswell (2014) explain that; a pilot test is essential for detecting design weaknesses in instrumentation so as to provide proxy data for selection of a probability sample.

The pilot study involved pre-testing the questionnaire on 7 respondents of the sample population at the finance department of the private universities; the questionnaires which took part in the pilot study were not involved in the final study. According to Babbie (2015), a pilot group is appropriate if it is between 1-10% of the sample size, thus this study adopted 10% of the sample size. The purpose of pilot test was to help refine the questionnaire so that respondents in the major study could not have any problem in answering the questions. The results of pilot test were not included in the final study but it was the same questionnaire that was used.

Validity of instruments is the degree to which an instrument used in the measurement process measures what it is supposed to (Bryman & Bell, 2015).Content validity was used in this study, measuring the degree to which instruments represented specific areas, and the coverage of relevant content to meet objectivity of study. Content validity was done by educational research professionals from the school of business at KCA University. This was done in order to help the researcher identify ambiguous areas and clarify them.

The reliability of instruments refers to the degree to which research instrument yields findings that are consistent every time it is administered to the same subjects (Flick, 2015). The most commonly used psychometric measure is internal consistency reliability which assesses survey instruments and scales. Cronbach alpha is the basic formula for determining the reliability based on internal consistency. An internal consistency technique was applied using Cronbach's Alpha in order to test the reliability of the instruments. The alpha value ranges from 0 to 1 with reliability increasing with the increase in value. The study got a coefficient of 0.72 which is slightly above the 0.7, recommended for a good and reliable research instrument.

3.7 Data Analysis and Presentation

Data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences (Bryman & Bell, 2015). An analysis of questionnaires was undertaken according to the acceptable quantitative methods. After data collection, completed questionnaires were edited for completeness and for consistency. Editing of data involves examining the collected raw data to detect errors and omissions and to correct these when possible. Editing helps to improve the quality of data for coding.

The primary data collected was coded and then entered into a computer and analyzed. The raw data was analyzed using the Statistical Package for Social Sciences version 23.0. Data was summarized using descriptive statistics such as frequencies, means and percentages.

Multiple Regression analysis was done to determine the relationship between the independent variables (financial budgeting process, financial reporting, financial record keeping and internal control) and the dependent variable (Quality of education in private universities in Kenya).

This study also conducted F-statistics that determined the validity of the regression model that was adopted. The findings of F-statistics were compared to F-critical, and if the value is greater than F-critical the model was determined as valid.

The Multiple Regression analysis followed this format:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where Y= Quality of Education in Private Universities in Kenya

$B_{0} =$ Constant

β_1, β_2, β_3 and $\beta_4$are Coefficients of the effects of financial management practices on quality of education in private universities in Kenya

ε = error term

X_1= Financial Budgeting Process

X_2= Financial Reporting

X_3= Financial Record Keeping

X_4= Internal Control

The study findings were presented in forms of charts, figures, graphs, tables and narrations.

3.8 Ethical Consideration

Since this research involved people, there was need to pay attention to ethics by weighing the overall results in relation to participants involved in this endeavor. Hence, the participants were treated with dignity and not just as mere objects of study, but rather treated them with respect as human beings (McLeod, 2001). The study required participants' consent so as to participate. This was done by explaining to the respondents the purpose of the study. The consenting was meant to make participants free to participate. The respondents had an option to give their names or not with regard to the study.

The researcher ensured that integrity of data collected from the field was maintained. The researcher ensured that there was no falsification or tampering of data collected during reporting and presentation. The researcher ensured that any work used from other authors was duly acknowledged through citations and list of references. This helped in avoiding plagiarizing other peoples work.

To ensure the current research was carried out without any problems, permission was sought to collect data where a letter of introduction stating the purpose of the study was given to the respondents and academic institutions participating in the current study explaining the purpose of the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

In this chapter, the focus is on the presentation of data and interpretation of the findings. The tools adopted for this study included descriptive statistics such as frequencies, means and percentages, multiple regression and F statistics.

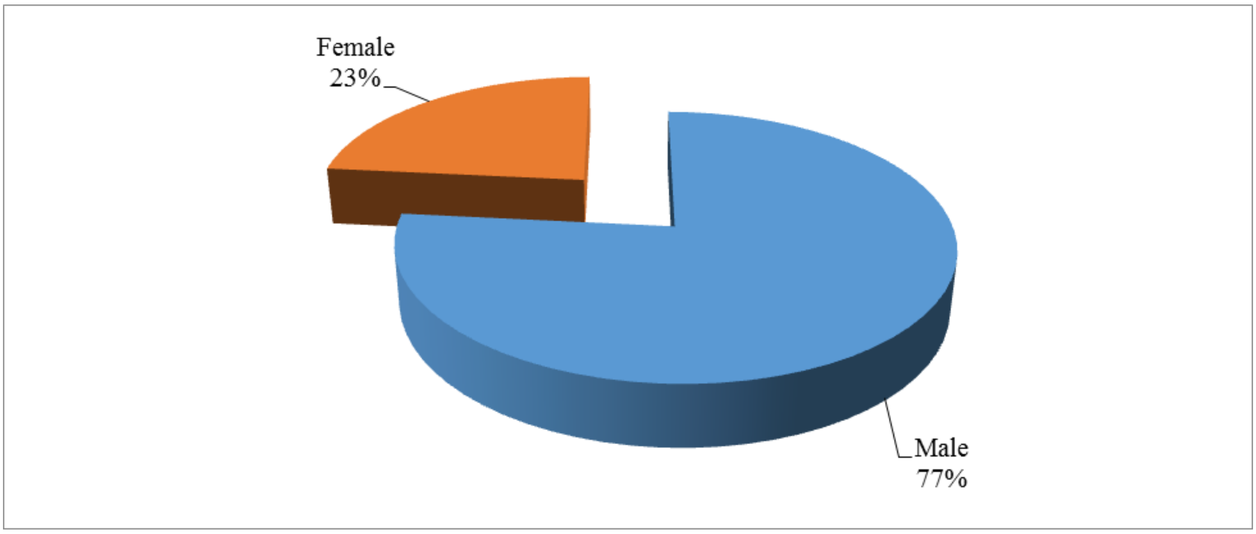
4.2 Demographic Information

In this section the study sought to determine the respondents' demographic information including gender, age bracket, highest level of education and duration worked in the University. The findings are presented in the subsequent sections.

4.2.1 Distribution by Gender

The study sought to establish the distribution of the respondents by gender. The findings are presented in Figure 4.1.

Figure 4.1: Distribution of Respondents by Gender

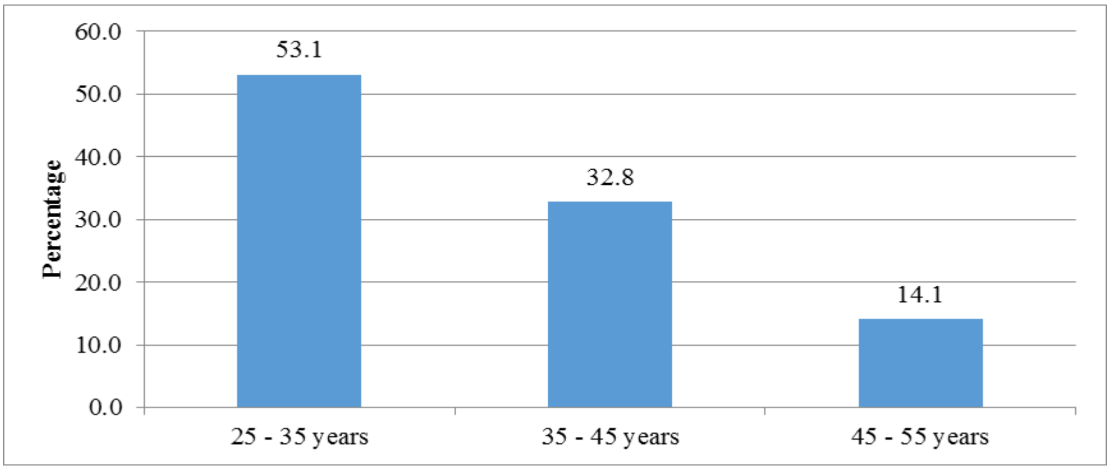


The results in figure 4.1 shows that majority of the respondents (77%) were male as only 23% were female. The findings mean that the finance department in the private universities in Kenya are male dominated.

4.2.2 Distribution by Age

The respondents were asked to state their ages. The findings are presented in Figure 4.2.

Figure 4.2: Distribution of Respondents by Age

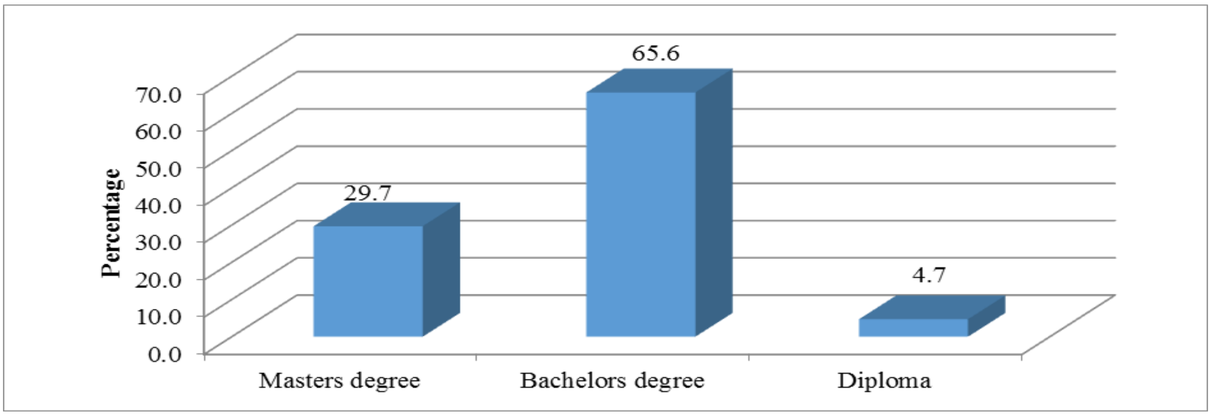


From figure 4.2 most of the respondents (53.1%) according to the findings are aged between 25 and 35 years. Findings further show that 32.8% of the respondents were aged 35 to 45 years. The finding means that most of the respondents were of youthful age.

4.2.3 Highest Level of Education

Respondents were asked to state their highest level of education. The findings are presented in Figure 4.3.

Figure 4.3: Highest Level of Education

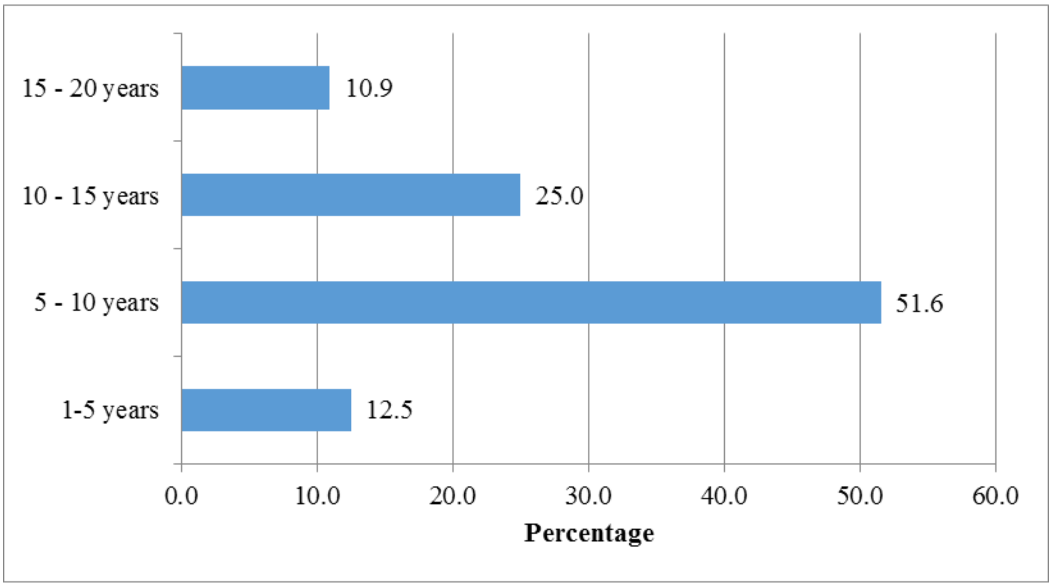


Results in Figure 4.3 show that most of the respondents had up to Bachelor degree level of education. This meant that they had the requisite knowledge to participate in this study.

4.2.4 Duration worked in the University

The respondents were asked to state how long they have been working in the university. The findings are in Figure 4.4.

Figure 4.4: Duration worked in the University



Results in Figure 4.4 revealed that most of the respondents (51.6%) have been in the organization for between 5 and 10 years. The results also show that 25% of the respondents have worked in the institutions for between 10 and 15 years. The findings mean that most of the respondents have enough work experience in this field and hence could give feedback helpful to the study.

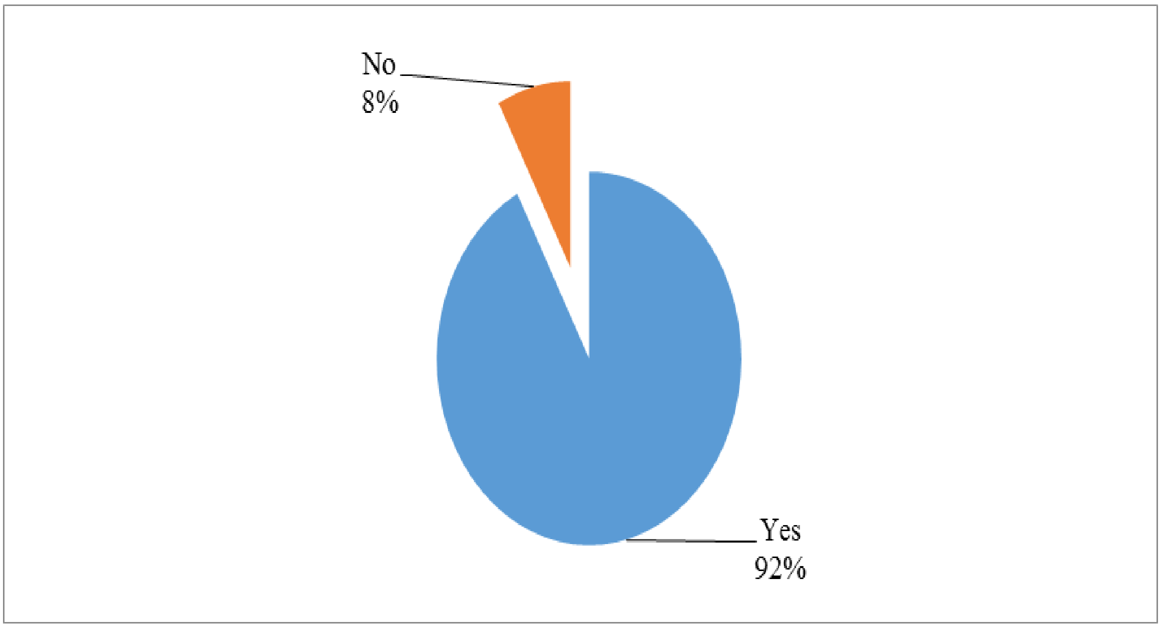
4.3 Effect of Financial Budgeting Processes on Quality of Education in Private Universities in Kenya

In this section the study sought to establish the effect of financial budgeting process on the quality of education in the private universities in Kenya. The results are presented in the subsequent sections.

4.3.1 Students fees Main Source of Income

Respondents were asked to state whether the students' fees was their main source of income. The findings are presented in Figure 4.5.

Figure 4.5: Students Main Source of Income

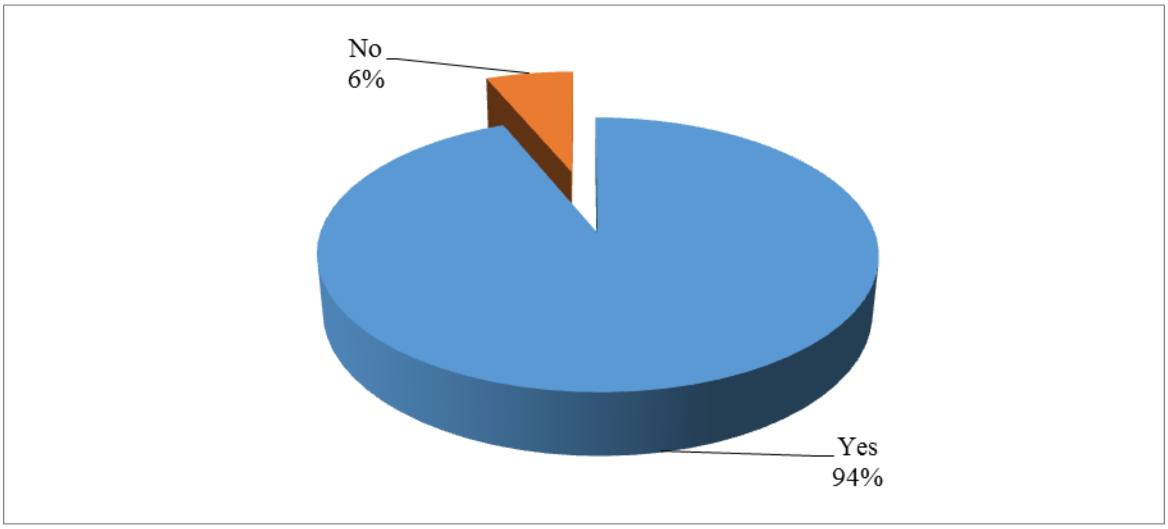


The results in Figure 4.5 show that according to majority of the respondents (92%), students were the main source of income. These findings mean that private universities in Kenya rely mostly on the fees that the students pay. Thus without the fees from the students then the operations in the University can be a challenge. Payment of obligations cannot be met as and when they fall due.

4.3.2 University has Annual Budgeting Process

The respondents were asked to state whether their universities had annual budgeting process. The results are presented in Figure 4.6.

Figure 4.6: University has Annual Budgeting Process

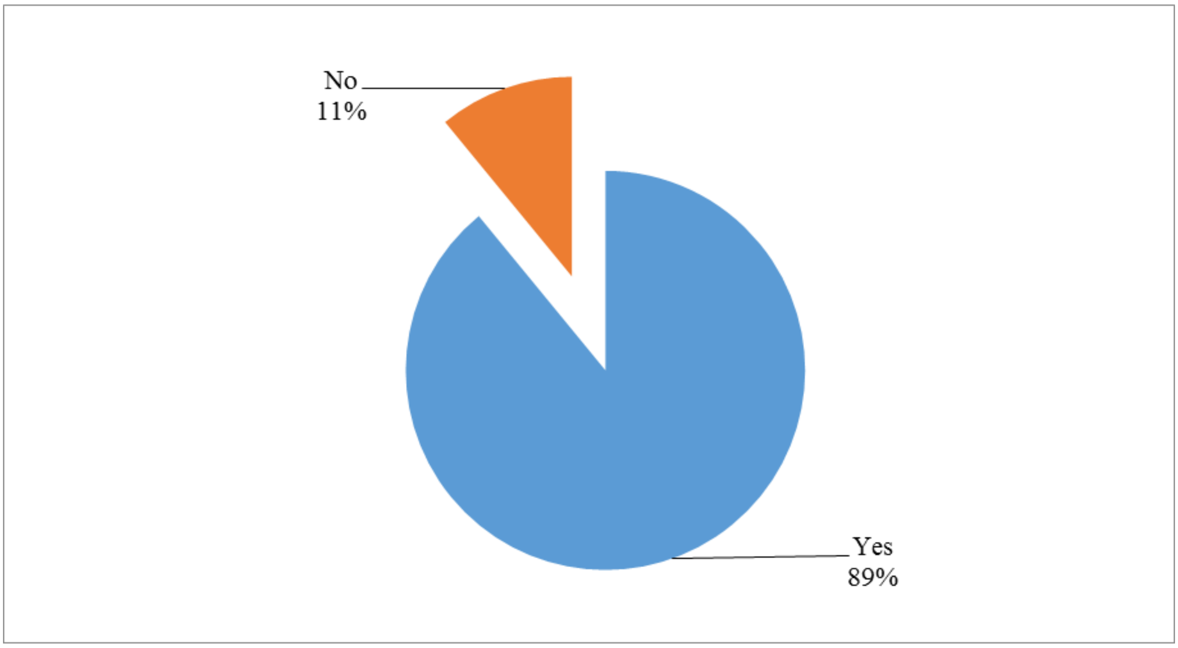


The results from figure 4.6 show that 94% of the respondents indicated that the universities had annual budgeting process. The findings therefore mean that the private universities in Kenya normally plan for their finances in a span of one year.

4.3.3 Department Participate in Budget Formulation

Respondents were asked to state whether their departments participated in the budget formulation. The findings are presented in Figure 4.7.

Figure 4.7: Department Participate in Budget Formulation

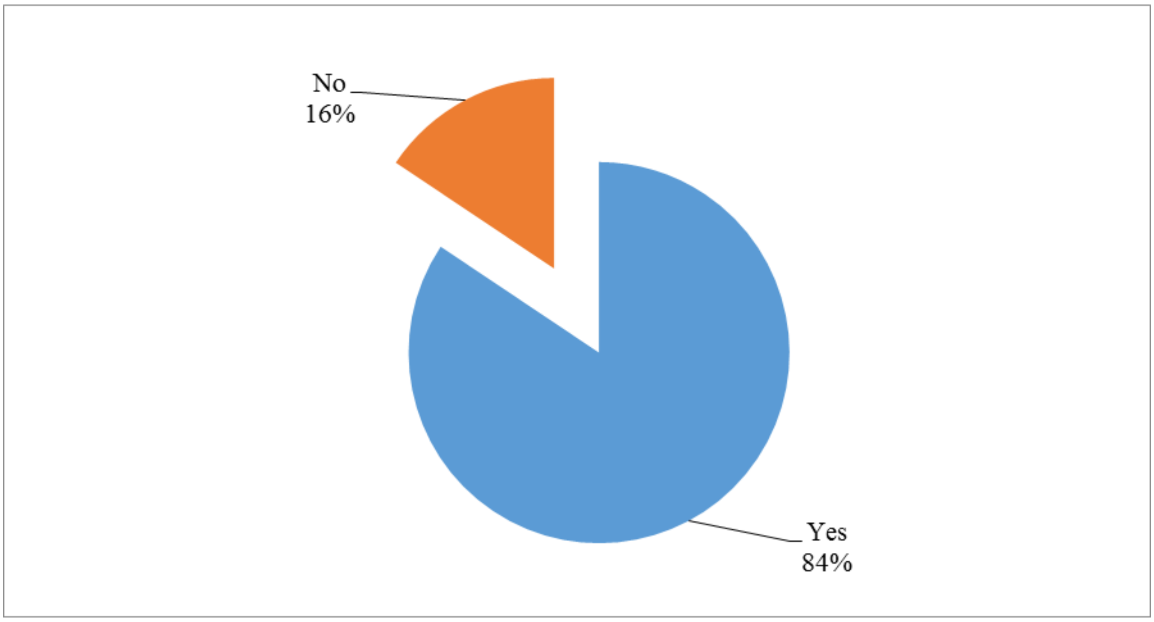


Majority of the respondents (89%) from figure 4.7 indicated that their departments participated in the budget formulation. The findings mean that majority of the departments were involved in budget formulation and implementation in the private universities in Kenya.

4.3.4 Annual Budgeting Process has Direct Relation on Quality of Education

The respondents were asked to state whether the budgeting process had direct relation on the quality of education in the private universities. The findings are presented in Figure 4.8.

Figure 4.8: Annual Budgeting Process has Direct Relation on Quality of Education



According to majority of the respondents (84%) from figure 4.8, the annual budgeting process has direct relationship in the quality of education. The findings mean that respondents perceive the annual budgeting process to have an effect on the quality of education.

4.3.5 Effect of Financial Budgeting Process on Quality of Education in Private Universities in Kenya

The respondents were asked to state the extent to which they agreed the financial budgeting process affected the quality of education in private universities. This was on a scale of no extent, little extent, moderate extent, great extent and very great extent. The score 0.0 to 1.0 is taken to mean no extent, score 1.1 to 2.0 is taken to mean little extent, score 2.1 to 3.0 represent moderate extent, score 3.1 to 4.0 represent great extent and score 4.1 to 5.0 represent very great extent. The findings are presented in Table 4.1.

Table 4.1: Effect of Financial Budgeting Process on Quality Education in Private University

	N	Mean	Std. Dev	Rank
Budget aim at controlling University cost	64	3.59	.811	4
Budget covers all departments serving as a motivational factor to staff	64	2.56	.814	7
Budgeting process allocates resources as per priority	64	3.47	.925	5
Budgets promote accountability of resources	64	3.67	.874	2
Staff behave responsible since expenditure is based on budget	64	3.66	.840	3
Budget process leads to actualization of plans by management	64	3.44	.814	6
All departments participate in budget preparation at university	64	3.69	.889	1

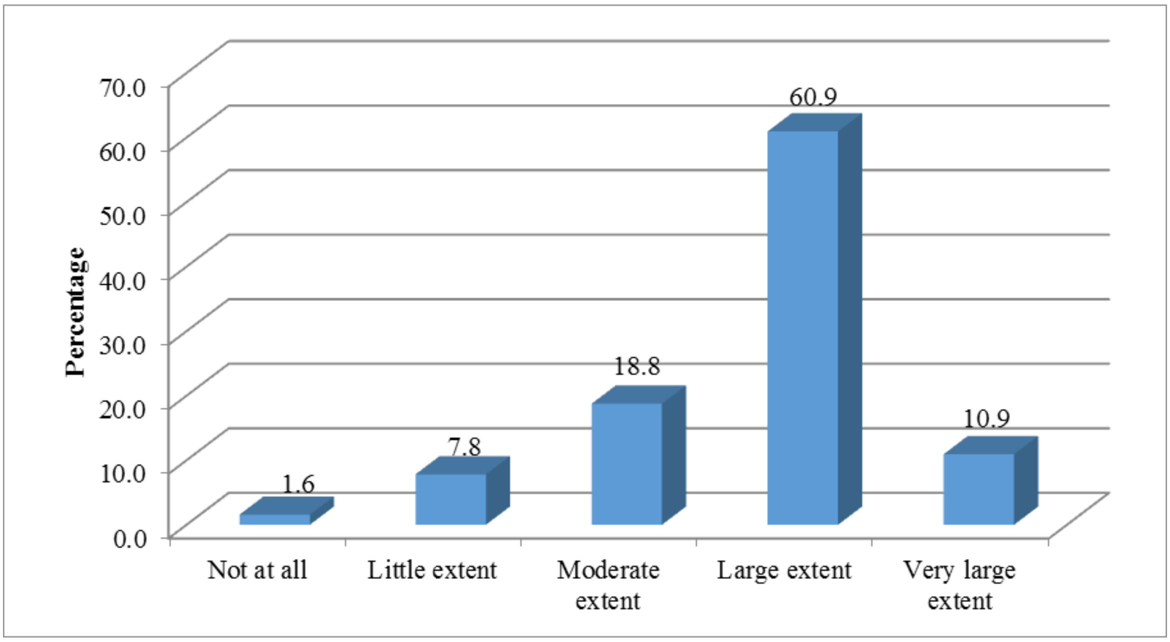
The findings in table 4.1 shows that respondents indicated that the budgets aimed at controlling the university costs to a great extent (mean score, 3.59). The findings further show that the respondents indicated that the budgets covered all the departments serving as a motivational factor to staff to a moderate extent (mean score, 2.56). According to the respondents, the budgeting process allocated resources as per priority to a great extent (mean score, 3.47). Respondents stated that to a great extent, budgeting promoted accountability of resources (mean score 3.67). Respondents stated that to a large extent, staff behave responsibly since expenditure is based on budget (mean score, 3.66). To a great extent, budget process leads to actualization of plans by the management (mean score, 3.44). Respondents stated that to a great extent, all departments in the institutions participated in budget preparation (mean score, 3.69). The results of the study show that all the values of the standard deviation are less than 1 (< 1). This implies that there were no variances in the responses. The study findings means that to a great extent, the financial budgeting processes affected the quality of education in terms of cost controls, staff motivation, resource allocation, accountability of resources, responsible expenditure of resources, actualization of plans and inclusivity in budget preparation.

These findings concur with the views of Tilak,(2015) who revealed that budgeting process is crucial as it assists in resource allocation. Geiger (2015) noted that budgets will make finance managers to be accountable because spending will be based on what had been budgeted for. Maritim,(2013) shares that participation of employees in the budgeting process leads to realization of set plans.

4.3.6 Extent Financial Budgeting Process Affected Quality of Education in Private Universities

The respondents were asked to state the extent the financial budgeting process had influenced the quality of education in the private universities. The findings are presented in Figure 4.9.

Figure 4.9: Extent Financial Budgeting Process Affected Quality of Education in Private Universities



According to Figure 4.9, majority of the respondents (60.9%) financial budgeting process affected the quality of education in the private universities to a large extent. 18.8% of the respondents stated that the financial budgeting process affected the quality of education only to a moderate extent. The findings mean the respondents perceive quality of education to be influenced by the financial budgeting process, formulation and implementation.

4.3.7 Extent Budgeting Practices Affect Quality of Education

The respondents were asked to state the extent to which the budgeting practices affected the quality of education in the private Universities in Kenya. The findings are presented in Table 4.2.

Table 4.2: Extent Budgeting Practices Affect Quality of Education

	N	Mean	Std. Dev	Rank
Resource allocation	64	3.73	.782	2
Setting out goals and timelines	64	3.39	.726	6
Budget constraints	64	3.84	.718	1
Budget transparency	64	3.63	.701	4
Forecasting revenues/expenditures	64	3.56	.753	5
Budget accuracy	64	3.69	.774	3

The results from Table 4.2 show that the respondents indicated that the budgeting practices affected the quality of education in the private universities to a great extent in terms of resource allocation (mean score, 3.73), setting out goals and timelines (mean score, 3.39) budget constraints (mean score, 3.84), budget transparency (mean score,3.63), forecasting of revenues and expenditure (mean score, 3.56) and budget accuracy (mean score, 3.69). The results indicate that the budgeting practices affected the quality of education through resource allocation, setting of goals and timelines, budget constraints and transparency and through forecasting of revenues and expenditures.

4.4 Effect of Financial Reporting on Quality of Education in Private Universities in Kenya

In this section the study sought to determine the effect of financial reporting on the quality of education in private universities in Kenya. The findings are presented in the subsequent sections.

4.4.1 Effect of Financial Reporting on the Quality of Education in Private Universities

The respondents were asked to state the extent to which they agreed with the statements regarding the effect of financial reporting on the quality of education in the universities. The findings are in Table 4.3.

Table 4.3: Effect of Financial Reporting on the Quality of Education in Private Universities

	N	Mean	Std. Dev	Rank
Financial reporting is important for effective management	64	3.50	.943	5
Financial reporting helps management engage in effective decision making	64	3.67	.909	2
The reports provide vital information about financial health of University	64	3.63	.807	4
All employees give feedback on financial resource usage	64	3.11	.779	7
Financial reports dictate budget lines to be followed to improve quality of education	64	3.36	.764	6
University stakeholders depend on annual financial reports to make sound decisions on programs	63	3.65	.699	3
Quality financial reports create efficiency in the allocation of resources on a need basis	63	3.68	.618	1

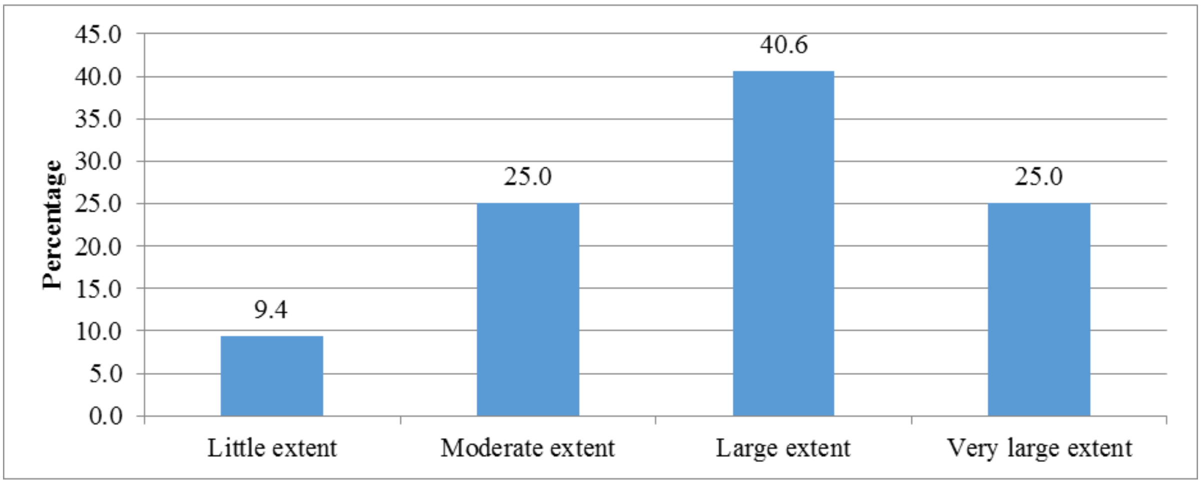
The results from table 4.3 shows that the respondents indicated that to a great extent financial reporting is important for effective management (mean score, 3.50). The results further show that respondents indicated that to a great extent, the financial reporting helps management engage in effective decision making (mean score 3.67). To a great extent, the reports provide vital information about financial health of the university (mean score 3.63). Respondents indicated that to a great extent, all the employees give feedback on financial resource use (mean score 3.11). Most respondents indicated that to a great extent, financial reports dictate budget lines to be followed to improve the quality of education (mean score 3.36). Respondents indicated that to a great extent the university stakeholders depend on annual financial reports to make sound decisions on programs (mean score, 3.65). Finally, the results show that respondents stated that to a large extent, quality financial reports create efficiency in the allocation of resources on a need basis (mean score 3.68). The study findings show that all the values of the standard deviation are less than 1 (< 1) implying that there were no variance in the responses. The findings of the study mean that financial reporting affected the quality of education in terms of effective management, decision making, feedback on financial usage, drawing of the budget lines and efficiency in resource allocation among others.

The findings that financial reporting helps managers in engaging in effective decision making agree with views of Ouma (2017) who noted that the major goal of financial reporting was for assisting managers in decision making and also other stakeholders. Ezekiel (2016) gave the findings that quality financial report will foster efficiency in resource allocation in organization.

4.4.2 Extent Financial Reporting Affect Quality of Education

The respondents were asked to state the extent to which the financial reporting affected the quality of education in the private universities in Kenya. The findings are in Figure 4.10.

Figure 4.10: Extent Financial Reporting Affect Quality of Education



The study findings in Figure 4.10 show that 40.6% of the respondents indicated that financial reporting affected the quality of education to a large extent. 25% of the respondents indicated that financial reporting affected the quality of education to a very large extent and to a moderate extent. The findings mean that largely, financial reporting had an impact on the quality of education. It shows how this variable is key in the organizations.

4.5 Effect of Financial Record Keeping on Quality of Education in Private Universities in Kenya

In this section the study sought to determine the effect of financial record keeping on the quality of Education in the private universities in Kenya. The findings are presented in the subsequent sections.

4.5.1 Effect of Financial Record keeping on quality of education in Private Universities in Kenya

The respondents were asked to state the extent to which they agreed with the statements with regard to the effect of financial record keeping on the quality of education in the private universities in Kenya. This was on a scale of no extent, little extent, moderate extent, great extent and to very great extent. The results are in Table 4.4.

Table 4.4: Effect of Financial Record Keeping on Quality Education in Private Universities in Kenya

	N	Mean	Std. Dev	Rank
The financial records facilitate good governance	64	3.58	.832	4
Financial records inform on the investment options to undertake	64	3.30	.849	6
Records improve management of finances leading to high quality of education.	64	3.73	.802	2
Financial records stored in hard copies for perusal before decisions are made	64	3.58	.832	4
Soft copy records are easily accessible by management	64	3.08	.981	8
Records informs the amount available for usage in fulfilling operations	64	3.72	.826	3
Financial record keeping enables proper planning for all programs	64	3.52	.776	6
Records check for misappropriations of resources	64	3.23	.831	7
Records show growth in resources used in improving education quality	64	3.81	.814	1

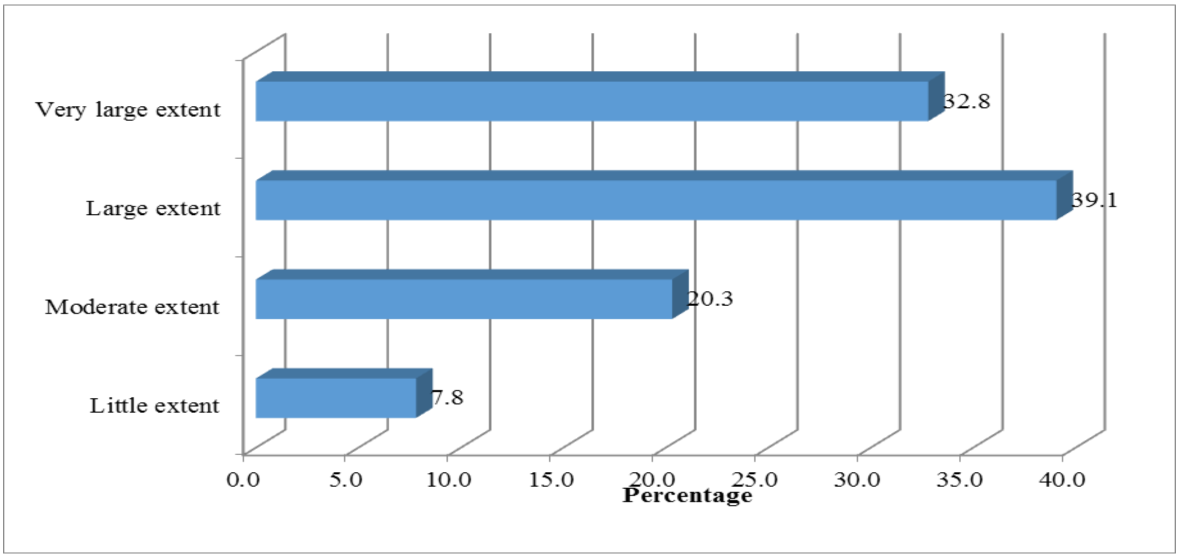
The study findings from table 4.4 shows that the respondents indicated that generally, the financial records facilitated good governance of the institutions to a great extent (mean score, 3.58). The findings further show that respondents stated that financial records generally inform on the investment options to undertake by the management of the institutions to a great extent (mean score 3.30). To a great extent, the records improve the management of finances leading to high quality of education in the private universities (mean score 3.73). The findings further show that respondents indicated that to a great extent, the records informed the amount available for usage in fulfilling the operation in the institutions (mean score 3.72). The results show that to a great extent, the records show growth in resources used in improving education quality in the private universities (mean score 3.81). The study findings show that all the values of the standard deviation were less than 1, implying that there were no variances in the responses. The study findings means that the respondents generally agreed that to a great extent, the financial record keeping enhanced the quality of education through facilitation of good governance, informing on investment options to be taken, improves management of finances, decision making, proper planning of programmes and checking misappropriation of resources.

These study findings that financial records keeping enables in proper planning agree with Mwebesa et al (2018) who noted that proper financial records keeping makes organizations to properly check on resource misappropriation. Musah and Ibrahim (2014) found that financial records keeping was vital for the organization by accurately understanding where expenses occur and resources are generated which help in decision making.

4.5.2 Extent Financial Record Keeping affected Quality of Education

The respondents were asked to state the extent to which the financial record keeping affected the quality of education in the private universities. The findings are in Figure 4.11.

Figure 4.11: Extent Financial Record Keeping affected Quality of Education



The results of the study from figure 4.11 show that 39.1% of the respondents indicated that financial records keeping affected the quality of education in the private universities to a large extent while according to 32.8%, financial records keeping affected the quality of education to a very great extent. The results mean that the financial records keeping affected the quality of education in the private universities to a large extent.

4.6 Effect of Internal Controls on Quality of Education in Private Universities in Kenya

In this section the study sought to determine the effect of internal controls on the quality of education in the private Universities in Kenya. The findings are presented in the following sections.

4.6.1 Effect of Internal Control on Quality of Education

The respondents were asked to state the extent to which they agreed with the statements with regard to the effect of internal controls on the quality of education in private universities in Kenya. This was on a scale of no extent, little extent, moderate extent, great extent and very great extent. The findings are presented in Table 4.5.

Table 4.5: Effect of Internal Control on Quality of Education

	N	Mean	Std. Dev	Rank
Internal control measures aim at improving operating efficiency	64	3.59	.771	2
Internal control is effective in improving institutions' performance standards	64	3.45	.754	3
The internal control processes help learn from past mistakes	64	2.67	.798	6
Institutions activities are controlled through adoption of IT enabled systems that monitors resources	64	2.81	.774	5
Regular internal audits improve education quality by ensuring resources are allocated to necessary programs	64	3.91	.955	1
Use feedback mechanisms measure of control to improve quality of education	64	3.34	.821	4

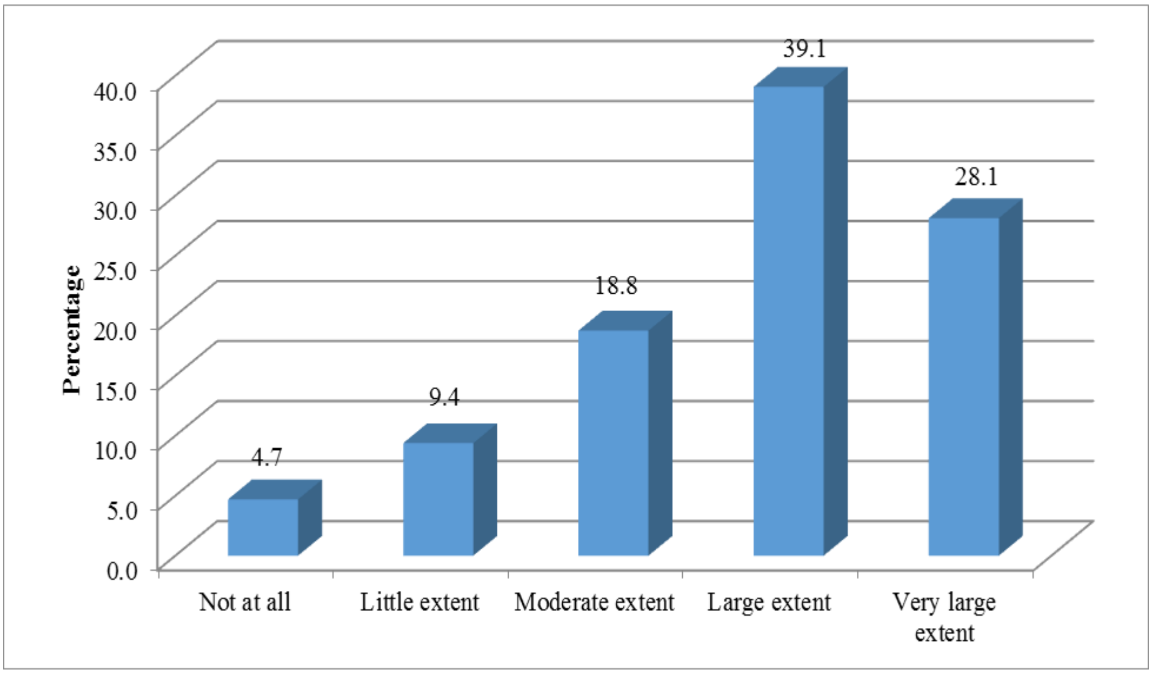
The study findings from table 4.5 shows that respondents agreed that generally to a great extent, the internal control measures were aimed at improving the operating efficiency (mean score, 3.59). The results also show that respondents agreed that the internal control was effective in improving institutions' performance standards to a great extent (mean score, 3.45). Respondents further agreed that to a great extent, the regular internal audits improve education quality by ensuring resources are allocated to necessary programmes (mean score 3.91). Respondents agree that the use of feedback mechanisms measure of control to improve the quality of education to a great extent (mean score, 3.34). However, respondents agreed just to a moderate extent that the internal control process helped learn from past mistakes (mean score 2.67) and that the institutional activities are controlled through adoption of IT enabled systems that monitors resources (mean score 2.81). None of the standard deviation value is greater than 1, meaning minimal variance in the responses. The findings means that the internal controls generally affected the quality of education in the private universities by improving operating efficiency, improving institutions' performance standards and ensuring resources are allocated to necessary programmes.

The study findings are in support of the views of Duh et al (2014) who found that one of the objectives of internal control is to improve on the operating efficiency of an organization. Johnes (2013) noted that internal control creates an opportunity to learn from past activities.

4.6.2 Extent Internal Control Affect Quality of Education

The respondents were asked to indicate the extent to which the internal controls in the institutions affected the quality of education. The findings are presented in Figure 4.12.

Figure 4.12: Extent Internal Control Affect Quality of Education



From figure 4.12 the study findings show that 39.1% of the respondents indicated that the internal control affected the quality of education in the private universities to a large extent. The findings further show that 28.1% of the respondents indicated that the internal controls affected the quality of education in the institutions to a very large extent. The findings mean that Universities need to be keen on the internal control systems so that it can boost on the efficiency in the management of the financial resources and thus make the University a going concern entity.

4.7 Quality of Education in Private Universities

In this section the study sought to establish the quality of education in the institutions. Respondents were therefore asked to rate the extent of the quality of education using the statements provided on quality. This was on a scale of not at all, little extent, moderate extent, great extent and very great extent. The findings are presented in Table 4.6.

Table 4.6: Rating Quality of Education

	N	Mean	Std. Dev	Rank
University has competitive courses sought by learners	64	3.22	.845	5
Conduct quality academic research work	64	3.23	.868	4
Teaching staff are professionals and qualified	64	3.34	.781	1
Have high standard learning facilities	64	3.27	.718	3
Use advanced technological systems	64	3.31	.753	2

From table 4.6 the results of the study show that the respondents indicated that the universities had competitive courses sought by learners to a great extent (mean score 3.22). Respondents indicated that to a great extent, the universities conducted quality academic research work (mean score 3.23). Respondents further indicated that to a great extent, the teaching staff are professional and qualified (mean score 3.34). To a great extent, the institutions have high standard learning facilities (mean score 3.27) and use advanced technological systems (mean score 3.31). There were no variances in the responses as shown by the values of the standard deviation (standard deviation < 1). The results depict quality education.

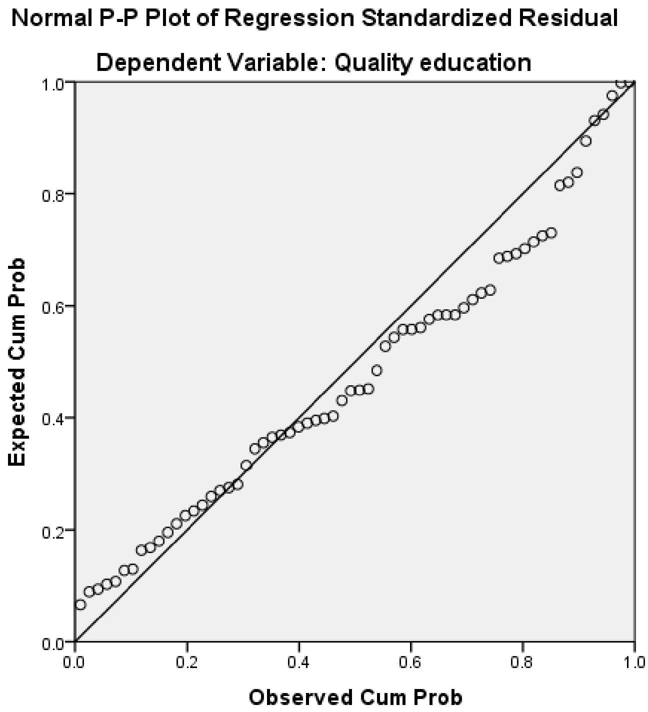
4.8 Diagnostic Tests

Prior to the regression analysis, the data was taken away for the diagnostic test for the assumptions of the regression to check for any violation. The tests were normality test, multicollinearity test and homoescadasticity test.

4.8.1 Test for Normality Assumption

The study tested for normality of the distribution. For the data to be normally distributed, the observed values should be spread along the straight diagonal line shown in Figure 4.13. Since most of the observed values are spread very close to the straight line, there is high likelihood that the data is normally distributed.

Figure 4.13: Normality Test



4.8.2 Multicollinearity Test

The results in Table 4.7 show that all the values of VIF are less than 3.0 (VIF ≤ 3) in accordance with Maddala and Lahiri (2010) recommendations. This therefore means that there is no problem of multicollinearity, hence satisfying the assumption of multicollinearity.

Table 4.7: Collinearity Statistics

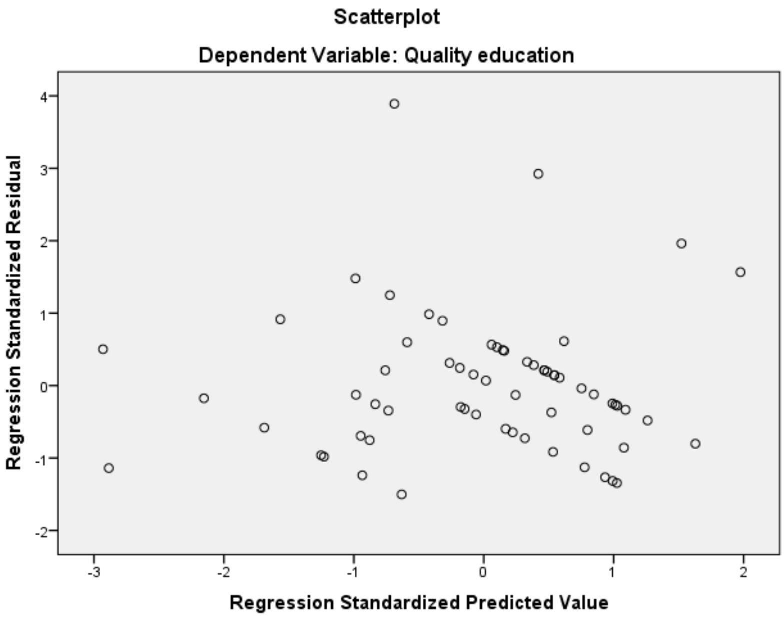
	Tolerance	VIF
Financial budgeting process	.754	1.327
Financial reporting	.593	1.685
Financial records keeping	.639	1.564
Internal control	.752	1.329

a. Dependent Variable: Quality education

4.8.3 Test for Heteroscedasticity

The study tested for the assumption of heteroscedasticity of the variables. Heteroscedasticity is a situation where the variability of a variable is unequal across the range of values of a second variable that predicts it. According to the findings in Figure 4.14, the scatterplot of the residuals appear short outs of gun shots and have no obvious pattern. The findings show that there are points equally distributed above and below zero on the X axis, and to the left and right of zero on the Y axis. This shows absence of homoscedasticity, thereby satisfying the assumption of heteroscedasticity.

Figure 4.14: Test for Heteroscedasticity



4.9 Regression Analysis

The study performed a multiple regression analysis to establish the relationship between the financial management practices namely, budgeting, reporting, records keeping and internal control, and the quality of education in the private universities in Kenya. The regression analysis results were presented using regression model summary tables, analysis of variance (ANOVA) table and beta coefficient tables.

Table 4.8 shows that the coefficient of determination is 0.448; therefore, about 44.8% of the variation in the quality of education in the private universities in Kenya is explained by financial reporting, records keeping, budgeting process and internal controls.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670[a]	.448	.411	.374

a. Predictors: (Constant), Internal control, Financial budgeting process, Financial records keeping, Financial reporting

Table 4.9 presents the results of the Analysis of Variance (ANOVA) on internal control, financial reporting, records keeping and budgeting process versus the quality of education. The ANOVA result for regression coefficients indicates that the significance of the F is 0.00 which is less than 0.05. This indicates that, overall, the regression model statistically significantly predicts the outcome variable (i.e., it is a good fit for the data). There is therefore a significant relationship between the dependent variable and independent variables.

Table 4.9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	6.717	4	1.679	11.993	.000[b]
1	Residual	8.261	59	.140		
	Total	14.977	63			

a. Dependent Variable: Quality education

b. Predictors: (Constant), Internal control, Financial budgeting process, Financial records keeping, Financial reporting

The study further determined the beta coefficients as shown in Table 4.10

Table 4.10: Beta Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.329	.382		3.475	.001
	Financial budgeting process	.051	.074	.077	.691	.492
	Financial reporting	.231	.102	.283	2.254	.028
	Financial records keeping	.295	.097	.367	3.033	.004
	Internal control	.133	.102	.146	1.312	.194

a. Dependent Variable: Quality education

Fitted model: $Y = 1.329 + 0.231X_2 + 0.295X_3$

From the model, Y = Quality of Education, X_2 = Financial reporting and X_3 = Financial records keeping. The model can be interpreted to mean that a unit change in financial reporting will result into a 23.1% change in the quality of education while a unit change in the records keeping will result into a 29.5% change in the quality of education. The effects of financial budgeting process and internal controls were found to be non-significant as the p-values were greater than 0.05.

Based on the results of the study, H_{o2} and H_{o3} were rejected and the alternative hypothesis Ha_2: that financial reporting had significant effect on the quality of education in private universities in Kenya and Ha_3 that financial records keeping had significant effect on quality of education in private universities in Kenya were accepted.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the summary of findings, conclusions and recommendations of the study are presented. This is in a manner that addresses the study objectives.

5.2 Summary of Findings

The first objective of the study was to determine the effect of the financial budgeting process on the quality of education in private universities in Kenya. The study found out that financial budgeting process had no significant effect on the quality of education, but the descriptive statistical analysis shows that majority of the institutions (92%) indicated that students were the main source of income. Majority of the institutions (94%) have annual budgeting process and most departments in the institutions (89%) have their departments participate in the budget formulation. Majority of the respondents (84%) indicated that annual budgeting process has direct relation in the quality of education. A mean rank analysis showed that all the departments participated in the budget preparation with a mean score of 3.69, followed by budget promoting accountability of resources (mean score 3.67) and staff behaving responsibly since the expenditure is based on budget (mean score 3.66).

These findings are consistent with the views of Tilak (2015) who indicates that budgeting process is crucial because it allocates resources and in turn reveal the preferences of the program of the parties involved. Further the findings that the budgeting process promotes a sense of responsibility is in support of Geiger (2015) who shared that the existence of budgets make the finance managers to be more accountable because spending will be pegged on what has been budgeted for unless with a few changes if any.

The second objective of the study was to establish the effect of financial reporting on the quality of education in private universities in Kenya. The study established that the financial reporting had a significant effect on the quality of education. The descriptive statistical analysis revealed that 65.6% of the respondents indicated that the financial reporting affected the quality of education to a large extent. According to the mean rank, the ability of quality financial reports to create efficiency in allocation of resources on the need basis ranked first with a mean score of 3.68. This was followed by financial reporting helping management engage in effective decision making (mean score 3.67), then university stakeholders depending on the annual financial reports to make sound decisions on programmes (mean score 3.65) and reports providing vital information about the financial health of the university (mean score 3.63). These findings are consistent with those of Ouma (2017) who noted that the primary goal of financial reporting was for helping in making decisions by the management and also other stakeholders. Findings by Ezekiel (2016) found that proper financial reports will create efficiency in the allocation of resources in the organizations.

The third objective of the study was to determine the effect of financial record keeping on the quality of education in the private universities in Kenya. The study established that financial records keeping significantly affected the quality of education. The results descriptive statistics results revealed that most of the respondents (71.9%) indicated that the financial records keeping affected the quality of education to a large extent. The mean ranking results showed that the ability of the records to show growth in resource which was used to improve the education quality ranked first with mean score of 3.81, followed by records improving management of finances leading to high quality education (mean score 3.73), followed by records inform the amount available for usage in fulfilling operations (mean score 3.72) and financial records facilitating good governance (mean score 3.58). The findings of the study that financial records keeping enables proper planning concur with Mwebesa et al (2018) who noted that good financial records keeping assists an organization in planning and also scrutinize on any resource misappropriation. Further, the findings that proper records keeping aides in decision making agree with Musah and Ibrahim (2014) who found that financial records keeping was crucial for any organization because by understanding where expenses occur and resources are generated it will be important in making decisions that can assist in increasing profitability and finally quality of education .

The fourth objective of the study was to determine the effect of internal controls on the quality of education in private universities in Kenya. The study found out that the internal controls had no significant effect on the quality of education. However, the descriptive statistical analysis results show that 67.2% of the respondents indicated that internal control affected quality of education to a great extent. The mean ranking revealed that the ability of the regular internal audits to improve educational quality by ensuring resources were allocated to necessary programs featured first with mean score 3.91, followed by internal control measures aim to improve operating efficiency (mean score 3.59) and then the internal control effective in improving institutions performance standards (mean score 3.45). The study findings are in support of the views of Duh et al (2014) that one of the objectives of internal control is to improve on the operating efficiency of an organization. The results are in agreement with Johnes (2013) who noted that the internal control gives an opportunity to learn from the past.

The study established that the universities had competitive courses sought by learners to a great extent (mean score 3.22). The universities conducted quality academic research work (mean score 3.23). Respondents further indicated the teaching staff are professional and qualified (mean score 3.34). The institutions had high standards learning facilities (mean score 3.27) and use advanced technological systems (mean score 3.31). The study established that there was a strong relationship between the financial management practices (financial budgeting, financial reporting, financial records keeping and internal control) and quality of education.

5.3 Conclusion

The study established that the financial reporting had a positive and significant effect on the quality of education in terms of effective management, decision making, feedback on financial usage, drawing of the budget lines and efficiency in resource allocation among others. The study also found that financial records keeping significantly affected the quality of education. This was in terms of facilitation of good governance, informing of investment options to be taken, improvement of management of finances, decision making, proper planning of programmes and checking misappropriation of resources.

5.4 Recommendations

The following are the recommendations of the study:

i. The study further recommends that the management of the private universities should embrace financial reporting with the view of enhancing the quality of education.
ii. The management of the private universities should enhance the practice of financial record keeping by putting more emphasis with the view of enhancing the quality of education.
iii. The Ministry of Education should make policies that are geared towards enhancing financial reporting in institutions of higher learning and records keeping with the aim of enhancing the quality of education in these institutions.

5.5 Suggestions for Further Studies

These studies were done on the private universities in Kenya only. The study suggests that similar studies should be replicated in other institutions of learning with the view of establishing the effect of financial management practices on the quality of education.

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APPENDICES

Appendix I: Questionnaire

SECTION A: BACKGROUND INFORMATION

1. Gender:
   Male ( ) Female ( )
2. Age
   25- 35 ( ) 35- 45 ( ) 45-55 ( ) 55-65 ( ) 65 and above__________________________
3. What is your highest level of education?
   Phd ( )
   Master's degree ( )
   Undergraduate Degree ( )
   Diploma ( )
   Certificate ( )
   Any Other ________________________
4. How long have you worked in this University?

   1- 5 years ( ) 5-10 Years ( ) 10-15 Years ( ) 15-20 Years ( ) 25 and above years

SECTION B: FINANCIAL BUDGETING PROCESS

5. Are students your main source of income?
   Yes ( ) No ( )
   What are your other sources of income? ___________________________________
6. Does your university have annual budgeting process?
   Yes ( ) No ( )
7. If yes, does your department participate in budget formulation? Yes ( ) No ( )
8. Does the annual budgeting process have a direct relation with the quality of education in the university? Yes ( ) No ( )
9. These are statements on financial budgeting process in organizations, rate the extent to which you agree they affect quality of education in your private university. Use a scale of

1-5 where 1=no extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
Our budget aims at controlling the Universities’ cost					
The budget covers all departments serving as a motivational factor to staff					
The budgeting process allocates resources to programs as per their priority					
Our budgets promote accountability of resources at the university					
Our staff behave responsible since all their expenditure is based on the budget					
Our budget process leads to actualization of plans set by university management					
All departments participate in budget preparation at our University					

10. In general, how does financial budgeting process affect the quality of education in private universities in Kenya?

    Not at all [ ]

    Little Extent [ ]

    Moderate Extent [ ]

    Large Extent [ ]

    Very Large Extent [ ]

11. To what extent do the following budgeting practices affect the quality of education in this university? Choose 1-5, where: 1=Not at all, 2= Little extent, 3= moderate extent, 4= Large extent, 5= Very great extent

	1	**2**	**3**	**4**	**5**
Resource allocation					
Setting out goals and timelines					
Budget constraints					
Budget transparency					
Forecasting revenues/expenditures					
Budget accuracy					

SECTION C: FINANCIAL REPORTING

12. Below are financial reporting statements as applied in organizations, rate the extent to which you agree they affect quality of education in your private university. Use a scale of 1-5 where 1=no extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
Financial reporting is important for effective management of University operations					
Financial reporting helps our management to engage in effective decision making					
The reports provide vital information about the financial health of our University					
All employees give feedback on financial resource usage at our university					
Financial reports dictate the budget lines that should be followed to improve quality of education					
University stakeholders depend on annual financial reports to make sound decisions on our programs					
Quality financial reports create efficiency in the allocation of resources on a need basis					

13. To what extent does financial reporting affect the quality of education in private universities in Kenya?

Not at all [ ]

Little Extent [ ]

Moderate Extent [ ]

Large Extent [ ]

Very Large Extent [ ]

SECTION D: FINANCIAL RECORD KEEPING

14. Below are financial record keeping statements as applied in organizations, rate the extent to which you agree they affect quality of education in your private university. Use a scale of 1-5 where 1=no extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
The financial records facilitate good governance in our University					
Our financial records inform us on the investment options to undertake					
Our records improve our management of finances leading to high quality of education.					
We store our financial records in hard copies that can be perused before decisions are made					
Our soft copy records are easy to access by the management of our University					
Records informs the amount available for usage in fulfilling our operations					
Financial record keeping enables our university to properly plan for all our programs					
Records check for misappropriations of resources at our university					
Our records show growth in resources that is used in improving education quality					

15. To what extent does financial record keeping affect the quality of education in private universities in Kenya?

Not at all [ ]

Little Extent [ ]

Moderate Extent [ ]

Large Extent [ ]

Very Large Extent [ ]

SECTION E: INTERNAL CONTROL

16. These are statements on internal control as applied in organizations, rate the extent to which you agree they affect quality of education in your private university. Use a scale of 1-5 where 1=no extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
Our internal control measures aim at improving the operating efficiency in our institute					
Internal control is effective in improving the institutions' performance standards					
The internal control processes help us learn from past mistakes					
Our activities are controlled through adoption of IT enabled systems that monitors university resources					
Regular internal audits improve education quality by ensuring resources are allocated to necessary programs					
We use feedback mechanisms as a measure of control to improve quality of education					

17. To what extent does internal control affect the quality of education in private universities in Kenya?

Not at all [ ]

Little Extent [ ]

Moderate Extent [ ]

Large Extent [ ]

Very Large Extent [ ]

SECTION F: QUALITY OF EDUCATION

18. These are statements on quality of education in universities, rate the extent to which they apply in your university. Use a scale of 1-5 where 1=no extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

	1	2	3	4	5
Our university has competitive courses sought by learners					
We conduct quality academic research work					
Our teaching staff are professionals and qualified					
We have high standard learning facilities in our University					
We use advanced technological systems at the University					

Appendix II: List of Chartered Private Universities in Kenya

1. University of Eastern Africa, Baraton 1991
2. Catholic University of Eastern Africa (CUEA) 1992
3. Daystar University 1994
4. Scott Christian University 1997
5. United States International University 1999
6. Africa Nazarene University 2002
7. Kenya Methodist University 2006
8. Paul's University 2007
9. Pan Africa Christian University 2008
10. Strathmore University 2008
11. Kabarak University 2008
12. Mount Kenya University 2011
13. Africa International University 2011
14. Kenya Highlands Evangelical University 2011
15. Great Lakes University of Kisumu 2012
16. KCA University 2013
17. Adventist University of Africa 2013
18. KAG EAST University Registered -1989 Chartered – 2016

Appendix III: Authorization Letter

KCA UNIVERSITY
~ 1 9 8 9 ~

Thika Road, Ruaraka
P.O. Box 56808-00200 Nairobi Kenya
Pilot Line: +254 20 8070408/9

Tel: +254 20 3537842
Fax: +254 20 8561077
Mobile: +254 734 888022, 710 888022
Email: kca@kca.ac.ke
Website: www.kca.ac.ke

KCAU/SGS/MSc/Aug.18/3 *August 22, 2018*

To whom it may concern,

Dear Sir/Madam,

RE: PETER MWANGI KARIUKI

It is my distinct pleasure to introduce to you Mr Peter Mwangi Kariuki who is a student in our institution pursuing a Master of Science in Commerce degree at the School of Business and Public Management.

Peter is conducting research on a topic titled: *"Effect of Financial Management Practices on Quality of Education in Private Universities in Kenya"* which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

KCA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
22 AUG 2018
P.O. Box 56808-00200 NAIROBI

Dr. Nyaribo Misuko
Dean, School of Graduate Studies & Research