

PARTICIPATORY BUDGETING: A STRATEGY FOR ACHIEVING EFFECTIVE FINANCIAL MANAGEMENT IN THE SCHOOL SYSTEM IN NIGERIA

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Abstract

The paper discussed the applicability of participatory budgeting (PB) as a strategy for achieving effective financial management in the school system. The discussion was based on the premise that adequate funding education, which has remained a challenge in Nigeria, is not limited to acquiring financial resources alone, but extends to how the resources are utilized and accounted for. The concepts of budgeting, participatory budgeting, finance, and financial management were explored. Furthermore, an overview of the different models of participatory budgeting as well as its process were presented; and its benefits in the school system outlined. The paper concluded that to build a sense of oneness among school members towards achievement of school goals, it is important to carry everybody along in the school governing process; and participatory budgeting could be found to be a veritable tool for this. Involving all the members of a school system in the school management processes through participatory budgeting could enhance effective financial management in the school system. It was recommended, among other things, that PB should be employed by school managers as a strategy for achieving effective financial management in the school system.

Keywords: *Budgeting, participatory budgeting, effective financial management, school system, Nigeria*

Introduction

For an organization to function well and achieve its mission, good decisions and advance planning of the required resources are necessary. Budgets are therefore prepared as a way of planning the financial resources for the operations of an organization. Kanyamuna et al. (2022) assert that the general goal of the budget is to transform into financial aspects the organization's strategies and policies. The task of budget preparation is usually handled by top management or the organizational heads, as budgeting is an area of fiscal policy making. It is common knowledge that most of the budgets do not achieve the desired results, which could be due to absence of adequate participation and support of the other organizational members. De Renzio and Smith cited in Kanyamuna et al. argue that where members of a community are not involved in the early stages of budget formulation, implementation is unlikely to be successful. Tanaka (2007) asserts that public

engagement is one solution to the absence of popular support for responsible fiscal policies. Adequate planning for resources in an organization requires the participation of all the members of the organization as, Tanaka further observes, public participation in policy making creates mutual benefits – as members become more educated about policies and organizational activities on one hand, and by tapping into the experience and expertise of their members, the officials can build a more effective and responsive organization, on the other.

Although representative democracy seems to be generally accepted world-wide as a means of running states and many other organizations, Giessel cited in Krenjova and Raudla (2013) postulates that it does not fully satisfy citizenries as evidenced in political dissatisfactions, distrust, and citizens apathy. For this reason, Lai et al. (2022) were of the view that all actors affected by a decision should participate in the decision-making procedure. It is felt that when members participate in decision-making process, they become more attached to the decisions and are more motivated to work towards achieving the goals of those decisions. According to Archer and Bogunia-Borowska as cited in Widawska (2017), this system, undoubtedly, gives participants a sense of perpetuation and responsibility for the decisions made. The budgeting process is a financial management activity that involves financial decisions. Good financial management decisions are necessary for successful organizational operations. However, effective financial management has remained one of the most pressing challenges in organizations in Nigeria, particularly schools. There is, therefore, the need to evolve strategies to enhance effective financial management. It is in the light of this that participatory budgeting comes to fore as a strategy for achieving a successful budgeting process and effective financial management in the school system.

Basic Concepts:

Budgeting: Budgeting is the process of planning in advance the required financial resources of an organization. According to Isaac, Lawal and Okoli (2015), budgeting is a coordinated process by management of an organization which results in a plan expressed in financial terms for the operations and resources of an organization for some specific period. This process results to a document referred to as a budget. A budget is an economic plan which reflects resource allocation and decision strategies with organizational objectives structured by the number of resources for a particular period. It is a blueprint that spells out the amounts of finances required in an organization, the sources of the finances, and how the finances would be expended over a particular period. Budgets are usually prepared by heads of organizations (Zweni & Jowah, 2018), and are expected to be followed religiously for effective financial management and achievement of the goals of the organization. Budgeting is a technique used for financial management in organizations.

Participatory Budgeting: There is no universal definition of participatory budgeting as its experience and practices vary all over the world and depend on local context and

conditions (Muse & Narsiah, 2015). However, participatory budgeting (PB) may be considered as a budgeting process in which the lower levels of management or other members of an organization are involved in the process of preparing the organization's budget. It shares the budgeting responsibility with the other members in order to attract their input and also give them a sense of recognition in the process of running the organization. According to Krenjova and Raudla (2013), it is essentially a process of participation that enables ordinary citizens to make decisions about budget allocations. The qualification for participation is that one is a member of the community. Larson (2018) considers PB as a way to engage the public through setting goals, solving problems, and allocating resources through towards continuous improvement. The emphasis in this system is the application of the internal resources of the organization for the common good of the organizational members. It emphasizes a bottom-up decision-making procedure. With participatory budgeting, the lower-level employees of an organization who, in most cases, are the implementers of the budget are given opportunity to contribute their knowledge and past experiences towards achieving the intentions of the budget. It also expresses management's confidence in the staff and the staff are more motivated to work hard to attain the goals that they helped to set. Zweni and Jowah (2018) posit that because budgeting involves individual units of an organization starting from cost centers and utilizing activity-based costing to identify where funds are needed and in what quantities, it becomes necessary to bring together the whole organization. According to Wampler (2012), PB represents a significant break from exclusionary governance practices; and is based on four principles which seek to enhance democracy through active citizen participation, increase citizen authority in decision-making, improve social well-being and social justice through allocation of resources, and promote public transparency, to ensure better financial health of institutions and organizations.

Participatory budgeting was first introduced as part of a specific experiment in Porto Alegre, southern Brazil in 1989, as a measure relating to disposal of budgetary resources at the local government level (Widawska, 2017). Because of the successes of participatory budgeting and the recognition it attracted as an important decision-making tool, it has spread throughout Brazil (Goncalves, 2014), the initiative could be extended to other countries and organizations, and it is expected that organizations can apply it to promote formal budgeting programs in order to achieve better results.

Finance: Broadly, the term 'finance' means to arrange payment for a product. The subject matter of finance is, therefore, concerned with the various ways through which individuals and organizations handle their means of payment – how they plan, raise, save, lend, spend, and invest it. Although finance is a more embracing term, including other means of payment (such as credit or I.O.U.s which can procure immediate use of goods and services) money is generally considered as finance since money has become the main denominator of modern business transactions. Kurt (2022) submits that finance represents money management and the process of acquiring needed funds. According to Paramasivan and

Subramanian (n.d.), finance is referred to as the provision of money at the time when it is needed. Finance is one of the basic resources necessarily required for proper functioning of organizations, including schools.

Adequate funding for the provision of the resources necessarily required for proper functioning of schools towards achievement of the desired results has remained a burden in developing countries, particularly Nigeria. Idialu and Idialu (2012) observe that funding is the most critical of all the problems of education in Nigeria. Nwachukwu (2014) also aver that the financing of education is at the heart of educational crisis in many countries of the world, and in Nigeria, there appears to be a perennial crisis of funding and lack of definite structures and strategies in funding of education. Schools in Nigeria have limited financial resources to maintain school infrastructure, offer basic amenities for an appropriate learning environment, and maintain an appropriate quality of education. Apart from sourcing for funds, prudent application of the available funds for successful school operations and positive outcomes has remained a challenge in school management. It therefore behooves school managers to devise fund use and financial management strategies that would result to positive outcomes with the meagre resources usually at their disposal.

Financial Management: Financial management is a management function devoted to the effective sourcing, application, investment and control of an organization's financial resources for the attainment of specified objectives. Such resources could be money, materials, equipment, and methods which an organization uses to conduct its operations and activities. Kuchal (cited in Paramasivan and Subramanian (n.d., p. 3) submits that "financial management deals with procurement of funds and their effective utilization in the business." The objectives of financial management include the economy of operations, optimal resource allocation, adequate documentation, strong internal control, and accountability. Financial management skills are necessary for managers in school systems to ensure that best choices are made with the resources available, as schools face the scarcity of resources challenge, and it may be difficult to strike a balance when implementing a budget. Effective financial management in the school system therefore entails ensuring that enough funds are generated for school operations and appropriately deployed to needy areas, funds are available for research and development of new methods of teaching, financial stability is maintained, and to ensure that educational services are as inexpensive as possible. A sound school financial management system is required to permit effective management of school finances. This would contain procedures for sourcing for funds, disbursing funds to eligible projects, accounting for funds and financial activities, keeping adequate and auditable accounting records, managing cash, ensuring timely and proper requests for funds, and ensuring timely financial reporting. To ensure these requires the cooperation and participation of members of the school community; and this can only be adequately achieved through participatory budgeting.

Models of Participatory Budgeting

According to Aziz and Shah (2020), Discrete and Divisible PB are the popular models in literature. *Discrete PB* is further classified into bounded and unbounded discrete PB. Under bounded discrete, projects under consideration in a budget must be fully implemented or not implemented at all. In unbounded discrete, each project has discrete possible degrees of completion, depending on the resources allocated. This model is applicable when each project is ambitious, and its full implementation can potentially use up all the available resources.

Divisible PB: In this model, it is assumed that projects can be implemented to any fractional degree. This model is also further classified into bounded divisible and unbounded divisible PB. In bounded divisible PB, there are caps attached to each project, while in unbounded divisible, caps are not attached on the degree of completion. Deciding the degree of completion of different projects is equivalent to deciding how the available budget will be divided among the projects.

Process of Participative Budgeting

Participatory budgeting follows a process. Crum et al. (2020) submit that the process involves five phases, and each phase requires participation and builds on the ideas and community needs that are outlined in the beginning phase of idea collection and concludes with participants directly deciding how money will be spent over a budget period. According to Crum et al. (p. 5), the five phases include:

Planning: Organizational members design their PB process around a specific issue or project(s) for their organizational context.

Idea Collection: Members are adequately briefed about PB, the available funds, brainstorm spending ideas, and/or collect ideas from fellow members organization wide.

Proposal Development: Members critically scrutinize and narrow down the ideas based on eligibility and feasibility with the available funds, conduct research, deliberate, develop project proposals and present.

Project Expo and Community Voting: Members conduct community outreach for the vote and vote for which projects to fund.

Project Implementation: Managers (together with the other members) implement the top winning projects, and where applicable, enlist leaders among the members to help create and monitor use guidelines.

PB processes are, however, unique and designed and customized to fit the context in which they will be implemented.

Benefits of Participatory Budgeting:

The following are some of the benefits derivable from participatory budgeting (Malena & Khallaf, n.d., p.4; de Soysa, 2022, pp. 10-11):

- e. PB aids to combat a wide range of malaises such as distrust, dissatisfaction, and apathy among workers of an organization.
- f. It can help in boosting the revenues of an organization
- g. It is capable of enhancing transparency and accountability.
- h. It helps to foster productive dialogue and constructive working relationships and helps to mediate differences between management and other workers.
- i. It helps in fair allocation of resources among the units of an organization.
- j. It charges workers with new responsibilities of co-producers of products and co-decision makers.
- k. It can redirect an organization's investment of funds towards the more critical/higher priority areas.

Participatory Budgeting in the School System

The school system parades many issues in the various units or departments that require adequate budgetary provisions every budgetary period. Involving all the staff from the different school units and students to participate in the budgeting decisions would instill the spirit of give and take and unity of purpose towards satisfactorily addressing the various financial needs of the different school units, and also a motivation for higher contribution to the achievement of the school's specific and general goals. According to New York City Council, NYC, (2019), under PB, students collect ideas about the school's needs, develop project proposals, and vote on projects to fund. In addition, Crum, et al. (2020) submit that PB is a meaningful way for schools to build inclusive partnerships with students, teachers, and other staff in school decision-making. The authors add that in a study on PB, "students reported feeling that they had a voice in their school and in the PB process" (p. 7).

Participatory budgeting is essential in the school system because, according to Afonso (2017), active participation is a third form of engagement. It is distinct from consultation because the school community members actively shape budget options throughout the process, though the school management maintains final decision-making control over the budget. Although the budget cycle is the traditional role of the school management, the school community should be aware of how the budget unravels throughout the year. School budgeting is far from a one-stop shop exercise that culminates with the issuance of a school's budget whose allocations are to be simply monitored and reported (Alesani, 2012). This process will keep the school stakeholders informed and supportive of the activities of the school. Blank and Villarreal (2015) submit that schools should be centers of flourishing communities where everyone belongs and works together to help young people thrive. A study by Wheaton and Sullivan (2014) support this. Going through the PB process can help bring out the priorities of the school that will help set the priorities of the budget. The participating role allows participants time to bring out all ideas and concerns in a supportive environment that allows for full consideration of all facets of the school. The information that comes forward allows administrators to make better decisions that meet the core values of the school system (Larson, 2018). Students who

participate can also help track the progress of projects and keep the rest of the student body informed for better and more support. According to Larson, financial management in the school system must move beyond departmentalized units and into interdisciplinary teams that plan, talk and move forward together.

Conclusion

Schools are social organizations made up of different sets or classes of people, each with specific aspirations. To build a sense of oneness among the members towards achieving a common goal, it is important to carry everybody along in the school governing process. Participatory budgeting has been found to be a veritable tool for taking a broader view of an organization's environment, taking into account the needs of the different groups, building the spirit of cooperation and improving relations among the members of an organization. Apart from this, it widens the horizon of new initiatives from the group members which could be used to make better quality decisions in the allocation of resources for the benefit of the organization. In addition, it helps to strengthen participative democracy in managing the affairs of the organization. In general, PB helps to protect the vulnerable groups in an organization from marginalization and exclusion. The goal of financial management in the school system is to achieve efficiency and effectiveness in the mobilization, collection, and use of school funds. Involving all the members of a school system in these school activities through participatory budgeting could enlist their cooperation and direct their energies and skills against wasteful use of school funds which could enhance effective financial management in the school system.

Recommendations

The following recommendations are advanced:

1. School managers should adopt inclusiveness and participatory budgeting in the process of managing schools.
2. School managers should acquire financial management skills to enable them to plan properly the financial resources requirements for the school system periodically.
3. School managers should be proactive in communicating early, often and clearly to all school members; gathering information early, and creating a strong strategic plan. Being proactive allows a school manager to have time to work with others, collaborate, and learn, which are ingredients of effective financial management.
4. School managers should embrace the culture of listening to be able to learn from others, as listening allows leaders to better understand the values, resources, and needs that individuals bring to the table, and enables them plan budgets better for more effective financial management.
5. School managers should learn to say no when no is the desired answer. Accepting and approving all requests for funds from school members could push the school to wasteful spending which may adversely affect the school finances.

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