

# Implication of Palliative Measures on Financial Budgets and Budgetary Control of Private Educational Institution in Osun State

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## **Abstract**

*Private Educational Institution as a learning center takes the responsibility of educating the youths in the community in an attempt to bridge the gaps in funding by the government. Private investors have been involved in education in Nigeria, starting from the primary to the tertiary institutions. They generate funds from tuition fees paid by parents and in turn create job opportunities for many within the community, thereby reducing the level of unemployed rate. Expectedly, institutions should make projection into the future and on the direction of their investment on a yearly plan, an approach which is known as an advance planning and control of financial functions in all activities. The invasion of COVID -19 has posed a great challenge to the financial plans of the institutions as many could not pay their staff during the total lockdown. This study therefore investigates the implication of COVID-19 on institutional financial budgets and budgetary control. The study is quantitative whereby data were collected from institutions in Osogbo area of Osun-state, Nigeria. The paper explores finding from accounting officers of known private primary, secondaries and tertiary schools. The study found that so many institutions in the state operate without reporting the financial position to any government established or stakeholder as majority of the institutions are sole proprietors. It was also observed that majority of the institutions were never prepared for any unforeseen circumstance, making it difficult to grant palliative measure to their staff during the lockdown. Few institutions that were able to start online lessons for their students started as a means of getting money from parents so as to pay bills. However, the expenses incurred to secure internet facilities for the delivery was high and not subsidized for during the pandemic period. The study revealed that COVID -19 has negative implication on financial budgets and budgetary control. This paper will impact on government's policies on financial budget and budgeting control as it suggests possible solutions and application of necessary force and lawful control to the investment of private institutions in the country.*

**Key words:** Covid-19, Palliative Measures, Organization Behavior, Financial Budgets, Budgetary Control, Educational Institution

## **I. Introduction**

Education is depicted in different ways, based on background and experience of the researcher defining it. Evidence shows that education as a multifaceted institution has many approaches to it. This makes a specific definition

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for the concept a difficult one. This study discusses the concept of finance as it relates to organizational behavior in the era of Covid-19. Of course, previous study (Adetunji, 2016) has shown that Education is strategic in the policies and national development of any nation, as it is the platform that drives the various sectors of the economy. Accordingly, Peretomode (2006) explains that financial budget is a process which involves preparation, compilation, and monitoring of all activities in an institution. It plays a very crucial role in securing economic and social progress. Oloefe (2010) holds that educational institutions prepare yearly financial budgets and make projections on the direction of their investment, an approach which is known as an advance planning and control of financial activities. Financial budgets and budgetary control serve as means of administering fund, making decisions, developing skills and communicating with appropriate authorities through keeping record of financial activities (Rangvid, 2015).

There is no doubt that these are extraordinary times due to Covid -19 pandemic outbreak in the sphere of educational institution (Deborah, 2020; Ogunode, 2020). Recently, many educational institutions have been dealing with funding system to provide sufficient manpower to run their various financial activities. Consequently, the present situation has brought about forceful and unlawful control of investment in educational institution (Murphy & Wyness, 2020). The existing system of funding is failing to provide sufficient resources to sustain educational institutions. Available fund is applied to technological development for those educational institutions that are engaging in online educational learning to prevent a total breakdown of educational institutions.

From the above, it is obvious that financial budgets and budgetary control is not absorbed by processes of record keeping for sufficient and effective planning and controlling of educational spending. The study therefore seeks to assess the implication of Covid-19 on financial budgets and budgetary control of private educational institution as an organizational behavior study.

## **II. Literature**

Organization behavior is simply the behavior of people within an organizational context. Debating the concept of organization, Adetunji and Adetunji (2019) point that organization is a place where activities of all kinds take place for the production of goods and services or for a common purpose. Therefore, all functions of management must be evaluated appropriately for such activities to be effective. Among these functions is budgeting, which is linked with proper planning of all activities.

According to Onho and Zayol (2017) budgeting is a process of mapping out how to obtain and utilize resources, usually expressed in monetary term, in an organization over a period of time. Onho and Zayol further explain that budgets are physical resources available for implementation of the programme of an institution during a year. Mukah (2018) defines budgeting as ways and means usually employed to provide for expenditure incurred in the staffing, equipment and maintenance of organizations. Similarly, Alade, Owabumoye, and Olowookere (2020) define budgeting as a specific plan for implementation of organization objectives, policies and programmes for a given period of time. It involves the description of all controls, activities and services required to attain the goals of an institution.

Accordingly, Fadipe, and Oluchukwu (2009) corroborate this by stating that aside of budgeting being financial material, budgeting must be documented for concurrent financial years. In line with this, Bjorklund and Salvanes (2011) concurs that the maintenance of organizations historical financial activities by keeping books of records are paramount to budgeting. Rangvid (2015), concluded that institutions are to report their financial positions to appropriate government establishment or stakeholder. However, many educational institutions operate with ever reporting the financial position to any government establishment or stakeholder as majority of the institutions are sole proprietors (Oloyiwoye, 2007).

Oreopoulos, Wachter, and Heisz (2012) in their findings reveal that researches on educational institution budgeting have focused their attention on broad general funding of education or writing on funding and management of educational institution from the perspective that financial resources are available for running their activities. However, the issue of inadequate funding has cuts across all sectors of education that are engaged in the advancement of knowledge, teaching, training, research and community service (Andersen & Nielsen, 2019; Oyewobi& Adetunji, 2019).

More so, the need for effective and efficient financial budgets and budgetary control should not be deemphasised as the outbreak of Covid 19 pandemic has brought with it, enormous demand on the existing financial budgets and budgetary control of educational institutions (Murphy &Wyness, 2020). According to Piopiunik, Schwerdt, Simon and Woessman (2020), most governments around the world have temporarily closed educational institutions in an attempt to curtailthe spread of Covid-19 pandemic. Online learning has become a critical lifeline for education institutions, as they seek to minimize the potential for community transmission. Due to the Covid-19 pandemic, many schools began conducting classes via video telephony software such as Zoom (Murphy &Wyness, 2020). As educational institutions are putting efforts to mitigate the immediate impact of school closures, particularly for more vulnerable and disadvantaged communities, and to facilitate the continuity of education for all through remote learning, this study sought to assess the implication of covid-19 palliative measures on financial budgets and budgetary control.

### **III. Methodology**

The research design adopted for this study was survey and descriptive design. The design was selected carefully to ensure that information obtained and prepared are relevant to the research questions and that the information were collected by objective and economical procedures. The design adopts a step-by-step approach to help to clarify the procedure for the investigation and not only to make the research work simpler for the reader but, also to establish a clear thought on the study.

However, the accessible population of this research is on Private Education Institutions (PEI) in Osun State, hence the population of this study comprises of accounting officers (cashier or accountant), Principals (vice-principal or head teachers) and staff in a situation where non is available for the phone interview and interaction, a total of ninety-six (96) persons participated in the study. The selection of the participants was done using purposive sampling technique. The first criterion adopted was to contact on phone, individuals whose skills match the participants listed above. The

second criterion was to check up for their availabilities and book time with them. At the end of the selection process only 42 (forty-two) participants completes the process of structured interview process adopted.

In order to reduce the sample size to a manageable size, this expression was used:

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n= Sample size    N= Total

population e= Margin of error

disturbance

Therefore;

Given that N = 42 (as stated above), and e is assumed to be 5%

Then sample size, n=                    42

$$1 + 42 ( [0.05]^2 )$$

$$= 38$$

### **Hypothesis**

H1 The Effectiveness of COVID -19 palliative measures does not enhance financial budget in order to reduce budgetary control of private educational institutions in Osun-State.

H2: The efficiency of financial budget and budgetary control does not result in private educational institution organizational management.

H3: Palliative measures have no significant impact on budgetary control.

## **IV. Data Presentation**

The researcher uses frequency counts, and mean score to analysis data collected from the study participants. The three research questions posed by this research were answered hypothetically; in the following order the hypotheses were analyzed; mean score (x) analyzed and determine using the data relating to research question one, two and three. The research adopts a mean test score of three (3) and above as an accepted mean to test research questions in each category. While any mean score of 2.99 and below was rejected to test the research question. Z-test was used to test the three hypotheses developed. When the sample size is large, test was done to ascertain the significance of different in mean between the two population mean. The three hypotheses were tested at 5% level of significance.

$$Z = \frac{\bar{x} - \mu}{\frac{\sigma}{\sqrt{n}}}$$

$\bar{x}$

$\sqrt{n}$

Where  $\bar{x}$  = sample mean

$n$  = Sample size.  $\mu$  =

Population mean  $\sigma$  =

Standard deviation

$n = 5$

### Hypothesis One (null)

The Effectiveness of COVID 19 palliative measure does not enhance financial budget in order to reduce budgetary control of private educational institutions in Osun-State.

In testing this hypothesis, questions 1 to 5 was used.

Mean of population ( $\mu$ ) =  $3 \times 30 \times 5 = 90$

Mean of sample ( $\bar{x}$ ) =  $\frac{\sum x}{n} = \frac{579}{5} = 116$

Standard deviation ( $\sigma$ ) =  $\sqrt{\frac{\sum (x - \bar{x})^2}{n}} = \sqrt{\frac{63}{5}} = 3.5$

$Z = \frac{\bar{x} - \mu}{\frac{\sigma}{\sqrt{n}}} = \frac{116 - 90}{\frac{3.5}{\sqrt{5}}} = 16.6$

SD = 3.5

$\sqrt{n} = \sqrt{5}$

Decision Rule: Accept null hypothesis if the estimate value is less than the Z-table value, otherwise, reject null hypothesis and accept the alternative. That is the effectiveness of COVID 19 palliative measure enhance financial budget and reduces budgetary control of private educational institutions in Osun-State.

Decision: Since the Z – table value is less than the estimated value ( $1.96 < 16.6$ ), the null hypothesis is rejected and accept the alternative hypothesis (H1) which stated that the effectiveness of COVID 19 palliative measure does not enhance financial budget in order to reduce budgetary control of private educational institutions in Osun-State.

**Hypothesis Two (null)**

The efficiency of financial budget and budgetary control does not result in private educational institution organizational management.

In testing this hypothesis, questions 6 to 10 was used.

$$n = 5$$

$$\text{Mean of population (u)} = 3 \times 30 \times 5 = 90$$

$$\text{Mean of sample (x)} = \sum x = 518 = 104$$

$$\text{Standard deviation (s)} = \sqrt{\sum (x-x)^2} = \sqrt{154} = 5.5$$

$$Z = \frac{x-u}{SD} = \frac{104-90}{5.5} = \frac{14}{5.5} = 2.545$$

$$SD = 5.5 \quad 2.46$$

$$\sqrt{n} = \sqrt{5}$$

Decision Rule: Accept null hypothesis if the estimated value is less than the Z-table value, otherwise, reject null hypothesis and uphold the alternative hypothesis (H0). That is efficiency of financial budget and budgetary control results in private educational institution organizational proper management.

Decision: Since the estimated value is greater than the Z-table value (2.545 > 1.98), we reject the null hypothesis and accept the alternative hypothesis (H2) which stated that the efficiency of financial budget and budgetary control does not result in private educational institution organizational management.

**Hypothesis Three (null)**

H3: Palliative measures have no significant impact on budgetary control. In testing this hypothesis, questions 11 to 15 was used.

$$n = 4$$

$$\text{Mean of population (u)} = 3 \times 30 \times 4 = 90$$

$$\text{Mean of sample (x)} = \sum x = \sqrt{428} = 107$$

$$\text{Standard deviation (s)} = \sqrt{\sum (x-x)^2} = \sqrt{74} = 4.3$$

$$Z = \frac{x-u}{SD} = \frac{107-90}{4.3} = \frac{17}{4.3} = 3.953$$

$$SD = 4.3 \quad 2.15$$

$$\sqrt{n} = \sqrt{4}$$

Decision Rule: Accept null hypothesis if the estimated value is less than the Z-table value. Otherwise, reject null hypothesis and accept the alternative. That is palliative measures significant impact on budgetary control.

Decision: Since the estimated value is greater than the Z-table value ( $7.9 > 1.98$ ), we reject the null hypothesis and accept the alternative hypothesis (H3) which stated that Palliative measures has significant impact on budgetary control.

## **V. Discussion of findings**

Findings from hypothesis one revealed that the effectiveness of COVID-19 palliative measures do not enhance financial budget in order to reduce budgetary control of private educational institutions in Osun-State. This is evident by the data analysis which shows that the table value is less than 2.99, that is, Z-table value is less than the estimated value ( $1.96 < 16.6$ ). This stipulated philosophy is in line with Murphy and Wyness (2020) that unanticipated increase in spending would; make budgetary control costly to implement, make budgetary control a more complex reform, bring about inefficiency in the management process, hinder the introduction of new practices to budgetary control, and affect human terms considerations on budgetary control adoption. Also Carlsson, Dahl, Öckert, and Rooth (2015) issued that measures to salvage situations relating to financial budgets cause insufficient availability of financial resources required for budgetary control and affect support from accountants towards implementing the culture of reporting financial budget and budgetary control to relevant governments.

In hypothesis two, findings revealed that the efficiency of financial budget and budgetary control do not result in private educational institution organizational management. This is evident by the data analysis which shows that the table value is less than 2.99, that is, Z-table value is less than the estimated value ( $5.69 > 1.98$ ). This study supports Oreopoulos, Wachter, and Heisz (2012) view which explain that the introduction of financial budget and budgetary control in educational institutions has been accompanied by misunderstanding and confusion. However, Oyewobi (2020) comment supports that there was little evidence that information from financial budget and budgetary control are extensively used in decision making within the private sector.

Findings from hypothesis three revealed that palliative measures have significant impact on budgetary control. This is evident by the data analysis which shows that the table value is less than 2.99, that is, Z-table value is less than the estimated value ( $7.9 > 1.98$ ). Andersen and Nielsen (2019) revealed that provision for contingencies in budgeting helps in improving budgetary control activities in the country. Andersen and Nielsen further explain that it improves the quality of public sector financial information, thereby increasing the confidence of both domestic and foreign donors and investment organizations in making financial assistance available for public sector entities. Rangvid (2015) unveiled that efficient budgetary control would significantly improve financial reporting quality and reduce other ill practices in the sector.

## **VI. Summary of Findings**

The financial budget and budgetary control are very vital to any organization ranging from small to large scale enterprise since it is well known that no business can exist entirely without financial planning. The amount spends during the pandemic majorly in the PEI are basically on staff salaries which were paid for no reward to the institution.

It shows that one of the major functions of institutional development is finance. In order for the organization to grow, human engagement as worker or employee is very important and without taking good care of them the organization cannot yield its full potential. The palliative measure on this organization is not done by any private education institution as majority struggle to pay basic salary and resulted in cutting staff salary by 50% in most of the organization researched.

From the data gathered, we discovered that the use of palliative measure was difficult. 90% of the institutions do not operate formally, no presentation of budget and no financial report to any stakeholder as the institutions are sole proprietorship. Likewise, income is generated only from student tuition fees and parent contribution towards development and not for unforeseen circumstance. The study found that so many of the private institutions in the state operate without reporting the financial position to any government establishment or stakeholder as majority of the institutions are sole proprietors. It was also observed that majority of the institutions were never prepared for any unforeseen circumstance, making it difficult to grant palliative measure to their staff during the lockdown.

Likewise, few institutions that were able to start online lessons for their students started as a means of getting money from parents so as to pay bills but the expenses incurred to secure internet facilities for the delivery was high and not subsidies for during the pandemic period. The study discovered that COVID-19 has negative implications on financial budgets and budgetary control as many of the institutions have spent above their planned financial control due to the total lockdown of activities.

## **VII. Conclusion**

Considering all that has been discussed, the review of related literature and research findings obtained in this study, it has been established beyond every reasonable doubt that palliative measure was difficult for private education institutions during the Covid-19 total lockdown because private educational institutions have seen budgetary and budgetary control as paper work that can be manipulated or that is not necessary for the operation of the institution, hence disclosure of financial position of the organization is not checked after it takes off. Though the analysis of the subject matter centers on private education institutions, the need for the study to recognize the fact that public education institutions study has to be done to ascertain level of control by government is also important. This paper impacts on government policies on financial budget and budgeting control as it suggests possible solutions and application of necessary force and lawful control to the investment of institutions in the country from an organizational behavior point of view.

## **VIII. Recommendations**

As a result of the various findings emanating from the study, the following recommendations are suggested for policy makers and institution owners:

1. The study suggests that government should demand financial position of every academic institution on a yearly basis before the start of the session to ascertain viability of the organization.



2. Organizations ought to inculcate the habit of transparency in terms of their financial position to those who are involved and those who benefit from their activities.
3. Since private educational institutions are help mate to the government in discharging their duties, this set up should be supported by the government in order to develop the worker but also offers powerful labour force that help reduce unemployment level.

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