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Mulwa Rose Ndanu, Mr. Edward Kanori & Dr. Lucy Wangui Njagi

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Influence of public reporting by Board of Management on management of public Technical Training Institutes in Nairobi City County

[1*]Mulwa Rose Ndanu, [2]Edward Kanori and [3]Dr. Lucy Wangui Njagi

[1]Post graduate student, University of Nairobi

[2]Lecturer, Department of Educational Administration and Planning
University of Nairobi

[3]Lecturer, Department of Educational Administrational and Planning
University of Nairobi

***Corresponding email address: mulwarose@gmail.com**

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Abstract

The purpose of this study was to investigate the influence of corporate governance practices on the management of public Technical Training Institutes in Nairobi City County. The study objective was to determine the extent to which timely public reporting by Board of Management influence management of public Technical Training. The study employed descriptive research design to determine corporate governance practices influencing management of public technical training institutes in Nairobi City County. The target population was three Technical training institutes in Nairobi City County. The study therefore targeted 54 BOMs, 3 bursars and 3 principals. The units of analysis were Board of management members, principals and bursars for the three public technical training institutes in Nairobi City County. Since the population size for principals and bursars was small, census technique was adopted to select a sample of 3 principals and 3 bursars. Simple random sampling technique was used to select a sample size of 51 Board of Management members. Primary data were collected through the use of semi structured questionnaires and interview guides. Content validity was used by the researcher to check whether the items in the interview guides answer the research objectives. The results of the study indicated that Technical Training Institutes where public reporting was untimely was characterized by poor management of Technical Training Institutes than those institutes that practiced timely reporting. Based on research finding it can be concluded that Board of Management public reporting influence management of Technical Training Institutes.. It is recommended that the management

of the technical training institutes ensures that financial reporting are done on time so as to improve management of funds within the organization.

Keywords: *Timely public reporting, BOM members, Management of Public Technical Training Institutes, Financial record keeping and Nairobi City County*

1.0 Introduction

1.1 Background of the study

The aspect of public reporting defines the intercommunication between management of technical institutions and the Ministry of Education. Public reporting is a necessary ingredient of good public governance (Daglio, Gerson & Kitchen, 2014). By adhering to corporate governance practices, the management of Technical Training Institutes is able to achieve accountability and integrity, improve operations, and instill confidence to the public and stakeholders (OECD, 2012).

A learning institution should evolve strategies regarding: financial records management in terms of cash planning, managing the cash flows, optimum cash level and investing surplus cash. Growth and development of educational sector is dependent on how well finances are managed (Saunders & Cornett, 2014). Financial management is concerned with organization's decisions on how to source for funds, how to control financial resources through financial controls, prudent allocation of financial resources and accountability measures. It is fundamental for the success of any entity (Munge, Kimani & Ngugi, 2016).

In USA, Technical Training Institutes (TTIs) are actively involved in training students for the future workforce required for the huge economy. This includes partnership formed through an agreement and signed memorandum of understanding (MOU) where TTI, employers, industry associates, education entities and community stakeholders all contribute to the training of the emerging and incumbent work force (Shackleton,1995). This training can take place in various places; in classrooms, in the field through on the job training, or through employers company (Heti, 2013).

In Africa, a study on the condition of corporate governance is very important. The key Board Report and code of practice for corporate governance of 1994 in South Africa keeps on invigorating corporate governance in Africa. Nations like Zimbabwe, Ghana, Uganda and South Africa set up national institutional components to advance great corporate governance (Miringa, 2015) as cited by (Vickey, 2001). In Ghana, learning institutions are required to enhance access to education by building schools capacity through proper corporate governance in financial management (Dasmani, 2011). This ensures that schools are able to provide both affordable education and better services in their facilities.

In Kenya, the mandate of the education sector is to respond to the 2010 Constitution and Kenya Vision 2030 and in so doing to propose strategies to address wastage and inefficiency; improve financial management and accountability, and to make education in Kenya inclusive, relevant and competitive regionally and internationally (GoK, 2012). The provision of quality education and training to all Kenyans is fundamental to the success of the government's overall development strategy (Technical and Vocational Training Education Act, 2013).

Technical training institutes are meant to prepare learners for careers based on manual and practical activities (Mwaniki, 2015). According to Maclean and Wilson (2009), technical training institutes are concerned with the acquisition of knowledge and skills for the world of work to increase opportunities for productive empowerment and socio-economic development in knowledge and rapidly changing work environment. The presence of an effective corporate governance system, within technical training institutions, helps provide a degree of confidence that is necessary for the proper functioning and confidence among the management and stakeholders.

1.2 Statement of the problem

Technical Training Institutes prepare learners for jobs that require technical skills. There is need to transform TTIs in order to build greener societies, generate more workforce and tackle global unemployment. The Technical Training Institutes in Nairobi City County attract many youths and students completing secondary education. Nairobi City County hosts lots of technical job opportunities that require technical skills (Omwenga, 2010). However, according to a report released by African Development Fund Kenya (2015), performance of Technical Training Institutes in Kenya remains a big problem in the modern competitive business environment. The problems facing technical training education in Kenya indicate the need for reforms in the management of these institutions. Most Technical Training institutes(TTIs) suffer problems of resource embezzlement and integrity issues which result from poor management practices (Nyerere, 2009).

According to Education Sector Governance and Accountability Action Plan 2007 some of the problems faced by most of the Training Institutes in Nairobi City County include mismanagement of resources and frauds. Effective management of Technical Training institutes determines the achievement of set goals for the institution. Dasmani (2011) observed that considering the expensive nature of TTIs as a form of education, it is logical that the training system would be effective if resources are well managed. The outlined problems are a clear pointer that there exists a problem of governance in TTIs. It is for these reasons that this study aims to determine the extent to which timely public reporting by Board of Management influence management of public Technical Training

1.3 Specific objective

To determine the extent to which timely public reporting by Board of Management influence management of public Technical Training

1.4 Research question

To what extent does timely public reporting by Board of Management influence management of public Technical Training Institutes in Nairobi City County?

2.0 Literature Review

2.1 Empirical Review: Public reporting and management of TTIs

The school has to report on its work and action to the management and Ministry of Education. The annual report is the school's act. It is the annual presentation of achievements of school management (Horvat, 2007). They ought to report on effectiveness and efficiency of the organization. The reporting process is closely linked to the planning process, the definition of objectives and measuring. Reports have to explain the established facts, especially non-fulfilled objectives and tasks.

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Effective corporate governance requires regular and transparent reporting by agents. This reporting should occur not just to principals, but within the organization itself that includes accountability of managers to committees or sub-committees (Bushman & Smith 2001). While this criterion appears relatively straightforward, meaningful reporting involves a number of aspects: regularity, transparency, content stipulations, links to performance management systems, and approvals. Reported periodic data needs to include time frames for clarity (Burns & Scapens, 2000).

Maronga, Weda and Kengere (2013) coined that accountability of schools in Kenya can be achieved by ensuring that every school does periodic reporting to the Ministry of Education to ensure accountability. This is done through financial auditing, financial reporting, credit management policy and inventory management policy. This is possible through practice of acceptable corporate governance practices.

2.3 Theoretical framework

This study is guided by Stakeholder Theory. Stakeholder Theory which was developed by Freeman in 1984 is embedded in the management discipline. It incorporates corporate accountability, institutional ethics and institutional management to a broad range of stakeholders. Stakeholders' theory focuses on managerial decision making, prudent financial reporting and communication to the stakeholders. Stakeholder theory expresses the idea that business organizations are dependent upon stakeholders for success, and stakeholders have some stake in the organization. Stakeholder theory is now foundational to business ethics courses in masters' programs (Carroll & Buchholtz, 2006). Since Stakeholder theory is an ethics theory, the selection panel can ensure that those persons selected to the board are transparent, competent and poses administrative skills. This will ensure that the school is managed prudently minimizing cases of fund misappropriation.

2.4 Conceptual framework

According to Robson, (2011), a conceptual framework is graphically representation of main things to be studied; key factors, concepts, or variables and the presumed relationships among them. The conceptual framework for this study is in Figure 1.

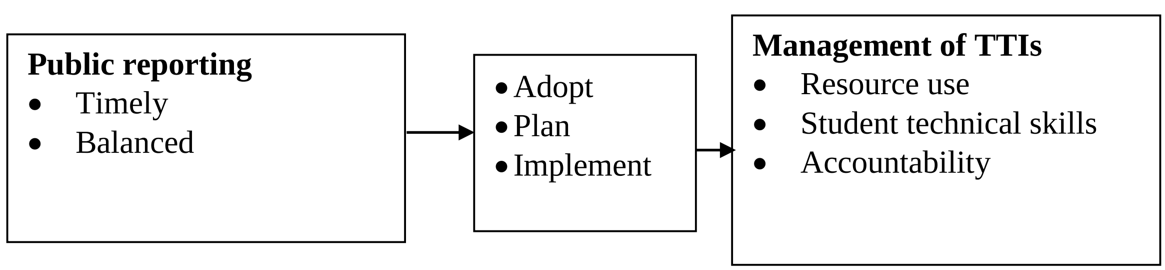

Figure 1: Public reporting and management of TTIs

The independent variable (input) is public reporting**.** The dependent variable (output) is management of TTIs. From Figure 1, the middle box shows that corporate governance process that includes planning, organizing, adoption and implementation of the practices by the Board of Management. The overall outcome of the model was prudent management of Technical training institutes (TTIs). Effective management of TTIs entails sufficient resource allocation, decentralized decision making authority on financial resources, accountability and transparency in the governance and management of technical training institutions.

3.0 Research Methodology

The study employed a descriptive research design to determine corporate governance practices influencing management of public technical training institutes in Nairobi City County. The study target population was Board of Management members, principals and bursars in three public technical training institutes in Nairobi City County. Each of the three technical training institutions has 18 Board of Management members, one principal in charge and a bursar. Therefore, the study targeted 54 BOMs, 3 bursars and 3 principals. Since the population size for principals and bursars is small, census technique was adopted to select a sample of 3 principals and 3 bursars. Simple random sampling technique was used to select a sample size of 51 Board of Management members. Questionnaires and interview guide were used during data collection. Both research instruments were developed by the researcher.

Validity and reliability tests for the research instruments were done. Quantitative data were analyzed using Statistical Package for Social Sciences (SPSS) computer software for analysis. The statistics generated were descriptive statistics which include means and standard deviations. The chi square coefficient was used to check on the relationship between the variables. The chi square test is meant to compare the management indicators between the schools with effective corporate governance practices and those that do not have effective corporate governance practices. Data collected by use of interview guide was analyzed qualitatively through content analysis.

4.0 Data Analysis, Discussion and Interpretation

4.1 Instruments' response rate

The return rate illustrates the number of respondents who participated in the study. The respondents of the study were Board of Management members, bursars and principals. Response rate for the study is shown in Table 1.

Table 1: Response rate

Respondents category	Administered	Returned	Unreturned	Percentage returned
BOMs	54	51	3	94.4
Principals	3	3	-	100.0
Bursar	3	3	-	100.0

The response rate for BoM was 94.4 percent; the participation rate for principals was 100percent while that for bursars was also 100 percent. According to Mugenda and Mugenda (2003) and Kothari (2004) a response rate of above 50 percent is adequate for a descriptive study. Based on these assertions, a response rate of 94.4 percent for Board of Management and a participation rate of 100 percent for principals and bursars were very good for the study.

4.2 Public reporting and management of public Technical Training Institutes

The respondents were asked to determine the extent to which timely public reporting by Board of Management influence management of public Technical Training Institutes in Nairobi City County. The results agree with Maeroff (2010) that board annual meetings are sole necessary engagement where the school management challenges are reported, discussed and solutions suggested.

Table 2: Public reporting and management of public Technical Training Institutes

Practice	strongly disagree	disagree	neutral	agree	strongly agree	Mean	SD
Consistent reporting	11.8%	17.6%	9.8%	25.5%	35.3%	3.5	1.4
Assessing periodic and longitudinal data	9.8%	7.8%	19.6%	39.2%	23.5%	3.6	1.2
Longitudinal assessments.	5.9%	13.7%	5.9%	29.4%	45.1%	3.9	1.3
Reported data needs to be time bound.	17.6%	5.9%	3.9%	41.2%	31.4%	3.6	1.4
Strategic information disclosure is	13.7%	9.8%	5.9%	27.5%	43.1%	3.8	1.5
The high the degree of reporting, the more robust the corporate governance mechanisms are likely to be.	2.0%	5.9%	11.8%	43.1%	37.3%	4.1	1.0
Reporting to and oral hearings before, public agents	9.8%	13.7%	5.9%	35.3%	35.3%	3.7	1.3
Senior personnel of the institution are responsible for reporting and performance	7.8%	21.6%	11.8%	29.4%	29.4%	3.5	1.3
Average						3.7	1.3

Results findings from Table 2 showed 60.8 percent agreed that consistent reporting requirements promote transparency and mitigates capacity for opportunism. The results also showed that majority of the respondents 62.7 percent agreed that frequent reporting provides the basis on which periodic and longitudinal data assessments may be made. The results also showed that majority of the respondents who were 74.5 percent of the respondents agreed that unless data reporting is periodic and consistent, then longitudinal assessments are somewhat meaningless. The results also show that 72.6 percent of the respondents agreed that reported data needs to be time bound. Results also showed that 70.6 percent of the respondents agreed that strategic information disclosure is important in enhancing better accountability, and 80.6 percent of the respondents agreed that high the degree of reporting, the more robust the corporate governance mechanisms are likely to be. Further, results showed that 70.6 percent of the respondents agreed that reporting to and oral hearings before, public agents or stakeholders enhances sound management. Finally, 58.8 percent of the respondents agreed that senior personnel of the institution are responsible for reporting and performance.

A chi-square test for public reporting and management of public Technical Training Institutes was presented. Public reporting was categorized into timely public reporting and untimely public reporting. This was tabulated against management of Technical Training Institutes that was categorized into poor management of TTIs and good management of TTIs. Table 3 shows how management Technical Training Institutes were evaluated against public reporting.

Table 3: Chi-square test for management of TTIs and public reporting

		Management of TTIs		
		Poor management of TTIs	**Good management of TTIs**	**Chi-square (p value)**
Public reporting	Untimely public reporting	25	3	
	Timely public reporting	2	21	32.919(0.000)

Technical Training Institutes where public reporting was untimely was characterized by poor management of Technical Training Institutes than those institutes that practiced timely reporting. Result findings indicated that, the management of Technical Training Institutes was poor when public reporting was rated untimely by 25 respondents as compared to 2 who rated it timely public reporting. Further, management of Technical Training Institutes was good when public reporting was rated timely by 21 respondents as compared to only 3 who rated it untimely. The study findings were statistically significant (Chi square=32.919, p-value=0.000<0.05). Chi square test was meant to show whether there existed any significant association between public reporting and management of technical training institutes. These findings therefore imply that public reporting influences management of Technical Training Institutes. Regularity in reporting by agents is necessary in promoting responsibility and accountability (Bushman & Smith, 2003). Maronga, Weda and Kengere (2013) coined that accountability of schools in Kenya can be achieved by ensuring that every school does periodic reporting to the Ministry of Education to ensure accountability. This is done through financial auditing, financial reporting, credit management policy and inventory management policy.

Using an interview guide, principals were asked to indicate their perception towards public reporting. Majority, of the respondents indicated that public reporting was not fully developed in the institution. They indicated that there was a need to improve public reporting between the institution, public and the Ministry of Education. The principals indicated that they have adopted periodic reporting to ensure that public reporting to the Ministry of Education and TVET is improved.

5.2 Conclusions

It is concluded that public reporting influences management of Technical Training Institutes. The aspect of public reporting defines the intercommunication between management of technical institutions and the Ministry of Education. Public reporting is a cornerstone of good public sector governance. By providing unbiased, objective assessments of whether public resources are managed responsibly and effectively, the management of Technical Training Institutes are able to achieve accountability and integrity, improve operations, and instill confidence to the public and stakeholders. It was concluded that timely and balanced reporting influences management of Technical Training Institutes in Nairobi City County.

5.3 Recommendations for study

The following recommendations were made;

1. The management of the Technical Training Institutes selects competent and qualified Board of Management to manage schools. Effective school Boards can contribute to the success of their schools by clarifying their roles and working on them to ensure achievement of set goals.
2. It is recommended the Technical Training Institutes adopt a better financial management system. This is done by building an integrated financial management system. This will ensure that financial frauds are minimized.
3. Finally, it is recommended that the institution work hand in hand with local community for better management of the Technical Training Institutes.

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