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# Factors influencing administrators' empowerment and financial management effectiveness

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## Abstract

This study determined the relationship between the identified factors of Administrators' Empowerment based on the Integrated Clarity (IC) framework of Miyashiro and Rosenberg (2007) on Identity, Life Affirming Purpose, Direction, Structure, Energy and Expression and Financial Management effectiveness on Planning, Budgeting, Monitoring and Evaluation.

The identified factors on Administrators' empowerment and the functions of financial management effectiveness are significantly reinforced by Integrated Planning, Budgeting and Monitoring System (IPBMS) principles and to some extent in relation to the Length of service and financial management training and preparation under the Administrators' characteristics. The findings served as bases for a proposed empowerment and financial sustainable development plan.

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**Keywords:** Financial Management effectiveness, Integrated Clarity (IC), Integrated Planning, Budgeting and Monitoring System (IPBMS)

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## 1. Introduction

The focus on value maximization emerges as a non-negotiable element in the beginning of the 21st century. Learning the art of managing the finances of any organization is a vital discipline for creating and maintaining financial sustainability. This study attempts to explore and affirm that Integrated Clarity (IC) and Integrated Planning-Budgeting-Monitoring (IPBMS) frameworks work best if all key players who have been entrusted with

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power to influence the strategic plans and financial decision making, are convinced that stewardship, active participation, accountability and commitment to the goals and aims of an educational organization are the necessary conditions in order that effective organizational interventions and changes can be introduced with greater results at least cost and wastage. The purpose of this study is to identify the factors that may influence administrator's empowerment and financial management effectiveness and in the process determine how these two factors are correlated with each other in order to propose an Empowerment and Financial Sustainable Development Plan.

## 2. Theoretical and conceptual framework

The research of Amalia Ifanti (2011) on schools' empowerment issues over the last three decades, *School Empowerment: Discourse and the politics of the Federation of Secondary School Teachers in Greece*, affirmed greatly the importance of school empowerment. While empowerment is not new, framing it using the Integrated Clarity (IC) as suggested by Marie Miyashiro and Marshall Rosenberg spells out the difference since IC Framework helps organization to discover and articulate its needs critical to its sustainability in a way that benefits the whole system and the people by subscribing to six (6) universal organizational needs essential to the institution's existence. These are (1) Identity refers to the vision statement, (2) Life-Affirming Purpose refers to the mission statement, (3) Direction refers to the strategic plans, means, thrusts and priorities of the organization; (4) Structure refers to the articulation of the organizational structure, policies and functions, (5) Energy focuses on the effectiveness of operational management, control and financial sustainability, and (6) Expression refers to the growth as a natural by-product of reaching and serving people or it conveys a specific contribution of the organization on the industry or society (Holman, Devane, et al, 2007). In this study, the aforementioned six (6) universal organizational needs are assumed as the factors influencing school administrators' empowerment and are considered as the **independent variables** (x).

Achieving institutional financial sustainability for Catholic schools in the Philippines is both a goal and a challenge for its economic survival. The Sacred Congregation for Catholic Schools (#81) cited that many Catholic schools has considerably improved their financial condition while initially receiving various public or private grants but later began to enter into agreements, conventions, contracts, etc. which guarantee both the preservation of the special status of the Catholic school and its ability to perform its function adequately. The Pastoral Letter of Archbishop Jose Palma, President of Catholic Bishops Conference of the Philippines on the occasion of the 400 Years of Catholic Education in the Philippines (2012) affirmed the same point: The Catholic schools assist the government in providing education to the rest of the citizens who opt for Catholic education as well as those who cannot be accommodated in public schools. Brigham and Houston (2012) mentioned: All important organizational decisions have financial implications. According to Patricia León (2001) financial sustainability is its capacity to generate resources in response to a demand, in order to maintain productive processes at a steady or growing rate in order to produce results and obtain some savings. In the day to day operations of the school, administrators are entrusted the task to plan, direct and control operations of an organization (Ballada and Ballada, 2012). In order to succeed effectively and efficiently in this regard must require adherence to the four (4) financial management functions specifically, (1) planning refers to the formulation plan of actions or programs in order to attain the objectives or goals; (2) budgeting which completes the program planning because financial resources are committed to achieve the planned activity or program; (3) controlling ensures that actions conform to the plan and efforts are made to monitor its progress; and finally, (4) evaluating that becomes a tool to measure the success of the plan. If these functions are performed optimally and strategically, decision makers will help maximize the values of their organization and contribute to the welfare of clients and employees (Brigham and Houston, 2012). In this study, these four (4) financial management functions are regarded as the **dependent variables** (y).

As cited earlier, the role of the school administrator is crucial and he must be prepared to adapt to the changing environment. In this study, there are **supporting variables** (z) that may enhance his/her efficiency and effectiveness grouped as (a) administrator's characteristics such as: (1) length of service as administrator; (2) financial management training and preparation; and (3) administrative experiences and (b) the principles of Integrated Planning-Budgeting and Monitoring System (IPBMS) such as: (4) participatory, involvement of all levels of management in the processes of planning, decision making and execution based on their competencies and authority; (5) stewardship, the wise use of resources entrusted to the administrators' care and to manage it responsibly; (6) accountability, the obligation of an administrator to account for its activities, accept responsibility for money or other entrusted property, and to disclose the results in a transparent manner; (7) transparency, the full,

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