

EXPLORING THE MODERATING INFLUENCE OF BACKGROUND CHARACTERISTICS OF A PRINCIPAL ON PROFICIENCIES AND FINANCIAL MANAGEMENT IN SECONDARY SCHOOLS IN MERU COUNTY, KENYA

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ABSTRACT

Purpose: To examine the moderating influence of background characteristics of a principal on proficiencies and financial management in secondary schools in Meru County, Kenya.

Methodology: The study adopted a descriptive research design targeting 388 secondary school principals in Meru County, using a census approach. Data were collected through questionnaires, pre-tested in Laikipia, and analyzed using SPSS for both descriptive and inferential statistics. Reliability was assessed using Cronbach's alpha, while moderation was tested through regression models.

Results: The results revealed that 184(100%) respondents on mean of 4.89 and 175(91%) respondents on mean of 4.63 concurred that principals were able to prepare budgets and use their financial management experiences to enhance financial planning, organizing and controlling skills in the secondary schools. However, 125(68%) respondents on mean of 2.14 failed to ascertain that there were clear policies spelt out by the principals on auditing timelines.

Unique contribution to theory, policy and practice: Principals should work with the Ministry of Education to develop clear auditing policies and ensure regular audits through increased county-level auditors. Schools should also establish department-specific financial policies, communicated early for proper internalization.

Keywords: *Background Characteristics of a Principal, Proficiencies, Financial Management, Secondary Schools, Meru County, Kenya*

INTRODUCTION

The background characteristics of a principal are the definitive attributes that shape their thinking, proficiencies and how they manage the finances (National Center for Education Statistics [NCES] (2020). This includes their gender, experience as a principal, background training in financial management and skills in financial management. Studies on background characteristics have measured it in terms of school developments, financial decisions made, and availability of resources (Kirui, 2022). Diverse studies have provided different perspectives on how the background characteristics of the principals contributed on proficiencies such as visionary leadership, professional practice, innovation and effective communication, to improve financial management of secondary schools.

Globally, Martínez et al. (2021) established that the background characteristics of a principals such as gender in UK, America, Canada, Germany, Italy, Brazil and India, played a significant role in financial management. For example, female principals were more talented in management of discipline, finances and administration. In relation to management of finances, they were keen in budgeting and monitoring to ensure that every coin has been rightfully used. However, a nation such as Spain respected men who were in management as compared to women hence masculine dominant. Additionally, lack of women role models in leadership, less emphasis of women roles in management and stiff competition from men limited women from becoming outstanding principals. In Philippines, Galigao et al. (2019) noted that gender aspects of principals did not assist in contributing to the level of knowledge they had on accounting and managing funds of the school. The study therefore suggested that since the responsibility of managing finances was bestowed to principals, it would be necessary for the principals to be appointed when they have financial management related first degree.

Regionally, in Anambra State-Nigeria, Obiekwe et al. (2021) noted that male principals are preferred when disciplining students and when using resources by the teaching staff. Their female counterparts were preferred when supervision of teachers was needed. In relation to financial management, Obiekwe et al. (2021) discovered that male principals were capable of managing relationships with stakeholders and maintained reliable professional behavior when budgeting and monitoring the use of funds. In Ghana, Abonyi et al. (2022) revealed out there was no difference in terms of leadership portrayed by both principals in terms of management of finances, students, teachers and other staff. For example, incentive allocated to teachers and for learning showed no difference since both the male and female principals relied on

government policies of allocation of funds to operations such as teacher's incentives and learning.

Locally, Kirui et al. (2022) depicted that financial management skills did not have a moderating influence on school characteristics and cost effectiveness. This was due to low financial skills among principals, lack of funds mobilization skills among the school administrators. In Kajiado County, Leken (2021) found out that most school heads who were females were competent and had financial background which was paramount in financial management. They were great financial resource mobilisers, reliable decision makers, and maximally use of financial resources. However, they lacked supportive policies to implement various strategies that would save more on costs incurred in the running of the schools.

Statement of the Problem

In the normal administration of a secondary school, it is a requirement for the principals to uphold critical values and demonstrate skills that are pertinent to astute financial management. Their background characteristics such as experiences, skills and training should provide a foundation to implement education policies in a manner that promotes integrity and quality work. Therefore, through such practices, the financial management of secondary school should be improved due to quality management of resources and enhanced diligence.

Nevertheless, the delays of the national government to release education fund to the learning institutions, has negatively affected the implementation of critical services in secondary school (All Africa, 2021). Efforts by the principals to rely on their background characteristics to manage the available finances has become difficult due to the inconsistency experienced in the process of releasing funds (United Nations [UN], 2020).

Purpose of the Study

To examine the moderating influence of background characteristics of a principal on proficiencies and financial management in secondary schools in Meru County, Kenya.

Research Hypothesis

- i. Background characteristics of a principal have no statistically significant moderating influence on principals' proficiencies and financial management in secondary schools in Meru County, Kenya.

LITERATURE REVIEW

This section reviews relevant theories and empirical studies that relate to the background characteristics of principals and their impact on financial management in secondary schools. The theoretical lens applied is the Human Capital Theory, which frames the discussion on training, experience, and competencies. Empirical literature is drawn from global, regional, and local contexts to highlight trends and gaps.

Theoretical Review

Human capital theory was proposed by Becker (1962). It guided the background characteristics of a principal. The theory states that people have skills and aptitudes that could be enhanced to be more productive by undergoing education and training. That is, everyone is born with capacities in them and when they are educated and trained, the capacities are improved in levels that make them more useful and productive. The most critical factor in human capital theory is that it is necessary for individuals to undergo schooling and training for their skills to improve.

The experiences they undergo in training and education polishes their skills to become outstanding. Human capital theory was used to support background characteristics of a principal since the aspects make them complete as a person and deliver on their mandate in financial management. Being a person begins with being either a man or woman which is further complemented with educational backgrounds. Irrespective of their gender, they attend various levels of schooling that shapes their moral aspects and training in financial management. As a result, they are able to acquire skills related to financial management such as resource mobilization, book keeping, and interpretation of financial policies, transparency, accountability, risk management and financial control. These skills are rather advanced with time as the principals deliver in their line of duty.

Empirical Review

Globally, NCES (2020) provided description of how background characteristics of principals from government schools enable them perform in their duties. The report commenced by revealing that in America, government schools headed by female principals had improved by 10% in financial year 2017/18 from 44% in 1999/00. According to NCES (2020), the average annual salary for female secondary school was \$98,300 which was low compared to male principal salary of \$102,700. Despite these shortcomings, the report indicated that secondary schools headed by female principals had less cases of corruption as compared to their male

counterparts. However, in terms of indiscipline cases, the secondary schools headed by male principals had less cases as compared to female counterparts.

In Pakistan, Hanif et al. (2018) assessed secondary school principals' training needs from the perspectives of different stakeholders. The study involved two hundred principals, five educational officers and thirty teachers. Among other qualifications, the principals included had experience of five to fifteen years. Hanif et al. (2018) interviewed educational officers, issued questionnaires to both principals and teachers. Later on, the three type of respondents of the study were engaged in a focus group discussion. In relation to financial management, the study gathered that the principals who had no prior training on financial management experienced more issues when school fees were not paid on time as compared to the one's that had financial management training. Therefore, there was need to structure a training program to equip the principals with financial management skills. Hanif et al. (2018) failed to examine how their experience of five to fifteen years played part in ensuring prudent financial management.

Regionally in South Africa, Sikhakhane (2018) examined the factors that delimit female principals from having successful educational leadership. The study approached the whole aspect from complains that there were only thirty-six percent principals that were female while 64 percent were male in South Africa. The study interviewed six principals who had over twenty years of experience as teachers in the same schools they had been appointed as principals. According to Sikhakhane (2018), female principals avoided managing conflicts from staff since it would deter their personal relationships with the staff hence allocating such roles to male teachers. Additionally, they also avoided being involved so much in financial management duties such as book-keeping, auditing, monitoring and evaluation of finances hence delegating to role to school accountants. Nevertheless, Sikhakhane (2018) did not involve male principals to ascertain whether their years of experience influenced financial management.

In Tanzania, Onesmo et al. (2021) investigated how education quality was affected by the financial skills that the school principals possessed. The study as elaborative in nature depicted the various challenges influencing the principal's financial management as low financial resources; insufficient training on financial aspects like budgeting, book-keeping, risk management and auditing; poor monitoring and evaluation skills; decentralization of decision-making process; linking school vision and mission with prudent financial management.

Locally in Kathiani, Kinyanzii et al. (2019) examined how public secondary schools' financial performance was affected by financial practices. The practices considered were financial budgeting, procurement and financial recording. The sampled population included thirty principals in the thirty public secondary schools. The principals were issued with questionnaires that were supposed to be filled. Among the results derived, what stood out was that some principals did not have financial background which made them lack control of expenses hence ending up paying for what was not in the budget. Additionally, some principals avoided preparing budgets since they lacked enough skills to know what was supposed to be included hence leaving the role to bursars. That notwithstanding, Kinyanzii et al. (2019) admitted that their pre-test study was conducted in the three public secondary schools in Kathianin sub-county that were not included in the main study. The study should have included public schools in other sub-counties such as Mwingi.

In Siaya, Robina et al. (2018) explored the tough financial issues related to management that the new principals in public day secondary schools were experiencing. The study included twenty-seven principals, 27 deputies and 27 accounts clerks. The principals were interviewed while the rest answered the questionnaires. The results presented by Robina et al. (2018), indicated myriads of financial challenges related to availability of resources, financial policies and financial process. Nevertheless, in relation to background characteristics of the principals was that most of them lacked financial skills and training to support financial processes in the new schools. However, Robina et al. (2018) concentrated with only new principals failing to include other principals.

METHODOLOGY

Descriptive research design was used to support in describing various background characteristics of the respondents. The target population comprised of 388 principals in public and private secondary schools in Meru County. They were included through census method to ensure that all the respondents have a chance of being included in the study. The principals were issued with a questionnaire that sought their opinion on the precepts of the study. Notably, the study pre-tested in Laikipia County where 39 principals from public and private secondary schools were invited to take part. Reliability was ensured through Cronbach alpha test while content validity was measured by ensuring that the questions were relevant to the study and direct consultation with the experts. SPSS was used to analyse descriptive and inferential statistics. Descriptive statistics such as frequencies, percentages and mean were done whereas

the moderating effect of background characteristics was determined through model validity test, model summary and regression weights. Presentation of data was done through tables.

RESULTS AND DISCUSSION

Response Rate

The study issued 388 questionnaires to various principals. Table 1 indicates the response rate.

Table 1: Response Rate

Respondents	Sampled	Response	Percentage
Principals	388	327	84%

According to Table 1, the returned questionnaires were 327(84%) signifying success in the process of data collection. Notably, Mugenda and Mugenda (2003) revealed that when the response rate is above 70%, it is considered excellent. Therefore, the study attracted high number of responses from the principals since the concern on delay of funds has been consistently hampering the full functionality of the secondary schools.

Reliability Statistics

A pre-test study was conducted in Laikipia County where 39 principals from public and private secondary schools were invited and through their responses. The reliability of the pre-test questionnaires was examined through Cronbach alpha coefficients, as shown in Table 2.

Table 2: Reliability Statistics

Instrument	Cronbach's Alpha
Background characteristics	0.880
Proficiencies	0.921
Financial Management	0.863

According to Table 2, the background characteristics had a Cronbach alpha of 0.880; proficiencies had a coefficient of 0.921; and financial management had a coefficient of 0.863. As noted by Sutha & Nurhanani (2023) when the range of Cronbach is between 0.7 to 1, it indicates that the questionnaire is reliable. Therefore, since all the three values were more than 0.7, the questionnaire was deemed reliable and hence could be trusted for future studies.

Financial Management of Secondary Schools

The study asked six questions related to financial management to the principals. The results are presented in Table 3.

Table 3: Financial Management of Secondary Schools

Statements N=327	1	2	3	4	5	Mean
The principal is able to manage financial resources in a transparent manner due to their years of experience	7 (2%)	39 (12%)	13 (4%)	180 (55%)	88 (27%)	3.99
The principal is able to frequently train staff to enable them to understand and interpret financial policies	0 (0%)	10 (3%)	0 (0%)	43 (13%)	274 (84%)	4.78
The departments are allowed by the principal to access various financial reports related to expenditures of their departments hence increasing transparency	0 (0%)	62 (19%)	0 (0%)	177 (54%)	88 (27%)	3.88
The departments are able to get resources needed such as books and teaching materials on time since the principal has financial management skills that they use to minimize unnecessary expenditures	0 (0%)	49 (15%)	0 (0%)	167 (51%)	111 (34%)	4.04
The principal respects all people irrespective of their gender and is able to interact with staff of similar or different gender	0 (0%)	10 (3%)	0 (0%)	177 (54%)	140 (43%)	4.42
The principal has established clear rules that guide the departments from being engaged in financial related crimes or embezzlement of funds acquired in any way	147 (45%)	131 (40%)	0 (0%)	0 (0%)	33 (15%)	2.75

The results in Table 3 indicate strong agreement (mean = 4.78) among respondents—274 (84%) strongly agreed and 43 (13%) agreed—that principals frequently trained staff to

understand and interpret financial policies, promoting informed policy implementation and gender-inclusive interactions (mean = 4.42). This aligns with findings by Myende et al. (2020), who noted that trained principals in Eswatini cascaded financial knowledge through staff training. Conversely, 147 (45%) strongly disagreed and 131 (40%) disagreed (mean = 2.75) that principals had established clear departmental rules to prevent financial misconduct. Omondi (2021) similarly observed that failure to enforce clear financial guidelines led to bribery and nepotism in budgetary processes.

Principals Proficiencies and Financial Management

The study also asked questions related to principal proficiencies as indicated in Table 4.

Table 4: Results of Principals Proficiencies

Statements N=327	1	2	3	4	5	Mean
There is effective leadership that has reduced operational costs due to minimized wastages	7 (2%)	20 (6%)	0 (0%)	33 (10%)	267 (82%)	4.70
The school offers financial support to each department as a way of ensuring that as they attain their financial goals,	7 (2%)	52 (16%)	62 (19%)	128 (39%)	78 (24%)	4.10
There has been emphasis by school management to have a learning behavior among staff since it enables one develop	177 (54%)	121 (37%)	0 (0%)	29 (9%)	0 (0%)	2.01
The school leadership is able to breakdown school's vision to achievable goals distributed to staff hence realistic achievement of the vision.	10 (3%)	20 (6%)	92 (28%)	39 (12%)	166 (51%)	4.63
The school leadership always appreciates feedback from staff on what could be done to improve service delivery in financial management	0 (0%)	0 (0%)	0 (0%)	23 (7%)	304 (93%)	4.93
There are manuals and memos that always remind the staff to remain committed and minimize wastages	49 (15%)	43 (13%)	7 (2%)	140 (43%)	88 (27%)	3.54

towards the assigned tasks as a way
of reaching to the vision

The results presented on Table 4 indicate that 267(82%) strongly agreed and 33(10%) agreed on a mean of 4.70, that there were good relations between teachers and the management due to effective leadership in school. Further, 304(93%) strongly agreed and 23(7%) agreed on a mean of 4.93, that the school leadership always appreciated feedback from staff on what could be done to improve service delivery in financial management. The results indicated that the principals not only set a vision to be accomplished but encouraged consultation on how best to attain it with everyone on board. The staff was able to give their opinions particularly on financial management especially when they noticed principal's deviating from the set vision. In a nutshell, this meant that the principals were walking the talk of ensuring that they were held accountable by their colleagues to facilitate the achievement of the vision.

Notably, Jong et al. (2020) also found out that when Dutch principals collaborated with other staff, they were able to attain their vision and goals quicker as compared to the bureaucratic system. Nevertheless, 177(54%) strongly disagreed and 121(37%) disagreed on a mean of 2.01, that there had been emphasis by school management to have a learning behavior among staff since it enables one develop as the institution was developing. This meant that since the ministry of education was not so tough on staff's academic upgrade, the principals did not bother so much. Comparatively, Karwan (2021) complained that at times vision lagged especially when the people implanting it failed to do so due to factors such as job resignation, firing and transfers.

Results on Background Characteristics

Background characteristics of a principal constituted the moderating variable and had indicators such as gender, experience as a principal, background training in financial management and skills in financial management. The study gathered data through questionnaires and interviews. In the questionnaire, the study had two separate questionnaires answered by various respondents. The principals and bursars answered the first questionnaire while head of departments answered the second. The results for the first questionnaire are presented in Table 5.

Table 5: Results of Background Characteristics

Statements N=184	1	2	3	4	5	Mean
The principal has undergone a training on prudent financial management	0 (0%)	29 (16%)	0 (0%)	87 (47%)	68 (37%)	4.05
Principal's experience in financial management has enhanced their financial planning, organizing and controlling skills	0 (0%)	9 (5%)	0 (0%)	39 (21%)	136 (74%)	4.63
The principal is able to prepare a budget with the help of other authorized colleagues and strictly monitor it from time to time because of their background training in financial management	0 (0%)	0 (0%)	0 (0%)	15 (8%)	169 (92%)	4.89
The principal is able to carefully spend the institution's resources such as money to minimize wastages	0 (0%)	24 (13%)	0 (0%)	48 (26%)	112 (61%)	4.34
There are clear financial policies that are put into place with the help of the principal to ensure that auditing of financial records is done after specific period of time	74 (40%)	51 (28%)	6 (3%)	20 (11%)	33 (18%)	2.14
The principal does not discriminate people based on their gender in this school when disseminating services	0 (0%)	39 (21%)	9 (5%)	112 (61%)	24 (13%)	3.66

The results presented in Table 5, indicate that 169(92%) strongly agreed and 15(8%) agreed on a mean of 4.89 that the principals were able to prepare a budget with the help of other authorized colleagues and strictly monitor it from time to time because of their background training in financial management. The results indicated that the principals' ability to manage finances since they had background training which enabled them to know the intricacies of not only preparing but also monitoring and evaluating the budgets. Therefore, this enabled the principals to keep in check consistency on the implemented budget.

Therefore, the above results are consistent with the human capital theory since the principals had undergone training in financial management which enabled them gain knowledge in budget preparation. The ability to apply the knowledge correctly was not only beneficial to them but

also added value to the professional lives of other colleagues. This is because they were in a position to comprehend what was required and how a budget was supposed to be implemented.

The findings by Chemweno et al. (2018) emphasized that principals' ability to implement effective financial management systems in schools was largely dependent on the training they had received, particularly in planning and controlling expenditures under free day secondary education. Similarly, the European Commission (2022) highlighted that successful education funding in Italy was tied to the competencies of head teachers in managing funds. Despite this, the current study revealed that 40% of respondents strongly disagreed and 28% disagreed (mean = 2.14) that principals had helped establish clear financial policies to guide regular auditing. This indicates a significant gap in audit policy enforcement, with principals struggling to mobilize management teams to develop clear guidelines. The irregular auditing of financial records was attributed to the high costs of hiring private auditors. These findings align with Lumadi (2020), who noted that although school heads managed finances, responsibilities like auditing and financial reforms were typically reserved for accounting professionals.

Moderating Influence of Background Characteristics

The study tested the null hypothesis that background characteristics of a principal have no significant moderating influence on the relationship between proficiencies and financial management in secondary schools. Using a Moderated Multiple Regression (MMR) model, three models were analyzed: the first assessed the effect of proficiencies, the second added background characteristics, and the third included an interaction term to determine moderation. The MMR model used is as follows:

$$Y = C + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$$

$$Y = C + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_wAc$$

$$Y = C + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_wAc + \beta_zWdAc$$

Where:

Y = Financial Management

β_i = Coefficients to be estimated

C= Constant

XI= Visionary Leadership

X2 = Professional Practice

X3 = Innovation

X4 = Effective Communication

β_w = Coefficient of the moderator as a predictor

Ac = Background characteristics (moderating variable)

β_z = Coefficient of the interaction term

WdAc = interaction term between variable ($z = X1, X2, X3$) and moderating variable

The results on the moderating influence of background characteristics on principals' proficiencies and financial management in secondary schools in Meru County, Kenya, are indicated in Table 6, 7, and 8.

Table 6: Model Validity Test of the Moderating Influence of Background Characteristics of a Principal

Model		Sum of Squares	df	Mean Square	F	Sig.
1	3Regression	1869.274	4	467.319	67.649	.000b
	Residual	4505.764	180	6.908		
	Total	6375.038	184			
2	Regression	2163.687	5	432.737	81.760	.000c
	Residual	4211.351	179	5.293		
	Total	6375.038	184			
3	Regression	2136.304	4	429.263	78.575	.000 ^d
	Residual	4238.734	180	4.112		
	Total	6375.038	184			

a. Dependent Variable: Financial management

b. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership

c. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership, Background characteristics (Moderator)

d. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership, Background characteristics (moderator), Moderator interaction factor

The results presented on Table 6 indicate that $F(4,180) = 67.649$, $P < .000$ for the first model. This meant that the significance level was less than 0.05 hence statistically significant. In the

second model when background characteristics was added, Table 4.28 reveals that $F(5,179) = 81.760$, $P \leq 0.000$. This meant that the significance level was less than 0.05 hence statistically significant. Thereafter, when (Background characteristics _ interaction) was added to the third model, Table 6 reveals that $F(4,180) = 78.575$, $P \leq 0.000$. This meant that the significance level was less than 0.05 hence statistically significant. Therefore, it was factual to indicate that when the three predictors were included in the model, they were concurrently statistically significant hence validating the model. This meant that background characteristics of a principal had significant moderating influence on principals' proficiencies and financial management in secondary schools in Meru County, Kenya.

Once the model had been validated, the study examined the influence that background characteristics had on principals' proficiencies and financial management through model summary. Table 7 indicates the findings

Table 7: Model summary of the moderating influence of background characteristics of a principal

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.776a	.602	.593	2.628	.602	67.649	4	184	.000
2	.835b	.697	.688	2.301	.095	55.625	1	183	.000
3	.835c	.699	.688	2.294	.002	52.417	1	182	.244

a. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership

b. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership, Background characteristics (moderator)

c. Predictors: (Constant), Effective communication, Innovation, Professional practice, Visionary leadership, Background characteristics (moderator), Moderator interaction terms

Table 7 showed that principals' proficiencies explained 60.2% of the variance in financial management ($R^2 = 0.602$), which increased to 69.7% ($R^2 = 0.697$) when background characteristics were added, indicating a 9.5% improvement. This improvement was statistically significant. However, when the interaction term was introduced in the third model, the change became insignificant ($P = 0.244$). As a result, the study failed to reject the null hypothesis. It concluded that background characteristics did not significantly moderate the relationship between proficiencies and financial management.

The findings by Chemweno et al. (2018) disputed that the various skills, training, and experience in financial management that principals possessed enabled them manage government funding within the stipulated time when implementing free secondary education. The study however failed to assess how gender attributes of the principals affected their financial management aptitudes. The study further looked into the regression weights of the model and the results are indicated on Table 8.

Table 8: Regression Analysis of the Moderating Influence of Background Characteristics of a Principal

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.031	3.897	1.265	.792
	Visionary leadership	.556	.081	.540	.124
	Professional practice	.382	.084	.351	.327
	Innovation	.139	.044	.128	.411
	Effective communication	-.034	.033	-.052	.298
2	(Constant)	1.008	1.258	1.734	.585
	Visionary leadership	.504	.096	.487	.000
	Professional practice	.154	.027	.285	.000
	Innovation	.086	.044	.097	.154
	Effective communication	-.224	.132	-.190	.090
	Background characteristics	.371	.050	.411	.000
3	(Constant)	1.922	4.854	6.371	.000
	Visionary leadership	.357	.143	.480	.216
	Professional practice	.072	.089	.106	.421
	Innovation	.095	.097	.139	.330
	Effective communication	-.116	.120	-.144	.335
	Background characteristics	.411	-.407	-.052	.210
	Interactions terms	1.659	1.029	0.39	0.00

a. Dependent Variable: Financial management

As per Table 8, the first model indicated that all the independent variables were statistically insignificant in influencing financial management. Additionally, Table 4.30 also reveals that

in the second model, innovation and effective management were statistically insignificant in influencing financial management. That notwithstanding, visionary leadership, professional practice and background characteristics were statistically significant in influencing financial management.

Further in the third model when interaction terms were included, visionary leadership, professional practice, innovation, effective management and background characteristics were statistically insignificant. The interactions term did not affect the model in any impactful manner hence the moderated multiple regression model of the study used unstandardized coefficients as follows:

$$Y = C + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_{wAc} + \beta_{zWdAc}$$

$$\text{Financial management} = 1.922C + 0.357X_1 + 0.072X_2 + 0.095X_3 + -0.116X_4 + 0.411Ac + 1.659WdAc$$

This is whereby; visionary leadership is 0.357; Professional Practice is 0.072; Innovation is 0.095; Effective Communication is -0.116; background characteristics 0.411; interaction terms 1.659. It is worth noting that background characteristics of a principal had no significant moderating influence on principals' proficiencies and financial management. This is because according to Table 4.29, its P-value became statistically insignificant since it was 0.244 more than 0.05 whereas Table 4.30, showed that when the interaction terms (moderating effect) was added, made the model to be less impactful. The interaction terms enabled the study to state whether there is moderation or not. Therefore, the gender, experience as a principal, background training in financial management and skills in financial management did not play part in ensuring that the principal stood out in terms of proficiencies needed in managing finances.

Additionally, any time principals' proficiencies were being considered, their background characteristics such as gender, experience as a principal, background training in financial management and skills in financial management are insignificant. In support of the findings, the Teachers Service Commission (2017) on recruitment and qualifications of a principal, their gender, skills and training in financial management are not a requirement for one to be appointed in Kenya. The only qualification that relates to the background characteristics according to the TSC (2017) is the experience as a deputy principal or a senior master for a period of 3 years and above.

CONCLUSION

The study concludes that the lack of auditing skills among principals significantly contributed to irregular financial audits within educational institutions. This gap was partly attributed to the absence of explicit guidelines from the Teachers Service Commission (TSC) regarding the financial management competencies required for school leadership. Moreover, the principals' reluctance to address financial malpractices—often due to their own involvement—further hindered the establishment of clear departmental rules to prevent financial crimes or embezzlement, thereby compromising financial accountability and transparency.

RECOMMENDATIONS

The study recommends that principals collaborate closely with the Ministry of Education to develop and strengthen financial policies, particularly those relating to auditing in secondary schools. To enhance accountability, the ministry should deploy additional auditors at the county level to conduct audits more regularly, encouraging schools to maintain clear and up-to-date financial records in anticipation of periodic reviews. Furthermore, school management should formulate department-specific financial policies, with principals taking responsibility for ensuring these policies are clearly communicated and properly understood by all relevant stakeholders before implementation.

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