

# An Assessment of Stakeholders' Satisfaction on Financial Control Performance in Private Universities in Tanzania

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## Abstract

The University of Arusha (UoA) is the church University owned by Seventh Day Adventist (SDA) church in Tanzania. The UoA was having problems in some of its financial controls (FCs) and problems on the way how these controls were implemented. Due to these problems, the researcher assessed the UoA workers' satisfaction on the university FC performance. In conducting this study, both primary and secondary data were collected and used; primary data were collected from a representative sample of forty (40) workers through questionnaires and interviews. The study revealed that, the UoA workers were dissatisfied with the university FCs performance by 47.5% and it was further revealed that, workers' age seemed to be a factor influenced satisfaction level (SL) with the probability level of 0.031 or 3.1 percent. This study is very significant to the UoA management, workers, and other interested parties because it added knowledge on problems of FC performance facing the university and ways of solving them. Therefore, based on the research findings, the university should understand what stakeholders (workers) are expecting from the university FC system and the way how FCs are implemented. The university needs to rectify some of its FCs and the way how FCs are implemented so as to satisfy its workers while improving its financial position.

**Keywords:** Assessment, Financial Controls, Stakeholders, Satisfaction Level, and Private University

## 1. Background of the Study

Higher education institutions (universities) are very vital for the success of the state and their residents which is of utmost importance to develop and manage the future societies (Musick, 1999). Financial matters are very important to these Universities therefore, they are needed to be handled properly so as to help them deliver adequate educational services to the students (Bisschoff, 2002). According to Srinivasan, Gupta, and Kapoor (2000: 3.3) "Financial control is concerned with planning, performance evaluation, and coordination of financial activities aimed at achieving desired return on investment". Proper financial planning and management of money (a liquid asset) is required to ensure a secure future both for the individuals and organizations including universities. The exercise of control must take place within the framework, employing relevant control techniques, and it depends on accounting data as well as other financial and non financial information (Srivasta and Misra, 2008).

Most of developing countries like Tanzania are aware of the needs for the Universities to be financially sustainable (Zumo, 2006). FCs is very crucial to any organization including the universities as strongly insisted by Rye and Hickman (1997) that a sound FC is the key to the business firms success. Studies have shown that, weak financial management (FM) - particularly poor working capital management and inadequate long-term financing is a primary cause of failure among businesses firms and other organizations (Berryman, 1983; Dunn and Cheatham, 1993). For example in South Africa, schools often encounter problems in managing the finance (Bisschoff, 2002), these problems include inter alia drafting of a budget and financial statements (FSs), drafting of financial policy, the control of finance, and petty cash fund. In order to solve these problems, the universities and other organizations should have good financial policies in implementing FCs. And in initiating or amending controls in any organization, all groups of people in the organization (stakeholders) should be involved (Kasilo, 2010). For the organizations including universities to manage their finances effectively and efficiently, the finance policy must be well developed and implemented accordingly (Mestry, 2004). Bischoff and Mestry (2002; 2004) indicate that, the universities need to have budgets which reflect the universities prioritized educational objectives, establish and implement a sound internal control system. The budget is a plan set out in numbers, which enables managers to exercise control (Coombs and Jenkins, 1991:9). The preparation of the budgets should involve all groups of people from the grassroots to the top level management (Msongo, 1994).

In most of private universities in the United Republic of Tanzania (URT), stakeholders are not satisfied with some of the universities' FCs and the way how controls are implemented; therefore, this paper assessed workers' satisfaction on the FCs performance in private universities in Tanzania particularly at the UoA and also determined the factors that influenced workers' SL on the university FCs.

## 2. Objectives of the Study

### 2.1 General Research Objective

The study generally aimed at assessing stakeholders' satisfaction on the FCs at the UoA.

### 2.2 Specific Research Objectives

- i. To assess the level of workers' satisfaction on the FC performance at the UoA.
- ii. To determine the factors which influence the level of workers' satisfaction on the FC performance at the UoA.

## 3. Research Methodology

This study used the UoA as the case study, the UoA is the church university owned by SDA church in Tanzania. It is found in the northern part of the United Republic of Tanzania in Arusha City at Meru district (The UoA Bulletin, 2009). The study used primary and secondary data which were collected in 2011 and 2012. Primary data were collected from a sample of 40 university workers through questionnaire and interviews. Since the university was having several departments and sections therefore, the sample involved 4 administrators, 14 faculty members, 3 finance or accounting section staff, and 19 other staff. The interviews were conducted to the 2<sup>nd</sup> Depute Vice Chancellor- Planning, Administration, and Finance, Chief Accountant, and other Accountants. Secondary data were collected through document analysis from the university financial system and records. In data analysis, both qualitative and quantitative data analysis techniques were used. The Statistical Package for Social Science Research (SPSS) software was used as an instrument of data analysis. Chi square test was used to test the factors which influence workers' SL on the university FCs at the significance level alpha equal to 0.05 or 5%.

## 4. Findings

### 4.1 Demographic Characteristics of the University Workers

Category of Employment: Administrators were 4 (10%) of the respondents, Faculty were 14 (35%), Finance and Accounting staffs were 3(7.5%), and other staffs were 19 (47.5%).

Gender: 22 (55.5%) of the respondents were male and 18 (45.5%) were female.

Age: 20 (50%) of the respondents were between the age of 29 to 40 years, 7 (17.5%) between 41 to 50 years, 6 (15%) between 18 to 28 years and 51 to 60 years respectively, and 1 (2.5 %) was more than 60 years.

Education Level: 3 (7.5%) were having doctorate degree, 15 (37.5%) were master's degree holders, 13 (32.5%) were Advanced diploma and first degree holders, 8 (20%) were Ordinary diploma and Certificate holders, and 1 (2.5%) completed form four. Generally 31 (77.5%) of workers were degree holders.

Working Experience: 7 (17.5%) of the respondents worked at the university for less than one year, 12 (30%) between 1 to 3 years and more than 5 years respectively, and 9 (22.5%) between 3 to 5 years.

### 4.2 Level of Workers' Satisfaction on the University Financial Control Performance

The paper set out among others to examine the University workers' SL on the university FC performance. Respondents were asked to indicate their SL on the University FCs and the way how controls were implemented by using the Likert scale of five points, the scale included strongly dissatisfied (1), dissatisfied (2), neutral (3), satisfied (4), and strongly satisfied (5). From the study, it was generally revealed that, the university workers were dissatisfied with the University FC performance by 47.5% (Table 1.1). The results further showed that, faculty and other staffs were dissatisfied with the university FCs but the university administrators and accounting/finance staffs were in dilemma while others were satisfied with the university FC performance (Table 1.1).

Table 1: Category of Employment and Workers' Satisfaction Cross Tabulation

Category of Employment	SL			Total
	Dissatisfied	Neutral	Satisfied	
Administrators	0(0%)	3(7.5%)	1(2.5%)	4(10%)
Faculty Members	9(22.5%)	4(10%)	1(2.5%)	14(35%)
Finance & Accounting Staff	0(0%)	3(7.5%)	0(0%)	3(7.5%)
Other Staffs	10(25%)	6(15%)	3(7.5%)	19(47.5%)
<b>Total</b>	<b>19(47.5%)</b>	<b>16(40%)</b>	<b>5(12.5%)</b>	<b>40(100%)</b>

#### 4.2.1 Satisfaction on Budgetary Control

Most of the workers from both groups 19 (47.5%) expressed their view that, they were dissatisfied with the

university budgetary control (Table 2). It was reported that, budget preparation and adjustment was not transparent to all workers; the departments were not able to control their budgets. Also workers complained that, the university budgets were misused and directed to expenditures which were not budgeted. For example in the financial year 2009/2010 and 2010/2011, capital expenditure such as construction of roads, completion of houses, installation of students' results programme and internet and some other operating expenditure were not in the budget but were incurred. In addition to that workers also complained about salary delay which usually happens in July through September when the university is closed. This was due to shortage of fund during that time caused by problems in budgeting and poor working capital management.

#### 4.2.2 Satisfaction on Payment Procedures

Workers were satisfied by 18 (45%) with the university payment procedures (Table 2). They were satisfied mostly with monthly salary pay periods, mode of payment, salary slips distribution, and compulsory tithe deduction. They also pointed out problems in some areas which needed improvement. For example, the payment of tithe to be deducted to workers who are under church terms only because the deduction is used for church retirement benefits of which workers who are not under church terms are not entitled. However workers were dissatisfied by 15 (37.5%) with the payment of financial requests once a week by a cashier. This was inviting inconveniences especially when one needs urgent money. They further complained about the cheque list usage which hindered them to be cashed across the counter from other branches of CRDB bank and NBC bank where the university is having its accounts.

#### 4.2.3 Satisfaction on Workers' Benefits

The study revealed that from both areas, 19 (47.5%) of workers were dissatisfied with the university controls on workers' benefits (Table 2). Workers were dissatisfied by 30% with the way how the university handled periodical leave allowances. This allowance (150,000 Tshs.) was entitled only to workers whose place of domicile was at least 1000 kilometres but none of workers had been paid. Workers also complained that the East and Central Africa Division (ECD) working policy (ECD, 2007) favours only foreigners on annual leave allowance because it allowed foreigners to be paid for all the costs associated with annual leave. In the annual operating budget of 2010/2011, no fund was set aside for annual leave allowances although there were many workers entitled. Staff development is an important aspect by the academic institution. Workers were dissatisfied by 37.5% on how the university set enough fund (Bursary fund) for staff development. This showed that workers' training and education development weren't one of the university's priorities. During the periods, there were many academic staff and other staff wanted to go for masters' degree and doctorate degrees but were to look for their own sources of finance while very few were sponsored partially by the university. The University was having few doctorate degree holders although it had started Master's degree programmes therefore; it needed many academic staff with doctorate and Master's degrees to run the programmes.

The university was having a policy to advance loans (car loans and furniture loans) to its workers at an interest rate of 9% per annum. From the study, it was revealed that, workers were strongly dissatisfied by 37.5% with the implementation of this policy. Workers complained that, the university did not set enough fund for this purpose. There are other financial institutions like CRDB Bank which provides such facility but management hindered some of the workers to get such facility. Also the study revealed that, many workers (40%) were not aware of their financial benefits and other incentives as stipulated in the ECD working policy. This was due to the fact that they were not oriented on their rights and also the ECD working policy and other university policies were not put open for workers to access. So it is the responsibility of the directorate of human resources to make policies clear to the university workers and

#### 4.2.4 Satisfaction on Workers' Incentives

The study revealed that generally 18 (45%) of workers were neutral with the university controls on workers' incentives (Table 2). It was reported that, teaching staff were not satisfied with the payment of honorarium of 10,000 Tshs per hours. They said that the amount was in relation to the work they were doing and also less compared to other universities in the city. Also it was reported that workers complained of working more than normal hours without being paid overtime. According to ECD Working policy workers employed under the church terms are not entitled for overtime pay. Workers were dissatisfied with this policy and they recommended to be changed since people need to be rewarded accordingly. They said that this lowered their working morality which as the result affects their performance level as well as of the university.

#### 4.2.5 Satisfaction on Workers' Salaries

It was reported that workers were dissatisfied by 18 (45%) with the university control over workers' salaries (Table 2). This included the basic pay and professional allowance which is part of monthly salaries. They said that, there was no significance difference in payment of professional allowance between PhD holders, Masters' degree holders, first degree holders, diploma holders, and others. This raised the complains which need improvement. Also the study revealed that, workers were dissatisfied with the basic pay by 22 (55%). They complained that, the amount was not enough to meet living costs and also was the amount paid was little compared to other private universities in Arusha and the rest of the country. Due to low salaries, sometimes

workers needed salary advance to meet their needs because it was allowed in policy but it was difficult for them to get as respondents supported by 37.5%.

#### 4.2.6 Satisfaction on Quality of Services

The researcher also assessed the satisfaction of workers on the quality of services provided by the finance and accounting office. Results showed that, they were dissatisfied by 42.5% (Table 2). Workers said that their payments were made late without justification. When financial requests form were having problems they were kept in trays without being informed to correct. This made delay in payment and sometimes the documents get lost. They said that sometimes they have to wait for payment for more than one month. Example for lecturers' honorarium, lecturers had to push for their money to be paid almost every month. They complained that this affected their personal budgets.

Table 2: Level of Workers' Satisfaction on the University Financial Controls

Financial Controls	Satisfaction Level	Responses	Standard Deviation	Recommendations (Satisfaction Level)
Budgetary Controls	2	19 (47.5%)	0.955	Dissatisfied
Payment Procedures	4	18 (45%)	0.709	Satisfied
Workers' Benefits	2	19 (47.5%)	0.921	Dissatisfied
Workers' Incentives	3	18 (45%)	1.001	Neutral
Workers' Salaries	2	18 (45%)	0.927	Dissatisfied
Quality of Services	2	17 (42.5%)	1.025	Dissatisfied
Total	2	19 (47.5%)	0.700	Dissatisfied

### 4.3 Factors Influencing Satisfaction Level on the University Financial Control Performance

The researcher also determined the factors which influenced the level of the workers' satisfaction on the University FCs. Respondents' demographic characteristics including category of employment, gender, age, education level, and working experience were used in the analysis. In so doing, chi square test was used to test at the significance level of alpha ( $\alpha$ ) = 0.05. For all factors with the probability level or significance level of less or equal to 0.05 or 5% were considered to influence the SL of workers and vice versa is true.

Findings revealed that, age group of the workers seemed to be a factor influenced workers' satisfaction on the university FCs because it had the probability level of 0.031 or 3.1% (Table 3). Generally it is reported that, workers according to age were dissatisfied by the university FCs by 19 (47.5%). Workers from all categories of age seemed to be dissatisfied except workers who were between the age of 41 to 50 years who were neutral by 3 (7.5%) and 3 (7.5%) who were satisfied respectively. From the trend analysis, it was observed that as the age increases SL increases and vice versa is true (Figure 1.1). This was supported by the correlation analysis which revealed that, there was a positive relationship (R) of 0.240 between age and workers' satisfaction.

Table 3: Pearson Chi-Square Tests: Factors and Workers' Satisfaction at significance level  $\alpha = 0.05$

Factors	Pearson Chi-Square ( $\chi^2$ )	Degree of Freedom	Probability Level Asymp. Sig. (2-sided)	Recommendations
Category of Employment	10.341	6	0.111	Does not influence
Gender	0.104	2	0.949	Does not influence
Age	16.957	8	0.031	Does Influence
Education Level	6.439	8	0.598	Does not influence
Working Experience	4.133	6	0.659	Does not influence

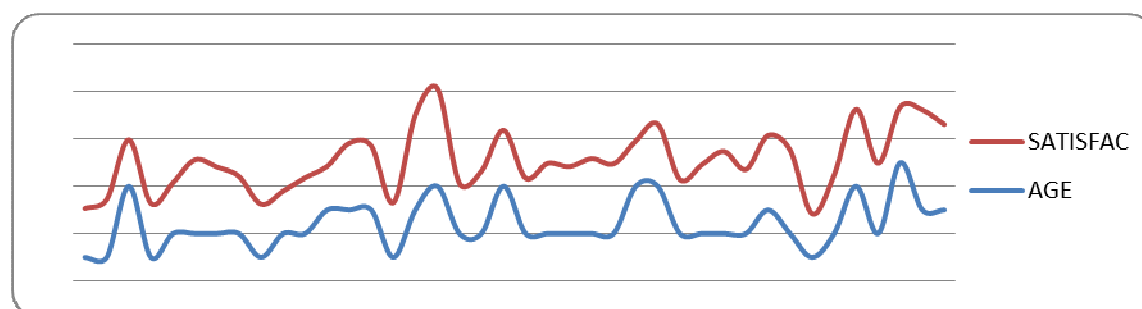


Figure 1: Trend Relationship between Workers' Age and Satisfaction

## 5. Conclusion and Recommendations

The study aimed at assessing the level of workers' satisfaction on the FC performance at the UoA. Based on the study findings, it was revealed that, the university was having problems in some of its FCs and the way how controls were implemented. This included problems in budgeting process, payment of workers' salaries and other monetary benefits and entitlements, delay in payment of workers financial requests, and poor services provided by the finance and accounting office in handling financial matters of workers.

It was recommended that, the university management should first understand what stakeholders (workers) are expecting from the university FC system and the way how controls are implemented for rectification. The university management should make sure that the university FCs are fair and users' friendly controls so as to satisfy its workers and other stakeholders. It was recommended that, the university should set enough budget for various expenses and capital expenditures; budgets should be followed accordingly and be transparent. The budget preparation process should involve all workers and department should be given authority to control their budgets. Workers payments and other financial requests should be processed and paid in time as per policy and when financial requests having some problems, the role of communication should take place between parties. For workers' salaries, the university should pay salaries in time and increase salaries to meet cost of living and if possible to restructure the salary scheme and to rank its administrators, faculty, and staffs. It was also recommended that, the finance and accounting office to handle financial matters in a professional ways and be exposed to professional and customer care seminars so as to enhance their performance. Also workers should show full cooperation to the finance office and the university management at large.

Finally, the discussion made in this paper highlight key areas for future studies. From the study it was observed that, the number of students' enrolment was increasing every year which enabled the university to earn more income from students every year but there were problems in management of income. Also it was observed that, age seemed to be a factor which influences SL of the UoA workers on the university FC performance. Therefore, this study proposes future researches to be conducted in the areas of working capital management, university investments, and why age seemed to be a factor which influence the level of satisfaction of university workers?

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