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Innovative Cost Control Practices and Financial Performance of Private Secondary Schools in Kagadi District, Uganda

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Abstract

The financial sustainability of private secondary schools in Sub-Saharan Africa has become a growing concern due to rising operational costs. Many private secondary schools continue to face challenges related to profitability, liquidity, and solvency, necessitating effective, innovative cost management strategies. This study examined the effect of innovative cost control practices on the financial performance of private secondary schools in Kagadi District, Western Uganda.

The study adopted a mixed-methods approach guided by the pragmatic research paradigm. Quantitative data were collected from 255 respondents using structured questionnaires, while qualitative data were obtained through key informant interviews and documentary review. Quantitative data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis, and qualitative data were analyzed thematically.

The findings revealed that innovative cost-control practices were implemented to a moderate extent across private secondary schools. Cost reduction initiatives and cost variance analysis were inconsistently applied and had limited influence on managerial decision-making. Cost standardization emerged as the most effective innovative cost control practice and the only statistically significant predictor of financial performance. Correlation analysis showed significant positive relationships between Innovative cost control dimensions and financial performance, while regression results indicated that innovative cost control practices explained 16.5% of the variation in financial performance.

The study concludes that effective innovative cost control contributes significantly to financial performance, although weak implementation systems constrain its impact. The study recommends strengthening cost-standardization frameworks, institutionalizing regular variance analysis, and enhancing financial management skills to improve the financial sustainability of private secondary schools.

Keywords: Innovative cost control practices, cost reduction, cost variance analysis, cost standardization, financial performance.

1.0 Introduction

Innovative cost control is a fundamental aspect of financial management that ensures efficient allocation and utilization of resources. In educational institutions, particularly private secondary schools, Innovative

cost control is essential for ensuring financial sustainability, service delivery, and operational efficiency. Innovative cost control involves three key dimensions: cost reduction, cost variance analysis, and cost standardization. Cost reduction focuses on minimizing unnecessary expenditures; cost variance examines deviations between planned and actual costs; and cost standardization ensures uniform cost benchmarks across operations.

Despite its importance, many private secondary schools in Uganda continue to experience financial instability, suggesting weaknesses in cost management systems. This study, therefore, examined the influence of innovative cost-control practices on financial performance in private secondary schools in Kagadi District, Uganda

2.0 Literature Review

This chapter reviews literature on Innovative cost control practices and financial performance, focusing on cost reduction, cost variance analysis, and cost standardization. It further synthesizes empirical studies from Africa and other developing economies to establish the relationship between Innovative cost control practices and financial performance in different institutions, such as schools and SMEs.

2.1 Theoretical Review

Financial management is crucial for any organization, and when it comes to educational institutions, it's even more important. The Resource-Based View, developed by Birger Wernerfelt in 1984 and later expanded upon by Jay Barney in 1991, provides a solid foundation for understanding how innovative cost control practices can impact financial performance. Essentially, this theory suggests that organizations can achieve long-term success by effectively utilizing their unique resources and capabilities. In the context of private secondary schools, which rely heavily on internally generated revenue, innovative cost control practices can be a game-changer. These practices, such as digital financial management systems, strategic procurement, activity-based costing, automation of administrative processes, and energy-efficient technologies, can help schools make the most of their resources, reduce operational costs, and improve their financial sustainability.

By adopting these innovative practices, schools can allocate their resources more efficiently, strengthen accountability, and redirect their savings towards teaching, infrastructure, and student support. This, in turn, can have a positive impact on their overall financial performance. For instance, by implementing digital financial management systems, schools can streamline their financial operations, reduce errors, and make more informed decisions about resource allocation. Similarly, strategic procurement can help schools get the best value for their money, while activity-based costing can provide a more accurate picture of their costs and help them identify areas for improvement. Automation of administrative processes can also free up staff time and resources, allowing them to focus on more critical tasks. Overall, innovative cost control practices can be a powerful tool for private secondary schools looking to improve their financial performance and achieve long-term sustainability. By embracing these practices and leveraging their unique resources and capabilities, schools can set themselves up for success and provide a better education for their students. The Resource-Based View further suggests that effective managerial capabilities in integrating financial, technological, and human resources are critical for improving organizational performance (Barney, 1991). In the education sector, school managers who successfully implement innovative cost control practices can reduce operational inefficiencies while maintaining educational quality, resulting in improved liquidity, operational efficiency, and long-term financial sustainability. Although the theory has been criticized for placing greater emphasis on internal resources

while giving limited attention to external factors such as government policies, inflation, and competitive pressures, it remains highly relevant in explaining how internal financial management capabilities influence institutional performance. Accordingly, the Resource-Based View underpins this study by demonstrating that innovative cost-control practices constitute strategic organizational capabilities that significantly improve financial performance in private secondary schools.

2.2 Conceptual Review

This field involves analysing theoretical frameworks and existing literature that examined how these cost control measures, such as cost reduction, activity-based costing, and cost standardisation, contribute to improved financial outcomes. By evaluating various models and case studies, researchers can identify key trends, strategies, and potential pitfalls in implementing cost control innovations. This review helps in understanding the relationship between cost efficiency and financial performance, providing vital insights for managers aiming to sustain profitability and growth in a dynamic market environment.

2.2.1 Innovative cost control

Innovative cost control is the systematic process of planning, monitoring, and regulating expenditures to ensure efficient use of resources and avoid waste. It involves ensuring that actual costs remain within budgeted limits while maintaining service quality. Recent literature defines Innovative cost control as a management function that enhances institutional efficiency, accountability, and financial sustainability through structured financial monitoring systems (Gartner, 2023). In educational institutions, Innovative cost control is increasingly viewed as a key determinant of financial performance because schools operate under limited financial resources and rising operational costs.

2.2.2 Cost Reduction and Financial Performance

Cost reduction involves deliberate efforts to minimize operational expenses without compromising service quality. A recent study in Kigali, Rwanda, led by Regine (2024), took a closer look at how cost accounting techniques impact the financial performance of small and medium-sized enterprises (SMEs). The study used a descriptive research design, combined with quantitative analysis, to get a better understanding of this relationship. What it found was quite interesting - using innovative cost control techniques, such as marginal costing and budgeting, can significantly boost profit margins, improve cost efficiency, and enhance financial sustainability. Based on these findings, the study suggested that SMEs should focus on strengthening their cost monitoring systems and improving the managerial accounting skills of their staff to ensure that these financial performance improvements are sustainable over time. By doing so, SMEs can better navigate the challenges of financial management and make more informed decisions about their resources. This is especially important for SMEs, as they often have limited resources and need to make the most of what they have to stay competitive.

A study done in Uganda by Mwesigwa (2024) looked at how budgeting affects financial performance. It used a mix of methods to get a better understanding. The results showed that not keeping a close eye on spending can hurt financial performance, but have a good budget and control costs in new ways can improve accountability and how services are delivered. The study suggested that everyone should be involved in making budgets and that systems for keeping track of budgets should be stronger. This can help make sure that money is being used wisely and that people are getting the services they need. By doing things this way, organizations can make better decisions about how to use their money and make sure they are getting the best results possible. In Tanzania, Makoba and Mbuti (2023) conducted a quantitative correlational study using regression analysis. The study found that strict adherence to

budgetary control reduces unnecessary spending and improves financial performance. They recommended strict enforcement of budget limits and regular expenditure reviews.

An empirical study by Meade, Kumar, and White (2010) examined the impact of lean manufacturing strategies on profitability among manufacturing firms in the United States. The study adopted a simulation-based experimental research design, integrating a discrete-event manufacturing model with an Enterprise Resource Planning (ERP) system to evaluate the financial implications of inventory cost reduction strategies. The findings revealed that although lean initiatives significantly reduced operational costs and improved efficiency, organizations experienced temporary declines in reported profits because conventional accounting systems did not immediately capture the financial benefits of inventory reduction. The authors concluded that strategic cost reduction contributes to long-term financial performance when supported by appropriate management accounting systems. They recommended that organizations complement cost reduction initiatives with modern performance measurement systems capable of capturing long-term operational improvements.

Similarly, Kristensen (2021) investigated the relationship between standard variable costing, cost reduction practices, and organizational performance in lean production companies in Denmark. The study employed a mixed-method research design, combining survey data from manufacturing firms with qualitative case evidence and analyzing the data using Structural Equation Modeling (SEM). The findings indicated that organizations that used standard variable costing to support continuous cost reduction achieved significantly better operational and financial performance than firms relying on traditional cost management approaches. The study concluded that cost reduction initiatives are most effective when integrated with flexible management accounting systems that facilitate continuous improvement rather than short-term expenditure cuts. It recommended that organizations align cost reduction strategies with organizational learning and performance measurement systems to maximize financial performance.

In Nigeria, Iliemena and Amedu (2019) examined the effect of standard costing on the profitability of selected manufacturing companies in Edo State. The study adopted a survey research design, collecting primary data through structured questionnaires administered to accounting and finance personnel. The hypotheses were tested using Z-test statistics. The findings revealed that standard costing significantly enhanced cost reduction, improved resource utilization, and increased organizational profitability. The study concluded that organizations practicing systematic cost reduction through standard costing achieved better financial performance than those without structured cost control systems. The researchers recommended that firms consistently apply standard costing techniques to strengthen cost reduction initiatives and improve profitability.

Another study by Nielsen, Kristensen, and Grasso (2020) investigated the joint effects of value stream costing and lean management accounting practices on organizational performance among 368 manufacturing facilities in the United States. Using a cross-sectional survey design and Structural Equation Modeling, the researchers found that cost reduction initiatives supported by lean management accounting practices significantly improved operational efficiency, which subsequently translated into better financial performance. The study concluded that organizations realize greater financial benefits when cost reduction strategies are implemented alongside integrated management accounting practices rather than as isolated interventions. The authors recommended adopting holistic cost management systems that combine cost reduction with value stream costing and performance measurement.

2.2.3 Cost Variance Analysis and Financial Performance

Cost variance analysis refers to the comparison between budgeted and actual costs to identify deviations

and improve financial decision-making. A study in Kumi District, Uganda, by Oger (2024) examined budgeting processes and internal controls in secondary schools using a descriptive research design with quantitative and qualitative approaches. The study found that while variance analysis helps identify cost overruns, many schools fail to take corrective action. It recommended strengthening internal control systems and linking variance analysis to decision-making processes.

In Eastern Uganda, Atukunda et al. (2024) used a cross-sectional survey design and regression analysis to examine budgetary control and performance of local governments. Findings revealed a positive and significant relationship between budget control and organizational performance, explaining 55.9% of performance variation. The study recommended strengthening managerial competencies and improving financial monitoring systems.

A seminal empirical study by Frank H. Selto and Michael D. Young (2000) examined the relationship between variance analysis and organizational performance in manufacturing organizations in the United States. The researchers employed two empirical designs: a longitudinal field study in a single organization and a cross-sectional survey across multiple organizations. Their findings showed that organizations that retained and systematically analyzed variance information achieved better problem-solving capabilities and improved organizational performance than those that merely explained variances without learning from them. The study recommended that managers should institutionalize variance analysis as a continuous learning and decision-support process rather than treating it as a routine reporting exercise. These findings demonstrate that variance analysis contributes to financial performance by promoting organizational learning and timely corrective action.

Similarly, Tom C. Conine and Michael McDonald (2017) investigated the application of variance analysis within Financial Planning and Analysis (FP&A) departments in organizations in the United States. Using a survey research design, the study collected data from finance professionals responsible for budgeting and financial analysis. The findings revealed that although variance analysis was widely regarded as a valuable financial management tool, considerable differences existed in how organizations implemented and utilized variance reports. Organizations that integrated variance analysis into strategic decision-making experienced better financial planning and performance. The authors recommended improving the standardization of variance reporting, increasing management training, and strengthening analytical capabilities to maximize the effectiveness of variance analysis in organizational decision-making.

In the education sector, Nurul Hasanah (2020) evaluated financial performance using Strategic Variance Analysis in a privately owned educational institution in Jakarta, Indonesia. The study adopted a mixed-method case study design, utilizing interviews and documentary analysis of the school's financial statements. The findings showed that strategic variance analysis enabled management to identify changes in operating income attributable to growth, productivity, price recovery, and capacity utilization. The study concluded that variance analysis enhanced financial evaluation and strategic decision-making within the school. It recommended that educational institutions regularly integrate strategic variance analysis into financial management systems to strengthen financial sustainability and improve resource utilization.

In South Africa, researchers Fombang and Maseko looked at how public universities in Gauteng manage their spending. They used a combination of methods to get a better understanding of the issue. What they found was that when universities don't have strong systems in place to control their spending, it can lead to inefficiencies. On the other hand, regularly checking budgets and having a clear plan in place can help universities manage their finances better. Based on their findings, the researchers suggested that universities should use a performance-based approach to budgeting and improve their internal controls to

make sure they're using their resources effectively.

2.2.4 Cost Standardization and Financial Performance

Cost standardization refers to the use of predetermined cost benchmarks to guide and regulate expenditure across departments and activities. A recent study in Kenya, conducted by Otieno (2023), focused on the manufacturing industries in the North Rift region. They used a specific research approach, known as explanatory research design, along with regression analysis to examine the relationship between standard costing and financial performance. The results showed that using standard costing has a positive impact on financial performance, with a significant improvement of 0.216. Additionally, the study found that standard costing helps companies control costs in innovative ways and supports planning for profits. Based on these findings, the researchers recommended that companies adopt standardized costing systems to make better financial decisions. By doing so, businesses can improve their financial performance and make more informed decisions about their operations. This is especially important for companies looking to stay competitive in their industry and achieve long-term success.

An empirical study by Sánchez-Rodríguez, Hemsworth, Martínez-Lorente, and Clavel (2006) examined the impact of standardization of materials and purchasing procedures on purchasing and business performance among 306 manufacturing firms in Spain. The researchers employed a cross-sectional survey design and analyzed the data using Structural Equation Modeling (SEM). The findings revealed that standardization of purchasing procedures had a significant positive effect on purchasing performance, which subsequently improved overall business performance. The study concluded that organizations implementing standardized procurement procedures achieved better cost control, improved inventory management, enhanced supplier performance, and stronger financial outcomes. The authors recommended that organizations institutionalize standardized purchasing procedures to strengthen operational efficiency and improve financial performance.

Similarly, Salam and Al Smadi (2016) investigated the influence of benchmarking and purchasing standardization on organizational performance among 204 Fast Moving Consumer Goods (FMCG) firms in Thailand. Guided by the Resource-Based View (RBV), the study adopted a quantitative cross-sectional survey design and employed Structural Equation Modeling to test the proposed relationships. The results indicated that purchasing standardization significantly improved purchasing performance and indirectly enhanced business performance through greater operational efficiency. The researchers concluded that standardized procurement procedures enable organizations to control material costs, improve supplier reliability, reduce inventory costs, and achieve superior financial performance. They recommended that organizations strengthen procurement standardization and benchmarking practices as strategic tools for enhancing competitiveness and financial sustainability.

In the healthcare sector, Kwon (2008) examined whether the process of implementing standardized procedures influences organizational cost effectiveness in 243 hospitals across four U.S. states (Florida, Illinois, New York, and Texas). Using a survey research design combined with hospital administrative data, the study found that organizations achieved greater cost effectiveness when standardized procedures were developed through objective, transparent, and participatory processes. The findings demonstrated that standardization alone was insufficient; rather, financial benefits depended on how standardized procedures were formulated and implemented. The study recommended involving stakeholders in developing standardized cost procedures and ensuring fairness and consistency during implementation to maximize financial performance.

More recently, Akinleye and Oluyori (2023) examined the impact of standard costing on the financial performance of listed consumable goods companies in Nigeria. The study adopted a quantitative research design using secondary financial statement data, with multiple regression analysis employed to examine the relationship between standard costing practices and financial performance measured by Return on Assets (ROA). The findings revealed that standard costing practices significantly improved profitability by enhancing cost control, reducing cost variances, and improving inventory management. The study recommended that organizations institutionalize standard costing systems and strengthen adherence to predetermined cost benchmarks to enhance financial performance and managerial efficiency. A systematic review of African secondary schools by Mabi and Buluma (2024) used a systematic literature review design and found that budgeting, auditing, and Innovative cost control improve service delivery when institutionalized. The study recommended capacity building for school financial managers.

3.0 Methodology

A cross-sectional survey design employing both quantitative and qualitative approaches was adopted. The study covered 22 private secondary schools in Kagadi District. A total of 258 questionnaires were distributed to school administrators, accountants/bursars, and teachers, of which 255 were returned, yielding a response rate of 98.84%. Key informant interviews were conducted with selected school managers, and a documentary review complemented primary data.

Quantitative data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. Qualitative data were thematically analyzed to support and explain quantitative findings.

4.0 Results and discussion

Response Rate and Demographic Characteristics

The high response rate (98.84%) minimizes non-response bias and enhances the reliability of findings. Respondents were drawn proportionately from all sampled schools, ensuring representativeness. The majority were male (66.3%), degree holders (67.8%), and had worked in their schools for six years or more, indicating adequate experience to comment on budgeting practices.

4.1 Descriptive results on Cost Reduction practices

Findings revealed a moderate level of cost reduction practices (M = 2.86, SD = 1.32). Schools actively attempt to reduce costs without compromising quality (M = 3.66), but implementation is inconsistent and poorly communicated (M = 2.17). Low scores on achievement of cost savings (M = 2.29) and resource efficiency (M = 2.32) indicate limited effectiveness of cost reduction strategies. The results suggest that while schools recognize the importance of cost reduction, implementation remains fragmented. Weak communication and limited staff engagement hinder effectiveness.

These results are in line with what Horngren and others said in 2015. They believe that cutting costs only works when it's part of a well-planned management system, not just a one-time fix.

4.2 Descriptive Results on Cost Variance Analysis

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4.3 Descriptive Results on Cost Standardization Practices

Cost standardization showed a low-to-moderate implementation level (M = 2.59, SD = 1.30). Some schools have cost guidelines (M = 2.56), but staff compliance is very low (M = 1.95). However, where applied, cost standards reduce expenditure variations (M = 3.24). The findings suggest that cost standardization is the most promising but unevenly implemented Innovative cost control mechanism. Weak staff awareness and enforcement limit effectiveness. This aligns with Kaplan & Atkinson (2015), who argue that standard costing improves efficiency only when consistently applied across all organizational units.

Table 4.1 Correlation Analysis results

		Cost Reduction	Cost Variance	Cost standardization	Financial Performance
Cost Reduction	Pearson Correlation	1	.424**	.737**	.293**
	Sig. (2-tailed)		.000	.000	.000
	N	255	255	255	255
Cost Variance	Pearson Correlation	.424**	1	.686**	.354**
	Sig. (2-tailed)	.000		.000	.000
	N	255	255	255	255
Cost standardization	Pearson Correlation	.737**	.686**	1	.405**
	Sig. (2-tailed)	.000	.000		.000
	N	255	255	255	255
Financial performance	Pearson Correlation	.293**	.354**	.405**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	255	255	255	255
Source: Data Analysis (2025)					

The Pearson correlation analysis revealed that cost control practices were positively and significantly associated with the financial performance of private secondary schools in Kagadi District at the 0.01 significance level. Specifically, cost reduction ($r = .293$, $p < .01$), cost variance ($r = .354$, $p < .01$), and cost standardization ($r = .405$, $p < .01$) all exhibited significant positive relationships with financial performance, indicating that improvements in expenditure management are associated with enhanced financial outcomes. Among the three dimensions, cost standardization demonstrated the strongest relationship, followed by cost variance, while cost reduction showed a comparatively weaker association. These findings suggest that schools benefit more from structured and systematic cost management approaches than from cost-cutting measures implemented in isolation.

When we look at how schools manage their money, we can see that keeping costs under control is really important. The results of a study showed that there are strong links between different parts of cost control,

like standardizing costs and reducing costs. For example, when schools have standard costs in place, they are more likely to find ways to cut costs and to carefully look at where their money is going. This means that all the parts of cost control work together and support each other. So, schools that have a system in place to control costs, including standard procedures, regular checks on spending, and plans to reduce costs, are more likely to do well financially and be able to keep going in the long term. This is especially true for private secondary schools, where managing money well is crucial for success. By having a good cost control system, these schools can make sure they are using their money wisely and making the most of their resources.

Table 4.2 Regression analysis model summary

Model Summary				
Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	.419[a]	.175	.165	.54601
a. Predictors: (Constant), cost standardization, Cost Variance, Cost Reduction				

Source: Data Analysis (2025)

The model summary shows a correlation coefficient (R) of 0.419, indicating a moderate positive relationship between cost control practices (cost reduction and cost variance) and the financial performance of private secondary schools. The R-Square value of 0.175 implies that approximately 17.5% of the variation in financial performance can be explained by the two cost control variables. The Adjusted R Square (0.165) further confirms that after adjusting for the number of predictors, the model still explains 16.5% of the variance in financial performance

Table 4.3 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.895	3	5.298	17.772	.000[b]
	Residual	74.831	251	.298		
	Total	90.726	254			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), cost standardization, Cost Variance, Cost Reduction						

Source: Data Analysis (2025)

The ANOVA results reveal an F-statistic of 17.772 with a p-value of 0.000, which is highly significant at the 0.01 level. This indicates that the overall regression model is statistically significant, meaning cost reduction and cost variance jointly have a significant effect on the financial performance of private secondary schools in Kagadi District. The standard error of the estimate (0.53771) suggests a moderate dispersion of the observed values around the regression line, implying that the model's predictions of financial performance are relatively stable.

Table 4.4 Multiple Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.167	.134		16.227	.000
	Cost reduction	.010	.062	.014	.165	.869
	Cost variance	.112	.061	.146	1.824	.069
	Cost standardization	.210	.076	.295	2.758	.006

Source: Data Analysis (2025)

The regression analysis revealed that the model's constant (B = 2.167, p < .001) indicates a baseline level of financial performance in private secondary schools even in the absence of the cost control practices examined, implying that other unobserved factors also contribute to financial outcomes. Among the predictors, cost reduction showed a positive but statistically insignificant effect on financial performance (B = 0.010, p = .869; β = .014), suggesting that in its current form, cost-cutting practices do not meaningfully enhance financial performance. This may reflect the use of ad hoc or poorly targeted cost reduction strategies that do not generate sustainable efficiency gains.

Cost variance exhibited a positive but marginal effect on financial performance (B = 0.112, p = .069; β = .146), indicating a weak and emerging influence that falls just outside conventional significance levels. This suggests that while monitoring deviations between planned and actual expenditure may improve financial outcomes, its effectiveness is likely constrained by inconsistent implementation or limited follow-up actions. In contrast, cost standardization showed a strong and statistically significant positive effect on financial performance (B = 0.210, p = .006; β = .295), making it the strongest predictor in the model. This implies that schools that adopt structured and consistent cost management systems, such as standardized procurement procedures, regulated spending controls, and uniform costing guidelines, are more likely to achieve improved efficiency and stronger financial performance.

Table 4.5 Multiple Regression Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Cost reduction	Cost variance	Cost standardization
1	1	3.876	1.000	.00	.00	.00	.00
	2	.058	8.202	.49	.05	.38	.04
	3	.050	8.775	.37	.27	.21	.07
	4	.016	15.423	.13	.68	.41	.89

Source: Data Analysis (2025)

The collinearity diagnostics were conducted to assess the presence of multicollinearity among cost reduction, cost variance, and cost standardization in predicting financial performance. The results indicated generally acceptable levels of collinearity across most model dimensions, with low condition

indices in the first three dimensions (1.000, 8.202, and 8.775), suggesting no serious multicollinearity concerns. However, the fourth dimension recorded a relatively higher condition index of 15.423, indicating emerging but not critical collinearity. Variance proportion analysis showed that cost reduction (.68), cost variance (.41), and particularly cost standardization (.89) loaded substantially on this dimension, suggesting some degree of shared variance among the predictors. Overall, while mild overlap exists among the cost control variables, the diagnostics confirm that multicollinearity is not severe enough to undermine the reliability of the regression estimates.

4.4 Qualitative Findings

The results show that private secondary schools don't have strong systems in place to control costs. In fact, only about 38% of schools have a formal way of keeping track of their spending, and a whopping 81% don't even bother to check if their costs are effective. What's more, when it comes to buying things, only about 28% of schools follow standard procedures, which means they're not really following a structured approach to managing their finances. All this suggests that cost control is mostly done on an as-needed basis, rather than being a deliberate part of how schools manage their money. This is a problem because it means that schools are not being proactive about controlling their costs and are instead just reacting to problems as they come up.

5. Conclusion

The results show that new ways of controlling costs can really help improve how well a school does financially, but they don't work as well as they could because the systems in place to make them happen are not strong enough, and the schools don't have the resources they need. This makes sense when you think about it from a management perspective - having standard costs that everyone has to follow is the most effective way to control costs because it's clear and enforceable, whereas just trying to cut costs or analysing differences in costs doesn't work as well because it's not done consistently or followed up on. When we look at both the numbers and the documents, we see a big problem: even though schools have tools to control costs, they often don't have the systems in place to make sure these tools are used effectively and consistently over time.

Recommendation

- Introduce Standardized Cost Systems. Schools are encouraged to implement standardized systems for managing costs to ensure consistency and efficiency.
- Enhance Training Programs. Schools should bolster training initiatives focusing on variance analysis and financial oversight to better equip staff with essential skills.
- Improve Communication on Cost-saving Measures. There should be a concerted effort to clearly communicate strategies for reducing costs within the school community, ensuring everyone is aware and involved.
- Develop Systems for Evaluating Cost-effectiveness. Schools need to set up formal frameworks for assessing the cost-effectiveness of their spending and operations to identify areas for improvement.
- Strengthen Financial Management Skills. It's crucial to build the financial management capabilities of school administrators, empowering them to make informed and strategic financial decisions.

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