



East African School of  
Higher Education Studies & Development

Makerere Journal of **Higher Education**  
ISSN: 1816-6822; 8 (1) (2016) 35 - 57  
DOI: <http://dx.doi.org/10.4314/majohe.v8i1.3>  
© The Author(s) 2016  
Reprints & permission: EASHESD  
<http://ajol.info/majohe>

## Financial Policies and Performance of Line Managers in Universities in Uganda

Wilson Muyinda Mande <sup>1</sup>

<sup>1</sup> Nkumba University [Email: [mandewm@gmail.com](mailto:mandewm@gmail.com)]

**Abstract.** This study analysed the effect of financial policies on the performance of line managers in Ugandan Universities. The field research was carried out in private and public universities. Every university had a financial policies so their line managers were expected to perform their duties effectively. The objectives of the study were to: assess the relationship between financial policies and departmental budgets; analyse the effect of budgets on the performance of line managers; and evaluate the influence of financial policy on the performance of line managers. The influence of financial policies on budgeting was established at 31%; the relationship between the budget function and performance was established at 18 %; and the effect of financial policies on the performance of line managers was established at 48%. The total causal effect was 54%. Therefore, the study recommended adoption of financial policies enhancing the performance of line managers.

**Keywords:** Financial policy; Line managers, Performance management.

### 1 Introduction

This study set out to assess the effect of financial policies on the performance of line managers in Ugandan Universities. This study was premised on the view that although financial policies existed to enable line managers to ensure that departmental operations are executed successfully, the performance of these managers had been rated as *lukewarm* (Tibarimbasa, 2010). In a confutative rebuttal, line managers had blamed the snail's pace to success on the universities' financial policies (Karuhanga, 2010; Karuhanga & Werner, 2013). This situation brought the effect of financial policies on the performance of line managers to question.

In Ugandan universities, line managers were mandated to implement programmes in their departments. In spite of that mandate, there were some

criticisms levelled against universities (see, e.g., Eupal, 2009; Twinamatsiko, 2009; Bunoti, 2010; Cutright, 2010; Kavuma, 2011; Kyambogo, 2012; Nyombi, 2013; Businge, 2012; 2015). All these commentators had one common point that university departments were not producing at the expected rate. Line managers were those managers who were charged with the responsibility of detailed running of departments. Actions took place in a department. Line managers dealt with goal setting and department-level decision-making. In a university setting, line managers were mainly heads of department. These were responsible for (a) curriculum management; (b) assessment and evaluation; (c) planning; (d) human resource development; (e) supervision of performance; (f) provide accountability for their department; and (g) implement university policies and programmes at the departmental level.

However, the success or otherwise of the line managers depended to great deal on financial policies. Such a policy guides fund raising, budgeting, procurement, motivation of staff, teaching, research, and implementation of annual plans of a department. For that matter, financial policies played an important role in supporting success in Higher Education (Wellman, 2011).

### **1.1 Statement of the Problem**

As noted, finances were quite necessary for the operations of university departments. This is in agreement with a common parlance that money is the life blood of any organisation, university inclusive. At departmental level, finances make productivity possible. Failure to keep the standards is partly blamed on line managers. Graduates in Uganda were said to be unemployed because the university departments had not equipped them with innovation skills (Kituuka, 2012). That criticism partly meant that line managers had not performed well enough. It was observed that some line managers were involved in fraud (Mulindwa, 2015). Furthermore, it was noted that financial policies in Universities had contributed to students' and staff's strikes in both public and private universities in Uganda (Wandera, 2014; Nakayiwa, 2015). Most if not all leading universities in the world register success with the help of money. In the light of the above situation, it was necessary to analyse the effect of financial policies on the performance of line managers in Ugandan universities.

### **1.2 Objectives**

Three objectives were developed for this study. These were: (1) To assess the relationship between financial policy and university budget in Ugandan universities; (2) To analyse the effect of university budget on the performance of line managers; and (3) To assess the effect of financial policy on the performance of line managers in Ugandan universities.

## **2 Literature review**

### **2.1 Concept of Financial Policy**

The concept of financial policy was influenced by a sector defining it. For instance, Organisation of Economic Co-operation and Development (OECD) described financial policies as the policies related to the regulation, supervision, and oversight of the financial and payment systems (OECD, 2002). Similarly, the American stock market entity National Association of Securities Dealers Automated Quotations (Nasdaq) defined financial policies as a “criteria describing choices regarding its debt, currencies, of denomination, method of financing investment projects, and hedging decisions with a goal of maximizing the value of the firm to some set of stockholders” (Nasdaq, 2011). These two definitions were based on the financial markets considerations and therefore not ideal representative of what happened in universities

In contrast, financial policies were described as the framework within which university finances were acquired, allocated, utilised, and accounted for (Mande & Nakayita, 2015). University financial policies included: (i) Funding policy; (ii) Accounting policy; (iii) Budgeting policy; (iv) Cash management policy; (v) Remuneration policy; (vi) Auditing policy; (vii) Revenue generation policy; and (viii) Expenditure policy investment policy?

Regarding financial management in university departments, some universities preferred the head of each department to be responsible for managing the department's financial resources (UCOP, 2014). Other universities devolved management of finances to heads of budget units (UCT, 2014). In Ugandan universities, most line managers dealt with votes (Nkumba, 2014). For that matter, it was true to argue that even though all line managers handled finances, the policies of approaches differed from university to university.

### **2.2 Policy on Funding Universities**

Some studies focusing on funding higher education in Uganda (Kasozi, 2003, Mamdani, 2007; Ssempebwa, 2007; Kasozi, 2009) pointed out the paucity of funding of mainly public universities. In contrast, others (Senyonyi, 2015) offered workable approaches to funding private universities in a Ugandan setting. Other researchers measured the effect of cost on quality education (Mande 2009; Nakayita, 2013; Mande & Nakayita 2015a; Mande & Nakayita 2015b). These studies concentrated more on sources of funding and the effect of cost on quality. Although the debate on funding or cost vis-à-vis quality was

quite pertinent, it did not address the effect of financial policy on line managers' performance. Hence the gap the current study is concerned with.

A good amount of literature exists about funding university education (Kasozi, 2003) explored the state of university education in Uganda. First, on funding he noted that there had been a persistent funding gap at Makerere University. Second, he intimated that there was also a gap between funding and unit cost in universities generally. On the same matter, Mamdani (2007) pointed out funding availed to public universities was inadequate. This inadequacy was a challenge to line managers. Cutright (2010) in the same tone argued that funding was one of the challenges facing Ugandan universities as they struggled to expand higher education.

In contrast to the above contentions of funding, other scholars (Mande, 2009; Nakayita, 2013) focused on specific programmes like the MBA programmes in Ugandan universities. The study concluded that each university charged its own amount for the MBA; academic performance was influenced by cost; this in turn affected quality significantly; and that funding contributed 68% to the quality of the MBA programme. All this was plausible, however, it did not address the role of financial policies in enhancing the performance of line managers in the universities. It is contended by some authors (Ndudzo & Jubenkanda, 2014) that line managers in universities found resources insufficient.

The debate so far on funding universities was appropriate. The studies assumed that universities had perfect financial policies. So they seemed to see the amount of money that entered into the university coffers to be the main area of concern.

### **2.3 Budgeting**

The definition of budgeting attracted some debate. On one hand, some authors (Barr & McClellan, 2011) emphasised quantitative outlook of a budget. They argue that it is a formal quantitative expression of management expectations. This points to top-down approach to budgeting. On the other hand, writers like Koontz and his colleagues (1988) saw budgeting simply as a formulation of plans for a desired future expressed in numerical terms. Similarly, Stoner, Freeman & Gilbert (2000) and Amany (1999) considered budgeting to be a process of making plans and setting goals. All expressed in numerical terms. Although the above authors put emphases at different points, it could be concluded from that budgeting as a financial term described the creating of a road map to the future but expressed in quantitative manner. In university departments like any firm were run on budgets.

Another debate revolved around the importance of budgets. One side contended that the importance of budgets lay in supporting plans of annual

operations (Drury, 1992); Another side, the argument was that budgets facilitated co-ordination through communication of information about plans (Nassolo, 1997). Yet another side raised the issue of budgets being a means to facilitate the function of controlling. All activities had to be based on budget provisions. In that way it is possible to ensure that the plans laid down could be achieved (Lewis, 1996). So activities of a university department could be kept in check and it was possible to evaluate performance. Another view was that budgets were important because they aided management to learn from experience (Chandon, 1987). Budgets were also considered useful in determining short term financial needs (Horne, 2002). Furthermore, it was possible to reduce uncertainty through budgeting because with a budget, a firm or a department could predict the future with some precision (Pandey, 1995). Just as Wood & Sangster (1999) observed budgets were crucial in guiding a firm towards set objectives, it was also true of university departments. In that way budgeting was an indispensable tool for line managers.

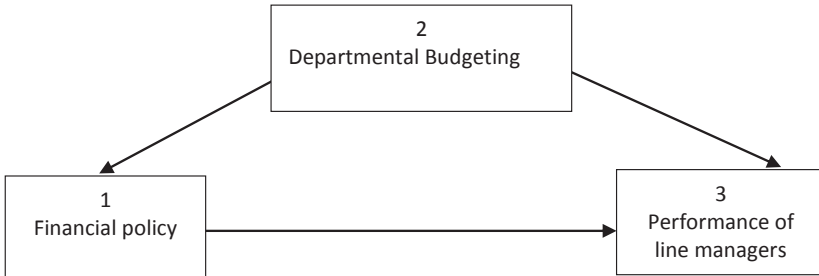
#### **2.4 Roles and Performance of Line Managers in Universities**

There are specific roles and responsibilities for line managers in a university setting. Line managers supervise staff in their departments (Inutsikt, 2003); they are responsible for strategy implementation (Ikavalkoand & Aaltonen, 2001); they make operational plans for departments; and coordinate various activities in their departments (Sadowky, 2015). Supervision of department, strategy implementation, and handling routine departmental activities required a good amount of funds guided by sound financial policies.

As far as performance of line managers was concerned, various observations emerged. Some studies (Kent 2000; Lewis 2015) reported that some line managers in universities were ineffective. That was the assessment of their constituencies, which include the faculty, the students, the alumni, the central administration, the staff, the professional community, and the regulators of a University. Furthermore "academic leadership" was advanced as one of the key roles of line managers in an academic department. Often, heads choose to see themselves and be seen as academics, not administrators (McHenry *et al* (1977: 48). It was further observed that heads of department usually had other academic and research pursuits (Philip 2009), therefore, they could not be expected to assign adequate time for departmental demands. It was therefore necessary to investigate whether the above observations were equally applicable to Ugandan universities in the 21st century.

## 2.5 Conceptual framework

The conceptual framework puts together the three main variables of study. The concept is that financial policies had had an effect on the performance of line managers; the relationship between the two variables was moderated by the budgeting and its application in the departments.



**Figure 1:** Conceptual Framework

From the conceptual framework, it was noted that analyses were to be made about financial policies and departmental budgets. The existing literature explored university management and funding (Mamdani, 2007; Ssempebwa 2007; Kasozi, 2009) of universities separately. The main contention was that Ugandan universities had a very shaky funding base. Important as this theme was, it did not concern itself with the focus of the current study whose focus was financial policies and line managers' performance.

In the above conceptual framework, the relationship between financial policies and the performance of line managers required to be explored. Budgeting was brought as factor that moderated both financial policies and performance. The relationships among the three variables were novel in Uganda as no one had investigated these operational matters in same way.

## 3 Methodology

### 3.1 Research Design

The study used a cross-sectional design. A good field research required a plan for conducting field research (Ahuja, 2005). So data were collected from a cross section of respondents from the four universities of Makerere, Kyambogo, Ndejje, and Nkumba. These included heads of departments.

The major research method used in this study was the survey method. In tandem with that method, quantitative and qualitative data were gathered using a questionnaire and interview guide. The use of several methods was very useful because it was possible for the study to gain greater validity and reliability than employing a single methodological approach (Gill & Johnson, 1991, White, 2002). Views of respondents were analysed according to themes as they rhymed with objectives.

### 3.2 Sample and Sampling Techniques

The number of people in all the departments of the four universities was rather big. In the current study, the rule of the thumb approach was used to determine the number of respondents. The advocate of use of the rule of the thumb (Roscoe, 1975) in determining a sample size contended that in social science research any sample between 30 and 500 was sufficient to give credible results. So a total of 248 respondents including line managers were considered as an appropriate sample for the study. All line managers and other members of department responded to the questionnaire. The numbers of those who participated in the study as respondents are shown on Table 1.

**Table 1:** Sample

University	Approx. student population	Number of staff selected
1 Makerere	40,000	108
2 Kyambogo	21,000	60
3 Ndejje	6,000	40
4 Nkumba	6,000	40
Total	73,000	248

The sample of 248 was considered big enough to give a representative of the line managers in the four universities; two public (Makerere and Kyambogo) and two private (Ndejje and Nkumba). In order to get to the respondents, a convenient sampling technique was employed. Convenient sampling was where data were gathered from members of the strata who happened to be available at the time of the field research and who were conveniently ready to provide the required data (Sekaran, 2003). It was therefore those managers who happened to be available in the universities during the period of the field research who participated in this study.

### 3.3 Data Collection Methods and Instruments

Data was collected through administration of questionnaires and conducting interviews. Interviewing was considered useful for some line managers who

had oversight responsibilities even other line managers. In some instances, these included Principals and Deans. The questionnaire had four main sections: demographic characteristics; financial policy; budgeting, and performance of line managers. The items on the questionnaire were measured by a Likert scale of: strongly disagree = 1; disagree = 2; neither disagree nor agree = 3; agree = 4; and strongly agree = 5.

The instrument was validated using a scale of: not valid at all = 1; somewhat valid = 2; valid = 3; and quite valid = 4. The valid and quite valid were summed up and divided by the sum of all. The result was a validity index of 0.663. The reliability of the instrument was computed using Cronbach's (1964) alpha ( $\alpha$ ) (Table 2).

**Table 2: Reliability of Instrument**

Variables	Cronbach alpha coefficients
Performance of line management	0.67
Financial policy	0.71
Budgeting	0.64
Average	0.67

### 3.4 Data Analysis

The quantitative data collected were analysed using descriptive statistics, correlation and regressions. On the other hand, the data elicited by the unstructured interviews and document analysis were analysed thematically in consonance with the objectives of the study.

## 4 Findings

### 4.1 Organisational Structure of Universities

The organisational structure of a Ugandan university oftentimes depended on how a particular university was set up. For the public universities, the founding body was government. This was true for Makerere and Kyambogo universities. These have government at the apex of the organisational structure. Other universities were established by institutions and groups of people. That was the way Ndejje and Nkumba were established respectively. At the apex, there are institutions and boards of trustees respectively.

For public universities, the head of government, that is, the president would also be the chancellor. Consequently, Apollo Milton Obote, Idi Amin, and Yoweri Museveni serve as chancellor of Makerere University. However, this



policy changed with the enactment of the Universities and Other Tertiary Institutions Act (cf. Republic of Uganda [RoU], 2001). This law [(Part VIII 30 (1))] provides that “there shall be a chancellor for each public university who shall be appointed by the president on the recommendation of the university council”. In line with the new law, Professor Apollo Nsibambi was appointed chancellor of Makerere. After Nsibambi’s tenure, Professor Mondo Kagonjera was appointed and this was followed by Dr Ezra Suruma in 2016. Government is responsible for the appointment of chancellors in public universities. The chancellors of other universities were appointed by the foundation bodies. In both public and private universities, the main roles of a chancellor are: (a) to be a titular head of the university; (b) to preside over university ceremonies; and (c) to confer degrees and other academic titles and distinctions of the university. With all that, it is true to infer that a chancellor promotes the corporate image of a university.

The second level of corporate governance is that of directors. However, in Uganda’s university setting, they were commonly known as university council. This level has three main functions: (i) to make policies for the university; (ii) to supervise university managers; and (iii) to make key decisions under council committees. In this way, it could be firmly argued that councils were responsible for most of the factors that influenced operational matters. As far as financial policies were concerned, the university councils composed finance committees which analysed the university budgets before finally being approved by the whole council. So the formulation and operationalisation of the budget were partly shouldered by the council.

Below the council is the university management. This level is responsible for developing a university budget and financial management among other roles. So this is the level at which a university budget is implemented.

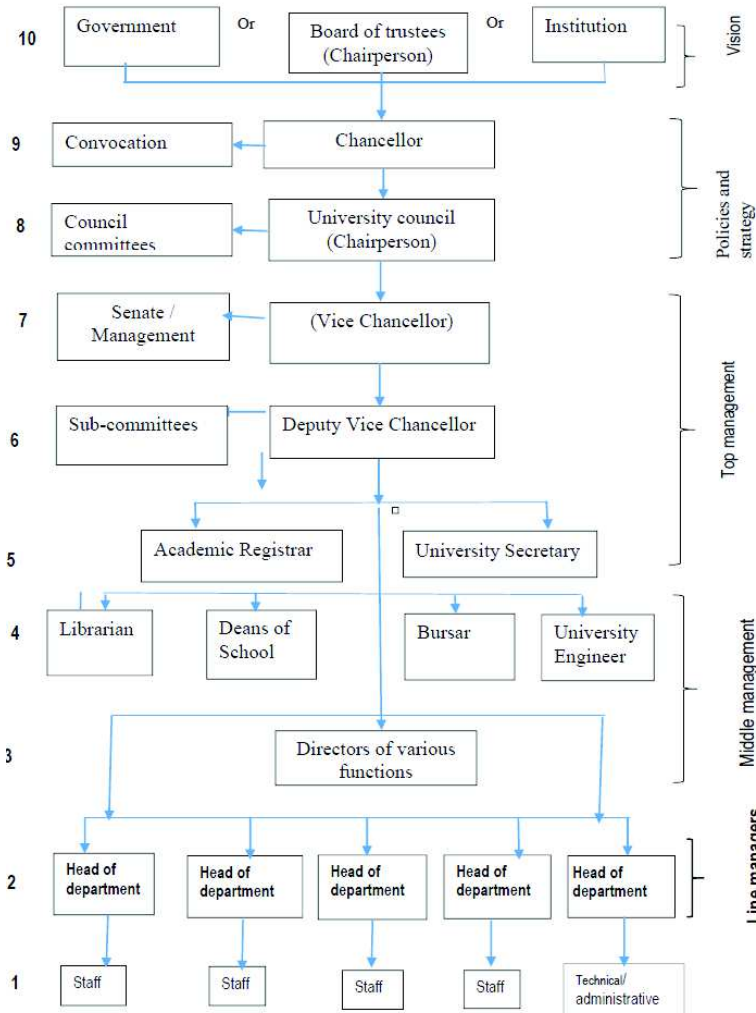


Figure 2: Typical University Structure in Uganda

#### 4.2 Financial Policy and Departmental Budgets

The universities had Financial Policy Manual containing policies related to the financial operation of a University. The Financial Policy Manuals were intended to guide administrators who were responsible for the financial

operations in a University. The financial policies contained in policy manual set the centres of financial responsibility, authority, and accountability.

Financial policy manuals in universities were designed to assist all University departments in handling their daily financial transactions. So a financial policy manual provides information related to fund raising, distribution, expenditures, and accountability. In that way, the financial policies helped line managers to perform their roles.

It was agreed by most (83%) line managers who took part in this study that funding was one of the challenges that dogged Ugandan universities. Both public and private universities alike grappled with the insufficiency of funds to run and develop the universities. On many occasions, staff and students staged strikes over issues of money. Staff often wanted the universities' financial policies to change so that their earning could come nearer to a living wage. Staff strikes and conflicts had occurred at Makerere, Kyambogo, Ndejje, and Nkumba universities over either salary increment or unpaid wages. Students on their part did not want financial policies of the university to change have higher fees imposed on them. Neither did they want the financial policies which set targets of paying fees within specified time periods. Students' strikes had occurred at the universities of Makerere, Kyambogo, Ndejje, and Nkumba in the recent years (2010-2015). The strikes regardless of whether of staff or students affected the performance of line managers and their departments.

It was necessary to investigate the major sources of funding for universities in Uganda. This was done by using the factor analysis to determine which of the many possible sources were the most critical for the universities. The sources included were tuition fees, endowments, investment by university owners, donations, money from consultancy services, research funding, open funding raising, alumni contribution, university projects, and others. These sources were items on the questionnaire and when the factor analysis was done the results in Table 3 were obtained.

**Table 3:** Major sources of funding for Ugandan universities

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.916	44.691	44.691	4.916	44.691	44.691
2	1.370	12.450	57.141	1.370	12.450	57.141
3	1.150	10.456	67.597	1.150	10.456	67.597

Extraction Method: Principal Component Analysis

In Table 3, the principal components in order of characteristic roots were listed. This table is the result of the factor extracts and factor rotation after factor analysis. The results indicated that there were three major factors. These were:

(1) “investment” which had the eigenvalue of 4.916 with a 45%; (2) “sale of university services” which had the eigenvalue of 1.370 with a 12%; and (3) “tuition fees from students” which had eigenvalue of 1.150 with a 10%.

It could be noted that when rotation was done using Variance maximisation with Kaiser Normalisation, it emerged that “investments” were the major source of funding for universities. The founders or owners of the universities put a lot of funds to start the universities regardless of being public or private. This factor was explained strongly by alumni donations with a coefficient of 0.785. This was followed by donations in both cash and kind with the coefficient of 0.773, and founding bodies with a coefficient of 0.743.

The second source of funding for universities was services sold by universities. This was explained strongly by cases like “consultancy services” which had a coefficient of 0.851, “grants” with coefficient of 0.700, “international agencies” with a coefficient of 0.642, and “university projects” with a coefficient of 0.601. The third source was the tuition fees which as a single item had an eigenvalue of 0.849. Services may not apply to all universities because it is mainly Makerere which had a lot more resources whose services could be hired out. Both Makerere and Kyambogo being public universities were the main the recipients of both bilateral and multilateral aid for higher education in Uganda.

It was considered important to use the factor analysis on the above extracted variables in order to determine their internal consistency. The results are shown in Table 4.

**Table 4:** Reliability Analysis of Factors Extracted

Factors	Cronbach alpha	Number of items	Sig
Initial investment	.840	5	.000
Services	.790	4	.000
Tuition fees	.547	2	.000
Total	.823	11	

As revealed in Table 5, factor 1 (initial investments) had a Cronbach alpha of 0.840 and the reliability was high. The Cronbach alpha of the second factor was 0.790 and the related reliability was high. The third factor had a Cronbach alpha coefficient of 0.547 with a high reliability. The total scale was alpha was 0.823, indicating that reliability of this scale was quite appropriate and reasonable.

The implication of the above discussion was that although items like tuition fees had been fronted as the source of funding for universities which was problematic, it was not the major one. Contributions, donations, and initial investment of proprietors of the universities were considered major sources of funding by line managers.

**Table 5:** University Budget for Financial Year 2014/2015

University	Budget in UGX billions
Makerere	229.196
Kyambogo	73.960
Ndejje	24.000
Nkumba	23.891

It could also be noted that it was one thing to get funding and it was another to allocate it equitably in order to meet the needs of the university in an even way. This consideration brought the need to analyse whether or not line managers were allocated sufficient funds. The response to this question was captured in 54% of line managers were allocated enough funds, while 46% did not get enough funds. This meant that every line manager had to have a plan of activities and corresponding budget every financial year. These budgets would be collated and used to come up with a university budget. The projected revenue for the university in a particular financial year would dictate the amount to be allocated to every cost centre including the line managers' functions. As noted above, it was not always possible to fully fund each cost centre as desired and estimated.

In order to assess how much line managers were influenced by funding, Person's correlation and a simple linear regression tests were executed. This was intended to provide to support or otherwise the first objective which sought "to assess the effect of funding on effectiveness of line managers in Ugandan Universities".

### 4.3 Relationship between Financial Policies and Departmental Budgets

The first objective of the study sought to analyse the relationship between financial policies and budgeting in the university departments. The bivariate correlation revealed that there was a moderate positive relationship between financial policy and budgets [ $r(248) = .641, p < 0.01$ ]. The implication of this statistic was that financial policies guided the budget and the budget depended majorly on financial policies. It is also noted that the sourcing for funds, distribution, and expenses were governed by policies.

A simple linear regression test was also executed. The goodness of fit results showed that there was a linear relationship between the financial policies and budget [ $F(1,246) 171.562, p < 0.01$ ]. It follows therefore that any change in financial policy led to changes in the departmental budget.

The other set of results of the regression indicated an Adj.  $R^2$  of 0.408. This translated into 41%. It could infer that financial policy influence on budgets was as much as 41%. Another set of results was the standard coefficients of Beta. This was  $\beta = .641, p < 0.01$ . For this statistic one could deduce that the first null hypothesis ( $H_{10}$ ), "there is no significant relationship between financial

policies and departmental budgets in Ugandan universities” was rejected. Instead the alternate hypothesis (H1<sub>A</sub>) “there is a significant relationship between financial policies and departmental budgets in Ugandan universities” was supported. This affirms that financial policies and budgets moved together to accomplish the departmental activities over which line managers presided.

#### 4.4 Budgets and Performance of Line Managers

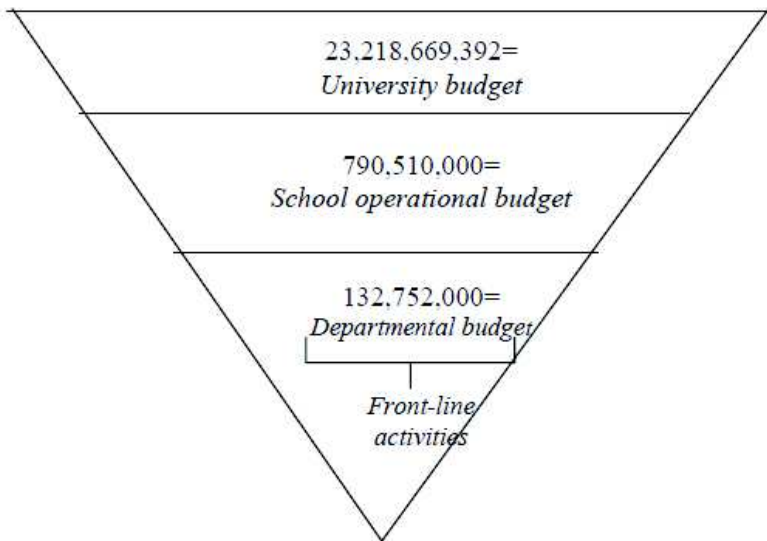
Regarding the extent to which budgets influence the performance of line managers in the universities, it was necessary to emphasize that generally in Ugandan universities, the budgeting process was participatory. All levels of the university management were involved in the budgeting process. Departments make their budget proposals which are collated at the next levels until a consolidated university budget is made. The line managers who head the departments convene meetings and using the method of brainstorming make plans for a year and attach monetary figures to each activity. The departmental budget estimates are then used to formulate a School or Faculty budget. In considering budget estimates at the departmental level, only operational items were taken into account. These were the items that concerned the performance of a department. Other items which required a School or Faculty or University-wide approval were not included in a departmental budget estimates. Such items were salaries, taxes, gratuity, capital development, loan repayments, and the like. Other budget items that would be considered are indicated in Table 6.

**Table 6:** Departmental and school budget estimates for 2014/2015 (UGX)

<b>Item</b>	<b>Departmental estimate</b>	<b>School / Faculty</b>
Staff workshops and seminars	13,280,000	66,400,000
ICT accessories	16,000,000	80,000,000
Teaching materials	9,200,000	46,000,000
Stationery and supplies	9,600,000	48,000,000
Evaluation of academic programmes	4,000,000	20,000,000
Developing distance learners’ modules	17,400,000	87,000,000
Field trips	1,200,000	6,000,000
Research and publications	39,080,000	195,400,000
Office expenses	4,272,000	21,360,000
Departmental Meetings	4,000,000	20,000,000
Travels	14,720,000	73,600,000
School /Faculty Board meetings	-	20,000,000
Community outreach programmes	-	9,250,000
Institutional affiliations	-	20,000,000
Equipment in School / faculty	-	77,500,000
<b>Total</b>	<b>132,752,000</b>	<b>790,510,000</b>

It was noted from the budget estimates as given in Table 6 that (a) each department participates in the budgeting process every financial year; (b) there are items that are budgeted for at School level only; (c) the departmental budgets contribute towards the School or Faculty budget; (d) the zero budgeting approach is espoused; and (e) at department level, budgeting is mainly about operational issues. In view of the above approach to budgeting, it was noted that budgeting was one of the activities that line managers took part in. They would include in a budget items they deemed helpful for their performance.

Line managers shouldered the role of planning. However, the funding of a budget lay with the university. So it was one thing to budget and it was another to have the budget funded. If a budget was not funded fully, it was a foregone conclusion that performance would be affected negatively. The departmental budgets had a connection with the university-wide budget. This is illustrated in the inverted pyramid in Figure 3.



**Figure 3:** Bottom up approach to budgeting

The staff involved in the day to day activities map out their routine and new actions. These feed into the departmental budget. The departmental budgets form part of the school budgets. They form only part because there are items which are budgeted for at that level. Similarly, the school / faculty or sectional budgets form part of the university wide budget. These budgets are added to the items which are budgeted at university level. For instance Nkumba University

budgeted to purchase property and establish Kampala campus in the 2014/2015 financial year. This item did not fall under any department, so it could only be budgeted at university level. Line managers are responsible for:

1. planning - for the department every semester and every academic year
2. managing staffing- issues in the department under the University's procedures;
3. operational strategies- considering risks of cases and deciding on a course of action;
4. decision making- and communicating them to members of staff and students
5. ensuring quality - of academic work in line with quality assurance policies of the university
6. providing advice - to students all matters in the department
7. handling financial matters - of the department according to university financial policies.

In the answering, the question on the effect of budget on the performance of line managers, both bivariate correlation and simple linear regression tests were carried out. The Pearson's Product Moment Correlation revealed that there was a low positive significant relationship between budgets and performance of the line managers [ $r(248) = .143, p < 0.05$ ]. So this meant that budgets were important for the performance of line managers. In other words, the better the budget, the more the line managers perform. The second test was the simple linear regression. This test indicated first of all that the Adj.  $R^2$  was 0.016. This implied that budgets as a predictor of performance of line managers, contributed only 1.6%. This was a rather low contribution. Secondly, the goodness of fit results was about linearity. This yielded results of  $F(1, 146) = 5.121, p < 0.05$ . For that matter there was a linear relationship between the two variables (budget and performance). It was clear therefore that any change in the predictor variable (budget) triggered a change in the dependent variable (performance).

The third set of results which was the standard coefficients or Beta, gave a statistic of  $\beta = .143, p < 0.05$ . From this set of results, one could infer that the second null hypothesis ( $H_{2o}$ ) "there was no significant relationship between budget and performance of line managers in Ugandan universities" was jettisoned. This left the alternate hypothesis ( $H_{2a}$ ) "there was no significant relationship between budget and performance of line managers in Ugandan universities". With budgets, line managers are able to control finances of their departments and get work done.

A budget was valuable to line managers because it served as a communication implement as it allowed the members of the department to discuss priorities. It was pointed out by 72% of line managers who participated



in this study, that it was a common phenomenon to cut budgets. The way a budget was presented was not always the way it was funded. This situation required a line manager and colleagues to review their plans and reset priorities.

Furthermore, budgets enabled line managers to take advantage of available opportunities in a particular financial year. For instance, there would be opportunities to access research funds from foreign donors. Heads of departments could apply to this and the performance in the area of research would be very good. This would be achieved even if the funds were not obtained from the line managers' budget.

In view of the above analysis, line managers' performance was influenced to a marked extent by the budgets they had each financial year. Without adequate budget provisions, the performance of line managers suffers. Consequently, the whole university experienced low rating. This affected the corporate image of a university as the world prefers to identify with winners.

#### **4.5 Financial Policy and Performance of Line Managers**

Line managers are lower level managers and have no other managers below them. So they have limited chances of delegating line management activities. The line managers (82%) who participated in this study as respondents intimated that they handle this issue by forming *ad hoc* committee or task forces to handle some clearly defined activities. The *ad hoc* committees and task forces were given terms of reference and required to produce reports on the activities they handled. It was also pointed out that line managers usually used the teamwork approach. It was common for the line managers to have teams from the department to take up roles of:

1. reviewing academic programmes
2. developing a departmental budget
3. allocating teaching load to staff
4. carrying out research
5. dealing staff or students matters in the department
6. working out operational strategies
7. considering students' results and performance
8. Engaging in special projects
9. Taking up consultancy roles
10. Organising seminar and conferences for department
11. Compilation of quarterly and annual reports about the department
12. Preparation of students for graduation

As far as teamwork approach was concerned, 77% of respondents believed it had more advantages and fewer drawbacks. For the line managers it was possible to have all the staff in the department in the know of tasks at hand.

This motivates and helps to solve work related issues. It was only 23% of line managers who insisted that teams often delay work and deadlines and targets become unachievable. So most line managers were democratic while only a few were autocratic leaders.

To determine and assess how much effect financial policies had on the performance of line managers, the third null hypothesis ( $H3_0$ ) was tested by carrying out the inferential statistical tests of bivariate correlations and a simple linear regression. The results indicated that there was a low but positive significant relationship between financial policies and the performance of line managers in Ugandan universities [ $r(248) = .369, p < 0.01$ ]. The results meant that financial policies had an impact on the performance of line managers.

Given the fact that the Adj.  $R^2$  was .133, it meant that financial policies explained 13% of the performance of line managers. The remaining 87% could be explained by other factors which were outside the scope of the current model.

The goodness fit result was  $F(1,246) = 38.838, p < 0.01$  which implied that there was linearity between financial policies and performance of line managers in Ugandan universities. Furthermore, the simple linear regression test gave results of  $\beta = .369, p < 0.01$  showed that indeed financial policies were a critical factor in the performance of university line managers. In view of these results, one could conclude that the third null hypothesis ( $H3_0$ ) “financial policies did not have significant effect on the performance of line managers” was not supported. Instead the alternate hypothesis, “financial policies had a significant effect on the performance of line managers” was upheld. Financial policies were quite important because they guided the sourcing of funds for the university, utilisation, and accountability aspects of the monies made available to a department.

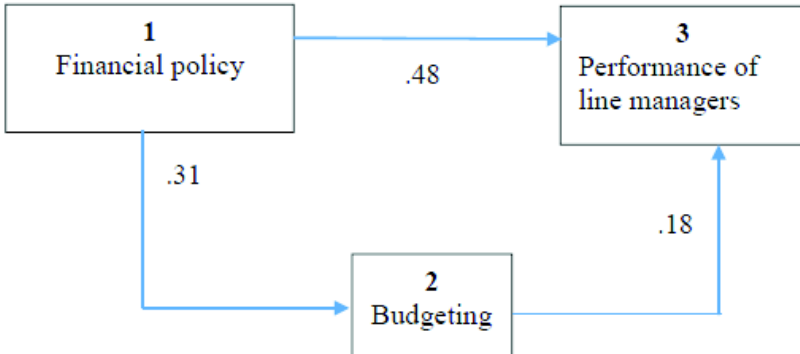
#### **4.6 Hypothetical Model for Financial Policies and Performance of Line Managers**

A hypothetical model was used to determine the overall effect of the financial policies on the performance of line managers in Ugandan universities. This hypothetical model provides a liable explication of the effect that is performance of line managers being a function of financial policies among other factors. That is,  $plm = f(fp)$ . Where:  $plm$  is performance of line managers,  $f$  is a function  $fp$  is financial policy.

The following issues are given special attention in the discussion which ensues below:

1. *Determining variables* – in the model there is an independent variable (financial policies), a moderating variable (budgeting), and a dependent variable (performance of line managers).

2. Establishing causal paths – the causal path coterminous to variable {3} which is performance of line managers are paths {1} to {2} to {3}; and from {1} to {3}.
3. Setting assumptions – for instance all relations are linear.
4. Variables are measured linearly from left to right.



**Figure 4:** Hypothesized model

The paths of the hypothesised model above establish the following relationships:

1. A positive significant relationship between financial policies and budgeting
2. A positive significant relationship between budgeting and performance of line managers
3. A positive significant relationship between financial policies and performance of line managers

The results were as the paths coefficients indicate in Table7.

**Table 7: Coefficients of Relationship**

Paths	Variable	Coefficients
P21	Financial policy	.31
P32	Budgeting	.18
P31	Performance of line managers	.48

Variable 1 (financial policies) is the only exogenous because it does not have any arrows pointing to it. This leaves two endogenous variables in the model, that is, variable 2 (budgeting) and variable 3 (performance of line managers). Each variable is explained by one or two variables.

The paths coefficients were used to decompose correlations in the model into direct and indirect effects corresponding to direct and indirect paths reflected in the model. This procedure is based on the rule that in a linear system, the causal effect of variable 1 to variable 3 is the sum of the values of all the paths from 1 to 3. Performance of line managers was the dependent variable while financial policies as a variable was the independent. The indirect effects are calculated by multiplying the paths coefficients for each path from financial policies to performance of line managers ( $.31 * .18 = .06$ ). For that matter, 0.06 is the total indirect effect of financial policies on performance of line managers. This is added to the direct effect of 0.48. The outcome is the total cause effect of  $(0.06 + 0.48) = 0.54$ . The resultant implication is that financial policies are a major contributor to performance of line managers in universities. Other factors account for the remaining 0.46.

Line managers are responsible for curriculum, standards, assessment, staff performance, library services, and planning in departments. Given that load, the 54% contribution is a justified percentage. Despite the 54% contribution being significant, there are instances of complaints about the performance of line managers in university departments. This problem may be mitigated by a relevant theory covering financial policies and performance of line managers albeit which does not exist.

It was found that there was no theory that could explain the effect of financial policies on the performance of line managers. This study recommends a new theory: “financial policies enhancing performance of line managers” (FPEPLM). The existence of financial policies, their content, their relevance, and their effective implementation would enhance performance in terms of enabling line managers to effectively participate in the planning, organising, staffing and control functions of the universities. These are the key roles of a line manager. Without financial policies, line managers would be unable to fulfil their roles. For that matter, this theory asserts that *ceteris paribus* the performance of line managers depends on the financial policies of the university.

## References

- Amin, E. M. (2005). *Social science research: conception, methodology and analysis*. Kampala: Makerere University Printery.
- Barr, J. M., McClellan, G. S. (2011). Budgets and Financial Management in Higher Education. Retrieved from: <http://eu.wiley.com/WileyCDA/WileyTitle/productCd-0470616202>.

- Bunoti, S. (2010). Quality of Higher Education in Developing Countries Needs Professional Support. Retrieved from: <http://www.theguardian.com/global-development>.
- Businge, C. (2012). Uganda's higher education chocking. Retrieved from: <http://www.newvision.co.ug/news/194-blog-uganda-s-higher-education-chocking.html>.
- Businge, C. (2015). Is a degree still worth it? Not really. Retrieved from: <http://www.newvision.co.ug>.
- Cutright, M. (2010). Expanding access and quality in Uganda. The challenges of building a plane while flying it. *International Education*. 40 (1), 21-31.
- Gilbert, N. (Ed.) (1995). *Researching Social Life*. London: Sage Publications.
- Gill, J., Johnson, P. (1991). *Research Methods for Managers*. London: Paul Chapman Publishing Ltd.
- Inman, M. (2007). *The Journey to Leadership: a study of how leaders – academic in higher education learn to lead*. Ed. D thesis. University of Birmingham.
- Inutsikt, A. B. (2003). Management quality: the role of middle managers. Retrieved from: <http://www.themanager.org/>.
- Karuhanga, B. N. (2010). Challenges of Performance Management in Universities in Uganda. *International Research Symposium in Service Management*. Retrieved from: [web.uom.ac.mu/sites/](http://web.uom.ac.mu/sites/).
- Karuhanga, B. N., Werner, A., (2013). Challenges impacting performance management implementation in public universities: A case of Uganda. *African Journal of Economic and Management Studies*. 4 (2), 223 – 243.
- Kasozi, A. B. K. (2003). *University Education in Uganda. Challenges and opportunities for reform*. Kampala: Fountain Publishers.
- Kasozi, A. B. K. (2009). *Funding Uganda's Public Universities: An obstacle to serving a public good*. Kampala: Fountain Publishers
- Kavuma, R. (2011). Africa's universities: Quantity threatens quality. Retrieved from: <http://www.theguardian.com/global/poverty-matters/2011/sep/09/africa-university-funding-crisis>.
- Kituuka, W. (2012). The graduates' unemployment in Uganda could be a blessing in disguise. Retrieved from: <http://williamkituuka.blogspot.com/2012/>.
- Lewis, G. (2015). One in five line managers 'ineffective', according to employees. Retrieved from: <http://www.cipd.co.uk/pm/peoplemanagement/b>.
- Mamdani, M. (2007). *Scholars in the marketplace: The dilemmas of neo-liberal reform at Makerere University, 1989-2005*. Kampala: Fountain Publishers.
- Mande, W. M. (2009). Effect of cost on the quality of MBA programmes in Ugandan Universities. *Makerere Journal of Higher Education*. 2, 47-64.

- Mande, W. M., Nakayita, M. (2015a). Effect of cost of education on choice of private universities in Uganda. *Review of Higher Education in Africa*. Retrieved from: <http://journal.lib.uoguelph.ca/index.php/rhea>.
- Mande, W. M., Nakayita, M. (2015b). Fees policy and quality of university education in Uganda. *Makerere Journal of Higher Education*. 7 (1) (2015) 3 – 12.
- McHenry, D. E. (1977). *Academic Departments*. San Francisco: Jossey Bass.
- Mulindwa, H. (2015). 10,000 ghost students at Kyambogo University identified. Retrieved from: <http://www.redpepper.co.ug/>.
- Nakayita, M. (2013). *Cost of University Education and Choice of Ugandan private universities by international students: a case of Nkumba and Kampala International Universities*. Unpublished MBA dissertation. Entebbe: Nkumba University.
- NASDAQ (2011). Financial policies. Retrieved from: [www.nasdaq.com/investing/glossary/f/financial-policy#ixzz419EyKm7A](http://www.nasdaq.com/investing/glossary/f/financial-policy#ixzz419EyKm7A).
- OECD (2002). Financial policies. Retrieved from: <https://stats.oecd.org/glossary/detail.asp?ID=4469>.
- Roscoe, J. T. (1975). *Fundamental Research Statistics for the Behavioural Sciences*. 2<sup>nd</sup> edition. New York: Holt Rinehart & Winston.
- Sadowky, J. (2015). *How middle managers can expand their influence*. Retrieved from: <http://www.johnsadowsky.com/>.
- Saunders, M., Lewis, P., Thornhill, A. (1997). *Research methods for business students*. London: Financial Times Management.
- Sekaran, U. (2003) *Research methods for business: A skill building approach*. 4<sup>th</sup> edition. New Jersey: John Wiley and Sons Inc.
- Sensing, T. (2014). *The role of the academic dean*. Abilene Christian University.
- Senyonyi, J. (2015). Resource Mobilisation for universities. University Vice-Chancellors Forum Bulletin. Volume 4. Kampala: University Vice-Chancellors Forum.
- Stoner, L. A. F., Freeman, R. E., Gilbert, D. R. (2000). *Management*. 6<sup>th</sup> Edition. New Jersey: Prentice- Hall.
- Tibarimbasa, A. K. M. (2010). *Factors affecting the management of private universities in Uganda*. Unpublished PhD thesis. Kampala: Makerere University.
- UCOP (2014). *UCOP financial policy*. Retrieved from: [www.ucop.edu/finance-office/mission-goals/ucop-financial-policy.html](http://www.ucop.edu/finance-office/mission-goals/ucop-financial-policy.html).
- UCT (2014). Financial Policy in Respect of Council-Controlled Funds. Retrieved from: <https://www.uct.ac.za/usr/finance/>.
- RoU (2001). Universities and Other Tertiary Institutions Act. The Uganda Gazette No.19. Volume XCIV. Entebbe: Uganda Printing and Publishing Company.

- Wandera, D. (2014). Ndejje University closed after students' strike. Retrieved from: [www.monitor.co.ug/News/688334/2529934/-/1jq54o/-/index.html](http://www.monitor.co.ug/News/688334/2529934/-/1jq54o/-/index.html).
- Wellman, J. (2011). Financial policy and broad-access public colleges and universities to spur increase in students' success. Retrieved from: [standard.edu/sites/defeat/](http://standard.edu/sites/defeat/).
- Wood, F., Sangster, A. (1999). *Business Accounting 2*. New Jersey. Prentice-Hall.
- World Bank (2010). *Financing Higher Education in Africa*. Washington DC: Author.