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| RESEARCH ARTICLE

The Effect of Tuition Grants on Financial Prudence of Secondary Schools in Busia County, Kenya

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| ABSTRACT
The study was conducted to establish the effect of tuition grant on the financial prudence of secondary schools in Busia County, Kenya. The study was guided by New Public Management theory. The study adopted a descriptive survey design to establish the association between the predictor variables and financial prudence. The target population comprised 276 respondents: 92 school principals, 92 accounts clerks, and 92 HODs, all drawn from 92 public schools in Busia County. A sample size of 276 respondents was determined using the census technique. Self-administered questionnaires were issued to respondents. A pilot study was done in secondary schools in Bungoma County. The study used the Cronbach's alpha model to test the internal consistency, with the alpha coefficient of above 0.7 being considered reliable. The study concluded that tuition grants have a significant effect on the financial prudence of secondary schools in Busia County. The study recommends increasing tuition grants to ensure sufficient materials for students' good academic progress at the school.

| KEYWORDS

Financial Prudence, Tuition Grants, Secondary Schools, New Public Management Theory

| ARTICLE INFORMATION

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1. Introduction

Globally, most governments have invested heavily in education as a means of transformation towards sustainable development. It increases people's abilities to change their visions into reality. Most states strive for quality education for sustainable development. According to Angrist et al., (2016) during the late 19th century, the governments' compulsory free universal education was introduced across the country, and by the 21st century, support for schools was enhanced. Exemption from payment of tuition fees in European countries such as France and Malta is normal for European students, and the same applies to Germany for both local and international students (Paneru, 2020).

Free education is provided by the government of Sri Lanka at various phases and state-financed schools such as provincial schools, national schools as well as primary and secondary schools benefit immensely (Regmi, 2017). Worldwide, government capitation is used to support free education which comes in the form of scholarships and grants that cover all or most of students' expenses. These are provided by Organizations and Individuals, which may be religious or charitable organizations (Regmi, 2017).

In Sub-Saharan Africa (SSA) countries have been sluggish to realize gains in universal primary and secondary education admission due to inadequate government funding. In the 1980s and early 1990s, the SSA states experienced a decline in the primary and secondary school gross enrollment rate while all other states experienced supernormal increase (World Bank, 2011). In response, many education managers in Africa initiated programs to encourage enrollment in secondary and primary education among its people. The majority of these programs were meant to increase enrolment in primary and secondary education by abolishing payment of school fees by parents (Fredriksen, 2023).

In Uganda, Government introduced School Facilities Grant (SFG) and the UPE Capitation Grant. SFG was meant to provide the necessary school infrastructure such as school furniture, latrines, classrooms and teachers' houses, while UPE capitation grant meant for co-curricular activities, instructional/scholastic materials and the administration and management of the schools (Otyola et. al., 2022). Upon introduction of UPE (1997), there were 2.2 million learners in primary schools, and this grew to 8.3 million1 pupils by 2010. G.O.U spent Ug Shs.139 billion in capitation grant between FY 2006/07 to FY 2009/10 (World Bank, 2009).

The provision of tuition grants, also referred to as government capitation, remains a central pillar in Kenya's efforts to promote access to quality education, particularly in secondary schools. The Government of Kenya has consistently committed substantial financial resources through tuition grants to support free day secondary education, with the intent of alleviating the cost burden on parents and enhancing learning conditions. The Koech Report (Republic of Kenya, 1999), as cited in Kijiba (2018), emphasized the necessity of government capitation in expanding access and improving educational quality. However, recent studies and audit reports reveal a persistent gap between the intended outcomes of tuition grants and actual financial practices in secondary schools, especially in Busia County.

Despite increased financial allocations and policies supporting 100% transition from primary to secondary education, schools in Busia County continue to experience significant financial management challenges. For instance, Mwangi and Ochieng (2023) report that 35% of schools in the county recorded budget discrepancies where spending exceeded capitation by over 20%, with evidence of misappropriation and unaccounted funds. A striking example is the KES 20 million from infrastructure grants that remained untraceable. Additionally, 45% of schools faced unpaid utility bills despite receiving operational funding, and per-student expenditure in Busia was notably 25% higher than the national average without reflecting in academic outcomes or improved infrastructure. These inefficiencies highlight a critical deficiency in financial prudence among school administrators.

Moreover, past studies (Mutua & Wambui, 2022; Kiplagat et al., 2022) underscore systemic issues such as poor governance, corruption, inadequate internal controls, and unclear policy frameworks, all contributing to the mismanagement of tuition grants. While several local and international studies (e.g., Adebayo & Ilesanmi, 2020; Chiemeka & Nwagwu, 2015; Rono, 2019) have explored financial accountability in public institutions, there remains limited empirical focus on the specific influence of tuition grants on financial prudence within the secondary education context in Kenya. In particular, the relationship between the disbursement and utilization of tuition grants and their impact on effective financial practices in secondary schools has not been adequately addressed.

Given the increasing enrolment, rising operational demands, and the strategic role of secondary education in national development, it is imperative to investigate the extent to which tuition grants influence financial prudence in secondary schools. This study, therefore, sought to assess the influence of tuition grants on financial prudence in public secondary schools in Busia County, Kenya, with the aim of contributing to more effective financial management and policy reforms in the education sector.

2. Theories and Hypothesis Development

Stakeholder theory as developed by Edward Freeman in 1984 is founded on the assumptions that talk about morals and values in running an organization. According to (DeAngelo, 2018); Stakeholder theory recognizes that there are individuals involved in management, such as financiers, communities, customers, employees, contractors, public agencies, trade associations, competitors, trade unions and political groups, who sometimes scrutinize government funding. Stakeholder theory was applied in this study as a critical-diagnostic instrument to ascertain the points at which stakeholders are vulnerable to breakdown in the spending process in the absence of moral constraints on the part of government spenders (Freudenreich, 2020). For instance, stakeholders such as taxpayers, electorates or simply citizens are concerned in what the government offers from spending taxpayers' money. They expect a business-like approach of governance in the areas of utmost good faith, transparency, and accountability, as enshrined in new public management theory (Fares, 2021).

Education was generally considered as the greatest form of investment in human resources. It elevates the learners' intellect, improves their quality of life as well as individuals' skills and efficiency in the production process. Students and their parents invest in their education through payment of tuition fees, purchase of books and other learning materials, and living expenses among others. They further argued that other countries that run free education programs usually provide opportunities for students to raise funds either directly or indirectly towards financing of their education. This could be in form of bursary grants or students' loans payable after graduation and subsequent employment. Given these rich empirical studies on the DEA method of efficiency delivery of medical education, this study covered the gap by bringing the study on financing of medical education up to date in Nigeria. It therefore provided a valuable information tool to guide policy formulators as well as other relevant stakeholders in the financing of medical education in Nigeria. This study found that the amount of money received towards financing medical education at the CMUL was persistently less than the amount allocated in the budget in most cases. Also, the amount set aside for general overheads was largely consumed by running costs, leaving small amounts for teaching and research expenses. In fact, the major components of the funds were often expended on staff salaries and allowances. There were minimal allocations for teaching equipment, consumables, and reagents as well as staff training, which ought to constitute a major area of emphasis in order to have the desired quality expected of medical staff and students. The issue of funding may continue to be a mirage if the funding models adopted by medical institutions are not sustainable both in meeting the current needs as well as future requirements in promoting medical education. This goal will be achievable if there is effective collaboration among all stakeholders in the education sector.

However, it should be introduced gradually with consultations of all higher education stakeholders and the government. The study had the following implications: First, the study findings is that the fact that the government has been funding the institution through capitation and grants and students/parents have continued to pay tuition fee for education confirms the investment as both a public and private good. However, the study has certain limitations as well. First, the study is being a case study the findings may not form a basis of generalization across all public universities in Kenya, though it may provide valuable trends in the higher education for policy makers. Second, without relevant statistical analyses, adequate control of other variables was not possible due to limited detailed data in terms of study period. For quantitative analyses to make meaningful inferences on cause and effect of variables, a 30-year span period is required which in this case was a limitation.

3. Research Methodology

This study applied descriptive survey design to obtain information both quantitatively and qualitatively. DeAngelo, (2018) point out that descriptive survey study design is an appropriate technique for evaluating education policies and programs and elucidates that a descriptive survey entails determining what people are doing, thinking and then gathering information. The application of the descriptive method included describing and observing the situation without changing the variables (Saunders et al., 2009). The target population was obtained through the census method, where 92 Public Secondary Schools of various categories in Busia County comprising 276 respondents, that is, three respondents from each school; 92 Principals who are the accounting officers of the school, 92 HODs and 92 Accounts Clerks were targeted by the study.

3.1 Measurement Variables

This research examined the relationship between tuition grants and financial prudence of secondary schools in Busia County, Kenya. Measuring the variables was done through indicators that were obtained through reviewed literature and measured by using a structured questionnaire. The measures of each construct consisted of a number of items rated using a five-point Likert scale ranging between 1 = Strongly Disagree and 5 = Strongly Agree.

3.1.1 Dependent variable:

The dependent variable is financial prudence. It was measured with the help of the items quantifying: Budgeting on how the tuition grant is utilized, Procurement of learning materials, and stakeholders' feedback, which informed how funds were utilized as far as running of the schools were concerned. These actions were based on the previous studies concerning the performance of public finance

3.1.2 Independent Variables

Tuition grant was the independent variable which was operationalized in the dispensation of buying of learning materials for the students, their efficient use on co-curricular activities, and the timely facilitation of academic trips on the side of the students. These Indicators have been crafted based on the models of public financial management.

4. Results and Discussions

The table below shows the extent to which the respondents agreed or disagreed on tuition grant and financial prudence.

Table 1 Tuition Grant and Financial Prudence

	Mean	**Std Dev**
Tuition grant is used in paying wages and salaries for BOM teachers and other subordinate staff in the school.	3.23	1.343
Tuition grant is used to fund the cost of purchasing computers, printers, photocopiers and stationery in the school.	2.97	1.166
Tuition grant is used for purchasing teaching and learning resources such as reference textbooks, laboratory equipment's and chemicals and chalks in the school.	3.30	1.077
Tuition grant is used for financing co-curricular activities such as games and sports, drama, science and engineering competitions in the school.	2.92	1.090
Tuition grant is used to meet the cost of administering internal examinations to test the academic progress of students in the school	3.24	1.164
Tuition grant is used to fund educational trips in the school.	3.03	1.301
Tuition grant is used to buy reference books as recommended by HODs.	2.87	1.234

Source: Field Data (2025)

The data presented in Table 1 summarizes the perceptions of respondents on how tuition grants are utilized in schools and their implications on financial prudence. The mean scores range from 2.87 to 3.30, indicating generally moderate agreement on the various uses of tuition grants, with varying levels of consensus as shown by the standard deviations. The highest mean score (3.30) is associated with the use of tuition grants for purchasing teaching and learning resources such as textbooks, laboratory equipment, and chalk. This suggests that respondents strongly recognize the appropriate allocation of funds towards instructional materials, supporting the findings of Ngugi (2018) and Odhiambo (2020), who found that proper utilization of tuition grants for academic resources significantly enhances educational outcomes and reflects prudent financial management.

The second-highest score (3.24) relates to administering internal examinations, showing general agreement that tuition grants are effectively used to support academic assessment. This is in line with Wanjohi (2017), who highlighted the importance of using tuition funds to facilitate internal evaluation mechanisms, which are key to monitoring academic progress. Conversely, lower mean scores such as 2.87 and 2.92, relating to buying reference books recommended by HODs and financing co-curricular activities respectively, point to a lack of consensus or limited confidence in these areas. This reflects concerns raised in Kiprop (2015), who argued that due to restricted tuition budgets, schools often underfund or overlook co-curricular needs, and guidance on textbook acquisition may not always be followed systematically.

The use of tuition grants to pay wages for Board of Management (BOM) staff also showed a moderate mean of 3.23 but with a high standard deviation (1.343), indicating mixed opinions. This aligns with Mutua and Simiyu (2016), who found that while some schools divert funds to pay non-teaching staff, such usage is often inconsistent with government policy, raising accountability concerns.

The use of funds for educational trips scored moderately (3.03), suggesting some schools use tuition grants for this purpose, even though policies may not always permit it. This ambiguity in application echoes the findings of Odhiambo (2020), who noted variance in school-level financial decisions and a need for clearer guidelines and training on grant utilization.

In summary, the data indicates that respondents generally agree tuition grants are best used for core teaching resources and academic assessments. However, mixed views on funding for co-curricular activities, BOM staff wages, and reference materials point to gaps in policy interpretation and implementation, which recent studies recommend addressing through better financial training and clearer government directives

Table 2: Simple Linear regression for Tuition grant and Financial Prudence

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics F Change	Sig. F Change
1	.778[a]	.605	.603	2.26370	17.234	.000

a. Predictors: (Constant), Tuition Grant

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	692.129	1	692.129	17.234	.000[b]
	Residual	8874.582	221	40.156		
	Total	9566.711	222			

a. Dependent Variable: Financial Prudence
b. Predictors: (Constant), Tuition Grant

Coefficients[a]

	Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.120	1.023		1.095	.000
	Tuition Grant	.678	.65	.778	1.043	.000

a. Dependent Variable: Financial Prudence
Source: Field Data (2025)

The regression results in Table Cosmus-Consolata2 indicate that tuition grants have a significant and positive effect on financial prudence. The model summary shows that the correlation coefficient (R) between tuition grants and financial prudence was 0.778, demonstrating a strong positive association. The coefficient of determination (R^2) was 0.605, which implies that tuition grants account for 60.5% of the variation in financial prudence, while the remaining 39.5% is explained by other factors outside the model. The standard error of estimate stood at 2.26370, suggesting that the model provides a good level of accuracy in predicting financial prudence.

The ANOVA results revealed that the regression model was statistically significant, with $F\ (1,221) = 17.234$ and a corresponding p-value of 0.000. This confirms that tuition grants significantly predict financial prudence, leading to the rejection of the null hypothesis that tuition grants have no effect on financial prudence.

The regression coefficients further showed that the constant term was 1.120, implying that even in the absence of tuition grants, financial prudence would still remain positive at this baseline level. The unstandardized coefficient (B) for tuition grants was 0.678 with a significant p-value less than 0.05, indicating that a unit increase in tuition grants leads to a 0.678-unit increase in financial prudence, holding other factors constant. The standardized coefficient (Beta = 0.778) further demonstrates that tuition grants make a strong contribution to financial prudence.

In summary, the findings show that tuition grants play a crucial role in enhancing financial prudence among the institutions under study. The high explanatory power (60.5%) suggests that tuition grants are one of the most influential forms of financial support in ensuring prudent financial management practices.

5. Discussion and Conclusion

The regression analysis demonstrates that tuition grants have a strong and statistically significant influence on financial prudence. The model summary indicates a high correlation coefficient, suggesting a strong positive relationship between tuition grants and financial prudence. This implies that institutions receiving higher tuition grants are more likely to exhibit better financial management practices.

The coefficient of determination shows variation in financial prudence is explained by tuition grants. This represents substantial explanatory power, indicating that tuition grants are a key determinant of financial prudence. The ANOVA results confirm that the regression model is statistically significant. This means that tuition grants reliably predict financial prudence and that the observed relationship is unlikely to have occurred by chance. Therefore, the null hypothesis that tuition grants have no significant effect on financial prudence was rejected. These findings align with financial management theory, which elucidate that increased financial resources enhance an organization's ability to plan, allocate, and control finances effectively.

The study concludes that tuition grants have a significant and positive effect on financial prudence. Institutions that receive higher levels of tuition grants are better positioned to practice sound financial management, as reflected in improved budgeting, expenditure control, and resource allocation. Given the strong explanatory power of the model, tuition grants emerge as a critical factor in promoting financial prudence. However, since not all variation is explained, it is evident that other institutional and managerial factors also contribute to financial prudence.

Therefore, policymakers and institutional administrators should prioritize the provision and effective management of tuition grants, while also strengthening complementary mechanisms such as financial oversight and governance frameworks to enhance overall financial prudence.

5.1 Study Limitations

This study had several limitations that should be considered when interpreting the findings. First, the study focused only on the effect of tuition grants on financial prudence, yet financial prudence is influenced by other factors such as institutional leadership, financial management capacity, governance structures, internal controls, and government funding policies. Consequently, the model did not capture all determinants of financial prudence.

Second, the study relied on respondents' perceptions collected through questionnaires. Although appropriate measures were taken to ensure the reliability and validity of the instrument, responses may have been affected by social desirability bias or differences in respondents' understanding of financial management practices. This may have influenced the accuracy of the findings.

Third, the study adopted a cross-sectional research design, collecting data at a single point in time. As a result, the findings establish the existence of a significant relationship between tuition grants and financial prudence but do not demonstrate how this relationship may change over time or establish long-term causal effects.

Finally, the study was limited to the institutions included in the sample. Therefore, the findings should be generalized to other educational institutions or different geographical contexts with caution, as institutional characteristics and funding environments may differ.

5.2 Suggestions for Future Research

Future studies should examine additional factors that influence financial prudence, including institutional governance, leadership effectiveness, internal financial controls, accountability mechanisms, and the competence of financial management personnel. Incorporating these variables would provide a more comprehensive understanding of the determinants of prudent financial management.

Future researchers should also employ longitudinal research designs to examine how changes in tuition grant allocation and utilization affect financial prudence over time. Such studies would provide stronger evidence on causal relationships than cross-sectional studies.

In addition, comparative studies involving different categories of educational institutions or different counties and regions would help determine whether the relationship between tuition grants and financial prudence varies across institutional and geographical contexts.

Finally, future research could adopt mixed-methods approaches by combining quantitative analysis with qualitative techniques such as interviews and focus group discussions. This would provide deeper insights into the practical challenges institutions face in managing tuition grants and explain the reasons behind variations in financial prudence.

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