

Stakeholders' Perspectives on the Financial Management of Academic Institutions: Analytical Review with Reference to India

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Abstract

Financial Management assists ways to attain the goals and objectives within the academic institutions. People understand the key features of the financial management that includes the organisation, transparency and awareness about the features that operate the institution ethically and legally. Managing the academic finance is effectively a complicated series of monthly and annual administration of finance at different levels. The success of academics initiates the momentum for the flow of funds within and outside the Academic Institutions. However, this is not merely by chance. It requires rigorous designing and executing of the initiatives for and by the key stakeholders. This is the normal misconception that the financial management of the corporate sector organizations is difficult than the Academic Institutions. In general, the versatility of the financial management of the Corporate Sector Industries could be more but depth, uncertainty and complexity of the financial management of Academic Institutions is at par with that Corporate Sector Companies. In both the sectors, the Human Resource element makes the management more dynamic and challenging. In Academics as well, the employees are determined, ambitious and obsessive as well. This calls for the ability to push back and win their support. Management offers opportunities and resources to the employees and other stakeholders. However, there is an impact of the psychology and mind-set on the financial management. All the Stakeholders are crucial for the Academic Institutions even though the financial management gets affected to a large extent by the Top Management and their decision making.

Introduction

Brigham & Houston (2021), stated that financial management is the core part of business functions that deals with capitalise the financial resources for business success and return on investment (ROI) which is achieved. Businesses have professional plans for organising and regulating the business transactions. Financial management assists in several ways to attain the goals and objectives within the academic institutions. The role of financial part is to measure institution efficacy by properly allocating the acquisition and management of available financial and non-financial resources. It provides direction and guidance to plan the acquiring of funds from diverse sources. The plan is to organise, direct and administer the financial activities of the institution and executes the management ethics to the financial resources of the company. The people in financial institution oversee the financial bodies that is a major component for aligning the duties and administration along with the ethical areas (Chandra, 2011). As such, it's quite hard to manage but it comes with right and wrong which is related to funding and tracking down the growth that consults it before making the financial decisions. People understand the key features of the financial management that includes the organisation and transparency and awareness about the features that operate the institution ethically and legally. The best things are to keep the records and documentation of financial management that lead to the routine and crucial decision making.

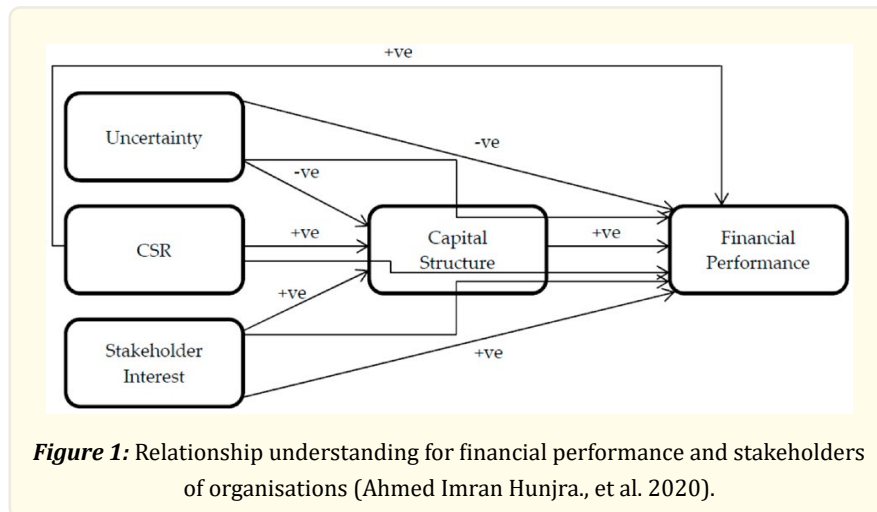
Stakeholders are the primary persons in the organizations who strive to meet the objectives and contribute their financial resources with their experience and perspectives to any activity. In case of academic institutions, the major investment is in the technology enabled infrastructure and equally competent and qualified manpower. The stakeholders in Academics are the persons who are affected by institutional systems and have vested interests. In general, there could be many stakeholders in internal and external category. However, in Academics, the crucial stakeholders remain to be the Management, Faculty Members, Students, Academic Auditors, Ministries of Manpower and Education, Parents, Industry, Alumni along with other stakeholders. Some of them are directly linked with the financial affairs, welfare and success of the Academic Organizations. (Patrucco et al. 2017). Their collaborative efforts are channelized towards the achievement of short term and long term objectives. Stakeholders are the persons who have common interest in the organisation and in terms of educating, the stakeholder is somehow vested their resources and interest in the welfare. This includes different parties that affected the business and failure of the educational system as well who directly or indirectly affect the same.

They work with the positive energy for the better future of children and their employment and affected by the institutional success (Fagrell et al. 2020). Further, the parents have the strong desire in the education systems while the students having the keen interest in competence and employability. It's not easy to manage the vested interest of all the stakeholders represented by the common objectives of the organization. Factors like infrastructural development, admissions, placements, strong industry interface, alumni connectivity, updated and consistently fine-tuned syllabi, practical oriented and employability directed teaching-learning pedagogy are crucial for the stakeholders to attain the sustainability for the organization. However, the crucial factors of investment of money, utilization of money and interference in the utilization of money as well as overall management of the academic organization remain to be more delicate factors to look upon when it comes to the stakeholders like Management. In fact, if the intentions of the stakeholders are not ethical, the community as a whole gets affected in the educational system. Indirectly the aspiring career candidates including Managers, Leaders, Entrepreneurs, Social Workers, Investors, Consultants all get affected. (Opportunity India, 2018). Hence, all the stakeholders of the educational community have their own importance and role to play even though those who deal with the money have got more vigilance by the others. Ultimately, every stakeholder category contributes and supports to the entire educational system.

As Stakeholders are the core people who have keen interest and stake in the organisation (academics), they focus on the performance and ensure to remain calm and acceptable at different levels. What matters is the influential power in the overall system. The decisions are made by their influence might be in the right or wrong direction. They are the ones who can create or destroy the trustworthiness and overall image of the academic organization. (Miles, 2012).

Initial spending, investment, waiting for the returns to get generated by the stakeholders can be utilized for building the strong academic organization. The interest level and intensity of the stakeholders might vary from person to person. This gets reflected in the productivity, quality of services, innovation, technology, work ethics and standard practices through which they contribute to the organization. The competition is high and even the education business practices are changing rapidly responding to the real needs of modernisation to redefine the values and understand the interest. The financial management of academics is to satisfy the stakeholders and exist their existence.

Profit is the fundamental dimension of organisation that help to sustain, perform and grow to raise maximize wealth. There are some social responsibilities for the accountability of the state that aim to enlist the social totality. The performance of any organization is the strategy that works on innovation, quality, market position, and long-term view. Academic organization is no exception to this. Hence, the organisation seeking to improve their products and services, processes and overall structure strive to reduce high cost, bring better level of satisfaction and fulfil customer demand while generating the profits. Further, finance is the blood of the organisation which improve the financial sector and create positive direct impact.



The capability of the business is to create and sustain the wealth which depends on competitive advantages of the value chain, determined by firm's relationship with the customers, stakeholder, employee and more (Ömer et al. 2015). The quality and competitiveness of the stakeholder relation manage the academic general capabilities. Thus, the need to execute good corporate governance is not only social but for the good economic reasons. The academic institution acts responsibly for their stakeholders that enhances its business and see the profit rise that used by various stakeholders to achieve their goals. Hence, the institution exists to satisfy stakeholder goals and create environment that encourage ethical behaviours. The academic organizations have to act ethically through their stakeholders and increase their profits that rise to determine by achieving the goals. Organisations do exist to fulfil the stakeholder's expectation and create environment that encourage ethical behaviours.

Research Problem

The academic stakeholders have different groups in the organizations that bring in the common expectation to manage the finance. In addition, these groups do have their personal ambitions, desires, needs and greed as well. They get reflected through the intensity of the ethical / unethical behaviour they portray in their contribution towards academic organizations. After the COVID-19, the mindset of stakeholders has changed especially in terms of low cost, low time and high financial results emphasis. Emphasis is good but the competition to bring the results by unethical, unwanted and unexpected means has emerged to be the real cause of worry.

Research Significance

Stakeholders are the key influencers in the decision-making process and ensure to have organisational working that remains dynamic, inspiring and rewarding to have good working condition. This is to ensure that the organisation finance parts can perform well. However, the stakeholders do understand their interest levels and acquire to satisfy their ambitions and needs in the academic organizations as well. This varying interest from person to person has all the elements in it including the crucial one of financial perspective. This in turn relates to the productivity, environment, quality assurance, regulations and ethical understanding (McGrath & Whitty, 2017). The financial management defines as the address to the stakeholders where they delicately require actions for the long-term success. Hence, if the organization doesn't have the ability to satisfy their stakeholder, they defeat their purpose and its existence.

Further, management offers opportunities and resources to the supplier with the development in the specified product. Also, the financial management is the key to ensure supplier of their products that covers regulations of the statutory authorities that follow the specific regulations. There can be supplies which is covered by policies, procedures, and safeguards. Hence, there are some confidential clauses which is key for the supplies in the academics and ensure the agreements that requires to fulfil the expectation of clients.

Research Objectives

- To address the influence of stakeholders on financial management.
- To understand the strategies that can be utilised to manage finances properly at an academic field.
- To determine the factors affecting financial management at academic institutions.

Research Methodology

This study aims to examine the financial management of academic organizations affected by stakeholders. The intended scope is India. The methodology used in this study allows for observing and comprehending the financial management of academic's surroundings. They assess the challenges; an inductive research technique will be utilised for this study's purposes. Academic have high range in age, gender, and region of India (Snyder, 2019). Data from sources will be used to support the findings of the first survey to be undertaken with primary data. Online and hard copy versions of scholarly books, journals, articles, and news reports remain to be the secondary database sources. The primary and secondary data findings will be analysed and interpreted to produce the final conclusions.

Literature Review

Influence of Stakeholders on Financial Management

Senior finance professionals' skillsets include the fundamental ability to encourage stakeholders over important business decisions. The organisational job requires knowledgeable person for the finances and how its financial decision affect the company's operations and able to effectively convey stakeholders with the financial records and influence their decisions by giving them accurate information (Pererva et al. 2021). The skill is required in companies or more appropriately in Industry. Employees are determined, impetuous, and obsessive. This calls for the ability to push back and win their support. However, it does imply that working in any organization including the academic one is an exciting one, fast-paced and with an entertaining atmosphere. The competent and well-researched persons are often found to have developed trustworthy connections with stakeholders, illustrate bigger picture of the business and be able to inspire confidence to influence stakeholder decisions.

Further, knowledge has the power for the credibility that rises and demonstrates individual expertise to support financial data. The financial management needs prior homework to be able to summarize the entire cost and profit centres of the organization. Financial Management always emphasises with the quantifiable action and deliverable output that has the financial impact especially when it comes to supporting the stakeholder inside the firm. The financial implications of decision are essential, whether it is explicit cost, opportunity cost, or review of returns on investment (Pererva et al. 2021).

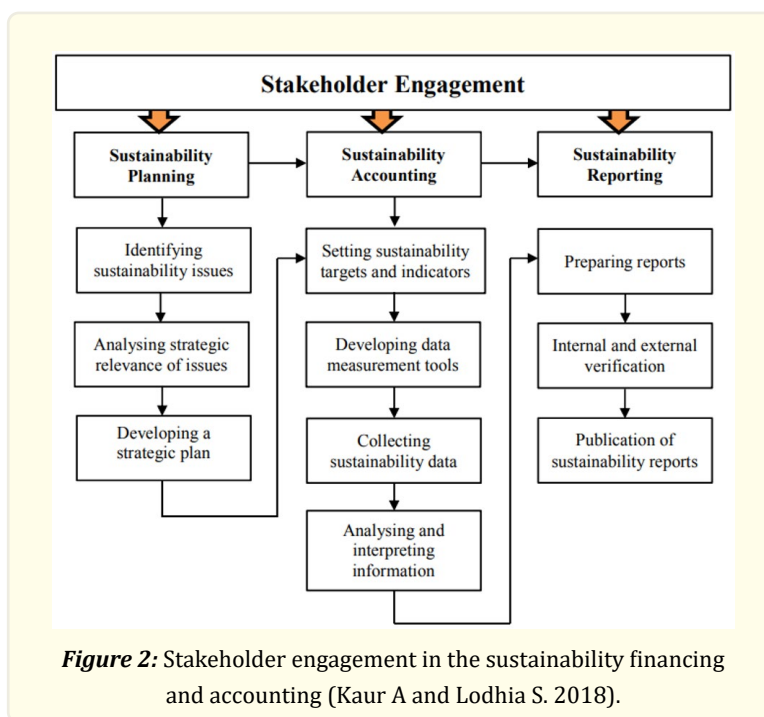
People work productively to gain the trust and comprehend the stakeholders who, in turn, prefer to collaborate, communicate, and determine the objectives. Able to explain the stakeholders in businesses how the financial information will affect the business.

Importance of Stakeholder's Voice

The success of academic organization initiates the smooth flow of ethical and uninterrupted flow of funds from stakeholders. However, to the extent the required revenues are not generated in the form of returns on their investment, the financial management becomes by virtue of generating the returns by choice and by force rather than by chance. Not only the stakeholders like Management whose money is at stake intervene but other stakeholders indirectly related with the financial management process also attempt to influence from time to time.

Here are some reasons why stakeholder voice is important

Program Design - The execution is intervention where process design ensures the financial activities and honed to needs of resources, schedules, etc. of their stakeholders. It is quite feasible to have effective design that involves beneficiary stakeholders in the financial process and create positive impact because local stakeholders can reveal relative distinctions, which is key in understanding the programs and interventions (Indeed, 2021).



Managing Risk - The academic organization has to look over the local stakeholders who are mainly engaged with the financial aspects and encounter difficulties to serve to get results. Also, elimination of the potential negative externalities can't be neglected. The financial management of academic organization should plan the possibilities that help to ensure effects can be mitigated. (Lukasiewicz & Baldwin, 2017). Determining the commitment of the stakeholders help to build the credulity with the local communities and authorities.

Assessing Impact - Understanding the impact of the financial management is possible to consider the stakeholders. It measures the hours of activities that perform by students and services that academic institution delivered. However, the equation does not get matched only on the basis of number of hours and number of students along with the various activities carried on for them. Positive impact is often connected with the beneficiaries getting benefited from the financial returns at par with the expectations.

Building up Relationship - The academic organization has to target the community as a whole and drive the impact term endeavour, long-term relationship efforts. These include the scope of financial management. The academic organization has its local leadership which increases the simplicity of the conduct of Curriculum but at the same time the complexity of the management of human expectations and funds. (Lukasiewicz & Baldwin, 2017).

Stakeholder Interests That Determine Business Thrives

Stakeholders have keen interest in the business and it's important to make business decisions. The stakeholders determine the business thrives and identify what is important and in the best interest of the organization. They do have a keen interest in business ventures and project-related decisions in the long run. They directly and indirectly influence business decisions and consider their changing expectations directly linked with the financial performance of the organization.

Employee - Employees are the significant part in academic organization who are involved in business decisions either directly or indirectly. If not directing, they operate the finance under the direction.

Customers - Here the customers are the students who trust on their products and services in the form of streams of knowledge available, resources used, teaching – learning pedagogies and last but not the least, the recruitment / placement in the form of overall employability. It's therefore a crucial thing for academic organization to consider relevancy of the offerings on the customer by deciding the revenue generation, process, etc.

Investors - Investors are the key stakeholders of the business where they allow businesses to perform well and get positive return of their financial investment. Therefore, the investors take key decision for business growth and concern their interest in societal impact and consume their potential market share.

Leaders - Business have the leader to share their vision and stake in the organisation. in the financial management, the leaders lead higher compensation, closing down new ways. Hence, leader often consider their interest of their stakeholders.

Government - The involvement of government as stakeholder is key in the organisation and have several reasons that profitable the business and contribute the resources in taxes (Indeed, 2021). In financial management, they contribute in GDP, and make the business growing which typically hire those students who cover high areas.

Communities - Communities have different sizes and perspectives in the business stake. Like running the local business affect the finance, but working on the large make the business profitable, help to generate the goodwill, affect the business health and overall environment.

Suppliers - Both vendors and suppliers have business stake in the business. They are similar to sell the business products among the people, parents, students who raise the results and affect both in different ways.

Strategies Utilised to Manage Finances Properly at Academic Field

Managing the academic finance effectively needs complicated series of monthly and annual administration of finance at different level. From making the balance budget to manage the vendor records, maintaining the assets, all functions are geared towards aligning the desired students with the available resources. Like every field, the major cost to the organization in the Academics is also a Manpower Cost. However, in the wake of expansion and diversification, it is observed that the neglected area also remains to be the manpower costs in many cases. The reason being, in the comparatively more uncertain external environment including the ever increasing competition and costs, the corresponding revenue hikes are not easily possible. Due to this, when there is a financial set back due to one or the other reason, the initially affected and majorly contributing areas remains to be the manpower costs including salaries. Especially during the Covid-19 times, it was observed very commonly. Strategizing the financial management properly could improve the situation to a great extent. Not only budgeting and allocation of the funds are adequate measures but the utilization and consistency in the utilization also bear the equal weightage. Entire Academic Organization is also based on the business model even though the profit making does not remain to be the only and major objective. However, the delayed actual cash inflows make it necessary for the Academic Organization to strategize the finances properly so that every aspect of the cost will be taken care of. A few indicative steps in strategizing the financial management of the Academic Institution are as under:

Monitor plan and data - These include demographics and achievement data, financial reviews, formulations that closely tied with pre-funding allowances, recognizing the trends that allow to make data-driven decisions in proactive manner, projections and anticipate the impending actions (Cândido & Santos, 2015).

Create long-term plan - By focusing on students, stakeholders make 4-5 years' strategic plans and break them in short-term or tactical plans with actionable steps that direct the budgeting process. In partnership with instructional staff, financial leaders make annual budgets that maintain carefully and align them with goals.

Minimise extra cost - Consider the small cost, rethink about the process and keep administrate the cost under the control that ensure to have allocated funds, like where the organisation should invest, in classrooms, in academic, etc. investigate the indirect cost which

is linked with operations.

Manage asset - Anticipate the capital expenditures and avoid the extra cost. Work closely with the administration facilities, staff members, academic finance officers that plan the things in advance (Cândido & Santos, 2015).

Transparency and accountability - Establish public trust among the stakeholder. Tailor the communication to several groups that allow academic finance to collaborate effectively with the members, administration, leaders and community members. Engaging these stakeholders in long-term planning enhance the buy-in confidence and building up the support for the strategic goals.

Review cost - Take the look to review the cost and relative consolidation and supportive financial services. Even in academic institution, they strive to improve the results with rigorous values and new technologies, and possible to use business practices that define operational process, return on investment (ROI) which is a high priority.

Factors Affecting Financial Management at Academic Institutions

Executives and members of management work together to improve relationships and effectively create a business environment. Management sets different department that monitor the results and its impact on financial activities. Internal audit answerable to make a profit within the scope of the law.

	No. of observation	Min	Max	Mean	Std. Deviation
Firm Debt (FDEBT)	80	0.23	6.60	1.55	1.66
Firm Size (ln) (FMSIZE)	80	5.22	8.47	7.42	0.78
Firm Age (ln) (FMAGE)	80	0.00	1.18	0.74	0.33
Return on Asset (%) (ROA)	80	-8	47	17	14
Return on Equity (%) (ROE)	80	-47	95	31	25
Board Size (BSIZE)	80	5	12	7.71	2.26
Outside Directors (BOUTSIDE) (%)	80	38	100	82	17
CEO Duality (CEOD)	80	0	1	0.90	0.30
Foreign Directors (FODIR) (%)	80	0	100	61	29
Board Skill (BSKILL) (%)	80	0	29	9	9
Gender Diversity (FEMDIR) (%)	80	0	36	9	10

Figure 3: Factors constituting the impact points on the financial management of the academic institutions.

Solvency - Investors analyse the corporation solvency to demonstrate about resourcing and financial professionals that invest the intellectual and support the firm to clear their debt (Karadag, 2015). Hence, financial managers increase the assets of the company.

Securities markets - Positive runs in the market help to make the investors, economy, growth, employment, circulation of financial resources move in desired direction. This in turn, remains to be the favourable situation for academic institutions as well. However, after the COVID-19, the mindset of people has changed and market tells to have good economic strategy (Karadag, 2015). There are many influencing factors that help academic institutions to execute strategies. Academic Institutions all over the world do get affected by the economy, capital markets, government policies, infrastructural and technological advancement in direct and indirect manner. The Management of the academic institutions has to be keen on all these factors as the strategic plans' success depends on the favourable above referred factors. Even a few Universities and HEIs listed on the capital markets at international level.

Corporate credit - This helps the academic organizations in their short-term and long-term goals that finds right combinations for the debts and plays key role in success. Failure is the part of businesses and COVID-19 is one drastic and uncertain situation for the stakeholders to manage the finance, credit lines, bonds and overdrafts.

Variables	β	ROA model t-Statistic	Sig	β	ROE model t-Statistic	Sig	β	TQ model t-Statistic	Sig
<i>Independent variable</i>									
CSR	-0.084	-3.413	0.001	-0.011	-0.451	0.652	-0.158	-6.403	0.000
<i>Control variables</i>									
TA	-0.104	-4.124	0.000	-0.021	-0.829	0.407	-0.091	-3.631	0.000
FL	-0.149	-6.018	0.000	-0.084	-3.313	0.001	-0.076	-3.067	0.002
AQ	-0.033	-1.363	0.173	-0.023	-0.907	0.365	0.079	3.245	0.001
SEC	0.043	1.765	0.078	-0.001	-0.054	0.957	0.080	3.295	0.001
F		19.328			3.136			20.201	
Sig		0.000			0.008			0.000	
R square		0.560			0.100			0.330	
Adjusted R square		0.530			0.070			0.560	

Figure 4: Statistics for the Survey conducted for 80 respondents with significant relationship between Stakeholders' perspectives on Financial Management and financial performance.

Findings and Conclusions

Concluding the paper, stakeholder are the primary persons in the companies that meet the objectives and contributes their financial resources with their experience and perspective to a project. All members of the educational community have their own importance, significant roles and support systems in the entire academic business model. Management offer opportunities and resource to the supplier with the development in the specified product. Also, the financial management is the key to ensure supplier of their products that covers regulations of the statutory authorities that follow the specific regulations.

Even though the Academics and imparting of education remain to be social and good cause activities intended to be carried out without the aim of earning profit, every Academic Organization indeed remains to be a business model. At the most, Academic organizations might not be established to earn profit. It might not be operational with the main aim of earning profits. However, in practice, they do earn profit and that is essential as well. In the sense, management of academic organization often wants to make it sustainably developed. Sustainability and sustainable development do not come unless there are consistently generated good revenues, margins, achievements in terms of infrastructure and technology upgradation and so on. For all these factors, to make it an ethically run feasibility based business model is the only option.

In a rapidly developing economy like India, there are a few positive factors in terms of the operational aspects of the academic institutions. Along with this, there are a few negative factors like inequality, political interference, risk and uncertainty, lack of / inadequate policy implementation and last but not the least the unwanted dividing of the population on the basis of the casts, creed, religions and genders.

Especially after the Covid-19, the overall perspectives of the stakeholders in academic organizations have changed. Cost and resources optimizations have been by force rather than by choice in recent times.

<i>Associations</i>		<i>Standardised estimates</i>	<i>Hypothesis</i>
Employees	→ CSR	0.63*	Failed to reject H1
Environment	→ CSR	0.58*	
Customer	→ CSR	0.61*	
Community	→ CSR	0.60*	
Investor	→ CSR	0.70*	

Note: *Significant at 5% level of confidence

Figure 5: Perspectives of Financial Management by different Stakeholders.

Recommendations and Suggestions

- On regular basis, check the balance and match the sales and marketing level that help to position the target of the business on monthly basis.
- Business can be major in terms of payments. The business has payments specially in academic, try to neglect credit transactions.
- Academic organizations should avoid the cash crunch situation with proper budgeting and profit planning.
- Every academic organization should strive to be economically self-sufficient and viable service providing organization.
- The recognition and awareness indexes of the academic organizations should be attempted to be kept in ranked orders. To achieve the same, more and more participations in National and International level ranking and certification surveys is the pre-requisite.
- Strategic Model of the academic organization should be built on sustainable development foundation.
- Profitability and margin based academic activities should be expressly mentioned. In the sense, the thought that treating education as a business is not desirable should be wiped out.
- Dependence on the Government or funding authorities should be made less initially while it should be removed over a period of time making the academic organization as self-financing sustainable model.

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