Financial Management Strategies and Organizational Performance in Inclusive Educational Institutions A Business Management Perspective

Dr. Krishna Kumar TP[1*], Dr. Saira Kamal[2], Dr. Laxmi Suresh Babu[3], Dr. Abhilash N[4], Dr. S Sathyakala[5], Debora Dhanya A[6]

[1*]Professor & Head Master of Business Administration MBA (Marketing & HR) Nehru School of Management @ NCERC, Nila Garden, Pampady, Thiruvilwamala, Thrissur, Kerala – 680588, India, Email Id: tpk683@gmail.com, Orcid Id: 01-10-01-10

[2]Assistant Professor, Department of Finance, Asalala College, Dammam-12666, Saudi Arabia, Email Id: saira.mohammad@alasala.edu.sa, Orcid Id: 01-10-01-10

[3]Faculty, Department of Cooperative Management, Institute of Co-operative Management (ICM), Thiruvananthapuram, Kerala-695024, India, Email Id: laxmipr2000@gmail.com, Orcid Id: 01-10-01-10

[4]Assistant Professor, Department of Management Studies, Asian School of Business, Technocity, Trivandrum, Kerala- 695316, India, Email Id: abhiklrtvm@gmail.com, Orcid Id: 01-10-01-10

[5]Associate professor, Sona college of technology, Email Id: sathyakala@sonabusinessschool.com, Orcid Id: 01-10-01-10

[6]Assistant Professor, Department of SBM, CHRIST University, Email Id: dhanya3add@gmail.com, Orcid Id: 01-10-01-10

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ABSTRACT:

Financial management is an important aspect of improving organizational effectiveness in inclusive education institutions, especially those serving a socially and economically diverse student body. This study aimed to analyse from a business management perspective how financial management strategies affect the performance of inclusive educational institutions. The type of research design used was quantitative, cross sectional and secondary data analysis with a sample of 1000 educational institutions as open-source data from the Education Inequality Data. The financial management strategies were implemented using funding per student, student teacher ratio, and internet access percentage, and organizational performance were measured using average test score percentage and dropout rate percentage. Inclusion-related institutional context was represented by the percentage of low-income students and minority students. To explore relationships within the study variables, descriptive statistics, correlation analysis, multiple linear regression, and school-type comparison were conducted. The results indicated weak relationships between the indicators of financial management and organizational performance outcomes. Results of the regression analysis did not reach a statistically significant level, but there was a slight positive association between funding per student and average test scores and a slight negative association with dropout rates. The student teacher ratio, Internet,

and inclusion-related indicators were not strong predictors of institutional performance. The study concludes that financial allocation is not enough to create a high-performance inclusive educational institution, because strategic planning and resource optimization, educational leadership and special mechanisms for student support must accompany it.

Keywords: Financial management; Organizational performance; Inclusive education; Resource allocation; Educational institutions

1. Introduction

For educational institutions, financial management has become a major issue in educational administration because it is nowadays expected that they produce academic, social and organizational results in an environment of scarce financial resources. In educational institutions, financial management is not limited to budgeting and expenditure control; it is also about strategic funding allocation, utilization of available resources, developing educational facilities, making decisions on the distribution of educational personnel and planning based on performance. School finance literature demonstrates the critical importance of finance in education, highlighting that sufficient and equitable funding can impact student outcomes, institutional capacity, and future education outcomes (Baker, 2021; Jackson & Mackevicius, 2024). School finance reforms have also shown that patterns of financial resource distribution may influence patterns of student achievement, particularly the distribution of resources toward disadvantaged and high need groups of students (Candelaria & Shores, 2019; Lafortune et al., 2018).

The financial planning of inclusive educational institutions must be even more robust since it is for a social, economically and culturally diverse group of students. Inclusion and equity in schools require access to schools, the availability of required resources, teachers with the necessary expertise, digital infrastructure and supportive learning environments (Ainscow, 2020; Hernández-Torrano et al., 2022). The finance policies for inclusive education are about reducing inequalities in the allocation of resources, not creating them (Ebersold et al., 2018). From a business management standpoint, inclusive educational institutions need to consider managing resources in a strategic way that harmonises financial sustainability, educational equity and overall organisation effectiveness.

Academic results, retention, institutional efficiency, student engagement, and the ability to serve a variety of students are all used as measures of organizational performance in educational institutions. Previous studies suggest that school leaders, teachers, institutional governance, and school supports for learning are significant factors that influence outcomes in addition to financial inputs (Darling-Hammond et al., 2020; Lambrecht et al., 2022). School leadership, for instance, is important in implementation of inclusive practices, teacher self-efficacy and institutional readiness are important to the success of inclusion policies (Kuyini et al., 2020; Lambrecht et al., 2022). In the same way, academic supports like tutoring and mentoring, if planned suitably and institutionalized, can enhance student outcomes when appropriately implemented (Kraft & Falken, 2021).

The financial management organization performance is also applicable, since education is a factor that is part of the process of human capital development, social mobility and economic growth. Education investment also has wider social and economic benefits through its impact on knowledge capital and as a driver of opportunities for disadvantaged groups (Chetty et al., 2026; Hanushek & Woessmann, 2020). But school-to-school and region-to-region financial disparities can reduce institutional effectiveness and exacerbate

achievement disparities. This underscores the significance of equity in financial management in inclusive education schools, where low-income and minority learners might necessitate extra support to attain equal results (Brunton, 2023; Baker et al., 2024).

While the study of the role of funding on the one hand and the study of inclusion and the study of educational equity on the other, have received ample attention, little empirical work has focused upon how the strategies of financial management affect the performance of the organization, particularly inclusive educational organizations (Baker et al., 2024). Financial resource allocation is a problem for many institutions in addition to meeting the demands of a variety of learners. Therefore, research that uses data to explore the relationship between financial allocation, resource efficiency and infrastructure-related indicators and institutional performance outcomes is needed.

The study aims to investigate the relationship between the funding per student and the organizational performance, to test the impact of the allocation efficiency of the resources (i.e. the ratio student-teacher), on the institutional performance, to examine the role of the internet as an infrastructure investment indicator that helps achieve performance, and to analyze the relationship between the representation of low-income students and minorities and the organizational performance in inclusive educational contexts. This study focus on Financial Management Strategies and their impact on the performance of the Organization from the viewpoint of Business Management in Inclusive Educational Institutions.

2. Methodology

2.1 Research Design

The study design is quantitative, cross sectional and secondary data analysis for pointing out the relationship between financial management strategy and organizational performance in inclusive educational institution. A quantitative design was used because the data were in the form of measured numerical indicators of funding, access to resources, access to the institution and school performance. This study was conducted cross-sectionally as all the variables were investigated at a single time. The data were collected from a pre-existing open source data set so there was no primary data collection.

2.2 Data Source

The open-source Kaggle dataset on 'Education Inequality Data' was employed for the study (Hasan, 2025). This dataset includes data on 12 variables related to educational institutions and their students the name of the school, the state the school is located in, the type of school, the level of the school, the average test score, the student teacher ratio, the percentage of students with low incomes, the percentage that are minorities, the percentage with access to the internet, and the dropout rate, among others, across 1,000 schools. The data set was appropriate for the current investigation because it provided data on indicators of financial allocation, distribution of resources, student characteristics related to inclusion, and institutional performance.

2.3 Study Population

The educational institutions included in the data set formed the population of the study. These institutions were from a variety of school types, grade levels and states. Institutions that had a higher percentage of low-income and minority students were considered inclusive educational institutions in this study as they represent diverse and socially and economically diverse learning environments.

2.4 Variable Description

There were three measurable indicators for financial management strategies: funding per student; student teacher ratio; and the percentage of students with access to the Internet. Financial allocation was measured by funding per student; resource allocation efficiency was measured by student teacher ratio; and investment in educational infrastructure was measured by the percentage of students who have access to the internet. Two measures were used for assessing

organizational performance: average test score percentage and dropout rate percentage.

Academic performance was measured by average test score and institutional retention and educational continuity by dropout rate. Inclusive institutional context was operationalised as percentage of low-income students, percentage minority students, school type, grade level and state. The following variables explained the equity-based environment in which financial management and outcomes of financial performance were explored.

2.5 Data Pre-processing

Data was screened for missing or duplicate data, type of variables, and consistency of numerical variables. There were no missing values in the data set. Numerical variables were not modified in any way, and the categorical variables (school type, grade level, and state) were compared across groups and used for control. The school name and school ID were used as identifiers and not appear as a predictor in the statistical models.

2.6 Statistical Analysis

Funding, performance, resource allocation and inclusion related variables were summarized using descriptive statistics. The correlation analysis technique was used to examine the correlation between the financial management indicators and organizational performance indicators. The impact of funding per student, student teacher ratio, and the percentage of students who have access to the internet on average test score and drop-out rate was assessed through multiple linear regression. When applicable, institutional performance was compared by school type and grade level using ANOVA. The normality test, multicollinearity test and model fit test were conducted for assumption testing. Using this analytical approach, the study allowed financial management strategies to be seen as factors that affect the performance of inclusive educational institutions from a business management perspective.

3. Results

3.1 Descriptive Statistics of Educational Institutions

1000 educational institutions were included in the data set. The funding per student ranged from an average of $6,000 at the lowest end to $20,000 at the highest and reached an average of $15,154.16, representing moderate funding. The mean average test score for the population was 70.00% and the mean dropout rate was 7.77%. The average student/teacher ratio was 19.73 and the internet availability on average was 74.69%. The low-income student population was 53.76% and the minority student population was 49.65% of the institutional population as reflected by inclusion related indicators. The descriptive profile of the variables of the study with distribution of financial management indicators, organizational performance measures and inclusion related institutional characteristics in the sampled educational institutions is presented in Table 1.

Table 1. Summary Statistics of Study Variables

Variable	Mean	SD	Minimum	Maximum
Funding per student USD	15154.16	5931.38	5012.97	24981.90
Average test score %	70.00	17.70	40.00	100.00
Student teacher ratio	19.73	5.82	10.00	30.00
Low-income students %	53.76	24.02	10.20	94.90
Minority students %	49.65	25.24	5.00	94.90
Internet access %	74.69	14.43	50.00	100.00
Dropout rate %	7.77	4.21	0.50	14.99

3.2 Correlation among Financial Management Variables and Organizational Performance

There were weak correlations between financial management indicators and organizational performance, with correlation analysis. There was a very weak positive correlation between funding per student and average test score, and a weak, negative correlation between funding per student and dropout rates. The average test score was weakly positively associated with the student teacher ratio, and very little relationship was observed between average test score and having internet in the school, or between average test score and drop out rate in schools. Table 2 shows that there is weak association between the main study variables (funding per student, student teacher ratio, internet access, average test score, and dropout rate), with positive or negative correlation values of less than 0.5.

Table 2. Correlation Matrix showing associations among financial management indicators and organizational performance measures

Variable	Funding	Student Teacher Ratio	Internet Access	Test Score	Dropout Rate
Funding per student	1.000	-0.030	0.016	0.020	-0.040
Student teacher ratio	-0.030	1.000	-0.035	0.040	0.014
Internet access	0.016	-0.035	1.000	-0.002	0.015
Average test score	0.020	0.040	-0.002	1.000	-0.002
Dropout rate	-0.040	0.014	0.015	-0.002	1.000

3.3 Effect of Financial Management Strategies on Organizational Performance

Multiple regression analysis was performed to determine whether funding per student, student/teacher ratio, Internet access, low-income percentage, and minority percentage predicted organizational performance.

The model accounted for just 0.23% of the variance in average test scores, suggesting the model is very weak in explaining the variance in the data. None of the predictors proved to be statistically significant. The model accounted for 0.20% of the variance in dropout rate. Funding per student was in an inverse direction, meaning that a higher level of funding may be related to slightly lower dropout rates, but the relationship was not statistically significant. The regression results for the relationship between financial management and inclusion indicators, average test score and dropout rates are presented in Table 3.

Table 3. Multiple linear regression results predicting average test score and dropout rate from financial management and inclusion-related indicators

Predictor	Test Score Coefficient	p-value	Dropout Rate Coefficient	p-value
Funding per student	0.000064	0.498	-0.000028	0.209
Student teacher ratio	0.124	0.198	0.009	0.704
Internet access	-0.005	0.907	0.005	0.631
Low-income students %	-0.001	0.977	0.001	0.920
Minority students %	-0.008	0.708	-0.0004	0.940

3.4 Comparison across School Types

There were a few differences in organizational performance identified in a school-type comparison. Private schools had the highest mean test score (70.51%) followed by public schools (70.39%) and charter schools (69.07%). The mean dropout rate in public schools was 7.43%, the highest being in charter schools, at 8.09%. ANOVA results showed that these differences were not statistically significant. The average test scores in the public, private, and charter sectors differ, but not significantly, and the dropout rates differ as well, as illustrated in Figure 1.

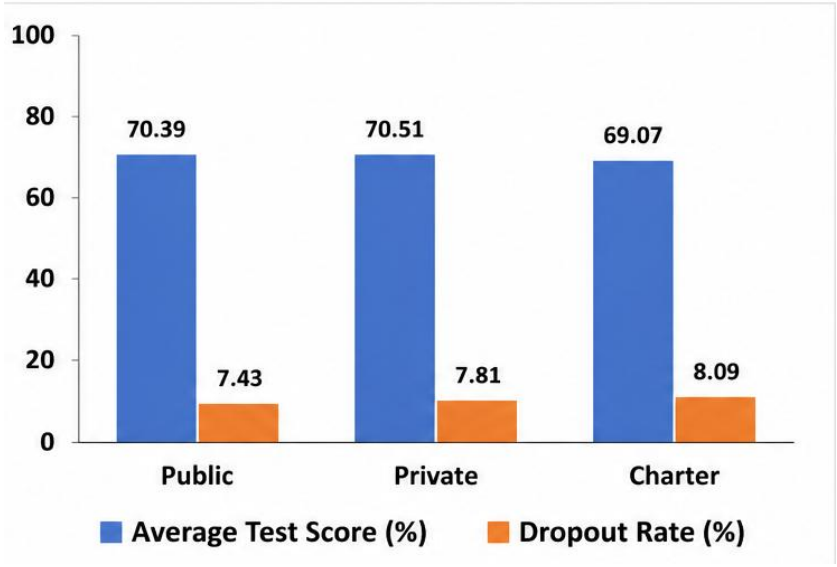

Figure 1. Comparison of organizational performance by school type

3.5 Funding Allocation and Institutional Performance

Funding per student was not associated with average test scores. The amount of funding did not have a strong direct relationship to test scores, but higher funding was generally associated with higher test scores, across institutions. This suggests that funding does not account for organizational performance, unless it is supplemented with efficient use of resources, institutional leadership, and support of the institutional environment. Figure 2 depicts the association between funding per student and average test score, showing that there is no clear direct correlation between funding per student and average test score

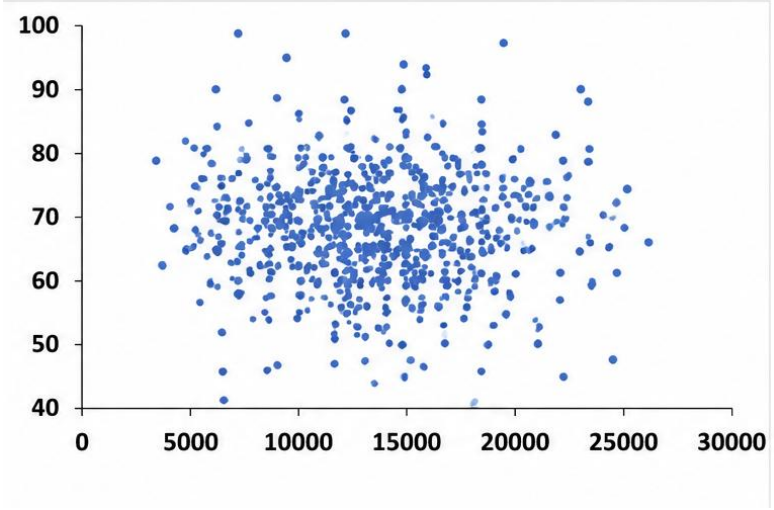

Figure 2. Scatter plot of funding per student and average test score

3.6 Educational Inclusion and Organizational Performance

Weak relationships existed between indicators of inclusive education (e.g., proportion of low-income and minority students) and organizational performance. Findings indicate that the average test scores and dropout rates were not substantially related to the institutional composition of the schools in this data set. Thus, inclusive educational institutions may not only be tied to students' demographics, but also to the quality of financial planning, quality of teaching, administrative capacity, and target institutional supports for students. The average test score compared to the percentage of low income and minority students is displayed in Figure 3, with relatively little variation in performance by inclusion-related student group.

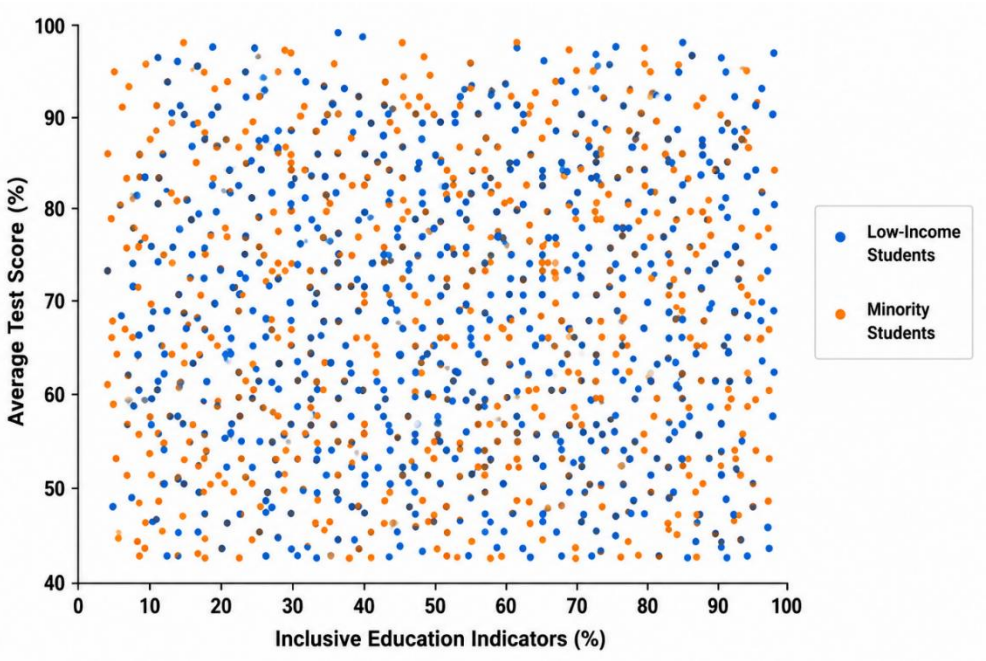

Figure 3. Relationship between inclusion indicators and average test score

The findings overall suggest that there was low association between financial management indicators and inclusion-related variables with the organizational performance in the sampled educational institutions. While institutional resources such as funding per student, student-teacher ratio, or Internet access are significant, they do not predict average test scores or dropouts significantly. Results indicate that in addition to financial resources, the performance of the organizations in inclusive educational institutions relies on the utilization of the resources, the quality of leadership, the quality of teaching, and the specific strategies for student-centered education.

4. Discussion

Results of this study suggest that financial management strategies (funding per student, student teacher ratio, Internet access) did not appear to be statistically related to organizational performance indicators (average test score, dropout rate) to a high degree. The results of the regressions indicated that funding alone may not directly translate into measurable improvements in organizational performance although there seemed to be a slight positive association with test scores and a slight negative association with dropout rates per student. This is in line with broader education finance literature that highlights the need for allocating resources to be effective, supported by equitable distribution of resources, targeted support, institutional planning and learner needs (Meijer & Watkins, 2019; Sharma et al., 2019). The poor predictive power of funding in the current data set, then, indicates that financial management should not

be seen as just a matter of having money rather it should be viewed as how resources are utilized to enhance institutional performance.

Care needs to be taken with interpreting the role of student teacher ratio and internet access. The student teacher ratio is an indicator of the efficiency of human resource use and the Internet access is an indicator of investment in educational infrastructure. In this study, the weak association of both indicators was observed with the performance. This could mean that good outcomes for pupils do not just happen when resources are in place they do need to be backed up by good teaching, inclusive pedagogy, leadership and monitoring. Also, national education reports indicate that institutional performance is influenced by a variety of factors including resources, learning conditions, demographic factors and policy support and not just by financial indicators (Irwin et al., 2024; OECD, 2020). The results, therefore, indicate a need for a more coordinated approach to resource allocation and education quality, teacher readiness and accountability to ensure better institutional results. An inclusive educational institution is expected to educate students with varying socio-economic, ethnic and ability backgrounds. The percentages of low-income students and minority students were weakly related to test scores and dropouts in this study. This implies that indicators for inclusion do not completely account for the performance of the organizations. Previous studies, however, reveal that social, economic, racial and ethnic disparities in achievement and access to educational opportunities continue to be significant drivers of educational inequality (Owens, 2018; Reardon et al., 2019). Likewise, inclusive education literature highlights the importance of inclusive education practices, not only about the presence of diverse learners, but also in the sense of the quality of inclusive education, the funding mechanisms, the support system and the implementation of inclusive education at the school level (Van Mieghem et al., 2020; Szumski et al., 2022). Thus, the weak statistical results obtained in this study should be seen as indication that the institutional composition should be inclusive and be supported by effective financial planning and learner centred management practices.

The results underscore the importance of strategic budgeting, financial planning, optimizing resources, and making decisions based on available data in inclusive education institutions from a business management viewpoint. Financial managers and school leaders must go beyond input-based budgeting and create financial strategies based on performance and link funds to measurable academic and retention outcomes. In global conversations about inclusion, funding systems that eliminate inequities and provide all learners with the chance to succeed are cited as key to equitable education (Antoninis et al., 2020; World Bank Group, 2017). Likewise, the concept of reimagining education systems calls for governance in the field of education that is sustainable, inclusive and socially responsive (Carney, 2022).

The research has significant implications for school administrators, policymakers, financial managers and government agencies. Administrators should routinely assess if funding allocation is positively impacting academic outcomes and decreasing the dropout rate (Nusair, 2025). Financial models need to be crafted to consider disadvantaged and underserved groups of students. Financial managers should have a data-led approach to planning resource efficiency, and government departments should look for any funding policies that have an impact on equity and social mobility. Education and social mobility research in recent years has indicated that education and financial reform are most likely to be beneficial if they lessen the structural inequities and open doors for under-resourced learners. There is thus a need for good financial governance, financial equity, and ongoing institutional assessment to effect inclusive educational performance, in addition to adequate funding.

5. Conclusion

The study explored the link between financial management strategies and organisational

performance of inclusive educational institutions from a business management perspective. The analysis was based on secondary data collected from educational institutions, which included aspects of financial management and resource allocation such as funding per student, studentteacher ratio and internet access, and organizational performance such as average test score and dropout rate. The results indicated that there was a low level of relationship between financial management indicators and the results of the performance. The average test score and dropout rate had a slight positive and negative correlation, respectively, with funding per student, but overall the regression results were not statistically significant. The same was true for student teacher ratio, having the internet, percentage of low-income students, and percentage of minority students. The findings indicate that allocation of resources might not be enough to enhance the performance of inclusive educational institutions. Rather, good performance is dependent on the planning, allocation, tracking, and linkage of financial resources to teaching, student support, facilities, and institutional management. In a business management perspective, efficient budgeting, effective evidence-based financial planning and optimisation of resources in an equity-oriented manner are all essential for inclusive educational institutions. The study underscores the importance of changing approaches to educational funding that focus on inputs to those that focus on financial management systems that include the education sector in a way that promotes institutional sustainability and inclusive education.

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