

Resourceful Financial Management as Panacea for University Sustainability in a Depressed Economy

Lateef Adeyemi Yusuf

Department of Curriculum and Instruction, School of Education,
Emmanuel Alayande College of Education, Oyo, Oyo State, Nigeria

Abstract: The federal Government of Nigeria accorded University education high priority because of its unique role in socio-political and technological development. This study discusses the present financial predicament facing Nigerian Federal universities due to inadequate funding by the government. University education enrollment is growing astronomically as against the pace of supply of fund. Thus, the cut-back in the financial capability of the system results in the problem of university sustainability. Finance is considered the ultimate and critical determinant of the level of growth of the entire university system. It is for this reason that UNESCO recommended 26% of national budget as the minimum for funding education but this has not been adhered to in Nigeria. The study x-rays crisis and constraints faced by universities and its educational implications. The study proposes cost-caving, revenue generating and public accountability strategies as the major way-forward for the survival of Nigeria university education in a depressed economy.

Key words: Financial management, university sustainability, depressed economy, financial capability, common goal, Nigeria

INTRODUCTION

Investment in university education has become internationally recognized as an instrument par excellence for development and eradication of poverty. Acquisition of university education is seen as the major way of investing in human capital formation which mainly drives the economic growth of a nation (Olanrewaju and Olugbenga, 2007). This perhaps is in line with the submission of Odunaike and Oyesiku (2008) that continuous pursuit of knowledge and intellectual formation is basic to wealth creation of the society through well packed university education programme.

Quality university education according to Tawari (2002) and Okoroma (2006) is a function of adequate funding. Inadequate funding and ineptitude in administrative and management practices and very stiff opposition to university entrepreneurship are the three major devastating issues that have kept Nigeria university education crisis ridden for two decades now. As Nigerian universities grew up to 27, funding became very chaotic, epileptic and dwindling. The funding operation of the federal government was characterized by continuous short fall and drastic cut backs. Studies, (Oghenekohwo, 2004; Ekundayo, 2008) have shown that funding is critical to the survival of the university system.

It has become obvious that Nigerias' neglect of the UNESCO funding formula (26% annual budget) is

detrimental to the nation's developmental aspiration. This neglect has already precipitated crises in the entire educational system. University education is worse affected because effective teaching and research are not taking place. Consequently, Nigeria is not developing in the real sense of it (Okoroma, 2006). The cutback in the financial capability of the system coupled with the escalating demands that out-stripped capacity has not only posed problem of university sustainability as strongly evidenced in the state of decrepitude and stagnation, decline in quality and standard, ageing of facilities, increase in personnel cost, problem of access and human capital flight otherwise known as brain-dram but equally challenged the competencies of university administrators (Ogunu and Ogbuehi, 2004; Adesina, 2005).

The federal universities must therefore implement a radical paradigm-shift by adopting potent strategies for economic resilience and sustainability of the universities. Consequently, this study desires to widen the scope of university financial management and to explore avenues towards university sustainability in Nigeria.

MANAGEMENT OF FINANCIAL RESOURCES

One of the major problems confronting the school system in any part of the world is the management of finance. It is obvious that institutional demands are elastic

while financial resources are scarce and limited. Ogbonna (2001) defines finance as the process of raising, allocating, controlling and prudent management of funds for achieving the goals and objectives of an organization or institution.

Financial management has been defined from different perspectives. Shedrack (2006) and Akinsulire (2006) sees financial management as that specialized function of general management which is related to procurement of finance and effective utilization for the achievement of common goal of organization. Owolabi (2006) maintained that success in the financial management of educational activities can enhance the schools' ability to provide improved educational services. Educational financing is here meant the way and means by which money is provided for the development and maintenance of the entire education system (Olagboye, 2004).

UNIVERSITY UNDERFUNDING ANALYSIS

The issue of funding in Nigerian education becomes problematic, simply because Nigeria has failed to take an advantage of the UNESCO recommendation so as to restore quality and assure the sustainability of good quality in its educational system. The situation is even more deplorable especially in universities which must carry out teaching research and development. For few years past, the budget has been cut-back from year to year by the federal government (Table 1). Thus allocation to universities were subsequently affected. This cut back has affected both capital and recurrent expenditures of the federal universities in Nigeria.

Table 1 shows a composite picture of federal allocation to education by the federal government. There has been declined over the years from 1988, with maximum percentage allocation of 9.3% in the year 2002 and with as low as 1.9% in 1991. This is far cry from UNESCO recommendation of 26% budgetary allocation to the education sector. Poor funding of education is a millennium problem which requires an urgent attention.

Table 2 shows a picture of the dynamics of how the federal government of Nigeria allocated and released money (capital and recurrent) to its universities between 1990 and 2001. Table 2 Suggests that there was an increasing short fall between what universities requested and what the government allocated on paper to its universities (Fig. 1). The short fall between universities request and government's allocation which was 10.7% in 1993, increased to 74.3% in 1999 but dropped to 53.3% in 2001. The year 1999 being the worst year when universities in Nigeria were allocated only 25.7% of their request. This is very pathetic.

EDUCATIONAL IMPLICATIONS OF UNIVERSITY UNDERFUNDING

The low quality university education in Nigeria is therefore attributable to problem of underfunding. Perhaps, it is in the area of university education in particular that the quantitative growth at the expense of qualitative development can be most noticeable and most disturbing. Enrollment continues to soar at frightening rates. By contrast funds for university education reduced drastically, teachers were poorly prepared, school

Table 1: Federal government expenditure (recurrent and capital) and federal allocation to education sector (n million)

Years	Total expenditure	Allocation to education	Percentage allocation to education	UNESCO norm (26% of total exp.	Amount of under funding	Percentage of under funding
1988	27,749.50	1,458.80	5.25	7,214.87	5,756.07	79.78
1989	41,028.30	3,011.80	7.34	1,0667.36	7,655.56	71.77
1990	60,268.20	2,402.80	3.99	15,669.73	13,266.93	84.67
1991	66,584.40	1,256.30	1.89	17,311.94	16,055.64	92.74
1992	92,797.40	2,291.30	2.47	24,127.32	21,836.02	90.50
1993	191,228.90	8,882.38	4.64	49,719.51	40,837.13	82.14
1994	160,893.20	7,382.74	4.59	41,832.23	34,449.49	82.35
1995	248,768.10	9,746.40	3.92	64,679.71	54,933.31	84.93
1996	337,271.60	11,496.15	3.41	87,690.62	76,194.47	86.89
1997	425,284.03	14,853.54	3.49	110,573.85	95,720.32	86.57
1998	513,446.23	13,589.49	2.65	133,496.02	119,906.53	89.82
1999	606,608.43	43,610.65	7.19	157,718.20	114,107.55	72.35
2000	689,770.63	57,956.64	8.40	179,340.36	121,383.72	67.68
2001	777,932.83	39,882.60	51.13	202,262.54	162,379.94	80.28
2002	866,093.03	80,530.88	9.30	225,184.19	144,653.31	64.24
2003	954,257.23	64,782.15	6.79	248,106.88	183,324.73	73.89
2004	1,042,419.43	76,524.65	7.34	271,029.05	194,504.4	71.77
2005	1,743,200.00	82,795.06	4.75	453,232.00	370,436.94	81.73
2006	1,842,587.07	87,294.56	4.74	479,072.80	391,778.24	81.78
2007	2,348,593.00	107,529.39	4.58	610,634.18	503,104.79	82.40
2008	3,078,300.00	164,000.00	5.33	800,358.00	636,358.00	79.51

CBN, 2008

Table 2: Federal Government Funding of Universities in Nigeria (Capital and Recurrent: 1990-2001)

Years	Amount requested by universities (N billion)	Amount allocated (N billion)	Short fall between university request and government allocation (%)
1990	1.216	0.748	38.5
1991	1.453	0.779	46.4
1992	3.663	2.989	18.4
1993	5.075	4.532	10.7
1994	7.342	5.469	25.6
1995	11.328	6.392	43.6
1996	12.442	7.535	39.4
1997	15.820	7.059	55.4
1998	22.767	8.196	64.0
1999	40.884	10.507	74.3
2000	65.579	33.788	48.5
2001	68.911	31.844	53.8

Computed from National University Commission file university funding, 28/6/2002

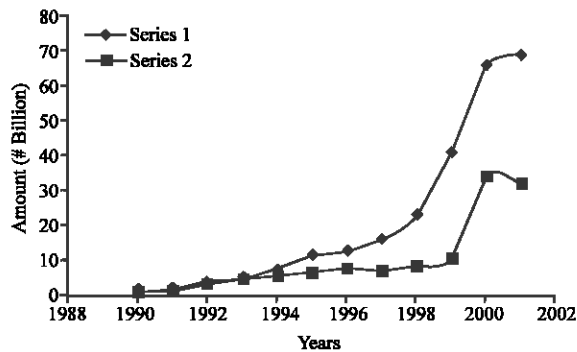


Fig. 1: Government funding of universities (1990-2001); Series 1-Amount requested, Series 2-Amount allocated

building were shabby, teaching and learning materials were obsolete and inadequate. The chronic underfunding crisis equally results in poor teaching-learning process, frequent strikes by Academic Staff Union of University (ASUU) and disruption of academic calendars. Today in Nigeria, students only know when they are admitted but are not sure of their expected date of graduation.

Unfortunately, the brain drain syndrome prevails mostly among the trained professionals. University dons that are critically required to generate and kick-start the national industrial and economic development process relocates to other countries in search of greener pastures and enabling working environment. This human capital flight essentially to North America, Europe, Saudi Arabia and recently South Africa has made the Nigerian educational system a major producer of human resources for more advanced countries in a reverse of technology. This is a phenomenon which constitutes a great loss to Nigeria.

STRATEGIES FOR RESOURCEFUL FINANCIAL MANAGEMENT OF THE UNIVERSITIES

Some viable strategies for resourceful financial management geared towards achieving economic survival and sustainability of universities could be considered under three broad headings as follows, internally revenue generating strategies, cost saving strategies and public accountability strategies.

Internally revenue generating strategies: Every university has to aggressively embark on diversified ventures of increased internally generated revenue for resilience and sustainability. However, since almost all the internally revenue generating enterprises are moribund, it has to be re-activated and boosted with more viable and internationally acclaimed money-spinning enterprises. Such strategy according Ogunu and Ogbuehi (2004) includes university entrepreneurship, university industry collaboration, strategic fund raising programmes and university community relationship. To restore standards and quality in university education, Nigeria would have to depoliticize education, re-introduce and deregulate tuition-fees. After all what costs nothing is worth nothing and what carries a price has value. School-fees have been identified as the most popular way of financing education around the world. School fees represent 23% of higher education income in the United States, 20% in Australia and 36% in Japan (Olanrewaju and Olugbenga, 2007). Universities can seek assistance from international donors such as World Bank, United Nations International Children’s Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO), Commonwealth of Learning (COL), etc.

Cost-saving strategies: The increasing financial constraints on educational investments should make the universities not only to search for alternative ways of financing university education but also to pay closer attention to reduced costs and wastage by improving on efficiency as a strategy for reducing educational recurrent expenditure. Optimal utilization of university physical facilities and adequate maintenance culture would reduce cost and greatly minimize wastages. By adopting scientific/computer based time table for space allocation. It is interesting to note that two universities increased utilization of teaching rooms from 60 to over 80% (Ogbonna, 2001). As postulated by Lungu (1996), success or otherwise of our university system is a function of the efficiency of its administration.

Public accountability strategies: The dilemma of every public institution at a time of recession is how to get its budget approved when it is obvious that income is not enough to share. There are two concepts required of public accountability that will get budgets approved. These are by using facts and force to present budget of course there is need to show accurate numbers and reasonable estimates in the budget. For a budget to reap benefits it must include careful statements of request, environmental scanning assumptions, payments/expenses and benefits (Udoh, 2002). This implies that the university should state exactly what it wants, describe the current environment with relevant statistics, explain the assumptions for cost, time and efficiency; present the summary budget with information on expenses as attachment; state how the expenses would benefit the government in the long run, especially, the effects on productivity, accountability, service delivery, cost-saving measure and so on. Lastly, all these facts must be presented in a forceful and eloquent manner as if the university is arguing a case in the law court.

CONCLUSION

Every Nigerian government appears to appreciate the importance of university education but non of them has adequately invested in education. The continued under funding of university education is a vote for continued under-development. Political, economical and technological liberation are developmental concepts that can only be realized through a well funded university system.

The problem of under funding of the university system in the last three decades has occasioned the obvious deterioration of university services, including facilities for teaching, research and public services. The extent and size of decay of university education in the past 30 years is attributable to the excessive dependence and reliance on government for funding. Therefore, there is need for universities to implement a radical paradigm-shift by exploring and exploiting more aggressive ways of generating fund internally, improve on cost-saving measures and promote accountability.

REFERENCES

Adesina, S., 2005. Growth Without Development: Nigerias Educational Experience 1914-2004. Educational Industries Nigerian Ltd., Abeokuta, pp: 152-160.

- Akinsulire, O., 2006. Financial Management. 2nd Edn., Eltda Venture Limited, Lagos.
- CBN, 2008. Central Bank of Nigeria: Statistical Bulletin. Central Bank of Nigeria, Lagos.
- Ekundayo, T.A., 2008. University education in transition: Emergence and development of private universities in Nigeria. *Int. J. Res. Educ.*, 5: 233-247.
- Lungu, G.F., 1996. The Professional Preparation of Administrations in African Universities. Lagos University Press, Lagos.
- Odunaike, K.O. and O.O. Oyesiku, 2008. Assessment of students achievement in business education in Tai Solarin University of education in Ogun State, Nigeria. *Int. Bus. Manage.*, 2: 179-181.
- Ogbonna, F.C., 2001. Resourceful Financial Management: The Way Forward for the Survival of University Education in the 21st Century. In: Akibue, A.U. and D. Enyi (Eds.). *Crises and Challenges in Higher Education in Development Countries*, Wisdom Publishers Limited, Ibadan.
- Oghenekohwo, J.E., 2004. Deregulation policy and its implication on the funding of the university education in Nigeria. *J. Res. Educ.*, 3: 203-224.
- Ogunu, M.A. and V.C. Ogbuehi, 2004. Provision and management of diversified sources of internal revenue generating enterprises in Nigeria universities. *J. Res. Educ.*, 3: 63-79.
- Okoroma, N.S., 2006. A model for funding and ensuring quality assurance in Nigerian universities. *Nig. J. Educ. Admin. Plann.*, 6: 1-16.
- Olagboye, A.A., 2004. Introduction to Educational Management in Nigeria. Daily Graphics (Nigeria) Limited, Ibadan.
- Olanrewaju, O. and A. Olugbenga, 2007. Financing education in a federal state: The Nigeria experience. *J. Sociol. Educ. Afr.*, 6: 148-165.
- Owolabi, I., 2006. Quantitative Methods of Educational Planning. Lucky Odoni (Nig) Enterprises, Ijebu-ode.
- Shedrack, E., 2006. Financial Management. 2nd Edn., Concert Publications Limited, Lagos.
- Tawari, O.C., 2002. Developing a total quality management system for tertiary education in Nigeria. An Inaugural Lecture. Series No. 10. River State University of Science and Technology.
- Udoh, E.V., 2002. Adminissprudence: Abehavioural Approach to Managing Ourselves and Others. Spectrum Books, Ibadan.