

Financial Management Strategies in Public Universities in Rivers State, Nigeria

Dr. Atuwokiki Sam Jaja;

**Dr. Victoria Osaruchi Sam-Kalagbor
and
Chinonye Gift Igoni**

Abstract

This study surveyed the financial management strategies in public universities in Rivers State, Nigeria. A descriptive survey design was used in this study, the study was conducted in three public universities in Rivers State, three objectives, and three research questions guided the study. The focus was on the sources of funding, budgeting practices, and funds allocation methods. The research consisted of 183 respondents made up of Heads of Departments (HODs), Deans, and Bursars. A breakdown of the respondents for the study shows that there were 156 HODs, 24 Deans, and 3 bursars from the three universities under consideration. The instrument used was a fixed response questionnaire, titled “University Finance Management Strategies Questionnaire (UFMSQ)”. The obtained data was analyzed using frequency, mean, and standard deviation to answer the research questions. The study discovered that amongst the alternative sources of funding available to public universities in Rivers State, fees as an internal source of funding ranks more predominant than external methods, and the budgeting practices adopted involves a financial plan for a year this was agreed on by the majority of the respondents. Furthermore, the funds’ allocation strategies adopted is such that funds were usually allocated based on student population and the nature of the academic programme. As a result of these findings, the recommendations made include; the establishment of an internal revenue generation office within each public university; strict observance of agreed budgets, and development of a concrete means of funds allocation.

Keywords: Finance, Funding, Management, Public, University.

Introduction

Erstwhile 1960, the University College, Ibadan (UCI) in 1948 an affiliate institution of the University of London was the forerunner university in Nigeria. This led to the establishment of other universities in Nigeria such as the University of Nigeria, Nsukka (UNN) in 1960 and Obafemi Awolowo University Ife (OAU). In the course of this period, after independence, there were successive national development plans in Nigeria that reemphasized the importance of university education for skilled manpower development in the country (Asiyai, 2013). This desire for university education resulted in the clamor for UCI to also become a university, free from the control of its parent body the University of London. Thus, the University of Ibadan (UI)

in 1962 was birthed. With the establishment of these pioneering universities in Nigeria, the footing for more universities was laid in the country (Idogho, 2011).

Currently, there are 170 universities in Nigeria consisting of 50 Federal universities, 57 State universities, and 148 privately owned universities, this makes up a total of 255 universities in Nigeria (Statista, 2023). In the South-South region of Nigeria, there are eleven (11) public universities (five federal universities and six state universities) located in Akwa Ibom State, Bayelsa State, Cross Rivers State, Delta State, Edo State, and Rivers State. In Rivers State, there are three public universities, these public universities include the University of Port Harcourt in 1973, Rivers State University in 1992, and Ignatius Aguru University of Education in 2001.

In order for these universities to succeed they have to possess sufficient amounts of all the human, material, and financial resources required to thrive in a globalized competitive tertiary education sector. The responsibility for success lies in the ability of university administrators to plan, direct, organize, control, and source resources through various legitimate means in order to meet the needs of universities. Financial resources are a vital segment of this tripartite resource triangle (human, material, and financial resources). Thus, it is essential that university administrators possess efficient financial management ability through the application of good funds management skills.

Statement of the Problem

Contrary to the United Nations Education Scientific and Cultural Organization (UNESCO) recommended sum that at least 26% of developing nation's budget should be allocated to the education sector, successive governments in Nigeria continue to budget less for education. Unfortunately, this has negatively affected the quality of education at all levels, especially at the university level. The challenge of underfunding university education in various States in Nigeria has formed the need for university administrators to creatively manage the limited financial resources available to them to achieve set goals. This is because insufficient funds affect the ability of lecturers, students, and university administrators to perform their roles of teaching, learning, and, developing university education in an efficient and effective manner. This has compelled many universities in the country to begin to source funds internally and reduce their dependence on government funding. Various financial resourcing strategies have been pursued by university administrators in order to meet up with the financial needs of their respective institutions. Hence, the research examined the various financial management techniques adopted in public universities in Rivers State.

Aim and Objectives of the Study

The aim of this study was to assess the financial management ability of public university managers in Rivers State. Specifically, the study was designed to achieve the following objectives:

- 1) State the sources of finance adopted by public university managers in funding public university education in Rivers State, Nigeria.
- 2) Classify the budgeting practices adopted by public university managers for effective public university management in Rivers State, Nigeria.
- 3) Examine the financial allocation strategy adopted by public university managers in Rivers State, Nigeria.

Research Questions

The following research questions were addressed in the study:

- 1) What are the sources of finance adopted by public university managers in the funding of university education in Rivers State, Nigeria?
- 2) What budgeting practices are adopted by public university managers for effective university management in Rivers State, Nigeria?
- 3) What are the financial allocation strategies adopted by public university managers in Rivers State, Nigeria?

Sources of Funding Public University Education

At this time, public university education in Nigeria is extremely underfunded, Arikewuyo (2001) stated that this severely obstructs its ability to make substantial contributions to national development. The fact that university education is capable of intensifying as well as diversifying its programme for national development purposes through the provision of higher-level manpower in the context of the needs of the nation cannot be overemphasized as recognized by the National Policy on Education (FRN, 2013).

One of the most serious challenges confronting university education is inadequate funding, it puts university management under pressure, by limiting and reducing their ability to provide essential human and material resources required for teaching and learning. Thus, universities in Nigeria are facing strikes by academic and non-academic staff, scarcity of equipment, poor infrastructure, lack of research and development, poor collaboration among universities in the country and so on (Olupona, 2001). These complications make it impossible for the provision of university education in Nigeria to be as efficient and effective as its counterpart in other countries. This is needless to mention that university education is an expensive venture, which is both capital and labor-intensive.

Furthermore, in an attempt to reduce the burden placed on government during the process of funding university education there are other alternative sources of funding which have been advocated. Some of these alternative sources include tuition fees, student tax, promotion of endowment funds, marketing scientific inventions, sandwich programme, tax-relief packages, among others. The promotion of these alternative sources of funds generation in public

universities is collectively referred to as Internally Generated Revenue (IGR). IGR is centered on the need to reduce the financial burden placed on the Federal and State Government by federal and state-owned universities.

IGR implementation cannot be fully achieved without the proper understanding of what “revenue” entails and how it can be generated both internally and externally. Revenue is often used interchangeably with the word words such as income, receipt, profit, gain, returns, nevertheless, the word revenue means a different thing. Revenue refers to a profit that is acquired as a result of act programs based on the production of goods and/or services which are rendered overtime. According to Audrey (2013), revenue signifies to all the money an organization or institution makes from the service it provides or good produced. Thus, revenue derived from institutions, therefore, are a product of a legitimate actions taken by the organization. Imhabekhai and Tonwe (2001) revealed that revenue is the funds that is gotten by an institution through its business activities set up for that purpose. Therefore, universities can generate revenue through joint collaboration with any other sector such as health, tourism, sports, business, agriculture and so on. The implication of this on university education and indeed education as a whole is that university education revenue can be sourced through many different means.

Budgeting Practices Adopted in Public University Education

The term budget refers to a plan of financial activities for a defined period of time. Budget also refers to projected sales volumes and revenues, costs and expenses, assets, liabilities, and cash flows which are expected in the near future. This requires a strategic plan of an institution or organizations in measurable terms over a specific period of time. A budget is a financial accounting statement which reflects the income and expenditure for a period of usually one year. Saved funds from a budget are usually not spent but kept for the following accounting year, this method of saving includes putting money aside, for example, a deposit account, investment fund, or as cash are usually kept aside and not spent. Saving is crucial because it ensures that the organization is well prepared financially by having funds available for any unplanned financial activity (Kotlikoff in Henderson, 2008).

The capability of universities to guarantee effective and efficient financial management applications entails the adoption of techniques as emphasized by Anderson, Albert, and Fincham (2005) such as planning, risk management, and cost projecting. Planning involves the method of rationally organizing the processes involved to achieve set goals. Such as the creation and maintenance of a plan, development of conceptual skills and the ability to effectively implement set processes. University administrators are expected to use models and statistical data to forecast how the current financial structure of the university will progress overtime.

The adoption of risk management requires the processes of identification, assessment, and ordering of risks. Thereafter there is need to “coordinate and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events” (Hubbard, 2009. p46). University administrators are also required to perform the task of cost and benefit

analysis in order to forecast the rewards of a given university endeavor given the risks or cost involved with such a venture. The practice is to take the risk and estimate a particular cost to it, in order to be able to conveniently conduct a cost benefit analysis. The use of cost predicting methods involves the use of various financial estimating approaches to define any possible changes in cost (Ghoshal, 2005).

There are other funds management methods which can be used in universities, via these universities can correctly manage their revenue. Yusuf (2010) described some of these to include the use of cost-saving strategies which are capable of also reducing cost. In the process of accounting there has to be recurrent costs which is frequently the highest cost acquired by educational institutions. Consequently, it is important to develop means through which the recurrent cost of universities and other educational institutions are reduced to the basic least. Similarly, excesses are eliminated as much as possible and the attitude of appropriate preservation of remaining facilities and equipment rather than allowing them to denigrate to an irretrievable state that will eventually result in buying new facilities at additional cost is prevented. Cost savings strategies are a good financial management habit that is applied in most developed countries (Ghoshal, 2005).

The adoption of public accountability approach which is a financial management practice that is used in universities as a means to providing suitable financial policy the general public and government agencies in education. Throughout this procedure, the university makes a budget, displays account, describes expenses, and makes forecasts in a manner that is transparent and visible to all. This finance management process enables the introduction of skill into the activities of university financial management by stakeholders (Stewart & Sharma, 2002).

Funds Allocation Strategies in Public University Education

The capacity of universities to locate funds, and efficiently allocate, and use these funds for to achieve set educational goals and objectives are continually a topic of debate at the federal and state governments. Challenges with funding of most universities in Nigeria, requires thorough analysis and examination to determine the best methods to apply in every given situation. As it relates to funding, very little has been accomplished by university administrators, many universities in the country still rely on the government for funds to meet their basic needs.

Public universities in Nigeria, still depend heavily on statutory allocation from the government to enforce their desires and aspirations. The alternative streams of budgetary allocation, voluntary organization gifts, and exchange are gradually becoming insufficient to meet the needs of universities in Nigeria. Government allocation still appears to be the only means, otherwise little or no result can be used in the accomplishment of the university's objectives. Consequently, owing to the incapacity of the federal government to cater to the demands of the entire public universities in Nigeria, university education has been hindered from fully executing its major objectives. This has affected the availability of human and material resources in universities across the country (Akindele, Olaopa & Obiyan, 2002).

Funding is a vital component that backs to the achievement of university education all over the world. The extent of funds available in the university system can define the quality and quantity of resources that will be accessible for teaching, research, and university development. Fund management gives way to infrastructural development within universities at the federal and state-owned levels. Similarly, funds management gives way to the accessibility of educational infrastructure in universities if appropriately utilized. Funds sourced within the university system add to both infrastructural development and help to reduction of the cost of education (Bongila, 2003).

In order for university administrators to professionally use funds can cause the reduction of the cost of education, it reduces the cost borne by parents, teachers, and students within the public university system. Furthermore, reduced funding sources for university education in the country indicate an increase in the cost of education for parents and guardians (Bongila, 2003).

Methodology

The research design was a descriptive survey design because it involved the collection of data from a sample drawn from a given population to enable the researchers to examine and describe an existing and ongoing phenomenon regarding financial management of public universities in Rivers State.

The population of this study involved three (3) bursars and twenty-four (24) deans and one hundred and fifty-six (156) HODs heading 156 departments in the 3 public universities of Rivers State of Nigeria (Universities Statistics, 2016). This sample size was arrived at using the Taro Yamane formula. A four (4) point-modified Likert rating scale was adopted in responses on sections B - H. The responses were weighted thus; Not at all – 1; Minimal Extent – 2; Moderate Extent – 3; Good Extent – 4. Any mean calculated for an item on each of these variables that fell below the value of 2.5 showed a negative response or disagreement, while any that fell above 2.5 indicated a positive response or agreement.

Findings of the Study

Research Question 1: What are the sources of funding adopted by public university managers in funding university education in Rivers State?

The results of the data analysis on the sources of funding adopted by public university managers in funding university education in Rivers State Nigeria are presented in Tables 1.

Table 1: Mean and Standard Deviation of the Sources of Funding University Education.

S/N	Items	HOD		DEAN		BURSAR		Total Mean
		Mean \bar{x}_1	SD ₁	Mean \bar{x}_2	SD ₁	Mean \bar{x}_2	SD ₁	
1.	Grants	2.69	1.02	2.86	0.95	3.00	1.00	2.72
2.	Student fees.	2.75	.90	3.00	0.96	2.67	0.58	2.77
3.	External aids from foreign countries.	2.45	0.76	2.43	0.76	2.67	0.58	2.45
4.	Loans	2.64	1.01	2.64	1.01	2.67	1.53	2.64
5.	Funds from alumni.	2.42	0.85	3.00	1.00	2.50	0.85	2.50
6.	Proceeds from sales of university products.	2.25	0.78	2.64	1.08	3.33	1.16	2.32
7.	Proceeds from leased university infrastructure.	2.58	1.05	2.64	1.15	2.67	1.53	2.59

Table 1 reveals that items 1 to 7 had calculated total mean scores which ranged from 2.32 to 2.77 on variables concerning the sources of funding adopted by public universities in funding university education. The result showed that the highest total mean of 2.77 is on item 3 (fees from students.). While the lowest total mean of 2.32 is on item 6 (proceeds from sales of university products).

Research Question 2: What budgeting practices are adopted by public university managers for effective university management in Rivers State?

The second research question analyzed in this study is about the budgeting practices adopted by public university managers for effective university management. In this regard, HODs, Deans, and Bursars were asked to indicate their opinion, and the result is stated in Table 2.

Table 2: Mean and Standard Deviation of the Budgeting Practices Adopted in Public Universities.

S/N	Items	HOD		DEAN		BURSAR		Total Mean
		Mean \bar{x}_1	SD ₁	Mean \bar{x}_2	SD ₁	Mean \bar{x}_2	SD ₁	
8.	Budget involves a financial plan of operations for each year.	3.04	0.93	3.07	1.00	3.33	0.93	3.05
9.	Budgetary approach used is the traditional creeping incremental.	2.77	0.85	2.64	0.63	2.67	0.58	2.75
10.	Budget committee are setup	2.51	0.97	2.86	0.54	3.33	0.58	2.57
11.	Budget imbalance is resolved by new revenue	2.33	1.25	2.50	0.65	2.67	0.58	2.36
12.	Budgeting procedures are designed to increase allocation to departments	2.13	0.74	2.50	0.52	2.33	0.58	2.18
13.	Planning Programme and Budgeting System (PPBS)	2.35	1.05	3.07	1.08	3.33	1.16	2.45
14.	Use of Zero-base budgeting.	2.59	1.08	3.21	1.05	3.67	0.58	2.68

Table 2 shows that HODs, Deans, and Bursars generally agreed on the budgeting practices adopted in public universities. Based on the responses to the question posed it is apparent that the respondents agreed on almost all the items being considered, this can be attested to by the total mean which ranges from 2.18 to 3.05 which was mostly above the criterion mean of 2.50 for the variables considered.

Research Question 3: What are the funds' allocation strategies adopted by university managers in Rivers State?

The third issue examined the funds' allocation strategies adopted by university managers and the analysis addressing this is stated in Table 3.

Table 3: Mean and Standard Deviation of the Funding Allocation Strategies Adopted by University Managers

S/N	Items	HOD		DEAN		BURSAR		Total Mean
		Mean \bar{x}_1	SD ₁	Mean \bar{x}_2	SD ₁	Mean \bar{x}_2	SD ₁	
15.	Allocation of funds depends on funds/grants available to the university.	2.58	0.85	3.07	0.62	2.67	0.58	2.65
16.	Performance budget to know how to allocate funds.	2.52	0.87	2.93	0.62	2.67	0.58	2.57
17.	Funds are allocated in proportion past budget.	2.78	0.87	2.64	0.84	2.87	0.58	2.76
18.	Allocation of funds to faculties/departments is based on their contribution.	2.52	0.95	2.93	0.83	3.00	0.00	2.58
19.	Allocation of funds is done in proportion to students.	2.79	1.01	3.00	1.02	1.73	0.58	2.82
20.	Allocation of funds is based on activities.	2.59	1.03	2.93	0.92	2.33	1.53	2.62
21.	Allocation of funds is based on the cost-benefit-analysis to the university.	2.55	0.77	2.50	0.85	2.67	1.15	2.57

The data in table 3 showed that the respondents generally agreed on the funds' allocation strategies adopted by university managers, the result indicated that HODs, Deans, and Bursars reasonably agreed on almost all the items listed. This can be attested to by the total mean for nine agreed variable items which ranges from 2.29 to 2.82, which on average is higher than the criterion mean of 2.50.

Discussions of Findings

The mean responses of HODs, Deans, and Bursars indicated the sources of funding public university education especially in the areas of grants; tuition fees from students; loans; funds from alumni; proceeds from leased university infrastructure among others. These items were all agreed upon by the respondents and they exceeded the criterion mean of 2.50, however, items 3 and 6 in Table 1 were disagreed upon since they all fell below the criterion mean of 2.50. This finding on the first research question seem to support the claim, that these sources of funding public university education agreed upon have remained an essential aspect of public university funding all over the world. They act as a major tool used by university managers to generate funds required to meet the needs of the university on a regular basis and contribute to the development of public university education. Arikewuyo (2001) supported this claim and

suggested that the full potential of public universities can only be attained when university administrators are able to generate sufficient funds required to meet their daily needs.

The second research question measured the budgeting practices adopted by public university managers for effective university management in Rivers State. Based on the mean responses it was discovered that HODs, Deans, and Bursars agreed marginally on the budgeting practices adopted by public university managers this can be attested to by the marginal high responses to almost all the items being considered. The respondents agreed with four out of seven items raised in this particular research question. The mean responses of HODs, Deans, and Bursars indicated that these budgeting practices were adopted by public university managers especially as it relates to: Budget involves a financial plan of operations for each year. The budgetary approach used is the traditional creeping incremental, the budget committee is set up is resolved by proposing a new revenue target for the university; budgeting procedures are designed to increase allocation; and use zero-based budgeting technique. The finding on the second research question seem to moderately agree with this claim, these budgeting practices adopted are agreed upon by university managers with minimal disagreements.

Responses to the third research question pointed out that HODs, Deans, and Bursars indicated that they agreed on almost all the items listed in terms of funds allocation strategies adopted in funds management. This can be attested to by the responses which were all above the criterion mean of 2.50. The finding on the third research question seem to agree with this claim since funds allocation strategies are agreed on by respondents as methods of funds management adopted by public university managers in Rivers State. Good funds allocation strategies within the university system can be a crucial instrument for the management of funds by public university administrators in the country. The researcher opined that the choice of the funds' allocation strategy to be adopted by public university administrators depends significantly on the leadership of the university (Hubbard, 2009). Idogho (2011) agreed that the allocation of funds process adopted by universities in the country depends extensively on the availability of funds for university education. Ibara thought that if there are sufficient funds available for university education in the country the means through which these funds will be allocated will not be hindered. It has always been the deepest desire of university managers to sufficiently allocate funds that will meet the needs of the various department and faculties in the university system. However, the limited nature of the funds available tends to limit and restrict the extent to which these funds can be prudently allocated.

Conclusion

Accountability is an essential aspect of funds management, it is vital that those trusted with the accountability of handling funds are truthful, reliable, skilled, capable, and responsible. Responsibility and capability involve that those who are in positions of authority over funds should be experts in funds management and account for their capability or incapability to cope with such funds appropriately. Consequently, public university education managers (decision

makers) who are charged with the duty to handle university funds are responsible to the government, university, students, parents and stakeholders. Likewise, in the public university system, there are numerous levels upon which managers of university funds can be answerable, these are; finding for funds, budgeting, funds allocation and funds utilization strategies. These various areas were exposed in this study with a view to improving the funds' management practices in public universities in Rivers State.

Recommendations

In recognition of the vital role of good funds management in the development of university education, the following recommendations were proffered:

- 1) Public universities in Rivers State should create an IGR office explicitly saddled with the responsibility of developing alternative funding sources for the university.
- 2) Public university administrators should take seriously thought of the fact that commitment to stipulated budgets is an essential aspect of funds management and must be followed to the letter.
- 3) Public university administrator should guarantee that answerability is their motto especially with regards to funds allocation/utilization within and on behalf of the university.

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