MDC Journals.
International Journal of Scientific and Allied Research
[IJSAR]

IJSAR Journal of Advancement in Education and Computing (IJSAR-JAEC)
ISSN: 2408-7661
Volume 2, Issue 3 (September 2015), 109-114
http://www.mdcjournals.org/ijsar-jaec...html

Research Article

Diversification of Revenue Sources of Tertiary Institutions for Effective Management of Tertiary Institutions in Enugu State

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ABSTRACT: *The study investigated the extent of diversification of revenue source of tertiary institutions for effective management of tertiary institutions in Enugu state. The study was a survey research and one research question and one null hypothesis guided the study. The population for the study was 4830 academic and non academic of the sampled institutions. The research used proportionate stratified random sampling technique to sample 483 respondents representing 10% of the total population; three experts face validated the instrument, while Cronbach Alpha reliability was used to test the reliability. Mean and standard deviation was used to answer the research question while t-test was used to test the hypothesis. The result of data analysis revealed that the requisite ingredient for fund diversification were not available. It was recommended that government should encourage tertiary institutions by making the environment conducive for school administrators to diversify revenue sources of the institution.*

Keywords: *Diversification, Management, Revenue, Sources, Tertiary Institution*

1. INTRODUCTION

Education is the most important instrument of change as any fundamental change in the intellectual and social outlook of any society has to be preceded by an educational revolution [1]. The fulfillment of this role lies on funding and administering sound functional education policies. The Federal Government of Nigeria realizes this and this is why it provides funds for federal tertiary institutions throughout the country while state government fund tertiary institutions in their areas of jurisdiction.

Inspite of the effort of the different government of the federation to provide funds for higher Education, higher education still lacks funds to implement various programmes [2]. Inadequate financial resources in the higher institutions have the effect of limiting the educational development policy of both the state, local and federal government. The fact that the various governments of the federation cannot adequately fund higher education in the country implies that the institution must diversify its sources of generating income to finance their programmes.

Supporting the idea, [3] identify the following as some of the third stream fundraising activities for diversifying revenue sources.

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a. Consultancies – Notwithstanding the importance of private sector support and development, staff members could be allowed to carry out consultancies and a percentage of income derived there from, be remitted to the institution.

b. Research- Institutions could develop research capacity and engage in research in order to reduce dependence on outside consultants and bring income to the institution while enriching the researcher and the knowledge basic

c. Cost recovery- Institutions could explore possible and sustainable areas for cost recovery and implement them like tuition fees

d. Short courses for the industry and community:- Institution could run short courses to general income like courses on HIV/AIDs counseling, home base care, leadership skills etc

e. Alumni- This is an association of former students who form a social association for fundraising purpose.

f. Foundations – A foundation is a vehicle for donors to contribute cash, property and other assets on a tax free basis.

g. Developing strategic partnership- Companies and agencies can provide funds, increase visibility and create a positive image for the institution and the partner.

h. Renting of facilities- Institutions could generate revenue by renting space, equipment and other facilities amendable to renting to interested parties especially in the evening or weekend or even during vocation.

i. Fundraising Events- A fundraising events is one of a range of activities that could be organized and promoted primarily to raise money for the benefit of the institution. Example are beauty pageants, talent search, festivals

j. Financial endowments- An endowment is a fund of money the principle of which is held in perpetuity and invested, from which the organization may use the return on investment.

k. Entrepreneurial Activities- Tertiary education is becoming increasingly diverse and several vocational institutions are building strong partnerships with potentials employers, leading to dual forms of training, apprenticeship scheme etc.

l. Internationalization- Internationalization of higher education resulted in reduced fiscal stress on the government in higher education [3].

[4] observed that certain potential challenges may be encountered in implementing the strategies for financial diversification. Some of the potential challenges include:

1. Shallow financial depth of the private sector owing to their dependence on government spending and also absentee owners.
2. In the short-term, the legislative environment and government of the institution does not support the revenue diversification.
3. Capacity constraints, especially in the area of corporate governance particularly on the part of the institutions.
4. Institutions in Local or rural areas may be out of competition by those in urban areas terms of attracting enough number of students and mobilizing funds [4].

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The establishment and running of tertiary institution in Nigeria are capital intensive ventures. Running the institutions need ample investment necessary to sustain minimum level of infrastructure as in terms of facilities, staff emolument, hostel etc. Even the Federal Government, in the National Policy on Education, stressed the importance of alternative sources of finding universities [5]. The universities and other tertiary institutions are encouraged to explore other sources of finding such as endowment, consultancy services and commercial ventures. The gap this study intends to fill is to find out if the requisite ingredients for fundraising to be a success in tertiary institutions are available such as legislative supports, good leadership and government, efficient management, supportive community, supportive media culture of corporate responsibility etc.

1.1 Statement of Problem

The deficiency in infrastructural development, in Nigeria tertiary institutions which is due to low financial allocation, has created problem in areas of accommodation, reduction is space per students and dilapidated classroom, laboratories and library facilities. It is an understatement to say that Nigerian government over the years has not been meeting the United Nations Educational Scientific and Cultural Organizational (UNESCO) recommendations of 26% of the total budget allocation to education sector. A very disastrous consequence of this financial crisis is the loss of a great deal of valuable manpower to oversee countries.

1.2 Purpose of the Study

The main purpose of the study is to find out the extent of diversification of revenue source of tertiary institutions for effective management of tertiary institutions in Enugu Sate. Specifically, the study will find out if

a. The requisite ingredient for successful revenue diversification in an institution is available in Enugu State.

1.3 Research Question

The following research question guided the study

1. To what extent is the requisite ingredient for successful revenue diversification in an institution available in Enugu State?

1.4 Hypothesis

The following null hypothesis was tested at 0.05 level of significance. There is no significant difference in the mean perception score of academic staff and non academic staff of tertiary institution on the extent to which the requisite ingredient for revenue diversification is available in Enugu State.

II. METHODOLOGY

This study is a survey research design. The designs help to provide important and useful information for educational decision making. The study was designed to cover few of the selected tertiary institutions in Enugu State. The selected institutions are

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Enugu State University of Science and Technology, Institute of Management and Technology and Federal College of Education Eha-Amufu.

The population for the study comprised 4830 academic and non academic staff of the three selected tertiary institutions for the study. The researchers used proportionate stratified random sampling technique to sample 483 respondents representing 10% of the total population for the study.

The instrument for data collection was a self structured questionnaire developed by the researcher and titled (DRSTIQ). In other to determine the reliability coefficient of the instrument, the instrument was administered to 10 academic staff and 10 non academic staff in Ebonyi State University Abakaliki. Cronbach reliability Alpha were used to test the reliability coefficient which yielded 0.79

The research question was analyzed using the mean and standard deviation while t-test was used to test the hypothesis. t-test was chosen because of the large sample size.

III. RESULTS

3.1 Research Question One

To what extent are the requisite ingredients for successful revenue diversification available in Enugu State?

Table 1: Mean and Standard Deviation of the Respondents on the Requisite Ingredients for Revenue Diversification in Tertiary Institutions.

		Academic				Non Academic			
S/N	Items	**No**	**X**	**St.d**	**D**	**No**	**X**	**St.d**	**D**
.									
.1	Legislative support	200	2.342	1.107	LE	283	2.226	1.136	LE
2	Good leadership and governance	200	2.266	1.184	LE	283	2.143	1.266	LE
3	Efficient management	200	2.541	1.234	GE	283	2.692	1.107	GE
4	Supportive media	200	2.439	1.177	LE	283	2.144	1.110	GE
5	Cultural of corporal responsibility	200	2.168	1.108	LE	283	2.296	1.207	GE
6	Enthusiastic staff and students	200	2.490	1.117	LE	283	2.380	1.122	GE
7	Good administrative support structure	200	2.330	1.188	LE	283	2.441	1.177	GE
8	Being positive all the time	200	2.290	1.221	LE	283	2.342	1.104	GE
9	Believing in ones institution	200	2.567	1.013	GE	283	2.501	1.122	GE

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10	Constructing opportunities out of mishaps and misfortunes	200	2.601	1.117	GE	283	2.330	1.012	LE
			2.421	1.431	LE	283	2.109	1.046	LE
11	Making a good judgment and knowing a good prospect.	200	2.201	1.191	LE	283	2.641	1.164	LE
	Grand mean		**2.388**				**2.357**		

Data on TABLE 1 above shows the grand mean scores of 2.388 & 2.357 respectively of Academic and non-academic staff of the three selected tertiary institutions used for the study. The implication of the findings is that the requisite ingredient for revenue diversification is not available in the institution as their means scores tell below 2.50 which is the acceptable point.

3.2 Hypothesis One

There is no significant difference in the mean perception scores of academic and non academic staff of tertiary institutions on the extent to which the requisite ingredient for revenue diversification available.

Table 2: Shows the T-Test on the Requisite Ingredient for Revenue Diversification

Category	**No**	**X**	**St.d**	**Df**	**t-cal**	**t-tab**	**Decision**
Academic Non Academic	200	2.388	1.201	481	-1.76	+1.96	Not rejected
Non- Academic	283	2.357	1.196				

Data on TABLE 2 above shows that value of t-calculated was -1.76 while the table value was +1.96 at 0.5 level of significance and 481 degree of freedom since the calculated value is less than the critical value, the null hypothesis tested was not rejected. The implication is that there is no significant difference in the mean perception scores of the respondents with respect of the availability of requisite ingredients for revenue diversification in tertiary institutions.

IV. DISCUSSION OF FINDINGS

Data on TABLE 1 revealed that the respondents agreed that the requisite ingredient for revenue diversification in tertiary institutions were not available. The findings is in line with the views of [4] who observed that certain potential challenges are still encountered in the implementation of the strategies for financial diversification[4]. Some of the challenges include

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shallow financial depth of the private sectors legislative environment not supporting revenue diversification and capacity constraints especially in the area of corporate governance.

V. CONCLUSION

The paper examined the extent of diversification of revenue sources of tertiary institutions for effective management in Enugu State. It was discovered that the requisite ingredients for revenue diversification in tertiary institutions in Enugu State were not available like supportive legislature, good governance, supportive media among others. It was recommended that government should ensure that in every tertiary institution in Enugu are encouraged to diversified heir revenue by creating a conducive atmosphere for the institutions to operate.

VI. Recommendation

Government should ensure that in every tertiary institution in Enugu state are encouraged to diversified their revenue by creating a conductive environment for the institution to operate.

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