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## Economic Dimension of University Management in Nigeria

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### **Abstract**

The paper looked at the economic dimension of university management. This has become necessary as university always looks unto government for fund to virtually carry out all university activities yet, the budgetary allocation to education cannot meet all their financial needs. The recent scenario is that many universities lack the requisite learning resources and this could impact on learning and research. The paper therefore espoused on how good management could enhance economic leverage of institutions through such practices as good governance, due process, accountability, prevention of wastage amongst others. The paper also stressed on exploring innovative ways and also modifying the traditional ways of generating funds for universities like the payment of tuition fees, rentals, endowments, call on alumni for financial supports and others sources of fund for universities. The paper also stressed on autonomy of universities for vice chancellors to fully harness university financial resources without undue interference on management.

**Key words:** Performance appraisal, Management, Economic dimension, Cooperate governance, Educational resources

The economic dimension of university management has come under focus for stakeholders recently as universities have come under stress because of the dwindling economic fortunes of the country arising from the drop in oil prices as well as the seemingly ineptitude of management in some institutions. Ekundayo and Ajayi (2009) citing Oyeneye (2006), Adegbite (2007) and Babalola (2014) maintained that the major challenge facing the management of university system in Nigeria is inadequate funding. The Nigeria demography tilt towards a growing population of youth in dire need of education and the budget allocation cannot sustain it as corroborated by Ajayi and Ayodele (2002) by stating that there was an increase in the proportion of total expenditure devoted to education, but this has been considered to be rather grossly inadequate considering the phenomenal increase in student enrolment.

In the 70s, Nigerian universities were rated high, in fact, they were citadels of learning and ivory towers and they had their fair share of funding. But today, universities are facing hard times. Hostel accommodations are fast deteriorating, carrying capacities of schools are grossly inadequate to meet demand

for University education and learning resources are in short supply. Better working conditions are no longer provided in universities and this has led to brain drain as some lecturers opted for greener pastures abroad and in well paying companies. Many parents have no options than to send their children to private institutions. There is no gaining saying that the poor state of the university system is emanating from paucity of funds. The onus rest on vice chancellors to adopt economic measures for managing the universities to raise fund and prevent over dependent on the allocation from government that can hardly sustain the institutions. Okebukola (2006) reiterated that government alone cannot fund university education because of the increasing costs of delivery. University management must be resourceful as Akporehe (2011) maintained that financial resource management provides for the possibility that resilience activities can become investment that the school uses to move its strategic objectives forward, which can be recouped through value to stakeholder and customers. These resilience activities are called internally generated revenue (IGR). The federal government of Nigeria has given backing to IGR by issuing a funding policy directing that universities should generate 10% of their current budget especially the federal universities. There is wealth untapped in the educational system which needs to be harnessed. Universities are established for national development and there are challenging areas of the economic life that department and faculties are expected to solve. Like in Agriculture, universities can go into research and training for the benefits of farmers. Recently attention has been directed to solid minerals. There are departments of geophysics and geology etc that can be consulted for the exploration and exploitation expertise. It is high time Nigerian universities sought other means of augmenting government allocations.

### **Concept of Education**

Ogbonnaya in Onwuka (2000) defined education as the process through which the physical, intellectual, social, emotional and moral abilities of the individual are developed to enable him contribute positively to the development of his society. It can also be said to be a worthwhile experience that shapes a man's course of action as well as decisions in life. Education produces people of various calibers such as engineers, pilots, medical doctors, lawyers, brick layers, photographers, fashion designers, electricians, drivers, auto mechanics, farmers, hair dressers, caterers, accountants and so many more.

Nations invest in education by way of budgetary allocations to produce human capital for national development. Education is therefore said to be an economic good and individuals consume it depending on their needs and interest, backed up by ability to pay for it. Education is provided at various levels namely- primary, secondary and tertiary. Education at all levels is well sought for by both the rich and the poor. It is no longer a reserved for the rich these days. The poor also struggle to send their children to school even if it means selling their possessions or borrowing. This is because of the felt need for education for the enhancement of the capability of the recipient.

### **The Concept of University**

University is highest tertiary institution of learning. High skilled manpower are produced in university, hence it is regarded as the highest institution of human capital development of any nation. According to Amobi (2013), universities are now seen as crucial national assets in addressing many policy priorities and as sources of new knowledge and innovative thinking; providers of skilled personnel and credible credentials; agents of social justice and mobility; contributors of social and cultural vitality; and determinants of health and well-being. This is why individuals crave to acquire university education and hence in Nigeria, federal and state governments and individuals have established many universities in various parts of the country. University education started in Nigeria with the establishment of the first university, the university of Ibadan in 1948 in affiliation with University College, London . Since then, many universities have been established and as at the 2015/2016 academic session, there are 143 universities in Nigeria.

The paper is anchored on Management by Objective (MBO) by Peter Drucker in 1954. It is also known as management by result. It is defined as the process of defining specific objectives within an organization that management can convey to organization members, then deciding on how to achieve each objective in sequence. In this study, the main objective is to find a means of ensuring generation of income for university activities. According to Odiorne, the MBO allows the superior and sub ordinate to jointly identify the common goals, define each individuals major areas of responsibility in terms of the result expected of him or her and use these measures as guides for operating the unit and assessing the contribution of each of its members. Ogbewere and Dunmade ( 2014) maintained that Management by Objective was introduced in Nigerian public service by the Udoji Reform Commission of 1972-74 for the primary purpose of adapting Nigeria's public service to the demands of development

Although the system of MBO is not without criticisms such as overemphasis on goals over working of plans as driver of outcomes, it is relevant to this study as it will help in proper management of universities. The management is to sell the mission to the staff who by the help of committees, will be able to achieve the goals. MBO is very relevant in attaining goals set for organizations (universities).

### **Statement of the Problem**

The time of economic boom in Nigeria is now over, as the price of the mono economic oil revenue has fallen drastically. Managers of universities always look up to budgetary allocation to education to be able to carry out university activities and these funds are hardly enough. Surely there must be a paradigm shift from over dependent on the traditional / conventional means of getting funds to other means. The problem of this study is therefore the insufficiency of funds in universities as a result of non-exploitation of other sources of fund for universities in addition to that from the conventional / traditional ones. The questions that arise are : what are the management practices that can enhance economic standing of

institutions? What are the economic dimensions that can be developed to generate funds for universities other than the traditional or conventional ones.

The purpose of the study is to draw attention of management of universities to other economic sources of raising fund to run universities instead of relying solely on budgetary allocations of government; highlight on effective management of universities geared towards economic sustainability. The study is of significance as it will help universities management to be economically minded in administration; management to be proactive to issues of raising funds as well as ensuring that every member of the university buys into plans of getting funds for the running of the institutions.

The study will be significant as it will help managements of universities to be resourceful in addressing their financial inadequacies. It will help universities managers to adopt good management practices that will enhance productivity of human resources in the institutions; will awaken managers of universities zeal to various sources that could help to generate income to universities. The study will also add to literature on economic dimension of management of universities.

### **Management of Universities**

Management is the process of planning, organizing, directing and controlling the activities of an organization in order to achieve the organizational goals. Draft (1997) defined management as the attainment of organization goals in an effective and efficient manner through planning, organizing, leading and controlling. In the university context, management is planning and utilizing human and material resources so as to effectively and efficiently accomplish functions of teaching, learning and research thereby, achieving the goals of university education. The Vice Chancellors are responsible for the management of the universities and so, they need autonomy and free hand to fully administer them. As at now, universities are at the apron's string of National University Commission (NUC) and this has not fully made administration easy because of bureaucracy, which make Vice Chancellors seem to lack initiatives. Un due control cannot make for good management of universities. On the other hand, Vice Chancellor must show their managerial prowess to put universities in enviable position. There is a trending action called Service Compact (SERVICOM) that was introduced to public institutions in Nigeria in March 2004. This is aimed at easing services to Nigerians in all circles of government enterprises and services. Universities need to employ the tenets of SERVICOM to ensure customers confidence in doing business and also ensuring students' satisfaction with ease of meeting their needs like course registration, ease of paying tuition fees, getting school receipt, releasing result etc. According to Philip and Omonowa (2015), SERVICOM will make Nigerians to have a better ethical re-orientation in the performance of public services that is generally characterized by inefficiency, bribery and corruption with impunity.

Universities are ivory towers and so the management must be in the hands of experienced, seasoned and capable professors. The choice of the vice chancellor and governing body can be a driving force for setting and achieving

goals. The Vice Chancellor must be visionary and armed with his strategic mission and vision. Therefore strategic plan for short, medium and long term basis that is a product of staff of the institutions must of necessity be in place to give direction to everyone. This will ensure good budgeting and prioritizing of university undertakings. Management of universities is encapsulated in what Adeyemi (2011) called corporate governance. He opined that corporate governance entails the relationship among the many stakeholders, the board of directors (the council), employees (staff), customers (students and parents), creditors (proprietors – private, state and federal governments), contractors (many in the university system) and the community at large. Modern management of universities enthrones committee system that carry out various functions. Good management must necessarily evaluate implementations of plans to see how goals have been achieved. This is more or less performance appraisal. Bird (2003) defines performance appraisal as the assessment of what we produce against set target and how.

Prevention of wastage is another management practice that is of economic import in universities. Wastage is inefficient use of resource. Lot of wastages occur in area of facility use owing to lack of maintenance culture and negligence and this cost the universities lots of money. There is preventive maintenance measures that could be taken to avoid waste of resources. To this end, a good hardworking maintenance department is vital for every institution. The money saved from preventive measures can be utilized for other areas of need in the institution. Another area of wastage can arise from paper use as printing hard copies are expensive. The volume of memos circulated in universities are so high and if these cost are calculated, a great chunk of education finance is spent on papers, ink. In this era of information communication technology, soft copies can be the means of passing information. Use of ICT can help to save cost arising from paper use and time. The present administration of President Buhari has inaugurated efficiency unit in every sector of the economy. Universities must follow suit to avoid waste of their resource

An important aspect of management is in area of procurement. Usually, buying in bulk help to reduce cost drastically. Recurrent expenditure in consumables like paper, writing markers, biro and pens, ink and other stationeries will be saved by bulk purchase. Good stock inventory of school resources can help to detect/ prevent pilfering as well as determine the material in stock. Transparency and accountability are equally important for cash inflow and out flow with receipts and cheques available for authentication whenever the need arises for the accounting officers. They are attributes of the management of universities that could inspire staff to cooperate with management. Transparency will enhance due process in award of contracts, and transactions and other dealings. Babalola (2014) emphasized Community, Accountability and Transparency Initiative (CATI) as a way of enhancing transparency. Treasury single account (TSA) introduced by the federal government of Nigeria in 2015 is a mechanism of ensuring transparency in public institutions. These measures are aimed at ensuring financial propriety of university management. Emenalo and Ogechi (2014) had noted that proper financial management is required in universities.

### **Economics Dimension of University Management**

Economic dimension of university management can be better explained from the concept of economics. Adam Smith defines economics as the social science that studies the production, distribution and consumption of goods and services. Robbins (1932) defined economics as a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. From these definitions, economic dimension of university management can be seen as harnessing all avenues that will enhance the production of wealth both fiscal and physical for university education production function. Economics of education as a course offered in university by education planning students is a recent development for awakening economic thinking in education. Nwadiani (2000), specified the following areas in economics of education: Demand and supply of education; Educational demography; Educational finance: sources and distribution; Taxation for Education; Costing; Cost-Benefit of investments in education; Cost-quality relation; Wastage in education; Productivity in education; Educational manpower development; Migration of school leavers and labour market; National economic growth and development; Rural and urban economics and the consequences of schooling on the economy.

The education sector is faced with paucity of fund as a result of low budgetary allocation. For instance, between 2009 and 2014, the Federal Government approved budgets were 3.049, 4.079, 4.971, 4.7, 4.987 and 4.695 trillion naira. In these years, 183.3, 249.08, 306.3, 400.15, 426.53 and 424.3 billion naira respectively were allocated to education, representing 7, 6.45, 7.35, 8.43, 8.67 and 8.7 percentages respectively. This amounted to 7.8% on the average for this period of six years. This amount is grossly inadequate, below the United Nations Educational, Scientific and Cultural Organization (UNESCO) coveted amount of 26% of GDP to be allocated to education. The education sector predicament as regards funding especially the university continues to be a worrisome issue to stake holders and this has manifested in poor physical infrastructure (Ochuba, 2001); brain drain (Aina 2002); as well as lack of places for university education candidates. Agboola (2011) found that between 2000 to 2008 academic sessions, Nigerian universities have not been able to admit the number of candidates seeking for admission up to 20% places. In the same vein, Esomonu and Adirika (2012) found access to be 14.16% from 2005/2006 to 2009/2010 academic.

The tradition in education sector is that institutions get funds by way of allocations to universities. As corroborated by Okojie (2010), that all federal universities receive bulk funds from federal government through the National Universities Commission (NUC), intervention funds by Education Tax Fund, tuition fee, philanthropist donations as well as multinational bodies. There is the need for reforms in the revenue generation amidst rising cost, low quality output, high demand and others for university education. Education financing is at the core of economic dimension of university management. Okunarniri (2001) refers to education financing as the process of sourcing, allocating and managing public school revenues in the production of educational services for the attainment of education

objectives. Economic dimension of universities management therefore means strategically administering and finding ways of sourcing for funds for universities. Universities need to be proactive, innovative in improving on old methods (IGR) of generating funds. The following means can be embarked upon to generate funds for universities.

1 Rentals Rentals are good sources of internally generated revenue in institutions. Unfortunately, this means is trivialized as the money comes in piece meals. Shopping malls and events centres for marriages, conferences and seminar can be erected for renting purposes. Rental can also include textbook for various courses. This renting scheme is distinct from the what goes on normally in universities libraries. The books are rented at a given prize and returned at the end of the academic session awaiting the next academic year to be rented out again. The process can continue until the books are reviewed. Students are cautioned about destroying or losing them as it will attract a cost. Universities can adopt this and gains can accrue to them especially when printing is done in the institutions when printing press are available. This can be of immense benefits to parents who have financial challenges. The printing press can further serve the public and private authors. In the same vain, those who do not want to rent books can be made to buy. The institutions can prepare an “*academic portfolio*” with all that are needed to complete a course of study in terms of learning materials and sell to students at the point of admission into the university. The institutions can intimate parents and guardians of the scheme for better cooperation. So the academic portfolio should contain all that the students need to graduate from university. Parents can pay on installment basis so long as they can complete the payment before the final year. In this method, the students automatically owns the books and learning materials unlike the rented ones.

2 Consultancy Services. Consultancy services are available in some universities, but what is needed is to go the extra mile in fashioning more innovating and creative ways of opening doors to more rewarding ones. This can start with researches being conducted in universities. Areas of economic life of a country like in construction, agriculture, food processing, pest and disease control, entrepreneurship, oil and gas, health, power, security and others could be vigorously targeted. Consultancy fees charged for such services could be huge sums of money. Novel researches should be ventured into instead of stereotype ones. There are funds untapped in Education Trust Fund (ETF) waiting to be accessed by universities. Researches of great magnitude can be embarked upon in universities in the collaboration with different departments.

3 Business outreach: University outreach are fast becoming popular as means of generating revenue. These could be catering services, hotel accommodation, transport business, going into businesses like water production, fast food and pastry production, fishery and animal production, outsourcing and others. Innovative way here is to target groups of people and provide food for them. Example, the diabetics, those with ulcer, the obese can have special meals. Departments must be resourceful and creative as well. For instance, what stops human kinetic department

from going into gymnastic and other aerobic exercises services to earn money, mechanical engineering department can go into fabrication of machines for various domestic purposes, home economics going into fashion designing, establishment of restaurants and others.

4 Endowments. Endowments have not been fully tapped in Nigerian universities. Many universities like Harvard, Yale and Princeton, Cambridge, Oxford and its college and others in developed countries are known to be flourishing with endowment. Endowments are funds held in perpetuity for universities. Professorial chairs and scholarships can be endowed. It is a usual practice for people to volunteer such services, but universities could explore such avenues by sourcing for individual as some rich persons may not be aware of such opportunities to offer financial assistance to universities. There are many donor agencies untapped for such assistances.

5 Alumni or old students (those who have graduated from the institutions) could be veritable source of financing education. They are known to be supportive in various aspects such as constructing buildings, provision of furniture, equipping laboratories and libraries as well providing other amenities. The university management can harness this source by ensuring touch with alumni. It is reported that US universities that have the highest endowments tend to be very good at generating a sense of community amongst their alumni (Sutton Trust 2003). This seems to be lacking in Nigerian universities as many public universities do not keep track records of their products except those who are extremely outstanding in the society. A group of graduates can collaborate to fund university projects. There is therefore the need for the involvement of as many alumni as possible.

6 Tuition fees and levies. Payment of tuitions have always been going on in universities, but they have not translated into much economic value. Private universities are usually managed with tuition fees but public universities have not fully harnessed them. An amount that will not be exploitative but of economic benefit to the school could be charged. No matter the charges, it is incomparable to what private institutions do charge which in some cases up to 1.5 million yet, people still patronize them. Education is one of the commodities that is inelastic hence, one find many private universities heavily sought for in spite of the high charges (Akinyemi and Adebisi 2012). University education cannot be provided on social demand basis as it is an economic and investment good. A reasonable amount should be charged even if it is not up to what most private universities are charging. A consideration of installmental payment can be granted to parents who may not be able to pay in one installment.

7 University researches. Good researches could attract multinational bodies like UNESCO, World Bank, UNDP and UNICEF to sponsor projects in universities. This is an area management can explore and with good encouragement and cooperation given to ingenious researchers, these could yield property rights that can earn universities lots of income. University and industries can collaborate for gigantic researches and this can be of mutual benefits. University-industry collaboration can contribute to economic development of a nation with the



commercialization of research outcomes as reiterated by Guimón (2013). New vistas are open to universities with the present economic challenges in Nigeria to conduct more impactful researches in health, power and energy, ICT and others.

### **Summary and Conclusion**

The paper looked at economic dimension of university management in Nigeria by unveiling some innovative means that could promote financial benefits in universities as well as modify traditional ones. Management dimension was highlighted dwelling on SERVICOM, supervision, prevention of wastage and cooperate governance. The paper also stressed on supervision and periodic evaluation to assess whether goals set are being achieved. Autonomy of university was stressed for Vice Chancellors to have a free hand in university management. On the economic dimension perspective, various ways of generating funds internally for universities such as tuition fees, alumni, endowment, business outlets and others were emphasized by offering innovative ways of fully harnessing the various dimensions. The paper also emphasized on the following: accountability in management of school finance, having strong economic committees, consultancy services and others. Productive researches that can bring financial gains were harped on by way of collaboration with industries.

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