



FUNDING MODELS ADOPTED BY PROPRIETORS OF PRIVATE UNIVERSITIES IN SOUTH EAST, NIGERIA

Dr. Onyishi, Ifeyinwa Emilia

e-mail: ifyemiliaonyishi@gmail.com

&

Dr. Henry Uche Okoro

e-mail: henrooman@yahoo.com

Abstract

The study investigated the funding models adopted by proprietors of private universities in South East, Nigeria. Two research questions guided the study and two null hypotheses were tested at 0.05 level of significance. The researcher adopted a descriptive survey research design for this study. The study was carried out among private universities in South East, Nigeria. The population for the study was one hundred and seventy six (176) respondents which comprised 80 university management staff and 96 university finance officers. There was no sampling in this study. The instrument for data collection was a 24 item structured questionnaire titled "Funding Models Adopted by Proprietors of Private Universities Questionnaire (FMAPOPUQ)". The instrument was validated by three research experts. Two of the experts were from the Department of Educational Management and one from the Department of Mathematics and Computer Education, all from Faculty of Education, Enugu State University of Science and Technology (ESUT), Enugu. To ascertain the internal consistency of the instrument, the researcher made use of Cronbach Alpha statistic of testing reliability. The computation yielded the following results 0.81 and 0.83 for clusters 1 and 2 respectively. The overall reliability was 0.82 which was an indication that the instrument was reliable and therefore, used for data collection. Mean and standard deviation were used to answer the research questions while the null hypotheses were tested using t-test statistical method at .05 level of significance. The findings of the study showed that proprietors of private universities adopt market funding model and host-proprietor-university-user funding model to enhance the funding of private universities in South East, Nigeria to great extent among others. Based on the findings, the researcher recommended among others that market funding model should be maintained in order to improve the funding of private universities.

Keywords: Funding Models, Proprietors, Private Universities

Introduction

In recent years, the landscape of higher education in Nigeria has witnessed a significant transformation, with the proliferation of private universities across the country. The South East region, in particular, has seen a surge in the establishment of these institutions, driven by the demand for higher education and the limitations of public universities in accommodating the growing student population. As a result, private universities have become crucial players

in the educational sector, contributing to the advancement of knowledge, skills, and research.

A private university is a type of educational institution that operates under the control of private individuals. Suleiman, Hanafi, & Taslikhan (2017), affirmed this, stating that private universities are characterized by ownership and operations in the hands of private sectors. While some private universities are non-profit organizations, others are profit-oriented. Unlike public



universities that are government-owned and operated, private universities are not under government control. Private universities are owned and run by private sector actors. In contrast to public universities, private universities do not rely on taxpayer funding but instead receive financial support from private donors.

Undoubtedly, the Nigerian Government alone cannot sufficiently finance and provide adequate university education for its growing population. Hence, there is a necessity for private sector involvement. Over the years, private ownership of educational institutions has become a prevailing global trend, even in socialist economies. It is worth noting that private universities tend to have higher tuition fees compared to federal and state-owned universities.

This is mainly because private universities are profit-oriented and are owned, financed, and managed by individuals or corporate bodies, who rely little or not at all on government funds. Despite the higher costs, the concept of private universities is gaining popularity and acceptance due to their significant role in Nigeria's overall educational system. According to Uche (2016), private universities play a crucial role in providing higher education services to the public, which explains the increasing enrollment numbers in such institutions (Messah & Immaculate, 2011).

The surge in the establishment of private universities in Nigeria can be attributed to several factors. Okebukola (2017), suggested that the growing number of potential applicants for university admission and the inability of government universities to accommodate the rising demand have paved the way for private institutions. Tyohemba (2021), pointed out that between 2018 and 2020,

over three million candidates who applied for admission into

Nigerian tertiary institutions were not granted admission. Statistics from the Joint Admission and Matriculation Board (JAMB) showed that only a fraction of candidates who sat for the Unified Tertiary Matriculation Examination (UTME) gained admission into tertiary institutions during those years. The increasing demand for quality university degrees has also contributed to the proliferation of private universities in Nigeria, as noted by Onyekwelu (2021). With the aim of fulfilling the goal of providing easier access to university education, which is one of the objectives of liberalizing the university education subsector, private university owners have been actively seeking an optimal funding model. Their primary focus is to improve university operations, cut costs, ensure a positive return on investment, and uphold the quality of services offered. This pursuit comes in response to the persisting challenge of inadequate funding faced by private universities in the country.

Funding refers to the process of supplying financial resources to support various business activities, investments, and purchases. According to Haruna & Inikpi (2019), funding involves providing monetary resources to finance specific programs or projects. Similarly, Enefu, Aminu, & Ameh (2020), defined funding as the allocation of financial resources to fulfill specific needs, projects, or programs. The forms of funding can include credit, grants, savings, donations, venture capital, subsidies, and taxes.

Universities obtain financial support from diverse sources. Public universities mainly rely on government funding, while private universities sustain themselves through endowments and tuition fees from students. Additionally,



private universities may receive donations from individuals, who may be recognized by having buildings or roads named after them. However, the funding landscape for universities has evolved over time, impacting resource distribution. Operating and maintaining a university is expensive, and unfortunately, this situation might persist due to deteriorating economic conditions raising concerns about viable funding models for private higher education institutions.

A funding model refers to a systematic and institutionalized approach to establish a reliable revenue base that supports an organization's core programs and services, which may be of a recurrent, capital, or combined nature. Different models of funding university education exist, and their application depends on a country's educational goals, ownership structure, and university priorities. Okebukola (2016), proposed several practical and sustainable funding models for the Nigerian University system, including the performance-based funding model, access-equity-cost-sharing funding model, contextualized formula-funding model, and host proprietor-university-user-funding model. The present study focused on the host-proprietor university-user and market funding models (Kikutadze & Tabatadze, 2017).

The host-proprietor-university-user model is likely suitable for private universities, involving contributions to the university's funding from all beneficiaries, including the community, university, and government. This model aligns universities with their visions and helps prevent the widespread corruption currently affecting the university system. By ensuring that all beneficiaries contribute to the university's funding, the host-proprietor-university-user model

creates a stronger commitment to the university's mission.

On the other hand, the market funding model emphasizes incorporating marketing principles and market-driven approaches to achieve full self-financing for higher education. It involves mobilizing various financial resources and allowing academic institutions the freedom to allocate their resources. The market funding model assumes that higher education comprises different market segments, and stakeholders or consumers are willing to pay for higher education if effectively engaged through dialogue and marketing strategies. In the context of private universities in South East Nigeria, the specific funding model adopted remains uncertain despite efforts from university management and finance officers. Finding sustainable and effective funding models is essential to ensure the continued growth and success of higher education institutions.

Observation and experience have shown that these graduates are not adequately equipped with skills in their area of specialization. This situation is as a result of lack of or inadequate financial resources to equip the university. Inadequate or lack of resources affects the operations of universities, whether public or private. This is because adequate financial resources are needed for the provision of teaching and learning facilities, in addition to the payment of salaries of staff as well as staff development. When these variables are absent, teaching and learning are adversely affected leading to the production of low quality graduates who have little or nothing to contribute to the development of society. Therefore, this study investigated the extent to which proprietors adopt various funding models. This is the gap that the study filled.



Statement of the Problem

A globally renowned university is recognized as a community of educators and scholars. In order to fulfill its mission of providing effective education, conducting productive research, and contributing to the community, adequate funding is essential. This funding should encompass well-developed infrastructure, highly skilled and productive staff (both academic and non-academic), state-of-the-art libraries, and laboratories. Unfortunately, insufficient funding has been a significant challenge faced by both public and private universities in developing countries, including Nigeria. The South East region of Nigeria is home to numerous private universities. It is widely acknowledged that any organization or project cannot thrive without proper funding, and private universities in the South East are no exception. However, the specific funding models adopted by these private universities in the region remain uncertain. This uncertainty could potentially hinder their performance and prevent them from achieving the national development goals expected of such institutions. To address this issue, the current study investigated the extent to which private universities in South East Nigeria adopt various funding models, including the host-proprietor-university user and market funding models.

Purpose of the Study

The aim of the study was to ascertain the funding models adopted by proprietors of private universities in south East Nigeria. Specifically, the study sought to:

1. examine the extent to which proprietors of private universities adopt host-proprietor university-user funding model to enhance the

funding of private universities in South East, Nigeria; and

2. identify the extent to which proprietors of private universities adopt market funding model to enhance the funding of private universities in South East, Nigeria.

Research Questions

The following research questions guided the study:

1. To what extent do proprietors of private universities adopt host-proprietor-university-user funding model to enhance the funding of private universities in South East, Nigeria?
2. To what extent do proprietors of private universities adopt market funding model to enhance the funding of private universities in South East, Nigeria?

Hypotheses

The following null hypotheses were formulated and tested at 0.05 level of significance:

Ho₁: There is no significant difference between the mean ratings of the university management staff and university finance officers on the extent to which they adopt hostproprietor-university-user funding model in enhancing the funding of private universities in South East, Nigeria.

Ho₂: There is no significant difference between the mean ratings of the university management staff and university finance officers on the extent to which they adopt market funding model in enhancing the funding of private universities in South East, Nigeria.

Methodology

In this study, the researcher adopted a descriptive survey research design, conducting the investigation specifically among private universities in the South East region of Nigeria. The total



number of respondents in the study was 176, consisting of 80 university management staff and 96 university finance officers. Notably, there was no sampling involved in the study, meaning that data was collected from the entire population.

To gather data, a 24-item structured questionnaire titled "Funding Models Adopted by Proprietors of Private Universities Questionnaire (FMAPOPUQ)" was used. This questionnaire was subjected to validation by three research experts, two from the Department of Educational Management and one from the Department of Mathematics and Computer Education, all affiliated with the Faculty of Education at Enugu State University of Science and Technology (ESUT), Enugu. To assess the internal consistency of the questionnaire, the researcher employed the Cronbach Alpha statistic, resulting in reliability coefficients of 0.81 and 0.83 for clusters 1 and 2, respectively.

The overall reliability was computed as 0.82, indicating that the

instrument was reliable and suitable for data collection. Out of the 176 questionnaires distributed, the researcher and her research assistants were able to retrieve 161 completed copies, representing a remarkable return rate of 91.48%. These completed questionnaires were used for data analysis. To address the research questions, mean scores, cluster mean, and standard deviation were employed as analytical tools. In rating the mean scores, each response option had a numerical value based on real limit of numbers: VGE = 3.50-4.00; GE= 2.50-3.49; LE = 1.50-2.49; VLE = 0.001.49. t-test statistic was used to test the null hypotheses at 0.05 level of significant. The interpretation of the test of hypotheses was based on the significance (sig.) values from the SPSS output. The null hypotheses were not rejected when the probability values were greater than 0.05, but rejected when the probability values were less than 0.05.

Results

Research Question 1: To what extent do proprietors of private universities adopt host-proprietor university-user funding model to enhance the funding of private universities in South East, Nigeria?

Table 1: Mean scores and standard deviation of university management staff and university finance officers on the extent to which proprietors of private universities adopt host-proprietor university-user funding model

S/N	ITEMS Management University-User Funding Model based on:	Finance x	Overall Staff 74		Officers 87		SD	Dec	
			SD	\bar{x}	SD	\bar{x}			
1.	cost sharing with donor agencies.		3.30	.75	3.48	.50	3.40	.64	GE
2.	cost sharing with parents association.		3.20	.70	3.40	.49	3.31	.61	GE



3.	cost sharing with foreign partners.	3.31	.66	3.53	.50	3.43	.59	GE
		3.22	.76	3.47	.50	3.35	.65	GE
4.	integration of funds from the community.							
5.	integration of funds from students.	3.11	.73	3.46	.50	3.30	.64	GE
6.	integration of funds from proprietors.	3.28	.73	3.46	.50	3.38	.62	GE
7.	internal revenue.	3.07	.76	3.46	.50	3.28	.66	GE
8.	enrolment of students.	3.23	.75	3.54	.50	3.40	.65	GE
9.	transparency.	3.32	.64	3.43	.50	3.38	.57	GE
Cluster Mean/SD		3.23	.72	3.47	.50	3.36	.63	GE

The data analysis presented in Table 1 demonstrates the average ratings given by university management staff and university finance officers regarding the adoption of the hostproprietor-university-user funding model to improve funding for private universities in South East, Nigeria. The mean ratings for university management staff ranged from 3.07 to 3.32, while for university finance officers, they ranged from 3.40 to 3.54. The cluster means for university management staff and finance officers were 3.23 and 3.47, respectively, with standard deviations of 0.72 and 0.50. Both groups' overall mean ratings fell within the range of 3.28 to 3.43, with a cluster mean of 3.36 and a standard deviation of 0.63. The close proximity of standard deviations between both groups indicates a consensus in their responses. Consequently, the study's findings suggest that proprietors of private universities in South East, Nigeria widely adopt the host-proprietor-university-user funding model to significantly improve the funding of these institutions.

Research Question 2: To what extent do proprietors of private universities adopt market funding model to enhance the funding of private universities in South East, Nigeria?

Table 2: Mean scores and standard deviation of university management staff and university finance officers on the extent to which proprietors of private universities adopt market funding model

S/N	ITEMS	Management		Finance Staff		Overall		Dec
		x	SD	x	SD	x	SD	
101	Proprietors adopt Market Funding Model based on:							
10	award of scholarship to students.	3.28	.67	3.48	.50	3.39	.59	GE
11	sponsorship for research.	3.14	.73	3.54	.50	3.35	.65	GE
12	sale of patent.	3.20	.78	3.48	.50	3.35	.66	GE
13	sale of research products.	3.23	.79	3.48	.50	3.37	.66	GE
14	alumni donations.	3.39	.74	3.51	.50	3.45	.62	GE



15	direct individuals' donations.	3.34	.69	3.49	.50	3.42	.60	GE		
16	overseas exchange program.	3.22	.69	3.53	.50	3.39	.61	GE		
17	affordable tuition fees			3.32	.69	3.49	.50	3.42	.60	GE
18	number and quality of lecturers.			3.19	.75	3.56	.50	3.39	.65	GE
19	number of foreign students.			3.34	.63	3.47	.50	3.41	.56	GE
20	number of foreign teachers.			3.24	.76	3.48	.50	3.37	.64	GE
21	level of overall competitiveness with other universities.			3.26	.74	3.45	.50	3.36	.63	GE
22	workshops and conferences			3.11	.73	3.44	.50	3.29	.64	GE
23	students' retention rate.			3.31	.68	3.53	.50	3.43	.60	GE
24	graduation rate.			3.38	.79	3.51	.50	3.45	.65	GE
Cluster Mean/SD				3.26	.72	3.50	.50	3.39	.62	GE

The data analysis presented in Table 2 above illustrates the average ratings given by university management staff and university finance officers regarding the adoption of a market funding model by proprietors of private universities in South East, Nigeria to improve funding. In Table 2, the mean ratings provided by university management staff ranged from 3.11 to 3.38, while the ratings from university finance officers ranged from 3.44 to 3.56. The cluster mean values for university management staff and university finance officers were 3.26 and 3.50, respectively, with corresponding standard deviations of 0.72 and 0.50. Furthermore, the overall mean ratings across both respondent groups ranged from 3.29 to 3.45, with a cluster mean of 3.39 and a standard deviation of 0.62. The similarity in the standard deviations of both groups indicates a consensus in their responses. In conclusion, the study's findings suggest that proprietors of private universities in South East, Nigeria extensively embrace the market funding model to enhance the funding of private universities.

H₀₁: There is no significant difference between the mean ratings of the university management staff and university finance officers on the extent to which proprietors adopt host proprietor-university-user funding model in enhancing the funding of private universities in South East, Nigeria.

Table 1: Summary of t-test analysis of the mean scores of university management staff and university finance officers on the extent to which proprietors adopt host-proprietor university-user funding model in enhancing the funding of private universities in South East

Group	N	Mean	SD	df	p-value	Decision
Management Staff	74	3.23	.72	159	.077	H ₀₁ not rejected
Finance Officers	87	3.47	.50			

The data presented in Table 3 for university management staff and university finance officers in South East, Nigeria, regarding the adoption of the host-proprietor-university-user funding model to enhance funding for private universities, indicate that the p-value obtained at 159 degrees of freedom was .077. This p-value, being greater than the significance level of .05 set for the study, leads to the non-rejection of the null hypothesis. Therefore, there is no significant difference between the mean scores of university management staff and university finance officers in terms of their perception of the extent to which proprietors adopt the funding model to enhance funding for private universities in South East, Nigeria.

H₀₂: There is no significant difference between the mean ratings of the university management staff and university finance officers on the extent to which proprietors adopt market funding model in enhancing the funding of private universities in South East, Nigeria.

Table 2: Summary of t-test analysis of the mean scores of university management staff and university finance officers on the extent to which proprietors adopt market funding model in enhancing the funding of private universities in South East

Group	N	\bar{x}	SD	df	p-value	Decision
Management Staff	74	3.26	.72	159	.067	H ₀₂ not rejected
Finance Officers	87	3.50	.50			

The data presented in Table 4 concerning university management staff and university finance officers in South East, Nigeria, shows the extent to which proprietors adopt a market funding model to enhance the funding of private universities. The statistical analysis was conducted with 159 degrees of freedom, and the resulting p-value was found to be .067. As the p-value is greater than the predetermined significance level of .05 for this study, it indicates that the null hypothesis cannot be rejected. Therefore, there is no significant difference between the mean



scores of university management staff and university finance officers in terms of the extent to which proprietors adopt the market funding model to enhance the funding of private universities in the South East region of Nigeria.

Discussion of Findings

The study's findings indicated that owners of private universities in South East, Nigeria utilize two main funding models to significantly enhance the financial resources of these institutions. These models are the "host-proprietor-university-user funding model" and the "market funding model". The host-proprietor-university-user funding model involves various approaches to fund private universities. Some of these approaches include cost-sharing with donor agencies, parents' associations, foreign partners, integrating funds from the community, and receiving contributions from students. This finding aligns with previous research by Okebukola (2016); Uche (2020), who also noted the widespread adoption of this funding model in private universities.

Similarly, the market funding model is another strategy employed by proprietors to boost the financial standing of private universities. This approach involves awarding scholarships to students, providing sponsorships for research, selling patents and research products, and receiving donations from alumni and individuals. Okebukola (2016), & Adegbola, Binuyo, & Afolabi (2020), have previously recognized the significance of this model in private university funding. Interestingly, the study did not find a significant difference in the opinions of university management staff and university finance officers regarding the extent of adoption of both funding models to enhance the funding of private universities in the South East region of Nigeria.

Conclusion

The research investigated the funding strategies utilized by private university owners in the South East region of Nigeria. According to the results, the study found that these proprietors heavily rely on host-proprietor-university-user and market funding models to significantly improve the financial support of private universities in the area. The research underscores the significance of diversifying funding sources for private universities.

Recommendations

Based on the findings of the study, the researchers recommended that:

1. Market funding model should be maintained in order to improve the funding of private universities.
2. A measure should be worked out to increase and make the current financing arrangements of private universities more effective and efficient in enhancing the quality of education in institutions of higher learning.

References

- Adegbola, E.A., Binuyo, A. O. & Afolabi, G. K. (2020). Effect of integrated marketing communications on institutional performance of selected private Universities in SouthWest, Nigeria. *International Journal of Advanced Studies in Economics and Public Sector Management*, 8(1); 1-19.
- Enefu, S.M., Aminu, S.A. & Ameh, J.O. (2020). Innovative funding strategies for quality assurance in tertiary institutions in Nigeria: Counselling Implication. *Nigerian Journal of Educational Administration and Planning*



- (NAEAP); 20(1),
www.naeap.org.ng
- Haruna, J.E. & Inikpi H.M. (2019). Funding higher education as correlates for achieving quality assurance in Nigeria. *Nigerian Journal of Educational Administration and Planning (NAEAP)*www.naeap.org.ng
- Kikutadze, V. & Tabatadze, L. (2017). Diversification of Funding Models of Higher Education Services Market in Georgia. *European Scientific Journal Esj*, 12(10).
- Messah, O.B., & Immaculate, M.J.N. (2011). Effect of selected marketing communication tools on student enrolment in private universities in Kenya. *European Journal of Business and Management*, 3(3), 172-205.
- Okebukola, P.A. (2016). *Funding models for higher education in Africa*. <https://blog.aau.org>
- Okebukola, P.A. (2017). *Private University Education in Nigeria: Case Studies in Relevance*. Slough UK. Sterling Publishers.
- Onyekwelu, S. (2021). *Nigeria's private universities rise to meet demand for quality education*. Business Day Newspaper. <https://businessday.ng>
- Suleiman, Y., Hanafi, Z.B., & Taslikhan, M. (2017). Private universities and development of higher education in Nigeria: A Mixed Methods Approach. The qualitative report, 22(7), 1848-1879. <https://doi.org/10.46743/2160-3715/2017.2668>.
- Tyohemba, H. (2021). *Despite 197 Varsities, admission crisis persists in Nigeria*. Leadership Newspaper. <https://leadership.ng>
- Uche, C.I. (2016). Students' perception of private university enrolment in Nigeria. *International Journal of Management Sciences and Humanities*, 3(2), 188-202.
- Uche, C.I. (2020). Exploratory study on the funding of private universities in Nigeria: A qualitative approach. *International Journal of Research in Business and Management*; 2(1), 1-7.