



REDUCING RESOURCE DEPENDENCE ON GOVERNMENT FUNDING OF PUBLIC UNIVERSITIES

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Abstract

This paper investigated how public universities can leverage their dependence on government funding. Organization of the paper began with an introduction that set forth the topic parameter and its rationale. This is followed by conceptual understanding of dependence and the issues therein. Government funding of public universities is fraught with so many challenges, such as fluctuations, cuts, regulations, and laws, which limit the conducts of public universities. In order to reduce public universities dependence on government funding, strategies by which they could gain greater resources were highlighted to include: university administrators to adapt management model to the needs of the external environment from which the university could draw various resources, influence the environment to improve their functioning conditions, build strong board to diversify revenues, strategic planning, working in unity to increase efficiency and effectiveness, etc. The work also pointed out some of the financial connectivity pathways like public university engagement on Internally Generated Revenue (IGR) for profit making venture, setting up endowment support for programmes, collaboration with public/private partnership, attracting wealthy individuals to take up finance of capital projects to immortalize their names, establishment of non-proprietor funding sources and so on. Suggestions included that public universities should be made to charge tuition fees within government parameters and redesign policies that would enable public university system to be self-sustaining, amongst others. The paper concluded that implementing the suggestions can help to maintain financial stability, which will reduce public university dependence on government funding.

Introduction

All public universities in Nigeria (Federal and State) are financed with grants/subventions provided by either the Federal or State Government, with little or insignificant contribution by the students in terms of fees, as the case may be. Though government funding is the primary source of fund for universities in Nigeria, this is not a sustainable strategy for long term development because of the prevailing national circumstances of dwindling economy, which is becoming more severe as time passes. The potential of the university system in Nigeria to

fulfill their responsibilities is frequently thwarted by the long-standing problem of finance. The academic excellence is disturbed by the financial constraints. The challenges ranging from government institutes and management had been identified by many researchers to include poor funding and infrastructural deficits. Azenabor (2021) noted that inadequate funding of university education in Nigeria is one greatest developmental problem and that today, universities in Nigeria remain chronically underfunded. That is to say that the universities in Nigeria started on the path of



being underfunded and it's being continued till date. As the wind of change sweeps across the financial landscape, embracing enhancement is no longer an option but an imperative. Tolbert (1985) emphasized on the need to ensure stable flow of research from external sources of support. Thus, this paper examined how public universities in Nigeria can reduce their financial dependency on government funding by exploring funding alternatives.

Concept of Dependence

Walter (2013) defined dependence as a state of existence of an entity or an item such that its stability is dictated by another entity or resource. In other words, it is a reliance; leaning on or clinging to another for survival. It is a situation in which you need somethings and unable to continue normally without those things. This means that dependence is total reliance on another. Dependency related term is constraint, which has to do with cause-and-effect relationship. In its simplest form, dependence is a restriction within the boundaries of which task has to be completed or executed. The constraint is driven by lack of resources like money, facilities, manpower and so on, and it arises from dependency. Dependency leads to resources-based constraints such that the necessary activities can be tackled only if the needed facilities are present. In the setting of inadequate university funding, a good university administrator is one who can keep track of all the constraints, and seek resources in a way that ensures final output quality.

Issue of Resource Dependence in Public Universities

Resource dependence refers to depending largely on funding from government to run social service in the university system. McAllister (2009) explained it as the increased reliance of the universities on their State and Federal Governments for funding. The universities in

Nigeria are dependent on government for financial and non-profit benefits. Mcledon (2009), Rozwoju (2010) and Okunade (2014), similarly discovered that dependency on government fund is one such challenge which can be driven by the indirect effect of government revenue decline. Their similar opinions were that tax might break, grant appropriation and other political favours may break and as such, many of the universities might suffer hardship when government support for public institutions decline. Concerns about the issues of financial dependence, which leads to gap in service abound. Yutchman (2007) examined how dependency on government funding affects public universities and recommended that institutions should endeavor to identify other areas where they could get funds to continue their works. Rasheed (2023) in his lecture on funding of tertiary education said that Nigeria is not a rich country if one takes its income profile, population and land mass into consideration. The lecture observed that natural resources are getting smaller because of increase in population therefore a lot of things need to be corrected, like re-designing of policies that will enable university system to be self-sustaining, instead of dependence on government resources only. The paper examined the driven factors that affect degree of dependency and recommend that a dynamic flexible adjustment model should be used as a possible escape route from government insufficient resources. Pfeffer (1988), Schoneveld and Zoomer (2015) also came up with the evidence that resource dependency and lack of diversification are negatively affecting tertiary institutions. Their findings revealed that the degree of dependency reduces the development of public sector.

Challenges in Funding Universities

Government funding of universities is not without challenges

1. Keynes (1930) wrote that government fund is subject to fluctuations. This



understandable because fluctuation can be triggered off by many factors such as economic recession. A wide spread and prolonged downturn or massive contraction in economic activities can lead to an irregular shifting back, down or fall in strength and value in the amount of government fund, and this can create sinkholes in the universities, thereby hampering the efficiency and effectiveness in goal achievement.

2. Change or cuts in government spending budget could as well lead to the universities getting a significant fall in fund appropriated to them. This might result to cutting the research and development of the university.
3. Government funding is limited and specific. This ropes the university into limited extent of income facilities, positive impact and initiatives.
4. Though Government regulations and laws have been pragmatic answer to real problems, however some of them might have negative impact on financial stability and operational resilience of universities.

Strategies to Gain Greater Resources

Giving the obvious challenges consequent upon public university funding by Government, universities should adapt their management models to the needs of their external environment from which they draw various resources. They have to maintain financial stability by generating income from non-government sources. University administrators can influence changes in the behaviors of their environments as well as on how the university themselves can influence their environment to improve their functioning condition. There is need to build a strong board. This implies having direct influence on the ability to diversify revenue. An important strategy to improve the difficult financial situation include planning, staff training and

evaluation of the entire internal system, as well as their effort to raise money, so they can operate their programmes well. To increase financial stability requires working in unity to increase efficiency and effectiveness. This means to work together rather than against one another. This is leveraging university strength to help make larger impact in the community which they operate. To address this evolving shift of resource dependence from public funds to non-government sources means seeking economic self-determination. However, strategies to gain greater resources than over dependence on government funding could be adopted in the following ways:

- a) The social services of the university using the best practices of diversifying revenue. Diversifying, revenue means opening doors to building connections with local environment, government agencies and the general public, creating new income streams by combining existing and fresh programmes or services with the existing or new customers, in other to improve resources, expand university scope and growth. Hence, universities can diversify their revenue by offering more programmes.
- b) Strategic Planning according to Albaugh (2000) is the process of defining directions and making decisions on resource allocation so as to attain the set goal. University administrators need to define their visions for the future and identify their goals and objectives, while establishing the sequence in which those goals should be realized, so that the university can reach its stated vision. Thus, the main elements of strategic plan are vision, mission, analysis, core values, goals, objective and the action plan. Equally important components include strategic thinking, long-range planning and operational



planning. Effective strategic plan helps to gain greater resources, gives clarity and focus (Fisher 2011).

- c) Setting fund aside for when time gets tough: This could be achieved by having a designated amount of money automatically deposited into the university savings, and make fund multiply on its own by buying shares in dividend paying stock. This creates ongoing cash flow and emergency fund for unexpected expenses. It ensures that the university is strong for survival and autonomy, (Lenagham 2006). The foregoing strategies constitute the routes to gain more resources and universities can make money from these numbers of ways.

Financial Connectivity Pathways

Universities can make money through some number of sources. There are various funding opportunities that can expand the pathways to financial sources across diverse economy. Ozokwere (2023) in a study on “Imbalance Funding of State Universities: Impact and Challenges”, came up with findings through which universities can improve their resources, thus:

1. Engagement in Internally Generated Revenue (IGR) method for profit making ventures, will aid school plant development.
2. Setting up endowment support for programmes that are consistent with the wishes of the donors, is a good source for funding university programmes.
3. Collaborations with public/private partnership on housing of students through provision of land, building and charging affordable rent that the university can control because of their involvement, is a fertile strategy for resource improvement.
4. Provision of facilities like laboratories by institutions or companies that trade

in these equipments, can take off the burden of capital outlay from universities.

5. Encouraging and attracting wealthy individuals to take up finance of capital projects that can immortalize their names, serves another strategy to gain more resources.
6. Establishment of non-proprietor funding sources and inviting voluntary agencies and philanthropic individuals to make willful donations and material contributions, is another source for resource improvement.
7. Engaging in other ways of fund raising activities also help self-sustainability of universities.
8. Other financial connectivity pathways include: investment in share dividends to support financial stability for university growth and longevity.

Suggested Ways of Reducing Resources Dependency on Government Funding of Public Universities in Nigeria

The following suggestions are made for reducing resources dependence on government funding:

1. Public universities (both Federal and State) should be made to charge tuition fees within the parameters set by the government.
2. There is need for universities to generate income to complement government efforts because the sector cannot be funded alone by the government.
3. Universities should endeavor to identify other areas where they could get fund for augmentation. University administrators need to look at other funding parameters to use to generate fund.
4. Individuals that the government is favorable to, in terms of contracts and other material provisions, should be



made to assist the university system financially.

5. University leaders should start to implement revenue diversification strategies as a measure to mitigate the financial challenges faced, as well as to overcome the financial sustainability issues.
6. University administrators should opt to explore and utilize various forms of non-government support by way of reaching additional clients so as to scale up operations.
7. Informal coping strategies should be adopted by university administrators to deal with situation of delays in disbursement of government funds.
8. University management need to be alert of any external environmental change that could affect their financial sustainability.
9. In as much as there is financial distress in the public universities in Nigeria, university administrator should secure a sustainable resourceful base, sufficient to meet the goal of higher education in Nigeria.
10. There is need for redesigning of policies to enable university system to be self-sustaining.

Conclusion

This paper posited that the degree of dependence on government funding reduces efficiency and effectiveness of public universities, the institutional quality and human development, including the speed at which universities transit towards an optional level of achievement. Diversify revenue sources can help curb dependence on government funding of public universities in Nigeria. Strategically, implementing the suggestions can help to maintain financial stability, improve the universities and increase the quality of life of the institutions, thereby, reduce the dependence on government funding.

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