INTERNALLY GENERATED REVENUE AS AN ALTERNATIVE FUNDING MECHANISM FOR NIGERIAN UNIVERSITY

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Abstract

This study evaluates the effect of internally generated revenue (IGR) on funding of Nigerian Universities. The study is descriptive; the current investigation was conducted as a descriptive desk review. The review is supported mainly by accessing some leading monetary and internally generated revenue journals, and some research papers done by professors and students at universities around the world. The study found that IGR will reduce the problem of underfunding and over reliance on authorities for budget, the scarcity of which has remained a clog inside the wheels of powerful control of college of education in Nigeria. It additionally indicates that IGR if properly executed will ensure wonderful transformative changes with a propensity for greater progress. This study consequently concluded that coaching and studying require an allowing environment which calls for reasonable funding for the renovation of facilities in addition to addressing workforce and scholar welfare. This paper therefore, recommended the followings among others that the university managers should utilize any of the techniques counseled by this study to ensure revenue era and mobilization. Also, the institutional managements must be definitely competitive in figuring out and exploiting various means in producing sales.

Keywords: Internally, Revenue, Funding, Alternative, University

Introduction

The significance of sales within the organizational growth and improvement of any group be it social, monetary, political, academic among others cannot be overemphasized. The fundamental position of tutorial machine in Nigerian universities had linked the resources of college into ethical despair to satisfy the ever-converting development and financial desires of college into economic recession. In step with Hornby (2010), revenue can be described because the earnings returned through a funding, the overall income received from a given source or earnings generated for some political entity's treasury via taxation and different method. Revenue has been described through numerous authors in exclusive ways. Adesoji (2013) defined sales as the fund required with the aid of the government and establishments to finance its sports. These finances are generated from specific sources such as taxes, borrowing, best, and expenses and so on. It is also described as the full amount of earnings that accrues to an organization (public or personal) inside a distinct period of time (Olusola, 2014). University sales incorporate receipt from taxation in addition to the ones which are not the proceeds of taxation, however of either the conclusion from the sale of admission shape, college fees, tuition costs, lodging fees, affiliation registration fees, or different interests and returns from loans and investment incomes. Ayo-Sobowale and Akinyemi (2011) contended that revenue receipt encompasses “habitual” and “earned” earnings. For those reasons, in line with them, sales do no longer only consist of borrowing and recovery of loans from different parties; however, it is usually tax receipts, donations, presents, expenses and fines among others. It approaches that revenue amounts to the totality of all incomes which might be within the attainable to be used (Aja-Okorie, 2016).

Worldwide, it is far commonly held that each one stakeholder in training, which include Governments, people and groups expect colleges in any respect degrees to provide educated individuals for country wide and character improvement. This expectation is higher at the college stage which by means of its nature is predicted to supply very high manpower for its teaching capabilities and assembly the wishes of the society for powerful growth and development of each quarter of the economic system (Ofoegbu and Alonge, 2016). It is also stated that other than the human resources, a few of the several factors which contribute to the success of the goals and objectives, adequacy of investment has been identified as the most critical in maintaining and enhancing the exceptional training of people (Idialu & Idialu, 2012). No matter the identity of investment as the important aspect in wonderful transformation of the training maximum African Governments which include Nigeria, and mainly, the ones men and women in rate of schooling have not given specific interest to funding the schooling enterprise. The economic theory that asserts human wants are limitless, however the manner of enjoying them are constrained and has remained an undisputed fact. This has added to what had already been known: the fundamental problem that current government funding subvention are grossly inadequate to fulfill the wishes of the modern Nigerian Universities (Ajayi, Fali, Iganus and Simon, 2021).

Certainly, the financial challenge going through university schooling in Nigeria is gross underfunding which might be linked to undue reliance on government for finances by university managers (Eragbe, 2014). Such inadequacy of investment may also be connected to the despair inside the country's economy as well as the excessive stage of corruption within the use of fund. The Federal government of Nigeria is worried about the incessant complaints of poor investment of public institutions of gaining knowledge and has cautioned university managers through the National Universities Commission (NUC) to explore numerous ways of generating ten percent (10%) of their expected revenue from indoor and out of doors activities in their institutions toward fixing their finance related troubles in preference to rely nearly absolutely on subsidizations from the government. Several institutions have already known this, especially the higher institutions are already capitalizing at the Federal authority's directive. A few university managers have devised method of generating extra revenue toward assembling the developmental wishes of their establishments. Indeed, evidence abounds of such revenue power and a typical example is the commercial ventures.

They declare that no faculty fees are charged at the federal and national universities but this is debunked as these institutions have observed themselves doing exactly what they are instructed not to do via imposition of levies of various guises. Faced with critical underfunding from the government, the managements of the federal and national universities have needed to insist that students pay for all kinds of pre-registration fees as long as the tag is not 'tuition' or 'school charges.' This shape of IGR concepts means that the federal government ought no longer to be given duty for offering funding for all its universities on every expenditure heading. That way, the universities are, therefore, persuaded to be looking for approaches of earning additional sales regionally and to apply the same in any region of the university. This study therefore, evaluates the effect of internally generated revenue on funding of

Nigerian Universities.

Literature Review

Ventureonline.Com (2019) defined IGR as the advent of both tangible and intangible asset in the confines of one entity. IGR are those price ranges that are realized through the attempt or operation of the entity itself. The fund was no longer borrowed or realized through outside way. However, this definition has the same opinion in substance with that of Wisdom Pau(2025) which states that internally generated sales approach price range not constituting the proceeds of any mortgage, debt issuance, fairness issuance, belongings income, coverage recuperation or indebtedness. On a broader angle, Bisong Daniel (2024) has defined internally generated sales "as the advent of either tangible or intangible outcomes inside the confines of entity. IGR are income that are earned on a few commercial or business transaction. This definition concord with Lawrence MBA (2016) which states: "internally generated budget shall imply budget no longer constituting the proceeds of any loan, debt issuance, equity issuance, asset sale, coverage restoration or indebtedness". It therefore means that inside the discipline of education, internally generated sales confer with the earnings or fund generated via the school system to finance her sports aside the economic interventions of the government. On their component, Obasi and Asodike (2007) submitted that other resources of fund for management of tertiary education institutions consist of the following: faculty costs, levies, faculty fund elevating ceremonies, allied faculty enterprise, sale of scholar arts and crafts, college farm proceeds, school cultural dance troop and choir and alumni affiliation and resource. It is noteworthy that if these sources are eliminated these educational institutions will have excessive degree of financial inadequacy that is first-rate today. Not much had be known of internally generated sales (IGR) with the Nigerian higher instructional circle many years in the past within the generation when there had been few universities in the country and the oil boom was hugely yet to be known.

Internally generated revenue (IGR) can be in the form of schooling Counterpart funding Scheme (ECFS) which serves to fund the college gadget apart from the statutory furnish obtained from the government. Erhagbe (2014) said that IGR is the advent of tangible and intangible budget within the confines of one's entity. It is a mixture of all non-governmental revenue source to the institution and might involve various strategies. Which means the budget utilized in successfully transforming the group's panorama have been now not borrowed or found out through direct government intervention. Wangenge-Ouma and Cloete (2008) and Okojie (2013) have found that some tertiary establishments have achieved moderately well in their pressure for greater IGR and have used it to definitely alternate the landscape of the establishments even as a few have been yet to capture up with the imaginative and prescient.

The Federal government provided all the funding for the operation and capital development needs of the colleges (Onuaha, 2013). Then came the current out of the ordinary boom in the number of universities from 32 in 1998 to 114 in 2012 and in 2020 we have one hundred and seventy Universities. Once more, given the massive financial screw ups going through the authorities, made it worse with the aid of the recent international economic crises that bedeviled the growing international locations, the challenges of insufficient investment of the universities have come to be significantly revealing. The ongoing dwindling assets of government, since the early 1980's have put lots of pressure on the dwindling funding of training (especially tertiary institutions) thus, one of the problems dealing with higher institutions is that of gross under-funding. The problem of under-funding from and over-reliance on federal government is a clog in the wheel for the governance of higher institutions in Nigeria. This has added to the difficulty of bridging the funding gap, hence the need for internally generated sales (IGR). Coupled with the policy of universities to generate 25% in their investment, it's miles a sine-qua non for diversification and better IGR (Ajiyi & Abubakar, 2011).

University Funding

University funding is totally massive and plays a vital position in college schooling system. The Federal and state governments play primary function in funding university education. Funding university education in Nigeria nowadays is an essential countrywide problem. Funding is the act of supplying resources mostly in form of money or other different values, including effort or time for a task, commercial enterprise or other public organization. Ogungbenle and Edogiawerie (2019) viewed funding as a vital device of any enterprise. Additionally, they said that proper funding is the basic root for growth of the educational system. In the view of Ahmed and Adepoju (2013), instructional funding is the monetary useful resource given for the fulfillment of educational goals. Consequently, when cash is launched for educational expenditure, funding has taken place. A superb deal of administrative effort is required to ensure that the allocation of fund is disseminated towards the fulfillment of university desires and goals. When fund is inadequate, there would be serious problem of providing facilities required for powerful coaching and studying in the universities. Ogbondah (2010) penned that inadequate financing of universities has been one of the foremost demanding situations confronting university schooling these days. Good enough, fund is needed to keep the existing infrastructure, execute capital initiatives, embark on educational research and pay salaries of workforce. The universities need to source for revenue to achieve these.

There are majorly 4 sources of revenue for universities:

1. The Price range owners which account for 78% of the entire price range (which represent greater than 90% in Federal universities, 80% in country universities and 5% within the non-public institutions.
2. Sales from fees and tuitions which is set 18% of the full budget in country university however it is far as high as 64% inside the private college.
3. Funding and different sorts of internally generated revenues (IGR) represent simply 2% of total sales and
4. Donations, endowments, presents, and other shape of items constitutes just1% of the full revenues (Ogbondah, 2010).

Ahmed and Adepoju (2013) found that the difference among federal and country owned tertiary establishments in phrases of assets from proprietors has to do with the fact that most of the state establishments do not have adequate internally generated revenue. As a result, they rely completely on the government for finances. Even as the federal government owned institutions generate sales from sources just like the donor agencies, additionally they have hooked up useful internally generated revenue base to complement the finances coming from the federal government allocation. They further stated that the federal authorities stopped lessons charges in all federal authority owned tertiary institutions and at the same time permitting the country tertiary institutions to price tuitions costs. This may definitely explain the reason behind the federal establishments getting low contribution from charges whilst state and private organization have extra in that category.

Empirical studies

Ajayi, Fali, Iganus and Simon (2021) tested the alternative sources of revenue or useful resource mobilization from internally generated sales (IGR), statutory allocation and usage for sustainable development to the university control. They employ descriptive survey layout (mean and trendy deviation) and Pearson Product second Correlation. The consequences discovered that business ventures owned by using college control are the foremost sources of sales, the proceeds include servicing personnel welfare, preservation of college centers and reworking of college environment. The finding discovered that there is no large correlation between revenue generated in university and the development. Wordu (2018) tested the effect of internally generated revenue in improvement of tertiary educational establishments in Rivers kingdom, Nigeria. The sampling method applied was stratified random sampling. The instrument that was built and employed was Internally Generated Revenue in development of Tertiary schooling Questionnaire (IGRDTEQ)" with reliability co-efficient of 0.71. The research questions and hypotheses were analyzed with mean, preferred deviation and z-check statistic at 0.05 level of significance. The findings discovered that the federal and country institutions had disparity within the assets of internally generated revenue, and there may be absolute confidence that the internally generated revenue initiative of tertiary educational establishments in the country is at its early level of improvement. Aja-Okorie (2016) focused on how the status quo of vocational centre, sport clubs, and capabilities acquisition centres in the universities ought to enhance the IGR generation inside the EBSU, Abakaliki. The design of the study was descriptive survey design. The participants comprised of one hundred and twenty (120) team of workers purposively selected for the study, based totally on qualifications and experience. The data were analyzed with mean and preferred deviation. The findings of the study confirmed that the status quo of entrepreneurship training centres within the college can enhance the IGR of the kingdom university, that the university partnership programmes or collaboration with other institutions can enhance the college internally generated sales base and that adoption and efficient usage of e-payment of school prices and online registrations can help to grow the inner generated sales of the university.

Ofoegbu and Alonge (2016) recognized the predominant sources and usage of internally generated economic revenue via Nigerian university directors. The population consisted of all the 102 university directors from the seventeen Federal Universities in Southern Nigeria. Descriptive records and Pearson Product second Correlation were used to answer the research questions and hypotheses formulated for the study. The study revealed that business ventures had been one of the primary sources of IGR while the proceeds were used for servicing workers welfare, renovation of facilities and beautification of the college premises. A similarly evaluation of records confirmed that there has been a significant correlation among internally generated resources and the control and improvement of universities in Southern Nigeria. Onuoha (2013) mentioned the function of internally generated revenue (IGR) as inevitable alternative funding for higher education in Nigeria. The paper leverages on available literatures to revalidate the inevitability of IGR as long as the government (or different college proprietors) fail(s) to offer funding for the colleges' running and capital needs. Developed from the African Political Economy (APE) model and useful resource dependence concept perspectives, the paper concludes that IGR has a completely considerable role to play as a supply of critical funding for all classes of universities in Nigeria.

Methodology

This study is descriptive, an evaluation of internally generated revenue on funding of Nigerian Universities. Journals, policy documents, conventions, and statutes were the primary sources used in the document search. The current investigation was conducted as a descriptive desk review. The review is supported mainly by accessing some leading monetary and internally generated revenue journals, and some research papers done by professors and students at universities around the world. The purpose of the desk study was to identify the internally generated revenue for funding of Nigerian Universities. The descriptive desk review is an important part of the evaluation; it includes analyzing literature.

Conclusion

This study has reviewed the important role of internally generated revenue as an inevitable funding supplement for better education. It is imperative to note that monetary capability of the universities could lessen their over dependency on state and federal authorities. It is also imperative to observe that the economic sports of the colleges are the most important supply of revenue of the college.

There may be no question that the internally generated revenue initiative of tertiary educational establishments in the state is at its early level of development: Stakeholders in education which encompass mother and father, guardians, curriculum educational planners, non-governmental organizations, worldwide partners and the zones must guide the funding of tertiary schooling. The study therefore, found that IGR will reduce the problem of underfunding and over reliance on government for budget, the scarcity of which has remained a clog inside the wheels of powerful control of university education in Nigeria. It additionally indicates that IGR if properly executed will ensure wonderful transformative changes with a propensity for greater progress. This study consequently concluded that coaching and studying require an allowing environment which calls or funding for the renovation of facilities in addition to addressing workforce and scholar welfare.

Recommendations

This paper therefore, endorsed the followings:

1. The university managers should utilize any of the techniques counseled by this study to ensure revenue era and mobilization.
2. Institutional managements must be definitely competitive in figuring out and exploiting various means in producing sales.
3. Considering the fact that IGR serves the interest of instructional commands it has to be installed to actualize the beliefs of college education.
4. Universities need to try to make the system of internally generated revenues especially cost effective through enticing very enormously professional staff that ought to double as professors. That way, the big employee's charges arising could be shared among the IGR office and the academic unit.
5. The budget that is generated internally by the universities needs to be controlled judiciously to attain a holistic improvement of the university.

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