EXPLORING ALTERNATIVE REVENUE STREAMS FOR SCHOOL-BASED FUNDING AND SUSTAINABILITY OF HIGHER EDUCATION IN NIGERIA

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Abstract - As the gap between funding allocation and school expenses grows, those responsible for delivering benefits of higher education are expected to see the need to think more innovatively and creatively about how they might bridge the gap to ensure that educational outcomes are not compromised. This study was aimed at investigating alternative revenue streams for school-based funding in higher education in Nigeria. Four null hypotheses guided the study. The population of the study consisted 102 departmental heads in University of Calabar and Cross River University of Technology (CRUTECH). Survey design was adopted for the study. Purposive sampling technique was used to select 102 Heads of Department which form the sample size. Data was collected using a questionnaire titled: Alternative Revenue Streams and Sustainability of Higher Education Questionnaire (ARSSHEQ). The instrument was validated using Cronbach Alpha reliability estimate, with a reliability estimate ranging from 0.62 - 0.78. Data was analyzed using Pearson Product Moment Correlation Coefficient. The result revealed that advertising and sponsorship, food retailing (services), renting of physical facilities and educational services significantly relate to sustainability of higher education. It was thus recommended that institutional mangers should see the need to initiate appropriate income generating strategies such as aimed at enhancing resource mobilization in order to run their schools effectively.

Keywords: Alternative revenue, school-based funding, sustainability, higher education

I. INTRODUCTION

Higher Education in Nigeria (which includes universities, polytechnics, colleges and other post-secondary/tertiary educational institutions) has change in profound ways over the past decades. There is increase in student enrolment, redesigned curricula and management structures have been significantly revamped. However, it has been faced with formidable challenges and fiscal constraints while the pressure for enrolment continues to escalate without a corresponding increase in infrastructure. The cut in government funding couple with economic recession is insufficient to respond to the growing demand for access to higher education. Although government funding continues to decline, it remains the primary funding source for public higher educational institutions. In recent times, institutions have started exploring alternative sources of funding to supplement their income. Many Nigerian higher education institutions are starting to rely on this mode of income generation as an alternative source of funding for other programmes within their institutions. The National Universities Commission (NUC) (2007) believed that the internally generated revenue (IGR – equivalent to not less than 10% of the total allocation by the government) is an integral fund that should be sourced for the growth and development of universities especially in the face of multifarious needs. Inability to diversify the sources of funding overstretches available funds and limits the possibilities attainable. This corroborated with Ezeugbor and Obi (2015) study on alternative sources of funding education through internal generation which revealed that there are many entrepreneurial ventures that could be used in generating funds internally. They maintained that the identification and adoption of these ventures can boost revenue levels. Moja (2010) posited that alternative sources of funding higher education need to be re-thought and explored,
including the review of policies on tuition fees, as part of a realistic and sustainable financing strategy for higher education. A sustainable financing arrangement must be developed if Nigeria is to regain the ground it has already lost and become a serious player in the new global economic, social and political order.

Alternative revenue generation is now a worldwide phenomenon and is considered a viable solution to higher education financing. Higher education institutions will not be able to conduct their basic functions without exploring alternative revenue streams for school-based funding. The obvious consequence of decline in financial resource is sharp deterioration in quality of teaching and learning. Alternative sources of revenue generation can be used to improve university sustainability (World Bank, 2010). Alternative revenue streams requires that higher education institutions generate their own resources from services pertaining to vocational training, continuing education training programmes (degree and non-degree) or expert or research services (World Bank, 2010). Income-generating activities being embarked upon by the various higher education institutions as their own survival strategies overlaps in the areas of petrol stations, book stores, consultancy units, rents from buildings, endowments, student fees, accommodation and interests from investments, car parks, development of property (leasing of houses) (Odebiyi and Aina, 1999). Although the list of imaginative ways to find new support is growing, the percentage contribution is still quite small. Sunday and Atueyi (2015) citing Prof. Pat Utomi and Prof. Anthony Killa reported that, to be able to overcome the series of shortages in government funding, and be able to sustain the university system, university administrators need to be increasingly entrepreneurial for university system to be sustainable because entrepreneurship is essential as it guarantees wealth creation. He maintained that government funding is not going to be adequate anytime hence, the need for university administrators to obtain knowledge of business education and diversify entrepreneurial opportunities in the university system. He emphasized that institutional administrators must learn to operate in an effective and efficient ways so as to deliver clear achievable results within a space of time, and should explore ways of reducing their dependency on government for funds, by using their facilities and manpower to develop valuable projects and enterprises that can add value to their communities. They can do this by engaging in a lot of activities from agriculture to industry, research and services.

The paradigm shift from reliance on government funding to alternative revenue sources conforms with the overall market development which bound most policy decisions today in developed countries and extends to developing world as they become linked to global economy (Masaiti, 2015). Masaiti argued that diversification of revenue sources appear to stabilize the higher institutions by reducing their vulnerability to fluctuations in government funding and also shocks that are associated with change in government. That if properly implemented alternative revenue streams initiatives have great potential to increase efficiency in the management of these institutions. The focus of this study therefore, is on exploring alternative revenue streams through advertising and sponsorship, food retailing (catering services), renting of physical assets and educational services.

According to Hanover Research (2013) universities have also begun selling advertising space in order to generate revenue. Universities using advertising as a source of revenue, subject to a long list of caveats in order to ensure that the chosen advertisements comply with the reputation, standards, and image of the University. Advertising directly promotes a company, product, or service through message placements bought for that purpose. Advertisers have found a variety of ways to market their products to the general public, and they have embraced a variety of methods in the educational system. Aiming to “saturate” school communities with their messages, commercial advertisers have left virtually no school spaces untouched in their pursuit of profits. Advertisers now pitch their products in spaces throughout the physical learning environment; including, cafeteria lunch trays, cafeteria menus, billboards, exterior banners and wall spaces throughout school buildings, on white/blackboards, school websites, school yearbooks, graduation programmes and on televisions screens placed in common areas. Schools are increasingly selling naming rights to corporate donors. Advertisers can purchase rights to affix their names to stadiums and other sporting venues, school buildings, rooms, inside of parking garages, elevators, and bus stops and equipment.

In exchange for the opportunity to advertise, corporations are sponsoring school sports teams, plays, musical performances, and other school activities. Advertisers may display signage or logos, give out free samples, make announcements over public address systems, or buy space in programmes for events. NEC Unified Solution (2016) stated that digital signage offers opportunities for revenue generation through dynamic advertising. Around campus, digital displays not only provide official campus information, but they can advertise events sponsored by school organizations. Digital signage increases the potential revenue of each event and is an
excellent complement for conferences and seminars. Displays can post the current agenda, publish agenda changes, advertise historically under-attended sessions, direct attendees to meeting rooms, provide administrative conference information, and promote and support special activities. In addition, if the school has available resources to create content, content creation services can be a significant additional revenue source. Advertising opportunities are not restricted only to school programmes. Local retailers and caterers can broadcast their messages to thousands of students, lecturers and staff who cross the campus every day.

Higher education institutions also generate revenue through sponsorships, which provide support for specific institution events in exchange for publicizing the business’ sponsor status. Sponsorship refers to an organization or commercial enterprise providing financial support or goods or services for an activity, series of activities, programme or service. Acceptable sponsorships/partnerships provide benefits to the higher educational institutions through the donations/contributions of products, services or money. The revenues acquired through sponsorships, partnerships or donations can be used to complement public funding for education. Ben-Ishai (2012) asserted that advertising and sponsorship is an emerging trend and, a viable strategy for attaining economic survival and sustainable financing of institutions. A growing numbers of schools have begun to turn to selling commercial advertising on school properties as an alternative revenue stream. It has the potential to generate a lucrative alternative revenue stream. According to Lohman (2016) advertising in schools and corporate sponsorship, help schools to raise money. Since schools need money, facilities and equipment and taxpayers are not willing to pay, it is necessary to tap alternate sources of funding through this means. But despite the financial attractions of advertising and sponsorships, she explained that some groups and individuals believe that such arrangements are antithetical to the whole idea that public schools exist for the public welfare.

Hotel and catering services have also become a major source of revenue earning (Ekpoh, Ukpong and Edet, 2009). Catering plays an important part in the provision of the total student experience and should therefore feature in the institution's overall plan. Catering services if adequately operated as business units, with understanding of service quality and profitability are a source of revenue generation. According to Edwards (2011) most schools seek to run profitable canteens to assist in generating much needed funds for the school. School canteens may operate under a variety of management structures, depending on the individual characteristics and needs of the school. Most canteens in schools are run under the direction of, and are accountable to the school council. To generate revenue, management of the canteen is contracted to an external food services management company, which is responsible for staffing the canteen.

Jacobson (2013) opined income can be generated through employing existing resources more effectively. Deploying existing and new resources can generate additional revenue streams that can be added to traditional funding to further a school’s objectives. The estate and infrastructure can be used to generate income. These could include the letting or renting of school facilities such as sports halls, conference centres for conferences, workshops and educational trade shows, classrooms, computer labs for training, sports pitches and gymnasium for exercise classes, theatres and catering facilities for local community clubs, businesses and private individuals. Omukoba, Enose, and Ayogo (2011) study on contribution of income generating activities to financing secondary school education in Kenya opined that managers should mobilize available institutional resources such as land, physical facilities and equipment to generate income to provide the necessary learning resources to enable the schools to run efficiently. They asserted that revenue generated from the renting of houses, hire of buses, classrooms and offering conference accommodation serve as a cushion/support kitty for funds received from government funding. Also, Ekpoh, et al (2009) stated that the hiring of facilities such as buildings, halls and equipment on stipulated charges can generate reasonable revenue for the school. Gebreyes (2015) reiterated that universities have considerable opportunities to exploit their facilities for generating revenue. Revenue can be received and enhanced from leasing university property to private entities or by the exploitation of university facilities for commercial purposes. Many universities obtain such revenues through rental services, residences, catering, consultancy, libraries, museums, training centres or resource centres, printing and binderies, sport facilities, language centres, scientific test equipment, etc. For Denneen and Dretler (2012) physical assets owned by institutions could be converted to cash through sale and leaseback arrangements or outsourced service contracts. Hard assets like power plants and cogeneration facilities offer campuses another opportunity to free up capital, as commercial power companies may be interested in acquiring those assets. They also maintained that there is a growing class of private equity investors looking to infrastructure investments to provide low-risk, stable cash flows to balance out their portfolios. By selling these assets,
Most Nigerian higher education institutions tend to be very complacent and unimaginative in terms of fund raising and internal revenue generation. The tendency is to look up to the government for almost all funding needs. The government however, is not in a position to provide all the funding needs of the institutions because there are other competing demands on the limited financial resources of government. The generation of additional income is no longer a question of choice – it is increasingly becoming a necessity and is perceived by many sector leaders as being an essential tool with which to ‘oil the wheels’ and sustain excellence and ongoing improvements in learning.

The provision of scientific and teaching materials have been drastically curtailed in higher education institutions. Quality of teaching has fallen considerably, the libraries are full of outdated books and journals and the morale of staff is at its lowest ebb. Allocations to the institutions are grossly inadequate while student enrolments continued to rise. Capital projects to meet the expanding programmes cannot take off or in cases where they took off they had to be abandoned due to lack of funds. This study is therefore aimed at finding out the relationship between alternative revenue streams for school-based funding and sustainability of higher education.

III. OBJECTIVES OF THE STUDY

The objectives of the study are

1. To determine the relationship between advertising and sponsorship and sustainability of higher education.
2. To investigate the relationship between food retailing (catering) services and sustainability of higher education.
3. To find out whether renting of physical assets relate to sustainability of higher education
4. To examine the extent to which provision of educational services relate to sustainability of higher education

IV. HYPOTHESES

To guide the conduct of this study the following hypotheses were formulated:

1. There is no significant relationship between advertising and sponsorship and sustainability of higher education.
2. There is no significant relationship between food retailing (catering) services and sustainability of higher education.
3. There is no significant relationship between renting of physical assets and sustainability of higher education
4. There is no significant relationship between educational services and sustainability of higher education.

V. METHODOLOGY

Survey research design was adopted in this study. The population of this study consists of one hundred and two heads of departments in University of Calabar and Cross River University of Technology (CRUTECH). Purposive sampling
technique was used in selecting one hundred and two (102) HODs from the two universities. Researcher structured questionnaire titled: Alternative Revenue Streams and Sustainability of Higher Education Questionnaire (ARSSHEQ) to elicit written responses from the subjects of the research on four-point Likert scale of Strongly Agree (SA) Agree (A), Disagree (D), and Strongly Disagree (SA). The questionnaire was validated by two experts in educational management and two in measurement and evaluation from the Faculty of Education. Relevant corrections were made on their observation and recommendations. A reliability estimate of 0.62 and 0.78 was obtained using Cronbach coefficient alpha method of reliability. This showed that the instrument was reliable.

The questionnaire was divided into two sections A and B. Section A was designed to elicit responses from respondents based on demographic variables such as institution, sex, qualification, years of experience etc. Section B had 30 items statements, where items 1-24 measured the independent variable while items 25-30 measured the dependent variable. The researchers were personally involved in the distribution of the questionnaire to all the 102 Heads of Department in the two Universities. In each school the copies questionnaire were retrieved the same day and some after two days. The response rate was 100%.

The research questions were converted to hypotheses and data generated were analyzed using Pearson Product Moment Correlation Coefficient.

VI. RESULTS

Hypothesis one
There is no significant relationship between advertising and sponsorship and sustainability of higher education.

Table 1
Result of Pearson product Moment Correlation analysis on the relationship between advertising and sponsorship and sustainability of higher education.

| Variable                        | N   | M    | SD  | df  | r-val  |
|---------------------------------|-----|------|-----|-----|--------|
| Advertising and sponsorship     | 102 | 18.79| 2.55| 100 | 0.64*  |
| Higher education sustainability  |     | 19.30| 2.74|     |        |

r (102) = 0.64, p<0.05

The result of this Table 1 revealed that the calculated r-value of 0.64 is higher than the critical table value of 0.138 when tested at .05 level of significance and 100 degrees of freedom. This implies that there is a significant relationship between advertising and sponsorship and sustainability of higher education. r (102) = 0.64, p<0.05. The positive r value implies that the higher the advertising and sponsorship activities the schools engage in, the higher the revenue that would be generated for the sustainability of the higher education. This does not support hypothesis one.

Hypothesis Two
There is no significant relationship between food retailing (catering) services and sustainability of higher education.

Table 2
Result of Pearson product Moment Correlation analysis on the relationship between food retailing (catering) services and sustainability of higher education.

| Variables                          | N   | M    | SD  | df  | r-val |
|------------------------------------|-----|------|-----|-----|-------|

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The result of this Table 2 revealed that the calculated r-value of 0.58 is higher than the critical table value of 0.138 when tested at .05 level of significance and 100 degrees of freedom. This means that there is a significant relationship between food retailing (catering) services and sustainability of higher education. \( r (102) = 0.58, p<0.05 \). The possible r-value implies that the better the retailing (catering) services offered by the school, the higher the revenue that would be generated for the sustainability of higher education. This does not support hypothesis two.

Hypothesis three.
There is no significant relationship between renting of physical facilities and sustainability of higher education.

Table 3
Result of Pearson product Moment Correlation analysis on the relationship between renting of physical facilities and sustainability of higher education.

| Variables                     | N  | M   | SD  | df | r-val |
|-------------------------------|----|-----|-----|----|-------|
| Renting of physical facilities| 102| 15.75| 3.82| 100| 0.68* |
| Higher education sustainability|   | 15.30| 3.62|    |       |

\( r (102) = 0.68, p<0.05 \)

The result in Table 3 shows that the calculated r-value of 0.68 for renting of physical facilities is found to be higher that the critical r-value of 0.138 at .05 level of significance and 100 degrees of freedom. This implies that there is a significant relationship between renting of physical facilities and sustainability of higher education. \( r (102) = 0.68, p<0.05 \). The positive r-value implies that the more the physical facilities rented the more income that would be generated for the sustainability of higher education. This does not supports hypothesis three.

Hypothesis four
There is no significant relationship between educational services and sustainability of higher education.

Table 4
Result of Pearson product Moment Correlation analysis on the relationship between educational services and sustainability of higher education.

| Variables               | N  | M   | SD  | df | r-val |
|-------------------------|----|-----|-----|----|-------|
| Educational services    | 102| 17.38| 2.55| 100| 0.78* |
| Higher education sustainability|   | 16.46| 2.51|    |       |

\( r (102) = 0.78, p<0.05 \)

The result of this table 4 revealed that the calculated r-value of 0.78 is higher than the critical table value of 0.138 when tested at .05 level of significance and 100 degrees of freedom. This means that there is a
significant relationship between educational services and sustainability of higher education. \( r (102) = 0.78, p<0.05 \). The possible \( r \)-value implies that the better the educational services offered by the school, the higher the revenue that would be generated for the sustainability of higher education. This does not support hypothesis four.

VII. DISCUSSION

The study looked at alternative revenue streams for school-based funding and sustainability of Higher Education in Nigeria. The result of hypothesis one reveal that there was a significant positive relationship between advertising and sponsorship. The result of this finding is in line with the findings of Ben-Ishai (2012) and Lohman (2016) who posited that advertising and sponsorship are an emerging trend for alternative revenue streams and has the potential to generate a lucrative alternative revenue streams. The result is also in line with NEC Unified Solution (2016) that digital signage offers opportunities for revenue generation through dynamic advertising and can be a significant additional revenue source. Digital signage increases the potential revenue of each event and is an excellent complement for conferences and seminars.

It could be further explained that the significant positive relationship confirms that advertising and corporate sponsorships are universal funding models capable of supporting revenue generation and can be explicitly recognized to provide a more suitable and potentially effective business model to frequently complement other income-generating models. More so, sponsorship, more than any other marketing channel, create a positive impact on brand affinity and helps to provide differentiation which translates into increased customer affinity for a company’s products and services, as well as for the corporation itself. Creating this affinity helps sponsors demonstrate their corporate values, build customer loyalty, enhance their corporate reputations, develop and reinforce goodwill within a community, and generate media coverage, thus generating increased sales and higher levels of customer and employee satisfaction.

The result of hypothesis two also revealed a positive correlation between food retailing (catering) services and sustainability of higher education. This is in line with the views of Edwards (2011) that most schools seek to run profitable canteens to assist in generating much needed funds for the school. He maintained that to generate revenue, management of the canteen should be contracted to an external food services management company. This finding is in addition to empirical evidence indicating that effective management of food retailing (catering) services will result in revenue generation for the institution.

The result of hypothesis three revealed that there a positive correlation between renting of physical facilities and sustainability of higher education. The result corroborated with Jacobson (2013), Ekpoh (2009) and Gebreyes (2015) who held that income can be generated through the letting of school facilities such as sports halls, conference centres for conferences, workshops and educational trade shows, classrooms, computer labs for training, sports pitches and gymnasium for exercise classes, theatres and catering facilities for local community clubs, businesses and private individuals. The result is also in line with the findings of Omukoba, Enose and Ayodo (2011) who revealed that managers should mobilize available institutional resources such as land, physical facilities and equipment to generate income to provide the necessary learning resources to enable the schools to run efficiently. And that revenue generated from the renting of houses, hire of buses, classrooms and offering conference accommodation serve as a cushion/support kitty for funds received from government funding.

The result of hypothesis four revealed that there is a significant relationship between educational services and sustainability of higher education. The result is in line with the findings of (Gebreyes, 2015) that higher institutions of learning have generated revenue and benefited financially from creative workforce training and development in the form of short-term or long-term programmes for industry and other stakeholders.

VIII. CONCLUSION

Higher education institutions are challenged to develop a sustainable and clear profile to remain competitive on a national and international level. Confronted with a decline in funding, new challenges are emerging that demand a substantially higher investment in education. Educational institutions are therefore, being forced to find alternative and nontraditional financing solutions. It is clear from the result of the study that higher education institutions benefit from the opportunities that ancillary income afford them and institutions that are reluctant to pursue the opportunities to generate additional income may find themselves significantly disadvantaged in relation to their counterparts.

IX. RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made.

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1. Higher education institutions should actively create and enhance advertising and sponsorship opportunities for alternative revenue generation.

2. To increase a sense of value and satisfaction, institutional managers should ensure that catering services provide more diversified services to students and the school community in order to increase income.

3. Physical facilities are increasingly viewed as a measure of an institution’s quality by important external stakeholders. Higher education institutions should use existing resources and facilities cleverly and develop strategies for commercial renting of significant institutional physical resources and facilities to generate revenue.

4. Institutional managers should see the need to initiate appropriate income generating strategies such as aimed at enhancing resource mobilization in order to run their schools effectively.

5. Given that the substantial amount realized from alternative revenue streams, it is still insufficient to accommodate budgetary needs of these higher education institutions and are unable to meet the required facilities for enhancing quality education, the government should therefore increase the amount disbursed to schools.

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