



Alternative Modes of Financing Higher Education in Nigeria and the Implications for University Governance

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Abstract: The problems of under-funding and over-reliance on government funds remain a clog in the wheel for university governance in Nigeria. The inadequate funding of the universities has had profound effects on teaching and research, while universities in Nigeria have been forced to embark on income generating projects in order to source alternative funds. Using data from a recent study, this essay explores different alternative modes of financing higher education in Nigeria, and the implications for university governance. Four Nigerian universities were surveyed, while field data were collected using the questionnaire survey method, in-depth interview, direct observation of facilities and infrastructures, and focus group discussions (FGDs). The study found that Nigerian universities are now opening up to new innovations in the area of sourcing non-governmental funds. The process has serious implications for the quality of teaching and research, while commercial ventures being generated are fraught with problems of management, including issues of accountability, profitability, and sustainability. The paper prescribes ways of overcoming some of the governance problems confronting the university system in Nigeria, as it grapples with economic realities, and the achievement of its original mission statement – teaching and research, and the building of human minds.

Résumé: Les problèmes liés à l'insuffisance des financements, et la dépendance accrue sur les fonds alloués par l'État constituent une entrave à la gestion de l'université au Nigeria. L'inadéquation du financement des universités a, sans nul doute, eu d'importantes conséquences sur l'enseignement et la recherche, et les universités nigérianes ont été obligées d'initier des projets générateurs de revenus pour trouver des fonds alternatifs. En se servant des données tirées d'une étude récente, cet essai explore les divers modes alternatifs de financement de l'enseignement supérieur au Nigeria, et les implications quant à la gestion de l'université. L'étude a porté sur quatre universités, tandis que les données de terrain ont été collectées selon la méthode d'enquête par questionnaire, des interviews élaborées, une observation directe des équipements et des groupes de discussion cibles. L'étude montre que les universités nigérianes innoveront dans la recherche de financement en dehors de l'État. Cette innovation a de sérieuses répercussions sur la

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qualité de l'enseignement et de la recherche, tandis que les projets commerciaux mis sur pied sont confrontés à de nombreux problèmes de gestion, de responsabilité financière, de rentabilité et de viabilité. L'article recommande des moyens de surmonter certains problèmes de gestion auxquels fait face le système universitaire au Nigéria, au moment où il se débat avec les réalités économiques et l'atteinte de ses objectifs premiers, à savoir l'enseignement et la recherche, et la formation des consciences humaines.

Introduction

One of the major problems now facing Nigerian universities is the issue of under-funding. Government priority to education is still very low, while funding of university by the government is declining fast (Oduleye 1985). The structural adjustment programmes subsequent to Nigerian economic crises have further shrunk government funding of university education. Other contributory factors to the under-funding of Nigerian universities include lack of adequate planning, proliferation of universities, and ad hoc expansion of enrolment, academic versus non-academic employment ratios, among others. Even though government allocations to the Universities continue to be grossly inadequate, the student enrolments continue to rise. According to Taiwo (1994) the Federal Government has starved the universities of funds, providing 51.8 percent less than the UNESCO recommendation. The inadequate funding of the Universities has had a calamitous effect on teaching and research and universities have been forced to embark on income generating projects in order to generate more funds.

Tuition fees and education levies are frequently proposed as popular options for increasing funding for the Nigerian universities. Tuition is borne by those who benefit directly from university education. The individual student pays tuition, while the education levy is borne by the private sector for the direct benefit of manpower from the universities. Tuition fees were paid in the Nigerian universities up to 1977, and accounted for over 10 percent of the university budget. Introducing tuition fees back into the Nigerian universities would have wide implications, which would need critical assessment. Since the allocation of government funds to universities is currently based on student enrolment, many universities have increased their enrolment figures in order to attract more government funds. No wonder many Nigerian universities are now over-crowded, yet with dwindling structural facilities.

In 1990, the Federal Government of Nigeria signed an agreement with the World Bank for \$120 million credit facility for use by all the Federal Universities. By April 1996, over 214,233 volumes of library books were supplied to the Universities. In addition teaching and research equipment including spare parts were delivered to the Universities. This process has been flawed. Many of the books delivered were said to be obsolete, while much equipment were delivered only 'on paper' and not physically (Ishola 1996). More importantly, one may ask the following questions: How long will the country (Nigeria) live in this stage of dependency?. Can the country continue to depend on foreign countries and international foundations to sustain its systems, and for that matter, the educational system which serves as a pillar for nation building? Despite the recent changes, especially as the country rejects military dictatorship, and embraces democratic ideals, the problems of inadequate infrastructure and facilities are still to be resolved in Nigerian universities. Water supply is still found to be grossly inadequate, while the supply of electricity is irregular.

Currently, the Nigerian government is turning around to embracing 'academic freedom and university autonomy' as a way out of the university crisis. Central to this thinking is the principle of cost sharing, and the ability of each university to generate a substantial part of its revenue outside of government subventions. A major question being asked is: what will be the implications of such private financing on university vision and mission? For instance, what will be the implications of charging of fees on students, in a country where most families live below the poverty line? However, if private funding becomes a significant source for supporting university education, then it is important to understand the implications that this could have on the future of the university system in Nigeria.

Theoretical Framework

The African political economy model is useful for explaining the present economic crisis facing Nigerian Universities. The model focuses on how political and economic forces shape the contexts within which the Nigerian Universities carry out their primary functions, that is, teaching and research. The model helps to explain the realities of the specific political, economic and social matrix of the present policy environment in Nigeria. Economic depression, structural

adjustment, the debt burden, and political instability all produce cuts in government expenditure, and impact in a special way on the educational system. The political economy model sees the different structures in the social system (that is, economic, social, political structure, and the belief system) constantly interacting, and in many cases, interdependent. However, borrowing from the Marxian tradition, the economic factor provides the axis around which all the movement takes place.

The issue of university under-funding is therefore seen as a phenomenon which is deeply rooted in the social, economic and political structure of the society. Thus, the educational system, an important element in the structure, is not entirely independent, for it is also subjected to the influence of other elements within the structure, and in particular, the economic system. To explain the problem of under-funding in the Nigerian Universities, important elements within the social system are identified. These are: i) the external structures (government and its policies); and ii) the internal structures (i.e. universities as implementers of government policies, but also as entities forging their own unique culture dictated by such factors as size, management style, accounting systems, openness to innovation and so on). This structuralist analysis is not complete without focusing on the micro level factors exacerbated in the individual's attempt to contribute to the final outcome of the system. At the micro level, the following are identified: the university and its management team, parents and students. These micro level factors would help to assess the impact of many of the structural adaptive mechanisms, which are related to university financing.

This paper tries to answer the following research questions: What are the alternative modes of financing which are now prevalent in Nigerian universities? What are the effects of these alternative sources of funds on universities' goals and objectives, i.e. teaching and research? To what extent do university commercial ventures complement and/or contradict university's goals and objectives? What is the present status of the university-productive sector (UPS) linkages in the selected universities? How are profits from the university commercial ventures utilised? What is the society's perception of the various forms of alternative modes of financing that are now open to these universities? What are the direct implications of the new financing modes on university governance? These questions are the problematique of this paper.

Research Methodology

The study focuses on four purposively selected universities in Nigeria. Three universities were selected from the list of the first generation Universities (which are six in number). These are the Universities of Ibadan, Ife and Lagos. Apart from the long history of operating the first generation universities, they have the largest student enrolment in the country, and the largest staff strength. They are thus likely to be hit most by the current economic crises in the country, which had led to a series of cuts in government spending. This is because these first generation universities were established when the country was at its best, financially. Thus, they are characterised by the establishment of ambitious programmes and projects, many of which become difficult to fund under the present economic dispensation. In addition, one of the second-generation universities, Undo State University, Ado-Ekiti, now renamed the University of Ado-Ekiti, UNAD, was included in this study to provide comparative data on Federal and State financed universities.

The fieldwork for the study reported here was carried out between 1995 and 1996, using the following research techniques: analysis of secondary sources (i.e. records and documents); direct observation; in-depth interviews; questionnaire survey; and Focus Group Discussions (FGDs). To collect information on the financial status of the selected universities, some selected University Bursary Staff were interviewed, while the respective university financial records were obtained from the various Bursary Departments, although with some difficulties. In-depth interviews were conducted with the following people: a senior university bursary staff from each university surveyed (4); heads of commercial units/consultancy units (15) and staff in these commercial units (20); and 3 officials of the Federal Ministry of Education/National University Commission (NUC). The study findings are presented using a *triangulatory* process.

Results and Discussions

Population: Staff and students in the selected universities:

The numbers of students in the selected universities ranged from 5,799 to 21,982 during the 1994/1995 Session; with the Obafemi Awolowo University (OAU Ife) having the highest population (of

21,982 students) (see Table 1). By the 1999/2000 Session, the population of OAU Ife was placed at over 22,000 students, while Unilag recorded over 24,000 students (see Table 1). This phenomenal increase has been experienced in all Nigerian universities. Despite this rise in numbers, less than 50 percent of those qualified for university admissions have been obtained placements.

Field enquiries show that many of the academic departments in the selected universities are short-staffed, while the rising overhead costs in virtually all the Nigerian universities are causing agitation in government circles, and a call for reduction in the number of the administrative staff. For example, during the period of study, the population of academic staff ranged from 235 to 989 in the four (4) selected universities, while the number of the non-academic staff (administrative and junior staff) varied from 670 to 3,300. Table 2 presents data for two of the four selected universities. The trend, which is the same in all Nigerian universities, shows that the ratio of academic to non-academic staff is often 1:3, and sometimes higher (in favour of non-academic staff). However, unlike the non-teaching staff, academic staff tend to be more mobile because they have specialised knowledge which enables them to obtain other posts, both locally and internationally. Thus, the problem of the academic brain drain seems a common phenomenon among the teaching staff in all the universities.

**Table 1: Student Enrolment in the Selected Universities
(1984–2000)**

Year	Student Enrolment			
	OAU IFE	UI	UNILAG	UNAD
1984/85	12,000	13,862	NA	1365
1985/86	13,000	12,350	10,418	1944
1986/87	13,000	12,000	10,440	2685
1987/88	13,175	11,835	10,597	3325
1988/89	14,140	11,986	12,694	2582
1989/90	15,017	12,135	12,261	3329
1990/91	15,027	12,902	12,647	3981
1991/92	15,570	13,858	13,771	4450
1992/93	16,000	16,211	14,508	5113
1993/94	18,000	18,690	NA	NA
1994/95	21,982	20,098	13,848	5,799
1995/96	19,959	NA	14,637	NA
1996/97	20264	NA	16841	NA
1997/98	20,755	NA	17,878	NA
1998/99	21,471	NA	214	NA
1999/2000	22,177	NA	24,978	NA

KEY: OAU Ife = Obafemi Awolowo University, Ile-Ife

U.I. = University of Ibadan, Ibadan

UNAD = University of Ado-Ekiti (formerly Ondo State University, Ado-Ekiti)

NA = Not Available

Table 2: The Staff Strength in Two Selected Nigerian Universities (1985–2000)

Year	Staff Strength					
	OAU IFE			University of Lagos		
	Academics	Admin	Junior	Academics	Admin	Junior
1985/86	805	913	2986	778	1318	2745
1986/87	956	1053	2852	820	1184	2431
1987/88	999	989	2875	787	1204	2259
1988/89	972	1027	2522	781	1294	2583
1989/90	921	1026	2704	783	1260	2368
1990/91	923	968	2542	662	1075	1751
1991/92	873	961	2541	739	1174	2105
1992/93	810	884	2568	739	1174	2105
1993/94	850	909	2537	845	1151	1851
1994/95	783	895	2702	805	1066	1485
1995/96	1061	949	2615	809	1239	1867
1996/97	1042	991	2355	955	1494	1518
1997/98	851	952	2260	881	1534	1502
1998/99	1001	981	2202	779	1562	1804
1999/2000	1026	1235	2117	NA	NA	NA

NA = Not Available

Sources and Assessment of Alternative Modes of Financing the University System

Two major areas have been identified in making a financial analysis in education. First, there is the process of raising funds (financing) and second, is the spending pattern (costs) (Babalola, Okunola, Adeyemi and Ibekwe 1996). What constitutes major sources of revenue differs from one university to the other. Three major sources of university revenues are the most emphasised. The first consist of grants from the government (NUC/Federal/State). Second, there are internally

generated funds within the university itself (for example, fees and tuition; incomes from investments, and endowments/gifts). Third, most institutions, especially universities, receive grants from sources outside, usually for specific research and development projects. These sources include Educational and Research Foundations, Government Agencies and Industrial Organisations. Responsibility for the custody and proper disbursement of funds received is vested in the Bursar of the Institution. The responsibility may be delegated to a senior Accountant who keeps a set of Books of Accounts that are self-balancing. Periodic Trial Balances are produced and submitted to the Bursar.

The Nigerian government remains the major source of funding for Nigerian universities (see Table 3). The estimates presented in Table 3 are not all-inclusive, since they are limited to what the respective universities were willing to make public. It is however clear that irrespective of what figures may have been kept private, the government remains the major financier of higher education in the country. This essay, however concentrates on, and addresses non-governmental funds. All grants/revenue outside the government yearly subventions to the universities are treated in this study as Non-NUC grants/revenues. These include: endowments; fees/levies; gifts; international aids; investments and other internally generated revenues.

Writing in 1973, Onushkin stated that in North American universities, about 77 percent of their budgets came from government, 7 percent from tuition fees, 5 percent from the institutions' own funds, 4 percent from foreign aid, and 1.5 percent and 1 percent from private and industrial donations respectively. In Nigeria, the Federal Government recently required of each university to generate at least 10 percent of its total revenue. It is in response to this directive that these universities have had to expand the scope of their commercial activities and/or Non-NUC grants. The amounts of non-NUC grants thus become a regular part of the universities' income.

Interviews held with senior officials of the Federal Ministry of Education and the National Universities Commission on the issue of university financing showed that many of them were convinced that the Federal government should not be solely responsible for financing University education. Other important sources of funds that these officials would like to see expanded included consultancies and part

time teaching. They also remarked that in other parts of the world, Alumni Associations and NGOs donated money to the universities. They were of the view that profits accruing from these income-generating activities could not sufficiently cope with the demands of running a university system, and that the nation might, in the near future, consider more vigorously the issues of the privatisation of universities, providing distance education, and requiring the payment of tuition fees. These views have been consistently contrary to the government's stance on higher education in Nigeria.

**Table 3: Sources of Financing by University (1985–1995)
(in Million Naira)**

Items	YEARS (1985–1996) in Million Naira										
	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95
(1) Govt Subvention:											
(a) OAU-Ife	38.0	42.41	42.89	61.92	55.65	62.43	81.90	302.70	286.38	352.96	289.00
(b) U.I.	43.5	36.6	36.6	55.8	55.2	61.7	87.5	248.67	236.62	275.23	264.96
(c) Unilag	32.9	30.5	21.4	34.6	30.6	42.4	42.0	130.8	184.4	181.00	267.50
(d) UNAD	N.A	N.A	N.A	14.8	25	30.5	34.40	41.5	41.0	47.00	N.A
(2) Internally generated funds-											
(a) OAU-Ife	2.85	3.25	2.12	7.31	3.71	3.61	10.44	10.06	7.95	19.41	19.87
(b) Ibadan	NA	2.50	2.50	5.30	8.00	5.80	13.3	8.00	NA	NA	NA
(c) Unilag	1.60	2.60	0.26	3.10	3.50	7.90	1.42	23.00	26.6	30.90	49.60
(d) Ado-Ekiti	0.22	0.23	7.31	0.30	0.87	0.66	3.64	1.90	1.00	0.49	NA

a. Endowments

At the University of Ibadan, a major way of generating money for the university is through endowments. It is a method which has always been used at the University of Ibadan since the 1960s. The harsh economic conditions of the civil war era induced the University to embark on the search for endowment funds. This need was made all the more urgent when the earlier quinquennial financial arrangement that the government made with the university was replaced with ad hoc grants. An Endowment Appeal Fund was launched by the then Visitor, His Excellency, General Yakubu Gowon, to support the

University of Ibadan's 1975-80 quinquennial plan. The plan proposed to create new academic programmes and embark on major capital projects. However, in many cases, the Nigerian public seemed not to have imbibed the spirit of endowments to the universities, demonstrated in the usually low response from the public to calls for such funds. Nevertheless, the University of Ibadan attracts the highest endowment funds (up to N8.36m in 1994/95 session alone). This is not surprising, since it has as noted adopted this funding strategy since the 1960s.

b. Foreign Grants

For a long time, foreign grants have aided many programmes in the Nigerian universities, especially postgraduate studies and staff development. For example, the University of Ibadan received from the Ford and Rockefeller Foundations a sum of N7, 717,592 for the development of its 1962-67 quinquennium. Other bodies, which were reported to have supported Nigerian Universities and individual researchers within the system, include IDRC, CIDA, SIDA, USAID, Commonwealth Scholarships, UNFPA, UNIFEM, and the British Council. However, subsequent to the country's confrontation with the United Nations over non-democratic principles in governance, and a bad human rights record, many of these donors have withdrawn their funding. This, in particular, followed the sanctions that the United Nations introduced in opposition to the military dictatorship in the country.

c. Fees/Levies

Important trends have also emerged around the non-NUC funds. Although there is a general government embargo on payment of tuition for undergraduate programmes, all the universities have devised other methods of fee collection. The cost of postgraduate studies has been raised, while many non-degree/diploma courses have been introduced with very high fees. The Masters in Business Administration (MBA) programme in both Ife and Lagos; and the Computer Diploma courses in all the universities, are examples of this attempt to raise income.

The modes of collecting fees/levies are rather indirect, and they sometimes vary from one university to the other. For example, while

there are no official tuition fees in any of the Federal Universities, each of them has now introduced alternative charges (i.e. in lieu of the proscribed tuition fees). Some of these alternative fees include examination charges (ranging between N500 to N1,000); hall maintenance fees (ranging between N1,000–N2,500); and non-refundable admission deposits of at least N1,000.

Fees collected under different guises at OAU Ife between 1990 and 1995 amounted to N1.4m; for UI Ibadan, N7.86m (within a 6 sessions-period, 1990 to 1996). Unilag presents a more buoyant revenue generation pattern, with much of its income coming from fees (non-degree and post graduate programmes), and investments. In the 1995/96 session alone, Unilag received N49.6m non-NUC income (a large share of this came from fees and investments).

Over 80 percent of the non-NUC grants recorded in Table 3 are from fees (mainly from postgraduate and non-degree programmes). The cost of undergraduate programmes seems cheaper in the federal universities, since the federal government has stopped the official collection of tuition in these universities. However, the story is different in the State universities, where payment of tuition is a regular part of academic life. For example, while the Federal Universities adopt indirect ways of collecting fees, the State Universities charge for tuition directly. However, the discrepancy in the policy of fees payment, in both the Federal and the State Universities, creates a paradox. While the Federal Government frowns at the idea of collecting fees for the undergraduate programmes, the State Governments are silent on the issue. This was described by one of the staff as 'the government faking ignorance'. Surprisingly, the payment of fees in the State Universities is not as politically agitating as in the federal institutions. This may be due to the fact that the State Universities were established basically through local initiatives to serve the needs of specific communities. Local people are more committed to the survival of these State-level initiatives, while payment of fees is seen as a way of showing this commitment.

In the 1989/99 academic session, both the universities of Ife and Ibadan introduced different fees/levies totalling about N8,000.00 per session for each fresh undergraduate, while the 'stalites' (i.e. returning undergraduates) are to pay less. This one incident led to strong protests from students at both universities. In fact, at OAU Ife, the students

kidnapped and tortured not less than three of the University's Principal officers (including the Vice-Dean of the Directorate of Students Affairs); and threatened to burn down academic buildings if the decision on fees was not rescinded. The university authority responded swiftly in favour of the students' demands, even though there are very obvious reasons why such fees should be collected. The same protest greeted the announcement of fees at Ibadan, although the university authority is still yet to resolve these issues. Nigerian students vowed never to pay any 'unofficial surcharges' under a political economy of 'corruption', and the looting of the government treasury by those in power. No doubt there are serious micro level implications of students' insistence on non-payment of fees/levies for the university governance. Presently, an uneasy calm exists in each of the affected universities, while both students and staff work under harsh conditions due to lack of infrastructural facilities.

Results of FGDs with student groups showed that students generally do not support the payment of tuition fees as a means of financing the University system in Nigeria. They believed that education is a right, and that the government must be made to bear the brunt of the cost. They supported distance education, part time lecturing and consultancy as adequate means of generating new income.

d. University Commercial Ventures And University-Productive Sector (UPS) Linkages

Both commercial ventures and UPS linkages are profit oriented, but they represent different modes of expanding the financial base of the university system. In this study, a commercial venture refers to a unit or a department within the university which engages in direct production of goods or services, which are sold directly to the consumers. Such units are established primarily to generate a profit. UPS linkages are those structures put in place to allow universities to sell their technical expertise and/or the products of their scholarly research to the productive sector.

i. Commercial ventures

In response to the government mandate that each university must generate at least 10 percent of its total revenue, each university has now embarked vigorously on funds generation through commercial ventures, and linkages with the productive sector. All the universities

are involved in running commercial ventures of different kinds, ranging from hotel services, primary and secondary schools, publishing, consultancies, sales and marketing, including petrol stations, supermarkets and so on. The establishment of these commercial ventures is a recent phenomenon, and a response to the economic demands of the 1980s. Many of the units established before the 1980s were mainly research units with a greater focus on research and development (R&D), rather than the generation of monetary gains for the university. However, the University of Ibadan (the premier university) was the first to develop ideas regarding commercial ventures, many of which were established in the 1970s.

The staff size of each venture studied ranged from 16 to 184. The margin of profits reported for the different ventures ranged between 4.7 million Naira and 82.9 million per year. It is important to note that many of the ventures which attract high profit margins are those offering professional services such as consultancy, distant teaching and hotel services. Unilag recorded relatively higher profit margins for many of its ventures compared to other universities, while UNAD (the State University) recorded the least. The success recorded at Unilag may be explained by the fact of its location. Lagos is the commercial heart of Nigeria, and until recently it served as the seat of the Federal Government. In fact, at the time of the survey, it was observed that compared with other universities, Unilag seemed to have many visible capital projects going on. Some of these construction works included the construction of hostels, classrooms, and boreholes, and the establishment of a communication network. Unilag also has a viable and impressive plan for staff to own houses through its staff housing loan scheme. Although detailed financial records were not made available on these capital projects, FGD discussions revealed that many of the capital projects were being financed using profits from investments and other commercial ventures.

It is important to note that almost all the successful commercial ventures were those that were semi-autonomous, and had been given a free hand to manage their own resources, and eventually operate fully as private enterprises. The unique success recorded by the commercial ventures in Unilag was attributed to the style of governance under Professor Omotola. This style has been variously criticised as diversionary and/or misplaced in a university system, as efforts were said to have

been drifted towards what many of the FGD discussants called 'mundane things', at the expense of academic achievement. Many discussants remarked that the sudden 'business ethos' in this style of governance led to chaos, and eventually a change of leadership for Unilag. Some believed that academic goals now ranked as secondary, while faculty members were turned into 'business men and women'.

The type of business success story recorded at Unilag was not a common experience in the other three universities in this study. Only very few of the commercial ventures in these universities were found to be successful, while many have gone under. For example, the Commercial Farm at OAU Ife has lost its former lustre. At the time of the survey, the University Agriculture Farm was reportedly run at a loss. In the same university, reports show a high degree of success by its central consultancy unit (UNIFECS), whereas the older ventures like the University Bookshop are performing poorly. Students no longer patronise the bookstore as before, because the prices of books are high. Also, the Bookstore can hardly generate enough funds to replenish its stocks. Thus, current books and especially those published abroad may not be on sale. Centres like the CIRDC (Centre for Industrial Research and Development) and NACATEM (National Centre for Technology Management), which currently maintain linkages with the productive sector tend to be very buoyant (Odebiyi, Aina, and Soetan 1997). Generally, the reasons given for the non-profitability of some of the commercial ventures varied. They included bad management, a lack of accountability; a lack of commitment by staff; a tendency to treat units as a source of welfare; a lack of patronage from the public; the inability to diversify; poor funding and frequent theft. Only commercial ventures that were able to run separate accounts (that is, from the university central accounting system) recorded clear success. Such ventures are semi-autonomous and run separate accounts, employ their own staff, and negotiate different salary scales for their staff. Their work ethic may be more productive. Many of the staff in this kind of venture often showed high levels of work commitment, with lazy members quickly dismissed. The mode of running these semi-autonomous commercial ventures has been queried on moral grounds. Many claimed that the staff in these establishments are poorly paid, while there are often cases of financial mismanagement. Hence what could have been a financial profit to the university often end up in individual pockets.

However, the few successes recorded by the commercial ventures were attributed to good planning, hard work and commitment, and a high level of patronage from the public. Since few of these ventures are making substantial profits, staff of the units felt that the most effective way of generating money within any University system should be through tuition fees, followed by long distance education and consultancies. This is because in many cases, profits are ploughed back directly, rather than released to the general university pool, and thus, in many cases, the university only takes a small percentage of the declared net profit.

On the whole, respondents sounded a note of caution with regards to introducing commercial services into academic departments. They felt that there should be a way of introducing checks and balances into the running of such commercial services so that teaching and research are not compromised. According to the students, it is very easy to be tempted when huge profits start to roll in, and the result is that lecturers devote more of their time to running commercial services than to teaching and research. A common view is that universities should clearly separate units and functions, such that mainstream academic departments are not turned into commercial centres. A common point of concern is how to maintain openness and accountability in the running of the university commercial ventures. In the University of Lagos, a staff member suggested that the activities of the commercial unit should be controlled via the Vice Chancellor's Office, while across the various interest groups, it was suggested that there should be proper monitoring of commercial units to ensure that teaching and research do not suffer. On the whole, both staff and students agreed that university commercial ventures could provide an avenue for the universities to respond to national needs, while at the same time, the money made from such services could be used to upgrade academic programmes. Quoting a student who participated in one of the FGD sessions, 'when teachers are happy, then teaching and learning become interesting, and they are no longer perceived as a chore'.

ii. University-productive sector linkages

Universities are now making efforts to reach out to the productive sector mainly through seminars, workshops and training programmes. However, the benefits of this accrue more to the large-scale industrial concerns, rather than the small-scale enterprises (since the latter

cannot, in most cases, benefit much from the fee-based university consultancy services offered at exorbitant prices). Ayiku (1991, 1997) found that the following characteristics best describe the state of UPS linkages in Africa today.

- Universities are resistant to effective structural changes and they lack commitment to the establishment of effective UPS linkages;
- What exists is a weak or temporary linkage with industry mainly on the personal level (conferences, individual consultancies, student connections);
- Existing UPS centres are weak and are poorly funded with little or no autonomy;
- Insignificant government involvement (poor funding, poor enabling environment for commercialisation of R & D results and unwillingness to use the 'power of the purse' to encourage the establishment of UPS linkages);
- Poor science culture and weak S & T policies and institutions;
- Insignificant income to the university from consultancy and, generally, from industry.

In Nigeria, Odebiyi *et al.* carried out a case study of Obafemi Awolowo University, Ile-Ife. They found that many centres had been established at Ife which provide links with the productive sector, either through consultancy services, training in new technologies, and other technical services. The centres promoted training of manpower for the industries, through consultancies, while profits accruing to them have been spent on further investments, teaching and research, and to acquire new equipment. However, the study found that the activities of these centres were hindered by a lack of funds, university politics, government indifference and lack of commitment to most university programmes which require additional financing; poor working conditions of staff; and sometimes university 'red tapeism'.

The above trend is common in all the universities surveyed. All the universities, in recent times, are now establishing linkages with the productive sector, either through consultancies and other designated centres or units; and direct links with academic departments. Although

the older universities seem to have more established links with the productive sector on the whole, a young State university like OSUA started off with the philosophy of being particularly relevant to the immediate social and economic environment. On the whole, there is still poor information flow from the universities to the productive sectors, while much of the research carried out in these universities is not need-driven, and are therefore not geared to the interests of the private sector.

Managing Profits from University Investments/Commercial Ventures

The bursary departments of the respective universities have the overall responsibilities for managing funds and finances. Each of the commercial units/departments is linked directly with the respective bursary departments. However, the structure of university financial monitoring varies from one university to the other; and sometimes, it varies from one unit to the other, even within the same university system.

At OAU Ife, the Bursary department has an over-riding control over and above all the other units within the system. All monies, including profits, are paid directly to the central bursary accounts, while requisitions are made via the Bursary department before money can be released. This type of central control mechanism by the Bursary department has helped to successfully monitor the finances of the various commercial units, and in many cases, it has helped to detect frauds. However, the managers of many of the commercial units at Ife spoke against this centrally controlled financial system. For many, this type of system inhibits innovation, and it does not give the managers a free hand to invest and to manage these units as 'true commercial centres'. The university's red-tape often turns such commercial units into another government department, rather than being able to operate as fully fledged profit-oriented units. It takes a long time to get money out of the university bursary department, while in many cases, it is almost impossible to plough back profits directly. Also, staff who work in these commercial units could not be financially compensated or motivated, without incurring the disfavour of workers in other units, and the displeasure of the overall university management. The committee system of administration characteristic of university decision making is in many cases extended to these commercial units, thereby

making many operational decisions unrealistic and unprofitable. The result is that many of the commercial units could not compete with the private sector.

Since the universities did not in the main make available to the study a detailed breakdown of profits and investments, it was difficult to assess the direct impact that the commercial units are making on teaching and research. However, a general observation is that Unilag seems to be making more money from investments compared to other universities by commercialising many of its activities. Monies made from these investments have helped Unilag to improve the general conditions of service, and workers' welfare in general, for example, securing land plots and building loans for staff. On the whole, many people are sceptical of universities becoming too commercially oriented. One common remark was that 'if care is not taken, many aspects of the university culture will be lost as university managers get too involved with commercial activities'. Teaching and research may be neglected, while staff may become less committed to university mandates that do not bring monetary rewards, for example, theoretical research as against applied research.

Societal Views on the Financial Status of Nigerian Universities and on Alternative Financing Modes

Qualitative data were collected on views and opinions on the alternative financing modes now prevalent in Nigerian universities. Techniques of data collection included in-depth interviews and focus group discussions. Twenty-eight focus group discussions (FGDs) were held with various groups, which were selected from the four university communities (i.e. staff, students, and members of the society). Also, in-depth interviews were held with principal officers of the selected universities especially those charged with the responsibility of managing university funds, including the vice-chancellors, the bursars, and/or their representatives.

A majority of the university managers supported the following: payment of fees/levies; engaging in commercial ventures; and endowments. However, load shedding and the privatisation of universities were considered unpopular options. It was argued that privatising universities might lead to making university education a scarce commodity, as the poor would not be able to afford private fees. Load shedding is not

supported because according to them, the available programmes can scarcely admit the number of qualified university applicants in Nigeria. However, the reality of the situation is contrary to this view. For some time, Nigerian universities have been faced with the issue of 'rationalisation'. The Federal government is proposing rationalisation of some of the universities and some programmes. If the proposed rationalisation takes place, the Federal government might reduce the number of federal universities to one university per region (that is, north, west, and eastern regions). Many have reacted by claiming that such a move would be suicidal, for established programmes would be destroyed in the process, while the existing federal universities might become centres for ethnic agitation and domination. Within the present political dispensation the issue of rationalising the universities is being handled with caution.

The issue of tuition was also treated with some caution. Although the majority of the staff interviewed supported the payment of tuition in tertiary institutions, they argued that forcing students to pay tuition fees could be explosive if introduced under the present economic and political dispensation. However, it was argued that without tuition fees, students might never appreciate the value of education since they received it for free.

Many of the university managers supported the NUC mandate, which stipulates that each university should generate 10 percent of its own income. The question was: 'How can a university generate 10 percent of its income without charging fees?' Some felt that without income from fees the goal was unattainable. Engaging in income generating activities was seen as a promising option. In both the short- and long-run engaging in income generating activities may enhance both teaching and research, and indirectly support many of the recurrent expenses.

The recent policy step regarding an education tax to be paid by companies is a welcome idea if such funds are used judiciously, with the hope that about half of such tax payment could be spent on higher education. Although all the selected management staff agreed that the government should continue to support universities financially, they said parents should also be ready to complement government's efforts.

The discussion groups identified serious problems currently facing the financing of higher education in the country. Although many people did not support the payment of tuition fees in Nigerian tertiary institutions, it was the unanimous feeling that the government is at the centre of the present politics surrounding the payment of tuition fees. First, while the government supports the policy of no payment of tuition fees in the federal universities, it has failed in its efforts to give the necessary financial support to these universities. In many cases, government yearly subvention grants are not paid when due, while such payments are sometimes tied to political decisions. In some cases, the politically favoured universities may get even more than the expected yearly subventions, while universities noted for their radical philosophies and principles, are (using a discussant's words) 'financially strangled'. Presently, most of the universities suffer from poor government financing, yet they are not allowed to collect fees from their students.

The current poor academic performance of students in the Nigerian universities is linked to the present economic crisis and its effects on individuals and the societal sub-systems. Students now engage in commercial activities in an attempt to make ends meet. Parents find it difficult to pay for their children's education, and many live below the poverty line in order to train their children. For teachers, poor salaries and the devaluation of the Nigerian currency (the Naira), has led to a brain drain, with a mass exodus of teachers to take up work abroad.

The different FGD meetings devoted much attention to the way forward, focusing on the central question: What alternative modes of financing are acceptable to the people and at what price? On the whole, the payment of fees/levies was the most discussed. The majority did not support payment of tuition fees in the country's tertiary institutions because of the present economic situation. Thus many held the view that no tuition fees should be demanded at tertiary institutions until the economy improves.

A few who supported payment of tuition fees argued that the step would prevent students from over-staying their period of study in the university. This group attributed students' poor academic performance, and student disturbances, to non-payment of tuition fees. If parents and students invest a lot of capital on higher education, students will have a greater incentive to finish their academic programmes on time.

A tabulation of the results of the focus group discussions revealed that that fees for tuition was not a popular choice even though many people appreciate that they could help improve students' overall performance both in terms of personal incentive and with regard to better facilities. Privatisation of universities was also not much supported.

Students at UNAD presently pay more fees/levies (official and unofficial), while they study under harsher conditions. At the Ogun State University, the fees paid by a student are determined by the course of study. A student pays between N10,000 to N50,000 to secure admission to a department of choice. The paradox here is that the federal universities that recently introduced payment of maintenance fees of between N1,000 to N3,500 per session per student, met with a lot of resistance from the students. For example, at the beginning of the 1998/99 Session both the federal universities at Ibadan and Ife attempted to introduce such maintenance fees. At both universities, students went on the rampage, taking some of the management staff hostage; some buildings were damaged; while there were threats to burn down major facilities.

The question may be asked, why is it that the State universities have succeeded in collecting fees, while the Federal universities have failed? The Federal Government controls the bulk of the nation's resources, while the students and the public hold the Federal Government responsible for the state of tertiary institutions. Thus, resisting payment of any form of fees in the federal universities is a direct attack on the Federal Government and its agents, and an indirect call on the Federal Government to put education on its priority list.

Alternative Modes of Financing Universities and Governance Issues

It is a commonplace that universities in Nigeria are among the worse hit by economic and political crises, which the country witnessed subsequent to the adoption of the Structural Adjustment Programme (SAP) of the mid-1980s. As the government could no longer meet its financial obligations to the universities, coupled with what was generally perceived as bad governance, many of the Nigerian universities faced unprecedented hardships. Physical facilities in these universities are now in the state of disrepair, several capital projects have been abandoned, laboratories are ill-equipped, libraries are full of empty

shelves, while the few books are out-dated, and worst still, only a few of the universities can take advantage of modern information technology, for example electronic internet connectivity. There are also records of universities that were not able to pay staff salaries for months, while conditions at student hostels are horrendous.

At various times, both staff and students had violently reacted to the deteriorating learning environment. This has led to unprecedented strike actions which rendered Nigerian universities quite ungovernable, while many of the universities teachers have emigrated to other countries for better pay, thus, heightening the brain drain syndrome.

The various steps by the respective university authorities to source for funds through payment of fees, and any other ad hoc payments, have been met with resistance from students through violent demonstrations. The following extracts from focus group discussions capture the most frequent arguments put forth by students in this regard:

Male Students at OAU Ife: 'How do you expect students to pay fees in a country where over 70 percent live below the poverty line? Most of our parents cannot eat, not to talk of educating a child in the university. And yet, this is an oil producing country. What does the political class do or offer this nation, to merit their salaries, and their loot?'

Male Students at Unilag: 'Students will never support payment of fees as long as our government is corrupt and insincere to the people they govern. Why is the government shying away from making a commitment to making 26 percent of the budget devoted to funding education? Unless the government fulfils its own mandate and commitment to education, no draconian law or decree could intimidate Nigerian students to pay fees and all its absurdities'.

From these quotations, it is obvious that the payment of fees in Nigerian universities will for sometime remain a highly contentious issue facing those responsible for university governance.

Nigeria universities today have become ungovernable and tension laden because of the unresolved puzzles surrounding the payment of fees and other power imbalances within the system. For example, the students generally refer to their union as 'student government', which students claim to be 'superior' to other structures of governance within the university system. Thereby, its laws become binding on the generality of students where such laws contradict a particular university

law. This impression was expressed in the students FGD sessions carried out OAU Ife. The student union executive daily sinks this impression into the psyche of the student populace. This in itself constitutes a big challenge to the university management, and often makes these students ungovernable.

Another important governance issue, which has been linked to the deteriorating condition of the Nigerian universities, is the phenomenon of 'campus cults'. The continuous existence of cultism in the Nigerian universities has been linked to violent reactions from youths against social injustices in the system. For example, a member of the teaching staff who also happens to be a member of a cult could operate through student cultists to express aggression against the system of social injustice. Also, a poor student who is being financed by a rich student who is a cult member may eventually be lured into becoming a cult member. This is more likely to happen in a system that does not have any special programmes for poor students, either in form of scholarships, loans, and/or work-study programmes. If the university provides a better learning environment and opportunities, it could be argued that only few people will see cultism as a sort of escapism.

The mounting problem of financing higher education reached its peak with the result of the recently conducted accreditation exercise by the National University Commission (NUC). The exercise was conducted in all the Nigerian universities between February 1999 and February 2000. Out of the 1,198 programmes assessed, only 11.4 percent of them received 'full' accreditation status in all the universities; 72.5 percent were awarded 'interim' status, and 16.1 percent were not accredited at all. It is estimated that to remedy the problems revealed by the accreditation exercise would cost around N102,593,533,178.00. Paradoxically, these revelations are coming out at a time when the government is the one now clamouring for instituting university autonomy. Even with the news that the Federal Government is planning 40,000 scholarship awards annually at a cost of N25,000 per student, few believe that the problems of financing university education in Nigeria would be near to being solved. University education in Nigeria normally costs \$1,000 per student per year. The N25,000 scholarship award, which is only a little over \$200, is not only grossly inadequate, but also the number of scholarships being proposed (40,000 students) will only target a small percentage of the student population.

University autonomy will be a mirage without resolving once and for all stakeholder-driven demands and agreement on how to successfully fund the university system in Nigeria.

Conclusions and Policy Implications of Findings

The universities in Nigeria need to be open to innovations in the area of sourcing for non-government funds to run the respective universities. In this respect, universities should learn from one another and study the success stories in sister universities. But it is desirable to undertake periodic reviews of the activities of income generating centres. If these units are no longer fulfilling the functions they were meant to fulfil, then they should not be allowed to constitute another financial problem. There should be close monitoring of the teaching staff who are currently involved in commercial ventures so as to ensure that teaching and research duties are not neglected. Commercial ventures in the university should be allowed to have a unique culture relevant to the mission statement, but which may be different from the university bureaucratic principles.

The university system in Nigeria needs to show more pragmatism in handling its financial problems. A way of reducing administrative costs needs to be devised, so as to direct more money into teaching and research.

The problem of autonomy is a major problem confronting the Nigerian University system. This is obvious from the issue of non-payment of tuition in the federal universities. If the universities become truly autonomous, it may be easy to separate university policies from political agitation, and propaganda.

The university system needs to intensify efforts to create a friendly environment for learning. The present trading activities in the halls, and in the offices, may need to be curtailed, while student accommodation deserves urgent attention.

It is important to enlighten the public about the various modes of financing higher education. The public includes parents, and guardians, and some of them could even be alumni of these various universities. Some could even be industrialists who may be willing to endow chairs or provide funds for applied research that will benefit the industries and economically enhance the universities. If the public is to provide

necessary support in financing the universities, then they should be well informed as to the conditions in the universities and about alternative modes of financing higher education. They should be made to know what obtains in other countries and why some steps are necessary. They should know the types of expertise available in the universities so that these can be explored and utilised in the industries.

Although the Obasanjo administration has succeeded in making an upward adjustment in the salaries of the Nigerian workers, and especially that of the university teachers, government should consider instituting a system which makes salary adjustments a matter of routine, so as to stop the brain drain and the present profiteering tendencies among staff and students in Nigerian universities. The government should respect university autonomy, so that in a conducive atmosphere they can do what they know how to do best - teaching and research. Setting conditions for university autonomy should take place through an open dialogue between government and the other stakeholders in the university system. Steps such as these are required if the Nigerian university system is to return to its pride of place amongst its peers within the international community.

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