Impact of Internally Generated Revenue in Development of Tertiary Educational Institutions in Rivers State

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ABSTRACT
The research examined the impact of internally generated revenue in development of tertiary educational institutions in Rivers State, Nigeria. Two research questions and two hypotheses were used. The study adopted the descriptive survey design with a population of 180 from 4 tertiary institutions in Rivers State. The sample size consisted of 40 bursary staff in federal institutions and 35 bursary staff in state institutions. This was determined using stratified random sampling technique. An instrument was constructed and designated as “Internally Generated Revenue in Development of Tertiary Education Questionnaire (IGRDTEQ)” with reliability co-efficient of 0.71. The research question was analyzed with Mean, standard deviation and using z-test statistic at 0.05 level of significance to test hypotheses. The findings revealed that the federal and state institutions had disparity in the sources of internally generated revenue, and there is no doubt that the internally generated revenue initiative of tertiary educational institutions in the state is at its early stage of development. It was therefore recommended that investment should be made into projects that generate additional funds for the institutions and the institutional creativity in revenue generation should be paramount to both faculty and department.

Keywords: alternative, resource, revenue,

INTRODUCTION
Education has been acknowledged as the only investment a country can embark on if it wants to acquire a fast economic development. Certainly, the dream of tertiary education is to make a contribution to country wide development through level applicable manpower planning. But, those laudable objectives cannot be effective accomplished if tertiary educational institutions in Nigeria are not adequately funded and well controlled. In the 1970s when they were fewer educational institutions and the revenue generated from the sales of agriculture and petroleum products were tremendously available, the federal government in it capacity make available all necessary funding for the development of the institutions. Even in developed economy, the search for extra sources of fund is vital for development of important infrastructure (Nakpodia, 2013).

The Federal Government of Nigeria in the National Policy on Education (FRN, 2004) clearly states the goals of tertiary education as follows:

- Contribute to national development through level relevant manpower planning.
- Develop and inculcate proper values for the survival of the individual and society.
- Develop the intellectual capability of individuals to understand and appreciate their local and external environment.
- Acquire both physical and intellectual skills which will enable individuals to be self-reliant and useful members of the society.
- Promote and encourage scholarship and community service.
• Forge and cement national unity and
• Promote national and international understanding and interaction.

However, these laudable objectives can only be achieved if tertiary institutions in Nigeria are adequately funded and properly managed. The emerging realities have no doubt revealed that government cannot single handedly bear the cost of education. The federal government is the key player in financing the educational sector. The NUC enjoin all educational institutions to generate internally at least 10% of the funds required to carry out various education programmes. It has therefore become pertinent that all the tertiary educational institutions should seek for ways to supplement government subventions such that the management cannot afford to depend on government to finance their key activities (Okojie, 2009). As Nigerian institutions strive for quality services, urgent need to seek alternative internal sources of revenue to supplement government effort becomes paramount.

Currently, the over dependence on federal and state allocation is a great factor affecting tertiary educational institutions in Rivers State. Consequently, upon the financial constraint facing the tertiary educational institutions in Rivers State, the importance of revenue in the development of tertiary educational institutions cannot be over-emphasized. This is because internally generated revenue is the bedrock for sustainability of education. Tertiary educational institutions in Rivers State have had their own challenges and constraints in the provision of adequate financing in the maintenance and development of human and materials resources in other to remain in the league of quality education. Due to inadequate funding, students of tertiary education institutions in the state face difficult conditions for learning in terms of overcrowded classrooms, inadequate library and laboratory, buildings and other infrastructure are in dilapidated condition. The management of tertiary educational institutions faces a difficult situation to achieve quality education in the state.

No organization can realize its purpose if there is no fund. As a method to get high finance, many institutions are pressured to set out on financial gain. The term ‘Revenue’ denote income, gain or profit in the business circle, in the view of Audrey (2013) revenue is income that an organisation receives through it services. It means that revenue is an acquired income that is a product of goods and services leveraged to a customer. Investopedia (2014) explains that revenue as the total income an organization come into possession of in service supplied. However, income can be acquired by any sector of the national economy. According to Ebong (2006) “Educational revenue represents the total inflow of financial resources to an educational institution or organization (the school) within an accounting period or fiscal year”. Education revenue constitutes the life wire of the education system.

On a broader perspective, ventureline.com (2018) has defined Internally Generated Revenue ‘as the creation of either tangible or intangible results within the confines of one entity, e.g. IGR are income that are earn on some commercial or business transaction i.e. this income are not temporarily’. This definition concord with wikinvest.com (2014) which state: “Internally Generated funds shall mean funds not constituting the proceeds of any loan, Debt Issuance, Equity Issuance, Asset sale, Insurance recovery or Indebtedness”. It therefore means that in the field of education, Internally Generated Revenue refer to the income or fund generated by the school system to finance her activities aside the financial interventions of the government. On their part, Obasi and Asodike (2007) submitted that other sources of fund for management of tertiary education institutions include the following: school fees, levies, school fund raising ceremonies, allied school business, sale of student arts and crafts, school farm proceeds, school cultural dance troop and choir and alumni association and aid.

It is noteworthy that except these constraints are removed, these educational institutions will continue to struggle in the high level of financial inadequacy that is notable today.

**Statement of the Problem**

It is a common place knowledge that tertiary education has suffered from inadequate funding in Nigeria. With the high demand for tertiary education in the state, the available resources are now over-stretched and cannot sustain for the development of both human and material resources. This called for stakeholders and non-governmental agencies to fully participate in the financing of tertiary education institutions. Due to the fact that the resources needed to provide quality service are in short supply, there
is a high level of dehumanizing living condition for staff and students, congested classrooms, insufficient instructional materials. Therefore, in the face of the declining financial resources allocation to the education sector, there is the need for alternative channels of funding which will ensure qualitative education in the state.

**Purpose of the study**
The major aim of the study is to investigate the Impact of Internally Generated Revenue (IGR) in Development of Tertiary Educational Institutions in Rivers State, Nigeria. However, the specific objectives are:

1. To ascertain the alternative sources of funding available for the development of tertiary educational institutions in Rivers State
2. To examine the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State.

**Research Questions**
1. What are the alternative sources of funding available for the development of tertiary educational institutions in Rivers State?
2. What are the impacts of Internally Generated Revenue in development of tertiary educational institutions in Rivers State?

**Hypotheses**
1. There is no significant difference between the mean rating of bursary staff in federal and state tertiary educational institutions on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State.
2. There is no significant difference between the mean rating of bursary staff in federal and state tertiary educational institutions on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State.

**Research Design**
The research design used for this study was the descriptive survey design. It was descriptive because it was concerned with gathering data for the purpose of describing and determining how alternative sources of revenue contributes to the quality service delivery of tertiary institutions in Rivers State.
RESULTS

Research Question 1: What are the alternative sources of funding available for the development of tertiary educational institutions in Rivers State?

Table 1: Mean ratings and Standard Deviation on the responses of bursary staff in Federal and State tertiary educational institutions on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State

<table>
<thead>
<tr>
<th>S/N</th>
<th>Items</th>
<th>Federal institution N=40</th>
<th>State institution N=35</th>
<th>Mean set</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>School fee is a lucrative source of generating revenue to your institution</td>
<td>$x_1 = 3.15$</td>
<td>$SD_1 = 1.02$</td>
<td>$x_2 = 3.2$</td>
<td>$SD_2 = 0.67$</td>
</tr>
<tr>
<td>2</td>
<td>Petrol station could be an additional source of revenue to your institution</td>
<td>$x_1 = 3.17$</td>
<td>$SD_1 = 0.74$</td>
<td>$x_2 = 3.11$</td>
<td>$SD_2 = 0.67$</td>
</tr>
<tr>
<td>3</td>
<td>Farm produce is a revenue generating source in your institution</td>
<td>$x_1 = 3.15$</td>
<td>$SD_1 = 0.62$</td>
<td>$x_2 = 3.14$</td>
<td>$SD_2 = 0.80$</td>
</tr>
<tr>
<td>4</td>
<td>Primary/Secondary school is a source of generating revenue in your institution</td>
<td>$x_1 = 3.2$</td>
<td>$SD_1 = 0.68$</td>
<td>$x_2 = 3.11$</td>
<td>$SD_2 = 1.07$</td>
</tr>
<tr>
<td>5</td>
<td>Printing press remains a revenue source in your institution</td>
<td>$x_1 = 3.22$</td>
<td>$SD_1 = 0.65$</td>
<td>$x_2 = 3.42$</td>
<td>$SD_2 = 0.65$</td>
</tr>
<tr>
<td></td>
<td>Aggregate</td>
<td>$3.17$</td>
<td>$0.74$</td>
<td>$3.19$</td>
<td>$0.77$</td>
</tr>
</tbody>
</table>

Criterion mean: 2.50

The data on table 1 showed that the items 1 – 5 had the weighted mean scores above the criterion mean of 2.50, and thus, were agreed to be the alternative sources of funding available for the development of tertiary educational institutions in Rivers State. In summary, with an aggregate weighted mean set of 3.18 above the criterion mean of 2.50, it is evident that the bursary staff in federal and state tertiary educational institutions agreed that the alternative sources of fund for the management of tertiary educational institutions are levies/tuition fee, petrol stations, farm produce, primary/secondary school and printing press.
Research Question 2: What are the impacts of Internally Generated Revenue in development of tertiary educational institutions in Rivers State?

Table 2: Mean ratings and Standard Deviation on the responses of bursary staff in Federal and State tertiary educational institutions on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State

<table>
<thead>
<tr>
<th>S/N</th>
<th>Items</th>
<th>Federal institution</th>
<th>State institution</th>
<th>Mean set</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Internally generated revenue is used to cater for day-to-day expenses in your institutions</td>
<td>3.07 1.02</td>
<td>2.94 0.80</td>
<td>3.18</td>
<td>Agree</td>
</tr>
<tr>
<td>7</td>
<td>Funds raised internally in your institutions help to subsidize staff and student welfare</td>
<td>0.73 2.71</td>
<td>0.92 2.84</td>
<td>2.46</td>
<td>Disagree</td>
</tr>
<tr>
<td>8</td>
<td>Staff development is managed with revenue generated internally in your institution</td>
<td>0.93 2.62</td>
<td>0.80 2.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Revenue generated internally is used to carry out maintenance work on institutional facilities</td>
<td>3.07 0.85</td>
<td>3.11 0.63</td>
<td>3.09</td>
<td>Agree</td>
</tr>
<tr>
<td>10</td>
<td>Infrastructural development in your institution is possible through internally generated revenue.</td>
<td>2.90 0.92</td>
<td>3.0 0.84</td>
<td>2.95</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Aggregate

<table>
<thead>
<tr>
<th></th>
<th>Federal institution</th>
<th>State institution</th>
<th>Mean set</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N=40</td>
<td>N=35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Criterion mean: 2.50

Data from table 2 revealed that the items 6, 7, 9, and 10 had weighted mean scores above the criterion mean of 2.50, and thus, were agreed to as the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State. However, item 8 had weighted mean scores below the criterion mean of 2.50, and were disagreed to as the use of internally generated revenue in funding tertiary educational institutions in Rivers state. In summary, with an aggregate weighted mean set of 2.86 above the criterion mean of 2.50, indicate that the bursary staff in federal and state tertiary educational institutions accepted that the use of internally generated revenue in funding tertiary educational institutions in Rivers state are by subsidizing staff and student welfare, day-to-day expenses, carry out maintenance work on educational institution facilities and infrastructural development.

Ho1: There is no significant difference between the mean ratings of bursary staff in Federal and State tertiary educational institutions on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State.
Table 3: z-test analysis of the difference between the mean ratings of bursary staff of Federal and State institutions on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State.

<table>
<thead>
<tr>
<th>Category of Institution</th>
<th>N</th>
<th>( \bar{x} )</th>
<th>SD</th>
<th>DF</th>
<th>z-cal</th>
<th>z-crit</th>
<th>Level of significant</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal institution</td>
<td>40</td>
<td>3.17</td>
<td>0.74</td>
<td>73</td>
<td>-0.7</td>
<td>±1.96</td>
<td>0.05 Ho is retained</td>
<td></td>
</tr>
<tr>
<td>State institution</td>
<td>35</td>
<td>3.19</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A critical look at the table 3 shows a summary of means, standard deviation and z-test of difference between the mean scores of bursary staff in federal and state tertiary educational institution on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State. The z-test statistics calculated and used in testing the hypothesis stood at -0.7 while the critical z-test value stood at ±1.96, using 73 degree of freedom at 0.5 alpha level of significance. Since the z-cal is less than the z-crit value, the null hypothesis (Ho) is therefore upheld. That is z-cal < z-crit = -0.7 < ±1.96, at 0.05 alpha level. Therefore, there is no significant difference between the mean ratings of bursary staff in Federal and State tertiary educational institutions on the alternative sources of funding available for the development of tertiary educational institutions in Rivers State.

Ho2: There is no significant difference between the mean ratings of bursary staff in Federal and State tertiary educational institutions on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State.

Table 4: z-test analysis of the difference between the mean ratings of bursary staff in Federal and State tertiary educational institutions on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State.

<table>
<thead>
<tr>
<th>Category of Institution</th>
<th>N</th>
<th>( \bar{x} )</th>
<th>SD</th>
<th>DF</th>
<th>z-cal</th>
<th>z-crit</th>
<th>Level of significant</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal institution</td>
<td>40</td>
<td>2.86</td>
<td>0.89</td>
<td>73</td>
<td>-0.05</td>
<td>±1.96</td>
<td>0.05 Ho is retained</td>
<td></td>
</tr>
<tr>
<td>State institution</td>
<td>35</td>
<td>2.87</td>
<td>0.79</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data on table 5 shows a summary of means, standard deviation and z-test of difference between the mean scores of bursary staff in federal and state tertiary educational institution on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State. The z-test statistics calculated and used in testing the hypothesis stood at -0.05 while the critical z-test value stood at ±1.96, using 73 degree of freedom at 0.5 alpha level of significance. Since the z-cal is less than the z-crit value, the null hypothesis (Ho) is therefore upheld. That is z-cal < z-crit = -0.05 < ±1.96, at 0.05 alpha level. Therefore, there is no significant difference between the mean ratings of bursary staff in federal and state tertiary educational institutions on the impact of Internally Generated Revenue in development of tertiary educational institutions in Rivers State.

DISCUSSION OF FINDINGS

The first findings of the study revealed that tuition fee, petrol station, farm produce, primary/secondary school, and printing press are all the alternative sources of funding available for the development of tertiary educational institutions in Rivers State. This finding agrees with the view of Onuoha (2012) which established that internally generated revenue sources are commercial activities such as bakery, table water others are workshops, farming and that internally generated revenue has a source of critical funding for all categories of university in Nigeria. Malgwi (2014) stated that there were more internal
sources of revenue yet untapped in the university. A corresponding research question from hypothesis tested find a no significant difference in the mean ratings of bursary staff in federal and state tertiary educational institutions on the alternative source of funding for management of tertiary educational institutions is a different thing altogether. This may be as a result of rigorous testing. However, the findings imply that the variables identified are needed to enhance alternative sources of revenue in tertiary educational institutions in Rivers State.

The second findings from the study revealed that the impact of alternative sources of revenue is to cater for day-to-day expenses, help to subsidize staff and students welfare, staff development is managed with revenue generated internally, carryout maintenance work on facilities and infrastructural development in the institutions. These findings are no different from the findings of Annie and Geongera (2012) which indicate that quality assurance has improved organizational outcomes and increased the revenue inflows for development. Also Onuoha (2012) revealed that internally generated revenue has a very significant role to play as a source of critical funding for all categorizes of universities in Nigeria. From the study, internal revenue makes a great impact on the activities of the institutions. A corresponding research question from hypothesis tested find a no significant difference in the mean ratings of bursary staff in federal and state tertiary educational institutions on the use of internally generated revenue in funding tertiary educational institutions in Rivers State is a different thing altogether. This may be as a result of rigorous hypothesis testing. However, the findings imply that the variables identified are the use of alternative sources of revenue in tertiary educational institutions in Rivers State.

CONCLUSION
This study has reviewed the critical role of internally generated revenue as an inevitable funding complement for higher education. There is no doubt that the internally generated revenue initiative of tertiary educational institutions in the state is at its early stage of development: Stakeholders in education which include parents, guardians, the general public, non-governmental agencies, international partners and the private sector should support the funding of tertiary education. Arising from this, institutional management should be suitably aggressive in identifying and exploiting various available means in generating revenue.

RECOMMENDATIONS
1. The institutional creativity in revenue generalisation should be paramount to both faculty and department. Each faculty and department in the institutions should be anchored with the responsibility of generating revenue in their area of specialization. By doing so, the management will be able to turn around the institution for better performance and service.
2. The educational institutions should invest in areas that will yield profit. With the adequate cash investment in the profitable activities, the educational institutions take the internally generated revenue drive beyond the subsistence level.
3. The alumni of each institution should be encouraged to participate in the affairs of the institution. Their involvement will assist the institutions to earn support in the area of funding and development of infrastructures within the society.
4. Government need to examine minutely the approaches that will incorporate community, company, and private sectors within the funding of education sector.

REFERENCES


