

## ESTUDIOS

# FUND UTILISATON FOR GOODS AND SERVICES IN UNIVERSITY PRODUCTION

## UTILIZACIÓN DE FONDOS ECONÓMICOS DESTINADOS A BIENES Y SERVICIOS DE LA UNIVERSIDAD

*R.O. Osagie\**

*University of Benin (Nigerian)*

### RESUMEN

En este artículo se destaca la relevancia de Educación Superior en la sociedad, y la importancia que tiene la financiación económica para el buen funcionamiento de las universidades. Se considera uno de los elementos fundamentales para garantizar la calidad de la educación, junto con el personal de la misma y el contexto (instalaciones, recursos, laboratorios, servicios a los estudiantes, ...), que además dependen en gran medida de la financiación. La calidad de los servicios prestados, y de los recursos disponibles (tanto materiales como humanos), influirá en última instancia en el aprendizaje de los estudiantes y en su preparación para el mundo laboral. Se argumenta que muchas veces los fondos destinados a las universidades (en especial en Nigeria, pero puede aplicarse a otros ámbitos), no son utilizados adecuadamente, sino que se malgastan con demasiada frecuencia. Se hace una comparación con el ámbito empresarial o industrial, donde es preciso optimizar los recursos para evitar pérdidas.

En la universidad no se hace un buen aprovechamiento de los recursos, se produce mucho abandono por parte de los estudiantes, y en muchas ocasiones se generan resultados de investigación que luego no se utilizan. Para contrastar estos datos de forma empírica, la autora realizó un estudio de caso en la Universidad de Benin (Nigeria), para analizar cómo se estaban utilizando los fondos asignados. En el artículo se presenta la metodología seguida, centrada en la elaboración y aplicación de un cuestionario, y el análisis de los documentos relativos a gastos de las universidades; los resultados obtenidos y unas conclusiones. Se observa que se dedican más recursos a temas administrativos y burocráticos que a aquellos más directamente relacionados con la enseñanza / aprendizaje de los alumnos. Los servicios dirigidos a los estudiantes, entre ellos los de orientación, no tienen partida específica asignada, y los fondos no se administran adecuadamente. Se concluye por tanto que no hay fondos suficientes

---

\* Working Experience: Currently, Principal Academic Planning Officer, Publications with Dates, Theses/ Project: (1) Osagie R.O.1985 Diamond Mining in South Africa. Undergraduate project. (2) Osagie R.O.1994 an Analysis of the 1980/87 Undergraduate Project. (3) Osagie R.O., 2003 Financial Allocation and Utilization in Nigeria Universities. 1990-1997. Ph. D. dissertation. And Seven Papers in Academic Journals. Research Interest: Educational Financing, Educational Management. Gender Issues (Women in Education, Women in Management, Women in Politics, Women in Media, and Women in Science).

para garantizar las necesidades de aprendizaje los alumnos, con todas las consecuencias negativas que ello conlleva.

**Palabras clave:** Financiación de la Educación Superior, utilización de fondos, calidad de la educación, servicios de orientación

## Introduction

Higher Education is an investment in manpower. Government has long understood the impact of higher education in the sustenance of industries, agriculture, service production and government itself. Over the centuries, especially the 20<sup>th</sup> century, the university has given ample proof of its vitality and its ability to induce change and progress in society. Owing to the scope and pace of change, society has become increasingly knowledge-based so much that higher learning has become an essential component of cultural, socio-economic and environmental sustainable development of individuals, communities and nations, (UNESCO 2000).

From this stand point education is conceived with change in behaviour. Every student is expected to gain information that will change his/her behaviour. The acquisition of skills is a resultant effect of learning (change in behaviour). Ability at doing certain things is the result of learning (CRM, 1975).

The psychologist sees education as a change or growth in human learning. The quality of the growth or change in behaviour are attributable to three main components (a) environment, concerns the facilities, equipment, laboratory available to students; (b) manpower; emphasis teachers and non teachers (c) finance enables the institution to pay the cost of providing services.

According to Skinner, “learning is deliberate and purposeful”, (Ojugo, 1999). The three components mentioned above dictates quality. Finance is, therefore a crucial aspect of quality education.

Quality Education in the 20<sup>th</sup> century has accelerated the development of education and a greater expansion of knowledge, understanding and wisdom. This has great impact on humanities, science and technology.

More than ever before, Higher Education has been opened up to society for a greater merging of town and gown. The history of higher education in Nigeria has shown that Government has had the onerous responsibility for funding education. Even after 50 years of higher education in Nigeria, successive generations of students have not lost sight of the social benefits of university education whose cost must be borne by government. Investment in public higher education is justified because of its ability to build human capital and create wealth. Manpower development is the most important investment of government. The more people who can attend university and benefit from advanced studies, the more society will be better to meet its development needs.

A University degree tends to lead to a higher income for the individual and greater civic participation. The question is who pays the bill for higher education? This is a question no Nigerian can adequately get an answer to. There is however a pervasive agreement in many developing countries that government should provide most of the funding for public higher

education (Okebukola 2003). At least the general opinion of students is that education is a human right issue and Government should bear the cost.

In Nigeria, Public Universities secure grants for recurrent and capital expenses from government. These externally derived funds make up on the average about 75% of the total income available to federal universities (Okebukola 2003).

The allocation of funds by NUC (National Universities Commission) to the Universities is based on the level of development of the university in relation to students enrolment. The function of the University is mainly teaching, research and community Service. Academic staffs are mainly to perform the production function, of teaching, research and community service. Because these responsibilities are so embracing, tasking and multifarious, there is the need for support staff. The support staff perform several functions which are administrative, technical and service delivery. Academic production function does not take place in a vacuum, in fact, it may not take place at all, if there are no facilitator and facilities. Classrooms, laboratories, workshops, offices and guidance and counseling clinics are important facilities for academic work.

The internal operational inputs (teachers, equipment, building and materials) transform education inputs (students) through a production process into educational outputs. The University uses academic and administrative staff as well as facilities to achieve the goals of manpower production and outreach to society. Also there are inputs of books, laboratory equipment, classrooms, instructional hours, library facilities etc. The efficient management and utilization of these inputs can ensure that academic plans are implemented effectively.

Utilization of funds in the university is the investment of money on teaching, research and facilities to produce high level manpower, research results, and informed advice. In industrial setup, there are wastages which could be costly to management. Also the University may sometimes incur some wastages in its output production (Onokerhoraye et al, 1995). These consist of dropouts, unutilized, and non productive research findings. One of the objectives of an industry is to reduce waste by optimizing the inputs and efficient utilization of resources. Since universities depend solely on the federal government for their funding, the efficient utilization of this fund is imperative, if they are to meet their set objectives (NUC, manual 1993).

Financial utilization refers to how the financial resources are put into effective use. The implication of effective use is in the area of disbursement. For financial resources to be effectively utilized, it should be properly allocated to ensure efficiency and effectiveness. It is on this basis that NUC prescribed guidelines for funds management in the University. Such guidelines are minimum criteria which the university is expected to improve upon in its fund management.

The assessment of efficiency in fund management can easily be seen from the Guardian report of 1996, which showed that the money released by NUC to the universities was not properly utilized. The universities did not seem to have materials, textbooks, journals, and other academic teaching requirements. In view of this report, the question, which can be asked, is, how had the universities managed their funds that they seem to be perennially in need of funds. This is the reason for this study, *to determine how funds allocated to the university were managed and in relation to the guidelines set by NUC. The university of Benin was selected for the case study.*

## Methodology

The universe of the study comprised all the ten faculties in the University of Benin, (all the departments and units, whose functions support the academic production functions of the various disciplines). As a result, all units, academic and non-academic were included in the study.

The research instrument, financial allocation and utilization questionnaire (FAUQ) was designed to provide information on funding and to guide the respondents on providing reliable indices for comparative analysis.

The FAUQ was divided into six sections. The first section termed FAUB was for the Budget office and Accountants in the Bursary department. That questionnaire was subdivided into sections A, B, C, D, E, F.

The section A contains two items, that is, name of institutions and Faculty/ Division/Department/unit. The section B consists of seven items, which sought detailed information about the total amount, made available to the University of Benin during the period of study. The section has an item which was to find out how the funds received was utilized or disbursed to the various production areas of the university.

Fund disbursement to the various production units of the University was compared to the guidelines as recommended by the National Universities Commission in order to determine compliance.

## Results and discussions

The results of the study are presented in line with the research questions as follows:

### Research Question 1

What percentage of the allocation from the Federal Government within the period of the study was utilized for goods and services?

To answer this question the subheads under goods and services were examined. Table 1 shows the different subheads that were allocated funds. It was important to find out how much money was actually given to materials and services.

**TABLA 1: Fund utilization for goods and services in 1992/93/97.**

Year	Total running cost	Printing and stationary	%	Local Traveling	%	Teaching materials	%	Maintenance of office equipment	%	Sundaries	%	Motor Vehicle	%
1992/93	215,593,573	4,673,500	2.2	1,313,000	0.6	1,159,000	0.5	3,778,000	1.8	1,510.00	0.7	1,296,500	0.6
1993/94	228,998,347	24,876,300	10.9	3,113,000	1.4	7,150,550	3.1	5,074,00	2.2	3,740,000	1.6	4,010.000	1.8
1994/95	248,000,359	13,064,500	5.3	2,958,000	0.1	3,441,000	1.4	12,790,050	5.2	4,757,900	1.9	5,262,000	2.1
1995/96	303,282,102	19,349,260	6.4	4,749,100	1.6	3,944,500	1.3	15,304,80	5.0	6,360,900	2.1	6,276,500	2.1
1996/97	325,624,610	6,849,100	2.1	11,781,300	3.6	3,612,500	1.1	5,886,300	3.5	4,165,800	1.3	5,886,300	1.8

According to table 1, less than the recommended percentage of funds was allocated to goods and services by the University. The NUC guidelines stipulate that 27.5% of the recurrent funds should be set aside for goods and services. That is money spent on stationary, local traveling, sundries, postage etc. The table 2 shows that for the five years under consideration in the study, the University spent on the average 5.38 percent on goods and services. There was no year within the five years in the study that the university allocated enough funds to meet the guidelines of the National Universities commission. In 1992/93 for example, only 6.4% of the recurrent cost was allocated for goods and services. The situation seems to have improved in 1996/97 to 13.4%. This represents a dramatic improvement over the 1992/93, 1993/94 1994/95 and 1995/96.

Table 2 below compares allocation of funds to salaries and wages with funds made available for goods and services.

**TABLE 2: Utilization of funds According to NUC Guidelines in 1992/93-1996/97.**

Year	Salaries of academic and non academic/ central vote	Goods and services	% of 2 from 1	NUC indices
1992/93	202,209,573	13,384,000	6.6	27.5%
1993/94	196,071,341	32,981,086	16.8	27.5%
1994/95	202,214,309	45,786,050	2.3	27.5%
1995/96	252,724,302	50,557,800	20.0	27.5%
1996/97	279,345,833	46,288,777	16.6	27.5%

From table 2, it is evident that the University spent far less than was expected by NUC. It was only in 1995/96 that 20% representing the highest for the period was spent on goods and services.

## Research Question 2

How much of the revenue to the University was utilized in the payment of salaries for academics and non academic staff between 1992/93 and 1996/97 session?

The National Universities Commission specifies that 60% of the total revenue allocated to the Universities should be utilized for academic related expenditure and 40% for administrative support costs. Table 3 below shows that in 1992/93 session a total of N49,265,100 (22.9%) was utilized for academic staff salaries while the administrative staff consumed the sum of N38,417,300 representing (17.8%) of the total recurrent cost for that year. That means salaries for both categories of staff was 40.7% of total revenue.

In 1993/94 the amount utilized for salaries went up to 50.5% for academic and 43.9% for non-academic staff, exceeding the stipulated percentage by 3.9% for non-academic staff. This left only 6% of the recurrent funds to other areas.

**TABLA 3: Income and Allocation to Academic and Non Academic.**

Year	Income	Academic	%	Non Academic	%
1992/93	215,593,572	49,265,100	22.9	38,417,300	17.8
1993/94	228,998,347	115,573,106	50.5	100,455,700	43.5
1994/95	248,000,359	117,450,850	47.4	108,453,700	43.7
1995/96	303,282,102	138,052,100	45.5	134,067,400	44.2
1996/97	325,634,610	120,057,300	37.0	131,764,777	40.5

The amount dropped to 47.4% for academic staff in 1994/95 session while non academic staff expenditure remained stable at 43.7%. The 1995/96 session also experienced a decrease in the funds utilized for academic staff salaries representing 45.5% and an increase for the non-academic staff representing 44.2% with 4.2% over expenditure. In 1996/97 sessions, there was a further decrease in the amount spent on academic staff salaries representing 37.0% and that of non-academic 40.5% higher than that of the academic staff.

The National Universities Commission gave a guideline that out of the 60% of the funds set aside for direct teaching activities, 40% of it should be utilized for salaries, goods and service of academic staff. The data showed that the University of Benin did not follow the NUC guidelines in the 1992/93 and 1996/97 sessions respectively while it utilized more than 40% during the 1993/94, 1994/95, and 1995/96 sessions.

## Discussion

It would appear from the data of the study that the University received less than was necessary for it to perform its assigned functions of manpower development. The fact that printing and stationary materials got more funds than material related to teaching and learning shows that less emphasis was given to direct teaching needs. Of the five years in the study, the University had only enough money for salaries in 1993/94. The less than appreciable allocation of direct teaching materials may have had an impact on the quality of education.

It must be mentioned here that in the area of students guidance and counseling programmes, no funds were specifically earmarked to meet the material requirement of the students Affairs Division. In the era of cultism and AIDS awareness, the neglect of students' counseling represents a big omission.

Contrary to NUC stipulation, the University of Benin did not spend as much as it was expected with regards to goods and services during the period of study. It was observed that the University of Benin utilized more of its recurrent grants on the salaries of its non-academic staff. With regards to fund utilization, there was a very different picture between expenditure for academic and non-academic unit

## Conclusion

The findings of this research thus indicate that there were not enough funds to meet the learning needs of the students. This tends to support the assertion that adequate funding of education can affect the quality of learning or the achievement of the students. Learning assisted by equipment can build confidence in the learner and in the system. Where learning becomes inefficient as a result of poor funding, students could turn to examination malpractice because of their inability to compete with others. Poor funding of education can invariably affect the student self concept and self actualization.

It has been shown by Piaget that students can learn by observation. For example, Piaget feels that certain logical operations such as reversibility and logical multiplication are pre-requisites for conversation mastery. Reversibility is performing an action and then restoring the original conditioning (CRM, 1973). It can be reasoned that the use of objects or instruments as in science experiments can quicken students' understanding of theory, better, than if only written materials are used.

The poor funding of teaching materials goes a long way to affect the capability of University students and, this may adversely affect their creative abilities.

## References

- National Universities Commission (1993). *Annual Report*: Abuja: NUC.
- Okebukola, P. (2003). *Issues in Funding University Education in Nigeria*: Abuja NUC. Monography Series vol 1 No 7.
- UNESCO (2002). *World Education Report*. Paris: UNESCO.
- Osagie, R.O. (2003). *Financial Allocation and Utilization in Nigerian Universities: (A Case Study of University of Benin)*. Unpublished Ph. D Dissertation Submitted to the School of Postgraduate Studies, University of Benin.
- Onokerhoraye, A. G. and Nwoye, M. I. (1995). *Mobilization and Management of Financial Resources in Nigerian Universities*. Benin City: The Benin Social Science Services for Africa. University of Benin
- Ojugo, A. I. (1999). "The Stimulus - Response Associationist theories of learning, in Ehiametalor". E. T. and Osagie, R. O. (Eds.), *Fundamentals of Human Learning*, R.O. Benin city: NERA Publications
- CRM (1975). *Educational Psychology: A contemporary view*, CRM Books. Del Mar. California.

**Fecha de recepción: 05-10-04**

**Fecha de revisión: 11-01-05**

**Fecha de aceptación: 20-04-05**