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Deregulation as a Means of Enhancing University Educational Financing in Nigeria

Faniran, J. O. (Ph.D)

Osun State University,
Osogbo.
olusakinfaniran@yahoo.com

Abstract

The downturn of the economy the world over has called for a re-appraisal of the Management of each country's financial resources. This economic downturn has increased the poverty level of Nigeria which in turn informs the various policies that are aimed at sustaining her economic growth and development. As these policies have not yielded the anticipated results, there is the need to initiate others. As the world gradually becomes a global village, the Nigerian government has decided to embrace globalization as a way out of poverty. To benefit from the gains of globalization, deregulation of the economy, including the education sector, becomes inevitable. This policy is laudable since it will lead to increased private participation, foreign capital inflow and large size of the market. For deregulation to be successful however, government needs to be prudent, accountable and democratic.

Introduction

Deregulation is primarily an economic term that developed from free market economy of Adam Smith. It is based on the doctrine of laissez faire that favours capitalist self-interest, competition and natural consumer preferences as forces leading to optimal prosperity and freedom (Encarta Encylopedia, 2003). Deregulation of education means that education is no longer a public good. Its consumption by an individual is now deemed to possibly reduce the amount of good left for others. Secondly, the benefit that an individual receives must depend on that person's contribution.

Deregulation breeds competition and hence expectation of high yields, dividends or profits from investment. It means sale of knowledge to the highest bidder and hence possible lowering of standards for the attraction of customers (Kaplan, 2003). A deregulated higher education means dismantling of legal and governmental restrictions on the operations of certain business – this time - higher education. Deregulation as noted earlier on is one of the canons of globalization and is central to the idea of the New Public Management (NPM) (Omotola, 2004). The New Public Management is generally viewed as a paradigm shift from the conventional public administration arising from the criticisms of the conventional method, which, has not done enough to satisfy the needs of the citizens. It therefore, essentially has to do with a rethinking of the role of the state and the public servant in the management process. It is important to note that deregulation encompasses the two programmes of privatization and commercialization (Simbine, 2003).

The State of Higher Education in Nigeria

There has been a rather phenomenal but unplanned growth in the higher education sector in Nigeria in the last two decades (Bako, 2002). Therefore, there was an increased unfolding crisis of a general systematic collapse afflicting all the tertiary institutions with apparently no generally acceptable or consensus solutions. According to JAMB, as at 2002/2003 session, Nigeria has about twenty-four federal Universities, fourteen State Universities, four national centres for specialized tertiary institutions, one military University and two degree-awarding Colleges of Education. As at 2012, these have grown in size to thirty-six Federal Universities which included the National Open University as well as the Nigerian Defence Academy, thirty-two State Universities, forty-seven private Universities, two national centres for specialized tertiary education, seven autonomous degree-awarding Colleges of Education and twenty-five affiliated degree awarding Colleges of Education.

Bako, (2002) reveals that Nigeria has over fifty percent of Africa's total number of Universities and enrolment. This is however less than a quarter of the Universities in the United States where higher educational financing is by far better managed. The protracted crisis in Universities have been conceded by all stakeholders including the World Bank. The procedure for extensive surgical reform has resulted in glaring contestation among the Academic Staff Union (ASUU), the Nigerian government and the World Bank. The Academic Staff Union on its part has continued to pursue greater government commitment to higher educational funding through effective taxation system, government on its part has consistently insisted on granting veiled autonomy, privatization and deregulation. The World Bank through its Nigerian University System Innovation Project (NUSIP) and the Federal Universities Sector Adjustment Credit (FUSAC) has tended towards deregulation of University education in Nigeria. The first futile attempt was in the early 1990s with the highly contested $120m to rehabilitate the Universities by adjusting them within the framework of structural adjustment programme (Bako, 2002). The second attempt was the introduction of the harsher and tougher programme of a total restructuring and deregulation. This was articulated in its $102.4m programme earlier referred to as NUSIP (Ita, 2004). The Federal Government has been emboldened to implement deregulation of University education through legislation and executive decisions.

Problems of Higher Educational Financing

Abdu, (2003) describes higher education as relating to all forms of post secondary education. In the quest for development, developing countries have acknowledged that investment and adequate funding of higher education is a viable condition that facilitates change since its value hinges on teaching, learning, research and the production of qualified personnel which are needed for national development (UNESCO, 2002). Thus, over the years, the funding of higher education can be classified into the pre-deregulation and the deregulation periods.

While the pre-deregulation period in Nigeria's higher educational financing was characterized by government or public funding alone, in which case, higher priority was accorded to funding higher education; but unfortunately creating a wrong impression among Nigerians that funding of higher education is the exclusive preserve of government; under the second regime, (deregulation regime) which is a post-structural adjustment programme inevitability, things began to change as economists started to argue that the benefits of the acquisition of any higher education programme go largely to the individual as a "private good" for which beneficiaries and their families should pay (Schultz 1961; Babalola 1995; Longe 1999; Psacharopoulos 1984; Adedeji 2003; Okebukola 2003).

Understandably, funding is critical to the survival of higher educational institutions. This is because, studies (Omoike, D. and Gbinge, 2004; Akintayo, 2004; Iyiola, M. A., 1995 and Bako, 2002) for example, have shown that in an era of highly competing demands, the public funding of higher education has continued to be a vexed issue not only on account of who should fund alone but alone, since the provision of adequate facilities and necessary manpower have proven difficult in this sector, an application of the deregulation option becomes very vital to the sustenance of the system. One is aware of certain facts arising from these challenges, that despite the reality of increase in sectoral allocation, the pressure on existing facilities and manpower with its attendant stress and frustrations, have constituted demands of low morale to staff and students, coupled with the failure of the Universities to generate 10% of their fund requirements internally on their own, appears a valid case for the deregulation of the sector.

Need for Enhancing Higher Educational Financing

As at today, the number of prospective students seeking admission into tertiary institutions in Nigeria is projected at over 1.2 million (JAMB, 2001; 2003) and only about 20% of this number actually secures admission to such institutions (public or private). This figure, by the Joint Admissions and Matriculation Board Policy meeting (2012) rose to 1.5 million out of which only 20% could be absorbed into tertiary institutions in Nigeria (public or private). The reason is not fat-fetched and it is simply that the demand outweighs the supply especially in the Universities. Because of the inherent regulated impression, the public is of the view that government will continue to subsidize University education, thus making it attractive, but at the same time, they have forgotten the issues of accessibility and equality of education access (Akintayo, 2003). Abdu (2003) notes that parents and students are apprehensive of any new initiative in the management of tertiary institutions to mean introduction of fees. But given the fact that, despite the normal government subventions (allocation) to Universities, there still exists difficulties on the part of the Universities to meet her only 10% internal fund generation quota to ensure the sustenance of the Universities.

Currently, there are thirteen other sources of fund generation for the Universities other than the statutory allocation. These are Education Tax Fund (ETF), grants from bilateral and multilateral organizations, endowments, contributions from corporate bodies and individuals, consultancy services, transport services, charges paid by students, commercialization of guest houses, commissioned research, commercialization of patents, staff schools, books/printing press/publishing houses and remedial programmes, among others (Abdu, 2003). Inspite of all these sources, coupled with the subvention from government, it is observed that the funds reaching the Universities for their capital and recurrent expenditure remain grossly inadequate. Learning facilities are outdated as characterized by dilapidated structures, inflation and the decline in the purchasing power of the naira. These have eroded Universities' subventions, staff remuneration packages and the ability to make available resources adequate for the provision of needed equipment and facilities. The Universities have therefore been incapacitated in coping with students' enrolment explosion arising from delay in the rate of fund releases particularly that most Universities have failed in raising their internally generated income despite a clear target of earning at least 10% of their current costs. From this background, it becomes imperative that to satisfy the ever-expanding demand (access) and equality of Universities education; the deregulation of the sector is inevitable.

As enunciated earlier on, the post Structural Adjustment Programme (SAP) has ushered in lots of reforms in the Nigerian economy which are mostly dictated by the International Monetary Fund (IMF) and the World Bank (Akintayo, 2003). Deregulation has, therefore, characterized many sectors of the Nigerian economy such as transportation, telecommunication, aviation, health, banking and even education. Accepting the desirability of competition as a pre-requisite for standardization and efficiency, then, the different instruments of privatization need to be compared, namely, selling or deregulation to allow the entry of competitors (Hughes, 1998). Accordingly, the easiest way to introduce competition is to deregulate the sector. Therefore, deregulation policy on higher educational financing is seen as a well thought-out alternative to access education through increased and improved participation of all beneficiaries of the process.

As the concern of the stakeholders in higher education continued to be higher, they, at the National Summit on Higher Education reached a number of conclusions on the issue of funding of higher education. As reported by Okebukola (2003), the summit concluded among other things that;

i. an increase in the funding levels to Universities is required to enable them improve on the provision of facilities and services;
ii. Universities must increase their internally generated funding levels;
iii. all stakeholders should be challenged to share in the cost of education by paying some fees in order to attain and sustain a reasonable level of funding of higher education in Nigeria;
iv. government should implement and sustain provision of scholarship, bursaries and loans to ensure that all Nigerians with capacities to seek education at the tertiary level can actualize them;
v. funding for postgraduate training should be enhanced;
vi. accountability and transparency are sine-quo-non to the management of funds in the institutions and agreed that, these potentials be comprehensively explained with due cognizance to national interest.

The essence of this access policy by all developing nations has been attributed to those factors which McGiveney (1990) posited are the three major reasons on why policies on increasing and widening access for University education has continued to be sustained. These reasons are firstly because certain social groups are systematically disadvantaged within the educational system, measures are required to encourage wider participation from these groups for reasons of equity and social justice; secondly, access is encouraged for reasons, associated with pragmation and expediency at times when patterns of demographic decline amongst high school leavers indicate a need to find new sources of recruits to higher education and thirdly, as a factor of national interest, governments have maintained that investment in human capital is important for the economic growth and development of society, and that increased access will help sustain economic competitiveness with international competitors.

Akintayo (2004) notes that deregulation of higher educational financing enhance the acceleration of performance-based funding. Performance-based funding models fund institutions on the basis of what is achieved. Performance can be assessed using measures of efficiency (the relationship between inputs and outcomes) and effectiveness (the extent to which desired outcomes are achieved). This could only be achieved and sustained through deregulation of higher educational financing. Deregulation also enhances more partners' entry into the business of higher educational investment especially with strategic management performance in the application of resources and standards. Deregulation does not only create expansion in access, it also provides alternatives in opportunities to higher educational financing and development.

Deregulation facilitates specialization and standardization of higher educational services among all stakeholders. In fact, as observed by Samuel (2003), it is one of the strategies for raising additional resources for higher education.

Conclusion

Most Universities share the view that cost-sharing through deregulation is inevitable and some point out that it has been the practice in Nigeria although informally since most of the internally generated revenue come from direct fees for service and facilities provided to the students in the Universities (Abdu, 2003). Although this has been corroborated by the 2003 higher education summit, it is however unfortunate that the students are always apprehensive of anything to do with tuition fees and their parents who are supposed to understand better support them even though these same parents are ready to spend fortunes to educate their children at the lower levels. It has to be understood once and for all that the only means to guarantee access and quality is through deregulation of higher educational financing (Akintayo, 2004). Deregulation has worked in all sectors of the economy and the educational sector is not an exception especially higher educational provision.

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