

---

---

**JOURNAL OF ECONOMICS EDUCATION RESEARCH**

Maiden Edition

Website: <https://www.eean.org.ng/jeer>

---

---

**IMPACT OF COMMERCIAL VENTURES ON THE FUNDING OF  
PUBLIC UNIVERSITIES IN NASARAWA STATE, NIGERIA**

By

**AUGUSTINE SAMBO AZI, PhD  
DEPARTMENT OF SOCIAL SCIENCE EDUCATION  
FACULTY OF EDUCATION  
UNIVERSITY OF JOS, NIGERIA**

**aziaustin@yahoo.com**

**08037005897**

And

**VINTSEH ILIYA MONDAY USMAN  
DEPARTMENT OF ARTS AND SOCIAL SCIENCE EDUCATION  
FACULTY OF EDUCATION  
NASARAWA STATE UNIVERSITY, KEFFI**

**07035250028**

**imonday360@gmail.com**

**Abstract**

This study investigated the impact of commercial ventures on the funding of Public Universities in Nasarawa State. One research question and one objective guided the study. Cross-sectional survey design was adopted and data were gathered from the primary source with a sample size of 346 out of a Population of 2,578. The instrument for data collection was a self structured questionnaire titled “Questionnaire on Internally Generated Revenue for University Staff” (QIGRUS). It was structured on a five point likert scale. Stratified sampling technique was used to select the sample. The reliability of the instrument was established using Cronbach alpha method which yielded 0.88, it was found to be reliable at 88 percent. The study employed the use of mean and standard deviation in analysing the data. Findings from the research question revealed that commercial ventures were insignificant on funding of public universities in the study area. That internally generated revenue through commercial ventures by

public universities does not significantly contribute to the funding of public universities, which implies that public universities still depend on government allocation for their operations. The study recommended among others that public universities should set-up committees that will explore ways of establishing viable businesses and they should be encouraged by government to establish more commercial ventures to improve their revenues.

**Key words:** *Commercial Ventures, Funding, Public Universities, Internally Generated Revenue.*

## **Introduction**

University education provides the manpower needs of any country. There are public and private universities. Private universities are established by private individuals or corporate bodies, while public universities are established and managed by government. Globally, Public universities are funded by government. Onuoha, (2013) disclosed that the funding situation in Nigeria's Public University System in the 1960s and early 1970s was considered adequate until late 1970s and early 1980s when the situation began to change, a situation in the university system that was said to be causing a lot of tension and stress within the university system during these periods.

As a result of competing demands of government, Nigeria's public universities began to lack the financial resources to maintain educational quality and meet up funding needs within the system. As a means of ameliorating these financial problems, many universities were forced to embark on income generating projects in order to source for funds. Adenugba and Ogechi (2013) reported that the Federal Government of Nigeria directed through the National Universities Commission (NUC) that all Public Universities should generate 10 percent of their total yearly fund internally through various revenue diversification means. They are to generate these funds through internally generated revenue.

Internally Generated Revenue (IGR) is an income that is derived within an organization from various sources. Public universities make use of sources such as tuition fees, levies, alumni contributions, endowment funds, consultancy services and commercial ventures among others to generate funds internally. These funds are expected to augment budgetary allocations from government. Commercial Ventures include students' housing fees, rental services for Universities halls, Bus services, University plazas and corner shops amongst others.

Commercial ventures are commercial activities set up by university managements for profit motive. Such commercial activities include built up shops for rent, gas stations, cybercafés, hotels, transportation companies, bookstores, supermarkets, Microfinance banks, Part-Time Degree Programs, Sandwich Degree Programs,

Postgraduate Degree programs among others (Ofoegbu & Alonge, 2016). They are generally seen as business products and support expansion of universities through marketing, consultancy services, training and workshops among others. In addition, Commercial ventures generate revenues through core services and new programmes in public universities.

Proceeds from Commercial ventures and other locally generated revenues are expected to be used by universities to augment government allocation. Studies have however shown that these revenues are inadequate; for instance, The National Universities Commission (2019) revealed that the percentage of internally generated revenue of public Universities through commercial ventures and other sources is always less than 10 percent apart from university of Lagos and University of Abuja who generate between 12 to 20 percent income annually. This shows that most public universities do not meet the 10 percent benchmark of the National Universities Commission (NUC), which may negatively affect their funding needs. It is against this background that this study examined the impact of commercial ventures on the funding of public universities in Nasarawa state, Nigeria.

### **Objective of the study**

The objective of this study was to examine the impact of Commercial ventures on the funding of Public Universities in Nasarawa State, Nigeria.

### **Research Question**

The following research question guided the study:

1. How has commercial ventures affected the funding of Public Universities in Nasarawa State, Nigeria?

### **Theoretical Framework**

This study adopted the theory of Maslow's motivational theory. Maslow's motivational theory was developed by Abraham Maslow in the United States of America (USA) in the 1940's. The Hierarchy of Maslow's theory remains valid for understanding human motivation, management training and personal development. The theory states that people have a pyramid hierarchy of needs that could satisfy from the bottom to top starting from mere physiological subsistence to self actualization (Maslow, 1943). According to Maslow, motivation is constant and never ending, fluctuating and complex. Maslow asserted that man always have needs to satisfy. These needs according to Maslow are arranged in hierarchical order starting from the basic or lower order to higher order needs. The hierarchy is categorized into two, namely deficit needs (physiological, safety, belonging and self-esteem) and growth needs (self-actualization).

The theory relates to this study because motivation is important in generating income internally for the funding of public universities through commercial ventures, this income which is used to augment government budgetary allocation, leads to self-esteem and self-actualization needs. This theory gives room for public universities to vary their ways of generating revenue by embarking in commercial ventures like consultancy services, trainings, galleries, shops and so on. It is applicable to this study because there is a linkage towards internally generated revenue through commercial ventures for the funding of public universities.

### **Literature Review**

There is a general agreement that funding of public universities is inadequate. For this funding gap to be reduced, universities should evolve creative means of generating revenues in order to fill the gap so that students will not bear the full burden of the cost of university education. One of the internal funding sources of generating revenue by public universities is commercial ventures. Okojie (2009) asserted that since government only funds personnel and overhead cost, with inadequate allocations for research and capital costs, the role of internally generated revenue through commercial ventures therefore becomes more critical.

Akai and Sakata (2002) conducted a study on the impact of fiscal decentralization on the economic growth of public universities at the State level in the United States of America (USA). The study employed data from 50 States of the USA. 100 questionnaires were distributed in each public university in the respective States making a total of 5000 sample for the study. The study found out that fiscal decentralization plays an important role in economic growth of public universities. The study concluded that the total internally generated revenue including commercial ventures received by 50 states in the United States of America positively affects the economic growth of their public universities. The study was conducted in the USA which is a developed country, while the present study was conducted in Nigeria which is a developing country.

A study by Afutu (2015) identified the major sources and utilization of internally generated revenue (IGR) by public university administrators in Ghana. The study adopted descriptive survey design, with a population of 232 principal officers and a sample of 200. The results revealed that commercial ventures were among the main sources of IGR while the proceeds were used for services which include staff welfare, research work and beautification of the universities premises. The study also found out that there was a significant relationship between internally generated revenue (including commercial ventures) and the management/development of Public

universities in Ghana. The study was conducted in Ghana while the present study was conducted in Nigeria.

In Nigeria, Akpan and Nnaseh, (2013) conducted a research on the effect of Internally Generated Revenue and infrastructural development in public universities in Akwa Ibom State, Nigeria. Ex-post Facto research design was adopted in the study with a sample of 410 people across the public universities in the State using questionnaires and interviews as the basic instrument. The data was analyzed with simple percentage statistics while simple regression was used in testing the hypothesis. Findings from the study showed that internally generated revenue including commercial ventures contributes significantly to the provision of water, electricity and road network in the study area. The study concluded that internally generated revenue has made positive but uneven contribution to the development of infrastructure in the study area. The study used all aspects of internally generated revenue while the present study concentrated on only commercial ventures.

Ironkwe and Ndah (2016) carried out a research on the impact of commercial ventures as internally generated revenue on the funding of public universities in Rivers State Nigeria, using commercial vehicles as a case study. The study adopted the ex-post facto research design and made use of a population of 1550 with a sample size of 350 respondents in the Public universities in Rivers State. The findings of the study revealed that commercial motor vehicles plying in the universities' campuses had no significant impact on the funding of public universities in the study area, which implied that the use of commercial motor vehicles as internally generated revenue cannot adequately enhance funding of public universities in River state. The study concentrated on only commercial motor vehicles while this study explored all aspects of commercial ventures, in addition, this study employed descriptive research design, which is different from the reviewed study.

Akinrotimi, Iyiommo & Lateef, (2017) in a study on analysis of internally generated revenue and infrastructural development of Adekunle Ajasin University, Akugba-Akoko in Ondo State, Nigeria, shows that the contribution of commercial ventures from their internally generated revenue from 2004 to 2013 is insignificant to the development of the sampled university with an average of 1.21 percent of the total internally generated revenue within the years of the study. Purposive random sampling was used in the study. The study had a sample of 50 respondents. The study used only one public university while this study used three.

The studies reviewed revealed that revenues generated through commercial ventures by public universities were considerably low and insignificant to the physical and human

capital development of the universities. None of the studies however discussed the impact of commercial ventures on the funding of public universities in Nasarawa State, Nigeria.

### **Methodology**

This study adopted the cross-sectional survey design. It was considered suitable because it gave the researchers the opportunity to visually investigate the study variables and factors affecting them in the study area. This is in line with Kothari (2004) who revealed that it provides a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population.

The Population of this study consisted of 2,578 bursary staff from the 3 Public Universities in the study area. The size of the sample was based on statistical estimation theory considering degree of confidence (confidence level of 0.95 and 0.05 margin of error) that is expected from this type of research. In this case, Yamane (1967) sample size determination was used in arriving at the study sample size. The researchers therefore sampled 346 bursary staff (representing 13 percent of the population) out of 2,578 bursary staff as obtained using the Yamane formula. Stratified sampling technique was used to select the sample from the three public universities in the study area. Kothari (2004) asserted that the sampling technique ensures adequate representation of respondents.

The instrument used for data collection in this study was a self developed questionnaire titled “Questionnaire on Internally Generated Revenue for University Staff” (QIGRUS). The instrument was constructed on a five point Likert scale. The questionnaire was administered to the sampled Bursary staff in the study area. To test the validity of the instrument, it was submitted to experts in Economics Education and Measurement and Evaluation from the Departments of Social Science education and Educational Foundation respectively, all of the University of Jos, Nigeria. The experts subjected the instrument for thorough scrutiny in order to ascertain the clarity, relevance, adequacy and other attributes which a good research instrument should possess. The researchers thereafter constructed the instrument based on the suggestions of the experts. To determine the reliability of the instrument, the Cronbach Alpha reliability method was adopted. The internal consistency reliability estimate yielded 0.88, which revealed that the instrument was reliable and suitable for the study at 88 percent. A descriptive statistics method using Mean and Standard deviation was used to analyze the data.

## Results

**Research Question:** How have commercial ventures affected the funding of public universities in Nasarawa state, Nigeria? The result obtained from the respondents is presented in Table 1.

**Table 1: Mean Ratings and Standard Deviation on the impact of commercial ventures on the Funding of Public Universities in Nasarawa State, Nigeria N= 346; Cut-off point of 2.50**

S/N	Items	Mean	Standard Deviation	Decision
1.	Leasing of commercial premises improves the funding of public universities	3.06	0.86	Agree
2.	The cyber cafe shops would enhance the funding capacity of public universities	3.16	0.84	Agree
3.	The income raised through commercial premises is used to stock library with instructional materials as per funding of public universities	1.99	0.79	Disagree
4.	The income generated internally through commercial premises can be used to use to supply sport facilities as per funding of public universities	3.07	0.74	Agree
5.	The establishment of universities owned bookshops would increase the funding of public universities	3.17	0.82	Agree
6.	The construction of hostel accommodation enhances the funding of public universities	2.80	0.93	Agree
7.	The commercialization of the universities guest house improves the funding of public universities	2.71	0.95	Agree
8.	The running of universities petrol station helps in improving the funding of public universities	2.51	1.17	Agree
9.	The consultancy services rendered, supplement the funding of public universities	2.54	1.07	Agree
10.	The hiring of auditorium halls for wedding and other events enhances the funding of public universities	1.79	0.76	Disagree

Source: Computed using SPSS 23.0 from field Survey (2020)

Data from Table 1 shows the responses of bursary staff of public universities in the study area with respect to commercial ventures revenue generating capacity in the study area. The data revealed that the mean rating for the items was above the cut-off point of 2.50, except for two items whose mean rating scores were below the cut-off point. The mean rating scores which were above the cut-off point of 2.50 were 3.06, 3.16, 3.07, 3.17, 2.80, 2.71, 2.51 and 2.54 with their corresponding standard deviation as 0.86, 0.84, 0.74, 0.82, 0.93, 0.95, 1.17 and 1.07 which shows the variability of the mean rating score of the items.

### **Discussion of Finding**

Findings from the research question which sought to examine how commercial ventures affect the funding of Public Universities revealed that majority of the respondents agreed that commercial ventures as internally generated revenue affect the funding of Public Universities in Nasarawa State, this is because most of the mean rating was above the cut-off point of 2.50. Majority of the respondents however revealed that revenues from commercial ventures do not contribute significantly to the funding of public universities in the study area. These findings agreed with Ofoegbu and Alonge (2016) who revealed that Nigerian universities generate funds mainly through commercial ventures like rental of shops, running of hotels, guest houses, petrol stations, bakery and manufacture of table water among others, but that these generated funds were not adequate to augment government allocation to public universities.

### **Conclusion and Recommendations**

This study examined the impact of commercial ventures on the funding of public universities in Nasarawa State, Nigeria. The findings of the study revealed that commercial ventures were insignificant on funding of public universities in the study area. That commercial ventures ownership by public universities in the study area does not significantly contribute to the funding of public universities in the study area. Therefore, the result shows that commercial ventures are not effective in the funding of public universities in the study area. The implication of this on the study is that public universities still depend on budgetary allocation from the government to meet their human and infrastructural capital obligations.



Based on the finding of this study, it was recommended that public universities should explore ways of generating revenue through commercial ventures by embarking on businesses that are profitable to them based on their peculiarities. They can achieve this by setting- up technical committees made up of competent technocrats to design business plans on the viability of businesses before investing in such ventures. Furthermore, public universities should set up anti-corruption committees that will ensure accountability in running and maintaining their commercial ventures. This will ensure their sustainability. In addition, Government at all levels should financially assist public universities through soft loans to set up commercial ventures. They should be made to pay the loans from the profits of the ventures. This will ensure proper management of the businesses.

### References

- Adenugba, A. & Ogechi F.C(2013). The effect of internally revenue generation on Advances. *Social Sciences Research Journal*, 4(24), 88-94.
- Afutu, C. O. (2015). *Modes of funding Ghana Universities and the implications on performance*. A paper presented at the 2011 Barcelona European Academic Conference, Spain.
- Akai, N. & Sakata, M.(2002). Fiscal decentralization contributes to economic growth: Evidence from state-level. *Journal of International Business*, 6(53), 112-132.
- Akinrotimi, K., Iyiomu O. & Lateef, O. Y. (2017).Analysis of Internally Generated Revenue and Infrastructural Development of Public Universities in Ondo State, Nigeria. *Global Journal of Commerce and Management Perspectives*, 5(1), 62-66.
- Akpan S.S. & Nnanseh.N (2013).Internally generated revenue and infrastructural development. *Social Sciences Research Journal*, 5(10), 112-124.
- Ironkwe, U.I. & Ndah, E.N. (2016).Impact of Internally Generated Revenue on performance of local government. *Journal of management and index Copernicus*, 3(2), 61-66.
- Kothari, C. R.(2004).*Research Methodology and Techniques*. New York: New Age International Publishers.
- Maslow A.H (1943). Theory of Human Motivation. *Psychological Review*,50 (4), 370-96.
- National Universities Commission. (2019). *Government Grants and Internal Generated Revenues in Federal Universities*. Retrieved on 24/4/2020 from [www.nuc.edu.ng](http://www.nuc.edu.ng).

- Ofoegbu, F. I. & Alonge, H. O(2016).Internally Generated Revenue and Effectiveness of University Administration in Nigeria. *Journal of Education & Learning*, 12(8), 111- 128.
- Okojie, C. O. (2009). *Systems and strategies for funding Nigerian Universities*. A paper presented at a lecture on innovative and administrative effectiveness of university administrators in Nigeria.
- Onuoha, L. O. (2013). *Financing Higher Education in Nigeria: The Role of internally generated revenues*. Retrieved on 10/5/2020 from [http://www.highereducations.ng/institutions\\_revenues](http://www.highereducations.ng/institutions_revenues)
- Yamane, T. (1967). *Statistics: an Introductory Analysis*. New York: Harper and Row.