Outsourcing as an Alternative for Higher Education Financing (HEF) in Nigeria: The Case of Adamawa State University Mubi, Gombe State University and Taraba State University, Nigeria.

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Abstract

Socio-political and economic issues relating to financing higher education is broadly deliberated and debated subject in many public mediums and academic gatherings in Nigeria, for over a decade to date. Altogether those deliberations and debates are grounded virtually on two basic principles of, financing adequacy and equitability. Inadequacy of education financing is blamed for the deterioration in the quality of education. Furthermore, inequitable resource allocation between federal and State universities in Nigeria forms part of the key issue in accomplishing efficiency of resource utilization which is missing in academic literatures addressing higher education financing in Nigeria. In the context of Nigeria, considering the practical experiences, especially in the operational mechanism of financing of Higher education, transparency and corruptions became a syndrome that ravishes the educational system. This study focuses on sources of higher education finance and the relative contribution of each source to educational development of the nation. At the same time, implications of the present financing mechanism on parity and efficiency of higher education if Outsourcing is introduced as an alternative source of funding in the subsector. This study examines the matters relating to Higher Education Financing at three levels; financial allocation, resources allocation and education output distribution. This study is exploratory cross sectional survey and collects both primary and secondary data from relevant literatures available. The study revealed that outsourcing is a means of Internally Generated Revenue (IGR) in higher institution and therefore serve as alternative means of financing higher education in broad and university education in particular. Therefore, this study recommends formal incorporation of outsourcing in financing of university education in Nigeria.

Keywords: Outsourcing, Financing, Higher Education, Nigeria and Internally Generated Revenue.

Introduction:

Outsourcing concept was first used during the early 1970's by manufacturing firms which gain acceptance gradually by other sectors. Contracting for an expert vendor to undertake some part(s) of the work that an institution either lack ability to perform by it or merely chooses to not to perform the task for a reliable reason is outsourcing. However, in the late 1980s outsourcing was used as subcontracting of information systems. Thus, several of the referred sources categorize outsourcing with the task of information systems (Lacity and Hirschheim 1993). However, nowadays the term become functional to other sectors such as education. Furthermore, Campos (2001) opined that it comprises of contracting with an outside provider to accomplish a task formerly performed by the organization itself, and possibly will likewise encompass fresh undertakings. Education is an obligatory social amenity that all nation-states need to achieve for growth and development. Presently integrating the world through globalization is a product of quality education. The world has been narrowed down to a village through technological advancement, innovations and research. This allows for comparison between educational systems of different countries around the global village (UNESCO, 2013). Education as a system has established a kind of a comprehensive contrivance to define the level of development a nation-state, which appeals for an extensive study in the area of comparative studies. Subsequently comparative studies are apprehensive with the study of educational theories and practices in several nations, at this moment it is imperative to search and relate the university educational systems of states. Since the mid-1950s, venture in education has been one of the significant concern of public finance in Nigeria. As envisioned in various public policy documents, public benefaction of education targets at upholding equity, social mobility, human capital and economic development (Ranasinghe, Arunathilake and Dunusinghe, 2014). However, the funding of the education sector is yet to achieve the expected standard. The percentage of the education allocation to budget expenditure and as a fraction of GDP still remain inadequate. Nigeria fail to attain the traditional norm of funding education at minimum of 6% of the fraction of GDP and 20% as proportion of the government budget expenditure. According to World Development Indicators (WDI) indices the relative proportion of education financing in the low income country group should at least not be less than 4.16% of the GDP. Conversely Nigeria is still battling within 1.6% to 1.89% of the GDP. Nonetheless, the UNESCO approved 26% budget expenditure to be allocated education for sustainable growth in the sector; Nigeria again strive between 2.28% to average of 8.4% in recent years. The government funding of education in general and university education in particular is poor and inadequate. Both benchmark by WDI and UNESCO is unattainable and remains illusion to the growth of the educational sector. It is also quite noticeable that the government funding is the major source of finance for these institutions therefore signifying a threat to the graduate output and literacy rate in the near future. Inadequate funding of the these universities will retard the number of students enrolment due to lack of facilities such as classes, laboratories, state of the art teaching aids, manpower and conducive learning environment. However, to augment for this lack, the universities may explore outsourcing as a means of generating alternative fund and officially inculcate it as internal means of revenue drive. Fully integrating outsourcing into university education source of funding will not only provide cost benefit only rather with also competitive advantage and human resource flexibility.

PROBLEM STATEMENT

Considering the necessity of education as a global issue today, the need for educating the populace is vital to shift the developmental boundaries of a nation. Education is the rationale behind development because it advances innovation, technology, research, communication among other needs. Therefore underfunding of the educational sector compromises the economic growth and development of a nation state. This feature of insignificant financing of education in Nigeria is a threat to the country’s development. This therefore calls for alternative means of financing pattern to augment for the lack.

OBJECTIVE STATEMENT

The main objective of this study is to explore areas in which outsourcing services can replace the in-house services formerly provided by internal staff based on the cost benefit analysis index. With specific objective to examine the impact of outsourcing on human resource flexibility and competitive advantage in producing qualitative graduate output in Nigeria.

Higher Education in Nigeria

Education is a basic human right and considered by many countries as key tool for national development. It is assumed that the most successful economies in the world are those that invest the most in its human resources.

According to Akinyemi (2013) the world's largest and wealthier and most successful national's economies share the following characteristic.

i) Excellent education system
ii) High level of investment in research and development
iii) Strong links between industries and educational institutions
iv) Ability to translate research into products and services that sell

All the above required an educated and train citizenry. The relationship between education and sustainable development is sometimes complex, however generally research shows that basic education is paramount to a nation's ability to develop and achieve economic and sustainability targets (Bamiro 2012). Once target are identified a country will need to reexamine its education curricula at all levels, that is, pre-school to tertiary education. Higher education then connects workforce development to economic development by making matching instructional program to the needs of the country. In determining which education systems and program to implement, government and industry stakeholders must work together to identify specific needs and hence provide work based learning opportunities such as apprenticeship in fields identified to drive economic development (Akinyemi 2013).

While the world is leaning more and more on knowledge based economy, comparative advantages among nations are being derived less from national resources or cheap labor and more from technical innovations and the competitive knowledge. According to the United Nations studies as stated my Miller (2008) also link education to economic growth as education contribute to improved productivity which in theory should lead to higher income and economic performance. Education contributes significantly to the establishment of the socio-economic pre-requisite for democracy. Thus investment in education will tremendously influence democracy and the development of a civil society (Miller 2008).

Education is the service that significantly contributes within the context of a sound macro-economic and political environment. Higher education is administered by the society with a view to achieve rapid socio-economic growth and development enough to perpetuate their existence. According to Psacharopoulos & Patrinos (2002) national development is the improvement of a nation productive capacity. In Nigeria this productive capacity can be addressed basically through sound university education policy plan properly aligned with the fight against corruption apparently intended to grow and development the economy.

The low literacy rate in Nigeria have been blamed on the severe decline of the oil market in the early eighties combined with structural adjustment program (SAP) which lead to drastic reduction in spending on education. The result were unpaid teachers' salaries, degradation of educational facilities at all levels and the industrial strike by workers in the universities and other higher educational institutions, the end result has been seen in the declined literacy rates in the country (OECD 2010). The World Bank (2013) state that Nigeria's educational sector was managed by the federal, State and local government and suffered from a fragmented decision making process and unclear management roles. The system suffers from inequitable access, poor planning and management and inadequate funding. Enrolment rate is 64% boys and 57% for girls, over shadowed more extreme enrolment deficiencies in low income and northern area. With a total of over 160 million, Nigeria contributes about 30-40% of the world total number of out of school children. A high level of unqualified teachers, wide range of teacher-student ratio and low level of efficiency in spending public education funds plagued the sector.

Nigerian higher education system will not succeed without a prior articulation of autonomous strategies that are directed toward proactive and comparative economic planning that understands that education is one of the major linchpins in both economic and political well-being (Miller 2008). Education is central to national interest and cannot be solely determine by market forces, thus the role of the state in making education policy and funding education cannot be overemphasize. The origin of funding problems of higher education in Nigeria has been traced to the intensification of pressure from Nigeria's integration into the global political economy, the structural adjustment program as well as 'third wave' democratization which were both pushed by the World Bank. Many of the problems being experienced in the higher education institutions of learning today may not have started in the era of SAP but they did intensify. In particular the World Bank in the 1980's recommended that countries that had high debt and serious balance of payments deficits as did in Nigeria ought to direct their attention more on funding primary and technical education rather than tertiary education which is elitist. The recommendation were made in an atmosphere of economic crisis where the universities were the most visible sites of anti-SAP critiques and protests, the embattled state responded in ways that generated many of today's problems of financing higher education in Nigeria (Okame 2002)

Although the Nigeria's economy has increase by 6% in 2012 yet not much has been allocated into higher education system. The weak production of quality graduate output has been identified as a major obstacle to industrial development in the country (World Bank 2013). The high rate of expansion of the higher education system implies that something urgent must be done to adequately fund the system. The explosion in enrolment as a result of the influx of students into primary and secondary schools call for immediate government attention in employing other sources of funding higher education, Even though most government have laudable program favoring free education, the economy of most developing country could not sustain free education in its entirety (Adeyemi 2011). Thus he further remark that in certain cases, there might be the need for charging fees in higher education just to supplement what is coming from the government purse, he remarks that if education were free, people will presumable 'consume' until they are satiated; and they will 'invest' in it until the rate of return was zero, but attending school is far from being free. Ololube, Dudafa Uriah & Agbor (2013) questioned the so call right to free education in a depressed economy like Nigeria and remarked that experience has shown throughout the world unless parents, the people or government possess the economic ability, talking of free education is like a mere mentioning of the symbol and an empty and futile exercise. Supporting the argument Akinyemi (2013) remarks that in countries where education is free, there is a program of rising funds directly or indirectly within the system to finance the educational system.

In Nigerian context higher education is synonymous to tertiary education. It is defined as 'the education given after secondary education in universities, colleges of education, polytechnics and monotechnics'. The goals of HE as stated in the National Policy on Education NPE (2004) are to contribute to national development through high level relevant manpower training, development and inculcate power values for the survival of the individual and the society. It is also meant to develop the intellectual capacity of individuals to understand and appreciate their local and external environment, acquire both physical and intellectual skills which will enable individuals to be self-reliance and useful members of the society. It is set to promote and encourage scholarship and community service, forge and cement national unity and promote national and international understanding (Federal Government of Nigeria 2004).

The structure of the higher education sector

The higher education sector in Nigeria is categories based on ownerships and as well as based on certificate awarded. There are both public and private higher education institutions that if you look at the structure in terms of ownership and if you look at it on the basis of certificate awarded, there are universities with award degrees, mono/polytechnics with award diploma and Colleges of education with award certificate in teacher education.

The higher education in Nigerian is composed of universities, polytechnics and institutions of technology, college of education that form part of, or affiliate to universities and professional specialized institutions. They can further be categorized as state, private or federal institutions. Higher education in Nigeria can further dived in to public or private, and the universities or non-universities sector. Public universities are owned and finance by the government and they dominate the higher education sector in Nigeria. Private universities are large owned by individuals, group of individuals, corporate bodies and faith based association. This category a fully finance by the proprietors. The non-university sector is composed of polytechnic, institutions of technology, college of education and professional institutions, most of them operation under parent ministries. There is a no sharp distinction between the universities and the non-university institutions, most of the institutions are affiliate with the universities.

Financing university education in Nigeria

Nigeria as a nation has adopted education as an instrument for social and economic development, especially university education which is saddle with the role of producing high level manpower for the smooth running of the economy (FGN 2004). Right from the beginning government has been the major financier of university education, from 1948 when the first higher education institute of learning was establish that is university college Ibadan, it was funded from two main sources, that is the Nigerian government provide 70% of the fund while the British government provide the remaining 30% of the total cost (Obasi & Eboh 2002). They further state that during this period up to 1970, the first generation universities were well funded and tuition fees were charged. There were no substantive differences each year between the amount requested by the universities and the amount received from the government. Fafunwa (1994) state that between 1960 to 1970 government devoted from 25% to 30% of its annual budget to education.

It is shown than the Nigerian higher education is a sector locked in the triangular of access, quality and cost. In response to the access problem, the federal and state government as well as the private initiatives has established several institutions. The public institutions face major challenges of funding and inadequate academic human capital to ensure program quality. Tuition fees payment by students has become a big issue with the federal institutions not charging fees while students in private universities are understandably paying fees only affordable by the middle class. Furthermore the system is still to be optimally managed through the preparation of proper budget and professional management of resources inflow (Bamiro 2012).

The National Universities Commission (NUC) was established in 1962 as an advisory agency in the cabinet office; however in 1974 it became a statutory body with the sole aim of overseeing the activities of universities in Nigeria and allocates funds to federal universities in Nigeria (Munzali 2005). In the current funding model government provides for federal universities more than 90% of the revenue even though some funds are generated internally by the school through fees and other levies paid by the students and some amount from the Tertiary Education Trust Fund (TET-FUND), the Tet-fund portion is derived from 2% of assessable tax of companies registered in Nigeria via the education tax (amended) decree No. 40 of 1998 (Osinulu &

Daramola 2013). According the World Bank report (2010) In Nigeria the National University Commission has long employed a normative approach to input based budgeting for Nigerian federal universities in calculating an institution's budget recommendation, academic staff members are derived from student numbers using normative guidelines for student-staff ratios that vary by discipline. Likewise, administrative support staff numbers are determined from academic staff number using similar guidelines. Therefore, total compensation (Salaries and Allowances) is computed and becomes the bases for allocating the figure for goods and services. The value of goods and services for each faculty is equal to 20% of salaries for arts faculties and 30% for science faculties. Additionally this form is inflated for postgraduate students by applying an extra weighting of 0.4. Finally universities are encouraged to set aside one percent of their recurrent grant as a contingency for supporting the pension scheme additionally 10 percent of each university's recurrent grant is to be devoted to the development of that institution library and 5 percent is earmarked for research.

Obasi & Eboh (2002) Postulate that the establishment of more and more universities in 1975 by the federal government and the policy by the federal government forbidding the payment of tuition fees at all federal universities trigger the problem of university financial crisis in Nigeria. They further observed that based on than the government can no longer bear the full burden of financing all the universities under its control because of the growing economic problem, increase in number of universities, increase demand for university education and high rate of enrolment in the university system that is eve the reason why Bassey & Olorunfemi 2012) said that from the year 1980 the percentage allocation to university education decline to the extent that there is a wide gap between the amount requested by the universities and the amount release by the federal government through the National Universities Commission. For example in the year 2008/2009 the government only provide 57% recurrent and 10% capital grants of what the universities requested for (Osinulu & Daramola 2013).

According to Olayiwola (2012) the funding formula for allocation to universities by the NUC has been reviewed constantly based on several factors, such as generation of universities (that is year of establishment), number of students enroll per degree program, number of academic and non-academic staff and ration of science and humanities based discipline, as the result of these factors, the funding formula keep on changing. Bassey & Olorunfemi (2012) state that the universities can be better off if the existing funding formula will be review by the concern authorities toward a more open, performance based and privately oriented model.

University education is a capital intensive project requiring huge amount of funds to achieve its desire objectives (Donald, 2008), and if universities are not adequately funded, this is said to be the prime cause of other problems that have undermined quality in the university system (Abiodun-Oyebanji 2011). In the same vain Akinyemi (2013) found that financial resources to university education are not adequate to achieved it's predetermine goals. This scenario make the government to maintained a commitment to a balance approach to university financing with increase in state grants, subsidies and scholarship support to students, despite that there has been pressure on public universities to cut back on their budgets as a results of declining government grants occasioned largely by political and economic structural charges, this create a serious financial problem to public universities in Nigeria. Banya and Elu (2001) suggest that university funding reform is to cut public spending and to stimulate university–industry cooperation as a means of obtained additional university income, they further state that university–industry relations are becoming more frequent and increase level of university funding. Since universities are not adequately funded, Chandrasiri (2003), suggest that university should be more market oriented in terms of management, delivery of services and revenue generation. Abiodun-Oyebanji (2011) argue that part of the problem is that universities are not efficient in utilizing their resources, he state that there are a lot of problem militating against effective management and funds utilization in Nigerian universities this may be due to inadequacy of the funds and shortage of faculty members. Wangege-Ouma (2010) advance that although higher education funding formula is generally geared towards attaining the goals of transformation, several of its aspects are inimical to the achievement of these goals if funds are not utilize effectively.

There has been increasing concern about the growing shortage of funds and learning resources in the university system and considering the fact that Nigeria government over the years has not been meeting the United Nation Educational, Scientific and Cultural Organization (UNESCO) recommendation of 26% of total budget allocation to education sector, and the ever increasing problems that tend to compete for government financial attention, budgetary allocation especially for university education may in a relative term continue to be on decline (Ajayi & Ayodele 2004).

There is an increase in the proportion of total expenditure devoted to education, but the percentage proportion of total recurrent expenditure has been on the decrease. Even at that it has been considered to be rather grossly inadequate considering the phenomenon increase in students' enrolment and increasing cost which has been aggravated by inflation (Azu 2011). As observed by Odiaka (2012) Nigeria ranked the least among 20 selected countries as regards annual budgetary allocation to education while smaller countries such as Ghana, Cote d'ivoire and Uganda were the first three countries with higher budget allocation to education in Africa. This obviously is an indication of the underfunding of education in Nigeria.

Nigerian Universities Sources of Revenue

Inadequate funding of university has become a frequent problem often consequential to catastrophic consequence on teaching and research and intellectual capital flight of academic. As a means of amelioration these financial problems, many universities are forced to embark on income generating projects in order to source for additional funds (Akinyemi 2013). At present, there are several sources through which the universities are funded. These funding sources are said to be the financial life wire of the university system. It is believe that universities with several funding sources are likely to be active in seeking out funds toward achieving the objective of the system. Generally universities are now opening up to new innovations in the area of sourcing non-governmental funds even though it has serious implication for quality teaching and research. Chandrasiri (2003) identify five different sources of revenue generation for universities they are government, students and their parents, industries, Alumni and other philanthropists. These he said will enhance the revenue base of the universities and consolidate effective teaching, learning and research. According to Munzali (2005) there are basically three major sources of funds for university education especially the public universities, they are government subvention, internally generated revenue and others, which include Education Tax, donation from European Union, UNESCO, UNICEF and World Bank and other donor agencies.

Similarly Frolich, Schmidt and Rosa (2010) pinpoint two types of funding schemes for universities, they are input based funding and output based funding, however Moses (2003) contend that the best funding structure for university is the market model through financing diversification that should be able to productively address the challenges of increase demand for university education and ensure quality is maintained. In the Nigerian perspective Akinyemi (2013) identify seven sources of revenue to Nigerian universities as; Government subvention, internally generated revenue. E.g. fees donation endowment etc., Tertiary Education Trust Fund (TET-FUND), Commercial ventures, Alumni association, Undertaking researches and consultancy services, Manufacturing / processing.

Equally, as part of the sources for generating additional revenue for universities, the universities should continue to embark on intensive entrepreneurship activities and by so doing all faculties must look for innovative ways of ensuring that their activities generate income. What is needed is the emergence of entrepreneurial universities centers of academic excellence where the processes results of research and innovations are shared and sold to the investors and developmental agents (Akinyemi 2013). It should be noted that for all the above sources, Government subvention contributes for most public universities in Nigeria over 90% of the recurrent and capital fund.

From the social demand point of view, since university education benefit not only the society in general but also the individuals specifically, then there is a rationale from shifting the financial burden partly to the individual domain from the social domain. Since that is what is obtainable worldwide. Cost sharing according to Ogbogu (2011) is the diversification of revenue sources from heavy dependence on the government to being shared with parents and students, which is much associated with payment of fees. Although many universities worldwide receive a great proportion of their income through student tuition, that strategy remains untapped source of financing university education in Nigeria. Cost sharing strategy has been considered recently as one of the most convenient and good method of financing university education worldwide (Abiodun-Oyabanji 2011). Since the government in Nigeria cannot bear the full burden of funding university education it should allow the individuals to contribute toward funding the system. It equally important to note that while federal government maintain the policy of no tuition fees in all federal government own universities in Nigeria, thinking that the government has a duty to provide qualified Nigerians with free university education, the government failed to provide adequate funds that will sustained the university education in producing quality graduate (Olayiwola 2012). The government also plays a double standard system in university financing, on one hand the government forbid the payment of tuition fees to all federal universities while at the same time allowing students to enroll in state and private universities to pay tuition fees in additions to other hidden charges that the students are compel to pay (Azu 2011). Based on the above literatures its evident that in a near future, cost sharing strategy will be the only option to finance university education specifically in Nigeria, as was stated by Aina (2002) that university education is both human and capital intensive that require huge amount of financial resources to carry out its functions.

Graduate taxes have also been considered to be another source of financing university education in the developed Asia countries. According to Tilak (2008) a graduate tax is an educational specific tax to be levied from those who use the educated manpower. Manpower produce by the education system is used by all sectors in the economic activities. They further state that these sectors do not directly contribute to financing education although they are the direct beneficiaries in terms of productivity gain an account of their employment of graduates. Therefore those employers of labor should be asked to share the cost of producing the graduates that are working for them to achieve their target objectives. Nigerian should also borrow the idea I use it as another source of university financing.

Depending on the type of ownership of the institutions, the major sources of income, is depicted as follows: NUC (2010) Government/Proprietor Allocation, Education Trust Fund (ETF), Student Fees/Levies/Charges, Endowments, Grants and Internally Generated Revenue (IGR).

Government Allocation

As earlier indicated, there are 128 Universities made up of 40 Federal, 38 State and 50 Private. Whilst figures on the levels of funding of Universities by the Federal Government are generally available, such figures for the State universities have been rather scanty, while it may be an uphill task to obtain figures for the private institutions.

Education Trust Fund (ETF) Intervention

The Education Trust Fund (ETF) was established following the 1992 Agreement between the Academic Staff Union of Universities (ASUU). It's noteworthy that now Tertiary Education Trust Fund (TET- Fund) is a major source of funding for the HEIs particularly with the Federal Government directing the Fund, through a major policy shift, that the Fund should henceforth concentrate on HEIs for its interventions. TET- Fund is now the source of special intervention of close to N 42 billion to develop 6 universities, 3 polytechnics and 3 COEs into world-class institutions.

Student Fees/Levies

All Federal institutions, and a few State Universities, are not allowed to charge tuition fees. They are only allowed limited charges/levies for the provision of services, such as accommodation in the halls of residence, sports, limited contribution to meeting the cost of municipal services (water and electricity), laboratory consumables in science-based programs, etc. (Moses 2003). Consequently, undergraduate students registered in the various programs in these universities end up paying between N30, 000 and N50, 000 per session, including accommodation costs. The private institutions are autonomous, and as expected, they depend mainly on fees paid by students for their existence. Fees paid by undergraduates for various programs in private universities vary from about N250, 000 to about N2, 700,000 per session. State Universities, on the other hand, charge tuition fees that fall in between what the Federal and Private Universities charge. In recent years, however, State Universities are moving their fees upward. Thus, this can range from about N50, 000 to about N300, 000 per session.

Grants

A number of funding agencies, such as the McArthur Foundation, Carnegie, Ford Foundation, World Health Organization (WHO), etc. exist in the system giving grants for different projects. For example, the MacArthur Foundation has since 2000 been supporting four universities in Nigeria– Universities of Ibadan, Ibadan, Ahmadu Bello, Zaria, University of Port-Harcourt, Port-Harcourt and Bayero University, Kano– in the key areas of staff development, development of ICT infrastructure, etc. The University of Ibadan was awarded a total USD $6.4 million between 2000 and 2007. The Foundation also awarded a total of $7.1 million to Universities of Ibadan ($4.0 million) and Bayero University, Kano ($3.1 million) for the period 2008-2010. Apart from these grants, Universities also get income from endowments, gifts, donations, etc.

Endowments, Gifts and Donations

One of the traditional sources of income generation for Universities is endowment. Endowment is in different forms: professorial chairs, scholarships for students, donations towards programs of interest to the donors, etc. The Petroleum Technology Development Fund (PTDF) established professorial Chairs in eight universities- Ahmadu Bello University, University of Ibadan, University of Port-Harcourt, University of Nigeria, Nsukka, Usman Dan Fodio University, Sokoto, University of Jos, University of Benin, and University of Maiduguri to undertake research relevant to capacity building in the oil and gas industry. The Chairs are funded in perpetuity largely using interests generated from the initial N360 million and additional sums invested on behalf of all the eight universities. For example, the Fund Managers (First Trustees) achieved a return on investment of close to N173 million in 2005. With the later collapse of the Nigerian Stock Market, however, such interests can no longer be generated. During the initial period, the institutions involved were enjoying annual allocations ranging from N14 million to N20 million per institution to support the Chairs, but this has not been the case over the past few years. A number of individuals and organizations, such as Shell and the Banks, have also endowed Professorial Chairs in the university system. Universities also benefit from gifts and donations. Gifts are usually in cash while donations often involve buildings that are named after the donors. Most Nigerian philanthropists prefer the latter.

Investments and Consultancies

Federal Universities are encouraged by the National Universities Commission to generate at least 10% of their recurrent income internally. To this end, many universities have established consultancy services companies and run businesses that generate additional funds. Some of the universities have generated up to 25% of their recurrent income in the past years.

From the aforementioned source outsourcing is not included formally as a source of revenue to the universities. However it indeed another means of cost savings and spontaneous means of generating revenue internally by universities in and beyond Nigeria be it developed or emerging economy. Therefore this study discuss outsourcing of both teaching and non-teaching services as another means of generating revenue by Nigerian universities and as alternative means for financing higher education.

Outsourcing

Outsourcing can be defined as withdrawing from certain stages/activities in the value - chain system and relying on outside vendors to supply the needed products, support services, or functional activities. The decision between vertical integration and outsourcing hinges on which capabilities and value-chain activities truly need to be perform in -house and which can be better performed by outsiders. Outsourcing occurs when a company uses an outside firm to provide a necessary business function that might otherwise be done in-house (Muller, 2000). Outsourcing is when the buyer dictates the desired achievement and the vendor controls how it is accomplished. Contracting for an expert vendor to undertake some part(s) of the work that an enterprise either lack ability to perform by itself or merely chooses to not to perform the task for a reliable reason is outsourcing. Meaning that university that chooses to let out its non-teaching and teaching services because it’s a support operation and core respectively is referred to as outsourcing. Outsourcing is an additional team support provided external vendors on contractual relationship to undertake tasks managed previously by in- house staff for which the vendors are experienced specialist, experts and have better competencies Dana (2012).

Motives for Outsourcing in Nigerian Universities.

The motives for outsourcing might differ with the sector concerned as well as the tasks being outsourced. For instance in public sector organizations which federal and state government owned universities fall within; they are to achieve the best practice, make capital funds available, create a cash infusion, improve the cost discipline skills of the proprietors and chief executives, intensify the quality of the service, and assist university management focus more clearly on the core competencies of their institution.

Services and Tasks being outsourced by Nigerian Universities.

Public and private institutions have similar matters and concerns linked to outsourcing. Hence, it has also extended spectacular drive in the university system of Nigeria. Universities effort to diminish costs and improve the quality of both teaching and non-teaching services. They have proven increasing attentiveness in outsourcing over the time. Cafeteria services, cleaning, maintenance, health services, information and communication technology Housekeeping/Janitorial, Laundry, Legal service, Security, Payroll, Grounds, Sports venues, Residence Management and numerous further supplementary services are being outsourced.

Table 1: cost benefit analysis for teaching services in SBRS Gombe State University.

Particulars		In-house	Insourcing/outsourcing					
Basic pay	Category	Emolument	Hrs/wk	Rate/hr	Amt	Wks	Workers	Total pay
100000 x 30 x12	1	12,000,000	6	1000	6000	32	5	960000
	2	-	6	1500	9000	32	5	1440000
	3	-	6	2000	12000	32	5	1920000
	1	-	10	1000	10000	32	5	1600000
	2	-	10	1500	15000	32	5	2400000
	3	-	10	2000	20000	32	5	3200000
Allowance	Rent 5%	600,000						-
	Hazard 3%	360,000						-
	Pension 18%	2,160,000						-
Total University Cost		15,120,000						11,520,000
Total cost saved		3,600,000						
Proportion of cost saved		23.81%						

Source: Researchers' Computation 2018.

From the results in table 1 it revealed that Gombe State University saved 23.81% of teaching cost by outsourcing the teaching services in School of Basic and Remedial Studies (SBRS). This illustrates the positive implication of alternating outsourcing as a means of internally generated revenue to serve as alternative means of funding Nigerian higher education institutions.

Table 2. Cost Benefit Analysis for teaching Services GST/ENT Unit Adamawa State University.

Description	**In-house**	**Insourcing/Outsourcing**
Basic pay	1 00,000 x 30 x 12= 12,000,000	50,000 x 30 12= 6,000,000
Allowances		
Rent 5%	600,000	-
Hazard 3%	360,000	-
Pension 18%	2,160,000	-
Total University cost	15,120,000	6,000,000
Cost saved	**9,120,000**	-
Proportion of cost saved	**60.32%**	-

Source: Researchers' Computation 2018.

Table two also showed a positive response to cost saving in teaching services at Adamawa state university GST and ENT units. Sixty point three two percent of the total teaching cost has been saved through outsourcing resource persons to teach in the units as against employing tenure staff.

Table 3: Cost Benefit Analysis for Housekeeping/Janitorial Services Taraba State University.

Description	Notes	In-house	Outsourcing
Annual payment (subsidy)			240,000
Cos for supporting services	01	-	-
Cost for supplying equipment		-	100,000
Salary 30 x 8000 x 12	02	2,780,000	-
University provident fund contribution 18%		478,400	-
Material cost	03	-	-
Total cost to University		3,258,400	340,000
Net cost savings		**2,918,400**	-
Percentage of net cost savings		**89.50%**	-

Source: Researchers' Computation 2018.

Table 3 above revealed that 89.50% of cost savings as housekeeping and janitorial services are outsourced from external service providers. This further emphasized the need for outsourcing services by Nigerian higher institutions as formal alternative means funding their basic, routine as well as essential services.

Table 4: Cost Benefit Analysis for Security Services University of Adamawa State University.

Description	Notes	In-house	Outsourcing
Annual payment (on Agreement)			545,000
Cos for supporting services	01	-	-
Salary 30 x 8000 x 12	02	2,780,000	-
University provident fund contribution 18%		478,400	-
Material cost	03	240,000	-
Equipment depreciation and other cost		200,000	
Total cost to University		3,698,400	545,000
Net cost savings		**3,153,400**	-
Percentage of net cost savings		**85.26%**	-

Source: Researchers' Computation 2018.

Finally, table 4 above also shows that after outsourcing security and other related essential services Taraba State University was able to save 85.26% of the total cost which was meant to be expended on providing in-house security. The cost of maintaining the security of lives and properties in the institution was cut down to the tremendously by employing concurrently Gray Wolfs and Valid Cover Security services to maintain the university internal security. Note, that all these computations is based on thirty workers sampled.

Adequacy of Financing

This section of the paper discourses the matters relating to adequacy of education financing. Both aggregated financial data and input- and output-based indicators are used for this purpose. Investment in higher education general and university education in particular has been one of the key priorities of public finance in Nigeria as painstakingly appeared in most of public policy documents. Consequently, provision of education target at promoting equity, sustaining social mobility, developing human capital and enhancing economic development. Furthermore, reduces rate of unemployment, increases incomes and upgrade social status. Hence, the magnitude of the government expenditure on education remains as low as 0.85 percent of the GDP and 7.92 percent budgeted on education spending in 2016; 7.40 percent in 2017; 7.04 percent in 2018 federal government education budget respectively. Thus, this figure is far below the global organization recommendations on the budgetary benchmark on education expenditure and averages recorded by the lower middle income country group to which Nigeria belongs. Furthermore Nigeria's spending on education as a percentage of GDP is lower than the average of the low income country group. Table 5 below shows the public expenditure on education as a percentage of GDP based on income group.

Table 5: Education Expenditure as Percentage of GDP by Income country Groups.

Country/ Group	Government Spending on Education as a Percentage of GDP
High Income Country Group	5.59
Upper Middle Income Country Group	4.88
Lower Middle Income Country Group	4.26
Lower Income Country Group	4.16
Nigeria	0.85

Source: World Development Indicators online Database and National Bureau of Statistics.

Equitability of Financing

This study searches the issues affecting the equitability of education financing. Succeeding the analysis of adequacy of funding, equitability is explored in terms of financial allocation, physical resources and also in terms of output based measures. Equitability of university education financing is observed in several measurements. These dimensions such as geographical (North, East, South or West) and school type (federal, state or private).

Further, each dimension this study examined the degree of disparity and also comparison of disparity between and within categories. The geographical dimension gives priority to certain schools in either backward educationally or insurgency (North East), environmentally polluted degraded area (South South) alike. The school type is also prioritized in funding firstly public and private owned based, and in public, federal and state owned institutions. It is indeed clear that the funding pattern of federal and state owned institutions is quite different in terms of sources of finance, its adequacy and timing. For instance the federal institutions received majorly a huge sum from the federal allocation in education budget, tertiary institution capital grant, contributions from national and international donor agencies alike, the state owned institutions are battling with 3% State Government statutory allocation, 5% local government allocation from joint account, 2.5% education tax, 2% hotels, 2.5% contracts remittance which is inadequate and untimely. However, the federal government supplement funding to the state institutions through Tertiary Education Trust Fund (TETFUND) grant for both capital expenditure, research and development and human resource capacity building for equitability of funding. In addition to these availability of financial, physical and output based measures, this study will also explore the capacity of universities to spontaneously generate and manage their institutions level finances through outsourcing of both teaching and non-teaching services.

Efficiency

Human resources are imperative constituent in our institutions, therefore, basic steps ought to be taken to improve the quality of human resources not just for the teaching drive but also for the implementation of development strategies. Assumed the fundamental role played thru the university development blueprint, it is prerequisite to get the service of qualified teachers in formulating and implementing the plan. Therefore, a motivation system might be presented to boost teachers’ participation. However, a high level of unqualified teachers, wide range of teacher-student ratio and low level of efficiency in spending public education funds plagued the university system in Nigeria. In order to improve the efficiency of the system there is need to refine the accountability of public funds, strengthen the institutions commitment to achieving educational goals and objectives whether they are cost saving, increased academic quality, improve access, improve graduation rates, inspire the institutions to attract funds via service contracts from various sources not only solely from the state. Similarly, monitoring and evaluation is also essential. Henceforth, it is significant to arrange a national monitoring and evaluation unit that functions under the Ministry of Higher Education. This unit should be provided with adequate and sufficient funds, qualified human resources, and autonomy to engage in continuous monitoring and evaluation to enhance efficiency in Nigerian universities.

METHODOLOGY

This study is exploratory cross sectional Survey, and uses both primary and secondary sources of data generated respondents and relevant literatures available. Various literatures were reviewed to ascertain the level of outsourcing by HEIs and the also the type of services being outsourced by universities in particular. Thus, these following services were found to be among the list of services outsourced. According to United Group global (UGG), food services, book store, legal services, security services, payroll, energy management, grounds, teaching services, sports venues, residence management, janitorial services, housekeeping, copy centers, computer store, laundry, ICT, mechanical and maintenance, electrical, mail room among others were outsourced by universities around the globe.

Model Specification

HEF= f (OUT)

HEF= $\alpha+\beta_1$TEA+TEAG+β_3HKJ+β_4SES+ ε

Where:

HEF= higher education financing

OUT= outsourcing

Proxies:

TEA= Teaching Services.

TEAG= Teaching Services General Studies.

HKJ= Housekeeping and Janitorial.

SES= Security and Essential Services.

α = constant

β = coefficient of variables

ε = error term

Analysis and Results

Table 5: Descriptive Statistics

	TEA	TEAG	HKJ	SES
Mean	0.6823	0.5764	0.8353	0.8941
Median	1	1	1	1
Maximum	1	1	1	1
Minimum	0	0	0	0
Std. Dev.	0.5003	0.4888	0.5722	0.4098
Skewness	0.7367	0.50927	1.8079	2.6224
Kurtosis	1.8768	1.0209	3.7652	8.9879
Jarque-Bera	12.6331	11.4432	23.0505	133.5605
Probability	0.0002	0.0006	0.08234	0
Observations	150	150	150	150

Source: Researcher’s Computation 2018.

Grounded on the Jarque- Bera statistics of this study observations, the study revealed that the observations are normally distributed. Therefore, most values are within the mid points of the distribution.

Pearson Correlation Matrix

Table 6: Correlation Statistics

	TEA	TEAG	HKJ	SES
TEA	1	0.1543	0.2667	0.1898
TEAG	0.1245	1	0.3255	0.2767
HKJ	0.2769	0.4558	1	0.4376
SES	0.1656	0.2564	0.3626	1

Source: Researcher's Computation 2018.

The result indicates that there is positive relationship that exist between the observed variables. This outcome is reasonably interesting, it implies that the more outsourcing is accepted the more effectiveness and efficiency of services which yield enhanced revenue generation within the institutions under study.

Regression Result

Table 7: Binary Logit (Quadratic Hill Climbing)

Variable	Coefficient	Std. Error	zStatistic	Probability
C	5.3353	1.7788	2.3212	0.0203
TEA	0.7652	1.2879	3.657	0.0467
TEAG	0.6778	1.8976	0.8964	0.2464
HKJ	0.8749	1.3789	1.5854	0.0329
SES	0.9788	1.9898	0.7294	0.0157
SD	10.203778	0.1358	0.9797	0.0207
Mean dependent variable	0.7532	S.D. dependent var		0.0504
S.E. of regression	0.7896	Akaike info criterion		0.0266
Sum squared residual	25.9898	Schwarz criterion		0.0381
Log likelihood	58.7779	Hannan-Quinn criter.		0.0431
Restr. log likelihood	-11.0012	Avg. log likelihood		-0.7861
LR statistic (3 df)	78.9518	McFadden R-squared		89.7802
Probability(LR stat)	0.03576			
Obs with Dep=0	48	Total obs		150
Obs with Dep=1	102			

Source: Researcher's Computation 2018.

From table 7 above, remarks have been noted based on the following bounds. The Mcfadden R.Squared revealed approximately 90% which describes that 90% of the systematic variations in the dependent variable are explained by the independent variables leaving only 10% unexplained which is totally supportive. The LR statistics and probability of 78.95(0.04) confirmed that the explanatory power of the model is very strong as the independent variables has significantly explained the dependent variable. The z-statistics of this study shows that all the independent variables have a positive relationship with Higher Education Financing (HEF). Likewise, the probabilities as observed are less or equal to 0.05 therefore they entirely are significantly affecting HEF.

Conclusion / Recommendations

This study has empirically surveyed outsourcing as an alternative means of Higher Education Financing in Nigeria particularly in Nigerian universities. The implication is that while Nigerian Universities indulge in outsourcing services from external service providers care should be taken in selecting outsourcing vendors. The study unveiled that outsourcing services is sufficiently enough to generate revenue internally, increase competitive advantage, enhance liquidity and reduced expenditure on in-house services outsourced in both short and the long run. Based on the above findings, the study recommended that: Higher Education Institutions should involve in outsourcing services to enhance their Internally Generated Revenues (IGR) which would subsequently lead to smooth funding. Furthermore, government should formally include outsourcing as an integral strategy of Higher Education Financing pattern in Nigeria.

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