



## *Full Length Research*

# Leveraging University Resources for Increased Revenue

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*This article reviews how administrators and faculty are meeting the challenge to establish supplemental revenue streams from a variety of other resources. On the African continent the story is not different. In the advanced countries, financing of higher education is one of the most critical challenges facing colleges and universities in African countries today. Africa is not alone in this dilemma. Financing of university education in Ghana is particularly challenging. The problem has become even more acute by a growing confidence crisis that makes the government of Ghana less and less willing to subsidise university education as generously as was the case in the past. More fundamental changes will take longer to achieve but could eventually yield even greater gains in the quality of university education. Ghana, for example is increasingly becoming a hub for international students from Nigeria, Gabon and other countries and this is something universities need to tap into effectively for more income generation.*

**Key words:** Administrators, countries, African countries, Ghana.

## INTRODUCTION

Alstete (2014) was of the opinion that, achieving successful financial viability by broadening revenue sources is one of the most important issues facing colleges and universities today. Alstete (2014) continued and posited in more detail that, increasing operating costs, along with the reliance on traditional student tuition, government support, and philanthropy are challenging universities.

One way administration leaders and faculty are meeting this challenge is to establish supplemental revenue streams from a variety of other sources. Again as opined by Alstete (2014) these sources include-but not limited to- continuing education, credit and not credit certificates, degree completion and upgrade programmes, studying abroad, domestic and international branch campuses, distance education, auxiliary services, technology transfer and partnerships or alliances with other organisations (Alstete, 2014).

This long list of local and international activities which used to be considered as secondary issues in university administration and resourcing today constitute a formidably integral part of lasting and responsible financial strategic planning.

In his paper entitled “An innovative biotechnology start-up company approach: When entrepreneurs leverage university

resources,” Rod (2006) describes the author's involvement in the early experiences of a start-up biotechnology company created outside the university environment that got involved in resourcing universities. Rod (2006) continues to describe how two self-employed, entrepreneurial scientists, with no university affiliation developed commercialisable intellectual property that helped to resource the universities with which they were engaged. Rod (2006) continues to systematically explain and illustrate how outside the more common university technology commercialization process, there are a number of issues that are quite different from those a typical university start-up company might face. Rod (2006) narrates most importantly, the example of the case of how other non-university entrepreneurs might contemplate utilizing universities to further their technology commercialization objectives; that is contributing to the resources of the university from outside the university authority much to the advantage and benefit of their organisations.

In his article entitled “A university centre leverages resources and provides access,” Baus (2007) reviews the history and impact of a regional centre through which seven universities collaborate to serve the educational needs of a major

metropolitan area in upstate South Carolina. Baus (2007) recalls that, some marchers some of whom are young mothers with young children in to and others are young professionals seeking to fuel their careers with advanced study; some are middle-aged men and women with briefcases or books in hand and steady, serious looks on their faces. They all yearned to improve upon their university education. As Baus (2007) puts it, these folks are marching to higher education's drumbeat. But it all depended on leveraging resources to provide university education for them.

They eventually have access to higher education because higher education has come to them—not in the form of a traditional campus. The opportunity came as the concrete realization of community leaders' and educators' shared vision: no citizen of upstate South Carolina shall be denied appropriate, convenient, affordable access to higher education. As a result of ongoing leveraging of support, a partnership involving the member universities and community leaders with the South Carolina legislature, the dying McAlister Square Mall has been transformed into a vital university centre with programs of all descriptions offered morning, afternoon, and evening to these folks.

### **The Case of Ghana**

As a university administrator involved in college life of the Ghana Communication Technology University (GCTU), the author has first-hand knowledge of the severe financial pressures resulting from cuts in government support, resource scarcity, and uncertainty related to student numbers, to be concerned about university education financing in the country.

Financing of university education in Ghana is particularly challenging. The problem has become even more acute by a growing confidence crisis that makes the government of Ghana less and less willing to subsidise university education as generously as was the case in the past. What may be of more concern is whether the government should erect barriers to enablers to alternative sources of funding; where this is the case, it may be tantamount to the clipping of the universities' wings, for example, all too effectively in their financial independence. These financial challenges, which are much deeper than what macro-statistics indicate, have led to many changes in the financing and governance of university education in Ghana. Added to these challenges, appears to be what might be called a doctrinal problem.

### **Ghana's Structural Adjustment Programme**

Ghana's Structural Adjustment Programme (SAP) was begun in 1983 to reverse economic decline through resource mobilization, public sector and institutional reform, and market liberalization in order to promote growth. One consequence of this development has been substantial subvention cuts of funding to public universities, which, hitherto, had received full financial assistance from the government in the past.

Aramide (2003) argues that, by introducing the Structural

Adjustment Programme in Ghana, the IMF and World Bank have failed to fulfil their mandate in three separate ways: alleviate poverty, improve living conditions in Ghana, and promote economic growth by relieving indebtedness. Quoting from Saprin (2004) Aramide (2003) continued his argument by stating that, instead, Ghana is a poignant example of how powerful states have used the implementation of SAPs to maintain the interests of the capitalist system through the exploitation of the resources of the Global South including Ghana. Aramide (2003) concluded that ultimately, adjustment programs have had a negative impact on the human rights of Ghanaians

Aramide (2003) was of the opinion that the chief function of SAPs has been to maintain the interests of the world capitalist system in which multinational corporations can trade, invest and move capital across nations without hindrance from national governments. Aramide (2003) however, concludes that, in some ways, the adjustment programs in Ghana succeeded in effecting essential structural changes at the macroeconomic level; however, they did not improve the quality of life of Ghanaians at the micro level. Factors such as poverty, unemployment, and socio-economic disparities did not disappear during the adjustment era, and were even worsened due to the policies of the World Bank and the IMF

The State of Ghana, which up until now has borne most of the burden of higher education financing, has transferred a significant portion of the burden to users, i.e., students and parents, and to the private sector. Various strategies for financial diversification have been explored as well as different formulae for user-financing. Cost-sharing, one of the methods used, has provided the model for the financial dilemma. This model has meant that the government now focuses its financial responsibility on the payment of salaries, allowances, and benefits of teaching and non-teaching staff of public universities.

However, funds allocated to the universities, which are often delayed, are inadequate to cover the salaries of all categories of staff. Delays in the payment of subvention have forced some universities to contract loans from banks at high interest rates in order to pay staff salaries, but the government doesn't pay the accrued interest. One would argue that this may not be a wholly prudent move since the repayment of such loans are not guaranteed; be them tethered to students' fees or government grant.

The universities have adopted a method to engage in extensive Internally Generated Revenue (IGR) as supplemental funding. This revenue drive has expanded the work of the universities' staff, but it appears this effort does not yield any direct benefits to the staff. As a result this has reduced incentive for university teaching and other ancillary university related work. Some professionals would rather prefer to accept only temporary teaching at a higher cost to the universities, but the government subvention does not cover such temporary engagement costs.

The extensive IGR effort often shifts the universities' cost burden onto their students. Most of these students are funded

by their parents. One result of this has been a reduction in access to university education, especially able prospective students from poor economic family backgrounds. Another effect has been an increasing incidence of inequality in society. Research has revealed the following:

a) State policy directives are issued to restrict the IGR effort of the universities. At different times political authorities have made several efforts to categorize universities among revenue mobilization agencies. For instance, in the 2017 fiscal year, the government of Ghana issued directives, instructing universities to pay 34 percent of their IGR into the consolidated fund to finance government projects. This practice will serve as a barrier to the universities' revenue mobilization effort. (*See Business and Financial Times story—the bftonline/2018/01/18/govt—meets vcs-over 34-igf-eashas—ministry-ministry-halts-forms-increment. Read Otumfo's reaction to the Government's policy at KNUST 2018 (congregation).*)

b) The adverse impact of the state funding cuts and extensive IGR effort has led to an increase in student enrolment. This has resulted in larger class sizes with inadequate facilities, and dwindling resources, and in many cases teaching quality and learning has been affected. As Jean-Claude Eicher and Thierry Chavallier (*Higher Education in Europe, vo.27, NO.1-2, 2002, pp. 69-88*) observe, when more and more students are crowded in the same room, quality decreases. Student lecture halls are often overflowed. This situation creates a case for increase in public funding or to maintain quality in education.

c) Increase in quantity, i.e., the number of students while resources are dwindling could affect Ghana's national and global economic competitiveness if measures are not taken to reverse the trend.

d) Evidence suggests that employees complain that many graduates who work in their organizations are deficient in basic skills, such as writing, problem solving and critical thinking. These skills are among the most important goals of university education.

e) There appears to be a decline in the rigor of academic standards. However, some university authorities and educators tend to attribute most of these challenges to the poor preparation of students even before they enroll.

f) The severe challenges in university education are not going to disappear soon if new solutions are not found.

### Recommendations

The following broad recommendations are valid for problems of management and funding of university education in Ghana. Universities do not have to rely only on public subsidies and on student fees.

#### Financing by business

There is goodwill and recognition that business as a whole has a legitimate interest in university education. There is,

therefore, a business case for firms to bear part of the cost of university education. Though firms contribute to subsidize higher education or students through general taxation, firms can be induced to share the burden. Specific taxes in addition to the Ghana Education Trust Fund (GETFUND) can be earmarked for education. For instance, the French *taxe d'apprentissage* provides a model. Jean-Claude Eicher and Thierry Chavallier, explain in their article on *Rethinking the Financing of Post-Compulsory Education* (2021), that a payroll tax (5 percent) is waived if firms donate the same amount to freely chosen institutions of vocational and technical education, either directly or through business associations. Firms can contribute to the financing of education when they find that they can benefit from such a scheme by contracting with educational institutions for mutual benefit as stated by Rod (2006) discussed in this paper. For example, firms can arrange with institutions to provide On-the-job training to bring staff skills up to speed in a rapidly changing technological environment. Firms can also contribute to university education by providing opportunities for students to relate theory to practice during the period of study.

#### Continuing Education

Educational institutions can set up continuing education departments, financed by fees paid by firms for their trainees. This programme can be made attractive when the teaching staff can receive financial rewards on top of their statutory salaries. As Jean-Claude Eicher and Thierry Chavallier (2021) suggest the teaching staff can have an incentive to develop such departments “if part of the extra resources are likely to spill over to traditional teaching and research or if this type of work leads to the development of links with business, thereby facilitating in-firm placement and eventually jobs for their students.”

#### Research Services for Business

As Eicher and Chavallier (2021) suggest, “applied research bridges the gap between “pure” research and the production of goods and services.” They explain that this is directly linked to production processes and can be considered as a specific type of productive investment by firms and public organizations. They note that because training and applied research are intricately linked, firms and educational institutions can enter into mutually fruitful co-operation. Applied research, they argue, could generate extra resources if universities exploit their intellectual property rights by patenting or licensing to industry inventions made in their laboratories, and participating in technology transfer. Higher education institutions, they urge, should strive to turn their intellectual property rights into additional sources of finance.

The Volta River Authority has developed cooperation agreement with the Kwame Nkrumah University of Science and Technology (KNUST). This relationship was developed when Professor E. A. Jackson, Dean of the College of

Engineering, KNUST, spent a two-year sabbatical leave at the VRA and assisted in developing energy efficiency programmes to help electricity consumers save energy in a demand-side effort. As a result of this cooperation the VRA has built a hostel on KNUST campus to facilitate programmes which enable VRA engineering technicians with diplomas in engineering pursue engineering degrees at the university.

### *Income from Property, Industrial, or Financial Assets*

Endowment of schools and universities with land or property is one way of securing financial autonomy of institutions of higher learning. Some donors can make endowments for specific purposes, such as endowed chairs. Endowments could be turned into financial assets with a higher yield than property.

### *Setting up Foundations*

The universities can set up foundations to benefit from endowments. Universities could create various enterprises that are related to their teaching or research activities. These include consultancy firms, science parks, incubators, and joint ventures for developing university-produced inventions, service agencies for exploiting their unused facilities by organizing conferences, etc. This effort is discussed by Baus (2007) in his article.

### *Joint Ventures*

The universities could take advantage of their existing facilities and build new ones for national and international conferences and other events with state-of-the-art technology or team up with the private sector for public/private partnership ventures in estate management, sports and entertainment and other activities to improve on IRG effort.

### *Partnerships and Study Abroad with World Renowned Universities*

The colleges and universities need to reconfigure graduate programmes to better prepare students for Masters and PhD programmes by seeking partnerships with renowned universities which can commit their prestige to run graduate programmes and study abroad, and award degrees by such prestigious universities.

### *Philanthropists, Benefactors, and Sponsors*

Individual and business philanthropy can grow in an environment in a favourable tax system and “national tradition of solidarity in the local community.” These conditions are congenial for providing a sustained flow of resources in higher education institutions. As Eicher and Chevallier (2021) suggest, higher education institutions should be treated as tax-exempt foundations and charities and be allowed to receive tax deductible donations from firms as well as from individuals.

Each institution could appeal to one or to several constituencies, such as alumni, business sponsors, for projects it intends to finance from the proceeds of such donations. This recommendation, particularly that of philanthropism, is currently in existence at the Harvard Business School, Boston Massachusetts in the United States of America where alumni and huge business leave huge sums of monies for the University.

### *International Assistance*

The financial situation of a developing country such as Ghana requires that, in the short and middle term, the country will need assistance to maintain a minimum level of quality and accommodate demographic expansion. This point needs to be problematized and contextualized properly. Most of the students in advanced societies of Europe and North America, sponsor their education via student loans provided by the government or guaranteed by the government. In the United Kingdom for example, the government sponsors University Education for the disabled, men and women over forty years old, minority ethnicities and people whose first language is not English, via the government student finance system. Thus, it will be difficult for any advanced country to provide international money-aid to pay for the education of Ghanaian students in Ghana, when their own students are on loans that the students have to repay. Also, note that most of the schools in Canada, United States of America, and the United Kingdom now rely on foreign (international) students, who are charged twice or thrice the local fees, to subsidize their colleges and universities. Thus, we have a situation where rich people in the Ghana, Nigeria (mostly politicians) pay twice or thrice the Canadian fees to have their children educated in Canadian universities. The extra fee is used to subsidize the local Canadian students. Why do we in Ghana not improve the education system to reduce the flow of such monies from the country and other developing countries to the advanced societies?

### *Cutting costs or shifting to new operating methods*

The universities in Ghana could look at ways of using their resources more efficiently in order to increase or maintain their outputs. Looking for new resources is not the only solution.

### *Long Distance Education*

The universities could use the New Technologies of Information and Communication (NTIC) for teaching. These technologies enable students to receive high quality teaching without leaving their places of residence. Students can also choose to study according to their own schedule. These methods can contribute to lowering the cost of education. Distance learning can be an opportunity to shift financial burden on to students.



### ***Student Aid, Grants, and Loans***

Students may contribute to the financing of their own studies, especially at the undergraduate level, by taking advantage of student aid, grants, and loans. The universities may appeal to enterprising donors to consider grants to graduate schools or departments.

### ***Government's Demand for 34 percent of the IGR quieter***

For government's demand for 34 percent of Internally Generated Revenue (provide the source of this 34% figure), quieter forms of suasion seem more likely to produce the desired results of dissuading political authorities to refrain from the habit.

### **Conclusion and More Substantial Reforms**

More fundamental changes will take longer to achieve but could eventually yield even greater gains in the quality of university education. They include:

- i) Domestic and international branch campus (Ghana is increasingly becoming a hub for international students from Nigeria, Gabon and other African countries, and this is something universities need to tap into properly for more income generation. Ghanaian universities should improve their internationalization systems to recruit more international students who are often charged enhanced fees. The market certainly exists and creative minds need to be brought to bear on this to get the most from it.
- ii) Partnerships of alliances with other organizations.
- iii) Grants and Outsourcing.
- iv) Strategic Considerations for New Income.
- v) Strategic partnerships.

### **The Need for Further Research and Innovation**

There is an urgent need for more effective research and innovation to be carried out in order to improve the quality of university education, teaching and learning. There is also the need for more innovation to tap into areas of potential financial resources to improve the financial sustainability of the universities.

There is also the need for a new understanding to reduce the risk of inadvertently eliminating valuable aspects of university education resourcing and funding in the attempt to find quicker and cheaper ways of preparing students for the world of work-diversify of the sentences: they are all of the same pattern and that is not effective as a writing style.

There are no final solutions to the problem of financing higher education. Universities need to look for new sources of innovation that could give fresh ideas of financing. Universities can and should be managed as businesses.

### **Conflict of interest**

The author has none to declare

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