

**INTERNALLY GENERATED REVENUE (IGR) AND EFFECTIVENESS OF
POLYTECHNIC ADMINISTRATION: FOCUS ON AKANU IBIAM FEDERAL
POLYTECHNIC, UNWANA**

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ABSTRACT

The study focused on the identification of the sources and utilization of Internally Generated Revenue (IGR) by Nigerian Polytechnics with special reference to Akanu Ibiam Federal Polytechnic, Unwana. The population of the study consisted of 60 members of staff of the Polytechnic drawn from the core Management Team and staff of the Bursary Department of the school. Descriptive statistics and chi-square (χ^2) statistical summarization technique were used to analyze the research questions and hypotheses formulated for the study. The analysis revealed that commercial ventures, alumni fees and rates constituted the major sources of Internally Generated Revenue to the Polytechnic. The proceeds help in the maintenance of facilities and provision of energy for generating plants. It was equally found that Internally Generated Revenue of the Polytechnic has not been fully developed to provide at least 10% of the fund required for the overall administration of the school as advised by the Federal Government of Nigeria. The study recommends that a transformative, accountable and creative leadership be maintained with a view to solidify their revenue base for effective administration.

Keywords: Administration, Allocations, Economy, Effective Management, Internally Generated Revenue, Resource Utilization and Tertiary Education

INTRODUCTION

The world over, education has remained the oldest institution by which the society is transformed, thus, there is a high expectation that schools should be effectively managed if the underlying objectives of formal education must be achieved. Three layers of education have been identified in Nigeria to include primary, secondary and tertiary education. Worldwide, the expectation is higher at the tertiary level of education.

In Nigeria, colleges of education/technology, monotronics, polytechnics and universities make up tertiary institutions of learning. It is at this level of education that high level quality manpower both for its educating functions and meeting the needs of the society for effective growth and development of every sector of the economy is expected.

Idialu and Idialu (2012) opined that apart from the human resources, among the several factors which contribute to the achievement of the goals and objectives, adequacy of funding has been identified as possibly the most crucial in maintaining and improving the quality of education. The financial challenge facing tertiary education in general and polytechnic administration in particular, is gross underfunding which could be linked to over reliance on governments for funds by the polytechnic managers (Erhagbe, 2014). There is no doubt to say that the current state of the economy has aggravated the menace of paucity of fund. Indeed, the system is confronted with untold inadequacy of infrastructure, learning facilities and poor libraries which have remained a clog in the wheel of polytechnic administration in Nigeria. It is no exaggeration to say that some students may graduate from some of our polytechnics without operating a computer because there are no enough computer sets and where they exist, there are more or less dysfunctional.

The above scenario has brought about several demonstrations either by the student government of schools or staff against the school management. The Federal Government of Nigeria (2012), disturbed about the incessant complaints of poor funding of public institutions of learning advised the managers of tertiary institutions to explore various ways of generating ten percent (10%) of the expected revenue from within and outside their institution towards solving their finance related problems rather than depend almost entirely on subsidizations by governments. This advice brought about the formalization of Internally Generated Revenue (IGR). Most Federal and State Polytechnics, for instance, have devised means of generating extra or additional revenue towards solving their problems. In Akanu Ibiam Federal Polytechnic, Unwana, evidence abound of such revenue drive with business permits / rates and commercial ventures being the most obvious.

It is worthy of note to state that the cost of defect in Polytechnic Management does not only affect the staff and management of the school but ultimately borne by the students who are exposed to the vagaries of poor educational environment. This piece of work is rather a birds eye view of “Internally Generated Revenue and effectiveness of Polytechnic Administration in Nigeria with special reference to Akanu Ibiam Federal Polytechnic Unwana.

Statement of the Problem

Interestingly, scholarly works abound on how to improve education in Nigeria by providing high quality human resources, state of the art facilities for teaching and research and sufficient infrastructure. Undoubtedly, the financial challenge facing education in Nigeria, especially polytechnic education, has not received appropriate attention by the federal government. If the underlying idea of economic science – effective and efficient use of scarce resources should be recalled, one would appreciate the place of “resourcefulness” in school management. Since the Federal Allocation to the educational sector is often less than the 26% benchmark recommended by UNESCO as annual budgetary allocation on education, it becomes lucid that poor funding is the major problem facing polytechnic education in Nigeria. Therefore, it becomes expedient to find out if there is any relationship between IGR and effectiveness of Polytechnic Administration in Nigeria with focus on Akanu Ibiam Federal Polytechnic Unwana.

Purpose of the Study

The main purpose of the study is to find out if there is any relationship existing between IGR and effective administration of Nigerian Polytechnics. The study also intends to examine the current sources of IGR to Polytechnics and how such funds are utilized towards the achievement of the goals and objectives of polytechnic education though with reference to Akanu Ibiam Federal Polytechnic Unwana.

Research Questions

The study is guided by the following research questions:

- (i) What are the common sources of Internally Generated Revenue to Akanu Ibiam Federal Polytechnic Unwana?
- (ii) How does the Polytechnic management utilize the Internally Generated Revenue?
- (iii) Is there any relationship between Internally Generated Revenue and effectiveness of Polytechnic Administration in Nigeria?

Research Hypothesis

Research question 3 was hypothesized.

Ho: There is no significant relationship between Internally Generated Revenue and effectiveness of Polytechnic Administration in Nigeria.

Hi: This is a significant relationship between Internally Generated Revenue and effectiveness of Polytechnic Administration in Nigeria.

2.0 Review of Related Literature

Internally Generated Revenue means a lot of things to different classes of people – institutions, parastatalas, state governments, communities, non-profit organisations etc.

However, there is a single idea that unifies the several views held about Internally Generated Revenue – extra fund generated outside allocations from parent authorities.

Internally Generated Revenue (IGR) may be in the form of Education Counterpart Funding Scheme (ECFS) which serves to fund the polytechnic system apart from the statutory grant that is received from the Government.

Erhagbe (2014), states that Internally Generated Revenue (IGR) is the creation of “tangible” and “intangible” funds within the confines of one’s entity. It is a combination of all non-governmental monetary accruals to the institution and may involve diverse strategies.

Wangenge-Ouma and Cloete (2008) and Okojie (2013) have observed that some tertiary institutions have done reasonably well in their drive for substantial Internally Generated revenue and have used it to positively change the landscape of the institutions while some were yet to catch up with the vision.

In 2010, the management of United Nations Educational, Scientific and Cultural Organization (UNESCO) evaluated the participation of the central government of nations in the education of their people and observed with dismay that 88% of African countries allocate less than 10% of their annual budgets on education. This observation made countries like Ghana, Cote d’Ivoire and Uganda increase their annual budgetary allocation on education. UNESCO (2010) recommended a benchmark of 26% of the annual budgetary allocation on education.

Education is the supreme instrument for national development, socio-economic, scientific and technological advancement. Nigeria has laudable constitutional provision mandating the government to finance education but has never allocated up to 20% of its annual budget to the sector since 1960. Records from the Central Bank of Nigeria (2012) shows that the highest annual budget allocation to the education sector was 17.59% and this was in 1997. Every other allocation made to the sector from 1960 to 2013 had been below 14%. The above result reveals that on the average Nigeria spent 5.7% yearly from 1960 to 2013 on education.

Table 1: 2015 Appropriation Act on Federal Polytechnics in Nigeria

S/N	Federal Polytechnics	Total Allocation (₦)
1.	Federal Polytechnic Ado-Ekiti	3,215,575,679
2.	Federal Polytechnic Bauchi	2,691,616,011
3.	Federal Polytechnic Bida	3,206,308,378
4.	Federal Polytechnic Idah	2,556,061,750
5.	Federal Polytechnic Kaura-Namoda	2,797,625,390
6.	Federal Polytechnic Mubi	3,799,761,006
7.	Federal Polytechnic Nasarawa	2,541,616,807
8.	Federal Polytechnic Unwana-Afikpo	3,977,297,172
9.	Federal Polytechnic Kaduna	7,668,936,272
10.	Federal Polytechnic Offa	3,023,300,612
11.	Federal Polytechnic Ede	2,219,323,691
12.	Federal Polytechnic Auchi	4,200,235,206
13.	Federal Polytechnic Nekede	3,402,241,571

14.	Federal Polytechnic Oko	5,006,151,434
15.	Federal Polytechnic Damaturu	1,069,189,027
16.	Federal Polytechnic Hussaini Adamu	887,836,415
17.	Federal Polytechnic Gwandu	2,816,553,235
18.	Federal Polytechnic Ilaro	2,047,954,053
19.	Yaba College of Technology	4,781,279,733
20.	Federal Polytechnic Bali	632,357,357
21.	Federal Polytechnic Ekowe	1,082,956,828
22.	Federal Polytechnic Bonny	362,027,390
23.	Federal Polytechnic Ukana	273,499,184

Source: Federal Government of Nigeria (Appropriation Act) 2015.

Table 1 reveals the allocations given to Federal Polytechnics in Nigeria in 2015. Akanu Ibiam Federal Polytechnic Unwana received ₦3,977,297,172.00, ₦3,820,475,126.00, ₦66,333,514.00, ₦3,886,806,640.00 and ₦90,488,532.00 were meant for personnel, overhead, recurrent and capital expenditures. Unfortunately, the Ministry of Education could not provide such funds resulting from the economic depression. The hope once raised were dashed midway. This experience plunged the institution into unbearable financial crisis that affected staff welfare and other school projects. Such experience spurred the management of the polytechnic in seeking ways to solve peculiar problems, hence, the development of means for Internally Generated Revenue.

Nigeria's education sector has again been allocated much lower than the 26 percent of national budget recommended by the United Nations.

The global organisation recommended the budgetary benchmark to enable nations adequately cater for rising education demands. But in the proposal presented to the National Assembly, President Muhammadu Buhari allocated only 7.04% of the 8.6 trillion 2018 budget to the education. The total sum allocated to the sector is ₦605.8 billion, with ₦435.1 billion for recurrent expenditure, ₦61.73 billion for capital expenditure and ₦109.06 billion for the Universal Basic Education Commission. The allocation is lower than the 7.4 percent the government gave the education sector in the previous year.

From the above, the various management of the federal Polytechnics are expected to devise appropriate means of generating extra funds to enable them meet the goals and objectives of the polytechnic education. It is noteworthy to say that the location, population and the nature of surrounding environment should be considered in devising the source(s) of Internally Generated Revenue to the institution.

Babalola (2016) observed that schools in urban areas generate more revenue from internal sources and by extension incur more expenditure than rural schools. This shows that fiscal capacity and viability differ between urban and rural polytechnics in Nigeria.

This study is hinged on the theory of transformational leadership which asserts that the focus of leadership ought to be the commitment to organizational goals and objectives as well as greater capacity for accomplishing those goals and therefore greater productivity (Leithwood, 1994). It is also expressed as a process of interaction between a leader and the followers in such a way that it leads to positive transformation of the organization.

Methodology

The study used the descriptive survey design. The population of the study comprises sixty (60) members of staff from Akanu Ibiam Federal Polytechnic drawn from the core management team and staff from the Bursary Department. Since the target population was relatively small, no sampling was carried out.

The instrument used for the study was a structured questionnaire titled “Internally Generated Revenue Management Questionnaire (IGRMQ)”. The instrument was made up of three parts:

Part 1 sought information on the major sources of internally generated revenue.

Part 2 sought information on the uses of internally generated revenue.

Part 3 gathered information on the relationship between internally generated revenue and effective management and development of polytechnics.

Validity

A draft of the research instrument was presented to some experienced polytechnic administrators in the school. They made useful corrections and suggestions which were carefully effected to give the content and face validity of the instrument.

A prior study was carried out to ascertain the level of reliability of the research instrument. The internal consistency index using a Cronbach Alpha test was thus computed and established at 0.76. This was considered reliable enough for the study.

Analysis of Data

Descriptive and parametric statistics were used to analyse the data collected for the study while the mean (\bar{x}) was used to analyse data collected for research questions. The criterion mean is 2.50. Any variable that receives mean score of 2.50 is accepted or vice versa.

Results

Mean result of data analyzed are presented in the tables below:

Table 3 Mean Analysis of the Sources of Internally Generated Revenue

S/N	Variables	SA (4)	A (3)	D (2)	SD (1)	Mean (x)	Decision
1.	Business permits and rates	51	9	0	0	3.85	Accepted
2.	Commercial ventures	42	16	2	0	3.67	Accepted
3.	ICT Center proceeds	34	21	5	0	3.45	Accepted
4.	Research and Consultant Services	0	0	58	2	1.97	Rejected
5.	Manufacturing and processing	0	0	55	5	1.92	Rejected
6.	Aluminum and Endowment Funds	0	0	2	58	1.03	Rejected
7.	Assistance from Polytechnic Friends	0	0	0	60	1.00	Rejected

Table 3 shows that the mean scores and sources of Internally Generated Revenue were: business permits and rates (3.85); commercial ventures (3.67); ICT Centre proceeds (3.48); research and consultant services (1.97); manufacturing and processing (1.92); aluminus and endowment funds (1.03) and assistance from polytechnic friends (1.00).

Table 4 Utilization of IGR by the Polytechnic Management

S/N	Variables	SA (4)	A (3)	D (2)	SD (1)	Mean (x)	Decision
8.	Research development	0	0	53	7	1.88	Rejected
9.	Staff training and development	0	0	28	32	1.47	Rejected
10.	Student Welfare	45	13	2	0	3.72	Accepted
11.	Staff Welfare	0	0	11	49	1.18	Rejected
1.2.	Capital projects	0	0	0	60	1.00	Rejected
13.	Payment of salaries	0	0	0	60	1.00	Rejected
14.	Maintenance of facilities	39	16	5	0	3.57	Accepted
15.	Furnishing of offices	32	18	0	0	3.03	Accepted
16.	Beautification of premises	4	6	28	22	1.87	Rejected
17.	Equipping of library	0	2	6	52	3.70	Accepted
18.	Energy and water generation	43	16	1	0	3.67	Accepted

Table 4 shows that the mean scores of the uses of Internally Generated Revenue for items of research development (1.88), staff training and development (1.47), student welfare (3.72), staff welfare (1.18), capital projects (1.00), payment of salaries (1.00), maintenance of facilities (3.57), furnishing of offices (3.03), beautification of premises (1.87), equipping of library (3.70) and energy and water generation (3.67).

Table 5 Relationship between IGR and Effectiveness of Polytechnic Administration

S/N	Variables	SA (4)	A (3)	D (2)	SD (1)	Mean (x)	Decision
19.	IGR complements Federal Government Allocation to the Polytechnic	28	30	2	0	3.40	Accepted
20.	Polytechnic management respond to emergencies with IGR	33	14	10	3	2.90	Accepted

Table 5 reveals that the mean scores on the relationship between internally generated revenue and effective polytechnic administration were: Internally Generated Revenue complements Federal Government Allocation to the Polytechnic (3.40) and Polytechnic

Management respond to emergencies with Internally Generated Revenue (2.90). The hypothesis was tested using the chi-square (χ^2) summarization technique. Values of table 5 were used to test the hypothesis. The test statistic is 0.01 while the critical value is 3.841 at d.f = 1 and level of significance of 5%. Comparing the test statistic with the critical value: $0.01 < 3.841$, we reject the null hypothesis and accept the alternative hypothesis. We therefore, conclude that a significant relationship exists between IGR and effective Polytechnic administration

Discussion

The above analysis attests to the sources and utilization of Internally Generated Revenue as well as the relationship between Internally Generated Revenue and effective polytechnic administration.

Table 3 reveals that commercial ventures such as table water business, poultry and fish farming are the major sources of Internally Generated Revenue to the Polytechnic. Others include business permits and rates and ICT Center proceeds. The ICT centre proceeds include fees paid by students in the course of processing their admission or uploading of personal data.

Table 4 reveals that the common uses of Internally Generated Revenue are student welfare development, maintenance of facilities, furnishing of offices, energy and water generation. Research development, staff training, staff welfare, payment of salaries, beautification of premises and equipping of library receive little or no attention.

Table 5 shows that Internally Generated Revenue if adequately generated and effectively utilized, can complement Federal Government Allocations to the school. The Polytechnic management can also respond to emergencies with Internally Generated revenue.

Conclusion

The result shows that a large majority of the Polytechnic Staff are of the opinion that Internally Generated Revenue will reduce the problem of underfunding and over reliance on government for funds the scarcity of which has remained a clog in the wheels of effective management of Polytechnic education in Nigeria. It also shows that Internally Generated Revenue if properly executed will ensure positive transformative changes with a propensity for more progress. Therefore, based on the findings of this study, it can be concluded that commercial ventures were the major sources of IGR. The consequences of Internally Generated Revenue in effective administration amidst scarce and dwindling resources (finance) on varied educational transactions are highlighted in table 2 and conclude with a review of the implications of the inherent trends for Polytechnic management. In fact, there is a significant relationship between Internally Generated Revenue and Polytechnic administration in Nigeria.

Recommendations

The above findings reveal the significance of Internally Generated revenue in polytechnic management considering current challenges associated with under funding by the Federal

Government. Based on the above premise, the following recommendations are therefore made:

1. The polytechnic management should study the economic and political peculiarities of the area where the school is located and develop business activities that will have a competitive edge. In this way, the polytechnic management can provide basic facilities that would encourage learning than rely on the Government at all times.
2. The polytechnic management should as a matter of urgency introduce other academic programmes like vocational studies, adult education, research and development programmes, etc, within and outside the school. This would help the school increase its Internally Generated Revenue base in no time. The ongoing Remedial and Basic Studies programme should be regularly advertised and expanded to accommodate more examination bodies of that level.
3. The funds which are generated internally by the polytechnic need to be managed judiciously to achieve a holistic development of the polytechnic.
4. In the management of such funds a major problems is finding the ability to manage them effectively. This may be achieved either by appointing a special committee to run the yielding enterprises under the auspices of the Rector and members of the Governing Council or incorporating a Limited Liability Company to administer such Internally Generated Revenue.
5. The concept of return on investment based on performance should be employed by the management in order to identify the sources that might need expansion. The Polytechnic management could as an alternative to (5) above create an Internally Generated Revenue coordination centre.
6. There may be need for the polytechnic managers to engage the services of internal and external auditors to ensure that the accounts presented by those that handle the various commercial ventures reflect the true positions of the business transactions.

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