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MAINTAINING FINANCIAL SUSTAINABILITY THROUGH INNOVATIVE FINANCIAL RESOURCE MOBILISATION IN HIGHER EDUCATION

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ABSTRACT

Higher education institutions face an ever-evolving landscape where traditional funding sources are often insufficient to meet the growing demands for quality education, infrastructure, and research. In response, innovative funding models have emerged, redefining the way universities secure financial stability. This article explores the dynamic intersection of innovative funding models and financial sustainability in higher education, supported by insights from credible sources that shed light on the importance and impact of these approaches. The researcher used desktop research to collect relevant data.

KEYWORDS

Financial sustainability, resource mobilisation, higher education, innovative, traditional funding.

Introduction

The severities of the monetary challenges that bedevilled the institutions varied throughout the world. The Sub-Saharan African nations suffered the most (Chinyoka & Mutambara, 2020). Efforts to bridge the financing gap through innovative mobilisation of financial resources had not been successful in increasing the financial sustainability of most of the universities worldwide.

Empirical research showed that the University of Hertfordshire embarked on financial resource mobilisation projects that registered a 115% revenue generation increase to £30.5 million in 5 years from a commercial business project thereby registering a 15% increase in public funding during the same period (Andalo, 2011). American universities hiked tuition fees to maintain financial sustainability in the wake of cuts in state financial support (Mitchell, Palacios & Leachman et al., 2014; Piché, 2015; and Zhang, Kang & Barnes, 2016) (Table 1.8).

Methodology

The study employed the desk research method. According to Cresswell (2019), desk research is a type of research that is based on the material published in reports and similar documents that are available in public libraries, websites, data obtained from surveys already carried out, etc. Some organizations also store data that can be used for research purposes. It is a research method that involves the use of existing data. These are collected and summarized to increase the overall effectiveness of the investigation. Secondary research is much more cost-effective than primary research, as it uses existing data, unlike primary research, in which data is collected first-hand by organizations, companies, or may employ a third party to obtain the data in your name.

Strategies to Maintain the Financial Sustainability of Higher education institutions

There are various strategies that institutions of higher learning can use to maintain financial sustainability. The paragraphs that follow, articulate some of these strategies used in some countries.

Table 1: Strategies to Maintain the Financial Sustainability of USA's Public Universities

Country	Fiscal year	Mitigation measure			
		Tuition fees hike	Percent hike	Amount hiked	Tuition fees revenue
Four-year public universities	2007/8	Tuition fees hike	28	$1.936	-
Arizona	2014	Tuition fees hike	80	-	-
Florida	2014	Tuition fees hike	Over 66	-	-
Georgia	2014	Tuition fees hike	Over 6-6	-	-
Canada	1994	Tuition fees hike	-	-	Over $670 million
	2010	Tuition fees hike	-	-	$2.8 billion

Source: Author illustration based on Mitchell, Palacios and Leachman et al. (2014), Piché, 2015, and Zhang, Kang and Barnes (2016).

According to Table 1.8, since the 2000 economic recession, United States of American HEIs have raised tuition prices to keep afloat in the face of diminishing state financing and growing costs (Zhang, Kang, & Barnes, 2016). By the year 2014, public colleges raised instructional fees by $1,936, or 28%. The increase was greater in Arizona (over 80%) and Florida and Georgia (over 66%) (Mitchell, Palacios, & Leachman et al., 2014; Zhang, Kang, & Barnes, 2016). Tuition fees have been a substantial income stream for Canadian institutions (Zhang, Kang, & Barnes, 2016). For example, higher education institutions in Canada got $2.8 billion in 2010 compared to over $670 million in 1994 ascribed to enrolment increase and other factors. In Rwanda, the Kigali Institute of Science and

Technology (KIST) began revenue-producing programmes such as providing internet services and Information Technology (IT) solutions to the general public, generating 35% of internal revenue in 2002 (Butare, 2004). Similarly, the National University of Rwanda (NUR) established a radio station, rented out premises, and provided consulting services for income production (National University of Rwanda).

In Zimbabwe, state universities attempted to create their own revenue, but the revenue was insufficient to ensure their financial survival. According to empirical study, Zimbabwe's universities continued to rely on government subsidies of up to 80% for capital and recurrent expenses, with fees accounting for 15% and other sources accounting for 5% (Madzimure, 2016). According to an MHTESTED and World Bank (2020) study, own-source income contributed for 4 to 15% of Zimbabwe's total revenue. According to Figure 1.3, in 2018, HIT made the most revenue.

Own Source Revenues as Share of Total Revenue at the Institutional Level in Zimbabwe's Public Universities, 2018

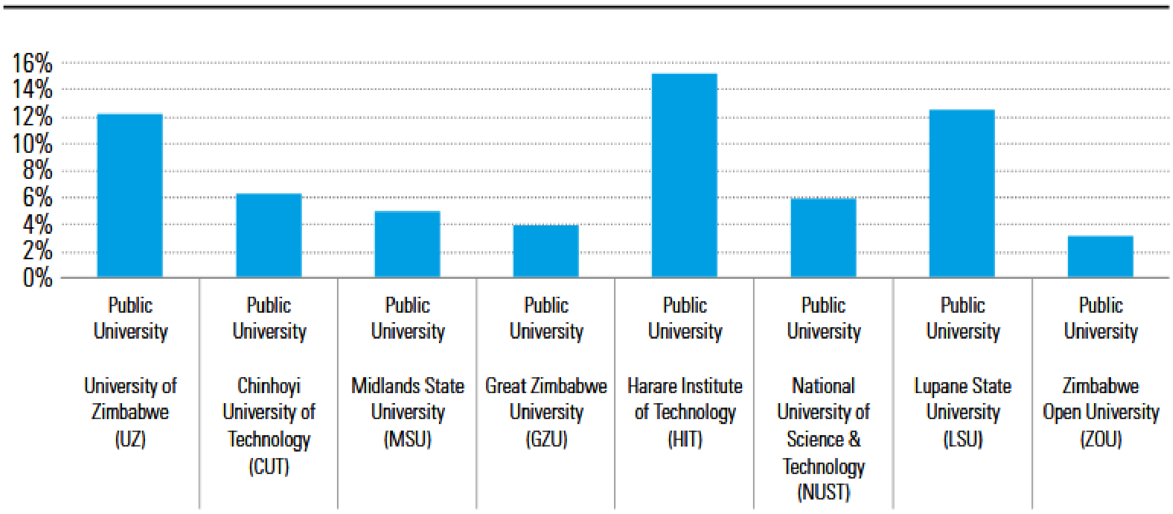
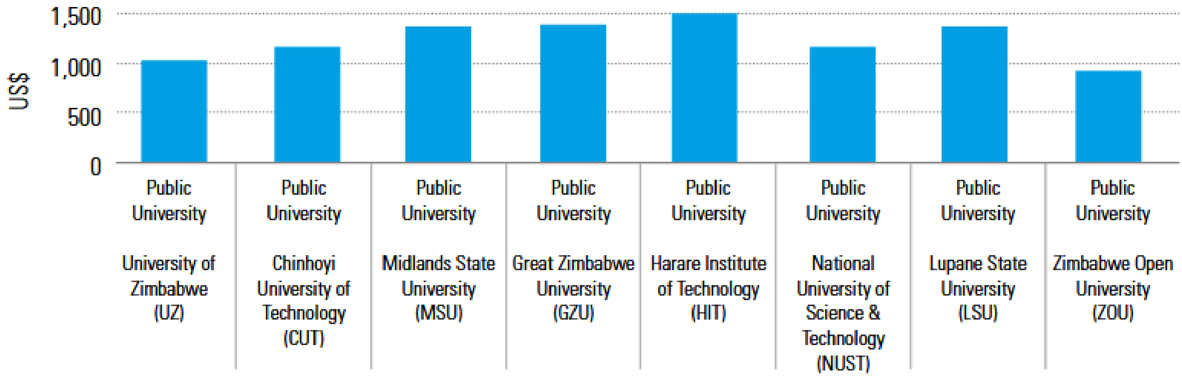


Figure 1: Own Source Revenue as a Share of Total Revenue, 2018
Source: World Bank Survey (2018)

However, it was reported that most institutions did not provide a comprehensive breakdown of their income sources (MHTESTED & World Bank, 2020).

A World Bank Survey (2018) showed that public universities of Zimbabwe collected substantial revenue from tuition fees. Public transfers only were inadequate to fund the operations of Zimbabwean universities. Public university tuition fees averaging US$1,000 to US$1,500 per student were recorded (Figure 1.4).



Source: 2018 World Bank Survey

Note: The amount of annual income from tuition fees in 2018 was divided by the total enrollment of each corresponding institution in the most recent year for which data is available.

Figure 2: Annual Tuition Revenue per Student among Public Universities, 2018
Source: World Bank Survey (2018) and MHTESTED and World Bank (2020)

Through research, a variety of hurdles to income production in Zimbabwe's public universities were identified. According to Chinyoka and Mutambara (2020), the primary hurdles to income production in Zimbabwe's public universities were legal, macroeconomic and political circumstances, and decline in state funding.

A review of empirical studies found that universities' failure to maintain financial sustainability through innovative financial resource mobilisation has disastrous effects for the institutions' operations. The acquisition of library volumes and basic laboratory equipment has been restricted, while new posts have been stopped and research grants have been reduced (Akintoye, 2008). According to Johnstone and Marcucci (2007), insufficient funding caused lack of lecture theatre space for students, demoralised academic staff, little time and support for faculty research, and a reduction in learning, teaching, and research output. According to Bok (2017), failure to match appropriations with enrolment increase reduced instructional time and reduced graduation rates.

Failure to preserve financial sustainability of universities in Africa resulted in inadequate facilities, obsolete pedagogies, low levels of scholarly productivity, and low levels of global competitiveness in higher education (Nganga, 2021). Many African higher schools generated mediocre graduates who were unsuitable for employment (Nganga, 2021). Funding issues resulted in the cancellation of capital and research projects, as well as a general reduction in the quality of instruction, research, efficiency, and productivity at Nigerian institutions (Adeniyi, 2008; Bamiro & Adedeji, 2010; Ogbogu, 2011). In South Sudan, significant underfunding resulted in brain drain, a lack of basic infrastructure such as lecture halls, libraries, laboratories, internet connectivity, and office space for teaching staff in public universities (Akec, 2017).

Financial control, financial planning, financial monitoring and evaluation have been linked with financial sustainability in related studies (Chelangat, 2018) but there were contextual and conceptual gaps. The study was customised to the Kenyan non-governmental organisations and was centred on the relationship between accountability and financial sustainability. This was in contrast to the thrust of the present study which needed to examine the relationship between financial resource mobilisation and financial sustainability of Zimbabwe's public universities. In addition, the present study linked financial sustainability with six independent variables, namely, strategic planning, organisational structure, cost management, financial administration, institutional support, and own income generation. This was done to get a comprehensive picture of the effect of financial resource mobilisation on financial sustainability.

Financial sustainability has also been linked with organisational structure (Aldemir & Uysal, 2018) but the study had a contextual gap in that it was tailor-made for the Turkish local government sector and might not apply to the Zimbabwean public higher education sector. Similar studies attempted to link financial sustainability with financial practices (Munyao, 2018; Imhanzenobe, 2020). It was established that the financial practices which impacted on financial sustainability could be measured through short-term profitability, efficiency, liquidity and solvency (Imhanzenobe, 2020). However, the studies had contextual gaps as they were tailor made for manufacturing companies in Nigeria and not public universities in Zimbabwe.

Other researchers linked financial resource mobilisation with other variables apart from financial sustainability (Awour, 2015). For example, Awuor (2015) linked financial resource mobilisation strategies with internal efficiency in public secondary schools in Kenya. However, there was a contextual and a conceptual gap in that it was not tailor made for the Zimbabwean public higher education situation. Additionally, it was centred on the relationship between financial resource mobilisation and internal efficiency and not financial sustainability as required by the current study. In this study, the researcher was motivated to carry out this study by the need actively participate in addressing financial sustainability challenges which were faced by public universities of Zimbabwe. The researcher wanted to arrive at a time when the public universities were able to function as going concerns while fulfilling their obligations to society as pillars of socio-economic development through human capital development, innovation and industrialisation. The researcher wanted to peddle the innovative financial resource mobilisation doctrine to avert the scenario whereby universities are forced to close to financial sustainability issues. Works by writers such as Manyukwe (2008) showed that public universities had launched revenue-generating projects in a bid to supplement the diminishing funds which were being provided by the government. The launch was attributed to a recommendation by the parliamentarians in their 2008 fourth report on the state university operations which suggested that 'third stream' projects be launched at all state universities. The researcher expected the universities to embark on lucrative financial resource mobilisation projects which are well managed to ensure profitability and sustainability. Furthermore, the researcher expected the public universities of Zimbabwe to operate more as investment centres rather than cost centres which relied heavily on the overburden government for support. Working towards attaining financial sustainability through embarking on innovative financial resource mobilisation would be a safety net in the event of an economic meltdown which might result in massive cuts in government support because the universities would resort to alternative revenue streams.

It is vital to note, from a conceptual viewpoint, that financial sustainability was one of the matters deliberated in terms of budgetary shortfalls. The concept of financial sustainability was currently being deliberated with the aid of a well-developed analytical framework with reference to non-profit-making enterprises and has become progressively visible (Qiao, 2013; Aldemir & Uysal, 2019). This visibility, with respect to public universities, required that financial sustainability be addressed together with innovative financial sustainability. It was prudent to appreciate the dynamics between financial sustainability and financial resource mobilisation as well as what could be done to maintain financial sustainability in the public universities of Zimbabwe. There was dearth of studies conducted on financial sustainability in the public universities of Zimbabwe and the few that existed tended to have limited descriptive and explanatory determinant factors. The researcher also believed that the few studies which focused on financial sustainability did not emphatically address the key factors deemed to be determinants of financial sustainability. The studies also failed to articulately consider and were silent on the direction of significant dependent and independent variables. Additionally, there was dearth of studies which addressed the link between innovative financial resource mobilisation and financial sustainability in the public universities of Zimbabwe. The bulk of the studies tended to focus on primary and secondary schools while others were centred on non-governmental organisations. Therefore, this study was premised on the foregoing requirements. It sought to fill the gap by linking six aspects of financial resource mobilisation with financial sustainability. The rationale was to describe, explain the variables in the context of financial sustainability and to determine the strength and direction of the relationship between the six independent variables (of strategic planning, organisational structure, financial administration, cost management, institutional support, and own income generation), and the dependent variable of financial sustainability in the public universities sector. The present study sought to make an empirical thrust backed by hypothesis testing, correlational analysis (Pearson), and multiple regression analysis to achieve the research goal.

Conclusion

From the foregoing discussion, it emerged that financial sustainability of higher education institutions was a global problem which warranted urgent attention to ensure the maintenance of academic excellence and financial viability. However, no generally accepted model exists in literature to measure the financial sustainability of public universities in Zimbabwe. This is attributed to three reasons. Firstly, the definitions of financial sustainability are the early stages of development and application in the public educational institutions of higher learning. Secondly, though the public universities of Zimbabwe are highly centralized, the concept of financial sustainability is difficult to apply therein because the economic, financial, institutional environments, organisational structures, and mandates are different, although the universities are presumed to be governed by the common doctrine of Education 5.0 which encompasses, teaching and learning, research, community service, innovation and industrialisation. Additionally, the institutional mandates as enshrined in the respective governing university Acts, are different for each institution. The differences hamper quick and simple observations about the aspects of financial and organisational structures which make some public universities more sustainable than others. In addition, the data from different sources are difficult to merge. Furthermore, the data, particularly financial data pertaining to these state-controlled entities are still treated with strict confidence and are not readily divulged to third parties. In other words, they are still not readily available for public consumptions although these entities are subject to accountability to the public. Specifically, these institutions are not at liberty to publish to the public, their financial statements which are deemed security items. The public universities tend to be financed by the government grant which caters staff salaries, and in some cases, they receive financial support towards capital expenditure.

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