



## ANALYSIS OF INTERNALLY GENERATED REVENUE AND INFRASTRUCTURAL DEVELOPMENT OF PUBLIC UNIVERSITIES IN ONDO STATE, NIGERIA

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### Abstract

The government which statutorily bears the costs of public universities in the country now faces tight budget constraints, hence, the diversification of income streams is a very complex process. The study populations are the principal officers in the management and administrative cadre of the Universities in Ondo State. Purposive random sampling method was used to pick the two oldest universities out of the three public Universities in Ondo State. A total number of fifty (50) management staff was used. An inventory tagged 'Inventory on Internally Generated Revenue in Ondo State Public Universities (IIGROSPU)' was used to gather data. Two research questions were raised and one hypothesis tested. Centre for Diploma and Pre- Degree Studies got the highest percentage (49.04%) in AAUA and (44.23%) in FUTA of the total IGR obtained on average for the ten years under consideration. A negative and significant relationship between Internally Generated Revenue and Amount Spent on Infrastructural in public universities in Ondo State in the study period. ( $r = -.038$ ,  $P < 0.05$ ). The study concludes that, each university management should create an IGR coordination centre and university managements should make attractive the profit sharing formula between the central administration and the departments where IGR is generated.

**Keywords:** *Underfunding, tight public budgets, Equity Issuance, African political economy, Education Tax Fund*

### Introduction

Cost of university education is changing all over the world because human frontiers of knowledge and skills are expanding. As a result of the changes, providers of education review the educational needs and funding pattern intermittently. However, public funding for universities and higher institutions in general is decreasing compared to the huge costs requirements. At the same time, competition between universities is increasing and they become more commercially orientated. One of the problems now facing education in Nigeria is the problem of underfunding. This is not surprising considering the fact that in the recent times, government revenue has reduced sharply, while the national economy itself is in total chaos. The government which statutorily bears the costs of public universities in the country now faces tight budget constraints due to the collapse of the oil market and the need to meet heavy and raising debt service obligation. This is also highlighted by Oyetakin, and Adeosun, (2014) and Abdu (2003) on how the rising costs of education calls for additional fund to the proprietor.

Every institution needs to define its own strategy for altering its income sources apart from public funding. Several options such as cooperating with industry for funding are available, and universities are required to prove that their research has an impact outside their institution and that it is of interest for industry. Both the University's research status and reputation is more and more dependent on research commercialisation. Therefore, it is ever more important to ensure its success in order to attract students, researchers, private companies and external partners – who in turn contribute to the institution's overall income generation themselves again. Furthermore, universities, faculties and institutes act in their own interest when increasing knowledge and technology income as they assure a high quality their research and raise their own budgets.

In times of financial crisis and tight public budgets the pressure on universities to find new funding sources is rising. However, the diversification of income streams is a very complex process. It involves various different units that need to collaborate. This affects also staff that is not used to deal with private funding and business co-operations including researchers. They are required to turn to business and launch spin-out companies while still having to fulfill their core tasks and ensuring quality of teaching and research.

The rising costs of university education according to Aina, Oyetakin, & Oshun, (2010) with the attendant capital outlay by the government and private individuals has affected the level at which undergraduates are trained

in the university with the available infrastructure and human resources. Hence, the need to strategies on how additional funding through internally generated revenue is sought.

Internally Generated Revenue (IGR) are funds not constituting the proceeds of any loan, Debt Issuance, Equity Issuance, Asset Sale, Insurance recovery or Indebtedness, nor funds that are borrowed or realized through any external means but the creation of either tangible or intangible resources within the confines of a given entity. At the early stage of the introduction of the IGR concept, the Federal Government had thought of centrally managing the IGR pool from all the Federal Universities, such that each university was required to forward the yearly IGR inflows to the government, and thereafter, apply for release of the amount needed for local use. This directive did not survive because all university managers kicked against it.

Wangenge Ouma, & Cloete, (2008) said that, some institutions have done greatly in the drive for substantial Internally Generated Revenue contribution whereas a lot of others are yet to catch the vision. It is in light of the foregoing that this study seeks to determine the role of Internally Generated Revenue on infrastructural development in Public Universities in Ondo State and how the expectations of the universities for investing into the Internally Generated Revenue initiatives can be realized.

## Theoretical Framework

This study hinges on African Political Economy (APE) Model and the Resource Dependence Theory: According to Wangenge-Ouma, & Cloete, (2008), the African political economy model focus on how political and economic forces shape the contexts within which the universities carry out their primary functions, that is, teaching and research, especially in situations of inadequate funding by the major economic benefactors. According to Samir (1974), the African political economy (APE) model provides a partial explanation for the behaviour of universities in times of critical funding challenges (Wangenge- Ouma & Cloete, 2008).

The theory helps to explain the realities of the specific political, economic and social environments that confront the country - debt burden, political instability, grossly inadequate infrastructure – which produces consistent relative cuts in government expenditure, with the higher education sector left disadvantaged. The reality is that, whenever there is a cut in budget allocations to the sectors, higher education is worse hit (Ndagi, 1983).

On the other hand, the Resource Dependence Theory postulates that for the organization to survive, managers have a role to allocate resources to innovative activities that are required of the firm by external customers and investors (Pfeffer & Salancik, 1978 & 2003). In other words, how managers compete and win external resources and how they deploy those to productive engagements have huge consequences on the continuity of funding sources and the cooperation of the benefactors of the organization.

Funding problems of the universities are deeply rooted on the economic, social and political structures and belief system of the people (Wangenge- Ouma & Cloete 2008). The educational system is subject to influences within the economic and social sub-systems. At the micro level, university managements relate closely with the parents and the students. While the APE Model explains the critical resource dependence relationship with the government, its main focus is not on the resolution of the resource allocation efficiency of the institutions. However, its relevance in understanding the external funding realities of the universities mandates its application in this study.

**Table 1**  
**Total Government Grant and Local Income in Federal Universities**

Institution	Total Releases (Recurrent & Capital)	Local Income	Total Income	%
Ibadan	2,509,890,696	196,575,448	2,706,466,144	7.8
Lagos	1,955,127,150	359,502,258	2,314,629,408	18.4
Nsukka	2,512,793,291	98,141,298	2,810,834,589	1.9
Zaria	2,567,587,409	73,210,330	2,640,797,739	2.9
Ife	2,304,114,896	40,031,187	2,344,148,083	1.7
Benin	1,949,126,834	155,172,513	2,104,299,347	8.0
Jos	1,332,790,023	48,744,424	1,381,534,447	3.7
Kano	981,801,323	54,218,393	1,036,019,716	5.5
Maiduguri	1,089,098,496	137,148,440	1,226,248,938	12.6
Sokoto	651,927,799	39,025,328	690,953,127	6.0
Ilorin	1,472,655,002	65,616,425	1,548,571,427	4.5
Port Harcourt	1,268,403,040	110,415,425	1,378,818,465	8.7
Abuja	402,154,078	84,674,826	486,828,906	21.1
Uyo	1,013,481,643	86,476,190	1,099,957,833	8.5
Akwa Ibom	801,835,930	34,697,558	836,555,468	4.4
Owerri	611,326,365	29,751,258	641,077,623	4.9
Akure	545,315,202	35,855,281	581,170,483	6.6
Minna	417,130,171	20,549,000	437,679,171	4.9

Bauchi	556,280,147	17,268,097	537,548,244	3.1
Yola	499,590,326	21,962,043	521,552,369	4.4
<b>TOTAL</b>	<b>26,669,544,060</b>	<b>1,815,176,627</b>	<b>28,484,720,687</b>	<b>100</b>

**Source:** National University Commission, NUC, 2003

The percentage of local income from most of these Universities were less than 10% apart from Lagos(18.4%), Maiduguri(12.6%) and Abuja (21.1%).This further challenge Federal Universities' managers to strengthen their effort in getting more income. A notable source of fund for the Federal Universities is the Education Tax Fund (ETF), established under Act No 7 of 1993. The objective is to improve the quality of education in Nigeria. Table 1, presents a summary of ETF intervention in higher education between 1999 and 2001.

Financing higher education in Nigeria today is a crucial national problem. The political, social and economic factors, which are currently having significant impact on the world economy, have necessitated the need to diversify the sources of education funding, mainly because reliance on only one source of revenue can inhibit educational growth. These are however some possible options of financing higher education;

Fund from owner government

1. Tuition and fees
2. Gifts, Grants and Endowments
3. Investment income
4. Auxiliaries (Enterprises, Licenses, Parents and Alumni Association)
5. Consultancies and Research activities
6. Community Participation etc.
7. Limited numbers of higher education providers; both private and community organizations have not invested enough on higher education.
- 8 In the light of these all stakeholders must be involved in the provision of university education through integrated approach to University Education finance.

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6. Community Participation etc.

Budgetary Allocation to Education

The budgetary allocation of the Federal government to education has been on the decline. In 1999 .11.2 percent of the annual budget was allocated to education and this reduced drastically to 5.9% in 2002 and 1.83 percent in 2003 rather than a progressive movement toward the minimum standard of 26% that every developing country of the world should allocate to education annually. What we experience is a systematic reduction of the allocation to education (Dada, 2004).

## Infrastructure Development in Universities

According to the National Universities Commission (NUC), there are 40 federal universities, 38 state universities, and 51 private universities accredited in Nigeria, and one of their numerous goals is to upgrade and maintain physical facilities in the Nigerian University System for delivery of quality university education. In 2012, out of the approximately ₦400 billion allocated to education, ₦80 billion was allocated to federal universities, and only 14 per cent of the ₦80 billion was released in 2012.This is shameful. The education sector is a very important catalyst of economic development, and investment in higher education, particularly in infrastructure would boost education output tremendously. University enrolment is expected to increase significantly over the next five to ten years. This level of increase cannot be accommodated in the existing school stock and the deficit can only be addressed through either the provision of new schools or extensions to existing schools as appropriate, or both. One thing is certain, neither the Federal Government nor the NUC can do it alone, hence an alternative.

## Statement of the Problem

In the 60s, there were fewer universities in Nigeria and in addition, the oil revenue was massively available and as a result, the Federal and State governments provided most of the funding for operations and infrastructural developmental needs of the universities. But, the recent phenomenal growth in the number of universities; from 32 in 1998 to 114 in May 2012 necessitate the huge economic responsibility about funding higher educational

institution in terms of infrastructural development in Nigeria (National Universities Commission, NUC, 2012). Contrary to what was happening in the past; all the States of the Federation are now having their own individual University and the resources from both the State and the Federal Government are dwindling. The resultant insufficient budgetary allocation to the educational institutions due to non-availability of enough funds from the Federal and various State Governments critically revealed the challenge of inadequate funding of the universities and also led to poor infrastructural development in Nigerian Universities.

The response of the universities in the face of this mammoth financial challenge, on the other hand, is to seek legitimate initiatives that will produce laudable impact on self-funding and development of infrastructures.

### **Purpose of the Study**

The purpose of this study is to analyze the impact of internally generated revenue on the infrastructural development of public Universities in Ondo State.

Thus, the study intends to:

- i. examine the internally generated revenue in public Universities in Ondo State from 2004 to 2013
- ii. explore the difference between the Internally Generated Revenue and amount spent on infrastructural development in public Universities in Ondo State from 2004 to 2013

### **Research Questions**

The following research questions were raised to guide the study:

1. What are the pattern of IGR contribution in AAUA and FUTA from 2004-2013?
2. What is the proportion of Internally Generated Revenue spent on Infrastructural Development in both AAUA and FUTA from year 2004 to 2013?

### **Research Hypothesis**

The following hypotheses were proposed for the study:

There is no correlation between the amount spent on Infrastructural development and amount of internally generated revenue in Public Universities in Ondo State from 2004 to 2013.

The study was delimited to the audited sources generation and utilization of Internally Generated Revenue on infrastructural development in public Universities in Ondo state. It will also involve the analysis of problems associated with internally generated revenue and its impact on the infrastructural development of Federal University of Technology, Akure and Adekunle Ajasin University, Akungba Akoko.

### **Method**

#### **Research Design**

The fact that this study make use of secondary data, a descriptive '*expost facto*' research methods was used. This is due to the fact that the Internally Generated Revenue and the Infrastructural development had occurred over the years under study.

#### **Population of the Study**

The target populations are the principal officers in the management and administrative cadre of the Universities in Ondo State.

#### **Sample Size and Sampling Techniques**

Based on year of establishment, the researcher used purposive random sampling method to pick the two oldest universities out of the three public Universities in Ondo State namely; Adekunle Ajasin University Akungba Akoko and Federal University of Technology Akure. A total number of fifty (50) management staff were used. This include the Bursars of the institutions and some bursary staff.

#### **Research Instruments**

The data for this study was collected through self-developed instrument. A inventory tagged 'Inventory on Internally Generated Revenue in Ondo State Public Universities (IIGROSPU)', designed for the respondents in order to determine sources of internally generated revenue, types of internally generated revenue, the subventions that are got from the Federal and or State Government and amount spent on infrastructural development in the sampled Universities in the study area.

#### **Validity and Reliability of the Instrument**

In order to ensure that the instruments adequately cover all the relevant dimensions of the topic of the study that are implied by the research questions and hypothesis. The drafted inventory was given to experts in the Department of Educational Management, Adekunle Ajasin University, Akungba-Akoko, for necessary modification and relevance of questionnaire items to the problem under investigation. This was done and it was finally modified

to meet up with the face and content validities. The instrument and secondary data used was adjudged reliable from source which is the audited account of the institutions.

## Results

In calculating the IGR and capital development, the audited account on income and expenditure of each university was sought. The average amount between 2004 and 2013 released by the various institutions bursary were compared.

The computation in this chapter entails a preliminary analysis of IGR such as tuition, commercial venture, sales of assets, space rentals, farm product, proceeds from part time programmes, Centre for Diploma and Pre-Degree studies, insurance claim, rentals, payments from transcripts, change of course etc., and infrastructural development by each of the sampled universities from 2004 to 2013 across each of the cost carrying items on infrastructure/ capital development such as road, lecture theatre, hostel, water supply equipment, health facilities, library, administrative blocks, laboratory/workshop, electrical grid, and telecom system.

## Research Questions

### Question One

What are the pattern of IGR contribution in AAUA and FUTA from 2004-2013?

The stream of these IGR items were summarized per institution of which the average per annum across the years under study was used to answer the research questions.

**Table 2a**  
**Pattern of IGR contribution in AAUA from 2004-2008 in Naira**

Sources of IGR	2004	2004 %	2005	2005 %	2006	2006 %	2007	2007%	2008	2008 %
Commercial Venture	500,000	1.35	505,000	1.10	305,000	0.68	421,300	0.92	450,000	1.05
Sales of Assets	700,000	1.89	1,930,050	4.23	302,150	0.67	262,500	0.58	2,263,000	5.30
Space Rentals	200,000	0.54	176,500	0.39	352,100	0.79	315,300	0.69	425,000	1.00
Farm Products	150,000	0.40	125,700	0.27	98,050	0.22	132,100	0.29	148,900	0.35
Institute of Education	13,800,000	37.24	13,446,000	29.35	17,523,100	39.22	16,408,035	35.96	15,175,325	35.56
Centre for Diploma and Pre-Degree Studies	19,500,000	52.63	25,372,095	55.39	23,232,500	52.00	23,752,382	52.06	20,111,395	47.12
Contractors Registration	1,000,000	2.70	607,100	1.33	535,000	1.20	738,500	1.62	1,050,500	2.46
Insurance Claim	342,050	0.92	1,723,900	3.75	1,532,500	3.43	1,681,900	3.68	1,770,000	4.15
Payment for Transcripts	852,000	2.30	1,602,000	3.50	575,000	1.29	1,535,500	3.37	836,000	1.96
Change of Course	10,000	0.03	315,000	0.69	225,000	0.5	380,000	0.83	450,000	1.05
Total	37,054,050	100	45,809,345	100	44,680,400	100	45,627,517	100	42,680,120	100

**Table 2b**  
**Pattern of IGR contribution in AAUA from 2009-2013**

Sources of IGR	2009	2009%	2010	2010%	2011	2011%	2012	2012%	2013	2013%
Commercial Venture	450,000	0.92	62,300	1.61	615,000	1.73	713,720	1.75	538,720	1.26
Sales of Assets	1,073,115	2.18	2,000,000	5.17	521,500	1.47	2,368,552	5.81	1,075,000	2.52
Space Rentals	317,050	0.64	316,150	0.85	255,000	0.72	175,000	0.43	60,000	0.14
Farm Products	83,000	0.17	100,000	0.26	97,102	0.28	83,220	0.20	107,200	0.25
Institute of Education	18,383,330	37.35	16,172,112.47	41.81	14,725,584.56	41.47	15,287,439.08	37.50	17,933,274	41.85
Centre for	25,613,45	52.04	16,709,000	43.10	15,687,50	44.18	18,279,3	44.84	19,102,5	44.58

Diploma and Pre-Degree Studies	0				0		36.21		00	
Contractors Registration	712,000	1.45	835,000	2.16	1,035,000	2.91	813,500	2.00	533,000	1.24
Insurance Claim	1,202,500	2.44	752,345	2.00	825,435	2.32	832,500	2.04	1,492,236	3.48
Payment for Transcripts	942,460	1.91	1,000,000	2.59	1,425,000	4.01	1,700,000	4.17	1,500,500	3.50
Change of Course	442,000	0.90	175,000	0.45	323,000	0.91	512,000	1.26	505,000	1.18
<b>Total</b>	<b>49,218,905</b>	<b>100</b>	<b>38,682,607.47</b>	<b>100</b>	<b>35,510,221.56</b>	<b>100</b>	<b>40,765,265.29</b>	<b>100</b>	<b>42,847,430</b>	<b>100</b>

**Source:** Fieldwork

The average contribution of each source of IGR was sought for the ten years under consideration. It was clear from table 2a that Centre for Diploma and Pre- Degree studies recorded the highest contribution of ₦20,736,015.82 on the average followed by Institute of education with an average contribution of ₦15,885,419.81. The third on the list is sales of asset with average contribution of ₦1,250,086.7; then insurance claim, payment for transcripts, contractors' registration, commercial venture, change of course ,space rentals, farm produce with ₦1,215,536.6, ₦1,196,746, ₦785,960, ₦415,614, ₦333,700, ₦259,200 and ₦112,527.2 respectively.

The average contribution of each source of IGR was sought for the ten years under consideration. It was clear from table 2bthat Centre for Diploma and Pre- Degree studies recorded the highest contribution of ₦20,736,015.82 on the average followed by Institute of education with an average contribution of ₦15,885,419.81. The third on the list is sales of asset with average contribution of ₦1,250,086.7; then insurance claim, payment for transcripts, contractors' registration, commercial venture, change of course ,space rentals, farm produce with ₦1,215,536.6, ₦1,196,746, ₦785,960, ₦415,614, ₦333,700, ₦259,200 and ₦112,527.2 respectively.

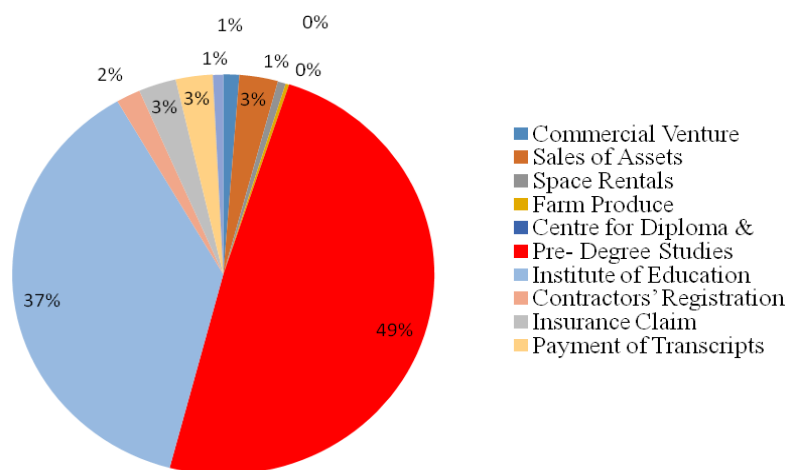
The contributions of each source of IGR from 2003 to 2013 in AAUA is summarized in table 3.

**Table 3**  
**Average and Percentage Contribution of each Source of IGR from 2004-2013 in AAUA**

<b>IGR</b>	<b>Average</b>	<b>₦ Percentage</b>
Commercial Venture	512,184	1.21
Sales of Assets	1,250,086.7	2.96
Space Rentals	259,210	0.61
Farm Produce	112,527.2	0.27
Centre for Diploma & Pre- Degree Studies	20,736,015.82	49.04
Institute of Education	15,885,419.81	37.57
Contractors' Registration	785,960	1.86
Insurance Claim	1,215,536.6	2.87
Payment of Transcripts	1,196,696	2.83
Change of Course	333,700	0.78
<b>TOTAL</b>	<b>42,287,336.13</b>	<b>100</b>

**Source:** Fieldwork

Centre for Diploma and Pre- Degree Studies got the highest percentage (49.04%) of the total IGR obtained on average for the ten years under consideration. Institute of Education obtained 37.57% of the total IGR obtained on average while sales of assets took the third position with 2.96% as the proportion of IGR contributed for those stipulated years. Farm produce with 0.27% took the least position followed by space rentals. This is an indication that these areas need to be worked upon for better IGR.



Source: Derived from table 3

Figure 1: Graph Showing Average / Percentage Contribution of each Source of IGR from 2004-2013 in AAUA

The contributions of each source of IGR from 2003 to 2013 in FUTA is summarized in table 4.

Table 4  
Average/percentage contribution of IGR in FUTA from year 2004-2013

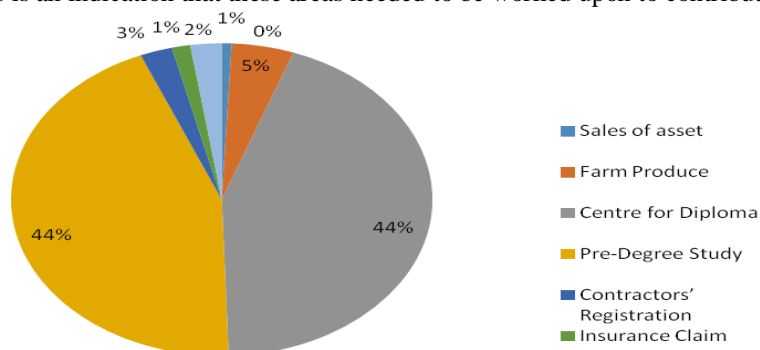
IGR	Average ₦	Percentage
Sales of asset	1,337,043.2	0.76
Farm Produce	8,415,476.1	4.76
Centre for Diploma	77,653,276	43.96
Pre-Degree Study	78,139,641.8	44.23
Contractors' Registration	4,386,578	2.48
Insurance Claim	2,497,788.1	1.41
Payment for Transcript	4,216,486.5	2.39
Change of Course	9,820	0.01
<b>TOTAL</b>	<b>176,656,109.1</b>	<b>100</b>

Source: Fieldwork

The average contribution of each source of IGR was sought for the ten years under consideration. It was obvious from table 4 that Pre-degree study recorded the highest of ₦78,139,641.8 on the average followed by centre for diploma with an average contribution of ₦77,653,276, the third on the list is farm produce with an average contribution of ₦8,415,476.1 then contractors' registration, payment for transcripts, insurance claim, sales of asset and change of course with ₦4,386,578, ₦4,216,486.5, ₦2,497,788.1, ₦1,337,043.2 and ₦9,820 respectively.

Pre-degree study got the highest percentage (44.23%) of the total IGR obtained on average for the ten years under consideration. Centre for diploma obtained 43.96% of the total IGR obtained on average while farm produce took the third position with 4.76% as the proportion of IGR contributed for those stipulated years.

Change of course took the least position with 0.01% IGR contribution followed by sales of asset with 0.76% IGR contribution. This is an indication that these areas needed to be worked upon to contribute significantly to IGR.



Source: Derived from table 4

Figure 2: Graph Showing Average / Percentage Contribution of each Source of IGR from 2004-2013 in FUTA

**Question Two**

What is the proportion of Internally Generated Revenue spent on Infrastructural Development in both AAUA and FUTA from year 2004 to 2013?

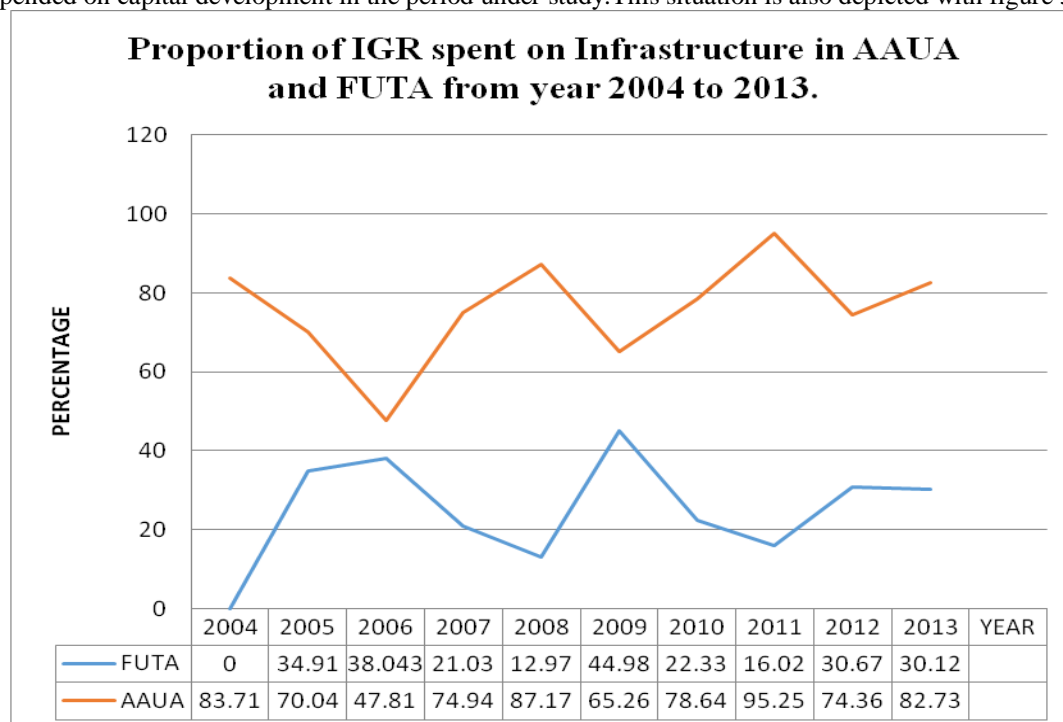
The IGR for each of the Universities obtained was compared with the amount they expended on infrastructures for those years and the percentage of those IGR spent on infrastructure were also found.

**Table 5**  
**Proportion of IGR spent on Infrastructure in AAUA and FUTA from year 2004 to 2013.**

Year	FUTA			AAUA		
	IGR (₦)	Infrastructural Dev. (₦)	%	IGR(₦)	Infrastructural Dev. (₦)	%
2004	8,835,044	Nil	Nil	37,054,050	31,017,440	83.71
2005	80,468,118	43,162,710	34.91	45,809,345	32,085,203	70.04
2006	97,018,843	59,553,557	38.043	44,680,400	21,364,224	47.81
2007	105,373,789	28,052,938	21.03	45,627,517	34,191,200	74.94
2008	226,625,796	33,773,133	12.97	42,680,120	37,202,550	87.17
2009	277,257,113	226,625,796	44.98	49,218,905	32,120,576	65.26
2010	242,961,153	69,842,555	22.33	38,682,607.47	30,421,804	78.64
2011	258,673,830	49,330,052	16.02	35,510,221.56	33,823,500	95.25
2012	280,672,737	124,158,705	30.67	40,765,265.29	30,313,150	74.36
2013	186,858,562	80,531,398	30.12	42,847,430	35,447,801	82.73
<b>Ave.</b>	<b>176,474,499</b>	<b>71,503,084</b>	<b>27.90</b>	<b>42,287,586</b>	<b>25,525,781</b>	<b>75.73</b>

Source: Fieldwork

Table 5 revealed that in FUTA an average of ₦176,474,499 was realized from IGR out of which ₦71,503,084 was spent on Infrastructural development while AAUA recorded an average of ₦ on IGR and ₦180,231,954 on capital development. The proportion of capital development from IGR shows that AAUA recorded higher amount spent even more than what is realized from IGR (average of 185.81%) while FUTA had an average of 27.90% of its IGR expended on capital development in the period under study. This situation is also depicted with figure 3.



Source: Derived from table 5.

**Figure 3:** A line Graph Showing the Percentage of Infrastructural Development from Internally Generated Revenue in both Institutions

**Research Hypothesis**

There is no correlation between the amount spent on Infrastructural development and amount of internally generated revenue in public universities in Ondo State from 2004 to 2013



**Table 6**  
**Summary of Correlation Analysis between Internally Generated Revenue and Amount Spent on Infrastructural Development in Public Universities in Ondo State**

Variable	N	df	r.cal	r.tab	Decision
Internally Generated Revenue	10				
Amount Infrastructural Devt.	10	18	-.038.827	*	

\* Significant at 0.05 Level (2 tailed)

Table 6 reveals a negative and significant relationship between Internally Generated Revenue and Amount Spent on Infrastructural in public universities in Ondo State in the study period. ( $r = -.038$ ,  $P < 0.05$ ). This implies that the hypothesis which states that there is no correlation between the amount spent on Infrastructural development and amount of internally generated revenue in Public Universities in Ondo State from 2004 to 2013 is hereby rejected.

It is vivid from Table 6 that an inverse moderate correlation exists between the IGR and amount spent on capital development in public universities in Ondo State.

## Discussion

The foregoing results attest to the fact that Internally Generated Revenue performs a prominent role in the infrastructural development of universities. This study revealed a negative and significant relationship between Internally Generated Revenue and amount Spent on Infrastructural in public universities. The finding correlate with those carried out by Ofoegbu and Alonge (2016); Adeniyi (2008) and Okojie (2010).

Also, in a study conducted by Nnanseh and Akpan (2013) on IGR and infrastructural development in Akwa Ibom State, it revealed a positive contribution, but uneven contribution to the development of infrastructure which deviate a little bit from this study with a negative and significant relationship between IGR and infrastructural development.

## Conclusion

This study has analyzed the critical role of internally generated revenue as an inevitable funding compliment for university education in Ondo state. The conclusion of the study is that, due to the perennial inadequate funding by the university proprietors, it has become imperative for the university management to generate supplementary funds in the form of IGR.

While some IGR sources such as seminars and workshops may be incidental to the primary business of the universities, several others are the results of the intentional creativity of the university managers. Commercial operations in supermarkets, bakery, bookshop, table water and consultancy are a common feature at nearly all the universities. But such other sustainable revenue generating engagements like publishing of research findings and partnership with industry are yet to be adequately exploited by the universities. This paper affirms, therefore, that there is room for improvement on the current approaches of IGR drive by the universities. The findings in this paper are in agreement with the assumptions of the African political economy model and the resource dependence theory contained in the literature review section. The universities will not only have to seek for more IGR, they equally have to ensure that there is transparency and good use of the revenues they generate.

## Recommendations

Based on the findings of this study and the discussion thereof, the following recommendations are made:

1. Each university management should create an IGR coordination centre. This office will support the relevant money generating units. This restructuring will ensure that serious attention is given to the growing important activity of extra revenue generation. Left open, it would be easy for the various IGR generating departments to self-optimize. But the establishment of an IGR co-ordination centre will ensure that long bureaucratic bottlenecks are taken out of the way. This will give room for sustained concentration of efforts towards critical revenue generation. It will be the business of this special office to coordinate the formation of commercial ventures and the running of same for the university in the most aggressive and profitable ways possible.

2. University managements should intentionally commit more funds in identified profitable investment areas. Without the commitment of adequate cash investments in the identified profitable projects or activities, there will not be enough support to the primary business of the university from the revenue generating units. There must be intentional purpose of taking the IGR drive beyond the subsistence level and that should reflect from the capitalization of the revenue generating units.

3. University managements should make attractive the profit sharing formula between the central administration and the departments where IGR is generated. The management should see every unit of Naira of IGR earned as money that was going to be lost otherwise. Every N1 earned as IGR, therefore, is an incremental value that could have been lost without notice. Those who are behind the extra funds creation deserve to benefit fairly

from what they have generated. From the 70:30 percent that is common in most universities, managements should consider offering as high as 50:50 percent.

4. The universities that are not so advantageously located in the big cities should seek appropriate commercial locations outside the university campus. Intentional commercial businesses can be sited near highly economically empowered persons in Lagos, Abuja and Port Harcourt, for instance.

5. Universities should attempt to make the process of internally generated revenues highly cost effective by engaging very highly skilled staff who could double as professors. That way, the huge personnel costs arising could be shared between the IGR office and the academic unit.

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