

## Deregulation of Universities and Economic Efficiency in Nigeria: Available Options

**Odunayo Adewale Henry**

Department of Economics

School of Arts and Social Sciences

Adeniran Ogunsanya College of Education, Ijanikin,

Lagos State, Nigeria

### Abstract

*The paper examines the deregulation of universities as it affects the Nigerian economy in recent time. The establishment of universities all over the world has been a highly capital intensive project. Basically, university education calls for a pedagogical commitment to the funding. Navigating through university funding remains a financial challenge to the proprietors. Nigeria is made up of six geo-political zones namely: North-West, North-East, North-Central, South-South, South-East, and South-West. Thus, a purposive simple random sampling method was adopted. South-West geo-political zone was selected out of which two public universities and two private universities were selected. 250 participants were randomly selected to fill the instrument in each of the universities, in all a total of 800 students, 100 academic and 100 non-academic staff responded to the research instrument. As a descriptive research design, it makes use of some indicators for measuring the state of the economy and university education in Nigeria. Data were collected through the use of a validated questionnaire tagged University Deregulation and Economy Performance Questionnaire (UDEPQ) with a reliability coefficient of  $r = 0.82$ . The result shows that there is a significant effect of deregulation of university education on the Nigerian economy. The implication of this is that the quality indicator of the Nigerian university system is enriched by the deregulation policy which is equally what is obtainable in the developed nations. Based on the results, recommendations were provided such that the proprietors of Universities in Nigeria should provide adequately efficient and effective active and passive factors needed for economic development of the nation.*

**Keywords:** Deregulation, Poor funding, efficiency, contractual agreement, Public-Private Partnership

### Introduction

A major application of economic analysis is to inform decision-making in education in order to improve efficiency in educational production; that is, producing more desired education outputs and outcomes given educational resources. Analytically, educational efficiency can be distinguished as internal efficiency and external efficiency. Internal efficiency relates educational outputs to educational inputs, while external efficiency relates educational outcomes to educational inputs. Analysis of educational efficiency is not confined to economic concerns only, since educational outputs and outcomes also pertain to social and political dimensions of national development (World Bank, 2008).

Central to the efficiency of the university is its structure. Over the years, the Nigerian universities at federal and state levels have witnessed restructuring, rationalization and reforms. Structure is central to the functioning of organizations. This fact has long been recognized. This is evidenced by the pre-eminence given to it by management and social science literature. So paramount is this concept that the structural - functionalism paradigm was woven around it. Both organizational and social structures impact so much on other elements of organization's or any goal seeking social system.

Therefore, functions, roles, responsibilities, status, rules, policies, procedures, activities etc. were all viewed from the prism of structuralism. Even now, modern management emphasis on strategies, leadership, process, teams, quality, customer efficiency and productivity still recognizes that organizational structure impinge on these elements. Actually, the evolution of management thought and administrative practice from Adam Smith's idea of functional specialization or division of labour to Frederick Taylor's scientific management and Max Weber's bureaucracy were anchored on the idea of defined structures.

## **The Nigerian Universities in View**

In Nigeria, the assumption is about the same as universities are regarded as the highest citadel of learning for the production of high level, cultured and socialized human resource for the labour market, for research and for the production of community service. Ahmed (2004) succinctly asserts that the university is a citadel of learning that aims at developing the student himself and the society in general.

A university is thus, expected to provide the student with a balanced education that builds character and intellect for the development of self and society. The education provided to the students by a university ought to be devoid of pretences, deprivation and other conflict potentials that are inimical to the timely realization of its objectives. A university is established to produce high level, cultured and socialized human resource through its various academic disciplines, such as Arts and Humanities, Education, Social and Management Science, Medical\ Pharmaceutical\ Health sciences and Science and Technology, with relative moderation by the necessary bodies such as Nigerian Universities Commission (NUC) and Joint Admission and Matriculation Board (JAMB) to ensure uniformity of standard. Oruwari and Alo (2001) opine that a university is not expected to just equip the student with marketable skills but also to give him a wholesome personality

According to Oyetakin and Kayode (2010), Alele-Williams' (1996) noted that the Eric Ashby Commission which later led to the establishment of the Ashby universities' as regional universities in the then three regions of Nigeria-, in the east, the University of Nigeria, Nsukka (1960), in the west, the then University of Ife (now Obafemi Awolowo University, Ile-Ife) (1961), and Ahmadu Bello University, Zaria in the north (1962). Also in 1962, University College, Ibadan was granted full-fledged university status. The University of Lagos, established at Akoka, Lagos in 1962 provided courses in the humanities, social sciences, medicine, law and engineering but, as a city university, it also laid emphasis on the promotion of part-time courses specifically designed to enable young workers to obtain degrees relevant to business and industry while at work. The University of Benin, originally established as the Midwest Institute of Science and Technology early in 1970, was not given full accreditation as a university until later that year after, it was required to include offerings in arts, social sciences and business. These six constitute Nigeria's first-generation universities.

The post-civil war oil boom era and the geo-political restructuring of Nigeria into 12 states led to strident demands for more universities in the newly-created states. Government acceded to these demands and, in 1975, seven new universities, of the second generation, were founded in Jos, Calabar, Kano, Maiduguri, Sokoto, Ilorin and Port Harcourt (three being founded as university colleges, and later, becoming full universities). In the same year, the Federal Government also took over the funding tiding of the regional universities.

The continuous in the university enrolment have increased the universities in Nigeria to 17 Federal Universities, 3 Federal Universities of Agriculture, 6 Federal Universities of Science and Technology, 27 States Universities, 5 States Universities of Science and Technology, 32 Private Universities. Other Degree awarding institutions are: 7 degree awarding institutions, and 41 degree awarding institutions affiliated to Universities. Also, Polytechnics and Monotechnics development rose to 20 Federal Polytechnics, 33 States Polytechnics, 7 Polytechnics with NCE programmes, and 15 private Polytechnics. Federal Monotechnics increased to 19, State Monotechnics 14, one private monotechnics and 2 Colleges of Health Sciences. Also, 12 Federal Colleges of Education(Regular), 7 Federal Colleges of Education(Technical), and one College of Education (Special). State Colleges of Education rose to 41 while Private Colleges of Education increased to 20. However, Also, 27 Innovative Enterprise Institutions offering accredited programmes were regularised.(Joint Admission and Matriculation Board, 2010).

## **Deregulation of Universities in Nigeria and the Economy**

However, it should be noted that the deregulation of the Nigerian Universities was also specified in the National Policy on Education that "Voluntary agencies, individuals and groups shall be allowed to establish universities provided they comply with minimum standards laid down by Federal Government" (FGN,2004:38). Social sector of the economy has been affected owing to inadequate infrastructure in Nigeria as a developing country. With the availability and provision of adequate infrastructural facilities like pipe-borne water, electricity, water, telecommunication buildings among others development can be achieved. These infrastructural assets are usually left to the government. As a result, infrastructures are usually heavily subsidized by the government and yet their prices are kept below the production cost. Government's provision of these services has been inadequate. This has resulted in inefficiency in the management of these utilities.

The huge sum expended on them can hardly be justified as the supply of these utilities is failing to meet the increasing demand for infrastructure by students. For this serious reason, the governments of developing countries seek the involvement (partnership) of the private sector in the provision and financing of infrastructural services in order to improve the available ones and expand their provision. Thus public-private participation in public infrastructure provision is referred to as Public-Private Partnership (PPP).

Ipaiye (2008) opined that Public-Private Partnership is a contractual agreement formed between a government agency and a private sector entity that allows for a greater private sector participation in the delivery of public infrastructural projects. Public-Private Partnerships are being used to build such infrastructure and also a useful way to increase the funding available for constructing or upgrading school (educational) buildings and often yield better value for completion of infrastructure, government allows the private sector or partner to maintain such buildings on a long term basis of about 25-30 years, after which the infrastructures are transferred to the government because government is the legal rightful and permanent owner of infrastructure assets (Bedi, 2000).

Virtually, every Nigerian university faces one type of problem or the other. Most of these universities have numerous abandoned or uncompleted projects, damaged and obsolete furniture, library books, laboratory and student's hostels are insufficient while some of the available ones are not really habitable and at times result to students' refusal to attend lectures. Government alone cannot finance education, demand for higher education has been on the increase, schools managed through Public-Private Partnership by the missionaries survived through joint ownership and combined funding.

Deregulation of universities in Nigeria is justified by the "symbolic exchange" which was derived from Georges Bataille's notion of a "general economy" where expenditure, waste, sacrifice, and destruction were claimed to be more fundamental to human life than economies of production and utility (Metaphysics Research Lab, 2007). Bataille's model was the sun that freely expended its energy without asking anything in return. He argued that if individuals wanted to be truly sovereign (e.g., free from the imperatives of capitalism) they should pursue a "general economy" of expenditure, giving, sacrifice, and destruction to escape determination by existing imperatives of utility.

It is necessary to note that deregulation is one of the element that promotes globalization and many see globalization as a matrix of market economy, democracy, technology, migration and tourism, and the worldwide circulation of ideas and culture. Baudrillard, curiously, takes the position of those in the anti-globalization movement who condemn globalization as the opposite of democracy and human rights. For Baudrillard, globalization is fundamentally a process of homogenization and standardization that crushes "the singular" and heterogeneity. This position, however, fails to note the contradictions that globalization simultaneously produces homogenization and hybridization and difference, and that the anti-corporate globalization movement is fighting for social justice, democratization, and increased rights, factors that Baudrillard links with a dying universalization. In fact, the struggle for rights and justice is an important part of globalization and Baudrillard's presenting of human rights, democratization, and justice as part of an obsolete universalization being erased by globalization is theoretically and politically problematic.

### **Statement of the Problem**

The law of quantity and quality as propelled by the Marxist remains a contention for the deregulation in the Nigerian universities which calls for a critical analysis. Tight admission policies due to inadequate spaces for qualified candidates. In Nigeria, before the period of economic meltdown, it was more or less difficult to protect education expenditures because all levels of education and other sectors rely heavily on the Federal and State government's allocation.

The fundamental challenges associated with the funding of university education in Nigeria rests on the population threats which has culminated into enrolment explosion in all levels of education in the country (Oyetakin, 2007). The researcher is particularly interested in this study because of the allegation from various quarters on the falling standard of education in Nigeria particularly the university education in this era of globalization. With this background, the researcher have the quest towards carrying out a situational analysis of deregulation which has a chain effect on the performance of the economy in Nigeria owing to the present state of the economy.

### **Purpose of the Study**

The main purpose of this study therefore is to determine the deregulation of university education in Nigeria as it affects the Nigerian economy

The importance of this study cannot be over emphasized considering the fact that little research has been documented on comprehensive study conducted on deregulation of university education as it affect developing economies such as Nigeria to date.

### **Research Questions**

The following research questions guided the study:

1. What was the State Nigeria economy before and after university deregulation?
2. Is there any significant contribution of the deregulation of Nigerian universities on the performance of the economy.

### **Hypothesis**

There is no significant combined contribution of the deregulation of Nigerian universities on the performance of the economy.

### **Methodology**

#### **Design**

This study specifically adopted the survey method of descriptive research design.

It is considered as a suitable available research design for the purpose of the description of the deregulation variable as it affects the economy.

The population of this study comprised of all the 27 Federal Universities, 36 States Universities and 41 Private Universities in Nigeria.

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

Nigeria is made up of six geo-political zones namely: North-West, North-East, North-Central, South-South, South-East, and South-West. Thus, a purposive simple random sampling method was adopted. South-West geo-political zone was selected out of which two public universities and two private universities were selected. 250 participants were randomly selected to fill the instrument in each of the universities, in all a total of 800 students, 100 academic and 100 non-academic staff responded to the research instrument.

#### **Instrumentation**

The instrument for data collection was Some indicators for measuring the state of the Nigerian Economy

Such as inflation rate, exchange rate, Gross Domestic Product for several years and a self developed questionnaire titled: University Deregulation and Economy Performance Questionnaire (UDEPQ), which consisted of 20-items based on Likert scale format of Strongly Agree (SA) = 4 points, Agree (A) =3 points, Disagree (D) = 2 points, and Strongly Agree (SA) = 1 point.

The questionnaire was subjected to face and content validity by colleagues, and test-retest reliability method. The reliability value was 0.82 which indicated that the instrument is reliable before administration.

The researcher with the assistance of four trained research assistants administered the questionnaire to the respondents. Completed copies of the questionnaire were retrieved immediately.

The statistical tool used to analyze the data comprised of simple descriptive statistics such as mean and standard deviation, and regression analysis at a level of 0.05.

**Results****Answer to Research Questions**

1. *What is the state of Nigerian economy and prior deregulation of university education?*

**Table 1: Some indicators for measuring the state of the Nigerian Economy**

Year	Exchange Rate (₦ / US \$1.00)	Inflation Rate %	Interest Rate of Commercial Banks %	Consumer Price Index (Annual average)
1995	81.0228	72.9	20.18	2040.9
1996	81.2528	29.3	19.74	2638.1
1997	81.6494	8.5	13.54	2863.2
1998	83.8072	10	18.29	3149.2
1999	92.3428	6.6	21.32	3357.6

Source: Central Bank of Nigeria (2006)

The historical perspective of financing university education in Nigeria remains a m

The state of Nigeria economy as revealed in table 1 shows the instability in the state of the Nigerian economy. GDP per capital growth was 1.0% annual average from 1961 to 1970. But it recorded – 6.5% in the annual average of 1980 – 84. Also, it was 1.3% in 1996 but reduces to – 0.8%, - 0.8%, and – 1.4% in 1997, 1998 and 1999 respectively. The foreign direct investment as a percentage of the GRP also reduces from 4.51 in 1996 to 4.25, 3.27, 2.89 and 2.63 in 1997, 1998, 1999 and 2000 respectively. Hence, the table depicts the fluctuating state of the Nigeria economy.

2. *Is there any significant contribution of the deregulation of Nigerian universities on the performance of the economy*

A chronological analysis of the funding pattern of education by the Federal Government of Nigeria revealed that the quality of educational financing poses a big threat to the quality provision of e-learning services to universities. The financial implication of ICT is enormous and cannot be borne by the government alone; hence, there is need for collaborative funding by all stakeholders of the education industry. According to Sanusi, the Central Bank of Nigeria (CBN) Governor at the briefing on the outcome of the Monetary Policy Committee as reported by the *Businessday* of 12<sup>th</sup> May 2010, even the Banks in Nigeria lacked the needed funds to lend. This denotes that funding of e-learning by tertiary institutions through bank loans remains comatose. See table 2

**Table 2: Federal Government Expenditure and Allocation of Funds to the Universities in Nigeria from 1991 to 2010 (₦m)**

S/N	Year	Total Federal (a) Govt. Exp.	Federal Govt.(b) Exp. on Edu	Exp on Edu as(c) a % of Total Exp.	Federal Alloc. c as a % to University (d)	of d
1	1991	35171.60	1554.20	4.42	1194.40	76.8
2	1992	52035.90	2060.40	3.96	1410.60	68.5
3	1993	112100.50	7999.10	7.14	5753.00	71.9
4	1994	110201.50	10283.80	9.33	9650.00	93.8
5	1995	153495.60	12728.70	8.29	1480.40	11.6
6	1996	189000.00	15351.80	8.12	3292.90	21.4
7	1997	273723.20	15946.00	5.83	6269.70	39.2
8	1998	376967.10	27721.30	7.35	4214.40	16.1
9	1999	358103.50	31568.10	8.82	12595.67	39.9
10	2000	918025.60	67568.10	10.16	33243.51	49.2
11	2001	918,025.60	59,744.60	6.51	34,681.30	58.1
12	2002	1,188,734.60	109,455.20	9.21	32,694.30	29.9
13	2003	1,308,287.90	79,436.10	6.07	NA	NA
14	2004	1,321,580.70	93,767.90	7.10	NA	NA
15	2005	1,547,272.80	120,035.50	7.76	NA	NA
16	2006	1,842,600.00	151,723.50	8.23	78066.80	51.6
17.	2007	2,300,000.00	165,600.00	7.2		
18.	2008	2,450,000.00	191,100.00	7.8		
19.	2009	3,102,203.73	224,676.88	7.24		
20.	2010	3,630,892.70	221,686.76	6.11		

Source: Central Bank of Nigeria Statistical Bulletins (2006) and Government Annual Budgets

Table 2 describes the budgetary allocations to education, that is, 4.42%, 3.96%, 9.33%, 5.83%, 10.16% and 8.23% was expended on education by the Federal Government in 1991, 1992, 1994, 1997, and 2006 respectively. Much as the government of Nigeria may be aware of the need to provide more resources to improve the quality of university education for a positive influence on the country's economy; there is a limit to the amount of resources that the government allocates to education annually. Hence the basis for deregulation.

### Hypothesis Testing

*There is no significant combined contribution of the deregulation of Nigerian universities on the performance of the economy.*

To test this hypothesis, the data collected on the predictor variables of universities deregulation and the performance of Nigerian economy which serves as the dependent variable were collated and subjected to regression analysis. The R coefficient was equal to 0.299,  $R^2$  .089 and adjusted  $R^2$  .086. The regression model sum of square and mean were 716.969 and 716.97 respectively while residual sum of square mean and mean square were 7317.893 and 4.557 respectively. The summary is shown in table 3.

**Table 3: Regression table showing the combine contribution of university deregulation on the performance of Nigeria economy**

R = .299 R <sup>2</sup> = .089 Adjusted R <sup>2</sup> = .086					
Model	Sum of square	Df	Mean of square	F	Significant
Regression	716.967	1	716.967	29.196	.000 <sup>a</sup>
Residual	7317.893	298	24.557		
Total	8034.860	299			

Predictor (constant) university deregulation. Dependent variable: Performance of the economy .

**Table 4: Regression analysis showing the combined contribution of university deregulation on performance of Nigeria economy**

Model	Unstandardized coefficient		Standardized coefficient		
	B	Std. Error	Beta	T	Sig.
Constant	13.957	.369		37.781	.000
Deregulation	.052	.010	.299	5.403	.000

Dependent variable economy performance. The regression model and result is given as follow.

The result shows that, deregulation of universities accounted for .229 beta weight, this implies a contribute 0.89 of the total variation in the economic performance. The result equally shows that relationship between deregulation of universities and the performance performance of Nigerian economy is positively significant at 0.05 level. ( $r = .299$ ,  $p < 0.05$ ). This shows that deregulation of universities has a combine significant effect on economic performance of Nigeria ( $t = 5.403$ ,  $p > 0.05$ ).

### **Discussion and Conclusion**

There is increasing evidence that, over the years, the proportion of Gross Domestic Product (GDP) and the proportion of the budgets allocated to university education are too low. The gap is as a result of government's inability to finance education alone in fulfilling its obligations. Ndu (2001) submits that in view of the need to improve the quality of education in Nigeria, government alone cannot single-handedly fund qualitative education with the present financial arrangements, hence, the recommendation made by Ndu that: Local Community; Alumni association; Private sector, and Parent-Teacher Association; should participate in education and financing, and the active participation of other beneficiaries of education could help to mobilize funds for this level of education. The finding of this study is in line with that of Aina, Oyetakin and Sopeyin (2010).

Considering the foregoing, the issue of deregulation and adequate financing is of prime concern to funding university education in as it affect the economy positively in Nigeria. This is also corroborated by Samuel(2012) submission that full deregulation of the Nigeria universities though may be a bitter pill, but it remains the best option for the Nigeria economy to grow. The study is in congruence with Ofoegbu (2004) submission that development in Nigeria has been made worse by lack of infrastructural, relevant facilities and standard equipment for teaching learning and research in the universities, this situation paved way for gross inadequacy of all knowledge and skill production inputs for the economy engineering. Hence, the justification for university deregulation since 1990 till date.

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