ENTREPRENEURIAL INVESTMENT AND REVENUE GENERATION IN TERTIARY INSTITUTIONS: AN INNOVATIVE APPROACH TO FINANCIAL BURDENS

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Abstract

The global mantra is financial crunch. Greece is fighting to survive with huge debt burden from European Union. In Nigeria, most states are crumbling resulting to their inability to pay workers salary. Most tertiary institutions could not execute reasonable academic projects with large backlog of salary arrears owed to workers. This is because the tertiary institutions have depended solely on allocations or grants from federal and state government for their sustenance and ignoring possible areas of internal revenue generation. It is on this premise that this study was aimed at looking on how entrepreneurial investment and revenue generation in tertiary institutions can ease this financial burden of tertiary institutions and at the same time stimulate entrepreneurial practical among students in the

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school. The study adopted the content analysis approach to source, adopt and justify the relationship and effect of position on another. Hence, its profound dependent on *secondary data was analyzed to drive home points. The study revealed the possibility and importance of entrepreneurial investment as a revenue generating device for tertiary institutions and recommended among others proactive measures that can be used as the means to alleviating financial burdens.*

INTRODUCTION

This is an entrepreneurial age. Entrepreneurs are driving a revolution that is transforming and renewing economies worldwide. In emerging economies in particular, entrepreneurship is being vigorously advocated because of its potential to create jobs through various forms of innovation. New and emerging businesses create a very large proportion of innovative products that transform the way we work and live; products such as personal computers, software, biotechnology, drugs, household materials, even items used by churches. Entrepreneurship is enjoying a great deal of attention in many nations today, including Nigeria (Onuoha, 2007). Entrepreneurial forces are relatively strong in this country, as the lack of jobs and a rise in poverty leave few other options for the Nigerian people. The purpose is to accelerate the rate of development and the creation of employment opportunities by investing scarce resources on those who have the potential of engaging in entrepreneurial activities.

Until recently, entrepreneurship was discussed only in the context of private sector enterprises. Public sector enterprises and entrepreneurship were perceived as strange bedfellows. Today, the idea of entrepreneurship is also recognized as applicable to the process of transforming public enterprises to viable market oriented and profitable organizations. In a state were privatization and commercialization of government institutions is a policy and at a time when most higher institutions are crying for autonomy, we believe that this topic is appropriate to the sustenance of revenue.

Revenue Generation

Revenue generation is the nucleus and the path to modern development, even though it is said to be dwindling due to weak controls in the systems of revenue generation and lack of diversification. Development is

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associated with funds and much revenue is needed to plan, execute and maintain infrastructures in the education industry. Therefore, one of the recurrent obstacles of the education sector in Nigeria is the dwindling revenue generation as characterized by yearly budget deficits and insufficient funds for infrastructural advancement. This social reasoning emphasized the revenue need of higher institutions and indicates that, apart from strengthening the existing sources of revenue, it is also necessary for tertiary institutions to diversify its revenue base in order to meet its legal. Myles (2002) states that financial capacity of any higher institution (government) depends among other things, on its revenue base, the fiscal resources available to it and the way these resources are generated and utilized. It is therefore, the duty of the higher institutions to adequately mobilize potential revenue generating device across institution through entrepreneurial investment to prevent infrastructural stagnation.

Entrepreneurial investment have a wider coverage since the cause of adverse variance can be adequately controlled under proper administration. The revenue generated from entrepreneurial investment can help to boost the financial base of any economy. This however involves exploiting the potentials and adopting the type of investment that will recognize entrepreneurs as utility minimizing individuals and safeguarding their entrepreneurial behaviour. In exploiting the available potentials the necessary entrepreneurial innovation ability becomes a saving grace capable of arresting financial burden. If entrepreneurial investment is not used for revenue generation the fear is that this burden might be possibly transferred to the students in the form of high school fees and levies.

STATEMENT OF PROBLEM

1) Weakness in the exploration of economic opportunities existing within the higher institutions.
2) Possibility of alleviating financial burdens through innovative investment activities.

To address these problems requires proper implementation of entrepreneurial investment plans directed at enhancing adequate revenue generation.

However, the near collapse of the National Economy has created serious financial burden for most institutions. In spite of the numerous sources of revenue available to the various higher institutions, over 80% of the annual revenue of the higher institutions comes from federal and state governments. With the fall in price of oil which constitutes the government's source of revenue, the allocation of funds from governments has also fallen. In view of this short fall, the need for heads of tertiary institutions to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. This need underscores the eagerness on the part of institutions even the three tiers of government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources.

The increasing cost of running schools coupled with dwindling revenue calls for various institutions to look inwards for alternative methods of improving their revenue base necessary to ease their financial burden. One among the alternative strategies is entrepreneurial investment. If well managed the expected result is revenue generation at a profit. Strategies are plans directed at achieving specific goals of the institution. The paper, therefore discussed exhaustively the entrepreneurial investment option with a view of enhancing tertiary institution revenue generation necessary to reduce financial crisis bedeviling the infrastructural development in tertiary institutions.

Objectives of the Study

The general objective of this study is to examine the impacts of entrepreneurial investment and revenue generation as innovative approach to alleviating financial burden in tertiary institutions. However, the specific objectives are:

- To determine the effect of exploiting business opportunities existing within the tertiary institutions with entrepreneurial creativity and innovations.

- To establish how financial burden can be alleviated through innovative investment of entrepreneurial activities.

Review of the Related Literature

Entrepreneurship is attributed with qualities such as creativity, flexibility, ability to find novel solutions, opportunity recognition, proactiveness, value creation and risk taking; theses are of critical significance, especially necessary for income generation. According to (Appleby, 1994 in Onuoha, 2007) entrepreneurship can be described as the process of bringing together creative and innovative ideas and coupling these with management and organizational skills in order to combine people, money and resources to meet an identified need and thereby create wealth. This innovative acumen can change the socio-economic outlook of an individual, a company, an industry or even a national economy. All major innovations and innovative feats of the past and present generations have entrepreneurial factors and elements. This innovativeness approach is what tertiary institutions require to alleviate financial burden.

To effectively and efficiently harness business opportunities and ensure sustainable infrastructural growth and development, tertiary institutions need to adopt entrepreneurial investment designed to cushion any financial adverse effects or adjustment measure. Therefore, entrepreneurial investment is an act of exploring business potential within a particular institution to ensure sustainable revenue. It is capital innovation that attracts more income to an entrepreneur through proper utilization of capital available to purchase financial securities or through diversification of investment potential opportunities so as to be less dependent on government grants. Entrepreneurial investment entails exploring and exploiting various sources of opportunities to ensure revenue generation sustenance in a particular area.

Investment and Revenue

Investment, in Keynesian terminology refers to real investment which adds to capital equipment. It leads to increase in the levels of income and production by increasing the production and purchase of capital goods. Investment thus includes new plant and equipment, construction of public works like dams, roads, buildings, etc., net foreign investment, inventories and stocks and shares of new companies. In the words of Joan Robinson, "By investment is meant an addition to capital, such as when a new house is built or a new factory is built. Investment means making an addition to the stock of goods in existence" (Jhingan, 2010). Meanwhile, investment is a term frequently used in the fields of economics, business management and finance. It can be divided into different types according to various theories and principles. Investment is involved in many areas of the economy, such as business management and finance whether for households, firms, or governments (Graham & David, 1951).

On the other hand, revenue is one of the sources of income generation. (Adam, 2006 in Adesoji & Chike, 2013) defined revenue as the fund required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fine, fees, etc. It is also defined as the total amount of time (Hamid, 2008 in Adesoji & Chike, 2013). Revenue generation is source of income open to organization to boost its financial strength. For a successful revenue generation, revenue control is put in place to ensure timely collection of revenue, and ensuring that amount due are actually collected as well as ensure that revenue generated are paid to the coffers of the institution. The link of revenue generation to attainment of objectives require strategically laying plans and controls that revenue generation. Hofer & Schedal (1978) in (Alao & Alao, 2013) defined strategy of revenue generation as the fundamental pattern of present and planned resource department, and environmental interaction that indicate how the organization will achieve its aims and objectives. From the above definitions, revenue generation is the total amount of income accruing to an institution from various sources within a specified period of time. Tertiary institutions like any other organization or government establishment has sources and uses of revenue. These are internally generally generated revenue and revenue allocated from the state or federal government. Internally generated revenue are those revenues that are derived within the institution from various sources such as school fees, development levies, SUG, departmental and faculty fees, sales of obsolete assets, etc. While the statutory allocation from state, federal governments, Tetfund, grants, etc. constitute the external sources.

Innovation and Financial Burden

To guarantee financial healthiness of tertiary institutions there should be financial burden alleviation innovation approach. Hence, the key to consider in dealing with the identified problem areas are the need for innovation. Innovation is this wise involve changing from the old system of doing things (allocation and grant), fashioning new plans (entrepreneurial investment) to improve system of revenue generation. Newman in Hofstand (2012) as quoted by (Also & Alao, 2013) agree that cost reduction could also be a means of improving the orientation heads of institutions were used to. Even though tertiary institutions are not profit oriented yet the strategies that apply to profit oriented organizations call also well to enhance the desired improvement in the functions of the institutions. This is because the target for both is improvement in status, growth and attainment of goals. Financial burden is the reduction in institution consumption and investment basically on infrastructures, which makes it possible for resources to be released for institution uses (Obiah, 2012). Because of the over reliance on federated and state sources, there has been little or no concerted effort towards improving internally generated revenue. This posses a serious threat to the survival of the system and calls for examining the existing system of revenue generation.

In Keynesian economics, the word infrastructure was exclusively used to describe public assets that facilitated production, but not private assets of the same purpose. The term infrastructure as used in this paper, is the provision of essential services and amenities that guarantee conducive teaching and learning environment in tertiary institutions. Investment in infrastructure development projects is a key input in the development of the education industry and a panacea to socio-economic activity and growth. This is the major reason tertiary institutions need revenue generation.

Methodology

The study is a qualitative descriptive research and uses only secondary method of data analysis. For secondary sources, the study relied on relevant textbooks, journals, internet and other publications. The study approach is used to bring out the current issues pertaining to the application of entrepreneurial investment and revenue generation to ensure ease of financial burden in tertiary institutions. The study utilized content analysis method to analyze the various data gathered from the secondary source of data collection. This method, relatively best suit the study since the study is based more on an existing fact, opinion and perception from textbooks, journals, etc.

Entrepreneurial Investment and Revenue Generation

We have above established that, entrepreneurship have expanded from private to public and of necessity that institutions teaching entrepreneurship should on their own be entrepreneurial. The entrepreneurial revolution of the past decades has transformed our society. Now the emphasis is shifting to combining the forces of entrepreneurship, innovation and capital in order to improve institutions. Higher institutions can play an important role in catalyzing the growth of entrepreneurial investment.

Yet, if higher institution driven entrepreneurs are to have the opportunities to do the meaningful investment desire and to create the volume of investible opportunities desired by campuses, a rethink will be needed of the rules governing them. The extent of this rethink will vary greatly from one educational organization to the next. But across schools, the revenues should come to reflect more closely to the social value they deliver, and a more coherent market will emerge as a result. If we get this right, we can unleash the world's next wave of entrepreneurial innovation, following on the great technological wave of recent decades. School entrepreneurs should have access to a full range of choices in terms of the legal form in which they incorporate their business. Such will highlights intent, duties and reporting as defining features of a profit with purpose business, the commitment being to continue to deliver impact over the long term and to report on the impact created.

Entrepreneurial investment driven colleges need access to markets in order to generate income from the products and services they offer. Such markets can be consumer facing. The largest markets, however, could be provided by workers. There is an urgent need for a revolution in delivering core infrastructure, as well as ensuring that financial innovation and effectiveness are incentivized. We believe there is a huge opportunity to create better outcomes for higher institutions, and investible opportunities, by expanding their roles. Sometimes there may be pushback from existing system in the space that investment could inhibit, as they may fear that their source of government revenue might be threatened.

DISCUSSIONS

Innovative Approach to ease Financial Burden

For higher institutions with excess liquidity to invest their funds in financial securities is not wrong. But we are basically looking at the options of natural endowment renewal and exploitation. Most institution can combine work-in-progress, manpower and natural resources they have to enhance entrepreneurial investment to both reduce cost and promote savings or to generate revenue. In Imo State for instance, Schools like Federal University of Technology Owerri and Imo State Polytechnic Umuagwo can use Otammiri River to generate power for the schools to save PHCN bills and cost running generator sets and also produce irrigation to ensure agricultural produce all year round. Irrigation systems greatly increase cost of establishing and operating commercial agribusiness enterprises, but where it is easy to generate, it aid the development of the mind and body and assist productivity in such environment. While we agree that, investment in agricultural related business especially in the African setting, have been generally agreed to be constrained by lack of market opportunity, access to finance, enabling environment, market information, and managerial skills, Nigeria needs to make a u-turn to return to agriculture with a great sense of attention over the years ahead. Because the population engaged in agriculture is such a critical number that any government effort designed to empower the people should revolve around it.

With vast arable lands in these two schools, the agricultural sector will provide the nation a golden opportunity to reduce the high level of unemployment, check the rising dependence on food imports and restore the capacity for non-oil exports. An unfailing strategy to attract the youth to agriculture is to put new technology and infrastructures in the farms. Governments should provide a guide to introduce policies and programmes that will empower the largest number of the student's population. In order to maintain an upward shift and to unleash the enormous potential for attracting entrepreneurs' investments to agribusiness and agro-industries, policies and regulations affecting agricultural drive by institutions is a value chain to agricultural products. Institution can embark on the establishment of some mini-size agro-industries that will add value to their products.

Higher institutions can spur Nigeria's drive for industrialization. By creating partnership with large industries to enhance research and development, Nigeria's industrialization will rise to unimaginable magnitude. Large company's pay schools for research and transfer of technology. These areas of entrepreneurial investment magically raise revenue for institutions. A typical example of entrepreneurial investments in Imo State Polytechnic is "Echeta Block Industry" what the paper described here as "Echetasistic" method of entrepreneurial investment. The School provide the raw materials, while students as part of their entrepreneurial practical engage on the block moulding. This type of entrepreneurial investment not only generate revenue for school, it equally save cost as the blocks can be used internally at the same time, and it stimulates the entrepreneurial mindset of the students. While advocating for more of such cottage industries, "Echetaistic" method should be encouraged. Achama (2012) opined that the many areas of exploitation in Imo State Polytechnic environment if fully tapped would certainly go a long way to reducing the financial burdens of the institution. One of such areas according to him is the commercialization of the existing cassava plant to marketing various available cereals food and agricultural produce. He believes that the institution at various seasons may undertake mopping all agricultural produce around it and outside the institution for internal supply and export. Such opportunities are exportable and worthy of investment. Many more opportunities abound in our environment which can be explored. Among others are ice block production and marketing. Ice block as a bi - product has been identified by (Achama, 2012), surveyed and ascertained to be an opportunity with a lot of market demand.

CONCLUSION AND RECOMMENDATIONS

This research work posits that entrepreneurial investment and revenue generation not only contributes significantly to the ease of financial burden in tertiary institutions, it equally contribute to development of infrastructures. In order to get the best out of entrepreneurial investment, a lot has to be done in creating awareness about the importance both to students and tertiary institution stakeholders. The strategic innovation plans aimed at achieving financial burden alleviation should consider the satisfaction of the school connected to achieving revenue generation. Hence, improving the approach to the task requires setting goals, which has to do with the quality of service, income generation combined along with other divers directed at attaining organizational goals. A very pertinent link to maximizing effectiveness is commitment to attainment of set objectives which are tagged to each institutional duty. Tertiary institutions should detest proliferation of honourary doctorate awards and fellowship awards as source of income, but concentrate on how to use entrepreneurial investment.

Based on this study, the researchers made the following recommendations:

- There should be development and improvement in agricultural ventures like crop farming etc. participation in agriculture will encourage students and inhabitants of the area to improve their standard of living while primarily provide revenue generation for such school.

- An emerging practice should be that of incorporating a new business using a special legal structure designed to protect the mission of the business without ending a change in management or ownership. The paper recommend that government should create legal structure that offer tertiary institutions choices of vehicles that provides them leverage and the best shot at fulfilling their social mission.
- Relax any regulations that prevent tertiary institutions from being entrepreneurial and from generating revenues that will grant them financial autonomy without exploitation from the students
- Government should create entrepreneurial investment fund for tertiary institutions, particularly for those that are innovative and working to invest.

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