



REVENUE DIVERSIFICATION IN PUBLIC UNIVERSITIES; A CASE OF KISII UNIVERISTY, KENYA

Dorcas Chepkoech Ngenoh

Shadrack Chepkowny

BACKGROUND OF STUDY

- In USA, pressure to maintain quality and competitive standing in the face of menacing resource constraints has become the primary challenge facing colleges and universities (Edwards, 2015).
- Universities are engaging in various revenue diversification means such as development office initiatives
- Most institutions in the United States are aggressively expanding efforts to bring in donations from alumni, private individuals, foundations, and charitable organizations



CONT'

- *Research and analysis initiatives: many universities are reorganizing their research and analysis capabilities in pursuit of revenues. Many have developed technology transfer offices to improve chances for such financial returns from ideas developed on campus*
- *Instructional initiatives: many institutions have begun targeting new markets of learners, focusing on people seeking non-degree trainings like companies.*



CONT'

- *Partnering arrangements with third parties:* collaborations in non-instructional activities with externally based partners can provide new revenues. institutions are allowing other parties to use their resources, such as the expertise of faculty members or facilities, in exchange for additional revenue.



CONT'

- Public universities in developing nations especially those in Africa are facing financing crises. Over the past decade or so, these institutions have continued to receive less financial allocations from their governments than their estimated expenditure.
- Given the prevailing unfavorable economic conditions in developing countries, governments are unable to adequately finance the provision of public services including education.



CONT'

- Public universities have been facing a lot of challenges in regards to finance. Most universities are unable to pay their recurrent expenditure and make further investments.
- This has led to closure of some of satellite campuses and strikes among the lecturers due to financial crisis.



STATEMENT OF THE PROBLEM

- Universities have been facing financial crises which has led to closure of some campuses. Revenues from tuition fees has also been reducing which is attributed to low enrollment (Sarai, 2013). Universities have not aggressively engaged in other revenue diversification means, despite the knowledge and skills in most of them.
- Revenue diversification just like it has been argued in this study is one of the mechanisms that can be used to improve sustainability of higher education institutions (World Bank, 2010).



OBJECTIVES OF THE STUDY

- To examine the extent of revenue diversification in public universities.
- To explore the challenges of revenue diversification in public universities.
- To determine the policies that influence revenue diversification in public universities.
- To examine the remedies of challenges regarding revenue diversification in public universities.



RESEARCH METHODOLOGY

- This study used mixed research design, this approach complements quantitative or qualitative strategies.
- The reason for the above method is basically due to the complementary aspect of both quantitative and qualitative method.
- The data collection tools included questionnaires and interviews.
- The study targeted 400 respondents consisting of Lecturers, administrators and head of departments.
- According to Kothari (2004), a good sample size covers the range 10-30% of the population, therefore the study sampled 120 respondents and purposive sampling method was used to get the respondents.



FINDINGS AND DISCUSSIONS

- The study found out that Kisii University has engaged mostly in partnership with third parties such as alumni which has helped in raising funds.
- The study also found out that the university is also partnering with NGOs to help in raising funds.
- The university is allowing other third parties to use its resources and in return they get revenues.
- The University has also been engaging in research consultancies which help to generate extra income.



CONTINUATION

- The study found out that the policies in regard to revenue diversification are still few in the university where the study was based it was found that:
- Lecturers and departments are encouraged to participate in research consultancies however there is no clear policy in regard to income generating activities.



CONTINUATION

- Main constraints facing revenue diversification Initiatives.
- It was noted that most of the problems affecting revenue-generating initiatives are attributed to the existing management structure of public universities, which are managed as government parastatals.
- The specific constraints affecting revenue diversification initiatives in these institutions include inadequate operational capital, using unskilled management, lack of internal autonomy due to centralized management systems, shortage of skilled manpower in areas such as information technology, lack of direct access to the revenue generated and low staff morale.



CONT'

- Possible Remedies to the Constraints and Future Directions of Revenue Diversification Initiatives in Public Universities
- a. To address these problems, public universities, like other non-profit organizations, should restructure their management practices in order to adopt innovative strategies in their activities and programs.
- b. Where feasible, prospective investors should be invited by public universities for joint investment ventures using available institutional resources
- . c. Further revenue diversification ought to be undertaken to include other sources of revenue that, hitherto, have not been exploited such as Alumni associations.



RECOMMENDATIONS

- The following important factors are associated with successful revenue diversification in public universities:
 - a. Adoption of innovative management strategies.
 - b. Educating all stakeholders and consensus building.
 - c. Governmental support of the revenue diversification process.
 - d. The ability of public universities to exploit their natural strengths, specific expertise and comparative advantage for revenue generation.



○ THANK YOU

