



Research Article

Perceived Effect of Monetary Policy Measures on Internally Generated Revenue (IGR) and Funding of Universities in Nigeria

Friday Oko Orji^{1*}, Ifeanyi Francis Ikedimma², Mercy Obianuju Nwogbo²

¹Founder of EduNova Digest, Port Harcourt, Rivers State, Nigeria

²Department of Educational Management and Policy, Nnamdi Azikiwe University, Awka, Nigeria
Email: orjifridayoko@gmail.com

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Abstract: The study looked into the perceived effect of monetary policy measures on internally generated revenue (IGR) and funding of universities in Nigeria. Ex post facto design was adopted for the study. Two hypotheses were tested at 0.05 alpha level. The sample size of 60 was drawn through multistage procedure. A researcher's developed instrument, 'Effect of Monetary Policy Measures on IGR and Funding of Universities Questionnaire (MPMIGRFUQ)' was used to collect data. The Cronbach Alpha method, with the coefficient of 0.92 was used to ascertain the reliability of the instrument. T-test was adopted for analysis and testing of the hypotheses. It was found that the mean ratings of male and female lecturers of banking and finance lecturers with regard to the effect of monetary policy measures on IGR and funding of universities did not differ significantly. The study recommended among others opinions that more researches through primary data should be carried out beyond the scope of opinions of banking and finance lecturers, by involving respondents from different walks of life, for more inclusive and reliable outcomes.

Keywords: monetary policy measures, internally generated revenues, university funding, banking and finance lecturers

1. Introduction

Globally speaking, education is an invaluable venture that helps to redefine the fortune of every society for all round development. Countries all over the world spend a considerable proportion their revenues in the education sector, of which the tertiary aspect is known to be critical for the supply of advanced and skilled manpower that is needed to contribute positively in different sectors of the economy. This is why Nigeria, as one of Africa's largest economies, places significant importance on higher education as a catalyst for economic growth and societal development (United Nations Educational, Scientific and Cultural Organisations, UNESCO, 2020). The country boasts numerous universities, both public and private, spread across its states and regions. These institutions play a crucial role in producing skilled graduates, conducting research, and driving innovation across various sectors. However, the funding of universities in developing countries, such as Nigeria has been a persistent challenge, and this negatively impact on their ability to maintain academic excellence and compete globally.

Funding can be seen as the lifeblood of any educational institution, and universities are no exception. This might be because adequate funding is believed to enable universities provide quality education, maintain state-of-the-art facilities, attract and retain talented faculty, and conduct groundbreaking research. To have the universities adequately funded,

governments' revenues have to be stable, and the Internally Generated Revenue (IGR) is one essential avenues to boast universities' financial capacity. The IGR could be said to be the funds generated by universities from various sources within their purview. These sources typically include tuition fees, research grants, donations, commercial activities, and income from endowments. In affirmation to this, Suleiman et al. (2020) posited that in recent years, universities in Nigeria have increasingly relied on IGR to supplement government allocations, which have often fallen short of meeting their financial need. It is thought that one of the possible reasons affecting the inter-university transfer payment capacity might be the monetary policy operations of their Central Bank or the Federal Reserve, as the case may be. Monetary policy can be considered as the management of the money supply and interest rates by a country's Central Bank to achieve macroeconomic objectives. In Nigeria, for instance, the Central Bank of Nigeria (CBN) is responsible for formulating and implementing monetary policy measures. These measures are designed to control inflation, stabilize the exchange rate, and promote economic growth (CBN, n.d.). The 'Government Bank' employs several tools to implement monetary policy. These tools include Open Market Operations (OMO), the Cash Reserve Ratio (CRR), the Monetary Policy Rate (MPR), and the Standing Deposit Facility (SDF). OMO involves buying and selling government securities to influence the money supply. Adesoye et al. (2019) explained that while CRR is the minimum percentage of customer deposits that banks must hold as reserves, MPR is the benchmark interest rate, and SDF is the interest rate paid to banks for their excess reserve holdings. Monetary policy measures can have a profound effect on the Nigerian economy, including the IGR and potential funds for university education. For instance, a high MPR can lead to increased lending rates, which may reduce borrowing and investment. Also, a lower MPR could stimulate economic activity but might also lead to inflationary pressures, while changes in the CRR can affect banks' liquidity and their ability to lend, thereby influencing overall economic growth. Some of the experts who are needed to provide more insight on the relationship that might exist among monetary policy mechanisms, IGR and university funding are academics in the field of banking and finance, often referred to as lecturers.

Lecturers of Banking and Finance are an integral part of this investigation as they possess specialized knowledge in monetary policy and its effects on the financial sector. Their perspectives are crucial in understanding how monetary policy measures influence the economic landscape and, consequently, university funding. As experts in financial matters, they are well-positioned to analyze the complex interactions between monetary policy decisions, IGR generation, and university funding. Furthermore, lecturers specializing in Banking and Finance play a vital role in shaping future economists, policymakers, and financial analysts who can contribute to the nation's economic stability and development. Their insights can provide valuable input into formulating policies that promote sustainable funding for universities while ensuring the overall economic well-being of the country. This might be necessitated by the fact that universities continue to make efforts at internally raising adequate funds for procurements and financing of all their operations and programmes.

Sadly, despite efforts to increase IGR, universities all over the world, including those in Nigeria face significant challenges in generating revenue internally. It is understandable, for instance that tuition fees are constrained by the economic hardship faced by many families, who are not able to earn enough income to cater for school fees. This is owing to the fact that their high interest rate on borrowing, which makes it difficult for families who are in financial distress to access credits from banks (Okerekeoti, 2022). Consequently, with a lot of parents not being to pay tuition fees for wards in the university, the IGR of such university is expected to be affected, negatively. Also, the CRR, through which Central Banks demand that Deposit Banks increase their reserves, also limits the volume of research grants that banks can provide to universities, consequently affecting funds for top-tier higher education. Okerekeoti (2022) argued that compounding the situation is the fact that the limited research grants and donations that Deposit Banks can afford are often subject to intense competition, especially as the Science, Technology, Engineering, and Mathematics fields tend to benefit, at the expense of other disciplines.

Furthermore, it is also worthy of note that universities rely on the banking institution in executing their financial transactions, and they are unavoidably billed excessively in the form of electronic and other bank transaction charges. This tends to further drain the IGR of universities. Additionally, commercial activities that some universities have ventured into have encountered bureaucratic hurdles and inconsistent regulatory frameworks and mismanagement, thereby jeopardizing their efforts at raising IGR and funds (Suleiman et al., 2020). Corroborating on the foregoing, Obioma et al. (2019), observed that funding constraints have led to several issues, including insufficient infrastructure, outdated equipment, and inadequate compensation for lecturers and staff. Scholars such as Nwakaibeya (2022),

Olileanya (2018), and Umejiaku (2016) conducted various studies on the impact of monetary policy instruments on the revenue generation of financial firms. They reported that a high exchange rate, high interest rates, and government debt servicing have a negative impact on financial institutions and the economy in general. These investigations were basically carried using secondary data from the Central Bank, the National Bureau of Statistics, etc. However, no attention has been paid to the perspective of finance specialists in the education industry, especially those from the university extraction on matters relating to how monetary policy tools deployed by Central Banks of the various countries affect universities' IGRs. Consequently, there is need to examine what lecturers' thought might be, with regard to the influence of monetary policy practices of the CBN, not generally on the economy, but narrowly on the IGR and potential funds of universities. Based on this, the study sought to investigate the perceived effect of monetary policy measures on IGR and funding of universities in Nigeria.

1.1 Statement of the problem

Universities play a critical role in driving economic development and producing skilled graduates. As universities increasingly rely on Internally Generated Revenue (IGR) to supplement government allocations, fluctuations in revenue streams can significantly impact their financial stability. Parents who pay the tuition fees, which are part of the universities' IGR rely on a favorable economic environment to afford the fees. However, with unfavourable monetary policies measure, such as high interest rate on borrowing, it has becomes very difficult for families who are in need of settling tuition and other fees for their varsity wards to seek for credits from banks. Consequently, with a lot of parents not being to pay tuition fees for wards in the university, the IGR of such university is affected, negatively. Also, the CRR through which the Central Bank requires Deposit Banks to increase their reserves, also limits the volume of research grants that banks can provide to universities, frustrating most universities' efforts to seek research and other related grants from Deposit Banks. Universities which rely on the financial institutions in carrying out their financial transactions are hugely billed in the form of electronic and other bank transaction charges, and this further drains the IGR of universities. This points to the fact that several harsh and unfavourable monetary policies that have been brought to light by the CBN, such high interest rate, increased CRR, excessive charge in bank transactions, etcetera, seem to have brought more financial hardship to individuals, universities and the economy at large. No wonder, universities have continued to make a lot of efforts to improve IGRs, yet, the funds generated remain meagre and inadequate in catering for operational tasks of the universities. In the midst of all these, the perspective of lecturers of Banking and Finance on the effect of these monetary policy measures on universities' internally generated revenue and funding seems not to have been given attention to through an empirical study. This is despite the fact that the lecturers are experts who are believed to possess in-depth knowledge of financial matters and can offer valuable insights into the intricate relationship between monetary policy decisions and university funding. Based on this, the problem of this study is put in an interrogatory form, thus: what is the perceived effect of monetary policy measures on internally generated revenue and funding of universities in Nigeria?

1.2 Purpose of the study

Generally, the study sought to investigate the perceived effect of monetary policy measures on IGR and funding of universities in Nigeria. Specifically, the study determined:

1. The difference between the mean ratings of male and female banking and finance lecturers with regard to the effect of monetary policy measures on the IGR of universities.
2. The difference between mean ratings of male and female banking and finance lecturers with regard to the effect of monetary policy measures on funding of universities.

1.3 Hypotheses

The following null hypotheses were tested at 0.05 levels of significance:

1. There is no significant difference in mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on the IGR of universities.
2. The mean ratings of male and female lecturers of banking and finance lecturers with regard to the effect of

monetary policy measures on funding of universities do not differ significantly.

2. Method

The study was guided by ex post facto design principles, which is recommended for investigation of cause-effect nature, especially if the consequence has occurred, such that the researcher cannot change. According to Saleh and Kowalczyk (2022), ex post facto design is suitable for an after-the-fact investigation, and focuses on how actions that have already occurred with regard to independent variable cannot be manipulated by the participants of the investigation. Monetary policy measures have continually been implemented by the CBN, and its impacts seem to be felt already as noticeable in the insufficiency of IGR and funds of universities.

The population of the study is approximately 1,120 lecturers of banking and finance in some of the federal universities in Nigeria. The population comprised of 432 male lecturers and 688 female lecturers. The sample size of 60 respondents was drawn through the multistage procedure. The sample was composed of 27 males and 33 females. Multistage procedure was chosen because it affords a researcher the opportunity to deploy two or more sampling techniques for a study. At first, a simple random selection by open balloting was used to choose three universities, resulting in the selection of the University of Nigeria, Nsukka (UNN); Alex Ekwueme University, Ndufu-Alike, Ikwo (AE-FUNAI); and Michael Okpara University of Agriculture, Umudike (MOUAAU). Secondly, purposive sampling was used to select the department of banking and finance, and proportionate sampling technique was used to draw 20-lecturers from each of the 3-universities.

The researcher developed an instrument titled: ‘Effect of Monetary Policy Measures on IGR and Funding of Universities Questionnaire (MPMIGRFUQ)’ was face-and content-validated by three academics from 3-universities. The Cronbach Alpha approach was used to test the reliability of the instrument, and the test produced a reliability coefficient of 0.92 which was considered okay and appropriate for the investigation.

The researcher employed the services of 3-research assistants who helped in collecting relevant data. Extra questionnaires were produced are given to the assistants for administration and retrieval. The reason for reproducing extra copies was to replace any mutilated and or lost instruments. This ensured that 60 copies were administered and 100% retrieved.

T-test was adopted for analysis and testing of the null hypotheses at 0.05% level of significance. Jones and Smith (2020) described t-test as a statistical test used in comparing the mean ratings of two group of participants of a research venture. It is considered appropriate because data was collected from male and female respondents. Each null hypothesis was to be rejected if t-calculated is greater than the t-critical, but not be rejected if t-calculated is lesser than t-critical.

3. Presentation and interpretation of results

Hypothesis 1: There is no significant difference in mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on the IGR of universities.

Table 1. t-test for mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on the IGR of universities

Variables	N	X	SD	t-crit	t-cal	DF	α	Remark
Males	27	2.52	0.22	1.96	0.40	58	0.05	Not rejected
Females	33	2.60	0.24					

Table 1 points to the fact that the t-critical is 1.96, and t-calculated is 0.40 at 58 degree of freedom and 0.05 level

of significance. By implication, the t-critical is greater than the t-calculated, hence, the null hypothesis is not being rejected. This implies that there is no significant difference in mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on the IGR of universities.

Hypothesis 2: The mean ratings of male and female lecturers of banking and finance lecturers with regard to the effect of monetary policy measures on funding of universities do not differ significantly.

Table 2. t-test for mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on funding of universities

Gender	N	X	SD	t-crit	t-cal	DF	α	Remark
Males	27	2.74	0.19	1.96	0.31	58	0.05	Not rejected
Females	33	2.71	0.26					

On Table 2, it is observed that the t-critical is 1.96 while t-calculated is 0.31 at 58 degree of freedom and 0.05 level of significance. This shows that 1.96 is greater than 0.31, which implies the null hypothesis is not being rejected. Thus, mean ratings of male and female lecturers of banking and finance lecturers with regard to the effect of monetary policy measures on funding of universities do not differ significantly.

4. Discussion of findings

The study reported that the mean ratings of male and female banking and finance lecturers with regard to effect of monetary policy measures on the IGR of universities are significant. This becomes an eye opener to the general public and Central Bank in particular that the monetary policies it implements seem to impact on universities' IGRs negatively, as viewed by male and female academics in Banking and Finance. This means that the data collected and analyzed did not show enough evidence that could have led to the rejection of the null hypothesis. It also means that the thought of both categories of lecturer was indifferent. It is a pointer that monetary policy measures might have been affecting the IGR of universities, especially in some negative ways. The influence might depend on the direction of the monetary policies, increase or decrease. On the contrary, Nwakaibeya (2022), Olileanya (2018), and Umejiaku (2016), in different studies on the impact of monetary policy instruments on revenue generation of financial firms, reported that a high exchange rate, high interest rate, and government debt servicing have a negative impact on financial institutions and the economy in general. These studies were mainly done using secondary data, and did not consider any need to incorporate the gender variable.

The investigation further showed found that the mean ratings of male and female lecturers of banking and finance lecturers with regard to the effect of monetary policy measures on funding of universities do not differ. In the course of reviewing literatures, the researcher found that available studies on the monetary policies and its impacts have majorly been investigated though the quantitative and secondary data approach. For instance, Okerekeoti (2022), who investigated the effect of monetary policy on tax revenue in Nigeria, found that money supply has negative effect on tax revenue of which universities also depend on, and the effect was not significant at 5% level of significance. Okerekeoti asserted that by implication, increase in money supply as a monetary policy tool leads to decrease in tax revenue. The nature of effect is negative.

5. Conclusion

Monetary policy measures tend to have negative and positive effect on the internally generated revenue of

universities, and consequently the funding. The opinions of lecturers based on gender did not differ significantly. Bearing this in mind, if the CBN increases the rate of certain monetary policies, it could negatively affect the funds that should be available for university education.

6. Recommendations

The following recommendations were put forward based on findings of the study:

1. Researchers should venture more into examining the real effect of monetary policies on the university system through the primary data approach, rather than just collecting secondary data made available by relevant authorities. This kind of study should be run concurrently with the approach involving only secondary data, and by so doing, gives a broader view of the subject matter. It is understandable that sometimes the real effect is misrepresented with figure manipulations, but seeking opinions and insights from reality might present an encompassing reports.

2. More researches on primary data should be carried out beyond the scope of opinions of banking and finance lecturers. All categories of respondents should be sought for and incorporated into further studies for a more inclusive and reliable outcomes. People from all walks of life should be able to make their opinions known, based on real experience in businesses and economic ventures whenever the CBN initiates any monetary policy measure. It should go beyond their effect on universities.

Conflict of interest

The authors declare no competing financial interest.

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