

**FINANCIAL MANAGEMENT STRATEGIES AND GOAL ACHIEVEMENT OF
PRIVATE UNIVERSITIES IN EDO AND KWARA STATES, NIGERIA**

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Abstract

This study examined the financial management strategies and private universities goal achievement in Edo and Kwara States, Nigeria. Descriptive research design of correlation type was adopted for the study. The target population comprised all management staff in all the seven private universities in the two states. Stratified random sampling technique was adopted to select 4 from 7 universities in the two states while proportionate random sampling method was used to select 120 respondents from the four sampled universities. The questionnaire, titled “Financial Management Strategies and Private University Goal Achievement (FMSPUGAQ)” was adopted to elicit information from the respondents on the variables under study. The instrument was validated by experts from the Private Universities in the two states. The reliability co-efficient of 0.76 was obtained through a pilot study of test, re-test method after analyzing the data using Pearson- product moment correlation statistic. Three research questions were answered with descriptive statistical method of percentages, means and standard deviation, while inferential statistical methods of t-test was employed to test the hypotheses generated for the study. The findings from data analysis revealed that there was high level of financial management strategies in Private Universities in Edo and Kwara State, Nigeria . However, there was a moderate level of goal achievement in Universities in Edo State. Conclusively, there was no significant difference in Financial Management Strategies and goal achievement in Universities in Edo and Kwara State, Nigeria. Also, there was no significant difference in financial management strategies and private Universities Goal Achievement in Edo and Kwara States, Nigeria. In consideration of the findings, the study recommended that private Universities in Nigeria should pay more attention to project evaluation as a financial management strategy. The areas of deficiency in Financial Management in the State Universities under study should be thoroughly addressed.

Key Words: Financial Management Strategies Auditing, Budgeting, Goal achievement and Private University.

Introduction

The major sources of funds to universities in Nigeria are from the owners or proprietors of universities which are classified into federal, state and private universities, For instance in Nigeria's federal universities, the major source of funds is through government subvention. This represents 90% of the total income to universities and it is usually disbursed through the National Universities Commission (NUC), the body responsible for regulating the affairs of universities in Nigeria. The remaining 10% of fund is generated internally by each university (Ogbogu, 2011).

The financial allocation to federal universities has continued to be inadequate (Max, 2014) and this has resulted to poor provision of various kinds of facilities needed in teaching and learning. The ineffective teaching and learning noticed from these Universities was attributes to poor provision of facilities which impacted negatively on their goal achievement. For instance, in the area of research; many public universities lack video conferencing facilities, while internet services are epileptic and slow. Smilarly, library materials are outdated, while functional laboratories are inadequate. This therefore ascertains the need for prudent financial management in all Nigerian universities, private ones inclusive.

All the activities and strategies involved in financial allocation and management of expenditures should be put in place in order to achieve efficient and effective goals and objectives of the university. Such activities include: budgeting, financial control, accounting, financial reporting, internal and external auditing. Financial management involves the process of sourcing for funds, their efficient use and minimization of costs or losses for the greater profitability of business. Financial management involves making decision on how to procure funds, disburse and orchestrating report on how funds are used for the attainment of educational objectives. Davies and Boczko (2005) defined

financial management as the management of all processes associated with the efficient acquisition and deployment of both short and long term financial resources.

It involves management functions such as planning, organizing, directing, coordinating, controlling and reporting financial activities such as the procurement, allocation and utilization of funds for the attainment of organizational goals. It has to do with making financial decision to achieve financial goals and objectives of an organization. The main aim of financial management is to ensure that funds are sourced, mobilized and utilized in the most efficient and effective manner.

Budgeting is a working tool for successful operation of an organization most especially in the university system. It's entails financial allocation to priority areas of the university expressed in financial terms. Ama (2006), viewed budget as a plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and expenditure to be incurred during that period and the capital to be employed to a given objective. Kalu (2004) in support of the above stated that budget is a plan in form of a quantitative statement for a specific time span. In view of the above definitions, budget is a document which contains estimates of revenue and proposed expenditures usually for a fixed period of one year. It is an instrument for planning and controlling educational activities because it fosters coordination, communication and promotes efficiency and effectiveness in operation of an organization.

Njoku (2003) defined budget as a financial statement, prepared in advance at the opening of a fiscal year of the estimated revenue and proposed expenditures of the organization for financial year. Budget is a financial management technique used for harnessing resources judiciously. Taking cues from Ihediha (2003), budget planning consist of: formulation of polities, fore-casting of physical quantities and monetary values, comparison of alternative combination to obtain the most efficient overall plan, coordination and integration of divisional operation to achieve the set targets, setting up the necessary organizational time control, introduction of appropriate accounting system,

devising mechanism of analyzing variances and developing a reporting system for suitable action.

Financial Management Strategies

According to Abdul-Hamid (2005), ensuring fiscal stability and prudent fund management, the regulation and control of university funds must be placed in the hands of the highest authority of the university. Mgbekem (2004) observed that strategies for the effective management of funds includes making use of competent, experienced and reliable leadership, efficient internal and external audit system, establishment of sound and reliable accounting systems, budgeting and budgeting control and computerization of the system. Abdul-Hamid (2005) asserted that good financial management system starts with a good internal control system that will safeguard the assets, check accuracy and reliability of the accounting data, promotes operational efficiency and encourage adherence to prescribed policies. Such a system would include check and balance where an individual may undertake entirely a financial transaction without involvement of other persons; a good system of recording that will ensure the capturing of all financial transaction, preparation of financial statements; a good budgeting system; fund management system as well as periodic financial review.

Davies and Boczeko (2005) reported that the responsibility of the finance department for financial management includes: the setting up and running of reporting and control systems, raising and managing funds, the management of relationships with financial institutions, the use of information and analysis to advise management regarding planning, policy and capital investment. Financial control is defined as the procedures designed to protect assets and ensure that all financial transactions are recorded to prevent and reduce errors and fraud (Block and Geoffrey, 2008). Financial controls facilities effectiveness and efficiency of operation, help to ensure the reliability of internal and external financial reporting and assist in compliance with law and regulation (Hayles, 2005,). Control of the financial decisions covering the organization, method, process and internal audit established by the administration is necessary in order

to ensure that the activities are of the organization's mode of practices and are carried out in compliance with the purpose of the administration and determined policies and the legislation, of the entire system the assets and resources are protected, while appropriate accounting records be kept in an accurate and complete manner so that the financial and management information is produced in line with the mission of the organization (Khoove, 2010). To guarantee effective financial management for the acquisition and mobilization of funds, different control methods that are necessary. Such methods are discussed below.

Internal Auditing: The tasks, functions and roles of internal auditing have expanded, changed and shifted more to management oriented matters than accounting matters. Reporting lines have also been transformed and structured in many countries (Feizizadeh, 2012 and Hellman, 2011). Eucher (2009) posited that internal auditing as a dynamic profession, involves helping organizations to achieve their objectives. It is also concerned with evaluating and improving the effectiveness of risk management, control and governance processes in an organization. Millichamp (2000) defined internal auditing as an independent appraisal of the function within an organization with the aim of reviewing the system of control and enhancing the quality of service performance in the organization. Similarly, Unegbu and Obi (2012) defined internal auditing as the procedure put in place by management of an organization to ensure strict adherence to stipulated work instructions and assist the management in effective running of the organization's. Adeniyi (2011) also defined internal auditing as the review of various operation of the company by staff specifically appointed for these purpose.

Salihu (2015) assessed the effects of internal audit on internal control effectiveness in tertiary institutions in Nigeria and found that the component of internal control system are not properly put in place by the management of the institutions, especially in the area of authorization and approval, supervision, segregation of duties and personnel controls. The internal audit system, according to Mgbekem (2004) is concerned with pre-auditing and post auditing. Pre-auditing is to ensure that all purchases

are vital and the price on items represent the true market value. Post expenditure auditing is directed at ensuring that items for which money has been disbursed have been paid by the accounting officer. It is the main component of work of internal auditor to assess the organizational risks. This involves the identification and analysis of major risk associated with the achievement of the management objective (Selim, Woodward and Allegrini, 2009). Ambrose (2004) reported that the internal audit unit in federal universities undertake continuous examination of the work of the bursary to ensure that proper records are maintained in accordance with the prescribed procedures. It also carries out a prepayment audit of all payment transactions and occasionally undertaken special investigation. Abu-Saheed and Kabir (2012) posited that the internal auditor has the responsibility to appraise the activities of other departments in an organizations as well as to provide management with information useful in assessing operational effectiveness.

Evolution of Private Universities in Nigeria

In many African countries, the provision of university education by private institutions is a growing phenomenon when compared to what obtains in other parts of the world. However, most African countries have been reluctant in their expansion of the private sector in university education (Fred& Beverly, 2006). In Nigeria, the advent of private universities as a business enterprise is an emerging phenomenon, a number of issues that plagues its development include legal status, quality assurance and the cost of service. The status of some private universities in Nigeria is shady. A few of them even operate without licenses, commensurate resources or appropriate infrastructures. The quality of service by some of them is also worrisome. Although, a few of the institutions possesses better equipment, newer buildings and better facilities than the public universities (Oladimeji, 2014).

To Belfied and Lerin (2003), private universities are non-public or independent universities which do not receive funds from the government as they are usually administered by denominational or secular boards. Hence, the sole objective is to maximize profit. Private universities are those universities that are solely owned,

financed and managed by private individuals with intention of recovering cost in a short time and making profit. The first surviving set of private universities were established in 1999. The number of approved private universities in Nigeria as at 2015 was 61. (Babayemisi, 2019).

These approved 61 private universities in Nigeria offers various courses in Humanities, Law, Sciences, Social Sciences and Medicine among others. It is a truism to assert that the role of private universities in ensuring improved access to university education cannot be underscored. In order to ensure quality in the private universities, their managers seems to have put in place effective management strategies that could enhance lecturers' job performance in the areas of teaching, research and publications and community services in Nigeria.

University Goal Achievement

Universities have been the critical engine for socio-cultural and political development. They have become primary locus for innovation and expansion of the pool of high caliber manpower to address the challenges of underdevelopment. Education in Nigeria is regarded as an instrument for development of national integration. Accordingly, the Federal Government of Nigeria through the National Policy on Education (FRN, 2013) clearly identified the overall philosophy for the establishment of Universities in Nigeria as teaching, research and publication and community services. The National Policy on Education document among others charged Nigerian universities with universal goals which are expected to be relevant, excellent and qualitative for the development of Nigeria nation. Mademu (2016) argued that the highest institutional mechanism for recreating and making organized investments towards human capital and manpower development is the university. Interestingly, academic staff constitutes the group of human resources in the university system through which the goals are translated into objectives for implementation and actualization.

Objectives of the Study

The main objectives of the study are:

1. To examine the level of financial management strategies in Private Universities in Edo and Kwara State.
2. To find out the level of private universities goals achievement in Edo and Kwara States, Nigeria.
3. To investigate if there is any difference in the financial management strategies and goal achievement of private universities in Edo and Kwara States, Nigeria.

RESEARCH QUESTIONS

1. What is the level of financial management strategies through budgeting, auditing and project evaluation of private universities in Edo and Kwara state?
2. What is the level of private universities goal achievement in Edo and Kwara states, Nigeria?
3. Is there any difference in the financial management and goal achievement of private universities in Edo and Kwara States, Nigeria.

Research Hypothesis

1. Ho: There is no significant difference in financial management strategies and goal achievement in private universities in Edo and Kwara States, Nigeria.

Methodology

The research design adopted for this study was a descriptive design. The method was considered appropriate for the study because it is capable of given truthful and accurate description of the phenomenon understudy. The method also gives room for timely report of the variables as it allows the researchers to collect relevant data on the two variables of the study (Financial Management Strategies as an independent variable and the University goal achievement as a dependent variable). Thus, the design enable adequate correlation of the variables.

The target population comprised all top management heads of the seven private universities in the two states (Edo and Kwara). Stratified random sampling technique was adopted to select two universities from each state, making a total of four. Proportional random sampling method was used to select 30 administrators from each university chosen, making a total of 120 respondents in all.

Researchers designed questionnaire was used to collect relevant information from the respondents. The questionnaire entitled “Financial Management Strategies and Private University Goal Achievement”(FMSPGA) comprised of two sections. Section A was used to collect bio-data of the respondents while section B was to elicit information on topic under study. The instrument was validated by four experts, two from each States and they are from the Departments of Educational Management, University of Benin and University of Ilorin, Nigeria. In order to determine the reliability of the instrument, test re-test method was used. This was done by collecting data from separate respondents who were not part of the sampled respondents. The data obtained were analysed using PearsonProduct Moment correlation statistic. The co-efficient value of 0.76 was obtained, which justified the reliability of the instrument.

All the research questions raised were answered using the descriptive statistical method of percentages, means and standard Deviation, while the hypotheses genovated was tested using the t-test. The decision was taken by comparing the p-values obtained with 0.05 level of significance.

Results and Discussion of Findings

Tables 1,2 address the research questions while Table 3 addressed the research hypothesis generated for the study.

Research Question 1: What is the level of financial management strategies through Budgeting, Auditing and Project evaluation in Universities of Edo and Kwara State, Nigeria.

Table 1:

Level of Financial Management Strategies in Private Universities of Edo and Kwara States.

State	Budgeting		Auditing		Project Evaluation	
	$\bar{X}$	SD	$\bar{X}$	SD	$\bar{X}$	SD
Edo	3.16	1.21	3.57	1.28	2.83	1.02
Kwara	3.59	1.62	3.65	1.30	3.03	1.28

High = $X \geq 3.50$, low = $0 \leq 1.4$, moderate = 1.5-3.4

Result in table 1 revealed a high level of budgeting, and Auditing as system commonly adopted in universities of both states under study with mean rating ($\bar{x}$) rating greater than the bench mark of 3.5 in Edo and Kwara States for both budgeting and Auditing strategies. This finding is in line with that of Babayemisi (2019) that investigated financial management strategies and university goal achievement in Kwara state.

Research Questions 2: What is the level of Private Universities Goal Achievements Edo and Kwara State.

Table 2: Level of Goal Achievement in Private Universities of Edo and Kwara States

Level of Achievement	Edo State		Kwara State	
	Frequency %		Frequency %	
Low	20	16.7	15	13.00
Moderate	60	50.0	43	36.00
High	40	33.3	62	51.00
Total	120	100	120	100

Table 2 revealed a level of disparity in the level of goal achievement in the two states under study. A moderate level of goal achievement in Edo State and high level in Kwara State, Nigeria.

Hypothesis

H0: There is no significant difference between Financial Management Strategies and Private University Goal Achievement in Edo and Kwara States, Nigeria.

Table 3: T-Test analysis of difference in Financial Management Strategies and Private Universities in Edo and Kwara States.

Variable	N	$\bar{X}$	SD	Calculated	Critical	P-Value
Universities in Edo	120	2.78	1.05	-1386	.1564	0.066
Universities In Kwara	120	3.25	1.23			

From the analysis in Table 3, the calculated t-value of -1386 is less than the critical t-value of .1564 at 0.05 level of significance which thus indicated that there is no significance difference between the Financial Management Strategies and Private Universities goal Achievement in Edo and Kwara States. Therefore, the null-hypothesis is accepted. The implication of this result is that there is no much difference in the Financial Management Strategies adopted by the Universities in both States (Edo and Kwara) for the goal achievement.

Conclusion and Recommendation

CONCLUSION

From the finding of this study, it could be concluded that there was high level of Financial Management Strategies in Private Universities in both Edo and Kwara States, Nigeria. However, there was a moderate level of goal achievement in Universities in Edo State and a high level in Kwara State. Conclusively, there was no significant difference in Financial Management Strategies and goal achievement in Universities in Edo and Kwara States, Nigeria.

Recommendations

From the findings of this study, it is recommended that, Private Universities in Edo State should address the area of deficiency in different indices of financial management strategies and improve on them so as to attain a higher level. However, Private Universities in Kwara State should not relent and endeavor to uphold the high level of both Financial Management Strategies and as well as goal achievement

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