Enhancing the Operations Effectiveness of Private Universities in Nigeria

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Abstract
The paper expresses the fears of possible failure of private universities. It argues that the NUC itself constitute a potential failure factor, just as in spite of the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Corporation (NDIC), the Nigerian banking industry had witnessed three rounds of failure. Likewise and more recently, the Nigerian stock exchange botched in spite of the supervisory powers of the Security and Exchange Commission (SEC). Whereas the failure of banks, the stock exchange or any other industrial sector reflects almost instantaneously in the books, it would certainly take ages to bring to the fore the disastrous effects of the failings and failure of universities. The ripple effects would task the whole university system, worsen graduate unemployment and create further ratchet effects on industry, social welfare and the economy. The study therefore proposes structural and system changes including reforms of the NUC. It is significant in focusing researchers’ attention on operations effectiveness as the determinant of the sustainability and competitiveness of Nigerian private university. The case was made for result-oriented multi-agency regulation, focused differentiation and a pricing regime based on turnover not profit.

Keywords: operations effectiveness, governance structure, National Universities Commission, university funding, differentiation, accreditation, pricing regime

INTRODUCTION
University education empowers people with conceptual, theoretical and holistic skills. It enhances peoples’ ability to interact, adapt and flourish as they become enlightened, professional and sociable (Adeogun, Zubair and Osifila, 2009; Universities UK, 2010). In spite of its critical role, Nigeria universities had been founded exclusively by the government even as for centuries elsewhere they were established by individuals and charities (Babalola, 2008; Ajadi, 2010; Abiodun-Oyebanji, 2011). The earliest universities including Cairo (970AD), Bologna(1088), Oxford (1096), Cambridge (1209), Harvard (1636), Yale (1701), Fourah Bay College (1827) were founded by individuals and charities (Owoeye, 2007a).

The Nigerian legal order stood against private ownership of universities until the struggle for local entrepreneurial involvement led to the licensing of three private universities in 1999 (Owoeye, 2007a; Ajadi, 2010). For several years thereafter, Igbinedion University, Okada remained the only one until deploring infrastructure, incessant strikes, cultism, unstable calendar and geometric growth in foreign demand intensified the pressures for more private universities. Hence, the Nigerian third republic emphasised private-sector growth and licensed thirty one private universities (Owoeye, 2007a; Ajadi, 2010; Udendeh, 2013a). The pressures for more private universities continued to mount due to sizeable amounts of free money from corruption and political patronage, unprecedented global tracking of terrorist funds making money laundering overseas more difficult and a massive population of 100 million people causing a huge domestic and foreign demand for higher education. In addition, at home and abroad, the Nigerian university system faced increased admonition attributed to outdated curriculum, instability, poor quality, infrastructural decay and moral decadence. Concerned stakeholders such as Chief Gabriel Igbinedion and Are Afe Babalola led the agitations for more private universities.

Some other drivers of private entrepreneurial interest include the success of wealthy individuals and faith-based organisations in secondary and continuing education (Ajadi, 2010). This perhaps led Eduserve Consult and the Achievers Group to establish Lead City University and Achievers University respectively. Furthermore, faith-based universities were established as a means of winning over the souls of entire generations through spiritualisation of university staff and students. Similarly, some wealthy politicians floated private universities possibly as a means of extending their political popularity and profit.

Yet, some controversial political issues including the catchment area principle demeaned merit in university admissions and angered some interests.
who sought private ownership as a means of debasing the negative impacts of such policies (Adeogun, Zubair and Osifila, 2009; Abiodun-Oyebanji, 2011). Lastly, existing universities were only able to absorb less than 25 percent of 1.5 million applicants annually. There was public outcry as Nigeria became the third country with the highest number of overseas students. 71,000 Nigerian students reportedly pay 155 billion naira per annum in Ghanaian universities even as the entire budget for federal universities in Nigeria hovered around 121 billion naira (Owoeye, 2007a).

Consequent to the pressures intensified, fifty one private universities now operate alongside forty-five federal universities and thirty-eight state government owned universities. There is now choice and competition, which are crucial to growth and development. Having gone this far, it is important to study the effectiveness, competitiveness and sustainability of the private universities. They need to deliver especially on cost and quality as discussed next, followed by the requirements for enhanced operations effectiveness.

**COST AND QUALITY EXPECTATIONS**

Private university ownership and funding is expensive and the road could be rough as it might take ages and good luck to cover operating cost, break even and generate a surplus to support long-term growth and development (Adeogun, Zubair and Osifila, 2009; Ajadi, 2010; Abiodun-Oyebanji, 2011). In a bid to make profit, pricing must accommodate ordinary Nigerians so that they are not left at the mercy of wobbling federal and state universities. This point is crucial because Nigerian businesses have the penchant to trade on profit rather than turnover. For example, they prefer a profit of twenty naira on a turnover of one hundred naira rather than a bigger profit of thirty naira on a higher turnover of three hundred naira. We argue that the practice of trading on profit rather than turnover debases and kills consumption, stunts the economic multiplier cycle, reduces wealth creation, stifles consumer surplus and welfare, and is therefore a social and economic albatross in Nigeria. Accordingly, there is no justification for the average going rate of 50,000.00 naira for admission acceptance fees, 30,000.00 per annum for internal examinations and 20,000.00 naira rent for academic gowns. These are examples of trading on profit rather than turnover.

The problem of poor quality in university education has been well discussed (Babalola, 2008; Adeogun, Zubair and Osifila, 2009; Ajadi, 2010; Oladipo, Adesosun and Oni, 2013). For the private universities to deliver on quality, primordial interests in employment and contracts, which is one negative aspect of Nigeria’s national life must be fought to a standstill in order to have the best available faculty, facilities, systems and methods. Even as there have been spurious allegations of owners’ interests being absolute financial, religious or political profit, the owners of private universities must produce the “total graduate” with broad-based mind on all aspects of intellectualism and character. Cost and quality attainments are determined by operations effectiveness, the determinants of which are discussed briefly as follows.

**Liberalisation of NUC Regulatory Controls**

To enhance operations effectiveness and competitive advantage, the private universities required an unlimited degree of freedom to apply the principles of focused differentiation as a competitive strategy. In essence, NUC regulatory controls developed in an age that Nigerian universities were all government-owned are not applicable wholesale to the needs of the new age. A singular and centralised regulator for public and private universities would limit market-driven innovation as the crux of entrepreneurship (Udendeh, 2013b). Recently, a private university applied to run BSc in Social Justice whilst a public university up northern Nigeria also applied to run BSc in Social Work. The NUC was reported to have forced a midway programme down the throat of the two universities that would never meet the polar objectives of any of the two strongly differentiated programmes. The NUC powers in this area is inconsistent with the traditional authority of the university senate. Private universities are customer-driven and therefore must mount courses for which they can attract students. In this regard, former President Olusegun Obasanjo once said that in academic matters, private universities, even public universities should package their programmes using the best faculty they could muster without hindrance from any public agency (Owoeye, 2007a).

We like to demand that in line with evolution in knowledge, curriculum development and industrial skill requirements worldwide, the Nigerian private universities ought to be free and supported not hindered to design and develop unique products using the design and engineering principles in manufacturing and service operations. If they are able to develop and market differentiated brands and models of generic products (academic programmes), the Nigerian nation will benefit from access to ‘state of the art’ courses of choice, employment generation, professionalism and effective linkage between education and skills (Ajadi, 2010; Universities UK, 2010; Udendeh, 2013b).

Although the NUC often claim that their requirements on programmes are only the basic minimum (BMAS), they sometimes take over 60 percent of total units in some programmes. How come for instance that all private varsities have to teach Elements of Government at 300 level in
accountancy, business admin, and banking & finance? What is the added value?

In addition, some NUC accreditation requirements including the financial charge on the universities seem too demanding, disruptive and non-supportive (Owoeye, 2007a,b; Abiodun-Oyebanji, 2011; Dario, 2013; Udendeh, 2013b). These requirements range from the provision of sand buckets outside science laboratories and econometrics laboratories in economics departments. Most of these demands suffer from absolute process-orientation, which in the light of the corruptive tendencies in our national life are open to abuse (Dario, 2013; Ajiboye, 2013). Udendeh (2013a and b) have a long list of NUC requirements including that the vast majority of lecturers must be doctorates. As PhDs are not manufactured like motor vehicles or “roasted beef”, stepped compliance within about ten years especially for start-up universities and courses could be the ideal. These process-based NUC rules need to give way to value-based measures (Universities UK, 2013) like an employability index that measures the proportion of graduates per university that secures permanent jobs within five years of graduation. Some other indices include the ratio of funding from endowment activities, consumer feedback through a sort of “students' exit form on academic and residential experience” to be submitted directly to the NUC at the end of each session. Infant private universities founded on the principles of private enterprise have the right to paced growth and innovation. They should typically have greater freedom to determine their own destinies and face the consequences in the market place. The global practice is reforms towards more independent university governance (Adeogun, Zubair and Osifila, 2009; Dario, 2013).

Arising from the apparently harsh accreditation rules, young private universities in particular are threatened specifically by the new challenge of academic mercantilism, a sharp practice by which some professors and doctorates work as adjuncts in up to four universities in addition to their full time job. The Vice Chancellor of a private university appeared rather helpless and described some of his academic staff as mercenaries. Perhaps NUC needs to register all university teachers and open a signature window similar to the football league so that all new academic, contract, adjuncts and sabbatical appointments are monitored.

As academics become hot cakes and prostitute across universities subsequent to NUC pressures (Abiodun-Oyebanji, 2011), the evidence abound that a large number of them cheat on their employers' and students' time and progress. They evade work, do parallel registration leading to multiple awards of additional master and doctorate degrees within a ridiculously short time. Were the studies done on full time basis alongside the regular full-time teaching jobs? Are these people helping the system to build capacity or are they stripping the system naked and ruined? These cheats constitute a major system problem that NUC should tackle collaboratively rather than the present “headmaster versus student” relationship with varsities.

The current regulatory regime has a lot of hide and seek game relationship between universities and the NUC with a lot of ethical dilemmas including criminality. There are worrying but unsubstantiated reports of equipment and professors being rented and planted for a week! This is criminality of the highest order. There appears to be so much stress. Indeed, with the culture of corruption that bedevils supervisory and regulatory institutions in Nigeria, NUC accreditation would most certainly involve brown envelopes changing hands. For these reasons, there is popular pressure on the government to scrap or reform the NUC. This paper stands for reforms harped on collaboration and output /value based metrics.

The Need for Multi-agency Accreditation

With the growth in the number of private, federal and state universities, the NUC could become overwhelmed and ineffective (Udendeh, 2013b) if it continues to be the sole and know-all regulatory institution. For instance, even as NUC rules allow a maximum of 20 percent part time enrolment, some universities have, in the pursuit of money, enrolled more part-time than regular students. Class sizes also often exceed one thousand students. University accreditation involves a wide range of specialist knowledge some of which the NUC may not effectively capture. Accordingly, several other agencies including the factories inspectorate, the National Youth Service Corps, Nigeria Employers’ Consultative Association (NECA), The Environment Agency and more professional bodies such as the Consumer Protection Council can be mobilised for a deregulated and more effective checks and balances on universities. In addition, laws on corporate / institutional lying and falsification as well as anti-monopoly laws must be strengthened to the extent that defaulting employees and their supervisors and leaders get punished without statute barred limitations.

Buildings and grounds including residential accommodation have to be accredited for strength of material, maximum occupancy, decency and safety. The NYSC has direct access to industry and can generate information on the competence and character of fresh graduates as a value based measure of the operations effectiveness of each university. The NYSC have of course threatened some action as work organisations reject some youth corpers for
very poor literary and academic skills (NYSC, 2013). NECA for instance can be encouraged to undertake formal ranking of universities based on the employability of its graduates, with some weights attached to the modified NUC accreditation results. At present, there are loads of sharp practices especially in public universities, with potential spillover effects on the ability of private universities to differentiate and focus themselves, secure accreditation, compete effectively and attain the visions of their founders. The concept of universal universities regulated by the NUC is no longer tenable more so as funding sources differ significantly for public and private universities

Extension of Some Public Funding to Private Universities
Funding rules need to change and reflect the global practice of funding per head of the student population, irrespective of whether a child is in private or public university (Udendeh, 2013a and b). In the Netherlands, Germany, Poland, Switzerland and most of Europe, private university students benefit from public funding while the universities themselves benefit from infrastructure and research support funds from the government (Universities UK, 2010). To date in Nigeria, private universities do not benefit from even the Education Trust Fund (ETF), a large pool of ring-fenced money for education, gathered from a specific percentage tax on the profit of incorporated companies. Accordingly, research grants released to Nigerian universities from this Fund excludes private universities. As well, after fuel subsidy was reduced in January 2012, SURE Funds were released by the federal government to the state governments for the provision of a range of palliatives including the purchase of luxurious buses to assist the students and staff of higher institutions of learning. This funding was never extended to private universities. Afe Babalola University was reported to have raised issues with the governor on the need to extend the help to private higher institutions of learning but nothing was done in that direction. In like manner, some time ago, the federal government made it mandatory for universities to establish Entrepreneurship Development Centres and went ahead with a grant of 25 billion naira to kick-start the programme, curiously only in public universities. Unless some form of public funding is made available to private universities, the much awaited competition from a level-laying ground may not be realised. Some private universities may find it difficult to survive even as they face accusations of social class stratification if in a bid to survive, they charge fees that price out the vast majority of poor students (Adeogun, Zubair and Osifila, 2009; Abiodun-Oyebanji, 2011)

Ensuring a Balance between Freedom and Discipline
The university was meant to exist as a community of its own with set rules on freedom, discipline, welfare, work structures, reporting procedures and control systems. Staff and stakeholders need to agree that the traditional autonomy and freedom of public universities may not be possible in the private universities due in part to national circumstantial factors. Almost fifty-fifty, private universities are shared between wealthy Nigerians and faith-based organisations. The private sole proprietors of Nigerian private universities would surely like to enjoy the pride of ownership and may dictate policies including personnel management. As well, the faith-based institutional owners, as mentioned earlier would like to entrench their spiritual tenets in their students and staff, perhaps as part of their profit.

In any case, it appears as if the twin concepts of university autonomy and academic freedom which have been enjoyed to the top-most limits in public universities, would have no wholesale application to the private universities. They are quite unlike public universities especially federal universities that have no ‘owners’ per se but visitors who come in only to perform ceremonies or when there is a big crisis. The management autonomy as well as the academic freedom or is it indiscipline enjoyed by management, staff and students cannot be replicated in sole proprietor universities. This is not to say that some sort of protection against ‘over the limit’ sole and faith-based entrepreneurs in private universities will be out of place. This writer, returning from the UK and desirous of a place in the university system, applied as lecturer to a university owned by the Baptist Convention. They were not satisfied with my claim to the Anglican church, which I belong to as a 'father to son' spirituality, like mother-tongue. Reports abound about academics being forced to worship in a particular way, and tithe being deducted from salaries. Scholars need to be free from spiritual dogmatism. Otherwise they transfer it to the next generation and this to our collective peril as a nation.

The discipline of staff would do with making them work very hard for the money they earn and as graciously stated in the letter of appointment of lecturers by Achievers University, Owo ".... and in particular, devote the whole of your time and attention to the service of the university". Herein lies a major problem of indiscipline in Nigerian universities and private universities must sort in order to attain their objectives. Hard-working staff must be rewarded and personnel management required rationality based on labour laws not spirituality.

More importantly, the private university students required a balance between freedom and discipline even though it is understood that many students of
public universities appear rather too free and undisciplined. The only saving grace however being the progressive introduction of fees and charges now up to 120,000.00 naira per annum as well as overcrowded classes that force the slightly more serious ones to arrive for lectures earlier than later. Be that as it may, what level of freedom and form of discipline for private universities? Segun Olugbile (2003) has discussed the benefits and problems of unusual rules in private universities. Understandably, a wide range of stakeholders believed that because the students are much younger and residential, strict rules on dressing, use of mobile phone and related technologies, relationship with the opposite sex, cooking, smoking, drug use and movement restriction are justified for sound moral and academic grounding.

Nevertheless, there are issues with the universal concept of university education and that too much control can potentially limit the exploratory nature of character and learning in university education. The question can be asked: Who is the total graduate? It is the one that enjoyed tremendous personal freedom of choice, open and inquisitive mind, exposed through the university to a wide range of life experiences, the one that passed through the university rather than the university passing through him (Universities UK, 2010). For instance, social life including relationships as part of what makes the complete university graduate must be defined fundamentally in terms of spirituality and absolute submission to a regime of faith-based rules. University students must be able to sing, dance, debate, relate decently with the opposite sex, play about, decide on what meal to eat and whether or not to go to church or mosque. In short, they should not be led as secondary school students (Olugbile, 2013). The students must be able to take their visiting parents to the rooms where they live. This is the global practice even as parents are able to access and advise on the quality of students' residential life and offer any necessary help through the parents-teachers forum. The emphasis must be more on welfare as a means of achieving discipline. To this end and being closed universities, sufficient and professional staffing a well as good value for money practices is crucial in clinical, security, pastoral, counselling, social, portering, housekeeping, canteen and other support services. Private universities stand to gain tremendous long-term competitive advantage if they deliver quality value in this area by using it to target turnover rather than profit. Good value for money and a balance between welfare and discipline in the social and residential experience of private university students combined with leading edge academic accomplishments would require an innovative and result-oriented governance structure. This challenge is discussed next.

Private Universities Required a New Governance Structure

Above all of the fore-going, a new structure of university governance is required within which the founder becomes or appoints the President / Chief Executive (CEO) to work full-time and run the university with overall responsibility for realising the set vision, mission and goals of the founder / proprietor. This is the practice in several countries including the USA and Germany. It will not matter as such whether the President / CEO is a Professor, a banker, an Architect or whatever profession or calling. Under this arrangement, the Vice chancellor will be responsible for purely academic functions with internal and external stakeholders and report to the President / Chief Executive through the university senate. Non-academic functions of the university including physical development, bursary, works and so on would be placed under the Director of Wealth and Facilities, at par with the Vice Chancellor.

Under this structure, the President / Chief Executive could staff the Directorate of Wealth and Facilities in a way and manner that places his investment under his direct control whilst at the same time releasing the Vice Chancellor from everyday shadowing. Many founders of private universities especially the sole owners seem uncomfortable with the NUC specifications on principal appointees. For instance, some were known to have searched diligently for friends, associates or family members as close allies to appoint to the exalted position sometimes without regard to NUC rules. If the VCs face academic matters squarely, they would be more focused on the core mandate of the university system.

The current arrangement which denies university proprietors of any significant formal role within their universities or in statutory management and regulatory bodies of higher education including the NUC is inhibitive (Owoeye, 2007b). An arrangement that designates the founder as the Visitor is untenable as it demeans the risk-bearer status, financial stake and vision of the sole proprietors that gathered life time savings for social investment in university education. Let them participate freely in the management of their universities as the President / Chief Executive. It they are stripped of this rightful role, the owners would put in place parallel informal structures that undermine the Vice Chancellor as the statutorily recognised chief executive. This potentially leads to the emergence of VCs who work under serious tension characterised by conflicts of authority, delays and confusion in decision-making and communication. This appears to be the tendency in many private universities.

It is like university proprietor are getting set for a greater level of statutory recognition and participation. Rightly or wrongly at Covenant
University, Bishop Oyedepo was widely rumoured to have presented himself as Deputy Vice Chancellor during NUC accreditation. In the 2013 graduation ceremony, he performed the role of Chancellor. We argue that statutory recognition of these social investors or their proxies as President / CEO whilst the VC reigns supreme in the area of academic leadership will enhance harmony and stability of the governance structure. In order to test the veracity of the proposed model, some one on one interviews were conducted with serving and former VCs of private universities. The responses from the interviews lend credence to the arguments being presented here.

Another issue that calls for questioning concerns the extent to which our culture supports the orthodox peer review and laissez faire principles that form the soul of university governance in Europe and North America? The senate made up of professors, heads of department and directors of other major academic units reign supreme in universities. Decision-making is based on the voice of the majority while operational and supervisory leadership is effected through a range of committees. The major setback is that responsibility is diffused and accountability is poor. Furthermore, reports abound about university senates that hold their VCs hostage and those in which institutional interest and rationality become sacrificed to entrenched personal and primordial interests and loyalties. Proper accountability for results will be crucial to the operational effectiveness and competitive advantage of private universities. In this respect, it will be defective if the Vice Chancellor as the statutory head of academic leadership is seen only as the first amongst equals within the senate. The VCs must be empowered and made to float or sink with their achievements and failures just as it is in the corporations, which private universities are.

SUMMARY AND CONCLUSIONS
The paper discussed the evolution and the pressures leading to the expansion and prominence of private universities in Nigeria. The pressures include huge funds in private hands resulting from the oil boom, faith-based organisations using education for religious propagation, success in private secondary education, privatisation of economic activities, high foreign demand for higher education by Nigerians, and the crisis in the public university system. The paper harped on the need for private universities to deliver on cost so that the poor is not locked out as well as quality in order to be at par with other universities world-wide. The thesis of the paper was that enhancement of operations effectiveness is crucial to cost and quality attainments. To this end, the paper called for reforms of the National Universities Commission, multi-agency accreditation, extension of public funding to private universities, balance between freedom and discipline, and a new structure of university governance. The paper also expressed concerns about exploitative tendencies in pricing regimes and suggested remedies aimed at protecting the consumers such as students feedback forms to be mailed directly to the NUC and some role for the Consumer Protection Council.

For enhanced operational effectiveness, bureaucratic controls were required to give way so that the private universities could prosper or perish based on the programmes they run, the decisions and actions they take, the things they do right or wrong, and the market value of the products of their teaching, learning, research and consultancy services . The universities were justified to differentiate and be innovative in the design and marketing of academic programmes in line of customer and industrial demand, national need as well as developments in the frontiers of knowledge. All these constitute the sources of operational effectiveness as a means of widening the gap between revenues and operating costs, breaking even and generating the necessary surplus or profit margins to finance growth and development in the longer term. Accordingly, the case was made that the varsities required the space to manage their affairs and that they need help rather than inhibition in realising their vision, sustaining themselves and contributing to socio-economic development.

REFERENCES


