



**SELF-FINANCING OF PUBLIC UNIVERSITIES IN
DEVELOPING COUNTRIES: A CASE OF THE UNIVERSITY
OF ZAMBIA**

BY

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APPROVAL

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ABSTRACT

This study was conducted in order to assess self-financing of Public Universities in Developing Countries, with a special focus on the University of Zambia (UNZA). The main purpose of the study was to explore the potential for self-financing and future prospects of UNZA. This was done by investigating whether financial and management policies were in place in pursuit of UNZA's mission of reducing financial dependency on government; find out how the internally generated funds were utilised, and also investigating challenges faced by UNZA in transforming into a self-financed institution. The report used the neo-liberal and resource dependence theories to show the reasoned set of interrelated ideas derived from prominent scholars.

The study employed a mixed embedded method, using both qualitative and quantitative approaches. Further, a study sample of 140 respondents was used. For the qualitative method, constructed interviews with principal officers, middle management and Deans of Schools. Interviews were also conducted to collect data from two officers at the Ministry of Education as key stakeholders of UNZA. In addition, a questionnaire was administered to a randomly selected sample comprising lecturers from all schools of the University for quantitative method. Qualitative data was analysed according to emerging themes where quantitative data was analysed using SPSS and excel.

The findings suggested that although UNZA had the potential to become a self-financed institution, it faced certain challenges that were considered to be a hindrance to the transformation process. Some of the hindrances included, UNZA being a public institution, predominately depended on government funding, failure to invest sustainably in short, medium to long-term projects, failure to capitalise on potential and existing business units, failure to revise financial and management policies; and other challenges as will be read in this report. It is recommended that UNZA should revise its financial and management policies to accommodate entrepreneurial measures for enhancement of income generating activities, plan rigorously and invest, in short, medium to long-term projects that would earn a sustainable income for the University.

DEDICATION

Dedicated to my late father, Wilfred Mwango Chisenga, who could have been so proud of me; my mother, Winfred Ivy Chisoko-Chisenga, who always encourages me to reach higher heights; my husband, Clement Mumba, my soul-mate and advisor who kept encouraging me to study hard; my sons, Katyoka Mumba, Mununga Mumba, Mwango Mumba and Muma Mumba who missed my motherly presence when they needed it most; my sisters (Chama Chisoko, Mwape Chisenga-Chilanga and Mwaba Kasase) and brothers (Musonda Chisenga and Musomali Kalesu), Aunty Stella Chisoko-Kasase for being there for me when I most needed them. Felistas Chisala for assisting with all the house chores while I was busy with both work and school activities.

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ACRONYMS/ABBREVIATIONS

CBU	-	Copperbelt University
EC	-	European Commission
GRZ	-	Government of the Republic of Zambia
ICT	-	Information Communication Technology
IMF	-	International Monetary Fund
MOE	-	Ministry of Education
NAPSA	-	National Pensions Scheme Authority
PPP	-	Public Private Partnership
RIG	-	Remodelling Income Generation
SADC	-	Southern African Development Countries
SAPs	-	Structural Adjustment Programmes
TDAU	-	Technology Development and Advisory Unit
UCT	-	University of Cape Town
UNZA	-	The University of Zambia
US	-	United States
ZAMNET	-	Zambia Network

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CHAPTER ONE

INTRODUCTION TO THE RESEARCH

1.0 Overview

In this chapter, the researcher gives the introduction of the study on Self-Financing in Public Universities using the University of Zambia as a case for reference. The Chapter also presents the background of the study, statement of the problem, the purpose of the study, research objectives, research questions, the significance of the study, and scope of the study. The Chapter concludes with the conceptual and theoretical framework, delimitations, limitations, ethical considerations and operational definitions.

1.1 Background of the Study

Financing of the first public higher institution in Zambia, the University of Zambia (UNZA) in particular, has been the responsibility of government since its establishment in 1965 (UNZA Strategic Plan, 2012). The government's subvention was expected to cover recurrent and capital development budgets for UNZA which includes financing of learning facilities like lecture halls, libraries, student and staff accommodation, staff salaries and other major developmental activities (Chipindi, 2009). UNZA's traditional current sources of income are tuition fees. Other income sources include non-traditional sources of income like research and consultancies and farming. Public Universities are major recipients of government funds accounting for about 20 per cent of the total public expenditure on education (Higher Education Act, 2011). On the contrary, however, GRZ Revenue Grants have over time fallen short of the minimal requirements. This has inadvertently led to UNZA having to operate and meet its expenses through debt financing.

The table below illustrates the reduced government funding to the institution from 38 per cent to 31per cent (from the year 2010 to 2015) of the total Payroll Wage Bill requirements since 2010. This falling trend is likely to continue even in the unforeseeable future. The amounts are quoted in United States Dollar currency presented in millions (US\$000,000) at the rate of Zambian Kwacha K10 to US\$1.

Year	Trend on GRZ Revenue Grant					
	2010	2011	2012	2013	2014	2015
Gross Wage Bill	27.91	31.78	43.49	45.2	49.9	49.91
GRZ Revenue Grant	10.66	10.69	13.85	14.73	15.66	15.66
Supplementary GRZ Funding	0	0	20	3.43	0	0
Deficit (Underfunding)	-17.25	-21.09	-27.64	-27.04	-34.24	-34.24
Proportion of GRZ Funding (%)	38	34	36	40	31	31

Table 1: Trend on GRZ Revenue Grant to UNZA (2010 – 2015)

Source: *UNZA Central Administration Report, 2015*

According to the UNZA 2015 Budget, UNZA's revenue for all its operations amounted to United States Dollars \$63,938,693.7 and its expenditure came to about US\$65 million net of tax giving a deficit of US\$1.4 million. However, with tax, the payroll deficit increased to US\$15.6 million. Currently, the monthly government grant to the University as per 2015 National Budget is about US\$1.2 million plus an additional US\$1.05 million of GRZ bursaries (UNZA's Income and Expenditure Report, 2015). This translates to about 56 per cent of government's grant. Student tuition fees that arise from cost sharing constitute 36 per cent and other sources of funding such as research and consultancy constitute 10 per cent. The University is currently spending a monthly net payroll cost of about **US\$3.1 million**. UNZA's operational costs such as utility bills stood at US\$856,327.31 as at December 2015. These funds have been insufficient to cover personal emoluments and operational costs as can be evidenced from the deficits of US\$1.4 million and US\$15.2 million mentioned above.

The University faces challenges in meeting its financial obligations and these affect operations. The strategic route of the Institution in pursuit of its vision and mission is to enhance financial and administrative management system that would endeavour to reduce heavy dependence on government funding for most of its operations, increase the efficiency of the business ventures in order to scale up internal generation of income, dispose of non-performing assets, reduce the University debt through internal and external generation of income; liquidate the current debt and institute measures to avoid falling into unsustainable

debt (UNZA Strategic Plan, 2012). Moreover, each institution, be educational, agricultural, health and other social sectors develops its own criteria to assess the extent to which it could reduce on government financial dependency for a more sustainable and profitable operation. A revised educational policy of (2011) “Educating Our Future” is premised on involving various stakeholders for the entire field of formal institutional education, paying particular attention to democratisation, decentralisation and productivity on the one hand, and curriculum relevance and diversification, efficient and effective management, capacity building, cost sharing and revitalised partnerships on the other hand (Kasonde-Ng’andu, 2003).

Most Universities in Africa were expected to be key contributors to the human resources needed for their social and economic development upon gaining respective national independences (Johnstone, 2009). Financing of higher institutions of learning became the Government’s responsibility. However, it was observed that social-economic changes in Africa led to dramatic decrease in the per capita spending on higher education. The study by Odebere *et al*, (2007) has revealed that the implementation of Structural Adjustment Programmes (SAPs) by many African countries resulted in sub-Saharan countries like Kenya, Tanzania, Zimbabwe and Zambia reducing expenditure on higher education. Given the reduced government appropriation towards higher education, most African states have encouraged these institutions of higher education to adopt other forms of funding applying measures such as cost-sharing, entrepreneurship and other revenue diversification measures, (Ishengoma, 2004). Most African countries’ higher education system are hierarchical, centralised and subordinated to the state for internal affairs (Cloete, 2011). Only Uganda’s Makerere University has a successful story of income generating worth noting due to its dual-track-fee system, consulting services and other entrepreneurship partner programmes to supplement its government’s inadequate funding (Johnson, 2009). South Africa is known to have some of the best universities in Africa. These include universities like the University of Cape Town (UCT), Stellenbosch University and University of South Africa (Johnson, 2009). UCT is said to be one of the top ranking Universities in Africa because they are very strong in enhancing the core business of a University, which is teaching and research. They have a Student’s Loan Board that gives out loans to students and strong in international relations. Despite these initiatives, it still gets a grant from its government.

It is irrefutable that financing of UNZA and other tertiary institutions under the government sponsorship had become strenuous to the already stressed Zambian fiscal budget. The International Monetary Fund (IMF) reported in its quarterly bulletin of February 2016, that Zambia was economically under pressure (IMF, 2016). Lower copper prices, electricity shortages and poor rainfall had dampened the pace of economic activity that declined to 3 per cent in 2015. IMF estimated that in the month of March 2016, the Zambian government's expenditure would run far above budget, in large parts, as a result of fuel subsidies and contracted emergency electricity imports which were estimated at the cost of about US\$660 million (equivalent to 3.2 per cent of GDP). Domestic and external financing options had become more limited along with rising interest rates, raising concerns about debt sustainability, (*ibid*, 2016). 2016 was a year of the Zambia's tripartite elections that would take place in the month of August and as was expected more funds would be channelled to campaign activities. With the aforementioned, it was evident that the Zambia's fiscal budget was far from gaining its financial strength. Additionally, the Zambian government owes a lot of money to higher learning institutions that it sponsored with one of them being the University of Zambia. UNZA was owed an amount of US\$9.5 million (K96 million) from fees for GRZ sponsored students for the 2015 Academic year (Income and Expenditure Report, 2015), an indication that the Zambian government's treasury was under pressure.

Zambia's education system uses the 'Educating Our Future Policy of 1996' that was revised in (2011) and has followed the reform agenda for the finance and management of higher education institutions where the autonomy to operate and determine exactly how they would fill their particular roles are set.

Studies, however, have not been done on exploring options for self-financing learning institutions such as UNZA, considering the deteriorating funding patterns by the government. A lot of private Universities in Zambia have been established that are sustaining themselves financially. These have created stiff competition to the oldest University (UNZA) in the country. These universities have courses and programmes similar to those by UNZA. It should, however, be noted that most private universities have programmes that are market oriented. There are more than thirty registered private universities in Zambia according to a Ministry of Education report (MOE, 2015). UNZA is required to provide good quality higher education to a larger part of society without undue dependence on public resources by way of

remodelling its administrative management structure and explore ways of generating income that would sustain its operations.

Studies by Johnstone (2003) have identified that higher education meet many of the conditions that are characteristic of a private good, and as such, are amenable to the forces of the market. He argued that first, higher education cannot be treated as a purely public good because it exhibits conditions of rivals such as limited supply, excludability (often available for a price), and rejection (not demanded by all), all of which do not meet the characteristics of a purely public good, but reflect at least some important conditions of a private good (*ibid*, 2003). This is the more reason this paper endeavoured to explore the possibility of UNZA becoming self-financed. UNZA is the oldest and largest higher institution in Zambia that performs important roles as the guardian of public knowledge. It has a competitive advantage being an institution that enjoys international recognition. The year 2016 marked UNZA's golden jubilee (50 years of existence) and yet the institution is still finding its feet regarding the provision of good quality education through prudent financial stability without really depending much on public resources.

This study was conducted to establish how UNZA could be self-financed considering the deplorable financial status it is faced with. The indication was that the research endeavoured to investigate the financial position and future prospects in terms of sustainable income generating. The following questions were of particular interest to this study: How do management and academic members of staff view the prevailing financial status of UNZA? What prospects could UNZA exploit that could contribute to income generation that would sustain it?

1.2 Statement of the Problem

UNZA, the first public higher institution in Zambia, is grappling with financial challenges. The University of Zambia is funded through government grants, tuition fees and through other self-generated income streams (Strategic Plan, 2012). Its traditional current sources of income are tuition fees and the non-traditional sources of income include research, consultancies, farming and others. UNZA has seen a remarkable increase in student population from about 360 first cohort of students in 1966 to over 26,000 which has

culminated into increased operational costs and strained the existing infrastructure (UNZA Management Report, 2015).

UNZA has continued to increase its student population amidst decreasing government funding. The University has employed mechanisms that would supplement government financing. Among the strategies introduced are; cost sharing, revenue diversification, and self-sponsorship. Even with these strategies introduced and in place, UNZA is still about 60 per cent largely dependent on government funding (Financial Report, 2015). This has put pressure on the scarce government resources. The continued dependency of UNZA on government financing shows that the strategies to move to self-financing need to be effectively operationalised. The strategies employed such as cost-sharing mechanisms introduced in 1996 and the diversification of resources have not yielded desired results. For instance, most students in Zambia are opting to be on 100 per cent government sponsorship because of most parents or guardians or sponsors' poor financial status making it difficult for UNZA to operate with the little financial resources coming from students. In addition, revenue diversification has been less effective and not viable in that Universities like UNZA are still experiencing financial challenges in investing in revenue income generating activities and that its impact was such a small percentage proportion contribution to recurrent expenditure budgets, (Masaiti and Shen, 2013).

UNZA has enormous potential for self-financing and sustainability. It appears the potential has remained untapped and UNZA has not only continued to rely on government financing but has not effectively responded to the increasing demand for tertiary education. It has continued to be faced with huge challenges ranging from shortage of teaching materials to insufficient teaching staff. This study investigated the factors that have led to UNZA's inability to become self-financing and explored strategies that have been put in place to find sustainable mechanisms of funding the institution. If this study was not conducted, we would not know why UNZA has failed to sustainably become a self-financed institution despite being in existence for 50 years.

1.3 Purpose of the Study

The purpose of the study was to explore ways in which UNZA can really be a self-financing institution to achieve long-term sustainability.

1.4 Main Objective of the Study

The main objective of this study was to investigate the potential for self-financing and future prospects of UNZA for long-term sustainability. The study was guided by the following specific objectives.

1.5 Specific Objectives

1. To establish whether the financial and management policies that are in place are in pursuit of meeting UNZA's mission of reducing financial dependency on government.
2. To explore the utilisation of funds generated in the various units and schools within UNZA.
3. To establish challenges faced by UNZA in transforming into a financially liberalised institution so that it could be self-sustainable.

1.6 Research Questions

1. What measures have been put in place to enhance financial and management policies in the operations of UNZA?
2. What are the potential sources of the sustainable non-traditional income for UNZA from the various schools/units/directorates/institutes and departments?
3. What challenges are faced by UNZA in transforming into a financially liberalised institution for it to be self-sustainable?

1.7 Significance of the Study

This study is important as it would contribute to the literature on financing of the University of Zambia. Further, the study may contribute to a better understanding of what challenges or factors inhibit financial independence. UNZA management and faculty members might find this study helpful especially as it would establish how viable and effective policies in place were in governing the use and management of funds sourced both internally and externally. It is further hoped that the findings would determine how funds from the various units and schools within UNZA were utilised. The study would also determine challenges that faced UNZA in transforming into a sustainable self-financed institution. Generally, the results of the study would be of considerable use to other researchers in institutions of higher learning in Zambia, especially public higher institutions, on whether or not self-financing of these public institutions like UNZA could be opted for rather than entirely depending on government resources.

1.8 Delimitation of the Study

The study was confined to Lusaka, UNZA and to selected members of staff at the Ministry of Education. The Researcher's study focused on the potential for UNZA becoming a self-financed institution; and being a member of the University community, there was easy accessibility to information. Staff from the Ministry of Education was selected because they were the major stakeholders of UNZA.

1.9 Limitations of the Study

While the research findings of this study remain highly valid and reliable, the researcher experienced some challenges. One of the challenges was the delay by the respondents in completing the questionnaires within the estimated duration of two weeks. Some of the respondents, especially the ones that were sampled could not avail themselves for interviews. Some overtly declined to participate in the study citing their busy schedules at the time of collecting data, most lecturers were on break.

1.10 Ethical Considerations

Some participants in the study feared to disclose some information probably for fear of work ethics. To mitigate this risk, the researcher guaranteed confidentiality and anonymity. In this case, before carrying out any interviews and administering questionnaires, the researcher ensured that the participants were informed beforehand on the purpose of the study.

Confidentiality is important in order to ensure that everyone involved in the study is able to give information freely and can make informed decisions concerning the study. The respondents of the study were given the information before interviews which allowed them to make informed decisions.

1.11 Theoretical Framework

The theoretical framework can be defined as a collection of interrelated ideas based on theories as Kombo and Tromp (2006) puts it. It is a reasoned set of propositions, which are derived from and supported by data or evidence. It explains a phenomenon and attempts to explain why things are the way they are basing on theories (*Ibid*, 2006).

This study was guided by existing theory called Neo-liberalism and Resource Dependence Theory. Saad-Filho and Johnston (2005) have concluded that ‘we live in the age of neo-liberalism’ whereas (Clarke, 2005) has viewed neo-liberalism as an entirely new paradigm for economic theory and policy making – the ideology behind it being the development of capitalist society. It proposes that a human’s well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets, and free trade. The study will follow this theory because it best describes that for any organisation like UNZA to advance, it has to liberate itself from financially depending on government to operate. There is a very high concentration of skilled human resource found in the University. The state’s role becomes to create and preserve an institutional framework appropriate to such practices (Harvey, 2005).

This can be summarised in the following diagram.

THEORETICAL FRAMEWORK

an upspring of 19th Century 1970s/1980s

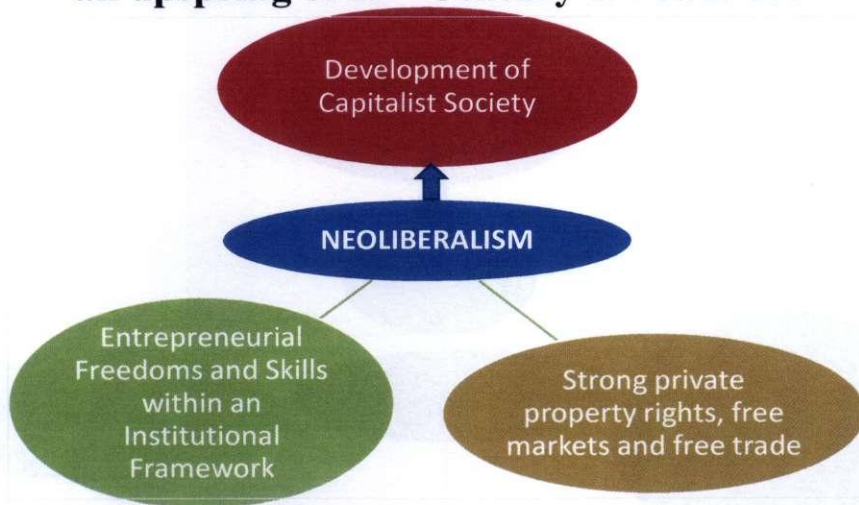


Figure 1....: An upspring of 19th century 1970s/1980s...

Source: Saad-Filho and Johnston (2005).

On the other hand, Resource Dependence Theory postulates that for the organisation to survive, managers have a role to allocate resources to innovative activities that are required of the firm by external Customers and Investors (Pfeffer and Salancik, 1978 and 2003). In other words, how managers compete and win external resources and how they deploy those to productive engagements have huge consequences on the continuity of funding sources and the cooperation of the benefactors of the organisation.

1.12 Conceptual Framework

A conceptual framework is considered a researcher's own position of understanding the problem and gives direction to the study. Vaughan (2008) argues that it explains either graphically, or in narrative form, the main things to be studied being key factors, concepts or variables and the presumed relationship among them.

The conceptual framework used had variables that showed the interrelationship as can be seen in this simple self-composed framework.

CONCEPTUAL FRAMEWORK



Figure 2: Self-Composed Framework

1.13 Operational Definitions

The following terms are keywords (especially the variables) and they are defined according to the context they are used in the study as follows:

- | | | |
|-------------------------|---|---|
| Self-Financing | - | of an organisation or enterprise having or generating enough income to finance itself. |
| Liberalisation | - | In general, this refers to a relaxation of government restrictions, usually in such areas of social, political and economic policy. |
| Marketing | - | This is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. |
| Entrepreneurship | - | is the process of designing a new business, for instance, a start-up company offering a product, process or service. |
| Cost-Sharing | - | Refers to financing of higher education on partnership basis |

between the state and parents or students.

Sustainability - the ability or capacity of an organisation or enterprise to be maintained or sustain itself.

1.14 Summary

This chapter has introduced the study on self-financing in public universities with a special focus on the University of Zambia. The Chapter also presented the background of the study, statement of the problem, the purpose of the study, research objectives, research questions, the significance of the study, and scope of the study. The Chapter has concluded with the conceptual and theoretical framework, delimitations, limitations, ethical considerations and operational definitions.

The next chapter is a literature review on what other researchers have found to be important on self-financing as this will provide the basis for the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

The previous chapter focused on introducing the study on self-financing in public universities with a special focus on the University of Zambia. The Chapter also presented the background of the study, statement of the problem, purpose of the study, research objectives, research questions, the significance of study and scope of the study. The Chapter has concluded with the conceptual and theoretical framework, delimitations, limitations, ethical considerations and operational definitions.

This chapter, however, focuses on reviewing literature that will help explain self-financing of public universities in developing countries. The literature identifies what other researchers globally and in particular, Zambia have done in relation to the study objective. Finally, the literature review will focus on four major themes namely; what self-financing is, financing higher institutions of learning globally, financing of higher education in Africa and the social demand and the challenges of financing the University of Zambia. These themes are supposed to help identify areas not covered by previous studies on which the statement of the problem for this study is anchored.

2.1 Financing of Higher Educational Institutions

Johnstone (2015) observes that an international perspective on the financing of higher education reveals great similarities among countries in spite of equally great differences in the underlying economies, cultures, and political systems. However, the dominant theme throughout the world is financial austerity affecting higher educational institutions and families alike and challenging policy goals held by virtually all countries of enhancing educational quality, expanding participation and access, and assuring systems of higher education, including both public and private institutions, that can be engines for economic prosperity, individual opportunity, socio-economic mobility and overall civic betterment. Marcucci (2010) adds that some of the causes of the prevailing austerity lie in economic

trajectory found in most countries like higher education being costly, that increasing costs need to be met by the combination of public revenues, family contributions, and philanthropy (the latter sourced mainly in the US and indirectly offset by government through tax advantages to charitable giving) and so on. This trend is being experienced by even highly rated higher education institutions. It is observed that in most countries, budgetary practices for higher learning institutions remain largely traditional (student fees), World Bank (2010). University operating budgets use the previous year(s) as a baseline and make incremental changes based on general considerations such as the country's economic performance, government revenues, inflation rates, or institutional growth; that in spite of the magnitude of financial needs confronting the institutions, their leeway, when considering a significant adjustment to their allocated amount, is minimal. Consequently, budget discussions are limited to fine-tuning the internal distribution of fixed allocations among staff salaries, student services, staff development, and operational expenses. Johnstone (2015) hence postulates that these economic trends lead to the financial dilemmas in the international higher educational landscape: increasing institutional austerity, financial pressures on students and families as governments turn increasingly to tuition fees to supplement inadequate governmental revenues, the search for ways to expand accessibility in the face of increasing student and family-borne costs and the quest for ways to inject efficiency into institutions that are notoriously resistant to change – especially to changes that endanger the job security of faculty or that call for alterations in either curricula or instructional methodology that seem to violate long-established principles of the academy.

The study by the scholars above focuses on financial dilemmas facing governments in financing higher educational institutions worldwide but does not offer solutions to ways in which these universities, especially in the low to middle-income countries that face serious financial austerities, could be self-financed for the institutions to become financially sustainable. Hence the next part looks at the concept of self-financing of these higher learning institutions generally.

2.1.1 Concept of Self-Financing

To understand the concept of self-financing, it is important to define what self-financing is, after which the concept of self-financing in public universities will be defined. Altbach (2006

and 2009) defines self-financing of an organisation or enterprise as the ability of an organisation or enterprise to have or generate enough income to finance its own activities. In the case of higher education institutions, self-financing entails self-financing of courses or programmes for which government financial aid is not provided and the student has to bear the cost of the study.

Casteen (2011) has argued that the concept of self-financing in public universities entail institutions relying on other sources of funds, such as higher tuition and increased philanthropic support. Greater institutional self-sufficiency requires a long-term vision, a well-planned fund-raising strategy, constant communication with key constituencies, and a willingness to be open and accountable. The above concept shall be reviewed in this chapter to establish how other public Universities with financial austerities, especially UNZA, can manage their core business of teaching, learning, research and consultancy; and promote entrepreneurial activities for self-sustenance.

2.1.2 Global Studies on Self-Financing

According to Lynch (2006), developed countries and developing countries alike have greatly benefitted from state investment in education. For example, Jongbloed (2008) has postulated that the composition of university financial resources in Europe falls under three categories which are; government appropriation, tuition fees (student funding) and other forms of funding which include; grants, contracts, competitive funding and project funding. He further notes that government appropriation is the core source of funding universities in most European countries except the United Kingdom, Italy and Spain where student's tuition fees are the major sources of university revenue. Most states have reduced funding in these European countries because of the increase in the number of people in need of higher education as Altbach (2006; 2009) has indicated. Altbach has supported that the increased demand for higher education combined with the necessary financial stringency of both public and private institutions and national governments has led to different initiatives and plans that involve the reallocation of resources for different and competing for social services that included education.

The studies above have shown that the world over the major source of funding public universities include traditional and non-traditional sources of funding. The studies concentrated on the sources of funding and governments' limitation in funding these universities. However, the study did not review the self-financing initiatives implored by the various universities that would make them financially sustainable.

Another study by Rao and Singh (2002) has shown that in India, higher education is predominately publicly controlled and funded. They, however, indicated that state funding is not adequate due to other competing national needs including among others, poverty alleviation, literacy status and human development making it difficult for these higher education institutions to meet their requirement. As a result, these institutions have been encouraged to support themselves by mobilising resources through various means, such as attractive courses, heightened fees, and alumni support for its own survival and relevance.

However, with the rise of neo-liberal agenda, there is an attempt to offload the cost of education and indeed other public services such as housing, transport, care service on to individuals (*ibid*, 2002). This was also observed by European Commission (2006a) who noted a minimal decrease in the share of government appropriations towards higher education whereas there was an increase in the share of competitive grants and contracts and no change was observed with the share of student tuition fees. Nonetheless, Varghese (2004) has reported that most developed countries have responded positively to the reduced state support or the withdrawal of state subsidies on higher education by adopting cost-reduction measures, cost-sharing strategies and income generating activities to support the expanding need for higher education.

The focus of the studies above was on how public universities have been encouraged to diversify their sources of income like heightening student fees but did not address the specific policies favourable for public universities to become financially self-sustainable.

In Malaysia, most public universities are funded by government and acted as self-managed institutions under the Universities and Universities Colleges Act. Ahmad, Soon, and Ting (2015) have stated that higher education funding constitutes 90per cent of its government funding whereas 10per cent was from students' fees. However, they quote (Kasim, 2011) who states that five public Universities in Malaysia were research universities which were

able to acquire additional funding for the purpose of Research and Development; and commercialisation of research. This mandate was according to their policy governance on Critical Agenda Project which encourages public Higher Education Institutions to move towards an autonomous system of governance which includes areas of finance and wealth generation, human resources and academic administration. Critically, it is evident that in this part of the world, policies are well established that encourages income generation and their government does not interfere in the operations.

A lot of literature has focused on the 1990s remarkable worldwide reform agenda for the finance and management of universities and other institutions of higher education that have spilled over to the existing 21st century (Johnstone, 1998, 2004, 2008). These reforms have been viewed in the context of expansion and diversification of enrolments, participation rates and number and types of institutions; fiscal pressure, as measured in low and declining per student expenditures and as seen in overcrowding, low-paid or unpaid faculties, lack of academic equipment or libraries, and dilapidated physical plants; markets the ascendance of market orientations and solutions and the search for non-governmental revenue; the demand for greater accountability on the part of institutions and faculty and on behalf of students, employers and those who pay; and demand for greater quality and efficiency as in more rigor, more relevance and more learning (Johnstone, 2008).

The study argued that the effects of government's low funding are over enrolment, dilapidated infrastructure, insufficient study material or poorly equipped library and so on. Although Johnstone's study can relate to the situation at UNZA it does not highlight universities' initiatives in supplementing insufficient funding they experience and addressing the issues highlighted.

According to Bielfied, (2002) some developed countries are privatising higher institutions of learning in order to reduce strain on government. This means that these institutions are running on market theory and this is supported by Barr (2005) who indicated that countries such as Britain are using the economic theory of funding higher education. In this system, different institutions are required to come up with a pricing mechanism or system that accommodates the needs of the various student categories which should meet their recurring education costs. This could be practically occurring in developed countries but low

developing countries this has proved to be impossible because of economic dynamism that keeps falling on the negative side.

2.1.3 African Literature on Financing

The World Bank (2010) reports that examined practices in financing higher education in sub-Saharan Africa revealed that despite the higher increase in the number of students pursuing higher education during the period 1991 to 2010, public resources allocated to these higher institutions has been growing at an annual average rate of six percent (6%). According to Salmi and Eison, (2009), financing of tertiary education has been centralised and are hierarchical and subordinated to the state in matters of internal governance.

This is also supported by Cloete *et al* (2011) who pointed out that following independence, universities in Africa were expected to be key contributors to human resources needed for social and economic development of these countries. Therefore, financing of higher institutions of learning became the Government's responsibility. However, it was observed that social-economic changes in Africa led to dramatic decrease in the per capita spending on higher education. The study by Odebere *et al*, (2007) revealed that the implementation of SAP by many African countries resulted in sub-Saharan countries like Kenya, Tanzania, Zimbabwe and Zambia reducing expenditure on higher education. Given the reduced government appropriation towards higher education, most African states have encouraged these institutions of higher education to adopt other forms of funding such as cost-sharing, entrepreneurship and other revenue diversification measures, (Ishengoma, 2004). According to Ishengoma's report that cites examples from his country Tanzania, its government first encouraged the cost sharing system in higher education in 1988 and after realising the benefits associated to this cost sharing system, the government in 1992 made a formal pronouncement of the policy with the aim of maintaining the quality of academic programs, improving access to higher education while at the same time containing government fiscal expenditure for public higher education.

In realism, though, the economic dynamism has affected the enhancement of cost-sharing systems in higher education in Tanzania, for example, and equally in other countries sub-Saharan countries. The arguments above do not bring out enhancement of Universities' core business, that is, teaching, learning and research which can be another source of income but

merely diversifying of income generating activities as compared to the studies in the following paragraph.

The Makerere University of Uganda has taken another twist of supplementing government's efforts to funding public universities. Apart from cost sharing and other entrepreneurial activities, Makerere university has a dual track fee system which encourages cost sharing that shifts higher educational costs from being borne mainly or entirely by government or taxpayers to being shared by governments, parents, and students (Johnstone, 2004a). The university also generates a good income from consulting services and University Enterprise Partnership programmes to supplement the inadequate state funding.

South Africa is another country in sub-Saharan Africa whose universities like the Cape Town University, the University of South Africa and so on uses cost –sharing system and has a student aid scheme intended to support talented but poor students (ibid,2012). However, Wangenge–Ouma (2012) has reported that the issue of funding higher education has attracted a lot of debate surrounding Government's inadequacy to fund and having a suitable funding framework. He also observed that students in South Africa have often protested against frequent tuition fee increases. It can be noted that Uganda and South Africa's public Universities, Makerere and Cape Town have paid particular attention to research and consultancy which are core businesses of these universities.

The funding to education in Zambia according to MOE report, (2007) has been from a variety of sources ranging from individual households to public investments through national budgetary allocation. The sources of education funding and investment are Government's annual budgetary allocation, multilateral and bilateral donor agencies, Corporate and Private Investors, the local communities, parents, faith-based organisations and others. Tembo (2014) has observed that the education funding by the Government of the Republic of Zambia has been inconsistent characterised by either late disbursement of funds to institutions of higher learning or inadequate funding. Another report by MOE (2010) has indicated that the policy direction on resource requirement projections for the university education was estimated at US\$29.05 billion for the year 2015. This is attributed to public universities in Zambia such as UNZA, Copperbelt University, Mulungushi University and other newly transformed higher institutions like Chalimbana University and so on. This projection translated to 6.1per cent allocation required by the University as recurrent resources. The projection was low

compared to what other nations in the region spend on higher education; hence the need for the universities to find ways of diversifying sources of funding in order to sustain their operations.

2.2 Financing of the University Zambia

A study by Chipindi, (2009) revealed that since independence, Zambia's population has greatly increased thereby causing a serious strain on public goods like education. Consequently, he observed that the education system witnessed a tremendous expansion in both primary and secondary sectors, implying that the demand for tertiary education increased. This has led to the establishment of private universities or upgrading of colleges to universities, for example, Mulungushi and Chalimbana Universities. In addition, the report by the Senate of the University of Zambia, (2015) indicated an increase in student enrolment from 300 students at the time the University was opened to about 26,000 students in 2015. This means that the University staff levels increased and consequently, its financial obligations in form of gratuities and retirement packages also increased; forexample, UNZA had a total of about 2000 employees by the end of the year 2015, both teaching staff and other supporting services. Only 356 employees were on permanent and pensionable conditions of service while 1,644 employees were on contractual conditions of service. UNZA was owing about thirty-five million dollars (\$35 million) in terms of contractual gratuities and retirement packages covering a period of five years from December 2010 to 2015 (*Ibid*, 2015).

Expansion of enrolment in students and staff employment has negatively impacted on the financing of the University in that as government disburses funds for students' tuition for those under GRZ sponsorship, it has to disburse funds for salaries for staff and recurrent costs of running the institution. This has strained the main stakeholder being the government.

Under the Higher Education Act of 2013, the funds of Public Higher Education Institutions such as UNZA shall consist of such money as follows:

- i. The funds appropriated by parliament for its purpose;

- ii. Funds paid to UNZA by way of fees, subscriptions, contributions, grants or donations; and
- iii. Otherwise vest in, or accrue to, the public higher education institution.

According to the UNZA 2013 – 2017 Strategic Plan, the University of Zambia is funded mainly by Government grants accounting for 60per cent of income, 25per cent from tuition fees and 15per cent from self-generating income (Strategic Plan, 2012). This meant that UNZA was financially dependent on government, hence, making it difficult for UNZA to transform into a sustainable financially liberated institution. The 2015 Zambia's Treasury report, indicated that the approved government's appropriation to the University of Zambia for the year 2016 was fifteen million seven hundred United States dollars (\$15.7 million) Financial Report (2015). This level of funding by the government is too low compared to the financial obligations that UNZA currently has and would imply that UNZA would continue operating on a deficit budget. Based on UNZA's 2015 financial report, the institution recorded an operating deficit of about fourteen million and two thousand dollars (\$14.2 million). Consequently, and according to the Strategic Plan 2013- 2017, the income generated by UNZA is mainly used for personal emoluments and partly covers other operational costs at the expense of maintenance costs and costs of meeting expansion programmes such as building additional lecture theatres, offices, teaching materials and so on.

A study by Masaiti, (2015) has revealed that a cost-sharing and resource diversification policy was introduced in 1996 aimed at helping UNZA to be self-financially reliant. He, however, observed that the Market dynamics in Zambia were not favourable for the University of Zambia, to gain from the cost-sharing and resource diversification policy. He further stated that the University of Zambia is heavily regulated by the Acts of Parliament, hence government gets involved in determining the tuition fees and this may not be reflective of the market value. What Masaiti does not bring out when discussing student fees not reflecting the market value, is the determinants of charging economic student fees. In economics, one would say determinates of economic growth is knowing output per unit of labour input (Wikipedia quote). What this entails is that for one to charge economic fees, information on costings of educating an undergraduate or postgraduate for the whole programme at UNZA should be known and then compare it with fees that would be prevailing. Such statistics are not available at UNZA.

Equally, the Higher Education Act of 2013 requires that institutions of higher education like the University of Zambia must seek prior consent from the Minister to accept money in form of grants and donations from internal sources and outside Zambia. Despite this challenge, the revised national policy on education of 1996 was premised on improving the fortunes of public universities by providing policy guidelines that encouraged cost-sharing, revenue diversification, and student loans.

2.2.1 Financial Management Policies at UNZA

The (2011) UNZA's Financial regulations clearly states that 'the University Council is the body ultimately responsible for the management of all financial resources of the University and that the Vice-Chancellor is the University Officer directly answerable to Council for the implementation of the University financial policy and, therefore, authority for expenditure shall rest with the budget holder or his/her nominee who shall not permit any expenditure to be incurred unless there is confirmation by the Bursar or his/her nominee on availability of funds and that such expenditure is in line with the budget.' However, UNZA faces financial management systems that have negatively affected its operations. Most of the funds cover personal emoluments and operational costs. UNZA management report of (2008) has reported that following the government's guidelines, the University of Zambia introduced self-financed programme courses which do not require government financial aid. These external programmes include parallel mode of study, self-sponsorship, and distance learning even though the latter has been in existence for a long time now.

UNZA is mandated by the University Act of (2013) to invest any surplus funds which it may not immediately require to meet its operations. This can be done through Council with the approval of the Minister of Higher Education. UNZA has been trying to commercialise certain service units through the newly established Directorate called Business Development (Management Report, 2015). This directorate is responsible for units such as Marshlands, UNZA Printers, UNZA Nursery, UNZA Press and Liempe Farms that are potential business units for the institution; additionally, UNZA Gateway consultancy unit has been established to revamp the way research and consultancies are conducted in UNZA but what seems to be of hindrance to the success of all these potential business ventures is that no capitalisation has

been pushed in by UNZA management. The other hindrance is the poor and none reviewed financial and management policies in place at UNZA to guide how these units can be used as sources of finance. UNZA also invested in ZAMNET, which was one of the first companies in Zambia to offer internet services but may be redundant due to insufficient funds. Furthermore, UNZA has partnered with private investors who are running York farm and is in partnership with Graduare Property running the East Park Mall but not much is obtained from these businesses to sustain the financial capacity of UNZA.

2.2.2 Utilisation of Funds Realised in Public Universities

In public universities, expenses, for the most part, represent an outflow of resources (costs incurred) which include both operating and non-operating expenses. According to Jessell (2013), operating expenses in public universities include instructional expenses, expenses for public service, administrative services such as academic support and institutional support, plant operations and maintenance, scholarships, and fellowships, expenses for auxiliary operations and depreciation. Operating expenses can be listed by functional categories such as those discussed above or they can be listed as natural categories such as wages and benefits or purchases of goods and services.

A study by Mulamfu (1998) classifies the cost of running universities under three broad heads namely; teaching and research, Library and support services. Mulamfu (1998) further points out that two main items of expenditure include teaching and research and support services which include all the administrative costs associated with the management of the University. Undoubtedly, the study by Mulamfu provided some insights despite looking at the subject from a qualitative perspective only. UNZA's use of internally generated resources is mostly on personal emoluments (salaries, allowances, contractual obligations) and partly operational costs (utility bills, costs of running schools), Strategic Plan (2012). Very little is realised for the maintenance of infrastructure and construction of new hostels, additional lecture theatres, offices and so on. This has negatively affected the smooth running of the biggest and oldest higher learning institution in Zambia.

Moreover, Wangenge-Ouma (2012) states that internally generated revenue has a very significant role to play as a source of critical funding for all categories of Universities such as

operating costs, learning materials and many other uses on the other hand, Onuoha (2013) also argues that universities are supposed to seek ways of earning additional revenue locally and to use the same in any areas of university needs that the government is not able to provide for in a given budget period. The University uses all funds, regardless of type, in a manner consistent with applicable federal and state laws and regulations, university policies and other restrictions or designations governing their use (*ibid*, 2013).

2.2.3 Potential for Entrepreneurship at UNZA

The European Commission refers to entrepreneurship as ‘an individual’s ability to turn words into action. It includes creativity and risk-taking as well as the ability to plan and manage projects in order to achieve objectives. It further stated that entrepreneurship provides a foundation for entrepreneurs to establish a social or commercial activity’ (European Commission, 2012). Potential for entrepreneurship at UNZA has remained untapped for a long time. UNZA is supposed to be moving towards taking risks in order to plan and manage projects to achieve its objectives of teaching and research. Zambia’s vision of entrepreneurship is stated in the policy document Vision 2030 where entrepreneurship is identified as one of the tools that can help towards building a middle-income nation and this can be achieved by having strong entrepreneurial capabilities, self-reliance, outward looking and enterprising (GRZ, 2006). This vision has been decentralised to all sectors so that their vision is towards being self-reliant through entrepreneurship. UNZA has had five major entrepreneurial ventures and these include UNZA Press, Marshlands, York Farm and Liempe Farm, TDAU and ZAMNET (UNZA Management Report, 2015).

Academically, there has been other entrepreneurial ventures that were introduced after the 1996 ‘Educating Our Future’ policy was established and these led to the introduction of self-sponsorship studies (parallel and regular mode of study), evening classes and at the beginning of the year 2015, an introduction of business programmes under the newly established Graduate School of Business that purely offers self-sponsorship studies such as block release, evening classes and online modes of study. In its fulfilment of collaborating with other public and private sectors, UNZA has managed to partner with a private sector called Graduare through a PPP arrangement. Graduare has built a mall on the eastern part of UNZA’s location. UNZA benefits about 5 per cent of the Mall’s monthly total earnings

(UNZA Financial Report, 2015). UNZA's vision on revamping the already existing and yet to be introduced entrepreneurial activities has started in that it has established a unit called Business Development that is there to re-engineer all business units in the University, (Ibis, 2015). All this is in order to reposition itself into being an innovative, responsive and competitive public university. However, there are hindrances to improving this aspect of recapitalisation as will be explained in the next sub-theme.

2.2.4 Challenges of Entrepreneurship at UNZA

There are a number of obstacles hindering the uptake of entrepreneurship activities, especially in higher learning institutions. The demand, however, of the surge has been increasing and is still steadily increasing. European Commission (2012) has identified some of the obstacles as a shortage of human resources and funding for this type of activities, inadequate equipment, and technology, entrepreneurial attitude and infrastructure. Chileshe (2015) has concluded that challenges of entrepreneurship include none practical approaches to entrepreneurship education, including information on support systems and financial aid for entrepreneurs. She further concludes that most higher education institutions do not increase to offer courses and activities in entrepreneurship and does not train more teachers in entrepreneurship education.

UNZA, according to the Strategic Plan (2012) has acknowledged that it has faced a number of challenges in fulfilling its functions and in order to overcome some of these challenges, the University will continue to forge partnerships of mutual benefit with relevant players in both the public and private sectors. UNZA has failed to undertake serious entrepreneurial activities due to lack of recapitalisation. Good ideas have been brought forth to embark on investments such as investing in possible business units like Marshlands, UNZA Printer, Liempe Farm and others, however, no major investment has been pushed in to start major businesses. The 5 per cent profit that UNZA obtained monthly from Graduare (East Park Mall) was not enough to adequately support financial austerities that UNZA was facing. In addition, UNZA owned ZAMNET but nothing profitable came out of the organisation as it was at a verge of collapsing or being declared redundant (UNZA Financial Report, 2015).

It can be noted, however, that overdependence on the government for funding is a disease and unhealthy for universities as it makes them vulnerable to changes in government policies. The literature review has revealed that income generating activities needed to be managed as independent entrepreneurial units. These are proving to be a challenge due to lack of capital injection and entrepreneurial staff that can spearhead entrepreneurial activities. It can be noted that UNZA had, however, established a separate unit called Business Development that would spearhead the running of all business activities in the University. The challenge that this unit faces is as earlier stated, financial incapacities and non-revised financial and management policies that hinder progress on entrepreneurial activities due to certain rules and regulations that govern the running of these business entities.

2.3 Challenges Faced by UNZA

UNZA and other universities in Zambia, especially public universities face a lot of challenges that are too numerous to mention and this paper may not tackle all of them. Most on the list of soaring challenges are financial incapacities. Kunda (2015) has observed that world-over it is acknowledged that the university is a premier center of excellence for research and training aimed at offering practical and workable answers to the challenges mankind faces and as such, the university occupies a critical position in any nation. As earlier stated, the most austerity UNZA was going through is financial debt as reported by the Financial Report (2015). UNZA has a huge debt accrued to the institution and this included none payment of contractual obligations, failing to pay financial institutions like National Pension Scheme Authority (NAPSA), utility bills and so on. UNZA operates and meets its expenses through debt. Equally, Copperbelt University is undergoing similar challenges.

Tembo (2015) observes that UNZA and other public universities, to start with, lack capital expenditure on infrastructure, dilapidated and inadequate lecture theatres, halls and lack of space and books in the library and so on. UNZA has increased its enrolment from about 360 as at the time of its establishment to over 26,000 students in 2015, which is an overwhelming increase amid non-expansion of infrastructure mentioned above.

One of the major activities of any university is the uptake of Research. DRUSSA (2016) has reported that most sub-Saharan Universities have not made strides in implementing changes

to research uptake processes and UNZA is one such institution. This is another area that UNZA can generate funds especially when it considers patenting its research. A report by DRUSSA further states that “only one University in the region (UCT) reports that research funding is now more focused towards impact and problem solving than merely funding research and researching for academic purposes; and that UCT monitors the distribution of funds and the productivity of research at the institution, as well as the amount of external and internal collaboration between projects. Research uptake at this University is starting to be introduced as a standing item on the agenda of Senate research committee meetings,” (*ibid* 2016).

Another challenge as observed by Tembo (2015) is a lack of a culture and an organisation that can both coordinate and mediate mutual cooperation and trust between UNZA lecturers and older graduates some of whom are retired and some who may be in the diaspora. In short, UNZA Alumni who can assist the University restore its past glory. There seems to be a lack of a culture and prominent organisation to channel this desire to help. Notably, UNZA has produced two graduate National Presidents whom unfortunately have not done much to save these public universities.

Lecturers’ and workers’ poor conditions of service are another challenge that the University faces. This is attributed to lack of finances as UNZA largely depend on government, whose support has been dwindling due to other competing social needs. Chileshe (2015) postulates that conditions for UNZA lecturers and support staff is nothing to compare with even in the SADC region. Lecturers should be the best paid since donations and endowed chairs could account for some of the pay. There has been a struggle to harmonise salaries for all workers of public universities in Zambia but that would mean a strain on the already stressed government resources.

Lack of teaching staff is another challenge faced by most public universities in Zambia, UNZA being among those going through such a surge. Statistics show that at UNZA, lecturer-student ratio is at 1 to 32 when the recommended ratio is 1 to 13. This is according to a Senate Report (2014). This has been considered abnormally high when compared to highly ranked Universities like UCT whose student-lecturer ratio is 1 to 13 (DRUSSA, 2016). The researcher’s assessment was that this Senate report could not give the exact ratio due to lack

of adequate information. For one to determine the student-lecturer ratio, the number of teaching staff and students need to be known, but with poor data systems in the University, this information cannot be relied on as reality on the ground was that there was serious shortage of lecturers in most schools while other schools like Veterinary Medicine, had in excess number of teaching staff.

These and many other challenges not mentioned take place in other Zambian universities as well. For instance, it was a well-known fact that most private universities in Zambia relied on lecturers from public universities to teach their courses on part-time basis. Universities have enormous potential for financial sustainability but that this potential remained untapped.

2.4 Summary

The Chapter reviewed literature related to the study that explores self-financing and future prospects for the University of Zambia to be self-sustainable. The literature review has shown that globally, higher education institutions have been generally funded by the national governments, tuition fees and other student fees, research and consultancy. World over, this form of funding has been inadequate making it difficult for public universities to meet its recurring costs of education. This has forced governments in both developed and developing countries to encourage these universities to raise their own finances through various diversification measures in order to reduce their dependence on the state and improve their self-sufficiency.

UNZA, as a public university has heavily depended on government funding to meet its operational costs. Government funding accounted for over 50per cent of its income and the funding usually came in late and was inadequate. The National Policy on Education, “Educating our Future”, has given the higher education institutions policy guidelines for resource diversification. UNZA has made efforts towards resource diversification by introducing external programmes such as parallel courses, distance learning and some schools offering short courses that were on demand. UNZA has also entered into Public Private Partnerships and invested in some business ventures. Despite all these efforts, UNZA was still financially incapacitated and depended largely on government grants for its operational costs. Therefore, there was need to investigate if financial and management policies were in

place in order to reduce UNZA's dependence on government and become a self-financially sustainable institution. Further, there was need to investigate whether finances generated by UNZA was sufficient to manage its recurring costs of education and administration; and to determine the challenges faced by UNZA in meeting its financial obligations.

The next chapter discusses the methodology used in the study.

CHAPTER 3

METHODOLOGY

3.0 Overview

The previous chapter was on literature that related to the study that assesses self-financing of public universities in developing countries: a case of the University of Zambia. However, to be able to gather the necessary data, the researcher used the descriptive method, using both qualitative and quantitative approaches. This chapter, therefore, explains the methodology used in collecting data.

3.1 Research Design

The study took the form of a mixed method of study design, specifically embedded design to address the issue of self-financing of Public universities, an example of the University of Zambia. Creswell and Clark (2007) state that an embedded mixed method design is one in which one data set provides a supportive, secondary role in a study based primarily on the other data set. The study used a questionnaire to Lecturers to establish whether UNZA had the potential to become a financially sustainable institution, to test the ability of UNZA to internally generate sufficient income to support its activities. In addition, the quantitative part tried to explore how the internally generated income was utilised. To gather qualitative data, Principal Officers and Senior Management staff from UNZA were interviewed and two Officers from the Ministry of Education were also interviewed to give further insight on issues of government funding, sources of internal income for UNZA, financial and management policies and the challenges faced by UNZA in its effort to pursue self-financing.

3.2 Population

The target population for this study comprised senior, middle management and lecturers of the University of Zambia in that these were mainly in charge of managing and controlling human resource of UNZA and that they were budget holders of the Institution who knew how things were run at UNZA. The population further comprised two officials from the Ministry

of Higher Education and Finance being the government representatives were rules and regulations, and finances respectively, are obtained to run the institution.

3.3 Study Sample and Sampling Procedures

a) Sample Size

The study sample consisted of 140 respondents as follows: 2 ministry officials, 5 principle officers, 8 senior management and 125 lecturers.

b) Sampling Procedure

The procedure used in sampling of lecturers consisted stratified random sampling in which the entire population of lecturers was divided into sub-groups called strata based on the nine school units of UNZA. The study also used a non-probability sampling method using a convenience sample made up of lecturers in various schools who were easy to reach. The procedures were simple to manage and cost-effective in terms of time and money. Random stratification was used in order to improve population representativeness by ensuring that all schools were represented and to provide the greatest possible level of accuracy for the overall results.

Furthermore, the researcher conducted purposive sampling to draw a limited group of participants who were interviewed. This group comprised of selected principal officers and senior management from UNZA believed to be appropriate to the study because of their knowledge on financing and management policies of UNZA, they are also budget holders of specific units. The officials from Ministry of Education were selected to be part of the sample because of their role in funding and regulating the operations of these higher education institutions. 27 respondents were purposively sampled but the researcher only managed to interview 15 while the others were not easily available. According to Kasonde Ng'andu (2013), stratified involves dividing the population into homogenous sub-groups and then taking a simple random sample in each group while with purposive sampling, a researcher samples with a purpose in mind usually with one or more specific predefined groups.

Therefore, the methods used were appropriate for this study because they were targeted at those respondents with adequate knowledge and information about self-financing of public universities, in particular, UNZA. It was also used to select key informants in the study.

3.4 Demographical Data

The demographical data sought to examine how demographic variables such as age, years of service, rank the school units, and experience outside UNZA helped the respondents understand the concepts of self-financing and apply it to UNZA's situation. It also helped determine whether the respondents were familiar with financial and management policies that are in place at UNZA in its pursuit to be self-sustainable. This, therefore, is a summary of the distribution of participants by age, length of service, ranks held, the school units and work experience outside UNZA.

The average age of participants was 45 years but ranged from 26 years to 71 years. The majority of the respondents representing 50.7per cent had served the University of Zambia for 10 years and above while those respondents that had served UNZA between 5 and 10 years represented 16.9 per cent. 11.3 per cent of the respondents had served UNZA between 3 and 5 years. All the ranks of the University were represented as follows; 19.7per cent represented Lecturers Grade III, 35.2per cent Lecturers Grade II, 25.4per cent Lecturers Grade I, 14.1per cent represented Seniors Lecturers, 1.4per cent Associate Professor and 4.2per cent Full Professors.

All the nine schools targeted, participated in the research and the distribution was as follows; Schools of Agriculture and Humanities and Social Sciences both scored 18.3per cent schools of Medicine, Natural Sciences and Veterinary Medicine each had 8.5per cent representation while Engineering, Mines, Education and Law had 15.5per cent, 14.1per cent , 5.6per cent and 2.8per cent representation respectively.

The above demographical data is captured in the tables and figures below.

Table 2. Distribution of Participants by Age

	Age
Sample Size	71
Mean	45
Minimum	26
Maximum	71

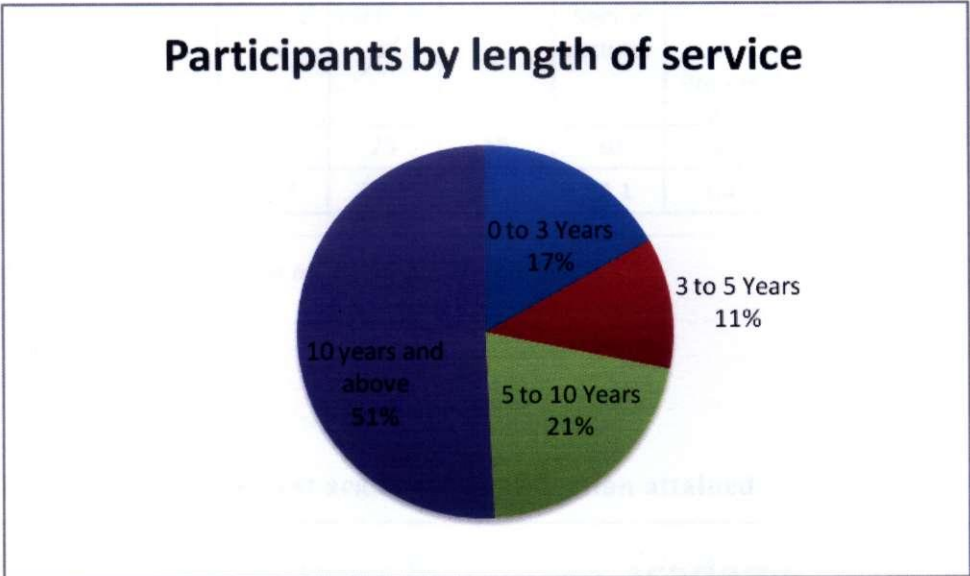


Figure 3: Participants by length of service

Source: Field data

Distribution by ranks held

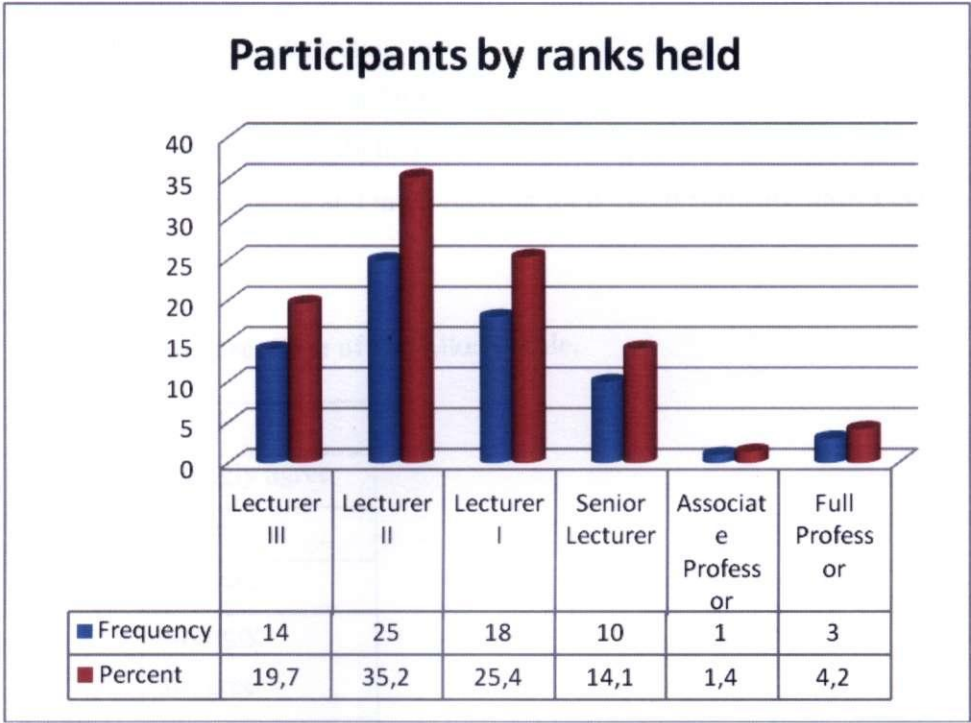


Figure 4: Qualification of Participants by rank

Source: Field data

Distribution by highest academic qualification attained

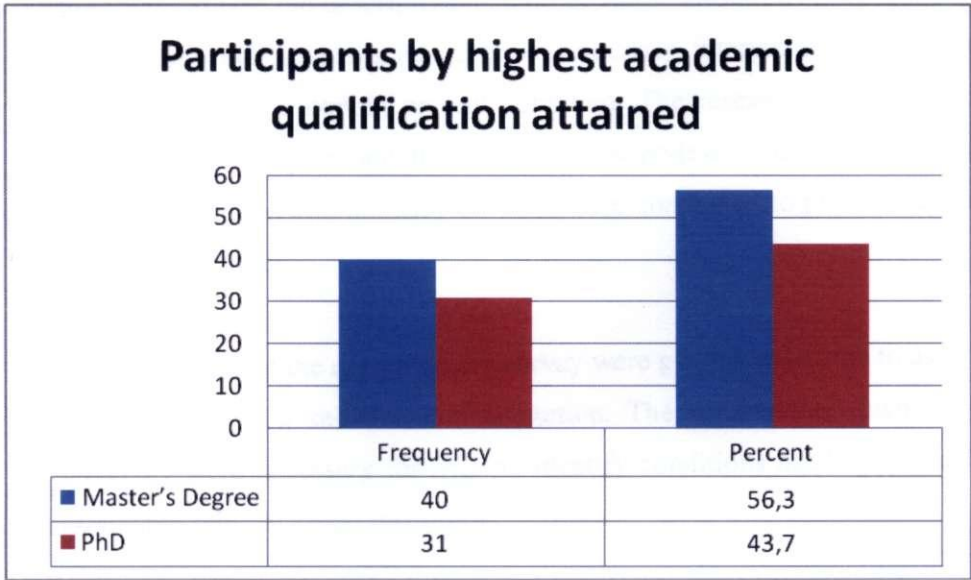


Figure 5: Participants by highest academic qualification attained

Source: Field data

3.5 Research Instrumentation

The survey used content analysis to analyse and interpret the interviews while for statistical treatment, the Dichotomous format and Likert scales were used to interpret items (questions) in the questionnaire. For dichotomous format required respondents to either say **yes** or **no** to an item while the range and interpretation for a Likert scale are shown below.

Table 3: Interpretation of the Likert scale.

Value	Label
1	Strongly agree
2	Agree
3	Not sure
4	Strongly disagree
5	Disagree

3.6 Research Methods Validity

This study utilised the descriptive method of study. Descriptive method of research is a fact-finding study that involves adequate and accurate interpretation of findings. Descriptive research describes a certain present condition. The research used two types of direct data survey that is the questionnaire survey and interviews. Interviews with principal officers, senior management and ministry officials were conducted to provide further insight into the results of the survey.

The respondents of the questionnaire survey were given ample time to assess the capability of UNZA becoming a self-financed institution. The respondents’ own experiences with the University were necessary for helping identify conditions needed by the University to be a sustainable self –financed institution.

3.7 Data Analysis Techniques

The data collected using the questionnaires was checked for uniformity, consistency and accuracy. The raw data was then subjected to coding and updated using a Statistical Package for Social Sciences (SPSS). Quantitative data (responses from the questionnaires) were subjected to descriptive statistical analysis using SPSS to produce frequencies, means, range and percentages to explore the ability of UNZA to internally generate sufficient resources to finance its activities, determine how these resources are utilised and establish challenges faced by UNZA. Interviews were used in order to achieve a clear understanding of the problem under review in a more detailed way than the generalised outcomes of the questionnaire. During interviews the researcher recorded responses from individual respondents which later were transcribed and analysed.

3.8 Ethical Consideration

The researcher explained to the respondents that the information was purely for academic purposes and assured them of high levels of confidentiality. All respondents were asked to answer anonymously and neither the researcher nor the reader of the findings shall be able to identify a given response with a given respondent. Further, the software that was used to process data from the survey did not save any identifying information from the participants; therefore, it is impossible to connect the results with a particular member of the study population. The researchers strived to maintain matters of respondents' right to privacy, informed consent and protection. The findings were reported truthfully and accurately as found during the survey.

3.9 Limitations

While the research findings remain highly valid and reliable, the researcher experienced some challenges. One of the challenges was the delay by the respondents to complete the questionnaires within the estimated duration of two weeks. Some of the respondents, especially the ones that were sampled purposively were not available for interviews. Some overtly declined to participate in the study citing their busy schedules as the time of collecting data most lecturers were on break.

3.10 Summary

The Chapter covered the issues of research design adopted for the study. The researcher used the mixed embedded research method that combined the questionnaire with interviews in order to gather both quantitative and qualitative data. The Chapter further looked at the population and the sampling procedures used in selecting the sample for the study. Ethical consideration was explained and limitations faced by the researcher highlighted.

The next chapter shall provide the research findings based on the methodology discussed in this chapter.

CHAPTER FOUR

RESEARCH FINDINGS

4.0 Overview

The previous chapter covered the issues of research design adopted for the study. The researcher used the mixed embedded research method that combined the questionnaire with interviews in order to gather both quantitative and qualitative data.

Chapter Four will analyse the data collected in order to test self-financing and future prospects of UNZA for self-sustainability. The data is interpreted in a descriptive form and will comprise the analysis, presentation and interpretation of the findings from this study. The analysis and interpretation of data will be carried out in two parts, the first part is based on the results of the questionnaire and deals with a quantitative analysis of data. The second part is based on the results of interviews and deals with a qualitative data.

A total of 71 questionnaires were completed and were used to interpret the results. Data gathered through the questionnaire was subjected to frequency counts, that is the respondent's responses to individual questions were added together to find the highest frequency of occurrence. These responses to the questions which are quantified are then presented in percentage forms. The researcher uses both tables and charts to present the analysis.

To supplement the results and to fill the gaps left in the questionnaire, the qualitative approach was used for giving more substance and to reveal detailed information. The researcher conducted individual interviews consisting 15 people, 5 Principal Officers, 8 Senior Management staff, from UNZA and 2 officers from the Ministry of Education. This section will reflect on the interviews and presents the analysis of the verbal responses during the interviews.

4.1 Financial and Management Policies of UNZA

Table 4: Financial and Management policies of UNZA in place in support of reducing dependence on Government

Variable	Frequency	Percent
Agree	16	22.5%
Not Sure	35	49.3%
Disagree	18	25.4%
No Response	2	2.8%
Total	71	100.0%

When asked whether financial and management policies were in place at UNZA in its pursuit of reducing financial dependence on government, table 4 above shows that of the total sample size only 16 representing 22.5per cent of the respondents agreed and a majority 49.3per cent were not sure, 18 disagreed and 2 did not respond to the question.

Table 5: Financial and management policies in place have limited UNZA from being financially liberalised

Variable	Frequency	Percent
Agree	38	53.5%
Not Sure	18	25.4%
Disagree	13	18.3%
No Response	2	2.8%
Total	71	100.0%

Table 5 shows that 53.5per cent of the respondents agreed that financial and management policies in place have limited UNZA from being financially liberalised. 25.4per cent represent the respondents who were not sure and only 18.3per cent disagreed.

Interviews with Management revealed that the majority (56%) of the respondents suggested that policies that were put in place at UNZA are effective, and would, therefore, help the institution reduce its dependence on government. Only 11per cent of the respondents argued that these policies were somewhat effective. To explain further one of the respondents stated that:

.....current financial policies do meet certain needs but they have inbuilt bottlenecks that act as discentatives to certain activities the policy is that of not allowing any degree of flexibility as things have to be implemented the way it is in the policy..... (UNZA Senior Management, June 2016).

Furthermore, interviews revealed that the financial policies that were in place were not meant to promote generation of funds but were intended to manage and control the use of funds. The results found strong and consistent argument that the current UNZA management policies or administrative system does not support the idea of self-financing because they were structured in a socialist form or were more aligned to government's regulatory framework. The management model is based on decentralised management in which committees are appointed at various schools and units to make administrative decisions. Although this management model used by UNZA, promotes participatory decision making, it, however, does not promote initiative, personal ownership of decisions made and is non-responsive to emergencies due to their bureaucratic tendencies. According to one of the respondents, one of the disadvantages of the current model was that:

..... no one takes responsibility at the end of day, the fact that each job holder has a job description, certain offices are lame as they are expected to make decisions and the like but you find that this is not done hence it is ineffective in this way..... (Principal Officer, June, 2016).

Another observation made by respondents who were interviewed was that the previous and the current Management (at the time of the interview) had not provided the roadmap for improving UNZA's financial capacity or attaining self-financial sustainability. The respondents urged Management to proactively engage development partners to identify potential areas of development and were urged to encourage innovativeness and creativity.

4.2 Utilisation of Internally Generated Funds

In order to assess how UNZA utilises income generated internally, several questions were asked and the table below gives a summary of how these funds are used:

Table 6: Utilisation of internally generated funds at UNZA

Variable/Topic	Number of Respondents					
	Agree	%	Not sure	%	disagree	%
I benefit greatly from funds generated within UNZA	27	36.6%	16	22.5%	28	39.4%
Apart from a monthly salary, I get extra income generated from consultancies/Research, short courses, parallel fees and moderation of affiliate college courses	30	42.3%	10	9.9%	31	43.7%
Funds generated internally are also directed to the development of the institution	19	25.4%	29	40.8%	23	32.4%
About 70% of funds generated internally is for personal gain	16	18.3%	26	36.6%	29	40.8%

36.6per cent of the respondents agreed that they individually benefitted from funds while 22.5per cent were not sure and 39.4 per cent disagreed.

The table shows that 42.3per cent of respondents agreed that in addition to a monthly salary, they also received extra income generated from consultancies, research, short courses, student fees from parallel programs and moderation of affiliate college courses. Only 9.9per cent were not sure and 43.7 per cent disagreed to getting extra income.

Asked whether funds generated internally are also directed to the development of the institution, only 25.4per cent agreed, 40.8per cent were not sure while 32.4per cent disagreed.

In response to the inquiry whether 70per cent of funds generated internally is for personal use, 18.3per cent agreed, 36.6per cent were not sure and 40.8per cent disagreed.

According to the respondents interviewed, most of the income internally generated is from cost-sharing in terms of student fees, parallel courses and self-sponsorship, research while not

much is realised from consultancy. The respondents further indicated that the funds are centrally collected by Central Administration and that it was University money. Funds are retained by Central Administration and applied towards the wage bill and operational costs whereas ideally some of the funds collected are supposed to be given to schools for operational activities. The respondents also argued that consultancy money was mostly for personal gain by those who conduct consultancy as opposed to developing schools or UNZA. They suggested that there is a lack of a clear policy or guidelines on how the monies raised in schools and other units are apportioned between Central Administration and the schools. According to one of the respondents:

.....two streams of funds generated were well accounted for, for instance, tuition fees and research funds but consultancies, it seems there are mysteries that surround how this money is accounted for... and UNZA was not benefitting in terms of percentages that they received from consultancy works as a huge chunk realised from it went to individual consultant and there is a big challenge and don't know how they will solve it as most researchers are doing research using their own names.... (UNZA Senior Management, June, 2016).

Table 7: UNZA internally generates a lot of income through research/consultancy and through student fees (cost sharing)

Variable/Topic	Number of Respondents					
	Agree	%	Not sure	%	disagree	%
UNZA, internally generates a lot of finances from research/consultancy and projects	22	31.0%	22	31.0%	26	36.6%
UNZA, internally generates a lot of finances from student fees (cost - sharing, distance, self-sponsorship and parallel)	32	45.1%	19	26.8%	20	28.2%

In addition to traditional sources of income, the questions above tried to establish whether UNZA generates a lot of income from research and consultancy and from student fees through cost-sharing means, such as distance learning, self-sponsorship and parallel. The table shows that 31.0per cent agreed that UNZA generates a lot of finances from research and consultancy, 31.0per cent were not sure and 36.6per cent disagreed. The table also shows that 45.1per cent of respondents believed UNZA generates a lot of income through student fees, 26.8per cent were not sure while 28.2per cent disagreed.

When asked if UNZA, apart from government grant, received any other assistance in trying to generate its own income, most of the respondents interviewed indicated that UNZA's internal sources of funds can be divided into two categories namely standard normal tuition fees from undergraduate and postgraduate fees (traditional fees), research activities and consultancies (non-traditional fees). The respondents indicated that UNZA does not have policy guidelines on how, for example, functions of consultancy and research within UNZA are to be coordinated. According to one respondent, in 2008, there was an attempt to establish a consultancy Unit to coordinate the functions of consultancy and research in the University, but no mechanism was put in place for its effective implementation. Therefore, it is difficult for the University to account for funds generated from consultancy, the respondents stated that:

....Most monies raised at UNZA goes to individuals, which is 80per cent, very little to UNZA. Other universities do it differently for example if you work at the University, you spend time on campus, wherever one raises money, it goes to the university and one is supposed to be rewarded. At UNZA a number of consultancies are done outside the University". (UNZA's Principal Officer, June, 2016).

However, to overcome this limitation, UNZA has established a unit called UNZA Gateway to coordinate activities relating to consultancies and contract research. In addition, an official from Ministry of Education indicated that UNZA can properly manage consultancy funds by ensuring that the institution benefits from intellectual property rights whenever they partner with user institutions like industries and other business stakeholders to develop a product. The respondent said:

.....UNZA can enforce the intellectual property benefits especially through Research and Development you know, for instance, patenting research. There is concern from the Ministry of Education that anyone in Zambia could conduct research in the name of the University and sell out.....engaging in production of items or service provision as a way of internship for some programmes in agriculture, engineering, veterinary services and so on can help.... (Ministry of Education Director of Distance Education, June, 2016).

4.3. Potential to Self-Finance

This sub-theme seeks to establish the potential of UNZA becoming self-financed and determine the main sources of internal income generating activities. The table below shows that a majority (81.7%) of respondents believed UNZA could be self-financed while only 16.9per cent did not agree.

On an item regarding UNZA's potential to fully finance itself, 80.3per cent believed UNZA had potential to fully finance itself while 18.3per cent believed otherwise.

Table 8: UNZA can be transformed into a self-financed institution and has the potential to fully sustain itself

Variable/Topic	Number of Respondents			
	Yes	%	No	%
Do you think UNZA can be transformed into a self -financed Institution	58	81.7%	12	16.9%
Do you think UNZA has potential to fully financial sustain itself	57	80.3%	13	18.3%

One of the officials from the Ministry of Education strongly believed UNZA could be another successful story of a self –financed institution like Makerere University in Uganda. However, the respondent cited ineffective implementation of the current national Policy on

revenue diversification and Public-Private Partnership had inhabited UNZA's mission of becoming a fully financed sustainable institution.

4.3.2 Do you think going Public Private Partnership way can make UNZA financially sustainable?

The figure below shows that a total of 85.3per cent of the respondents agreed that going Public Private Partnership (PPP) way could make UNZA financially sustainable were as 14.7per cent said no.

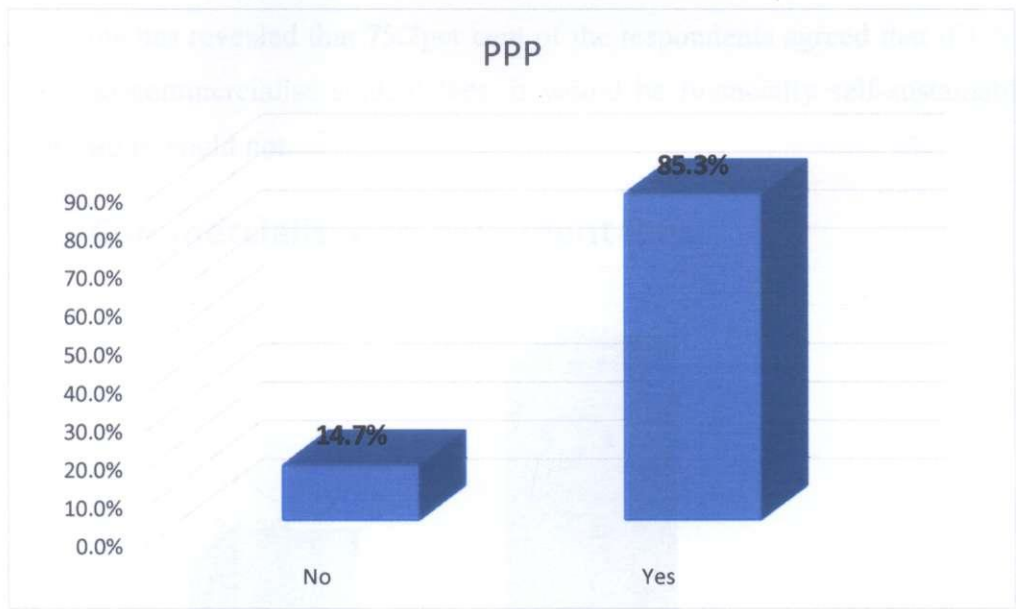


Figure 6: Sustainability of UNZA through Public Private Partnership
Source: Field data

According to respondents interviewed, before UNZA entered into PPP with Graduare Properties (East Park Mall), UNZA had in the past made efforts to establish business activities with a view of generating income outside the traditional income (grants and student fees), these business investments over time have not performed well due to lack of recapitalisation. The observation by one of the respondents was that:

.....Zamnet as the first internet service provider was the only investment UNZA made, to date no other investment has been pushed in. Another example is TDAU which was supposed to be an investment, established about 15 years, the initial investment was pushed in by the Dutch and since the investment was

made, UNZA has not pushed in any further investment to date. Furthermore, in 2009/2010 UNZA converted a number of units or entities into business ventures, Marshlands, UNZA Printer but these entities are not commercially competitive because UNZA has not pushed in a lot of money for them to effectively operate as businesses. (UNZA Senior Management, June, 2016).

4.3.3 Do you think that if UNZA was given leeway to commercialize student fees, it would be financially self-sustainable?

The figure below has revealed that 75.7per cent of the respondents agreed that if UNZA was given leeway to commercialise student fees, it would be financially self-sustainable while 24.3per cent said it would not.

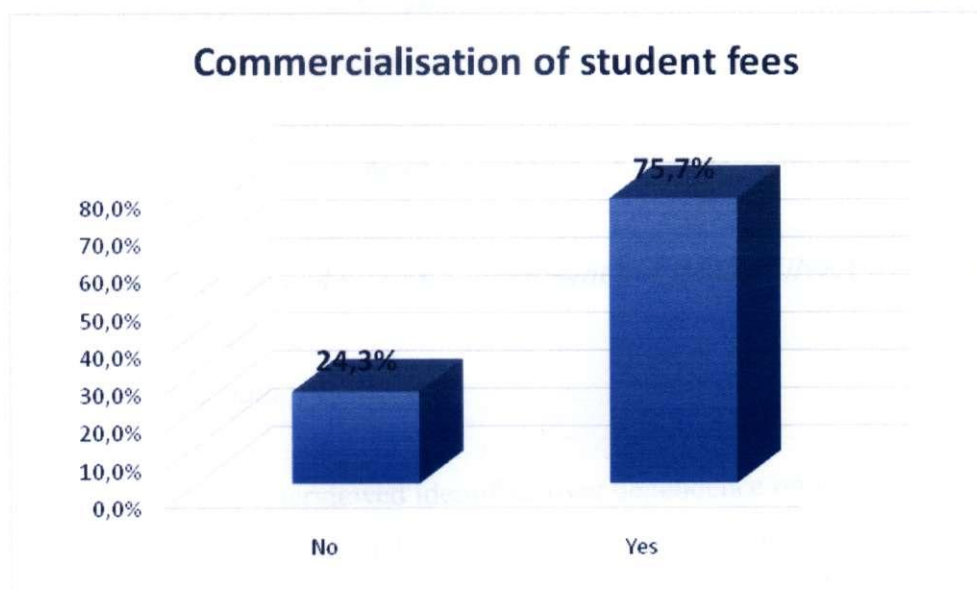


Figure 7: Commercialisation of student fees

Source: Field data

Although 40per cent (6 out of 15) respondents interviewed argued that the unrealistic fees paid by students contributed to UNZA's financial challenges because the money students paid were not commensurate with the market. They, however, explained that UNZA cannot charge economic fees because as a public institution it is supposed to cater for vulnerable and poor students.

4.4 Challenges faced by UNZA in transforming into a self-financed Institution

4.4.1 Over-dependence on government has limited UNZA from being financially liberalised.

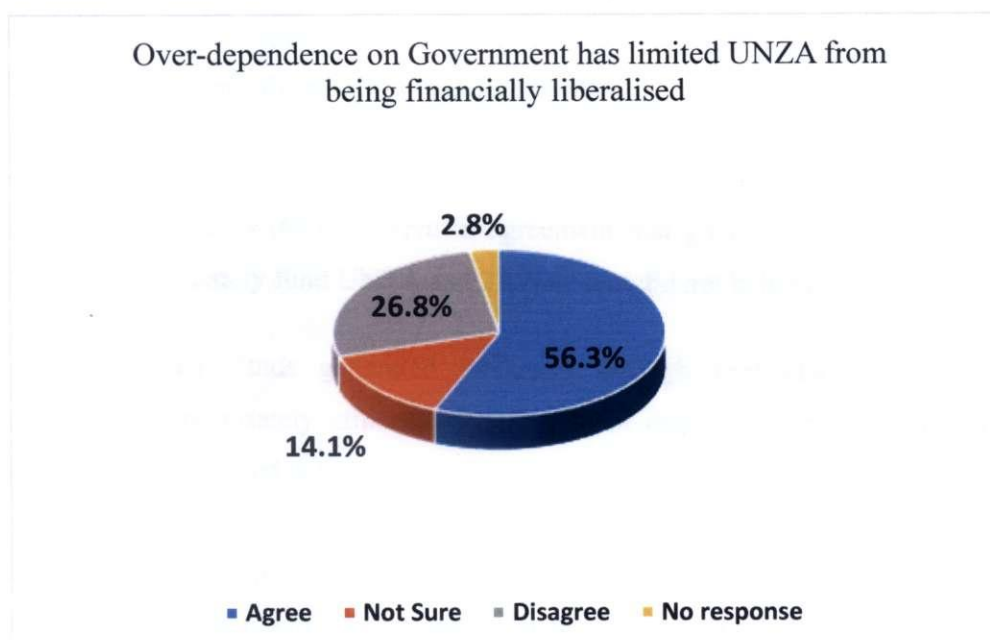


Figure 8: Over-dependence on Government has limited UNZA from being financially liberalised

Source: Field data

The respondents interviewed identified over dependence on government funding as the *major* cause of UNZA's financial challenges but indicated that it was justifiable for UNZA to depend on Government support because UNZA was a public institution and by its nature is supposed to be funded by the national treasury.

Table 9: Challenges faced by UNZA

Variable/Topic	Number of Respondents			
	Yes	%	No	%
High staffing levels have limited UNZA from being financially liberalized	9	12.7%	60	84.5%
Do you think the Government of the Republic of Zambia has not adequately funded UNZA	17	23.9%	43	60.6%

Do you think funds generated internally through cost-sharing, research/consultancy and so on are appropriately utilizes	19	26.8%	49	69.0%
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The table above has shown that regarding the high staffing levels limiting UNZA from being financially liberalised, 84.5per cent of respondents disputed that high staffing levels have limited UNZA from being financially liberalised while only 12.7 per cent were in support of the variable.

A majority of respondents (60.6%) were in agreement that government of the republic of Zambia does not adequately fund UNZA and 23.9per cent did not believe so.

When asked whether funds generated internally through cost-sharing, research and consultancy were appropriately utilised, 69.0per cent of respondents responded with a no while 26.8per cent responded with a yes.

Most of the respondents interviewed were in agreement that UNZA has not been adequately funded and indicated that with time funding to the institution has declined because the income for the economy in terms of volumes of what is being received and respective levels of expenditure required were not matching. Furthermore, the government's financing model did not support UNZA's budgetary requirements. This was clarified by one Principal Officer who stated that:

.....the law provides that the government should appropriate funds but the basis is not prescribed and give whatever they want. When we submit budget for example the total amount needed and the shortfall required is given, the grant comes less the amount required for salaries and operations. For the past 3 years, the budget allocation from government is the same, so this is one of the major cause of UNZA's financial challenges.... (Principal Officer, June, 2016).

Another respondent stated that:

.....the need for the government to spend has increased to the level where income generated is not sufficient to cover every expenditure.... (UNZA Senior Management, June 2016).

Although 84.4per cent of respondents who completed the questionnaire did not agree that there was over staffing at UNZA, on the contrary, interviews with management revealed that most of UNZA's activities were labour intensive, therefore, about 70per cent of UNZA's cost are labour related (personal emoluments). Respondents further argued that the bargaining process at UNZA between Management and the Unions did not take into account UNZA's incapacity to generate sufficient income to meet new obligations. This was a hindrance to UNZA in its efforts to be self-financed.

4.6 Summary

This chapter has analysed the data collected in order to test self-financing and future prospects of UNZA for self-sustainability. The data was interpreted in a descriptive form and comprised the analysis, presentation, and interpretation of the findings from the study.

The next chapter is the discussion, conclusions and recommendations on the topic.

CHAPTER FIVE

DISCUSSION

5.0 Overview

The preceding Chapter presented the results of the study. The present Chapter discusses the findings presented in Chapter Four by relating them to the literature review in Chapter Two in light of the main and three specific objectives of this study. The major findings are discussed under four (4) headings derived from the research questions. This is meant to provide adequate answers to the objectives and realise the purpose of this study.

5.1 Financial and Management Policies in Place at UNZA

The study has shown that most respondents were aware that UNZA had Financial and Management policies in place but were not sure whether these policies would support its mission of reducing dependence on government. However the majority of the respondents claimed that the same policies had limited UNZA from becoming financially liberalised. The respondents interviewed further stressed that the policies in place were not very effective since the policies did not support income generation and were not flexible. They also suggested that Management had not taken a leading role to improve income generation capacity by providing a clear roadmap and promoting innovation and creativity. Ahmad *et al* (2015) have argued that for any university to become self-reliant, critical policies needed to be place. They cite the University of Malaysia were critical policy governance were enforced that encouraged public Higher Educational Institutions to move towards an autonomous system of governance which included areas of finance and wealth generation, human resources and academic administration. Sifuna (2008) also argues that governance in higher education is said to involve the authority to make decisions about fundamental policies and practices in several critical areas concerning colleges and universities in running their core businesses. He observed that government's involvement in universities begins with the manner in which they were established. This is in line with Neo-Liberal theory which advocates for strong private property rights, free markets and free trade.

Based on the above arguments, it can be deduced that UNZA needs to revise the financial and management policies that were in place in order to meet the academic and non-academic dynamisms. Non flexibility of policies that were in place hindered innovation, creativity and did not easily adapt to social, academic and economic changes. For example one of the respondents indicated that UNZA missed an opportunity to partner with some organisation to revamp ZAMNET's operations because of delayed decision making by an administrative committee. Its operations were viable but due to missed opportunities to recapitalise, the business has been dwindling. Such delays can negatively affect the operations of UNZA because of the bureaucratic systems in place that have been structured using the socialist mode of management. ZAMNET was one of the first and major investment for UNZA that provided internet services in Zambia but now other competing internet providers have come on board and taken over the running of better internet services and such companies are Airtel, MTN, Vodafone and the like.

It, therefore, follows that this objective has been partially fulfilled in that financial and management policies were in place but that they were for control and managing purposes. The policies in place were not aimed at pursuing UNZA's vision of being financially sustainable. What could be of emphasis is the revising and enhancement of these policies. It can be noted that the University has been given the mandate to invest any surplus funds which it may not immediately require but the long administrative procedures to arrive at decision making was a hindrance.

5.2 Utilisation of Funds Generated Internally

When considering how funds generated internally were utilised, there was a contradiction between the participants who completed the questionnaire and those who were interviewed. Those interviewed claimed that there was misappropriation of funds generated internally whereas those who completed the questionnaire said otherwise. Respondents representing principal officers stated that funds generated internally were used to cover the wage bill and operational costs whereas respondents representing senior management informed that the monies UNZA generates were retained by Central Administration for personal emoluments and workshops organised by management. Generally, nearly all respondents were in agreement that the funds were not used for the development of UNZA. Wangenge-Ouma

(2012) has stated that internally generated revenue has a very significant role to play as a source of critical funding for all categories of Universities such as operating costs, learning materials and many other uses whereas Onuoha (2013) has stated that the universities are supposed to seek ways of earning additional revenue locally and to use the same in any areas of university needs that the government is not able to provide for in a given budget period. The arguments above are in tandem with the Dependence Theory which states that for the organisation to survive, managers have a role to allocate resources to innovative activities that are required of the firm by external Customers and Investors.

Depending on government resources by public Universities like UNZA is unhealthy. This is because, as most researchers have observed, government funding continue to decline due to other competing needs from other social sectors in the country. Equally the disbursement of funds to social sectors in the country is government's mandate. Therefore, UNZA need to diversify its internally generated income wisely and also invest in long-term projects. It has been observed that UNZA's use of internally generated resources is mostly on personal emoluments like salaries, allowances, contractual obligations and partly operational costs like utility bills, costs of running schools. At the time this researcher was conducting research, most senior management interviewed complained that they had no funds for operational costs in schools as these funds were retained by management to pay mostly salaries. Schools were struggling to meet all their needs to effectively operate. UNZA management should strive to improve on practices that would ensure effective utilisation of resources such as expanding and promoting use of ICT across campuses and the wider community. UNZA should focus on programmes and projects which can generate funds and should not only be concentrated in Lusaka but to other towns as well.

This objective has not properly been met because of conflicting statements that came out of this study. The fact was that any monies that were realised by Schools or units was University money and Management had the mandate to retain it and utilise it appropriately. Reality was also that about 70per cent of the funds generated in the University was used to pay the wage bill. This had led to so many projects and programmes stagnating. Further the reality was that some category of staff at UNZA largely benefited from funds generated from Schools and Units and from whatever they realised, a big chunk of money realised would go into peoples' pockets and only a small percentage was given to the institution. There was no

proper accountability of these funds and as long as a small percentage was paid to central administration, no one, from management's side, seemed to bother finding out how the consultancies or project funds in schools were realised, how much was made and how much had been disbursed elsewhere. It would be necessary that further research could be done on revising some of the regulations and conditions that pertained to utilisation of funds.

5.3 Potential to Self-Finance

The current financial status for UNZA prompted the researcher to investigate the possibility of UNZA transforming into a self-financed institution. The study finding showed that nearly all respondents felt UNZA could be transformed into a self-financed institution and had the potential to fully financially sustain itself. It was however noted that UNZA was not internally generating sufficient funds from cost sharing, self-sponsored programs such as parallel, distance education, short courses, research, and consultancy. Generally, respondents felt UNZA needed to enter into more PPPs and should be given leeway to commercialise student fees. This pattern is not consistent with that presented by Johnstone (2004) where he explained dual track fee system which the University of Makerere uses. He stated that this system (dual track fee) encouraged cost sharing that shifts higher educational costs from being borne mainly or entirely by government or taxpayers to being shared by governments, parents, and students. This system has helped Makerere University to successfully self-finance its activities by generating a good income from cost-sharing and consultancy services. In addition, the University of Makerere had entered into good partnership programmes that helped the institution to generate good income. On the contrary, Masaiti (2015) has indicated that the cost-sharing and revenue diversification measures had not worked for UNZA in terms of sufficient income generation due to market dynamism; and that UNZA could not revise student fees without government intervention. This is at variance with the Neo-liberal proliferations of entrepreneurial freedoms and skills within an institutional framework. But universities like UCT (top leading university in Africa) have enhanced research, teaching, distance learning and external and internal collaborations (DRUSSA, 2016). They also have a very strong board that gives out loans to students and therefore students pay fees promptly.

It is the Researcher's view that the cost-sharing strategies can still work for UNZA in that it merely needed to be properly managed. This implies that UNZA to focus on courses that were market oriented to attract more clients. For example, UNZA should put in place proper monitoring systems that would ensure that all those students owing UNZA be prompted to pay by a specific date any outstanding debts failure to which punitive measures would be enforced. Pushing government to embark on the student loan scheme could help UNZA to financially stabilise. Kapambwe (2014) has observed that if only a law in Zambia could be enacted to make loan repayments legally enforceable, the Bursaries committee be transformed into a statutory body to operate independently and effective tracking and loan repayment systems be developed to recover the loans, loan schemes for students would be the best option to solving financial crisis of the university. Second, there was need for UNZA to introduce new courses that were tailored for the market. For instance, TDAU could be used as a unit that would offer technical requisite courses to Engineering or Agricultural students at a fee that was not tied to government grants.

Consequently, in line with the main objective of this research, which was to explore the potential of self-financing of UNZA and its future prospects for self-sustainability, this objective has been partially met. Realities on the ground indicated that UNZA had potential to financially sustain itself but the potential remained untapped. It had been noted that some Schools and units were making substantial amounts to even support other Schools and the University as a whole especially in terms of paying the wage bill but that there was misappropriation of funds and lacunas in the way the University system operated. There was no tracking mechanisms of how the funds realised in schools were utilised and this was because of weak policies in place. It was discovered that the University did not know how to invest in long term projects that would retain huge incomes for financial sustainability. The fact that UNZA was a public institution, the government was obliged to partially fund the institution. However, the government has given the institution autonomy to diversify its resources to supplement government's funding effort which is so stressed due to other competing needs.

5.4 Challenges faced by UNZA

The challenges that respondents identified as UNZA's hindrance to transforming into a financially liberalised institution were said to be multi-dimensional. These included financial incapacity exacerbated by inadequate government funding, high staffing levels, inappropriate use of funds, inappropriate financial and management policies that were in place.

The majority of the respondents consistently perceived that over-dependence on government had limited UNZA from being financially liberalised while some stressed that UNZA's dependence on government was justified since it was a public university. The reduced government support to UNZA has been necessitated by increased government spending on other national competing needs. This has been supported by many researchers such as Cloete et al (2011) who pointed out that following independence, universities in Africa were expected to be key contributors to human resources needed for social and economic development of these countries, and hence financing of higher institutions of learning became the Government's responsibility. He observed that social-economic changes in Africa led to dramatic decrease in the per capita spending on higher education. The findings are also in line with UNZA's strategic Plan (2012) which shows that the University of Zambia was funded mainly by Government grants accounting to 60per cent of income, 25per cent from tuition fees and 15per cent from self-generating income. Because of reduced funding from government, most public universities have been encouraged to diversify their sources of income which is in line with Neo-Liberalism theory that promotes entrepreneurial freedoms and skills within an institutional framework.

On high staffing levels, interviews conducted with principal officers revealed that the Institution's huge expenditure was on the wage bill which entailed that huge sums of monies were spent on paying salaries, allowances and contractual obligations as compared to spending on developmental and viable projects. Johnstone (2015) has supported that the basis for prevailing austerity lies in economic truths found worldwide like increase in costs and institutional revenue needs driven upward by the labour intensity of the enterprise and the difficulties of reducing unit costs through the substitution of capital for labour. However, from the questionnaires, most of the respondents indicated that there was lack of teaching staff at the University. Senate report (2014) reports that statistics of lecturer-student ratio

was abnormally high as it stood at 1 to 32 when the recommended ratio is 1 to 13. This could not be necessarily relied upon as the reporters had acknowledged that they had scanty information in determining the ratios as reality on the ground showed worse scenarios in terms of lecturer-student ratios. This scenario could be said to be a bias towards teaching staff but that the institution also comprised other category of staff levels.

Respondents revealed that there was an inappropriate use of internally generated funds in the University. Senior management interviewed informed that the use of these funds were on unwarranted workshops especially by central administration whereas some funds were applied towards the wage bill. This paused to be a challenge in that since money was retained by central administration, there was no money left in schools and units for operational costs. The issues of financial austerities in the University has seen no improvements in the maintenance of already dilapidated infrastructure and inadequate teaching space, lack of learning materials and so on. Tembo (2015) has compared the times that he was on UNZA in the early 70s and what was obtaining in term so soaring student population amid dilapidated infrastructure.

This last objective of this study was to investigate challenges faced by UNZA in transforming into a financially liberalised institution for self-sustainability. This study has found that the list of problems for UNZA was so endless that this study could not address all of them. However, the major and striking issue for the institution was financial incapacities exacerbated by low government funding, lack of financial and management policies to assist UNZA to become self-sustainable and inappropriate utilization of internally generated funds.

5.5 Summary

The overriding purpose of this study was to determine self-financing of public Universities with a focus on the University of Zambia. To accomplish the goal, it became necessary to rich some pre-requisite goals. The study needed to determine how funds generated by various schools were utilised, second, it was important to understand whether the financial and management policies that were in place at UNZA would promote its mission of reducing financial dependence on government and thirdly, the research needed to establish challenges

faced by UNZA in its efforts to transform into a financially liberalised institution that would be self-sustainable.

The following chapter reports the conclusion and recommendations that resulted from the study.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Overview

The overriding purpose of this study was to determine self-financing of public Universities with a focus on the University of Zambia. Chapter One (1) presented the background, statement of the problem, the purpose of the study, research objectives, questions, significance, and scope of the study. It concluded with the conceptual and theoretical framework used, delimitations, limitations, ethical considerations and operational definitions. Chapter Two (2) focused on reviewing literature that helped explain self-financing of public universities in developing countries whereas Chapter Three (3) explained the methodology used in collecting data. Chapter Four (4) analysed data collected in order to test self-financing and future prospects of UNZA for self-sustainability. The preceding Chapter (5) however, presented discussions of the findings presented in Chapter Four by relating them to the literature reviewed in Chapter Two in the light of the objectives of the study. The present Chapter, therefore, will draw conclusions of the study, provide recommendations on self-financing of public universities like UNZA for self-sustainability based on the findings and make suggestions for further research.

6.1 Conclusion

The main purpose of this study was to explore self-financing and future prospects of UNZA for self-sustainability. To accomplish this goal, it was necessary to come up with specific goals. First the study needed to determine whether financial and management policies that were in place at UNZA would promote its mission of reducing financial dependence on government; second it was important to understand how funds generated by various schools and units were utilised, and lastly the research needed to establish challenges faced by UNZA in its efforts to transform into a financially liberalised institution that would be self-sustainable. Following the analysis of the research findings of both quantitative and qualitative, this part of the sector provides the major insights from this study and the contribution it makes to the subject of self-financing of public universities in developing

countries and gives recommendations and directions for future research. The following are the major insights and contributions to the issue of self-financing of public universities.

Policies: The study points to the fact that having sound financial and management policies that are responsive to market forces is one of the pre-requisites for higher learning institutions to explore the idea of self-financing. The observations made during the research make us conclude that the financial and management system at UNZA were in place but that they were merely for guidance and controlling the operating systems. It can be noted that UNZA had clear and appropriate governance, administrative and academic structures that had enabled it to provide services in a coherent and organised manner but lacked rigorous management. Further, the research has made us conclude that the policies in place are not transparent enough because most respondents interviewed were not clear on how internally generated funds from research and consultancy and student fees from various schools were distributed between Central Administration and the school units. UNZA needs an investment policy that allows it to invest in business ventures where adequate rate of return is achieved and one that promotes recapitalisation. The financial policy should also be dynamic in that it should be able to allow UNZA to immediately respond to market forces and ensures optimal balance between spending on operational activities and costs associated with maintenance and expanding infrastructure. Hence, there was also need for national policies responding to changing patterns of higher education finances especially for public funded institutions.

Utilisation: In terms of utilisation of internally generated funds, the study has made us conclude that due to inadequate government funding, three quarters of internally generated funds was channelled to service the wage bill such as salaries, allowances, contractual obligations and operational costs. The study established that 70per cent of the total income was used towards labour related costs and 30per cent towards recurring costs including utility bills and costs related to service delivery. At the same time, these funds were also used for the operation of schools and units though it could be concluded that the monies were not enough to fully operationalise these units. No enough funds were channelled to major developments of infrastructure at UNZA as most internally generated funds were retained by Central Administration to pay salaries. The general understanding by most employees of UNZA was that the main sources of income at the university included government funding, student fees, research and consultancy. Government funding accounted for above 50per cent

of total income, while fees from students accounted for 25per cent, 15per cent was from research while a small percent accounts for consultancy.

Potential: It can further be concluded that UNZA had enormous potential to become self-financed even though the government still had obligations to financially support the institution, being a public institution. UNZA's internal structure was that of an academic nature and not designed to run as a business hence the bureaucratic procedures that existed in the institution hindered it from responding to the dynamism of the nation urgently and lack of structure that specifically looked at investment opportunities and/or coming up with viable investment ventures. Lack of Management's 'Will Power' to effectively implement income diversification measures such as recapitalisation of the already running businesses like ZAMNET, TDAU and also to fully commercialise units like Marshlands, UNZA Printer, and others made it difficult for UNZA to tap this potential of becoming self-financed. At the time of this study, it was established that Management had come up with a committee called Remodelling Income Generating (RIG) which was looking at remodelling income generating activities for business units that already existed and transforming other units into business entities such as Transport yard, Health Services, Veterinary Clinic and so on. Hence, with the footprint UNZA had both countrywide and worldwide, there was an opportunity for it to provide the incentive and capacity to attract collaborating partners for resource mobilisation that would assist UNZA in venturing into viable business ventures. It was also noted that UNZA had not enhanced the cost sharing measures introduced in 1996 to viably finance itself without largely depending on government. Additionally, it could be concluded that the institution required to enhance engagements with other private institutions as was the case with Graduare Properties that had built a shopping mall next to the institution and was bringing in some income for UNZA.

Challenges: An analysis of most respondents interviewed revealed that UNZA's challenges were multi-dimensional and could be summarised as follows: financial incapacity exacerbated by inadequate government funding, inappropriate use of funds, inappropriate financial and management policies in place. Both university Senior Management and Ministry Officials acknowledged that UNZA faced both internal and external obstacles in its efforts to pursue self-financing and the following obstacles were highlighted: Internally, UNZA was a public institution and, therefore, it heavily depended on government funding for

its operations and that the institution's huge expenditure was on paying salaries and other personal emoluments such as allowances and contractual obligations. UNZA had not successfully implemented cost-sharing and other income diversification programs because of the limitations set by law, for example as much as UNZA would try to implement the cost-sharing strategies such as charging economical student fees, government gets involved when fees have to be revised. Externally, it had been analysed that UNZA had not fully enhanced partnering with major private institutions to form PPPs and equally, it has not enhanced collaborations with international organisations or institutions to support the institution.

6.2 Recommendations from the Study

In light of the major findings above, the following recommendations are being proposed to ensure financial sustainability of the University of Zambia. Every university is an output of the different process of economic and intellectual up growth, they have to find a balance between teaching, research and extensive range of income generating activities if they are to be financially self-sustaining.

- (i) Policies are predetermined course of action that guides what has to be followed in the line of duty in any organisation. If an organisation has to grow by enhancing the employer's ability to deliver consistently and with high calibre, good and clear policies have to be in place for any objective to be met. UNZA has, therefore, a responsibility of rigorously revising the financial and management policies so that they could be commensurate with the economic dynamism of the country; need policies that would guide UNZA employees on how to properly manage and control finances.
- (ii) Should (i) above be implemented, there would be appropriate use of internally generated funds. Therefore, there is need for transparent and predictable guidelines put in place so that sharing of benefits was equally distributed. UNZA's internally generated funds should be increased by all schools and units through research, consultancies, projects, and even establish a business venture in a niche area for purposes of raising funds.

- (iii) Potential for UNZA to become a self-financed and sustainable institution was feasible. UNZA should reduce dependency on government support even though this would not completely be taken away because of it being a public institution. There was need for UNZA Management to discreetly apply itself by working extra hard to effectively manage the institution. Some measures that Management could apply are: tightening internal controls by introducing cost-saving measures that needed to be implemented strictly; invest in already existing business ventures for short to medium term projects and identifying new businesses for long-term investments. With such developments earning benefits, UNZA could invest in advanced technology and operate systems to attract quality and scale up operations. UNZA staff should change their work culture. What this means is that the institution should vigorously pursue efficiencies and effectiveness in the work culture of staff. A changed mind set towards work would mean successful entrepreneurs, a mind saturated with abundance, positive expectancy, working as a team and self-confidence to becoming successful.
- (iv) Finally, should recommendations (i – iii) be implemented, UNZA's challenges could be minimised. Challenges are opportunities for anyone to grow and expand. Therefore, it would be incumbent upon UNZA management and its entire community to see each challenge as an opportunity to become stronger and more capable so that everything could change for the better.

6.3 Recommendations for Further Study

The field of financing public universities has by no means been exhausted. Since the current study was completed using both quantitative and qualitative approaches, a similar study should be planned that uses a rigorous qualitative or quantitative approach to determine an in-depth analysis of why UNZA had not successfully implemented cost-sharing and other income diversification activities.

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APPENDIX I: CONSENT LETTER

THE UNIVERSITY OF ZAMBIA IN COLLABORATION WITH ZIMBABWE OPEN UNIVERSITY

My name is Audrey Kanyembo Chisenga, a second-year student in the Master of Education Management, distance mode of study, under the Zimbabwe Open University in collaboration with the University of Zambia. My research topic is Self-Financing of Public Universities in Developing Countries: A Case Study of the University of Zambia.

I am kindly requesting for your voluntary participation in this study. Please read the information below and ask questions about anything you do not understand before deciding to participate or not.

1. There are no risks in taking part in this study, participating in the study may make you a contributor to possible improvement to University of Zambia becoming self-financed.
2. If you are not interested in taking part in the study, please do not participate. Participation in the study is voluntary.
3. All responses will be highly appreciated and treated with confidentiality. Responses will be used for academic purposes only.
4. Should you have any question about this study, please do not hesitate to contact the researcher on the following numbers: 0977 530 174 or 0969 648 412.
5. If you assent to this study, please sign against participant's signature provided below.

Participant's Signature:

Date:

APPENDIX II: INTRODUCTION LETTER

**THE UNIVERSITY OF ZAMBIA
PO BOX 32379
LUSAKA**

Dear Respondent,

I am a Masters student at the Zimbabwe Open University in collaboration with the University of Zambia, under distance education mode of study. I am carrying out an academic research in the field of Education Management.

The purpose of this research is to explore self-financing of public universities in developing countries, a case study of the University of Zambia.

You have been randomly selected as one of the respondents. Kindly help me with your honest views and be assured that the information that will be recorded will be treated with confidentiality. Your precise responses will be greatly appreciated.

Thank you.

Audrey K. Chisenga

APPENDIX III: QUESTIONNAIRE FOR LECTURERS

Serial Number [|| ||]

**UNIVERSITY OF ZAMBIA IN COLLABORATION WITH ZIMBABWE
OPEN UNIVERSITY
MASTER OF EDUCATION (EDUCATION MANAGEMENT)**

QUESTIONNAIRE FOR LECTURERS

Dear Respondent,

I am a masters student pursuing a degree in Education Management. I am conducting a research on **“Self-Financing of Public Universities in Developing Countries: A Case of the University of Zambia.”**

You have been randomly selected to take part in this significant research. Please be assured that the information you will provide will be used strictly for academic purposes. The information you will provide will be treated with utmost confidentiality. You are therefore encouraged to answer this questionnaire as honest as you can.

For any clarifications, you may contact me on 0977 530174.

Thank you for taking part in this research.

Yours

Audrey K. Chisenga

SECTION A: BACKGROUND

CHARACTERISTICS

Instructions: Kindly tick (✓) or indicate your appropriate response(s) in the spaces provided.

- | | | |
|--------------------------------|--|-----|
| 1. Age: | [] | [] |
| 2. Marital Status: | Married [] Single [] Divorced [] Widow/ed [] | [] |
| 3. Gender: | Male [] Female [] | [] |
| 4. School/Unit: | | [] |
| Agriculture | [] | [] |
| Education | [] | [] |
| Engineering | [] | [] |
| Humanities and Social Sciences | [] | [] |
| Law | [] | [] |
| Medicine | [] | [] |
| Mines | [] | [] |
| Natural Sciences | [] | [] |
| Veterinary Medicine | [] | [] |
| 5. Length of service with UNZA | | [] |
| 0 to 3 years | [] | |
| 3 to 5 years | [] | |
| 5 to 10 years | [] | |
| 10 and above | [] | |
| 6. Rank currently held | | [] |
| Lecturer III | [] | |
| Lecturer II | [] | |
| Lecturer I | [] | |
| Senior Lecturer | [] | |
| Associate Professor | [] | |

Full Professor []

7. Highest qualifications held:

Masters Degree []

PhD []

8. Have you worked anywhere else apart from UNZA? Yes [] No []

9. If yes, please indicate where you have worked:

Government []

Private Sector []

Any other, state _____

[]

[]

[]

[]

[]

[]

SECTION B: Utilisation, Financial and Management Policies of UNZA

Instructions: To answer the questions below, kindly read the statements and indicate the extent to which you agree or disagree with the statements. Tick or cross only one box which reflect your sincere opinion or perception.

1. Strongly agree [] 2. Agree [] 3. Not sure []

4. Disagree [] 5. Strongly Disagree []

[]

[]

[]

[]

[]

[]

[]

S/N	Question	Response				
10.	I have a strong belief that UNZA can be self-financed.	1	2	3	4	5
11.	Financial and management policies are in place in pursuit of meeting UNZA's mission of reducing financial dependence on government.	1	2	3	4	5
12.	Financial and management policies in place have limited UNZA from being financially liberalised.	1	2	3	4	5
13.	Do you think there is morale by staff to perform their duties at UNZA?	1	2	3	4	5
14.	Over-dependence on Government have limited UNZA from being financially liberalised.	1	2	3	4	5
15.	UNZA, internally, generates a lot of finances from research/consultancy and projects	1	2	3	4	5

16.	UNZA, internally, generates a lot of finances from student fees (cost-sharing, distance, self-sponsorship and parallel)	1	2	3	4	5	[]
17.	I benefit greatly from funds generated within UNZA	1	2	3	4	5	[]
18.	Apart from a monthly salary, I get extra income generated from Consultancies/Research, short courses, parallel fees and moderation of affiliate college courses	1	2	3	4	5	[]
19.	Other category of staff, UNZAPROSU and UNZAWU, do benefit from these funds generated internally by UNZA	1	2	3	4	5	[]
20.	Funds generated internally are also directed to the development of the Institution.	1	2	3	4	5	[]
21.	About 70% of funds generated internally is for personal gain	1	2	3	4	5	[]
22.	Measures have been put in place in pursuit of meeting UNZA's mission of reducing financial dependence on Government	1	2	3	4	5	[]

SECTION C: Challenges of Transforming UNZA into a self-financed Institution

Instructions: Kindly tick or cross 'Yes' or 'No' depending on what reflects your answer. []

23. Do you think UNZA can be transformed into a self-financed Institution?
Yes [] No [] []
24. Do you think the Government of the Republic of Zambia has not adequately funded UNZA? Yes [] No [] []
25. Do you think there is overstaffing in all categories of staff at UNZA?
Yes [] No [] []
26. High staffing levels have limited UNZA from being financially liberalised.
Yes [] No [] []
27. Do you think funds generated internally through cost-sharing, research/consultancy and so on is appropriately utilized?
Yes [] No [] []

<p>28. Do you think UNZA has potential to fully financially sustain itself?</p> <p>Yes [] No []</p>	<p>[]</p>
<p>29. Do you think going Public Private Partnership way can make UNZA financially sustainable?</p> <p>Yes [] No []</p>	<p>[]</p>
<p>30. Do you think that if UNZA was given leeway to commercialise student fees, it would be financially self-sustainable?</p> <p>Yes [] No []</p>	
<p style="text-align: center;">THANK YOU.</p>	

APPENDIX IV: INTERVIEW GUIDE FOR PRINCIPAL OFFICERS (6) AT UNZA

1. What type of management model is used by UNZA in running its operations?
2. How effective has been this management model of running the operations of UNZA?
3. What do you think are the major causes of UNZA's financial challenges?
4. Do you think UNZA can be financially liberalised for it to become self sustainable?
5. Does management have direct access to funds generated in various schools/units within the institution?
6. How are these funds utilised by management?
7. Are financial policies in place effective in managing funds generated from School/Units?
8. How are the current financial and management policies meeting UNZA's vision of reducing financial dependency on government?
9. How can we make UNZA self-financing?

Thank you for your time.

APPENDIX V: INTERVIEW GUIDE FOR SENIOR MANAGEMENT

1. What do you think are the major causes of UNZA's financial challenges?
2. Do you think UNZA can be financially liberalised for it to become self sustainable?
3. How are funds generated in Schools/units/directorates utilized by the School/Unit/directorates?
4. How effective is the current financial policy on money generation and can the policy drive the institution to be financially liberalised.
5. Do you think the previous and current management are doing enough in trying to improve the financial incapacity of the institution?
6. How are the current financial and management policies meeting UNZA's vision of reducing financial dependency on government?

Thank you for your time

APPENDIX VI: INTERVIEW GUIDE FOR MINISTRY OFFICIALS

1. What do you think are the causes of poor financial status of UNZA?
2. Do you think UNZA has the capacity to become a self-financed institution?
3. Apart from government grant, is there any other assistance given to the institution in trying to generate its own income?
4. Do you think UNZA is managing its finances adequately?
5. Do you think the current national policy is favouring the institution when it comes to generating income for its self sustainability?

Thank you for your time