

# Public universities in zambia finance essay

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## **Abstract**

Public universities in Zambia have been experiencing a multitude and plethora of challenges such as: financial austerity, accessibility, faculty recruitment and retention, massification, lack of true institutional autonomy and the lack of improvement of physical facilities. Cognizant of these quagmires, and the challenge of financial stringency which has remained at the peril of public university education development, the government through the 1996 education reforms, crafted higher education financing policy based on cost sharing, revenue diversification and student loan. This was a way of responding and moving away from an exclusively tax funded to develop non-state sources of funding. This study therefore uses Johnstone's (1986) 'Diversified Funding Model' (DFM) in the conceptual framework to appraise the policy for financing public universities that has been in existence for almost two decades in terms of cost sharing, revenue diversification and student loans. The study theoretically and empirically uses the parallel convergent mixed design in which quantitative and qualitative approaches are juxtaposed. The actor's attitudes and perceptions are used to propose ways of re-engineering the current financing policy to make public universities effective and sustainable. Data were collected using the questionnaires (Students-N= 729, Lecturers-N= 200), semi-structured interviews (12 officials-University and Government) and supplemented by document analysis for five months in 2012. Data analysis was mostly through descriptive statistics, factor analysis, interpretive theory and embedding the two strands of findings. In light of the aggregate actors' perception towards the policy of financing public universities, findings of the

current study suggest that the current policy was perceived to have had a modest achievement and therefore needed re-engineering to make it viable, effective and sustainable. Financing public universities in Zambia is at crossroads: government's real GDP allocations to universities are declining, debts are growing at astronomical rates and the true cost sharing model and student loan policy has never been fully implemented for 16 years now. The study further revealed that students, parents, donors, entrepreneurship and government are still key component of university financing possibilities, even though the universities were still heavily reliant on tax funding. The study makes recommendations which among others point to government's implementation of a truly cost sharing funding model and student loan scheme, liquidating of current huge debts and avoidance of meddling in important financing policy decisions for political expediency. Finally, based on findings and international experience, the study proposes three things: i) A Mixed Amplified Cost Sharing Model (MACSM); ii) An introduction of 'Funding Formula' and iii) the creation of Special Fund called 'Zambia Education Trust Fund' (ZETF). Key Words: public universities; financing policy; re-engineering; Zambia; mixed method; empirical study

## **5. 1 Demographic Characteristics**

Question: What are the social-demographic characteristics of selected participants with respect to gender, age, institution, major, marital status, sponsor, terms of employment, and program enrolled? Among the student respondents, the socio demographic characteristics were as follows: 403 (55. 3%) respondents were male and 326 (44. 7%) was female. The major portion of respondents (63%) was under 30 years of age, while the rest (37%) were

above 30 years of age. Of all the respondents surveyed 451 (61. 9%) were from the University of Zambia (UNZA), 195 (26. 7%) from Mulungushi university (MU) and 83 (11. 4%) were from Copperbelt university (CBU) as shown Table 5. 1. Majority of respondents were from schools of Humanity and Social Sciences, Education and Business while about 30% were from science related disciplines. More than 61% of students indicated that they were single or unmarried. Results showed also that most respondents were Bachelor (undergraduates) 576 (96. 2%), 22 (3. 7%) respondents were graduate students in master and 1 (0. 2%) respondent was a graduate student for doctorate.

### **Table 5. 1: Respondents: Distribution by Selected Demographics for Students**

#### **Demographic**

#### **Variable**

#### **Valid Percent (%)**

#### **Gender**

Male55. 3Female44. 7

#### **Age**

up to 3063. 231-4023. 441-5011. 750 and older1. 7

#### **Institution**

UNZA61. 9CBU11. 4MU26. 7

## Sponsor

Self 65.6%, Government 31.4%, Other 2.6%. The results further show that 478 (65.6%) respondents were self supported while 229 (31.4%) were government supported and 19 (2.6%) were in the category of other (neither government nor self). Among the lecturer respondents, the result shows that 158 (79%) respondents were male and 42 (21%) were female as shown in Figure 5. 1. Most of the respondents 140 (70%) were from the UNZA, 34 (17%) from MU and 26 (13%) from CBU. Most of the lecturers surveyed were on contract 164 (82%), 30 (15%) were on permanent condition, 2 (1%) were part time and 4 (2%) were on other. All the respondents were between 27 to 71 ages of age. Further result indicate that 168 (84%) of lecturers were married and only 32 (16%) were unmarried or single.

## Figure 5. 1: Lecturer Respondents by Gender

For the in depth semi-structured interviews (qualitative part), among the University administrators and Ministry of Education (MOE) officials, result showed that of the 12 interviewed: 10 (83%) were male and 2 (17%) were female. All the respondents were above 38 years of age. Most of them held either a senior university position in administration (Vice Chancellor, Deputy Vice Chancellor, Registrar and Bursar) or were senior education planners in the ministry of education (Offices of Permanent secretary, Director planning, Chief Accountant).

## **5. 2 Varied Perception by Three Groups of Respondents to the Policy of Financing Public Universities (Gender, Institution and Sponsor)**

Question: To what extent are perceptions of respondents concerning the current financing policy linked to the 'gender', 'institution' and 'sponsor' variables in terms of cost sharing, revenue diversification and student loan?

To answer this question, a holistic measure of concern of the policy of financing public universities in Zambia was examined on 59 items in the survey. This question helped in giving general description of quantitative data. I wanted to find out the gender variable had any influence on the responses. I also wanted to know if the institution variable had any influence on the respondents since one university had no students enjoying the bursary scheme while the other two did. Did self sponsored students differ in their views to those supported by government? Descriptive statistics for the survey items was summarized in the text and reported in tabular form.

Frequency analysis was conducted to identify valid percent for responses to all the questions in the survey. The mean differences of each scenario for the male and female respondents were carried out by one way ANOVA (Analysis of Variance). This was done on both student and lecturer data sets. The level of concern and perception was done between different sex for each of the items under cost sharing, revenue diversification, student loan policy and current operational models. The Means and Standard Deviation of each scenario was given. A sample t-test was performed to compare the mean differences of two sets of respondents to check the level of significance of each. Two socio-demographic variables of 'Institutions' (UNZA, CBU & MU) and 'Sponsor' (Self, Govt. & other) were explored to ascertain as to whether

the institution and mode of payment were significant factors to respondents. The responses were analyzed through comparison of means (M) and Standard Deviation (D). The mean differences of each scenario for the universities and payment mode for student respondents were carried out by one way ANOVA (Analysis of Variance)

### **5. 2. 1 Perception by ‘ Gender’**

I first considered perceptions on cost sharing. Respondents were asked to rate the level of agreement about each of the 22 cost sharing items using a 5 point scale, with 1= strongly disagree, 2= disagree, 3= moderate, 4= agree and 5= strongly agree. The policy on cost-sharing states that: ‘ Financing of public universities will be on the shared basis between the government, the institutions themselves, and students’. As shown in Table 5. 2 male respondents scored 11 high perception agreement items greater than 3. 3 on the 5-point scale. Government to provide clear and detailed guidelines on cost sharing (M= 4. 46, SD= 0. 83) was the highest among 22 cost sharing item which indicate the level of concern for the government to provide a detailed and well crafted policy concerning cost sharing. This was followed by the current cost sharing policy to be adjusted (re-engineering) (M= 4. 15, SD= 0. 96), here the students strongly want the cost sharing policy to be adjusted or re-engineered to make it more meaningful and relevant. This was then followed by, government paying tuition for students in public universities (M= 4. 03, SD= 1. 12), government should mostly finance capital project (M= 4. 01, SD= 1. 19), students contribution to public universities should be subsidized (M= 3. 92, SD= 1. 14), cost sharing among stakeholders must be encouraged (M= 3. 87, SD= 1. 13), some on

government bursaries can afford economic fees (M= 3. 75, SD= 1. 11), cost sharing is a good policy option (M= 3. 71, SD= 1. 18), poor implementation of cost sharing policy has increased debt in public universities (M= 3. 66, SD= 1. 21), cost sharing can improve university finance (M= 3. 65, SD= 1. 14). The male student respondents were least in agreement with these survey items: Zambian parents can afford tuition and fees (M= 1. 52, SD= 0. 92), followed by bursaries committee should be abolished (M= 1. 66, SD= 1. 17), free bursaries to students in public universities should be abolished (M= 1. 70, SD= 1. 10). On the other hand female student respondents also gave government to provide clear and detailed guidelines the highest mean score of 4. 53(SD= 0. 90) over the 22 cost sharing items advanced in the study. This was followed by government should mostly finance capital project (M= 4. 19, SD= 1. 10), then cost sharing is a good policy option (M= 4. 06, SD= 1. 15), cost sharing policy should be re-engineered or adjusted (M= 3. 97, SD= 1. 11), cost sharing among stakeholders should be encouraged (M= 3. 89, SD= 1. 13), government should pay tuition for students in public universities (M= 3. 87, SD= 1. 26), public universities should subsidize students (M= 3. 76, SD= 1. 17), cost sharing can improve university finance (M= 3. 75, SD= 1. 15), some on government bursaries can afford economic fees (M= 3. 74, SD= 1. 23), government should pay fees for students in public universities (M= 3. 73, SD= 1. 21), poor implementation of cost sharing has increased debt in public universities (M= 3. 63, SD= 1. 22). The females were least in agreement with the items, bursaries committee should be abolished (M= 1. 53, SD= 1. 08) and Zambian parents can afford tuition and fees (M= 1. 57, SD= 0. 89). The result also show that both the male and female were commonly concerned with issues related to university financing <https://assignbuster.com/public-universities-in-zambia-finance-essay/>



of administrative and personal emolument ( $M= 3.05$ ,  $SD= 1.25$ ) for males and ( $M= 3.13$ ,  $SD= 1.24$ ) for females. However, it is interesting to note that among the 22 cost sharing items, the females had a slightly higher mean on 13 of them. A sample t-test was performed to compare the student mean differences of each cost sharing item between males and females on their perceptions to cost sharing. The analysis shows that the mean differences of the two sets of respondents show that 9 items were statistically significant at the confidence level of 0.05 (good policy option, cost sharing has been effective, universities to finance own budget, policy to be re-engineered, policy has made universities sustainable, government to finance capital project and students to finance their direct costs) while other 13 other items were not statistically significant as shown Table 5. 2. Cost sharing is a good policy option and the current policy of cost sharing has been effective were significant at  $p < 0.001$ .

## **Table 5. 2: Questionnaire Results: Student Perception to Cost Sharing**

### **Student perception to Cost Sharing**

**Males (N=**

**403)**

**Female (N= 326)**

#### **t-test**

MeanSDMeanSDt-valuesig. 2-tailedQ8a Cost Sharing is a good policy option3.

711. 184. 061. 15-3. 960. 000Q9. Cost Sharing can improve University

finance3. 651. 143. 751. 15-1. 130. 021Q10. The current policy on Cost

Sharing has been effective2. 220. 932. 491. 16-3. 410. 000Q11. Govt. should

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pay tuition for students in public universities<sup>4</sup>. 031. 123. 871. 261. 870. 062Q12. Govt. should pay fees for students in public universities<sup>3</sup>. 681. 223. 731. 29-0. 560. 573Q13. The current Cost Sharing policy is well implemented<sup>2</sup>. 161. 012. 220. 99-0. 870. 383Q14. Public universities should finance their own budgets<sup>2</sup>. 251. 242. 431. 30-1. 960. 041Q15. Cost Sharing policy should be adjusted (re-engineered)<sup>4</sup>. 150. 963. 971. 112. 370. 018Q16. Cost sharing has made public universities sustainable<sup>2</sup>. 611. 122. 781. 18-2. 010. 045Q17. Cost-sharing among stakeholders should be encouraged<sup>3</sup>. 871. 133. 891. 13-0. 290. 774Q18. Students in public universities should pay own costs<sup>2</sup>. 001. 091. 871. 111. 570. 117Q19. Public universities should be subsidize students<sup>3</sup>. 921. 143. 761. 171. 830. 008Q20. Universities are effectively implementing the C. S policy<sup>2</sup>. 461. 012. 561. 12-1. 140. 255Q21. Govt. to provide clear and detailed guidelines on C. S<sup>4</sup>. 460. 834. 530. 90-1. 090. 277Q22. Free bursaries to students in public university be stopped<sup>1</sup>. 701. 101. 681. 150. 290. 771Q23. Zambian parents can afford tuition and fees<sup>1</sup>. 520. 921. 570. 89-0. 780. 439Q24. The Bursaries committee should be abolished<sup>1</sup>. 661. 171. 531. 081. 530. 127Q25. Some on govt. bursaries can afford economic fees<sup>3</sup>. 751. 113. 741. 230. 050. 959Q26. Poor implementation of C. S policy has increased debt in public universities<sup>3</sup>. 661. 213. 631. 220. 250. 802Q27. Government should mostly finance Capital projects<sup>4</sup>. 011. 194. 191. 10-2. 080. 038Q28. Students should finance their direct costs<sup>2</sup>. 801. 152. 591. 192. 410. 016Q29. Universities to finance admin. and personal emolument<sup>3</sup>. 051. 253. 131. 24-0. 820. 431

For the lecturers, as shown in App. 5 which shows lecturers' perspectives, both male and female respondents scored 11 high perception agreement items greater than 3. 3 on the 5-point scale. Government to provide clear and detailed

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guidelines on cost sharing ( $M= 4.15$ ,  $SD= 0.90$ ) for males and ( $M= 4.14$ ,  $SD= 1.0$ ) for females. A sample t-test was carried out to compare the mean difference of 22 cost sharing items between the male and female lecturers. As can be seen in Table 5.2, male respondents scored higher for most items asked on the agreement scale especially for the items whose mean is above 3.3. Out of 22 items, 8 were statistically significant at mostly the level of  $p < 0.05$ , though government to provide clear and detailed guidelines and government should mostly finance capital project were significant at  $p < 0.001$ . The other 14 items were not statistically significant at confidence level of 0.05. Then I considered Revenue Diversification. For the male student respondents, the ranges of 13 items surveyed showed mean ranges of between the minimum score of 2.05 and maximum score of 4.27 as shown in App. 6. The most important factor under revenue diversification was, by private universities should attract more high profile research and consultancy ( $M= 4.34$ ,  $SD= 0.89$ ). On the other hand, female respondents felt that the most important items in revenue diversification of public universities are: public universities should attract private sector and collaborate to boost their revenues ( $M= 4.18$ ,  $SD= 1.07$ ) as the most important. The male student respondents scored higher for the most important item on revenue diversification. Of the 13 items, male respondent had a higher mean in 8 of them. Basically both groups showed the importance of revenue diversification in public university finance. A sample t-test revealed that most mean differences between male and female respondents were statistically significant at confidence level of  $p < 0.05$ . 8 items were statistically significant at  $p < 0.05$ , more faculty members should be involved in contract research, public universities should attract more high

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profile research and consultancy, public universities should be self sustaining ( $p < 0.001$ ), alternative sources of revenue is crucial for survival of public universities. The male lecturers indicated that the most important item as: public universities should attract more high profile research and consultant ( $M = 4.37$ ,  $SD = 0.91$ ). On the other hand, female lecturer respondents showed alternative source of revenue for public universities and more faculty to be involved in contract research attracted the same and highest mean ( $M = 4.48$ ,  $SD = 0.67$ ) as shown App. 7. A sample t-test was conducted to compare the mean difference of the 14 perception item to policy of revenue diversification between the male and female lecturer respondents. The result review that; 5 of the revenue diversification perception items were statistically significant most at  $p < 0.05$  Under student loans, as shown in App. 8, both the male and female student respondents showed similar support to the items under student loan policy, though the females had a higher means. For instance, the female respondents showed highest support to student loan policy is a cost effective way of assisting students from the vulnerable background ( $M = 4.46$ ,  $SD = 1.03$ ), followed by there is need for creation of a special Bank to manage the student loan policy ( $M = 4.04$ ,  $SD = 1.22$ ), Student loan policy is a good way of financing and sustaining public universities ( $M = 4.02$ ,  $SD = 2.92$ ), the criteria for deserving students should have been complicated (Means testing is very difficult in Zambia—who qualifies for the loan?) ( $M = 3.65$ ,  $SD = 1.50$ ) and government and public universities are slow to respond/adjust to student loan system ( $M = 3.63$ ,  $SD = 1.31$ ). A sample t-test was performed to compare the means differences of the loan policy items between male and female student respondents. The analysis show that the mean differences of the two

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category of respondents indicate that 5 items were statistically significant at the confidence level of 0.05 (student loan policy is a good way of financing and sustaining public universities, student loan policy is always opposed by students, student policy is always opposed by the Zambian populace, there are no clear guidelines for universities to implement the student loan policy and student loan policy are a cost effective way of assisting students from vulnerable backgrounds) while the other 7 items were not statistically significant. As for the lecturers, the highest support for the male respondents is on student policy as cost effective way of assisting students from vulnerable background ( $M= 3.97$ ,  $SD= 1.19$ ), followed by student loan policy is a good way of financing and sustaining public universities ( $M= 3.84$ ,  $SD= 1.12$ ), there are no guidelines to the universities to effect the student loan policy ( $M= 3.48$ ,  $SD= 1.43$ ), student loan policy has never been implemented because of government inertia ( $M= 3.43$ ,  $SD= 1.25$ ). On the other hand, female respondents showed student loan policy is a cost effective way of assisting vulnerable students was considered by female respondent as important ( $M= 4.24$ ,  $SD= 1.28$ ), followed by government and public universities are slow to respond/adjust to student loan policy ( $M= 3.76$ ,  $SD= 1.12$ ), student loan policy is a good way of financing and sustaining public universities ( $M= 3.76$ ,  $SD= 1.16$ ) there are no guidelines to universities to effect the student loan policy ( $M= 3.67$ ,  $SD= 1.48$ ), student loan policy has never been implemented because of government inertia ( $M= 3.62$ ,  $SD= 1.27$ ) A sample t-test was carried out to compare the mean difference of 12 loan policy items between the male and female lecturers. As can be shown in App. 9, male respondents scored higher for most items asked on the agreement scale especially for the items whose mean is above <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

3. Out of 12 items, 7 were statistically significant at mostly the level of  $p < 0.05$ . The other 5 items were not statistically significant at confidence level of 0.05. Only 2 items were significant at confidence level of 0.001, student policy is a good way of financing and sustaining public universities and student loan policy is a cost effective way of assisting students from vulnerable background. In general, the female respondents perceived the policy more positively. As a group which more marginalized, they felt a good policy would guarantee continued women involvement in higher education, especially the student loans. There could be other myriad of reasons why female respondents perceived the policy more positively than their male counterparts. It appeared female respondents were better informed on the need of having a comprehensive financial policy in public university financing.

### **Table 5. 5 Questionnaire Results: Student Perception to Revenue Diversification by ‘ Sponsor’**

#### **Student views to revenue diversification by payment mode**

**Self (N= 478)**

**Govt.(N= 229)**

**Other(N= 19)**

MeanSDMeanSDMeanSDQ30. Public universities should be self sustaining (Raise their own money and resources)2. 481. 272. 791. 243. 001. 20Q31. Public Universities should enroll more of private sponsored students2. 291. 272. 071. 191. 580. 77Q32. Alternative sources of revenue is crucial for survival of Public universities ( Diversification)3. 741. 213. 641. 223. 951. 13Q33. More faculty members should be involved in contract research3. 721.

123. 551. 083. 841. 12Q34. Public Universities should attract more high profile research and consultancy<sup>4</sup>. 220. 974. 250. 934. 580. 61Q35. The current policy on revenue diversification is good<sup>2</sup>. 621. 242. 591. 273. 581. 17Q36. Public universities should charge education levy to boost its finances (special fee)<sup>2</sup>. 001. 192. 071. 192. 161. 38Q37. Public universities should change the current budgeting system (Historic, making changes based on previous budget)<sup>3</sup>. 271. 223. 361. 183. 631. 21Q38. In the current model, revenue diversification is difficult for public universities ( Wholly dependent on Government)<sup>3</sup>. 041. 332. 901. 233. 471. 17Q39. Public universities do not have real autonomy in their operation (are not autonomous)<sup>2</sup>. 991. 363. 021. 402. 951. 22Q40. Universities need to operate like Co-operation for them to effectively diversify their revenues (act like persons who are non persons)<sup>2</sup>. 941. 403. 131. 333. 111. 37Q41. Public University should sale patents as a way of diversifying their revenues (exclusive rights to sell inventions)<sup>3</sup>. 061. 423. 011. 413. 841. 30Q42. Public Universities should attract private sector and collaborate to boost their revenues<sup>4</sup>. 231. 054. 221. 114. 370. 68Q43. There is need to cultivate and adjust the current policy of diversification in universities (re-engineer)<sup>4</sup>. 041. 064. 110. 963. 841. 01

Under student loan, students from different institutions and different mode of payment strongly supported the student loan policy as a cost effective way of assisting needy students and a good way of sustaining public universities with all students on Self, Government and Other showing greatest support all supported by means above 4. 25. Other items with the greatest support included: Student loan policy is a good way of financing and sustaining public universities with mean of all modes above 3. 86, the need for creation of a special Bank to

manage the Student loan scheme with all means above 3.8 as shown in Table 5.6.

### **Table: 5.6 Questionnaire Results: Student Perception to Student Loan Policy by ' Sponsor'**

#### **Student views to student loan policy by payment mode**

**Self (N= 478)**

**Govt. (N= 229)**

**Other (N= 19)**

MeanSDMeanSDMeanSDQ44. Student loan policy is a good way of financing and sustaining public universities3.861.324.210.994.001.20Q45. Student loan policy has never been implemented because of government Inertia3.241.412.761.373.110.88Q46. Student loan system has never been implemented because of public university Inertia2.731.362.481.322.531.12Q47. Student loan system is always opposed by Student populous2.501.472.311.502.891.37Q48. Zambian public are opposed to student loan policy2.291.282.281.243.001.45Q49. The policy was hurriedly done without examining the pros and cons of student loan policy3.371.253.121.283.741.28Q50. There are no guidelines to the universities to effect the student loan policy3.291.402.931.373.001.49Q51. It was difficult to find guarantors for the loan policy (Relatives/guardians to secure the loan)3.041.503.071.333.211.27Q52. The criteria for deserving students should have been complicated (Means testing is very difficult in Zambia who qualifies for the loan?)3.561.453.661.513.261.56Q53. Government and public universities are slow to respond/adjust to student loan system3.621.323.481.293.581.35Q54. There is need for creation of a special Bank to

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manage the Student loan policy<sup>4</sup>. 051. 273. 871. 283. 841. 46Q55. Student Loan policy is a cost effective way of assisting students from vulnerable background<sup>4</sup>. 331. 144. 620. 804. 260. 99We have so far discussed how the ' Gender', ' Sponsor' and ' Institution' variables influenced respondents' perception on cost sharing, revenue diversification and student loan. Generally, the respondents' perception was similar on most of the items even though, female respondents were a little bit more positive than their male counter parts. Self sponsored respondents showed greater concern to the introduction of student loan scheme. Students and lecturers at Mulungushi University showed slight higher means in wanting urgent reform in the policy of financing public universities.

### **5.3 Varied Views on Three Sets of Issues to Policy of Financing Public Universities**

The main aim of this study is to appraise the current policy for financing public universities. In doing so, the study shows whether the current policy has been viable, effective and sustainable.

#### **5.3.1 Views on Viability, Effectiveness and Sustainability of the Policy**

Question: How do respondents perceive the current policy of cost sharing, revenue diversification and student loan policy in relation to its viability, effectiveness and sustainability? This question provides an opportunity to give evidence as to whether the current policy has made universities better, moderate or worse off. Descriptive statistics was carried out on item related to the sustainability of the current policy. Frequency analyses were conducted to identify valid percent for responses to the specific questions

related to viability, effectiveness and sustainability of the financing policy. All items related were carefully selected and summarized in the comparative bar charts and each scenario was examined closely. Three comparative charts were generated based on cost sharing, revenue diversification and student loan policy. The quantitative results were supported by interviews. As mentioned in the methodology section individual semi-structured interviews were conducted with senior education managers at the Ministry of Education, and heads of public universities. Cost sharing was considered first. To comprehensively give a clear picture as whether the cost sharing (CS) policy was perceived to be effective, viable and sustainable, all specific items in the questionnaire identified were further quantified in three categories, namely: disagree (included strongly disagree), moderate and agree (included strongly agree). It was discovered that the pattern of responses was similar between students and lecturers with no major deviations. On cost sharing, I show responses from students respondents only. The result show that though the majority of respondents about 70% indicated that the cost sharing policy was a good policy option in university finance, it was not operating smoothly in Zambia's public universities. 54% of respondents felt the policy was not effective, 63% indicated that the policy was not well implemented, 43% said the policy was not sustainable and close to 50% thought it was not viable. Results further indicate that on all items 20% to 35% of respondents were moderate as shown in Figure 5. 2.

## **Figure 5. 2: Respondents Perception to viability, effectiveness and sustainability to Cost Sharing**

On average most interviews lasted between 25 to 35 minutes. Particular attention was paid in discovering as to whether the results complement each other or not, in this mix design study. In other words, did the qualitative part explain what is behind the numbers and figures? The following question was posed to interviewees on cost sharing: Is the current cost sharing policy in public universities viable, effectiveness and sustainable? There was a general consensus that cost sharing policy was generally a good policy which could bring the much needed viability and effectiveness in public universities. This was supported by about 9 of the 12 participants (75%). Though most of interviewees said the policy was good, some respondents said it was not working as expected as very few parents and students had the capacity to pay both tuition and fees that are charged by universities. Most students are still dependent on government support. In making a critical remark about cost sharing, one of the interviewees, a university administrator lamented: We like borrowing concepts from the developed countries without looking at its applicability in Zambian context. Cost sharing becomes effective and attainable when the majority of parents have money to pay for their children. The concept of Cost sharing good as it may sound cannot be realized if majority of the parents/people are poor. So far the concept of Cost sharing has not worked as manifested by the fact that 80% of our students are still on government bursaries, others are given 100%, others 75% and also 50%. Only 20% of the students are self sponsored. Even those sponsored by government at 75%, still struggle to pay the balance of 25%, hence the concept of cost sharing is good but it is also important to

look at the socio economic status of the country and people. For us here the Cost sharing has not worked according to expectations (Interview with university administrator, February 2012). All the respondents from the ministry of education observed that, cost sharing was introduced against the backdrop of making the public universities viable and effective. The policy was conceived on the basis on the democratic principles of efficiency, equity, accountability and cost effectiveness (MOE, 1996). This was in line with the education system which had been liberalized and decentralized in accordance with the democratic principles of local governance. In this system, cost sharing was promoted between the state, the beneficiaries and other stakeholders. In responding to the question about the viability and effectiveness of the cost sharing policy in public universities, the government official succinctly elaborated: In this democratic dispensation, we are encouraging cost sharing among beneficiaries especially at higher education so that the institutions become viable, effective and sustainable. While conscious to vulnerable members of the society, we are promoting cost sharing between the state, the beneficiaries and other stakeholders. By implication, we expect individuals, families, communities, industry and non-governmental organizations to contribute either financially or in kind to education and training. The only way these universities can be made sustainable is by introducing truly cost sharing model where all stakeholders play a part. So far, these institutions have not effectively implemented the cost sharing policy despite having been given full support from government. In short, all public universities except Mulungushi are not viable and effective (Interview with government official, March, 2012). The University of Zambia has been in existence for more than 40 years and much of its infrastructure

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is rundown and in a state of disrepair. The Copperbelt University, which was established in 1987, has similar problems. Mulungushi was established as a University in 2008 in Central Province and has been designed as a fee paying public university which charges economic fees is relatively doing better though has infrastructure challenges. The government thinks universities are not doing enough to realize the benefits of cost sharing but also university administrators are blaming government for interfering in operations of public universities. University officials feel government uses the universities sometimes for political expediency, by making claims that government has a responsibility of educating its citizenry. The tendency for government to regulate both fees and tuition is still a reality. Government still sponsors about 80% of students in public universities, although the scholarship does not reflect the economic reality. Because of these arrangements, some administrators have questioned the viability of the current cost sharing arrangements. One of the university administrators in the interview observed: The policy of cost sharing is fine but real question is how effective has it been? It has not been effective. Being a public university the government wants to provide access especially to those who are less privileged. Therefore, the government sponsors some students by paying money for them. This is where the problem starts...the sources of revenue is limited because the fees we charge are far below the economic costs. We need to have a situation, where we receive sufficient grants and meet certain obligation, and then the monies we generate is used for operations. We are constrained in charging economic fees because of the government. The money we receive as grants are by far less to reflect the economic reality. It cannot meet the wage bill. So the universities at the moment have <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

to find money to supplement the wage bill and also for normal operations (Interview with university Administrator, March, 2012). There were clear contradictions in opinions by different government officials. This clearly explains why the current policy needs to have clear and detailed guidelines. It appears some government officials are not in favor of cost sharing opting for government continuing giving grants/sponsorship to university students in public universities. Giving an opinion on the current cost sharing in terms of its implementation and challenge, a ministry of education official opined: This policy of cost sharing in public universities is challenging because most Zambians think government has enough money and therefore can afford to sustain the institutions. It is also evident that most Zambians are poor and cannot afford the cost of university education. By introducing this policy simply means the student from very poor homes would not afford and therefore universities would be a preserve for the affluent. In other words, there is public outcry against government introducing the cost sharing policy . Not to contradict myself; I also know that some Zambians are taking advantage because in reality a good percent can afford paying tuition and fees in public universities. Citizens still want free education as it was while under one party and post independence. Interestingly, the same students pay fees when admitted at private universities. Another big challenge for the ministry of education is that as a ministry we do not seem to know ' student unit costs' for now. So it is difficult to make accurate estimation on public university expenditure when it comes to budgeting (Interview with MOE official, February, 2012). After construction of the first public university government had taken everything on board including paying of tuition fees, accommodation and giving a bursary and allowance to students. This is the <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

model the public university operated on since 1966 through 1977 and post 1985 (Kelly, 1991). It was clear that the economy and government could not sustain this policy and policy makers started making adjustments. Views on why the current policy on cost sharing was not effective and viable were further elaborated by one of the public university administrator who also gave a bit of background. He revealed: Government was responsible for paying of faculty salaries and capital grants. Commercial activities and charge of tuition were meant to be used for daily operation. This was a special kind of cost sharing. The beginning of problems was when the government started paying the bigger percentage of student costs. When bursaries scheme was introduced, the number of students on the scheme was much lower but over time especially in the 90s it began to escalate. Correspondingly, percentage going to bursaries for student welfare grew bigger than other proportions of university finance. What suffered from this scenario was the release of capital grants because government concentrated on student sponsorship. Eventually these grants disappeared for both university of Zambia and Copperbelt University. All infrastructure plans remained on paper. The second aspect which suffered was in relationship to personal emolument...these could not be met in full in an inflationary economy. To make matters even more complicated, the government was also resistant to the universities increasing fees because they were sensitive to government bill going up since they were sponsoring most of the students to the tune of 75% and more of their tuition (Interview with University Administrator, March, 2012). He further lamented the lack of policy implementation by government, he noted that: The policy statement is good except that it has never been honored in important areas where it should

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have been. There was lack of implementation. There were challenges of salary increments and lack of money for capital projects. This created industrial unrest where faculty either went on go slow or strike. The huge debts which were not dismantled are a reality in universities. The problem is not policy but lacking of the implementation in certain parts of it (Interview with University Administrator, March, 2012). For revenue diversification consideration, just like under cost sharing, specific items were used to comprehensively give a clear picture as whether revenue diversification (RD) policy was perceived to be effective, viable and sustainable. For all items identified on the questionnaire, were further classified and quantified in three categories for data presentation, namely: disagree (included strongly disagree), moderate and agree (included strongly agree). Both lecturers and students responses had a similar pattern in perception. I used lecturer views to present the finding in Figure 5. 2. 78% of respondents overwhelmingly showed that revenue diversification policy option was a good policy option in university education; the majority of respondents showed that the current revenue diversification policy was not effective, viable and sustainable (60%, 55% and 64% respectively) as shown in Figure 5. 3.

### **Figure 5. 3: Respondents perception to viability, effectiveness and sustainability of Revenue Diversification**

The question posed to the interviewees was: In policy, support for students in public universities should be through student loan system. Despite the existence of this policy for 15 years and more, it has never been implemented. Why is it so? Is this policy appropriate for public universities? There was some consensus especially among university administrators that



the student loan has never seen the light of implementation because of government Inertia. Different successful governments under different political party umbrella have never implemented this policy. Out of the 12 interviewees, 10 of them supported this assertion. Convincingly, one university administrator pointed: No one has the will to implement the student loan scheme despite being pronounced by different government and political regimes. This is one area that can easily resolve most of the problems for all three parties...be it student, government and institutions themselves. We need full implementation of the student loan scheme and improve on the data base and record keeping so that we can track all students who access this facility. We can also make it a legal responsibility so that all those who borrow pay back as stipulated (Interview with University Administrator, February, 2012). One of the biggest weakness student loan schemes have world over, is poor recoveries. One university administrator who has been following trends in higher education finance and student assistance, pointed: For Zambia to have an effective student loan scheme, the country needs to strengthen and also develop means of consolidating the social security system such as NAPSA to assist in the deductions and collections. The current systems of the bursaries need to be re-examined and changed so that only truly needy students access it. The ideal situation for university operation is where the university charges tuition and other fees and where the student gets the money is solely up to the student and family or simply their business. At the moment we do not charge the right economic fees because, if we do that it means the bursaries committee which sponsors student will have a huge budget which eventually government interferes. Government does not want to spend more (Interview <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

with University Administrator, February, 2012). This view was also supported by one government official who felt that there was no political will to introduce the loan scheme. Politicians are sometimes scared of public outcry even when they know that the system is unsustainable. In cementing this view, a government official contended: There has been no political will to introduce the student loan scheme because currently the government bursaries system is unsustainable. There is need to carefully craft the loan scheme so that the recovery is good and should be in a form of revolving fund to make the whole scheme sustainable. The current bursaries committee structures can be used to introduce the student loan scheme especially when it comes to recoveries. The effective loan system should be centered on revolving funds which will be used for the sole purpose of financing needy students (Interview with Government Official, March, 2012). The other ministry of education official explained that government has long seen the student loan policy as an appropriate way of helping students in public universities. There have been difficulties in implementing because of political pressure which comes from the public populace being against this policy opting for government support. In the past, attempts were made to examine the Kenyan experience regarding the loan scheme and see how best it could apply the scenario to Zambia. This current government is working very hard to make this policy a reality in implementation. The official recounted: The minister of education has indicated in a policy announcement that the current student bursaries scheme would be phased out and be replaced by the student loan scheme. He also said the current bursaries system does not meet the expectation of the general public and does not benefit vulnerable students, henceforth; the loan scheme will be tabled at <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

the next sitting of parliament. This ministry through government is committed to introduce the student loan scheme which has been in our policy document since 1996 (Interview with Government Official, March, 2012). In principle all the respondents were in support of transforming the current bursaries scheme into an effective, viable and sustainable loan scheme. This loan scheme is expected to have clear and detailed guidelines especially after undertaking other countries study on successful loan schemes. The loan should be available to both students in public and private higher education institutions. The interviewees clearly indicated that this is the best and cost effective option that can be used to assist vulnerable students from poor background. This was clearly elucidated by one of the university officials, he succinctly narrated: The cost of higher education is very expensive, so the bursaries committee should be transformed into loan scheme to allow all students in public university access these loans. Some parents if not most, cannot afford to pay the tuition and fees. Government has a responsibility to educate its citizens and hence instead of a bursary, needy students should be given a loan. The only way we can make public universities sustainable and effective is by having government come on board by introducing the loan scheme without dragging its feet. Higher education is very expensive; it is not like primary or secondary education. In my view, Zambians have not yet reached a level where there are capable of paying for higher education with high poverty and unemployment levels. In other words, there are few parents capable of paying economic fees for their Children. A loan is ideal so that the beneficiary pay back while in employment or after graduating (Interview with University Administrator, February, 2012). In general, 11 out 12 participants (above 90%) of the study

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were less optimistic about the viability, effectiveness and sustainability of both the policy and current universities operational models. All respondents felt sustainability, effectiveness and viability can only be attained by examining certain indicators. First university ought to perform to both local and global expectations. This implies, there must be ample infrastructure, motivated training staff, staffs should enjoy the academic independence and hence universities should operate like corporations (operate like a person who is non person). Universities are projected to be financially sound. Currently all public universities in Zambia have multifaceted challenges such as poor quality lecturers and researchers, congestion, poor and inadequate infrastructure, insufficient resources and autonomy, student and lecturer's strikes, and rapid growing enrollment among others (World Bank, 2010; Masaiti, 2012). Most of the participants' want to see policies which will make these public universities sustainable, effective and viable. In emphasizing this point, one of the university administrators who had similar concerns with other interviews declared: For us to be effective and viable we need government to come up with a more comprehensive and implementable policy strategy in terms cost sharing, revenue diversification and student loan scheme. Government should also empower universities with infrastructure then we can effectively and efficiently operate. There are so many private universities which are operating sustainably especially after investors put infrastructure for them. As things stand we still need government support in capital projects, financing towards construction of lecture rooms, student halls and all sort of infrastructure. The fees we charge are not true reflection of the true operation costs. There is an urgent need for the government to change the current university act so that universities

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can relatively enjoy some degree of autonomy in their daily operations. The current level of debt should be liquidated because it is a huge constraint to daily operations (Interview with University Administrator, March, 2012). In mixed result, almost all interviewed respondents were in agreement to the fact that if Zambia is to realize its vision 2030, universities ought to operate in a more effective and sustainable way. Government need to craft policies that assist need students such as the loan scheme and in order to achieve this, a careful re-engineering should be instituted so that the current policy is further clarified and strengthened. The qualitative views were in congruent and elaborative of the factors for student data.

### **5. 3. 2 Views on Weaknesses and Strengths of the Policy**

Question: What are the strengths and weaknesses of the current policy of financing public universities? In order to determine the strength and weaknesses of the current policy of financing public universities, the individual predictive item through descriptive statistics, making use of the mean (M) and standard deviation (SD) were explored. These were supplemented by qualitative views from university administrators and ministry of education officials. The qualitative data helped in explaining the gaps in the current policy of financing public universities. Descriptive statistics on cost sharing shows that most respondents' lecturers and students from all public universities positively perceived the following items: policy of cost sharing as a good policy option for Zambia's public universities, cost sharing can improve university finance and cost sharing among stakeholders should be encouraged with means (M) above 3. 6 for all respondents from the three public universities. Majority (more than 70%) of

students and lecturers strongly support the cost sharing policy. These were clearly the strengths. There were more weaknesses than strengths. The biggest weakness of the current cost sharing policy is that it lacks clear guidelines and detail of 'the how' and 'which form' it should take. In fact, most respondents registered a mean of above 4.3 under descriptive statistics on the item 'Government to provide clear and detailed guidelines on cost sharing' (M= 4.46, SD= 0.83). Further the weakness of 'Poor implementation of cost sharing policy has increased debt in public universities'. The policy ought to clearly stipulate the role and percentage of government, universities and students contribution to higher education. One other weakness is that the policy of cost sharing was introduced against the background of citizens accessing government funded system of university education; and hence still faces resistance in some quarters. There is therefore a feeling that government should take a leading role in educating its citizens as always has been the case, introducing cost sharing will harm access. Students and staff though want the current policy to be re-engineered (at least 74%) so that it addresses issues of cost effectiveness while maintaining the well needed balance of equity consideration. The other weaknesses indicated by respondents were that the current policy was not sustainable, effective and therefore needed to be re-engineered. In general, interviewed respondents believe that the current policy of financing public universities could have been the ideal provided the Zambian public and students are/were seriously engaged and explained to. Provision of education especially at tertiary level can only be effectively provided in the cost sharing model. Free education is no longer sustainable, since tax funding is ever decreasing because of competing government needs. The <https://assignbuster.com/public-universities-in-zambia-finance-essay/>

respondents indicated that the current policy had both strengths and weaknesses. In stressing this point, the government official from the ministry of education remarked: The biggest weakness I see is that despite good policies crafted in the policy document, there has been no effective plan to implement these policies. We still see government giving free grants to students, the cost sharing is just a lip service and loan scheme has never been introduced. The only strength is that since the introduction of the free market economy and democracy in 1991, Zambian populous is ready to pay for services as evidenced in the mushrooming of private universities where Zambian parents pay economic fees. This concept is already there in public universities, government and universities should truly implement a real cost sharing model (Interview with Ministry of Education Official, March, 2012).

The strength of the policy of financing public universities in terms of revenue diversification is that respondents positively perceive (about 80%) that private sources of revenue are crucial for universities. This was confirmed through descriptive statistics in which the mean average for all respondents was above 4, on the item ' alternative sources of revenue are crucial for survival of public universities' (M= 4. 14, SD= 1. 03) Lecturers and students think the emphasis of attracting the private sector to partner with universities is more desirable. There was also emphasis that the current policy also gives lee way for institutions to raise revenue through research and consultancy (about 81%). On the other hand, the respondents felt that the biggest problem or weakness of the current policy is that government needs to allow institutions to operate like corporations, so that they have more lee way to operate relatively independent (60%). Therefore, in the current form, revenue diversification model is challenging because

universities have to follow government regulations under what is called 'university act'. Most respondents just like under cost sharing strongly felt that the current policy in terms of revenue diversification should be adjusted or re-engineered (about 70%) to give more entrepreneurial power to institutions ( $M= 3.95$ ,  $SD= 1.02$ ). Clearly, under revenue diversification, the strength was in that respondents clearly showed that alternative sources of revenue were crucial for public universities, universities were expected to attract more research and consultancy to boost revenues and also respondents strongly indicated that public universities ought to attract the private sector and collaborate to boost their revenues. On the other hand respondents felt the policy was very weak in the current form, the universities were still wholly dependent on government and lacked real autonomy in their operation. Respondents strongly supported the need for re-engineering the current policy. In discussing the strength and the weaknesses of the current revenue diversification policy, most of those interviewed were in concord with what an administrator at the Copperbelt University evidently argued: The strength of the current policy of revenue diversification is that if opportunities are got right it can improve financial fortunes of universities. Currently all universities are involved in some form of revenue diversification, both UNZA and CBU have a cohort of students meant to raise revenue. The strength of the current policy is that the public universities have now seriously started exploring the issue of revenue diversification especially through parallel programs and through PPPs. Also in a small way, we are attracting the companies who come to invest in different ventures within the universities (Interview with University Administrator, February, 2012). Recounting on the pros and cons of making research and

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consultancy as central in revenue diversification and entrepreneurship, a university administrator candidly stated: Research and consultancy is yet another area with great potential. At the moment, revenue diversification is not at full potential. The biggest weakness is that of degeneration, where institutions move away from the core business of teaching and research and concentrate on revenue diversification activities to a point where quality is compromised. Another weakness is in the modalities for Implementation the revenue diversification policies especially in the face of huge budget deficits (Interview with University Administrator, February, 2012). This study has clearly shown that unlike earlier thoughts that th