



Tertiary Education Funding at a Turning Point Using Marketing as an Effective Recovery Strategy

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ABSTRACT

The issue of tertiary education funding in Ghana and several other Sub-Saharan African countries are currently at a critical juncture. It is intriguing to consider the phenomenon of numerous students annually enrolling into diverse tertiary educational institutions and fulfilling their financial obligations. However, it is evident that these public entities persist in experiencing financial deficits in their administration of these educational institutions. Nonetheless, the matter concerning the allocation of funds for higher education is of utmost importance globally. The government is widely acknowledged to have a crucial role in the provision of financial support for tertiary education, both in developed and developing countries. It is also evident that universities and other higher institutions in Ghana acquire financial resources through the Internally Generated Fund (IGF), such as the school fees for both local fee-paying category and foreign students, Business Units such as Commercial Farms, Basic Schools, as well as local authority revenue from the numerous Metropolitan, Municipal, and District Assemblies (MMDAs) for specific university's projects. Furthermore, the establishment of post-secondary education in Ghana has been facilitated by the active involvement of National and international institutions such as the Get-fund, Ford Foundation, the World Bank, and the Benedal Foundation. Based on the finding gathered, it was observed that the

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private tertiary education institutions in Ghana derived around 95% of their total revenue from tuition fees, while the remaining 5% was sourced through external channels. However, unlike their counterparts in public tertiary educational institutions with similarly large student populations, they do not experience financial shortfalls. This study investigates the origins and consequences of these losses with the aim of identifying a wise marketing approach that can be employed to recover and gain possible sustained financial independence from the public purse. The research methodology employed in this study involved the utilisation of secondary data sources to collect the necessary data for the purpose of formulating appropriate conclusions and recommendations. In sum, public tertiary institutions should, without deviating from their core mandate, identify their core strength, weaknesses, threats and take advantage of less costly opportunities prevailing at its doorsteps as a potential source of funding and also emphasis on academic quality assurance as a key branding tool in the higher education marketing mix. Hence, this article critically evaluates the current state of tertiary education funding, highlighting its importance and timeliness, and explores the potential benefits of utilising marketing as a viable tool for implementing a successful cost recovery strategy.

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I. Introduction

Tertiary education encompasses formal post-secondary educational institutions, comprising both public and private universities, colleges, technical training institutes, and vocational schools. The focus of this paper however is on public tertiary institutions. The Education Regulatory Bodies Act 1023, Act 2020 oversees and regulates public Tertiary Education in Ghana through the Ghana Tertiary Education Commission (GTEC). Tertiary education has a crucial role in facilitating economic growth, alleviating poverty, and enhancing collective prosperity in every society. In order to foster innovation and facilitate growth, it is imperative to have a proficient labour force that possesses the requisite skill mix necessary for industry and commerce. Individuals who are well-educated exhibit enhanced employability potentials and remains every country's precious asset for any form of change management or transformational agenda necessary in a country. It also enhances better living standard through their employability and better earnings and improved living conditions associated with tertiary education. Moreover, they are better equipped to navigate all forms economic disruptions with ease through critical thinking, analysis, judgment and risk management resilience.

Moreover, nations across the globe have implemented significant reforms in their higher education systems with the aim of expanding their accessibility and improving their human resource efficiency. Nevertheless, the advancement has exhibited disparities across nations. In order to ensure that national strategies and policies prioritise equitable access, improved learning and skills development, efficient retention, and considerations of employment and education outcomes sought by graduates and the labour market, it is timely for all countries to undertake strategic reforms in their tertiary sector to fill in gaps to make them competitive and indeed marketable. Both laws and academic degrees must be carefully customised to align with the specific requirements of the local community industry and

commerce in terms of technology, balanced knowledge, value-based norms and best practice. Governments can further make a land-marked achievement through improved primary and secondary school hence, ensuring access to and easy progression in tertiary education,1. (Atuahene and Owusu-Ansah, 2013).

Additionally, higher education plays a crucial role in a country's endeavours to cultivate a workforce with advanced skills, enabling them to effectively participate effectively in the globalization drive. In addition to economic advantages, those who complete a postsecondary degree also acquire non-economic benefits such as an enhanced quality of life, improved well-being, and increased prospects for future chances. The societal impact of higher education is manifested through several positive externalities arising from the collective achievements of graduates.

These include the generation of employment opportunities through heightened entrepreneurial endeavours, the avoidance of intellectual talent outflow, and other favourable results for society as a whole. Equal access and opportunities for success are crucial in attaining social justice and maximising the potential of all young individuals, considering the significant societal and personal advantages associated with higher education. On the other hand, in the pursuit of constructing a more sustainable and fairer model of economic growth in the post-pandemic era, tertiary education systems play a central role in facilitating the significant changes needed across all sectors of economies and communities. 2. 3.(Banya, K., and Elu, J. 2001).

Additionally, the acquisition of tertiary education has a crucial role in fostering the growth of human capital and facilitating innovation. Strategic and efficient allocations of resources towards tertiary education have the potential to benefit all nations, regardless of their economic status. This is achieved through the cultivation of a skilled and capable workforce, the generation and application of knowledge to address both local and global issues, and active engagement in the global knowledge-based economy. Tertiary education systems that are effective play a crucial role in equipping countries with competent professionals in various fields such as medicine, nursing, education, management, engineering, and technology. These professionals are vital in delivering efficient education and healthcare services, as well as fostering development in both the public and private sectors 4. (Barro, et al. 2000)

Nevertheless, the pursuit of higher education is not without its fair share of obstacles that accompany the administration and operation of these academic institutions. It is noteworthy that a significant issue arises when postsecondary institutions in Ghana, although charging school fees, consistently operate with a deficit, necessitating continuous government support. postsecondary education funding pertains to the allocation of financial resources intended for the support of postsecondary institutions and their students in their pursuit of education. These funds are provided by both commercial and governmental entities and can be distributed for both long-term and short-term objectives. It is noteworthy that various institutions have distinct funding systems, which may also fluctuate depending on the specific course. The acquisition of scholarships and funding is a highly competitive procedure. Prior to selecting an educational school, it is imperative for students to ascertain that they possess all the necessary documentation to secure the requisite educational funds 4.(Barro, et al. 2000)

The mobilisation of tertiary funding encompasses several restrictions that influence the process of resource mobilisation. It also provides illustrations of the diverse decisions made by governments regarding the extent of resources to be mobilised and their sources. The user's text does not contain any information. In tertiary education systems that include the mobilisation of household resources, it becomes necessary to make judgements regarding the allocation of financial responsibility, determining the appropriate amount to be paid, and devising strategies to help households in covering the costs

associated with pursuing higher education. The objective of this work is to deliberately analyse. The current state of tertiary education funding is at a critical juncture, necessitating the use of effective recovery strategies, such as using marketing techniques.³ (Barro, et al. 2000).

II. Financial Resource Mobilising for Tertiary Education

When considering the mobilisation of money for tertiary education, policymakers within tertiary educational institutions must address two fundamental issues:

First, the allocation of financial resources and their sources or origin of these funding. Once again, when considering these matters, two conflicting dynamics emerge. In the course of time, the expenses associated with tertiary education systems have experienced a substantial increase, hence presenting a formidable task for policy makers to secure increasingly higher levels of resources.

Secondly, the process of resource mobilisation, which involves planning and budgeting, occurs within a contextual framework that typically imposes significant limitations on the range of resources accessible to decision-makers. ⁵(Sanchez, 2018).

III. Rising costs, their drivers and implications for resource mobilisation

During the period spanning from 1995 to 2015, there was a notable increase in the cost of higher education per student, when adjusted for inflation. Based on a comprehensive examination of cost patterns in thirteen member countries of the Organisation for Economic Co-operation and Development (OECD), the findings indicate that the aggregate expenditures of tertiary education institutions, encompassing expenditures related to personnel, operational costs, capital investment, and other relevant factors, experienced a significant threefold increase over a span of two decades leading up to the year 2015, when accounting for the effects of inflation. The increase in expenditures can be attributed, at least in part, to the growth in student enrollment, which experienced a significant rise of 81% over the course of these two decades. Nevertheless, when considering the increase in student enrollment and the impact of inflation, the actual expenditures per student by tertiary education institutions in these nations had a twofold growth from 1995 to 2015 (Ministry of Education 2019)

IV. The Ministry of Education and Tertiary Education Funding in Ghana

The Ministry of Education plays a significant role in the administration and financial support of higher education in Ghana. The primary function of this entity pertains to the regulation of content and funding allocation within the realm of higher education. The allocation of financial resources to tertiary education is of utmost importance. In consideration of this matter, the finance division of the Ministry of Education provides an overview of the strategies employed to address financial concerns within the tertiary education sphere (World Bank, 2008).

The primary channels through which tertiary education institutions receive financial support are the Ghana Education Trust Fund (GETFund) and the Ministry of Finance, which allocates funds for tertiary education in its annual budget. These funding sources are subsequently subjected to approval by the country's parliament through the budget cycle of appropriation. The Ghana Education Trust Fund (GETFund) is a financial allocation included in the national budget by the government to provide support for the education sector. The Ministry of Education also receives financial support from the Benedal Foundation, an international institution that offers donations to the tertiary sector. Furthermore, the government has granted institutions the autonomy to create revenue through internally generated funds (IGF) within their own organisations. The IGF is derived from many sources, including fees related to information and communication technology, student identification cards, health insurance,

and monies generated from lodging facilities. Furthermore, the key stakeholders, including the World Bank, the Ministry of Finance, the National Council of Tertiary Education, and the Ministry of Education, frequently convene periodic conferences to deliberate on the extent to which they can support universities and tertiary institutions nationwide. It is mandatory for universities and other tertiary institutions to submit a budget. Following the filing of their proposed budget, a committee conducts a comprehensive evaluation and prepares a report on all sources of money allocated by the institutions. Institutions are obligated to substantiate and advocate for their proposed budget to the committee prior to its submission to parliament for authorization. On the other hand, a cash ceiling strategy is employed to establish an upper limit on the amount of funds disbursed, aiming to streamline the allocation process and minimise bureaucratic procedures associated with distributing funds to individual institutions. The Ministry of Finance provides a consistent and predetermined sum to the Ministry of Education on a monthly basis. Subsequently, the Ministry of Education proceeds with the allocation of funds to the sectors that have been previously budgeted for, as stated in their filed budget 6. (Ministry of Education, 2019).

The Ministry of Finance authorises the Ghana Controller and Account General to disburse funds to all tertiary education institutions. Additionally, the Ministry of Education is responsible for ensuring that the budget and funding requests from these institutions are promptly submitted to facilitate the effective allocation of resources and revenues in general. One of the primary obstacles faced by the Ministry of Education is to the recurring strikes initiated by tertiary education employees as a result of their outstanding salary, the disbursement of which has been repeatedly assured by the government. (Ministry of Education 2019)

V. Tertiary Education Funding at Crossroads

The finance model for tertiary education in Ghana operates on the principles of cost-sharing and cost-recovery, ensuring financial sustainability. In order to achieve equilibrium and fulfil the demands of higher education. However, it is observed that students who get government subsidies typically incur lower tuition costs. The involvement of students is crucial in relation to the practice of cost sharing. A proposal was put out concerning the adoption of worldwide practises that are most suitable for addressing the specific financial management requirements in the tertiary education sector of countries such as Ghana.

Additionally, the tertiary institution's research project activities receive external financial support from the Canadian Foundation and the Ford Foundation, originating from Canada and the United States, respectively. A certain proportion of the resources obtained, whether acquired directly or allocated for infrastructure, is deemed to be of low significance and does not exert a substantial influence on the financial state of the institutions. The individual reiterated that around the approximate timeframe of the mid-1970s, the Ford Foundation furnished the university with guest houses and additional lodging amenities, subsequently referred to as the University of Ghana Guest Centre, in order to alleviate the university's housing demands. The primary sources of university revenue consist of grants, government support, academic user fees, and other small sources. These minor sources, such as foreign funding, are restricted in significance. Additionally, he discussed the primary obstacles that the university is seeing in terms of securing funds for its operational expenses. The receipt of resources from the government sector is frequently subject to delays and political influence, which has a detrimental impact on the overall financial administration of the university in terms of fulfilling its financial obligations. The individual further stated that the funds received from the government are solely allocated towards remunerating the personnel employed by the university. It was emphasised that these monetary sums

have a minimal influence on the overall system, hence prompting a plea for further governmental investment in the realm of public tertiary education the Audit Control Department accountability. This department is responsible for ensuring that workers' pay are appropriately allocated. The quantity of students who successfully complete their studies on an annual basis serves as sufficient evidence, both to the government and the broader public, that the institution is fulfilling its designated responsibilities to the anticipated level. The speaker also delineated the existence of two distinct budgetary frameworks: one intended for governmental purposes, which communicates the comprehensive needs of the university to the government, and another primarily developed for internal use within the institution, which specifically addresses the operational aspects of the university as a whole. The university has implemented a fee regime system to promote the sustainability of its financial system. This system is periodically reviewed prior to each academic year to determine the resource requirements of different sectors and facilitate the effective allocation of financial. There is also a substantial number of Ghanaian students who are classified as fee-paying within the payment category. International students are required to pay higher tuition costs compared to their Ghanaian counterparts. In addition, there exists a cohort of international students who are subject to significantly higher tuition fees compared to both regular Ghanaian students and Ghanaian students who pay the full fees. The individual stated that students are required to cover expenses such as matriculation fees, student ID card fees, test fees, health insurance prices, technology fees, and other charges deemed reasonable by the university's fee administration board. The governing body responsible for overseeing fees has established a policy whereby the annual rise in student fees must not exceed 10% of the current amount. The individual engaged in more contemplation on the diverse prospective strategies aimed at establishing a viable framework for financing the university in the long term. The university should consider expanding its enrollment of graduate students and overseas students in order to secure sufficient funding. Additionally, a reduction in the number of undergraduate admissions may be necessary to ensure adequate financial resources for the institution's operations. This is primarily due to the fact that both international and graduate students will be required to pay the complete tuition fees for the many degrees they choose to undertake, thereby contributing to the enhancement of the university's financial resources. Research conducted within industries has the potential to create more money, thereby aiding in the strategic guidance of various organisations. Therefore, it is imperative for the institution to engage in robust research collaborations with domestic industry as a means of augmenting its revenue.⁸ (Ministry of Information 1968, 'White Paper Reports of the Educational Review Committee; accessed 2021)

VI. Overview of Tertiary Education Funding in Ghana.

Kelchtermans and Verboven (2006) define government funding of university education as the capacity of the government to acknowledge and address the policies related to tertiary level education, while assuming responsibility for students within a publicly sponsored framework. In their study, Kelchtermans, and Verboven, (2006) classified funding for tertiary education into distinct categories. Specifically, they employed a two-dimensional framework to analyse the allocation of funding. The first dimension, referred to as the horizontal axis, pertains to the extent to which funding is distributed based on inflow and outflow standards. The second dimension, known as the vertical axis, examines the level of governmental control exerted over the funding activities directed towards tertiary education institutions. In Ghana, majority of tertiary education schools receive financial support from the government. This situation has given rise to a predicament whereby a greater number of students are inclined to enrol in public institutions, which provide more affordable tuition fees, as opposed to private institutions. One of the challenges at hand is to the anticipated decline in the overall enrollment of

tertiary education students, namely at public institutions. This decline carries significant implications for the functioning and activities of private schools 9. (Kelchtermans, and Verboven,2006)

The funding policy within Ghana's tertiary education system has garnered significant attention as a result of insufficient state support, particularly in the areas of research and student financial aid awards. When it comes to the policies and practises surrounding the allocation of funds for higher education, many universities typically rely on conventional methods. These methods involve using the previous year's budget as a starting point, and then making adjustments based on factors such as current economic growth, inflation rates, government funding, and the institution's growth rate. One of the primary challenges pertaining to budget management is the absence of transparency regarding the handling and decision-making processes for budgetary matters. An additional issue arises with regards to the fragmentation of duties in relation to budget allocation. This pertains to the challenges connected with distributing tasks across workers 5. (World Bank, 2008).

According to a separate study, it was found that the financial assistance provided by the government of Ghana to the University of Ghana witnessed a significant rise in the academic year 2007, increasing from around USD 3.5 million to USD 29 million (Bailey, Cloete, and Pillay, 2010). The research additionally unveiled the primary channels of financial support for the higher education institution, encompassing value added tax, government assistance, student tuition fees, investment income, and supplementary sources like revenue generated from student housing centres 10.(Bailey, Cloete, and Pillay, 2010).

Furthermore a study which highlighted a significant decrease in government support for postsecondary education, accompanied by a corresponding rise in student enrollment in the university sector, resulting in an approximate 80% increase in enrollment rates. As a result of financial constraints, certain policymakers have proposed the implementation of cost sharing as a viable strategy for addressing the aforementioned predicament. Based on the findings of a World Bank research published in 1999, it was observed that the tertiary education system in Ghana had a shift in policy approach, transitioning from a policy framework to a new system known as the Reforms to the Tertiary Education System in 1991. This suggests that the government maintains a strong dedication to Ghana's higher education system, extending its support beyond the local boundaries.

Furthermore, in Ghana, the allocation of funds to tertiary education institutions is contingent upon the specific type of institution they are operating. Universities are allocated a greater amount of resources compared to other postsecondary institutions, mostly due to the perceived significance of the services they provide to the general population. According to the World Bank, the provision of financial resources for tertiary education is hindered by significant financial challenges. Therefore, in a country such as Ghana, tertiary education institutions have a significant responsibility at a crucial juncture. The necessity for alternative sourcing necessitates the introduction of the concept of marketing¹².(Albrecht,and Ziderman,1992) .

VII. Marketing as a recovery strategy for Tertiary Education Funding.

Marketing recovery strategies refer to the strategic measures implemented with the aim of mitigating the risk of organisational closure. The primary aim of recovery methods is to promptly identify and mitigate the underlying causes of financial challenges in tertiary education, which have the potential to result in institutional failure. The primary objective associated with recovery methods entails the identification and analysis of factors contributing to sub-optimal operational performance. Once the underlying source of the issue is determined, it becomes possible to take remedial measures that have the potential to facilitate progress.

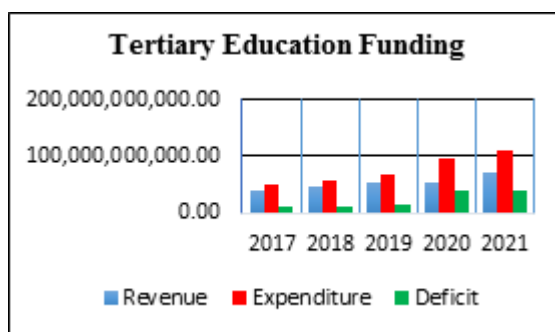
Therefore, one of the techniques employed by the institution is the careful determination of tuition pricing, aiming to render it appealing to prospective students by considering their financial capabilities. This approach not only enhances the university's financial independence but also ensures its self-sustainability. The implementation of a strategic information system is proposed to enhance effective communication with students, providing them with comprehensive knowledge on their financial obligations and the underlying justifications for each payment.

There exist two primary categories of recovery strategies:

Retrenchment Strategies

The majority of retrenchment strategies are cost-driven. A crucial approach to retrenchment is the implementation of a new management team with the objective of introducing transformative measures to the organisation. In order to create cash, it is necessary to allocate storage space, such as inventory. Retrenchment strategies typically prioritise short-term objectives aimed at resolving a crisis scenario, (Kotler, 2005)

Figure 1.0 Yearly Revenue, Expenditure & Deficit for Tertiary Education Institutions in Ghana.



Source: Ministry of Finance 2021

The variables presented represent the financial resources disbursed by the government to institutions of higher education for the period from 2017 to 2021. It is evident that there has consistently been a disparity between expenditures and revenue, with expenditures consistently surpassing receipts. There has consistently been a deficit seen annually, with a progressive increase over time, hence raising concerns. Therefore, there is a requirement for an improved marketing recovery strategy in order to assure long-term viability.

VIII. Conclusion and Recommendations

It has been disclosed that the Ghanaian government offers financial assistance for tertiary education within the public sector. Nevertheless, the level of financial investment allocated by the government to this particular sector is insufficient. Once again, it is common for tertiary institutions to operate with a deficit on an annual basis, as their overall expenditures consistently exceed their earnings. The subject matter at hand pertains to the institution responsible for the governance and administration of a robust marketing recovery strategy is necessary in order to optimise income and mitigate potential losses.

The marketing recovery method for paying tertiary education entails the formulation and implementation of economically sustainable and self-funded marketing initiatives. This entails the development of engaging curriculum that attracts students from diverse geographical locations to enroll in the educational institution. The proposed strategy involves implementing cross-border advertising campaigns in Ghana's neighbouring nations, namely Togo, Nigeria, and Burkina Faso, with the aim of

recruiting a substantial influx of international students. This initiative is expected to contribute positively to the institution's financial performance, as these students often pay their tuition fees in US dollars, (Lin, 2004).

Furthermore, it is possible for educational institutions to establish a production team that engages in various community projects, including electrical work, vehicle repairs, operating a radio station, providing consultancy services, engaging in farming activities, and offering solutions to societal issues through the implementation of student research projects that can be sold to organisations. This diversification of activities has the potential to enhance the financial resources of the school. Engage in contractual agreements with both domestic and international organisations.

Moreover, it was discovered that at the turning point of the financial obligation to tertiary education by government, funds are only geared towards the payment of tertiary education workers' salaries of the public institutions. Hence the constant trend of deficit by these institutions. It was further revealed that the private higher education institutions do not receive any financial support from the government. The Ghanaian system of funding for tertiary education is characterised by government grants, local authority support, internally generated funds in the university, tuition fees, foreign students and international organisations. The government grants are often indicated in the national budget to be used for development education.

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