

## The Effect of Funding on the Educational System

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**Abstract:-** The effective running of the educational system requires influx of enough resources. These resources are generated as funds for the overall administration of affairs in the sector. In this paper, a review of the effects of funding on the educational system was done – its benefits to the society and the challenges hindering it. Also, a discussion on what should be done to implement these benefits on the Nigeria economy was done.

**Keyword:** *Funding, Education, Development and Educational System.*

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### I. Introduction

Funding of education has been a major way of sustaining the system. These funds come in different forms and can be broadly categorized into public funding and private funding or internal and external funding. The development of education is dependent on the quality of funding it receives. This therefore, has prompted government agencies into taking up measures to seeing to adequate funding of education across the world.

The effectiveness or development of any educational system requires adequate funding from the system, private donors and or government. Research and developments across institutions have been sponsored by different organizations for the purpose of development of knowledge which is very vital for the effective development of any society. Funding can be in kind or in direct financial provisions for execution of research projects, construction of structures or equipping of libraries and laboratories and so on. Reviewing few literatures on funding will give a proper guide into what this paper presents.

Three United Nations' agencies (UNESCO, UNICEF and UNDP) and the World Bank co-sponsored an international conference held in Jomtien, Thailand in the year 1990. One of the declarations made in the conference was the commitment of governments and donor agencies to the goal of achieving education for all children by the year 2000. Bennell and Furlong (1997) investigated into the impact of the declaration on funding of education and result obtained showed that from 1994 to 1995, a small group of bilateral donors were spending additional three-quarters of a billion US dollar on basic education. Though still very inadequate for the target, it could also be seen from the work that due to the declaration, a donor group committed itself to ensuring it

funds basic education with ten to twenty-five billion US dollar within the period of ten years. The result obtained showed that by 1995, three to four billion US dollars have been spent by both bilateral and multilateral donors on basic education as a result of the Jomtien declaration of Education For All (EFA). This shows the impact of policies on funding of education.

Braun (1998) investigated into the role of funding agencies in the cognitive development of science. In his work, he examined the processes of the distribution of funding resources and how it translates into the development of the scientific knowledge. The compositions of the various boards such as scientific boards appointed by ministries and departments and political boards were examined. The result obtained showed that;

- Policies from these boards directly affect the distribution of the resources for scientific research.
- The psychology of scientists was affected by the funding processes. For an effective research to be done, scientists need adequate funding.

Connolly (1997) investigated into the relationship between internal and external sources of funding on educational research. In his study, he investigated to know if any source of funding crowds out the other but his study showed that each source improved the other over the years. He discovered that;

- Increased external funding had a positive effect on internal funding.
- Internal funding had a positive on external funding.

In a conclusive remark, he noted that while funding improves the quality of research, research sponsors are attracted to sponsor research in those institutions.

Brown (2001), in his work, investigated into the relationship between students measures of teaching quality and institution revenue sources. Results obtained showed that reliance on private endowment or funding improved the quality of teaching as these private subsidies allow schools to be more selective and to devote more resources to individual students. Similarly, reliance on the public funding did not really show a direct relationship to the measure of students' teaching quality though there were inverse relationships that indicated improvement in the quality of teaching. In both cases, it was revealed that funding has positive impact on the quality of teaching delivered to the students.

## II. How Funding Of Education Can Be Done

Funding of education can be done in two broad ways. These two ways are discussed below;

- **Internal Funding:** These are funding that are done internally by institutions. Sources of funds in this case are basically from revenue generated internally from tuitions fees and other payments done by the students. This forms of funding are limited and have little impact on the development of the system.
- **External Funding:** These funding involves all forms of funding gotten from outside the institutions. They can be obtained from private donors or from the government. Hence, external funding can be private or public funding. Usually, this form of funding is huge and has significant effects on the development of the educational system.

External funding of education is dependent on goals of the organizations offering the funds. Governmental agencies will fund education based on the policies of the government – the things the government wish to achieve through the educational system. Similarly, private firms fund research in institutions for improvement of knowledge and skills needed to drive the industry which they operate in. Therefore, there is a huge role of the goals of organizations on the funding of educational system.

### Benefits of Funding the Educational System

Funding the educational system has innumerable benefits. In this paper, I shall highlight some of these benefits and how it translates into a larger societal benefit.

### Benefits of funding education on the students

The benefits it offers to the students include;

- Funding of educational programmes from external sources reduces the financial demands on students. Whereas these funds come in the form of subsidies, students are levied less. In institutions where funding are limited, students either pay more or the quality of education is reduced.
- Funding makes available studying materials for students. Many donor groups have contributed to equipping of libraries, laboratories and other units of institutions that make learning easier for the students.
- The availability of adequate study materials leads to improved knowledge and skills in the students of institutions.

### Benefits of funding education to the society

Funding education programmes do not only impact on the system, it directly, impacts on the society. The following will highlight some of the benefits it has on the society.

- Curtin and Nelson (1999) in their study discovered that funding of education to primary levels improved the economic lives of people. Poor funding was seen to have resulted in the perpetuation of poverty and reduced impact on the economic lives of people. Education illuminates the minds of citizens and gives them necessary skills that improve their economic lives.
- Funding of education leads to improved research consequently knowledge. This knowledge translates into healthy living amongst women, men and children. In their study, Curtin and Nelson (1999) noted that there is a strong link between education and health. Education provides basic health understanding which improves the health understanding of the people.

Salter and Martin (2001) did a critical literature review on the economic benefits of publicly funded research. From their review, some observations were made and they include;

- Publicly funded research increases the stock of useful knowledge. They noted that publicly funded research increases the availability of scientific knowledge needed for the operation of firms.
- Training of skilled graduates for industrial developments. The funding of research by the government makes available the necessary materials and equipment necessary for researches hence, improving the knowledge and skills of students who graduate through the process. This therefore, enhances the availability of skills for

firms. The availability of skilled graduates reduces the financial loads on companies that may have to train their employees, thereby increasing their profit. Public funded research yield to new instrumentation and methodologies. It was noted that new forms of instruments and methodologies of research are enhanced through public funding.

- Public funded research improves networks and social interactions. Through public funded research, individuals and organisations have the means of involving in the world-wide research and technology development. This form of collaboration leads to shared ideas and innovative breakthrough.
- Public funded research leads to solving of complex technological problems. Complex industrial problems have been solved through publicly funded research. This helps drive industrial development. Solving complex technological problems require advanced researches which can be achieved through public funding.
- Public funding of researches lead to creation of new firms. They noted in their review that result obtained showed that some new firms were established due to some institutions that were heavily funded by the government.

### III. Challenges of Funding Educational System

Despite the enormous societal benefits of funding educational systems, there still impediments to effective funding. Some of these challenges include;

- Policy Making: In most cases, funding of education has been poor due to poor policies. Policies from educational boards determine the processes through which educational programmes are funded. In situations where there are no clear cut policies, funding becomes limited thereby, prohibiting the development of education. Pavitt (1998) in his study on the limitations of EU R&D funding, made the following remarks;
  - The EU R&D funding was too small to have a major influence on the rate of technological development in Europe.
  - Funding has low impact on large firms due to quantity of their needs.
- Politics: In most systems, political interests have affected the distribution of funds for educational development. Politics determines the appointments that are made to the various boards that develop policies that drive public funding of education.

Nigeria as a country has been roughly affected by this impediment.

### IV. Conclusion

The significant effects (benefits) of funding on the education system and its resultant effect on the society have been presented in this paper and it has been seen that notable conclusions can be drawn from what has been presented herein. This paper has shown that the effectiveness of the education system is dependent on the level of funding it receives either from the private sector or from the government.

From this paper, two broad sources of funding of education were presented; internal sources and the external sources. We also saw the limitations of the internal sources of funding. This therefore, presents a recommendation to the Nigerian state to funding of educational programmes as internal sponsorship limits the development of the system.

From the highlighted benefits of funding education system, it could be seen that development holistically, depends on educational development of any society. The economic life of any society is dependent on the quality of the product of her education hence, the need for funding of educational programmes and researches to foster development. Therefore, to get the desired level of development in Nigeria, the government should develop a robust system that favours effective funding of educational programmes and researches that will bring about development of the right knowledge and skills necessary for socio-economic development of the nation.

Also from this paper, it is revealed that policy making is a challenge hindering public funding of education. Appointment of individuals into the various boards that make up policies for the educational system should consist of technocrats with the right developmental knowledge needed for good policies formulation to enhance effective public funding of education. These policies should see to adequate funding of researches in institutions, sponsorship of trainings and exchange programmes to help small firms and individuals.

In order to develop enough skilled graduates, public funded research and training of students should be done in same institutions to help make the students get access to research materials and equipment.

The paper also revealed that funding educational programmes provides the necessary knowledge and skills needed for the development of industries. This therefore, presents the need for the private sector to invest in the

educational sector through funding of research. From some literatures reviewed for this paper, it was discovered that in some countries (developed countries), private firms fund researches in educational institutions to improve on their products and services. Nigeria as a developing country needs industrial development for accelerated growth. The various industries we have can improve on their services through partnership with some of our local institutions through funding of researches.

Finally, the Government should collaborate with international organizations and other governments to better the educational system of the country. The circumstances surrounding the educational system of Nigeria demand approaches to effect some positive development in the sector.

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