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Alternative Income Generating Activities for Financial Sustainability of Higher Education Institutions

Agnes Umutesi Muhavani
School of Business, Catholic University of Eastern Africa,
P.O. Box 62157 (00200,) Nairobi. Kenya
Email: amuhavani@cuea.edu

Abstract
The huge increase in the cost of universities are starting to seriously ward off potential customers and alienate the public, whose support of colleges is waning. For the last five years, aggregate universities' enrollments in Kenya have fallen, and alternative Income Generation Activities (IGAs) to supplement the tuition income have become a necessity for institutions to grow economically and be sustainable in their business. This paper aims to examine better ways Higher Education Institutions (HEIs) approach financial management, including HEIs choice in allocating institutional resources. In today's world, competition is a driving force for innovation and entrepreneurship with higher education not spared to unfair practices. For example, Africa, including Kenya, loses approximately 23,000 qualified professionals to the west every year. This is a theoretical paper; based on financial management theory, that explains the gap between the educational knowledge and business practices in the education industry. An expenditure-based budget allocation model for HEIs' resource allocation is developed as a new financial management framework. It is based on the premise that HEIs exists not only to educate students, but also to contribute to the development and furtherance of knowledge, and contribution to the nation's economic growth in terms of expertise and commercialization of intellectual property; this paper contributes to conversations and policies on financial management practices and alternative IGAs for HEIs.
Keywords: *Sustainability; Financial sustainability; and Financial Innovations.*

Introduction

The concepts of sustainability and corporate social responsibility [CSR] have been among the most important themes to emerge at the global level in the last decade. Sustainability and CSR are seen as comparable concepts in this paper, since both take into consideration environmental, social and economic dimensions and both refer to a long-term perspective based on meeting the needs of the present with responsibility and without compromising the ability of future generations to meet their needs. In light of this, managers have to take into consideration not only increased sales and profits and/ or decreased costs, but also the sustainable development of the business itself and the surrounding context (Petrini, 2010).

Business historians have shown how business has driven economic growth since the Industrial Revolution. They have indicated how firms, more so the big manufacturing ones, contributed to the commercialization of new products and processes which embodied innovative technologies that critically impacted the world economy from the nineteenth century (Bergquist, 2017). It is often assumed among scholars and business practitioners that business challenges related to sustainability is a recent phenomenon (Bergquist, 2017). From the 1960s and the 1970s, the issue of business and the environment grew to become broader and more complex. The Brundtland report in 1987 brought environmental issues into the concept of sustainable development paraphrased as: "meeting the needs of the present generation without compromising the ability for future generations to meet their own needs" (Bergquist, 2017).

The sustainability of an economy is ultimately dependent on the ability of natural ecosystems to capture and store sufficient quantities of energy to sustain human life on Earth (Ikerd, 2013). At a business level, sustainability is about managing a company in such a way as to ensure it stays around for future generations with social and environmental programs firmly intact (The SIGMA Project, 2001). Broadly speaking, sustainable business development involves the application of sustainability principles to business operations. In the business operations, the sustainability calls for using the resources so that the business continues to function over several years while consistently returning profits. The sustainability encourages the responsible use of resources (Danciu, 2013).

Sustainability has come to stay for both society and different institutions and the power of its synergy makes it significant to global and local applications. It is described as " longevity of the organization, maintenance of core principles or purposes, and responsibility to external needs" (p. 1) For-profit organizations (Afriyie, 2015). sustainability is concerned with survival in a competitive market, which increasingly includes global competition and relates to the maintenance of core principles or purposes as pressures may necessitate changes in operations and policies (Marcus, 2012). Sustainability movement thrives around many 1) communal ideas of helping each other in our environment, 2) communal responsibility, 3) what can help the whole community to survive in the future and, 4) and to create a foresight that can be envisaged as acceptable branding for the future.

The current stiff competition among higher educational institutions, both sustainability and financial sustainability "demand . . . long term planning which is a vital discipline for creating and maintaining financial sustainability". Without a doubt, "it requires a shift away from the short-term perspective associated with annual budgeting" (Afriyie, 2015 p. 18) to the ability to fulfill current operations. The short-term planning should not compromise the future perspective, which conforms to the sustainability of the institution, thus, it goes without saying, financial sustainability becomes the institution's capacity to fulfill current obligations without compromising its ability to meet future financial obligations.

The United Nations Decade for Sustainable Development (2004-2015) has settled a milestone in the recognition of sustainability as a global concern. During this time, many HEIs improved their environmental impact while others have undertaken that same challenge. Moreover, Higher Education Institutions begin to realize how its financial sustainability works together with the environment, and most importantly the preponderance society has in this triple perspective (Nóbrega, 2017).

Since the start of the 21st century, the challenges facing the Academic High Educational Institutions have been growing. In 2005, the Review and Herald published that the first Adventist College was planning to close its doors due to financial un-sustainability (Afriyie, 2015). Six years later, the Review and Herald in August 2011, reported the closure of the said College. Afriyie, (2015) took this idea further when he said that church-related colleges and universities have neglected the "power of cooperation, collaboration, collectivity, networking, and long-term financial sustainable growth" (p.19).

Most of the Academic Higher Institutions are Church establishments, there have been challenges that the church faced in the past 60 years. Specifically, these challenges are the high cost of living, the rising cost of education, and the economic melt-down around the world. These challenges have taken their toll on HEIs in terms of high cost of tuition that leads to low enrollment, low revenues, and the requirement for higher appropriations which the church in many instances is not able to give; moreover, the HEIs have failed to appreciate the power of cooperation, collaboration and networking (Afriyie, 2015).

Fostering a more sustainable world is arguably the most logical outcome of the higher education endeavor. Nearly every college and university mission statement holds the institution to a purpose higher than simply the creation and dissemination of knowledge (Calder et al, 2009). Higher education consistently aspires to instill in graduates such qualities as good citizenship, moral integrity, leadership, critical thinking, and care for the environment. The work of building a sustainable world requires precisely these qualities and more. Because colleges and universities are uniquely equipped to help achieve sustainability through innovation in teaching, research, and institutional practice, and it would seem incumbent upon them to rise to this challenge (Calder et al, 2009). When deeply embraced by a college or university, sustainability is reflected in each of its core areas: curriculum; research; operations; community outreach and service; student life; and institutional mission, policy, and planning. When embraced by higher education's external stakeholders, sustainability is supported by disciplinary and professional associations, governments, private foundations, non- governmental organizations, and the business sector (Calder et.al 2009).

The systems completely lacking in diversity are incapable of supporting life, ~~that~~ meaning that they are extremely entropic and their transformation has become irreversible. Here comes the role of sustainability in conserving the diversity of the complete environmental, social and economic system by keeping its entropy in restraint. That means the changes and transformations of the system are reversible (Danciu, 2013). The sustainable method of functioning of the business will have an explicit contribution to maintaining and up the standard of life because of its initiatives and activities that make sure the resources are required by future generations (Danciu, 2013).

How can HEIs Achieve Financial Sustainability?

This paper is focusing on the financial sustainability of higher education organizations; thus, it looks at the ability of institutions to identify and analyze full cost, and the potential to diversify their income and revenue sources to obtain financial independence (Sami A.K. & Sree R.M.Y., 2017). The obligation of meeting current and future mission is the main challenges for higher educational institutions of the 21st century, therefore, the aim of financial sustainability is to ensure an institution's goals are reached by guaranteeing "sufficient income to enable it to invest in its future academic and research activities" (Afriyie, 2015). To fulfill this aim, higher education institutions need to pursue sustainable growth especially in terms of their finances. Sustainable growth can be defined as the "rate at which an institution can grow while keeping its profitability and financial policies unchanged" (Sami A.K. & Sree R.M.Y., 2017). It is a financial planning model that focused on stable risk and returns for the institutional owners and for that matter for nonprofit it is reinvestment of internal funds if there is an excess of income over expense. Similarly, Al-Kharusi (2017) suggests that sustainable growth "is the level of institutional activity at which aggregate demand and aggregate supply is consistent with a stable inflation rate" (p. 72). In other words, the higher educational institutions must find a way to cut the cost of institutions based on their resources. Sustaining this ability to internally supply for the school needs is the challenge and brings to light the importance of financial sustainability (Al-Kharusi 2017).

Tenets of Academic Higher Educational Institutions Financial Sustainability

According to Afriyie, (2015) academic institutions want to develop relationships between property growth and different contributory factors which will cause the maximization of overall institutional value. As such, sustainable growth ought to be embedded in sustainability. This means that institutions should be independent as Al-Kharusi (2017) asserts, "Institutional sustainability wants to be financially self- supporting, free from subsidies for operational needs" (p. 6). This means that institutions should be ready to operate with internal funding from their excess of income over expenditure in the long run. Mandell & Klein (2009) add that many policy makers believe that the impact of poor decision making due to lack of financial knowledge can be overcome through mandated financial education. "Innovation is among the most powerful forces that shape human society" (Johnson & Kwak, 2014) The enhancement of financial knowledge enables institutions of higher learning to take advantage of financial products and innovations. In return, the institution will be able to save costs; for example being able to access your financial statements online; paying bills online; electronic transfer of funds, and many more …"A principle purpose of financial innovation is to make financial intermediation happen where it would not have happened before (p.2).

Mission Statements

Mission statements are often heavily regarded as the critical starting point for almost every major strategic initiative (Bart et al., 2001). They provide the most fundamental information for every organization: they define the business, state the company's purpose, identify the organization's product/service, identify the customer, and distinguish the organization from its competition. Mission statements have often been described as a critical component of the strategy formulation process, and research indicates that those organizations that engage in strategic planning consistently outperform those organizations that do not have the mission statements (Lopez & Martin, 2018).

The mission statement often serves two purposes: (1) to provide a simple statement of purpose as originally described by Drucker (1973) and (2) to provide a more publicized mission that serves as a portrayal of the organization. In the most basic sense, the mission statement provides a sense of direction and purpose for those within the company. Internally, it helps guide decision making and behavior. Externally, it creates a publicized image of the organization and communicates the organization's intentions and overall identity to stakeholders (Leuthesser and Kohli, 1997). Therefore, one of the most critical aspects of the mission statement and the strategy formulation process is the expectation that the two complement each other.

In the same way that mission statements provide purpose and strategic direction for a company in addition to providing a public image, mission statements for colleges and universities are expected to have a fundamental basis that states the university's envisioned future, along with the inspiration and motivation of the vision (Lopez & Martin, 2018).

Authentic Leadership

As an authentic leader you ought to know a way to manage resources is as essential to achieving sustainability property because it leads to the generation of income (Hamadeen & Malek. 2014). Thus, (Afriyie, 2015) consider authentic leadership as part of the leadership demand that will lead to sustainability. Bergquist (2017) pointed out that the authentic leadership fosters the development of authenticity among followers and can contribute to the well-being and sustainable performance of the workers. To sum up, authentic leadership and sustainability regards to looking beyond just one era. Afriyie (2015) adds that authentic leaders can completely affect sustained performance. This means that authentic leadership has a positive impact which will affect "sustainable performance, today and tomorrow while not compromising its sustainability". Authentic leadership for financial sustainability is a particular blend of leadership characteristics.

Because of this, it is believed that "authentic leadership makes a difference within the organizations by people folks to find meaning at work, build optimism and commitment among followers, encourage transparent relationships that build trust, and promote inclusive and positive moral climates" (Afriyie, 2015). Bergquist, (2017) underscores that "for authentic leaders to share transparently and act with integrity requires self-awareness" (p. 25). Leaders must apprehend who they are and be attentive to the very fact they work on their weaknesses and learn to use the strengths of their character. Cramer et.al (2018) stated that the "quest of any company's sustainability has to begin within the organization by [leaders] setting realistic goals" (p. 2). As such, this must begin with the leaders themselves. The search for financial sustainability cannot be devoid of authentic leadership ideals since without such leaders in place institutions will operate but will neglect the long-term performance and the continuity of the institution and its employees.

Organizational Culture

Organizational culture has been defined and treated in many ways (Lopez, 2018). According to Marcos (2018) the definition of culture in organizations is "the characteristic and the tangible personality originated inside every organization". While for others it is a "set of values, beliefs, and feelings together, that are created, inherited, shared and transmitted within one group of people and that, in part distinguish that group from others" (p. 22). It thus leads to the fact that organizational culture is created by the founders of institutions and cultural organizational learning would focus on the mutual creation of compatible and shared meanings. (Interdonato, D. (2012).

Theoretical literature has posited that organizational team culture affects the sustainable growth rate. An adequate balance between organizational culture and sustainable growth rate is crucial for enhancing financial sustainability (Cameron, 2006). Considering the connection of organizational team culture and sustainable growth rate, proposed a model of sustainability-oriented organizational culture. Organizational culture need to "embed into an institution's financial sustainability" (p.8) since (Afriyie, 2015) suggests that institutions need to practice engagement and manage talent as indicators. By engagement, we will be building a team spirit that leads to a culture that is oriented in teamwork for sustainability.

Public Relations

The importance of public relations in any organization cannot be overemphasized. This is largely buttressed by the fact that the public relations unit of an organization is an important factor that aids in the success of any organization through building and sustaining its corporate image. In many governments, parastatals and private organizations whether seeking profit or not in their operations, public relations practitioners and public relations practice play a very important role (Zsolnai, 2013). Public relations exist in every company and institution, irrespective of whether or not the company or institution wants it. Within an organization, activities such as phone calls, newsletters, public letters including its everyday encounter with its public, to name only a few, form a perception and an image in it is public's minds about the organization. Various images come into the public minds based on how the organization has identified itself to the public. This leads to an economic profit due to the high level of exposure. (Afriyie, 2015 p. 23).In the end, it leads an institutions' long-term benefit that contributes to financial sustainability which in turn costs less than a single advertisement.

Public relations structures are needed to address sustainability questions across and in collaboration with the community partners (Zsolnai, 2013), hence, an adequate balance between public relations and sustainability is imminent considering the connection of public relations and sustainability, without reservation, reveal that research and scholarship are among the public relations structures needed to address sustainability.

Networking

Institutions' cooperation and collaboration enhances the value of networking. This means that networking is a core of sustainability. This is even more apparent when one considers the context of HEIs in that they have the second-largest network of schools worldwide (Leicht, Heiss, & Byun, 2018). Being responsive to educational needs remains a struggle. HEIs must move towards powerful partnerships to maintain the critical role they play in the improvement of quality of life for individuals and the enhancement of community development and progress, therefore, leaders need to systematically assess the partnership's values that enhance the value of the collaboration. Unfortunately, HEIs have not accepted the notion of partnership as it is supposed to be.

In the business world, today rarely does an organization go to the market alone. These partnerships are often driven by the need to expand business by building new sources of customers, forming new partnerships to reach new groups of population, partnering to gain a maximized return on investment in higher education. Unfortunately, HEIs have not accepted the notion of partnership as it is supposed to be. (Austin, 2000). In deciding what resources to employ, Marcus (2012) states that "Growth from internal funds, or as some put it, when there is no External Financing Needed (EFN) is limited by two key variables: the return on assets generated by the firm (ROA) and the retention ratio of funds which are plowed back into the firm". In most cases however, external funding through valued network is considered and this leads to the search for individuals to work within groups to spread networks for future growth.

Private versus Public Institutions

As previously indicated, universities have a broad mandate and an even larger variety of interest teams that they're account- in a position. "Public schools generally operate below much tighter monetary constraints than private schools. They are more restricted, both in their sources of revenue and in their freedom to spend it, due to government intervention and sometimes law of the land, Private institutions, on the other hand, have much more freedom to boost and spend funds..." (Afriyie, 2015) and engage in sustainable practices. Given competing neutral interests, public universities may be more likely to generalize their mission statements to permit larger flexibility in decision making.

Higher education has a lot of aims in line with the principles and objectives of national education. These aims are; (i) to contribute to the development of a country, (ii) to provide the society with qualified human power, (iii) to conduct scientific research and (iv) to compete with other countries in the area of knowledge, technology and research and development. (Goksu & Goksu, 2015).

Advantages of Embracing Business Financial Sustainability Principles

Sustainability strategies are the approach and methods by which companies identify and manage key social and environmental risks and opportunities. You can reap many financial benefits by incorporating sustainability strategies into your private business. Sustainability is a source of innovation and growth for private companies failing to adopt an integrated approach to sustainability could mean rapidly losing ground to your competitors (Ernst & Young, 2015).

Attract Top Talent

As businesses recognize the link between community and business performance, it presents opportunities for the management team to make valuable contributions to the business and the community. Many of today's most talented up-and-coming leaders seek a workplace culture that values CSR so they can play a part in helping improve the communities around them. Providing your team with a platform and environment where CSR and sustainability are embedded in institutions activities demonstrates a purpose-led organization that's important to future leaders who desire a socially conscious career. Culture that embraces new strategies without fear of failure. Some of the most innovative ideas come from people or groups exploring high-risk, high-reward ideas, in the safety of a supportive culture (Ernst & Young, 2015).

Create a Legacy

Religious institutions, engaging in sustainability strategies can provide a sense of family pride and cohesiveness that strengthens your institution's commitment to the community. Institutions only have a relatively short amount of time to make an impact and bring significant change. Creating a long-term legacy should be at the forefront of how institutions operate. By engaging in practices designed to safeguard the future, Institutions can demonstrate their commitment to the business's future. This commitment can lead to increased product differentiation and operational efficiencies (Ernst & Young, 2015).

Responsible Innovation

To remain competitive in the global marketplace, an institution needs to make innovation a top priority at the leadership level. As customers become more aware of social and environmental issues, you can gain a competitive advantage by offering eco-friendly products and services that provide real and measurable value to your customers and processes should be a natural part of your overall performance management practice. Integrating sustainability considerations into your institution model can create a good value for the products and services. Benefits include cost savings derived from limiting waste of natural resources such as energy and water, growth opportunities through developing innovative products, better risk management and increased brand reputation with your customers and employees (Ernst & Young, 2015).

Conclusion

Integrating the variables mentioned above into a model can increase the understanding of the relative strength of every variable and tell how every variable influences the property rate of growth. It should be noted from this review of literature that even though publicity affects property rate of growth, it has not been studied as a mixture of variables to search out if it affects the sustainable rate of growth. Networking also is aforementioned to predict a sustainable growth rate. Some of the studies that researched the impact of networking expected positive outcomes on a sustainable rate of growth (Al-Kharusi & Murthy, 2017). However, studies taking into account networking in direct relation with a sustainable rate of growth seem to be restricted. Based on the dynamic and varied competitive environment within which academic establishments operate within the twenty-first century, there is a necessity to check new variables in the study. The purpose is finding new ways to enhance sustainable growth rate and to concentrate on finding the necessary drivers that enhance financial sustainability (Afriyie, 2015). In doing this paper, the five contributive factors force from the literature might facilitate determine better ways that of improving the financial sustainability of the organizations. Sustainability works well when its perspective is long term and involves representatives of integrated institutions with determine activities and institutional performance. Thus, integrating sustainability into business decisions, both internally and externally impacts services, processes, and activities.

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