

**Financial Resource Allocation and Organizational Effectiveness in  
Colleges of Legal and Islamic Studies in Nigeria**

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**Abstract**

*This study investigated the relationship between financial resource allocation and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. Purposive sampling technique was used to select eight out of the 12 colleges of legal and Islamic studies in Nigeria that spread across three geo-political zones of northern Nigeria. Random sampling technique was used to select 450 (84%) principal and academic staff out of 535 in the institutions. The researcher-designed instruments tagged Financial Allocation Questionnaire (FAQ) and Organisational Effectiveness Questionnaire (OEQ) were designed and used to collect the relevant data for the study. The coefficients of reliability obtained were 0.78 and 0.79 for FAQ and OEQ respectively. Stepwise Multiple Regression Analysis with F-ratio was used to test the hypotheses formulated at 0.05 level of significance. The findings revealed that recurrent expenditure had high and positive correlation coefficient, 0.69 with the organizational effectiveness. There was a low and positive correlation coefficient, 0.33 between capital expenditure and organizational effectiveness. The study also showed that there was moderate and positive correlation coefficient, 0.46 between internally generated revenue and organizational effectiveness. Based on the findings, some recommendations were made. Among these were; the management of the colleges should look inward*

*generating more revenue from consultancy services, running of college farms, rents and organizing conferences and workshops for Teachers of Arabic and Islamic Studies in primary and secondary schools as well as for Judges in Lower Area Courts in Nigeria. Also, the provosts and academic staff union should pursue vigorously the establishment of national regulatory body for Colleges of Legal and Islamic Studies in Nigeria. This may enhance the chances of increasing the annual capital grants from Education Tax Fund (ETF) through the Federal Government.*

## **Introduction**

The survival of any organization depends greatly on the quality and quantity of resources at its disposal. No school system can effectively carry out its functions without sufficient funds at its disposal. For example, Oyedeji (1989) was of the opinion that many organizations would not be able to function well if there is no adequate fund. This is because education requires manpower, equipment and facilities which only money can buy. Nosiri (1986) stressed the importance of educational funding to include: affording the education institutions the opportunity to develop good educational programmes; paying teachers promptly and maintaining school facilities. Bamisaiye (1983) stated that money is required to attract, retain and develop the staff, to maintain the school plant and procure other materials for effective functioning of the school. In the same vein Musaazi (1982) remarked that for schools to function effectively they need sufficient money.

Review of available literature shows that no studies have been carried out on the relationship between financial resource allocation and organisational effectiveness particularly in Colleges of Legal and Islamic Studies in Nigeria. For example many studies have been carried out on resource allocation and internal efficiency, school resource management and school effectiveness, resource utilization and organisational effectiveness. Some of these studies include: Clark (1984), Chapman

(1988), Bassey (2000), Scheerens (2000), Durosaro (1985), Abdulkareem (1989), Oyebanji (1991), Giwa (1993), Ibitoye (2003) and Afolabi (2004).

Clark (1984) centred his study on effective schools and school improvement. Chapman (1988) studied school improvement and school effectiveness. Bassey (2000) worked on strategic financial management process. Scheerens (2000) conducted his study on improving school effectiveness. Durosaro (1985) conducted his study 'on resource allocation and internal efficiency. The research of Abdulkareem (1989) centred on school resource management and school effectiveness. Oyebanji (1991) and Giwa (1993) studied resource resources allocation and internal efficiency. Ibitoye's (2003) study was on the relationship among school size, resource utilization and school effectiveness. Afolabi (2004) conducted his research on resource utilization and organisational effectiveness. It is noted however, that none of these studies was conducted on the relationship between financial resource allocation and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

A critical analysis of the studies cited shows that most of the works were carried out either in secondary schools or colleges of education while the present work was in Colleges of Legal and Islamic Studies in Nigeria. The researcher chooses Colleges of Legal and Islamic Studies because the study is aimed at filling the missing gaps created by the previous studies. The researcher also observed that the most recent work on resource utilization and organisational effectiveness was, done by Afolabi (2004). His work was conducted in Kwara State tertiary institutions and the study was limited to only two variables. These were some of the missing gaps this study intended to fill. The present study therefore, was another attempt to investigate the relationship between financial resource allocation and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

**Purpose of the Study**

The main purpose of this study was to investigate the relationship between financial resource allocation and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

**Population, Scope and Limitation of the Study**

This study covered only the three geo-political zones of the Northern part of Nigeria. In these zones there are 12 colleges of legal and Islamic studies, the study was, however, limited to only eight Colleges of Legal and Islamic Studies in Nigeria. The geo-political zones that were used in this study are north-central, north-east and north-west. The selected colleges were also limited to those that had been established for more than five years. The study covered five academic sessions viz, 1997/98-2001/2002 in all the sampled institutions. Therefore, only the available data within the period were considered. In view of the identified limitations, the generalizations of the findings are restricted to Colleges of Legal and Islamic Studies in Nigeria within the period under consideration, while the researcher believes that the findings will be a good point of reference to all educational managers and policy makers.

**Some Review of Related Literature**

Prior to Nigeria independence in 1960, education in the country had passed through many phases of development. According to Adesina, Akinyemi and Ajayi (1982), one of such phases was the increase in enrollment. For instance, the primary school pupil enrollment ran from 22,057 in 1912 to 1,868,800 in 1956. There was a , similar increase in the enrollment of post primary school students which ran from 1086 in 1912 to 42,576 in 1956. The Yaba High College was founded in 1932 and became the ' nucleus of the new University College, Ibadan which was founded in 1948. The college opened with 104 students in 1948 and increased to 1200 in 1958. As at 1986, Fafunwa noted that there were 23 universities

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with 102,000 students. There were 32 Colleges of Education with 49,000 students while 29 polytechnics had 80,000 students. Jibril (2007) observed that enrollment had

49 percent of their annual recurrent expenditure on education while the Northern region spent between 20 and 26 percent respectively. During the 1970s, "Education continued to be the single largest item of expenditure of state governments" (Ojo, 1983). The capital resource allocation indicated the same trend of increase during this period. In the first development plan, education, got 10.3 percent of total planned public sector investment of N 1.4 billion and it was in the fifth position in comparison to all other sectors. In the second development plan, education accounted for 13.5 percent of the N2.0 billion total planned public sector investments and it came second, since more emphasis was put on education at this period. In the third development plan, allocation to education dropped to the fifth position with educational sector absorbing 7.5 percent of N2.464 billion out of public sector capital expenditure of N32.855 billion (second national development plan).

The present researchers, having seen the increased trends of educational finance on a macro level, was therefore interested in identifying the allocation of financial resources to education at the Colleges of Legal and Islamic Studies. The study was also intended to find out whether the amount of funds allocated to these colleges has relationship with their organisational effectiveness. This finding would be in consonance with the questions raised by Ojo (1983) concerning the resource allocation priority among the different levels of the formal education system: primary, secondary and tertiary. Adesua (1981) dealt with the evolution or pattern of financing education in Nigeria especially from 1840 to 1969. He gave a historical analysis of government educational ordinance that relate government spending to education of various levels in terms of grants-in-aid. He found out that education in Nigeria was mainly financed by government. The expansion in enrolment of students both at the secondary and tertiary levels was also identified and analysed. He identified that the secondary education had the largest account but the teacher education system had the lowest, Adesina (1999) examined financing and management of primary schools in ' Ekiti state. The study made use of ten selected primary schools in each of the four selected local

governments. Out of sixteen local governments in the state, two sets of questionnaire were used in the study. Descriptive statistic was used to analyse the data collected. The study revealed that the total number of pupils enrolled in the state was 311,507 with 607 schools in the 16 local government areas of the state. The large numbers of staff showed that a great emphasis had been placed on the staff in terms of efficiency and effectiveness of their academic matters since the majority of the staff were NCE holders. Finally, there was a significant contribution to the funding of primary education by the local, state and federal governments. This study also showed that the internally generated revenue was among other sources of funding primary education though very inadequate.

Adesina's study was based on primary education in one local government of Ekiti State. The present study examined tertiary institutions in eight different states in Nigeria. It aimed at identifying the sources and allocation of available funds and whether the colleges under investigation were well managed or not, and if funds were inadequate, what are the factors responsible for this? Ajayi (1998) equally investigated the financing of private secondary schools in Ekiti state with a view of making recommendations for improvement. Four research questions were raised for the study. A questionnaire was designed and used, to collect data from a sample of ten out of eighteen private secondary schools randomly selected for the study. The data collected were analysed using percentage score and Pearson product moment correlation. His findings showed that schools fees was the major source of their revenue in addition with owners' personal funds the salaries and allowances of teachers formed the bulk of the total expenditure of the schools apart from building project. The study has also showed that there was no significant positive relationship between student enrolment and revenue as well as expenditure of the schools. There was quiet a difference between Ajayi's study and the present one in the sense that the latter examines financial resource allocation in selected institutions in relation to their organisational effectiveness. Also, while Ajayi looked at source and utilization of funds,

this research looks at how financial resource allocation influences the organisational effectiveness of the institutions.

### **Research Hypotheses**

The following research hypotheses were also tested.

- Ho<sub>1</sub> There is no significant relationship between recurrent expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.
- Ho<sub>2</sub>: There is no significant relationship between capital expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.
- Ho<sub>3</sub>: There is no significant relationship between internal generated revenue and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

### **Sample and Sampling Technique**

The population for this study consisted of all the 12 Colleges of Legal and Islamic Studies in Nigeria. However, eight colleges were purposively selected for the study. Since it was practically impossible to use the entire population for the study, a purposive sampling technique was used. The college to be used for the study was limited to eight Colleges of Legal and Islamic Studies in Nigeria. These were Colleges of Legal and Islamic Studies, Ilorin, Kano, Minna, Bauchi, Jigawa, Yola, Kebbi and Maiduguri. The sample colleges represented 66.6% of the Colleges of Legal and Islamic Studies in Nigeria. In addition, simple random sampling technique was used to select the subjects of the study in each of the sampled institutions. All in all, 450 principal officers (Registrar, Bursars, Dean, Unit Directors, Heads of the Departments) and academic staff were selected which represented about 84% of the entire population. Instrumentation

This study adapted the instruments used by Abdulkareem (1989.276 Tc -0.287ere I

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designed by the researcher for the study. These included; Financial Allocation Questionnaire (FAQ), comprise of items on recurrent and capital expenditures, internal generated revenue, and donations from international agencies. Organisational Effectiveness Questionnaire (OEQ), this covered the academic achievements of the colleges in terms of the total number of their successful final year students, the research publications and community services.

### **Validity and Reliability of the Instrument**

Copies of the draft questionnaire were submitted to experts in the departments of Educational Management, Arts and Social Sciences Education, and Educational Guidance and Counseling. Their useful comments, opinions and suggestions enhanced the face and content validity of the instruments. The reliability coefficients obtained were .76 and .79 for FAQ, and OEQ respectively. Hence, the instruments used yielded a moderate degree of reliability.

### **Analysis and Discussion of Data**

The research hypotheses were analyzed through percentages, means and stepwise multiple regression analysis to test the hypotheses at 0.05 level of significance.

### **Hypotheses Testing Hypothesis one**

There is no significant relationship between recurrent expenditure and organizational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

**Table 1: Stepwise multiple regression analysis on recurrent expenditure and organizational effectiveness.**

Source	Df	Ss	Ms	F. Ratio	Sign. F	Decision
Regression	1	40.37576	40.37576			Ho
Residual	450	9549.85512	21.22190	0.90255	0.4479	Rejected

R2 <= 0.6896

Table 1 revealed that there is significant relationship between recurrent expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. From the table, the calculated F-ratio was 0.90255, which is greater than the level significant of 0.4479 at 0.0553 that Tabl. Studies ganc

achievement of high quality of organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

### Hypothesis Two

There is no significant relationship between capital expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

**Table 2: Stopwise multiple regression analysis on capital expenditure and organizational effectiveness.**

Source	Df	Ss	Ms	F. Ratio	Sign. F	Decision
"Regression	1	36.47675	36.47675			Ho
Residual	450	8507.56897	18.90571	0.92941	0.0243	Rejected

R<sup>2</sup> = 0.3326

Table 2 shows the result of stepwise multiple regression analysis testing the relationship between capital expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. The F-ratio of 1.92941 and a significant value F of 0.0243 at 0.05 level of significance are found to be indicators of contribution capital expenditure to organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. The calculated F-ratio from the table is greater than the significant F; therefore the null hypothesis is rejected, which implies that there is a significant relationship between capital expenditure and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

The R square of 0.3326 shows that capital expenditure accounted for 33% of the variability in the organisational effectiveness during the period of this

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study. The multiple R is 0.5767 thus shows that there exists an association between capital expenditure and organisational effectiveness. That is, it shows that for every unit increase of organisational effectiveness, capital expenditure contributed 58%. This implies that capital expenditure is a strong determinant of high organisational effectiveness. The finding indicates that though capital expenditure contribution to organisational effectiveness seems low for the period of the study but its contribution still has significant relationship on organisational effectiveness.

This finding supports earlier findings of Akinwumiju and Orimoloye (1987) and Ojuawo (1989) that the provision of capital projects such as staff common room, teachers and pupil's furniture had significant relationship with pupil's academic performance. In the same vein, the finding agreed with Oyedeji (2000), Adegboyejo (1999) and Hallak (1990) whose studies revealed that physical facilities impact significantly on quality of students' instruction and thereby affecting the performance of students in the school.

Adesina (1980) further stressed that variation in students' academic performance can be related to the availability or otherwise of physical facilities such as furniture and other related materials which are capital projects in nature. An institution that is well equipped with school infrastructure such as buildings (that is, staff, offices, library, lecture room and so on) has the capacity of encouraging staff and students to engage in a self studying process hence, it is assumed that it would enhance organisational effectiveness.

### Hypothesis Three

There is no significant relationship between internal generated revenue and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria.

**Table 3: Step wise multiple regression analysis on internal generated revenue and organizational effectiveness.**

Source	Df	Ss	Ms	F. Ratio	Sign. F	Decision
Regression	1	17.82098	17.82098			Ho
Residual	450	8209.87176	18.24416	0.97680	0.6117	Rejected

From Table 3, the F-ratio of 0.97680 is greater than the significant value F of 0.6117 at 0.05 level of significance. This shows that the null hypothesis is rejected, therefore is significant relationship between internal generated revenue and organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. This implies that IGR is a major factor in significantly to organisational effectiveness. The R-square of 0.4621 also shows that IGR was able to explained 46% of the variability in organisational effectiveness within the period of this study. The multiple R of 0.6798 shows that for every unit increase of organisational effectiveness, internal generated revenue contributed 68%.

**Table 4:** Relative contribution of each of the sub-variables of financial resource allocation on organizational effectiveness in Colleges of Legal and Islamic Studies in Nigeria

Variables	Beta	Standard	F	Sign. F	Remark
$X_1X_2X_3$	0.8304	0.05681	0,90255	0.4479	Significant
Constant	0.5767	0.44798	0.92941	0.0243	Significant
	0.6798	0.011976	0.97680	0.6117	Significant
	6.356811		6.875117		

Table 4 shows the relationship of financial resource allocation sub-variables (X) (recurrent and capital expenditures and internal generated revenue) to organisational effectiveness (Y). The regression equation is  $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$ . Substituting the values of constant (a), beta (p) and standard error (e) from the table in the regression equation gives;  $Y = 6.356811 + 0.8304X_1 + 0.5767X_2 + 0.6798X_3 + 6.875117$

The equation shows that for every point increase in the prediction variables  $X_1$ ,  $X_2$  and  $X_3$  there will be an increase of 0.8304, (83%), 0.5767 (58%) and 0.6798 (68%) in the predicated criterion Y respectively. This means a unit change in recurrent expenditure ( $X_1$ ) will have 83% influences on organisational effectiveness (Y). Also, a unit change in capital expenditure ( $X_2$ ) will have 58% influence on organisational effectiveness (Y) and similarly, a unit change in internal generated revenue ( $X_3$ ) will have 68% influence on organisational effectiveness (Y). The contribution of capital expenditure on organisation effectiveness was low as against that of recurrent expenditure and internal generated revenue. This is because the capital grants by various state government were merely, approved on papers not actually released to the institutions under the period of this study.

The test of significance of each of the independent variables ( $X_1$ ,  $X_2$ , and  $X_3$ ) at 0.05 level of significance reveals that for  $X_1$ , the F value is 0.90255 while the significance F is 0.4479, for  $X_2$ , the F value 0.92941 while the significance F is 0.0243 and for  $X_3$ , the F value is 0.97680 while the significance F is 0.6117. From the findings, the three independent variables under financial resource allocation contributed differentially to organisational effectiveness as shown by the observed standard regression weight Beta (( $\beta$ )) values for each variable. Recurrent expenditure has the highest magnitude of contribution; the internal generated revenue is ranked second while capital expenditure has the last magnitude.

From the table, the values indicated that within the period under study (1997/98-2001/2002), recurrent expenditure, capital expenditure and internal "generated revenue had significant influence on organisational effectiveness in Colleges of Legal and Islamic Studies in Nigeria. The finding is in line with Coomb (1968) who described money as an absolute input of any educational programme whether huge or small. To him educational problems become more manageable with adequate funding, though they do not vanish with low contribution, hence he recommended ample funding of the educational system.

### **Conclusion and Recommendations**

Based on the findings of the study, the study reveals that, financial resource allocation have significant relationship with organisational effectiveness. In other words organisational effectiveness in Colleges of Legal and Islamic Studies depends on financial resources allocation employed by the chief executives. This conclusion is drawn probably because; financial resource allocation is the chief driver of organisational

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effectiveness. Any unit increase on independent variable (financial resource allocation) had proportionate increase on dependent variable (organisational effectiveness).

Based on these findings, it was recommended among others that:

1. In order to make the institutions more effective through adequate funding, the Management of Colleges of Legal and Islamic Studies should look inward in generating more revenue • internally from consultancy services, running of college farms, rents, sandwich courses for the award of Diploma certificates, organizing conferences and workshops for teachers of Arabic and Islamic studies in primary and secondary schools and for the Judges in Lower Area Courts.
2. In order to make the institutions more effective, government should meet up the college' estimates on financial allocation generally and most especially the capital expenditure. 'Also, government in various states should review upward the monthly subventions of the institutions in order to cater for recurrent expenditure.
3. Government in various states of the institutions should release special grants for capital projects, because there is a need for improvement of the teaching-learning conditions by rehabilitating and constructing of college buildings, staff offices and furnishing then as well.
4. There is the need for management through various state governments to seek for financial assistant from religious bodies in the country.
5. Also, the management of these institutions should look at the possibilities of seeking foreign aids from Islamic countries in the financing of these institutions.

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