

# Application of Positive Discrimination to the Invisible Loan Funding Option in the Planning of Tertiary Education in Imo State, Nigeria

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## **Abstract**

The study acknowledged the strategic role of tertiary education in the development of high level manpower that are critical to the economy, but are grossly impeded by financial constraints. The study therefore investigated the application of positive discrimination to the invisible loan funding option in the planning of tertiary education in Imo State, Nigeria. It adopted the descriptive survey design, with all the state owned three tertiary institutions as the population. The lecturers and students responded to the instruments. The sample size was 168(Lecturers-87, Students-81), based on the stratified random sampling technique across the different disciplines. The instruments for the study were questionnaire and structured interview. The questionnaire was validated and the reliability determined through test-retest approach with the use of Pearson Product Moment Correlation which gave a reliability index of 0.81. mean and Standard deviation were used to answer the research questions while t-test statistics was used to test the hypotheses at 0.05 Alpha level of significance. The findings revealed that all the disciplines should be favoured by the invisible loan scheme, the loan should cover almost all the cost of acquiring higher education. Also, it showed that some strategies should be put in place to ensure effective repayment compliance on graduation. On the basis of the findings, some recommendations were made. They include: there should be national policy provisions for the effective implementation of the loan scheme, especially with respect to the scope of coverage and repayment modalities. Also, the principle of positive discrimination should be adopted in favour of those disciplines that will help address the manpower shortages in those critical areas of the economy

**Index Terms:** Positive discrimination, Invisible loan scheme, Tertiary education

## I. INTRODUCTION

The global acknowledgment of education as a veritable instrument for human advancement and national development is almost sacrosanct. The human capital thesis has provided a scholarly platform for this credo in education. It is on this premise that nations have relentlessly continued to commit huge amounts of resources (human and material), planning and re-strategizing through policy formulations and reforms in order to proactively respond to the dynamic environmental demands. This passion is more pronounced in this age among the developing nations who, not only are in dire need of economic development but are the worst hit by the current global economic crisis. Nigeria is a case in point. In the whole gamut of the educational process, tertiary education is critical, with particular reference to the development of high level manpower necessary for national development and global competitiveness. There is a positive relationship between tertiary education and the effectiveness of critical sectors of the economy specifically in generating the relevant manpower.

This relationship was highlighted by the Federal Republic of Nigeria (2014) in her National Policy on Education, in its definition of the goals of tertiary education. The goals inter alia, include to contribute to national development through high level relevant manpower, to acquire both physical and intellectual skills that will enable individuals to be self-reliant and useful members of the society. What it means is that the backbone and hub of a nation's drive for economic development remains unquestionably, her educational institutions whose statutory responsibility is human capacity building. Hence, skilled manpower of different types and categories are vital ingredients in the implementation of economic development plans in the various sectors of the economy (Obasi & Ohia, 2015; Agabi, 1999). Tertiary education occupies a very strategic position in national development process. This is the conviction of British Council (2012) as it stated that tertiary education sector has seen a massive expansion over the past decades,

generating significant and multiple direct, indirect and catalytic economic impacts such as human capital, research and innovation which result in well-established benefits, pertaining to both individuals and wider economies. It went further to state that universities contribute to global development and poverty reduction through a combination of collaborative research, direct teaching and capacity-building initiatives with partner institutions in the developing world.

Higher education is a driving force for the socio-economic development of nations and peoples, as an endogenous capacity builder. Higher education institutions, as centres of research, teaching and intellectual debate, play a crucial role in providing and sharing knowledge and preparing a broad range of professions. It must therefore endow their students with capacities, skill and opportunities, enabling them to continuously adapt to the requirements of knowledge societies (UNESCO, 2008).

In a more emphatic tone, UNESCO (2009) unequivocally maintained that at no time in history has it been more important to invest in higher education as a major force in building an inclusive and diverse knowledge society. The past decade provides evidence that higher education and research contribute to the eradication of poverty, to sustainable development and progress towards reaching the Millennium Development Goals (MDG) and Education for All (EFA). In the same vein, Peter(2014), stated that evidence suggest that as a greater proportion of a population benefits from higher education, it leads not just to an economic return in the form of faster economic growth, it also enhances general non-market welfare through higher social cohesion, leading to a lower crime rate, among others. Ipso facto, investment in the human person is the most valuable investment whose process renders education and training very critical. The acquisition of human capital can be channeled in such a way that investment in the human person should aggregate to the capability of a nation to develop the internal capability to achieve her development objectives over time. There-in lies the critical link between human capital and the crucial role education should play (Obioma, 2011).

The important role higher education plays in capacity building and national development is acknowledged by many. Hence, the National Conference of State Legislators (2017) remarked that the importance of post-secondary education has significantly increased in the last decade. It stated that a high school diploma is no longer sufficient in the 21st century. In order to be successful in today's global economy, a person must receive some form of post-secondary education. The economic stability of the state is tied to citizens who are employed and productive.

The planning and provision of education at all levels is capital intensive. The financial implication is enormous, daunting and challenging, especially at the tertiary level. It is not surprising therefore that its funding has continued to generate heated debates, controversies and divergent opinions at different fora. The line of argument is drawn between the two major schools of thought on the best approach to educational planning – Welfare and Investment. There is a seeming consensus on the adoption of the 'mixed economy approach' which is a hybrid of both approaches in the strategies or methods of financing higher education. In this wise, Enaohwo (1990) cautioned that the Third World problem in educational development cannot be resolved exclusively by the re-alignment of the different levels of educational finance. Rather, the issue of current importance in economics of education is the level of priority accorded to methods of financing education to be able to manage growth in enrolment within limits imposed by resources.

From the foregoing, it can easily be deduced that economics of educational planning is imperative to ensure economic rationality in the planning of the education system. To that extent, Agabi (2012) insisted that educational investment decisions must be profoundly influenced by expected economic returns. Hence, it is important to subject such decisions to rational economic analysis so that rational economic criteria can be designed to guide the collective provisions of such education and training. In the same vein, Halsey (1969) stated that as an economy develops, the need for skilled workers, experts and generally educated people increase almost geometrically. The search for talents to man the economy implies the democratization of access to education and the development of selective processes. Anyamele and Ofuase (2015) therefore pointed out that the financial crisis that confronts higher education in developing countries such as Nigeria is multi-faceted. One of them is the astronomical rise in student enrolment through liberal admission policies in order to increase access without the corresponding public expenditure. The report of the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom(2014), deserves urgent consideration. According to the report, investment in higher education must rise if the demands of a knowledge-based society are to be met. It is necessary to increase public funding per student. It recommended that the contribution to higher education should be set at a constant proportion of gross domestic product(GDP), which compares well with competitor countries. The report observed, sadly, that universities stand at a critical point in their history. By most counts, they are a resounding success, but their ability to build on that success and continue to deliver what individuals and country need is now in question. They are edging ever closer to a critical quality threshold. Student demand and choice are being held back by insufficient funding and outdated, inequitable and insufficient funding system. Consequently, there is mounting pressure to reform the financing of higher education in most parts of the world.

Ipso facto, one strategic funding option is the Invisible Loan Scheme in which case the government takes care of the tuition fees and other direct expenses such as books, research facilities. On graduation, both those in the employment of the government and elsewhere will be required by law to pay additional education tax to government for a specified period of time. Commenting on this scheme, Enaohwo (1990) remarked that no money is actually disbursed to the student beneficiaries and it is open to students of all backgrounds who are admitted into higher institutions of learning. This is done through the provision of free tuition, books, study kits and resources for research. On completion of their programme, whether they are employed by the government, elsewhere or self-employed, are required by law not to make any refunds to government but are meant to pay an additional educational tax for a period of at least two years so as to meet part of the expenses defrayed on their behalf by government.

However, the gross imbalance in the composition of the human capital stock (development of manpower) especially among the developing countries like Nigeria, is a source of worry in this period of economic quagmire. There are cases of surpluses and shortages in the manpower stock which is an avoidable colossal economic waste. This is what educational planning helps to reduce to

the barest minimum as echoed by Agabi (1999). He observed that most stakeholders in education such as parents, students, politicians, whose decisions significantly influence the direction and magnitude of educational activities are not sufficiently informed on the decisions they make and their consequences on resource allocation to achieve the usual economic objective of maximizing benefits. Hence, some decisions they make on educational activities are bound to run at variance with the societal requirements. This could be as a result of some labour market imperfections or their inability to interpret the indicators.

He therefore concluded that the obvious implication is that a properly planned education system will eliminate or reduce drastically the incidences of educated unemployed and the manpower imbalances in the labour markets which usually manifest in surpluses and shortages.

Based on economic rationality, a funding strategy that addresses this ugly trend becomes imperative. This is the deliberate adoption of the principle of positive discrimination. The application of the principle of positive discrimination in the implementation of the invisible loan is in favour of those critical areas that the economy perennially experiences gross shortages. Naturally, those professional areas that are favoured by this principle will attract more interest from students while they are at the same discouraged from going into the saturated disciplines.

## II. STATEMENT OF PROBLEM

Higher education is statutorily saddled with the responsibility of developing the relevant high level manpower required for national development, equip individuals with the necessary knowledge and skills for self-reliance and to be useful to the society. Records have it that on annual basis, Nigerian tertiary institutions churn out graduates in their thousands that the labour market is now over saturated. Two major economic issues that the Nigerian labour market is replete with are: (i) high level of graduate unemployment (ii) surpluses and shortages of high level manpower. The economic irony here is that while in some disciplines, there are many unemployed and employable graduates and in some critical areas, there is gross inadequacy of manpower resulting to the employment of expatriates. The attendant consequences of huge capital flight and compromising national security are obvious. Despite this ugly situation Federal and State governments continue to commit huge amount of resources to these institutions without the corresponding results. This is the concern of the researcher. Can the funding strategies and mechanisms be altered in favour of those critical areas that are experiencing manpower shortages?

## III. AIM AND OBJECTIVES OF THE STUDY

The aim of the study was to investigate the application of the positive discrimination to invisible loan scheme in the planning of higher education in Imo State.

The specific objectives of the study were:

- i) to determine the academic disciplines that should enjoy the invisible loan scheme in Imo State
- ii) to investigate the scope of the invisible loan scheme in Imo State
- iii) to determine the strategies for the implementation of the invisible loan scheme in Imo State

## IV. RESEARCH QUESTIONS

- Which of the academic disciplines should be favoured by the invisible loan scheme in Imo State?
- What is the scope of the invisible loan scheme in Imo State?
- What are the strategies for the implementation of the invisible loan scheme in Imo State?

## V. HYPOTHESES

- There is no significant difference between the mean responses of lecturers and students with respect to the academic disciplines that should be favoured by the invisible loan scheme in Imo State
- There is no significant difference between the mean responses of lecturers and students with respect to the scope of the invisible loan scheme in Imo State
- There is no significant difference between the mean responses of lecturers and students with respect to the strategies for the implementation of the invisible loan scheme in Imo State

## VI. METHODOLOGY

The study adopted the descriptive survey. The population of the study consisted of all the three state owned tertiary institutions. The lecturers and the students responded to the instruments with a sample size of 168 (lecturers = 87, students = 81), based on the stratified random sampling technique across the different disciplines. The instruments used were questionnaire and structured interview. The questionnaire was properly validated and the reliability determined through test – retest approach using

Pearson Product Moment Correlation. The reliability index was 0.81. Mean and Standard Deviation were used to answer the research questions, while t-test statistics was used to test the hypotheses at 0.05 alpha level of significance.

VII. RESULTS

**Table 1: Mean and Standard Deviation of the responses of Lecturers and students on the disciplines that should be favoured by the invisible loan scheme**

S/N	ITEMS	Lecturers		Remarks	Students		Rmks
		Mean	SD		Mean	SD	
	The following disciplines should enjoy the invisible loan scheme						
1	Arts	4.30	10.62	Accepted	3.18	10.11	Accepted
2	Social Sciences	4.12	12.09	Accepted	3.20	10.62	Accepted
3	Humanities	3.94	11.17	Accepted	2.96	7.79	Accepted
4	Engineering	3.20	5.05	Accepted	2.92	15.40	Accepted
5	Sciences	3.08	1.80	Accepted	3.20	3.91	Accepted
6	Agriculture	2.56	2.60	Accepted	3.10	6.10	Accepted
7	Law	3.34	7.30	Accepted	2.72	5.59	Accepted
8	Medicine	2.64	7.71	Accepted	2.70	7.26	Accepted
9	Pharmacy	3.46	4.15	Accepted	3.96	11.67	Accepted
	Average	3.40	6.94		2.99	8.72	

The results show that all the disciplines should be favoured by the loan scheme since all the items have mean values above the criterion mean of 2.50.

**Table 2: Mean and Standard Deviation of the responses of Lecturers and students on the areas the invisible loan scheme should cover**

S/N	ITEMS	Lecturers		Remarks	Students		Remarks
		Mean	SD		Mean	SD	
	The invisible loan scheme should cover the following areas						
10	Tuition	3.10	6.10	Accepted	2.56	2.60	Accepted
11	Books	2.72	5.59	Accepted	3.34	7.30	Accepted
12	Feeding	1.90	7.16	Rejected	2.64	7.71	Accepted
13	Accommodation	2.40	9.42	Rejected	3.46	4.15	Accepted
14	Transportation	2.30	4.60	Rejected	3.38	7.09	Accepted
15	Research kits/tools	2.70	7.26	Accepted	1.76	10.87	Rejected
16	Practical kits/tools	3.96	11.67	Accepted	2.46	3.64	Rejected
	Average	2.73	7.40		2.80	6.19	

The responses show that among the lecturers, items 12, 13 and 14 should not be covered. On the other hand, among the students, the areas that should not be covered are items 15 and 16, with mean values below the criterion mean.

**Table 3: Mean and Standard Deviation of the responses of Lecturers and students on the strategies that should be adopted in the implementation of the invisible loan scheme**

S/N	ITEMS	Lecturers		Remarks	Students		Remarks
		Mean	SD		Mean	SD	
	The following strategies should be adopted in the implementation of the invisible loan scheme						
17	Legal provision on the scope of the scheme	3.80	9.34	Accepted	2.92	15.40	Accepted
18	Legal provision on the duration for the repayment of the loan	3.62	8.44	Accepted	2.40	5.02	Rejected
19	Legal provision that makes it a criminal offence to default on the repayment of the loan	2.66	7.16	Accepted	1.86	7.76	Rejected
20	Every potential beneficiary must be suretied by a senior civil servant from the state	2.56	2.60	Accepted	2.40	9.42	Rejected
21	Every potential beneficiary must be suretied by	4.56	12.29	Accepted	3.72	14.44	Accepted

	his/her traditional ruler						
22	There should be a regular/annual update on the student beneficiaries to be published in one or two national dailies	3.34	7.30	Accepted	2.72	5.59	Accepted
23	Parents/guardians must sign an undertaking on repayment compliance	2.66	7.16	Accepted	1.86	7.76	Rejected
24	Students must sign an undertaking on repayment compliance	3.62	8.44	Accepted	2.40	5.02	Rejected
		3.35	7.84		2.54	8.80	

The result shows that the lecturers accepted all the strategies identified for the implementation of the loan scheme, while the students rejected items 18, 19, 20, 23 and 24, since they have mean values below the criterion mean.

**Table 4: T-test of difference between lecturers and students with respect to the discipline that should be favoured by the invisible loan scheme**

Groups	N	$\bar{X}$	SD	DF	Alpha Level	t-cal	t-crit.	Decision
Lecturers	87	3.40	6.94	166	0.05	2.57	1.96	Significant
Students	81	2.99	8.72					

The table shows that there was significant difference between the lecturers and students with respect to the disciplines that should be covered by the invisible loan scheme. This is because the calculated value of 2.57 is higher than the table value of 1.96. Hence, the study failed to accept the hypothesis.

**Table 5: T-test of difference between lecturers and students with respect to the areas that the invisible loan scheme should cover**

Groups	N	$\bar{X}$	SD	DF	Alpha Level	t-cal	t-crit.	Decision
Lecturers	87	2.73	7.40	166	0.05	0.53	1.96	Not Significant
Students	81	2.80	6.19					

The table reveals that there was no significant difference between the mean responses of lecturers and students with respect to the areas that the invisible loan should cover. The calculated value of 0.53 is below the critical value which is 1.96. Consequently, the study accepted the hypothesis.

**Table 6: t-test of difference between lecturers and students with respect to the strategies that should be adopted in the implementation of the invisible loan scheme**

Groups	N	$\bar{X}$	SD	DF	Alpha Level	t-cal	t-crit.	Decision
Lecturers	87	3.35	7.84	166	0.05	0.61	1.96	Not Significant
Students	81	2.54	8.80					

Table 6 shows that there was no significant difference between the mean responses of lecturers and students with respect to the strategies that should be adopted in the implementation of the invisible loan scheme. This is because the calculated value of 0.61 is below the critical value of 1.96. Hence, the study accepted the hypothesis.

### VIII. DISCUSSION OF FINDINGS

The study revealed that both the lecturers and students are of the opinion that all the disciplines should be favoured by the invisible loan scheme without any discrimination. This position is in line with that of Tewarie (2011) who stated that the expansion of tertiary access means that financial support will have to be made available to help a growing number of students pay for their tuition. Hence, countries will have to opt for an education loan system or taxation or some combination of the two. The significance of a loan or taxation system which targets the consumer of education is that it shifts the burden from the point of consumption to after graduation when the graduate is able to earn. Corroborating this position, Armstrong and Chapman (2011) maintained that human capital is important for socio-economic development. The most sensible way to enhance the quality of the human capital of a country is to promote education, especially at high educational levels. In developing countries, however, access to education, especially at the higher level, is limited because large numbers of the population are poor. Consequently, the government has to play an important role in establishing a student loan scheme to reduce inequality in education which will eventually increase the economic growth of the

country. However, this is not in agreement with the position of Wolanin (2015), who stated that, though solid financing is the backbone of a well-functioning higher education system, but the systems in East Asia's low and middle-income countries are not delivering the skills and research outcomes they need, as seen in the disconnects-often fund related. In part, this is because public financing goes to institutions regardless of whether they are addressing public goods. Public funding can address this disconnect. It is important to identify the priority areas for support and strategies to fund them.

Addressing the second question, the study showed that though some areas of education cost should not be covered by the loan scheme, but the average mean values show that all should be covered. To that extent, Oketch (2016) argued that loans should be sufficient to cover the full cost of university education, including acceptable personal expenses such as room and board, clothing and others. He went further to state that when loans are inadequate, they affect students learning and fail to serve their purpose. With respect to the third question on the implementation strategies, the study revealed that most of the implementation strategies that would help in making the repayment of the loans effective were accepted. On the strength of this, the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom (2014), recommended in their report that repayment of loans would begin once the graduate was earning and would be tied to National Insurance Contributions Thresholds. The monthly repayments would be flexibly related to earnings and not to the amount borrowed. This income contingency would protect graduates from the prospect of default and the risk of bankruptcy, thereby helping to reduce any deterrent effect. All graduates would have as long as they needed to repay what they borrowed. Once the loan is redeemed, repayment would cease and hence, the graduate contribution would not be an open-ended contribution.

## IX. CONCLUSION

On the strength of the findings, the study therefore concluded that the introduction of invisible loan scheme would be a welcome development as it will help increase access to higher education irrespective of the socio-economic background of prospective students. All the disciplines should be favoured by the loan scheme without bias and should be adequate enough to take care of the full cost.

## X. RECOMMENDATIONS

On Based on the findings of the study, the following recommendations were made:

- There should be national policy provisions to spell out the guidelines for the effective implementation of the loan scheme especially with respect to the scope of coverage and repayment modalities.
- Considering the huge financial implications of the loan scheme vis a vis the lean financial resources, the principle of positive discrimination should be adopted in favour of those disciplines that will help to address the manpower shortages in those critical areas of the economy.
- The guidelines and strategies for the implementation of the loan scheme should be regularly reviewed in the light of emerging situations in the economy and national needs in general.

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