

Strategic Marketing Approaches for Improving Finance in Public Universities After Decreasing Government Funding in Tanzania

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Abstract: The article aims to investigate strategic marketing approaches in higher education institutions (HEIs) in a bid to support public universities to generate funds sustainably after the government decreased funding to public universities in Tanzania. To achieve this objective, the study was governed by the theory of responsive leadership model for attracting funding. The study was conducted in the United Republic of Tanzania (URT). A cross-sectional survey research design was used in this study. The study sampled twelve public universities in the country. Data were collected using interview guide and questionnaire and analysed using qualitative and quantitative methods respectively. The findings show that apart from decreasing government funding, decreasing of students' enrolment, failure to implement cost cutting strategies properly, the lack enough funded projects, dwindling research grants, and the lack of international collaborations contribute to poor financial position experienced by many public universities in the country. The study concludes that strategic marketing approaches in public universities can be used to support financial sustainability of the universities. Strategic marketing entails increased students enrolment, cost cutting approaches, increased funded projects, increased international collaboration, and increased development partners' projects. The study recommends that universities management should adopt the right strategic marketing models for attracting funding so as to improve their cash flows sustainably.

Keywords: Strategic Marketing Approaches, Public Universities, Government Funding

1. Introduction

Strategic marketing helps in evaluating current business environment as Wright *et al.*, [29] argue that, strategic marketing helps in assessing the positioning and performance of an organization. It is, therefore, important to know what resources are at the disposal of universities at any given time. Strategic marketing is envisioned to enable universities generate funding and hence minimize challenges that currently face universities including those present in Tanzania [5, 26]. In the past years, however, public universities were very few in many countries, and therefore governments were able to fund them without hustles. Currently, universities particularly public universities have mushroomed, which has therefore increased the burden to the government in terms of financing them [24, 14]. An increase

in the number of universities has forced some government especially from developing countries to cut-down budgets of financing these universities. As a result, some public universities are facing financial instability, due to the lack of financial instability resulting from lack of proper marketing strategies. For example, URT [25] reported that, some universities in Tanzania do not have strategic marketing strategies hence facing funding challenges. Marketing strategies would have enabled them to effectively and efficiently implement strategic marketing hence improving financial condition of the universities. Furthermore, strategic marketing shows how the organization is performing within the overall competitive business environment. It helps the organization in planning future strategic marketing activities including how funds can be raised [21]. This is possible because strategic marketing starts by conducting strengths,

areas for improvement, opportunities, and challenges (SAOC) analysis [10].

Despite the potential of higher education as a development catalyst, fund allocation to these universities from national budget has declined sharply. This has negatively affected universities functions and mission as centres of education excellence resulting graduates lack competences in their area of study [12]. However, the extent and the impact of the challenges vary across higher education institutions, where newly established institutions becoming more affected than other old and well established institutions. To address the underfunding problem, however, higher education institutions in most cases have been increasing students' enrolment of. As argued by Sawyer [20], increasing enrolment is one of the marketing strategies universities can adopt. This will enable universities to increase university fees collection and thus minimize problems of finance.

Significance of Study: This paper intends first to show whether the transaction cost theory concur with the findings. Empirically the paper provides more insights and understanding to policy makers on the strategic marketing approaches that would significantly influence financial performance of public university in Tanzania. Furthermore, the paper provides insights to public university leaders on the best ways of improving their financial performance and how to reduce marketing uncertainties associated with running costs.

2. Conceptual Framework

The conceptual framework of the study is governed by microeconomic theory. Traditional microeconomic theory treats finance as a corporate factor of production. Irrespective

of the firm size and age, finance is normally required for three standard uses: start-up capital in machinery and acquisition of buildings, financing working capital during start-up or while expanding and purchasing of operating materials. A business activity can only be implemented if these factors are occurring otherwise the activity has to be aborted [9]. The factors of production can be financed from own savings, from generated internal earnings (for on-going Higher Education Institution), or from external funds (for start-ups and on-going institutions).

The finance becomes important when the internal sources of finance are adequate for an envisaged entrepreneurial activity as Figure 1 indicates. Public universities need to be connected to various sources of finance and to macro-economic factors. Finance is a major factor used to boot the growth of academic services in public universities [17]. Besides, macroeconomic factors need to be improved by the government so as to improve the working environment of the public universities. Macroeconomic factors are essential in promoting development of SMEs in the country including public universities especially when these universities are adequately connected to proper service infrastructures and the government reduced tax rate in some areas, which can lead operates at less transaction costs [28].

Despite the constraints facing various public universities, development funds is a major driver for the development of universities. One of the indicators of the university growth includes increased employment, increased capital structure, and earnings or profits, and expansion of the university. Therefore, according to the model university funds and macroeconomic factors if well utilized and managed, can automatically lead to sustainable university growth as well as increasing the graduates' enrolment per annum.

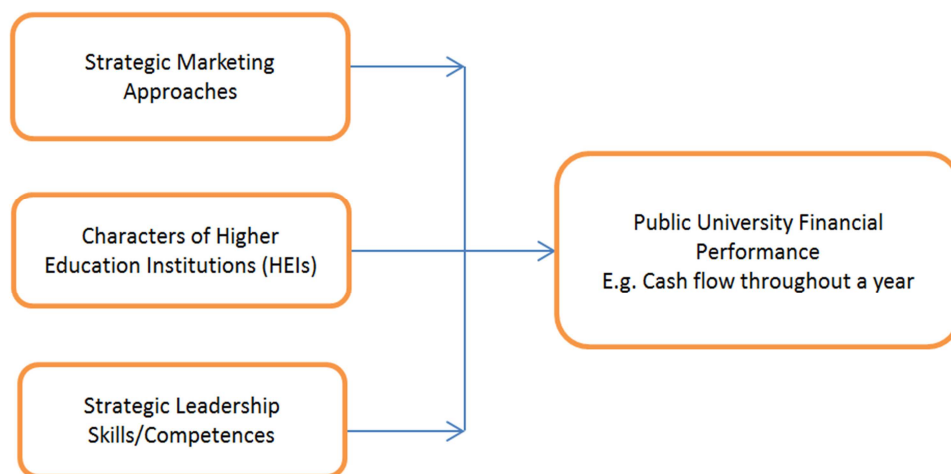


Figure 1. Conceptual Model.

According to Figure 1, strategic marketing approaches refers to specific marketing techniques that a public institution can use in order to solve related problem or to achieve particular institutional objectives [12]. Public university can adopt various strategic marketing approaches to improve its financial performance in terms of cost cutting,

increased student enrolment, increased funded projects, increased international development projects, increased institutional networking with alumni for fund raising purposes, increased funded research projects, and the like. These are very good sources of income to public universities in developing countries including Tanzania; and which

directly or indirectly promote financial sustainability to the universities [25].

Characters of Higher Education Institution refer to the size or nature of the public universities in the industry [15]. It should be noted that the size of the institutions in terms of academic staff (e.g. Professors), number of degree programs (demand driven), size and nature of infrastructure presence for lectures, seminars, and hostels, are very important since they determine potential financial performance to the universities.

Public university financial performance is the result of integration of various sources of finance e.g. adoption of the right strategic marketing approaches, characteristics of higher education, and presence of strategic leaders capable of promoting cash flow to the universities.

Strategic leadership is the ability to inspires, envisions, maintain flexibilities and empower others to create strategic change where necessary [27]. University leaders at different levels from head of institution to head of academic faculties and/or departments should possess a good mix of qualities. They need to possess visionary mind, managerial and entrepreneurial skills, integrity, experience, key qualifications, and be willing to be proactive in terms of accommodating ideas from staff members and to have the ability to put establish functioning structures [27]. Through these leadership qualities, universities are likely to achieve their goals, in other words, to develop capacity and quality in all core functions of higher education – teaching and learning, research and community engagement in order to contribute to human capital formation and knowledge generation [23].

Furthermore, strategic leadership skills refer to the ability of the leaders from public universities to be able to mobilize funds flows to their universities using various methods such as encouraging academic staff to search different funded projects, international collaborations, development foreign partners and the like. A competent leader is the one who can influence his or her people to write and bring various projects which will in turn earn the universities more money and reduce government dependence [2].

3. Materials and Methodology

The study was conducted in Tanzania mainland and Zanzibar Island. In this study, cross-sectional survey design was used. A cross-sectional survey design is a research design where the researcher collects data from many different individuals at a single point in time [11].

On the target population, there were twelve registered public universities in the United Republic of Tanzania (URT); thirteen (13) from Tanzania mainland and three (3) from Zanzibar Island (<http://www.tcu.go.tz>). For that reason, target population for this study was twelve public universities located in URT. Targeted population is the total collection of elements about which the study wishes to make some inferences [4, 22].

On the sample size, the selection of a sample from the

population is commonly used in economics, marketing and other disciplines because of limitations of covering the whole population [1]. Sampling theory provides the opportunity to minimize cost and to achieve acceptable results [18]. In this view, Denzin [3] argue, a sample size above 30 is optimal while Kumar [11] argues a sample size of less than 200 is optimal. Based on these arguments, the study selected 100 sample size as representative of the study. The respondents were drawn conveniently from all 12 public universities from the United Republic of Tanzania.

The study collected data using interview guide and questionnaire from key informants and key respondents respectively. The collected data were analysed using qualitative and quantitative methods.

4. Results and Discussions: Strategic Marketing Approaches for Improving Finance in Public Universities

This article is based on the data collected from Tanzania mainland and Island (Zanzibar).

The study findings reveal that at least six main types of strategic marketing approaches or methods are available and can be used by higher education institutions in order to attain financial sustainability, *ceteris paribus*. These types of sources are direct and indirect sources of improving public university funding.

4.1. Increased Students Enrolment

According to the findings, increased students enrolment is one of the strategic marketing methods public university in Tanzania can use for increasing financial suitability. According to the survey, 33 per cent of the respondents reported increasing students' enrolment as one of the obvious strategic marketing method public universities can adopt in order to increase financial sustainability. As argued by Munyua *at el.* [16], if student enrolment is increased, it will in turn improve funds generation in the universities, and thus making them stable financially.

However, to increase students' enrolment effectively the programs have to be research based. In other words, the programs must be demand driven, if universities intend to increase student enrolment strategically [6, 5]. To have demand driven programs is very critical for competitive viability, as they have the potential of attracting students.

To achieve this objective, these efforts need to be backed by improved infrastructure in line with increased number of classes for lectures and seminars with installed LDCs as well as air conditions. As noted by Munyua *at el.* [16], since competition for students' enrolment by universities has become heated institutions need to step up their recruitment efforts. It is more important now than ever before to devise a plan to attract and enrol students.

Although the prospect of attracting and enrolling new students may seem daunting in the current stochastic business environment, developing and implementing innovative

recruitment strategies and enrolment models can help universities stand out and successfully reach out and enrol new students. Competition for students is expanding, competition is increasing exponentially; in addition there will never come a time in education where students will have such robust choices. Universities need to differentiate themselves rather than becoming similar. To differentiate first one must understand the students as customers or consumers [2]. Students today are digital natives and have expectations; thus, universities need to reposition themselves strategically under the current probabilistic business environment.

4.2. Cost Cutting

The study findings revealed 16 per cent of the respondents cited cost cutting as one of the strategic marketing approaches public university in the country can use for reducing budget deficit and promote universities liquidity level throughout the year. University management has to gain cost parity advantages over the competitors. It is possible to increase savings by implementing cost cutting [13]. Areas for reducing costs could include cutting down unnecessary use of electricity switching off all the lights during the night times except security lights and controlling the water running from the taps to minimize water bills [7, 8]. Also, university management should control unnecessarily travels using university cars to reduce maintenance, and fuel and other associated costs. According to the study, these are critical areas which public funds at universities.

The following are critical areas that public universities can pay attention for cost cutting:

4.2.1. Outsourcing More Services

According to the findings, public universities can cut down its operational costs by outsourcing more services where possible. Here huge proportion of universities time and resources are expended in doing things that could have been implemented by other entities, these include for example, cluttering and lodging operations, provision of medical services, running recreation centres, building repairing and maintaining high school Education (remedial education), entertainment operations, provision of information technology services. Many of these operations could be more efficiently provided by professional in those areas [13, 7]. Universities are ostensibly in the business of producing and distributing knowledge.

4.2.2. Reduce Administrative Staff

According to the findings, another strategic marketing method public university can use include reducing the number of administrative staff where possible. Many schools, faculties, colleges have long admitted that administrative costs are soaring at universities, mainly through the growth of staff, an increase of compensation packages, particularly at the highest levels [13]. For example, from 1997 to 2007, the proportions of full time equivalent employees in the categories of executive, administrative and management and

other staff in one university rose from 22.6 to 26.1 per cent [14]. Universities suffer from bureaucracy that is not only expensive, but contributes to slowing and often non innovative decision making. It is uncommon for schools/faculties/colleges to have more people working in an administrative capacity than serving as faculty members [13]. The related problem is payment of huge salaries particularly for senior administrative staff.

4.2.3. Cutting down Unnecessary Programs

In responding to cost cutting program, the findings indicate that universities could discard unnecessary programs as one of the strategic marketing methods for cost cutting. However, in universities the attempts of eliminating programs could be painful and politically sensitive [13]. However, dynamic societies need a change of programs that once flourished but have now been found to attract fewer students. Programs that were fashionable a generation ago are now viewed as outmoded. Thus, resources need to be shifted from areas of low productivity to areas of central thrust; thus, cost cutting can be implemented selectively or across the board [8]. Ultimately if serious reforms are to occur, some programs should be discarded using appropriate procedures. The following questions must be asked;

Is the program critical?

Is there sufficient student in a given program?

Is the program financially viable?

4.2.4. Outsourcing Email Services

According to the study findings, universities are the critical areas where lots of more funds is expended on email services. To cut down universities costs, outsourcing email services is unavoidable. In the current generation, email has become the dominant mode of communication on campus and between academic personnel and the outside world. For example, the analysis of email costs suggests that the costs of running an email per month per user is \$ 25, while for a university with for example 15, 000 students and 25, 000 employees, the total amounts to \$ 75,000 for employees alone and several millions dollars a year for all users including students [13].

4.3. Increased Research Grants

The findings show that 18 per cent of the respondents in this study recommended more research grants from external calls as a means of reducing research budget burden at the university. Getting of more research funds from outside will reduce the stress of requiring universities to set aside funds for research purposes to its academic staff. As argued by Ishengoma [6], increased research grants is a major source of research funding relief to universities. Such grants have a number of uses including increasing the quality of journal publications, funding basic research, contributing to an increasing stream of literature that investigates the impact of research grants programs. Individual researchers affiliated with National Universities or research institutes can submit proposals which are peer reviewed before decision on funding is made.

4.4. Increased Collaborations

The findings reveal that 7 per cent of the respondents interviewed in this study said increased international university collaboration is among the strategic marketing method of generation revenues and hence contributing to financial sustainability of universities in the country. International collaboration is a mode of working together to attain best results in the development of solution to international problems [16]. The collaboration is a form of working together to attain the best results in learning, training and research. Through university collaboration somewhere financial supports in various areas can be realized [19]. For example, certain number of academic staff from Tanzania can be sponsored in various training programs abroad under the collaboration projects. This kind of financial assistance will reserve financial power of the university with collaboration project.

4.5. Promote External Network with Development Partners

According to the findings, 5 per cent of the respondents interviewed reported getting reliable external network with various stakeholders including development partners as a means of promoting financial sustainability of the university. Enhancing network among the international development partners, for example, can include international academic institutions, foreign government, and other international non-government organization. According to Mamdani [12], building a valuable network is fundamental as will enable universities from Tanzania to solicit development funds that can be used to construct halls of resident for students.

4.6. Increased International Projects

This is an area where universities can possibly expand financial base. For example, 21 per cent of the respondents in this study reported increasing the number of big development projects in the university as one of the strategic marketing approaches that can be used to increase financial strength of the university in the country. According to World Bank [28], increased projects should be wide so that funds generated is substantial. The more the projects the universities are engaged with, the more the funds will be generated. The funds generated can help universities improve infrastructure and finance academic related studies in order to improve the competence of academic staff.

5. Conclusion of the Study

The study concludes that emerging number of universities under decreased funding create a competitive environment which in turn requires proactive university leadership that can attract adequate funds in the changing environment in higher education without compromising the quality of education provided. It can, therefore, be concluded that among the strategic marketing methods public universities would adopt for increasing funds include increasing students enrolment, cutting down costs, increasing various development projects

that will generate more funds and reduce financial problems, increase international collaborations, increase development projects, and increase valuable networks with foreign development partners.

6. Policy Recommendations

In Tanzania, most of public universities are not financially stable hence limiting them to perform some of the duties properly. Universities are financially constrained because of the reduced government funding to them. Accordingly, universities are advised to adopt the following strategic marketing methods so as to promote financial sustainability of the universities in the country, *ceteris paribus*:

- i. Universities are advised to increase students' enrolment by introducing demand driven programs and improving infrastructure such as classrooms, seminar rooms, hostels and the like so as to help increase university fees and thereby reducing financial challenge.
- ii. To promote financial sustainability, universities should win more research grants so as to relieve universities from depending only on internal source of funds to finance its research agenda.
- iii. Universities are advised to increase international collaboration with development partners to enable them to solicit financial assistance to support development projects using collaboration project funds.
- iv. Universities are also advised devise means of increasing the number of development project from international development partners. They are particularly encouraged to devise tailor made programs to finance some of the university projects. Most of the projects have been supporting growth and development of the universities in Tanzania by using Development project funds.
- v. Universities should look better ways of cultivating networks with alumni by establishing fundraising projects.

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