

Institutional Revenue-Earning Schemes

In some countries, institutions have been increasingly required to secure additional funds from other sources. In Mongolia, for example, some schools manage their own flocks of sheep (ADB 1994); in Nepal, schools commonly rent out buildings and use land for other noneducation purposes (Thapa and Singh 1995); and in the PRC, schools run cafeterias and use buildings for discos and other forms of revenue-earning entertainment (Kwong 1996). Tertiary institutions have also been required to generate their own revenues. Table 21 showed, somewhat unusually, an institution in India that reportedly raised 28.3 percent of its recurrent income from a printing press. It also referred to farms and to endowments. Many institutions in the region now solicit donations from their alumni. Many are also encouraging teaching staff and others to undertake consultancy services, while some are moving into direct business ventures.

The scale of revenue obtainable from such sources depends strongly on the general wealth of the societies in which the institutions operate, on the nature of specialties offered by the institutions, and on the frameworks set by governments. Prosperous societies are obviously better able to support such initiatives than impoverished ones, though the irony is that institutions in prosperous societies have in general faced less need to secure independent revenues because their governments have been more able to provide substantial budget allocations. Institutions and individuals specializing in applied science and commerce have more opportunities to market their skills than their counterparts specializing in history or philosophy. Governments can facilitate moves by offering tax exemptions for donations to public institutions.

Viet Nam is among the countries in which higher education institutions have been forced by the escalating cost of living and the inadequacy of revenues from the government to earn independent revenues. Pham and Sloper (1995, 174) have indicated that in 1991, Viet Nam's College of Construction was able to add 28.3 percent to its budget by taking on external contracts. Comparable figures were 22.0 percent for the Foreign Languages University, 11.0 percent for the College of Mining and Geology, 10.5 percent

for the Teachers Training College of Vinh, and 4.2 percent for the Technical Teachers College No.1. Pham and Sloper comment that the scale of such income generation chiefly depends on:

- the product or service that can be provided (which does not always relate to the primary mission of the institutions);
- the entrepreneurial capability and culture within the institution; and
- the state of institutional infrastructure – personnel, organizational and technical – which creates the basis for delivering a desired product or service.

Institutions in urban locations generally have greater opportunities than those in rural areas. However, in Viet Nam rural institutions have been able to generate revenues by raising poultry, producing vegetables, managing restaurants, and tailoring clothes. Critics observe that such activities deflect the staff from their primary missions as specialized providers of higher education. Advocates usually agree, but point out that the activities at least permit the institutions to survive in harsh economic climates.

An example of a very different sort may be taken from Singapore. Although the country has a buoyant economy and a government with a history of budget surpluses, even there the 1990s brought a philosophy that higher education institutions should develop their own sources of revenue and reduce dependence on the Government. In 1991, appeals were launched by Singapore's two universities for newly created endowment funds with a target of S\$1 billion (Selvaratnam 1994, 81). To boost the funds, the Government contributed S\$500 million, and committed itself to matching up to S\$250 million during the following five years if the universities could secure that amount from nongovernment sources.