Revenue Potentials of Outsourcing of Event Facilities in Higher Institutions: Case Study of the Rivers State University, Port Harcourt, Nigeria

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Abstract

University communities are expected to be of multiple activities, requiring the provision of facilities that are expected to service them. Facilities of all kinds are meant to be updated to meet the challenges of the time, thus facilities management as a practical activity, stand for the coordination of all efforts related to planning, designing and managing buildings and their systems, equipment and furniture to enhance an organization’s ability to compete successfully in a rapidly changing world. Accordingly, most of the facilities attached to university communities were planned to serve one particular purpose or the other and are therefore reserved for specified purposes. With the ongoing decline in the funding of universities, particularly in Nigeria, there is a need for a gainful and commercialized management of these facilities, especially event facilities, through outsourced facilities management to enhance their ability to compete and attract patronage from within and outside the university community, with a view to augmenting government’s efforts through the creation of internally generated revenue. This study aims to examine the in-house facility management process and evaluated the necessity of outsourced commercialization of Event Facilities in the Rivers State University, Port Harcourt. In-depth interviews sessions held with stakeholders through Focus Groups meetings highlighted challenges created by the shortcomings of the regulated management system. The paper thus concludes by suggesting some recommendations that might be of help to overcome the identified challenges.

Keywords: Outsourcing, Revenue generation, Facilities management, Event center, University community.

1. Introduction

the problem of funding and financing of universities in Nigeria in the comments of [2], has become a recurring decimal which often times have resulted into strike actions and closure of schools, and the inability of the government to halt these problems emphasizes the need for universities to evolve strategies for generating additional funds. In realization of this fact and as a means of finding a solution, the Federal Government directed through the National Universities Commission (NUC), compelling all Federal universities to generate 10% of their total yearly fund internally through various revenue diversifications [3]. The Commission recommended for several sources which include endowment fund/donation, tuition fees, research contracts and consultancy services, private contributions and alumni
associations. This phenomenon is not different from the happenings in the state government funded universities, and it has been observed that the only diversification that is actualized without failure is upward review of tuition fees. It is a known fact that no physical project has been planned and coordinated to raise revenue for the universities, particularly in the state government funded universities, where the funding is dependent on the financial ability of the state concerned, which of course, is determined by the state’s status in the national revenue sharing formula.

In the light of this sequence of the said crisis of funding in Nigerian universities, some universities have made a turn around, seeing outsourcing as a strategy for improving value for money in providing public services [4]. It was further maintained in [4] that outsourcing of Facilities Management services in the universities which has the capacity to improve the overall service delivery in the universities has already gained wide acceptance among the universities. Through outsourcing, a university would be seeking to take advantage, not only of cost saving but of specialty and wider industry knowledge/best practice that may not otherwise have to hand [5]. Outsourcing facilities management is the process of turning over the complete management and decision-making authority of an operation to somebody outside the organization [6]. It helps in the maximization of returns on investment and establishes long term competitive advantages in a business. It is worthy therefore to note that when maintenance is outsourced by any organization, a contrast usually arises between the client’s long term maintenance strategies and the supplier’s incentives to provide quality service [7].

The Rivers State University is of several faculties and complexes designed with well furnished halls suitable for seminar presentations and conferences, and other social activities such as wedding receptions and celebrations. These halls are under the direct management of the Estate and Works Department of the university and it is observed that none of these halls and other infrastructural facilities of the school have been put into revenue diversification to generate income. There is therefore a prevalence of building and infrastructural decay in the university community at the instance of expansions and creations of more schools/faculties to meet the needs of the steaming population of the university which has even increased the volume of facilities that requires professional management. This study examines the benefits of outsourced facilities management in, and the expected attendant revenue generation in the Rivers State University.

**Research Questions**

These are pivotal questions raised to pilot the investigations for the study and they are as follows:

i. What is the nature and management system of the facilities available in the Rivers State University?

ii. What are the physical conditions of event facilities in the university and their viability potentials?

iii. What is the comparative advantage of the in-house facilities management over outsourced services?

iv. What roles could outsource of facilities management play in terms of revenue creation in the university?

**2. Literature Review**

**The Rivers State University**

The Rivers State University was established in 1972 by the Commander Alfred Papapiriye Diete Spiff’s Military administration as the Rivers State College of Science and Technology, following the creation of
the State in 1967. It was granted Independent University Status in 1980 and became the Rivers State University of Science and Technology [8]. By this upgrade, it became the first university of Technology in Nigeria and the first University to be sited in the Niger Delta Region. It is also the only university in Nigeria that is accredited to offer degree programs in Marine Engineering [9]. Located in Diobu, in the Port Harcourt City Local Government Area [10], it was established as a public university created, owned and managed by the government of Rivers State of Nigeria. A public university is one that is in state ownership or receives significant public funds through a national or sub-national government, as opposed to a private university. Whether a national university is considered public varies from one country (or region) to another, largely depending on the specific education landscape.

Recent developments have changed the name from the Rivers State University of Science and Technology to ‘Rivers State University’ by the Nyesom Wike led administration in 2017 to create room for the establishment of non technological disciplines. At the moment there are a total of eleven accredited faculties made up of about sixty-six sub disciplines (departments), three institutes, and four centers, all attached to complexes and buildings designed with halls of various dimensions, equipped for both academic and nonacademic events.

Universities, according to the National University Commission’s Manual on University Management of 1997, are created to satisfy the educational needs of a nation through effective teaching, research, dissemination of knowledge and varied community services. A World Bank Report clearly indicates education in general and university education in particular to be central to the building of knowledge economy and society in all nations. It is therefore essentially required for effective and efficient administration of all the important sectors of the university to be put in place. The features of organizations of a university are enshrined in the law establishing the university and are explained in the statutes, both of which provide the required guidelines on how the university will be administered [12]. The objectives of the university so designed does not in any way encourage internal generation of revenue but physical developments in the university community has put in place several event center facilities with income potentials, some of which are:

a. The Amphitheatre
b. Convocation Arena
c. Law Faculty Auditorium
d. Senate Building and other conference halls/rooms attached to complexes.

Concept of Facilities Management

Facilities Management can be defined as the tools and services that support the functionality, safety, and sustainability of buildings, grounds, infrastructures and real estate [13]. Facilities management services include:

a. Lease management, including lease administration and accounting
b. Capital project planning and management
c. Maintenance and operations
d. Energy management
e. Occupancy and space management
f. Employee and occupant experience
g. Emergency management and business continuity
h. Real estate management
Out of these services two major types of facilities management exists namely: Hard Facilities Management, and Soft Facilities Managements [13]. The Hard Facilities Management is applicable to physical assets such as plumbing, wiring, elevators, and heating and cooling, while the Soft Facilities Management focuses on tasks performed by people such as custodial services, lease accounting, catering, security and ground keeping. However the International Facilities Management Association (IFMA) defines facilities management as “a profession that incorporates multiple disciplines to ensure functionality of the built environment by integrating people, place, process, and technology” [15]. The US Legal dictionary sees facilities management as encompassing all activities related to keeping a complex operating. It went further to explain that the facilities manager creates an environment that encourages productivity, safety, pleasing atmosphere for clients and customers and also efficiently meeting government’s mandate [14]. The Facilities manager therefore is saddled with the responsibility to ensure that buildings and all of their components are in a proper working condition, be it a factory, office, hospital, shopping mall, airport, museum or stadium [15]. The facilities manager has thus become a crucial part of every organization as they ensures that the places where people work, play and live are safe, comfortable, sustainable and efficient, all of which culminates into valuable services as follows:

➢ Contribute to operational efficiencies
➢ Plan and deliver infrastructure needs to support productivity
➢ Manage risks including those to facilities, employees, suppliers and business reputation
➢ Mitigate and reduce environmental impact
➢ Promote sustainable tactics for long-term cost management
➢ Leverage technological solutions
➢ Mitigate and overcome effects of natural disasters
➢ Guarantee compliance
➢ Leverage security

Management of Event Facilities in the University

Event Facilities are generally multipurpose facilities used for various activities such as entertainment, cultural, religious, or motivational venues, serving to attract people of all ages, social backgrounds and interests requiring unpredictable populations [26] The Event Planning Guide of the University of Texas at Dallas describes management of events Centers in the university to include:

• Set-up and take-down of events including the use of podiums, stanchions, chairs and tables (6’ rectangulars, 60” rounds, and 5’x18” classroom-style).
• Custodial services ranging from pre-event area cleaning, providing trash and recycle bins, nearby restroom cleaning and restocking, on-hand event staffing, and post-event area cleaning.
• Heating or air conditioning for an event outside of the University’s normal business hours.
• Lighting for an event outside of the University’s normal business hours.

Concept of Outsourcing

Outsourcing involves the hiring of a party outside an organization to perform services or create services that were traditionally performed in-house by the organization’s employees and staff [16]. It is an act of moving some of a firm’s internal activities and decision responsibilities to outside providers and can therefore be also be defined as a procurement of products or services from sources that are external to
the organization [17]. In an attempt of outsourcing, it is important to ensure that; outsourcing facility management services helps reduce expenses, and increases focusing and performing well in core activities of the organization. The concept is to enable an easy management of the day-to-day execution of one or more business functions performed by an external service provider to ensure the organization achieves the aim of its establishment. [18] argues that outsourcing is just the procurement of services or products in order to cut costs. It could also be defined as the decision by an institution to contract out services to an external provider at an agreed fee for a specified period of time.

[19] defines outsourcing as restructuring a firm’s activities in order to stimulate the development of its core activities by contracting less important activities, which are not a source of competitive advantage. Mixed opinions have been raised since its introduction and official recognition as a business strategy in 1989, making it a subject to controversy in many countries of the world. The opposing side sees outsourcing as having caused the loss of domestic jobs while Supporters sees it as an incentive for businesses and companies to allocate resources where they are most effective, and that outsourcing helps maintain the nature of free-market economies on a global scale.

### Table 1: Comparison between Outsourcing and In-House Facility Management

<table>
<thead>
<tr>
<th>In-House</th>
<th>Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It involves keeping the overall technical competency and decision making authority within the organisation or institution.</td>
<td>1. It involves contracting the complete management and decision making authority of operations, for example maintenance to an independent body outside the organisation or institution.</td>
</tr>
<tr>
<td>2. Uses employees to carry out business activities. For example; cleaning and maintenance.</td>
<td>Uses contractor services to control and deliver business activities to quality and standard.</td>
</tr>
<tr>
<td>3. In-house usually for daily operations and minor works, using staff and resources.</td>
<td>Usually for major works using contracting services.</td>
</tr>
<tr>
<td>4. In-house is not really flexible as regards the market change.</td>
<td>Outsourcing offers a wide range of flexibility especially as regards; better access to superior quality, responding to market change, cost reduction and so on.</td>
</tr>
</tbody>
</table>

Source: Adapted from [6]

**Outsourcing of Services in Universities/Institutions of Higher Learning**

Outsourcing in universities/Institutions of higher learning is commonly referred to as contracting and a form of privatization which refers to an institution of higher learning’s decision to have a contract agreement with an external organization to provide one or more traditional campus function or service. In most cases, the contractor may take over the employees of the university responsible for that particular function, paying the group according to its standard or replacing the university employees.
with its own staff [20]. According to [24], outsourcing assumes the fact that if an institution cannot provide a service or product at a less cost than, and of equal quality to, an external service provider, then there should be the purchase of that service or products from an external provider. [20] Further asserted that the decision to outsource a service by an Institution of Higher Learning can reduce the college’s labour and benefits costs, provide a single point of accountability and predictable costs, the outcome of which shall result in savings that allows the institution to focus more resources on its core educational operations. [21] also gave buttressing support to these facts by pointing out that colleges and universities are in the continuous process of testing the theories of outsourcing, increasingly outsourcing more of their functions in an effort to reduce costs, increase service efficiency and boost income. It is noted that research about outsourcing is scanty, but evidence does make it clear that many institutions have found outsourcing to be an effective means of reducing costs, assuring financial results, upgrading program quality, gaining access to special expertise, increasing customer satisfaction, and obtaining capital for facility improvements [22].

Amidst the numerous benefits derivable from outsourcing functions in higher institutions, critics have made out some human resource consequences associated with outsourcing. [23] pointed out that outsourcing may consequentially make jobs to be shifted from the college or university to the contractor performing the outsourced function and that may result in decreased salaries or benefits. There is also a feeling that contract staff may have less loyalty to the college or university than if they were employed directly by the institution, which of course may lead to inadequacy of service by contractors. [24] Emphasized on job lost as the greatest barrier to outsourcing of services in Institutions of Higher Learning and offered a set of guidelines for mitigating the said negative impacts of outsourcing as follows:

a) Outsourcing management personnel only.
b) Downsize the staff by attrition’
c) Involve employees in selecting the contractor and
d) Re-bid the contract often

However, in the view of [25], outsourcing can be total or selective. Total outsourcing may involve dismantling entire departments or divisions and transferring the employees, facilities, equipment, and complete responsibility for a product or function to an outside vendor. In contrast, selective outsourcing may target a single, time-consuming task within a department, such as preparing the payroll or manufacturing a minor component, which can be handled more efficiently by an outside specialist. This means the degree of the barrier so described depends solely on the terms of the contract. In the light of this fact, some scholars have postulated the concept of ‘Effective outsourcing’ which is being described as the clear definition of terms and conditions, understanding of obligation, and agreement on the specific business and performance objectives as the starting point.

**Literature Gap**

The findings from the study indicates that much has been researched about facilities and facilities management in institutions of higher learning in Nigeria but there is indeed a literature gap over action plans for outsourced facilities management to efficiently generate revenue internally from available facilities such as event halls. Previous studies have been compelled therefore to look at internally generated revenue from the consultancy, entrepreneurial, agricultural and business view which is the routine responsibilities of the schools’ managements, and therefore lacks the competence expected of an
outsourced service over physical facilities such as event centers. This paper therefore aims at filling this literature gap by emphasizing on action plans that would create the awareness and enforcement of revenue generation through outsourced management and commercialization of event facilities in institutions of higher learning.

3. Methodology

The qualitative approach was adopted in recognition of the importance of people’s subjective experiences and meaning-making processes, with a view to acquiring a depth of understanding (i.e., deriving detailed information from a small sample). The study was therefore conducted with an organized group discussion to enable the researcher explore and explain accurate perception and experiences of people on the subject matter for the study, resulting in the ‘Focus Group’ approach. The strategy, the target population was the entire populations of the selected higher institutions while the accessible population was purposively drawn from the various Estate and Works Departments to create focus groups, which resulted in a sample size of 71. A comparative study was carried out to include other institutions of higher learning within the city of Port Harcourt and data was obtained from Focus Groups meeting with the principal sub-heads of their Estate and Works Departments. The study was therefore conducted to evaluate the overall performance of the regulation motivated responsibility of the schools’ Estate and Works Departments over the achievement of maximum output from the available event centers and the attendant reduction of building life cycle costs and maximum profits. The pattern and number of sampling is as shown in Table 2:

Table 2: Details of Purposively Chosen Focus Group Sizes of the Selected Higher Institutions

<table>
<thead>
<tr>
<th>No</th>
<th>Survey Unit</th>
<th>Location</th>
<th>Administrative Department</th>
<th>Focus Group Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rivers State University (focus Group A)</td>
<td>Nkpolu, Oroworukwo, PHALGA</td>
<td>Estate and Works Department</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>University of Port Harcourt (Focus Group B)</td>
<td>Choba Town, OBIO/AKPOR</td>
<td>Estate Dept, Works Dept and Special Project Unit</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Ignatius Ajuru University of Education (Focus Group C)</td>
<td>Rumuolumeini, OBIO/AKPOR</td>
<td>The Estate Unit</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Ken Saro-wiwa Polytechnic (Focus Group D)</td>
<td>Bori, KHANA</td>
<td>Works Department</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Captain Elechi Amadi Polytechnic (Focus Group E)</td>
<td>Rumuola, OBIO/AKPOR</td>
<td>Works Department</td>
<td>7</td>
</tr>
</tbody>
</table>
4. Findings

i. Nature and Management of Event Facilities in the Rivers State University

It is a guideline set by the National Universities Commission in Nigeria, for every university to establish an Estate and Works department for the management and sustenance of available facilities in the form of physical developments in the university. Accordingly the Rivers State University has had a well established Estate and Works department that is in charge of the institution’s estates and general works. It was however noted that the department of Estate and works of the school is properly departmentalized to handle maintenance and administration of facilities, but with in-house recruited staff, who are mostly artisans whose remunerations are from the statutory allocations to the university. This status is seen to have affected the ability of the management to carryout facilities management properly because the staff responsible for the purpose does not feel challenged about performance as their monthly remuneration is statutorily available, even at the complete decay of facilities they are assigned to.

ii. Physical Conditions of the Facilities in the University and their Viability Potentials

Event center facilities in the Rivers State University are built with most modern designs that require a reliable maintenance planning, but it was disclosed that the management of the available event facilities is in no way with any motive for commercialization, hence the poor state of repairs and unhygienic status of most halls where even staircase headroom are significantly covered with cobwebs, carbon soot and dusts hangs. Facilities provided with huge capital therefore undergo speedy dilapidations and functional obsolescence. The amphitheatre was designed with a central air conditioning system from reputable engineering. Today, all about the centralized system which is linked to the entire faculty of engineering building has been declared non functional due to inadequate maintenance planning. However physical obsolescence is superseded with functional obsolescence which is an indication of the fact that designs and constructions were okay but the shortcoming is from management of facilities, which has been in the hands of artisans instead of professionals. The fact that designs and constructions are good is a demonstration of the viability of the facilities, should they be put into commercial uses. Obviously, the available event facilities in the Rivers State University as investigated in this study are designed to compete with any commercial event facility outside the university community but for lack of a revenue motivated responsibility on the side of the management, their viabilities has remained to be latent. Nevertheless, there are quite some observable deficient project works amidst the regulation motivated responsibility of the Estate and Works department that has relegated some buildings in the university community to significant depreciations in their capital values.

iii. Comparative Advantage of the in-house Facilities Management Over Outsourced Services

By comparative advantage, the idea is for a particular service to produce more efficient and economically competitive manner than its peers. The available event facilities in the Rivers state
University from the investigation for this study are managed by in-house staffers and comparatively, there is poor management of facilities hence functionality, safety, and sustainability of buildings fabrics, grounds, infrastructures and real estate have been very poor. There is a total failure capable of reducing the life circle of the complexes wherein the said event facilities are situated. It is observed that the lack of challenge of competitions has been the bane of the failure and can only be rectified if revenue driven policy can be put in place and be regulated through outsourced management whose remuneration would be solely dependent on what is accruing from the facility. The existing in-house facilities management of the school is therefore of no patent comparative advantage.

iv. Roles of Outsourced Facilities Management over Revenue Creation in Universities
The major challenge facing university education in Nigeria has been identified to be inadequate funding and there has been growing glamour for public universities in Nigeria to identify alternative means of revenue generation, rather than relying on government subventions. The commercialization of some of university’s facilities and strengthening of facilities management units has thus become a necessity. Outsourcing facilities management services as an efficient and effective management of facilities is expected to improve the overall service delivery in the university if put in place. The study investigated poor management, poor maintenance, and zero revenue amidst good revenue potentials attached to available event facilities. This has clearly distinguished in-house facilities management from outsourced management in terms of performance and revenue generation.

Summary of Findings
What has been realized from this study is that management of facilities in the Rivers State University is a regulations motivated responsibility of the Estate and Works Department in collaboration with the Physical projects directorate of the university and the study evaluated its overall performance. Facilities are designed with professional competence and so functional obsolescence prevails more than physical obsolescence, and revenue potentials of facilities are latent. In-house services have been characterized with inefficiency, incompetent and unproductive with no practical advantage over the activities of outsourced service providers. Finally, outsourced facilities management can improve the overall service delivery in the university community to generate revenue to augment government subventions.

Conclusion
For decades, the Rivers State University is experiencing greater difficulty in funding, resulting from expansion and creation of new faculties and departments which have compelled greater attention for service delivery. This paper therefore underscores the need to find an alternative means of creating revenue from available facilities, which are customarily managed by the Estate and Works Department of the university, through outsourced commercialization. The regulated management system is in the patronage of in-house personnel and the study has thus equated the two services and has drawn a conclusion for outsourced services.

5. Recommendations
The following recommendations are made for study:
1. There should be a legislation to review existing policy on management of facilities to allow for processes that will yield revenue
2. Existing facilities should be always be kept, improved and restored to currently acceptable standards so that they can compete with similar facilities elsewhere to attract patronage. This can only be achieved through outsourced facilities management which is expected to be of a motive for revenue.

3. The Department of Physical Projects and the Estate and Works department should be statutorily compelled to rely on services (outsourced services) in which there is comparative advantage over others.

4. Event facilities in the university are of good revenue potentials and should therefore be outsourced to capable professional hands so that the effective and efficient delivery of logistics and other support services related to the facilities and buildings can be ensured.

Finally, the findings from this study indicates that existing policies as dictated by the National Universities Commission in Nigeria lacks merit over internally generated revenue from existing facilities, some of which are undergoing physical and functional obsolescence amidst the in-house management. This shows that outsourcing as a policy has not been properly clarified and therefore requires further research by scholars.

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