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## **Financial Resource Mobilisation Strategies And Financial Sustainability: Empirical Evidence From Private Universities In Uganda**

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## **Financial Resource Mobilisation Strategies And Financial Sustainability: Empirical Evidence From Private Universities In Uganda**

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### **ABSTRACT**

**Purpose:** The study set out to examine the association between financial resource mobilisation strategies and the financial sustainability of private universities in Uganda.

**Methodology:** The study was anchored on a positivist paradigm, adopting cross-sectional and correlational designs. Thirty-two private universities (determined using Yamane's formula) were purposively selected from a population of 39 private universities licensed by the National Council for Higher Education (NCHC). Data was collected using a structured self-administered questionnaire from the Vice-Chancellor, Registrar finance/bursar, and Academic Registrar, who formed the unit of inquiry per private university. Pearson correlation and standard regression were used as the primary data analysis techniques.

**Findings:** The study established that financial resource mobilisation strategies are positively associated with financial sustainability, predicting 32% of the variation in the financial sustainability of private universities in Uganda.

**Unique contribution to theory, practice and policy:** The findings highlight the critical prerequisite for private universities to triangulate their resource mobilisation methods by utilising internal and external finance sources to survive financial difficulties. Findings have affirmed the assumptions of the modern portfolio theory, suggesting that private universities should ensure an optimal portfolio of financing strategies that will minimise the risk of financial distress while increasing returns, rather than only focusing on internal sources, especially tuition fees.

**Keywords:** *Resource mobilisation, Financial Sustainability; Private Universities*

## 1.0 INTRODUCTION

The financial sustainability of private universities is a topical issue among researchers and policymakers (Almagtomea et al., 2019 & Nalwoga, 2021; Cernostana, 2017). Private universities are an essential component of many countries' higher education systems (Alonso-Cañadas et al., 2017). Private universities contribute significantly to achieving global and national strategic educational goals. However, these international and national goals cannot be achieved without having financially sustainable Universities (Nalwoga, 2021). Financial sustainability is an entity's ability to operate with reliable net income and a growing net asset base, prudently balancing assets with liabilities (Nalwoga, 2021). Akeel et al., (2019) define financial sustainability as a firm's capacity to meet its short-term and long-term financial obligations while providing the appropriate quality of service delivery. Kharlamoua and Sazonou (2014) noted that financial sustainability is an ideal measure of the financial status of a university.

Notably, education reforms have contributed to the increased concern towards the financial sustainability of universities worldwide (Almagtomea et al., 2019). Today, private universities face financial sustainability issues that limit their ability to achieve their objectives and provide quality academic services and chances for students to reach their full potential in a multitude of settings. Thus, financial sustainability challenges have become a central concern in higher education. Many private universities and other higher education institutions are closing their operations or struggling worldwide with decreasing governmental support and dwindling enrolment (Cernostana, 2017). Moreover, globally, the share of aid to education has remained close to 10% since 2000 (Sazonov et al., 2015).

The global COVID-19 pandemic is making the financial sustainability of private Universities even more challenging (Ling, 2020). For example, Atlantic Union College, founded in 1883 as the first Adventist college in the United States of America (USA), collapsed in August 2011 due to financial difficulties (Afriyie, 2015). Similarly, Burlington College in the USA closed due to financial crises (Wu, 2017). Between 2004 and 2012, around 104 private higher education institutions in the United States of America closed owing to financial sustainability issues (Osei-Kuffour & Peprah, 2020). Due to financial sustainability concerns, private higher education institutions in Brazil witnessed major teacher layoffs, wage reduction, and effective educational issues (de Jesus & Dubeux, 2018). In Africa, private universities equally face varied financial difficulties. For instance, some private Universities in Kenya have folded up entirely due to their inability to support themselves financially (Mugo & Ngahu, 2015). Worse, university administrators were cautioned that Kenya's universities might close due to mounting indebtedness. As of March 2020, universities owed more than Ksh7 billion in agency fees and another Sh4 billion in salary arrears (Osei-Kuffour et al., 2020). Osei-Kuffour et al., (2020) further noted that most private institutions are running in financial deficits in Ghana. Moreso, institutions such as Central University in Ghana were mandated by their shareholders to lay off more than 40 percent of staff due to inadequate finances (Mynewsgh, 2018). Only institutions with sound financial structures and steady revenue streams can fulfil their many objectives and adapt to today's problems in an increasingly complicated and global context (Sazonov, 2015). Financial sustainability, without a doubt, ensures that the university's aims are met by ensuring that the institution generates enough cash to meet obligations on time and invest in future academic and research activities (Mynewsgh, 2018 & Sazonov, 2015).

In Uganda, the importance of private universities cannot be ignored; the private sector provides approximately 55 percent of higher education in Uganda (National Council for Higher Education, 2019). Moreover, the last five years have registered growth in enrolment of 12.6 % from 198,338 students in 2015/ 2016 to 223,232 in 2019/2020 in universities, with the majority (55%) in private Universities. With such a significant contribution to higher education, operate under the Education Act 2008 the Universities and Other Tertiary Institutions Act 2011. The legal provisions require institutions to deliver relevant and quality education. Besides, the government of Uganda introduced a public-private partnership program through which private universities get financial support from the government and other agencies (Nalwoga, 2021).

Despite existing laws and regulations and government support, private universities in Uganda have experienced a severe decline in financial sustainability over the last two decades. Some private universities such as Namasagali, Lugazi, and Fairland closing, and others like Kabale University, Mountains of the Moon University (MMU), and Busoga University were taken over by the Government due to perpetual financial distress (Nalwoga, 2021; Ling, 2020; NCHE, 2019). Consequently, financial sustainability challenges restrict private Universities in Uganda from balancing quality education with the need to maximise shareholder wealth (Sami & Sree, 2017). Therefore, if the poor financial sustainability of private Universities in Uganda is not addressed, the achievement of the national and International strategic goals will be at stake.

Literature suggests that financial sustainability is a function of strategies for financial resource mobilisation (Ling, 2020; Kisige & Neema-Abooki, 2017). Relatedly, Osei-Kuffour et al., (2020) emphasised that before financial sustainability challenges in private universities can be addressed, it is essential to critically analyse financial resource mobilisation strategies in those universities. Resource mobilisation is the process by which financial resources are solicited. It is the continuous process of identifying and using a wide range of available resources to address identified financial challenges. It involves action-oriented resource gathering that provides a means to address a particular problem or a series of challenges (Kisige et al., 2017). A resource mobilisation strategy comprises a mix of mechanisms an institution employs to ensure the delivery of services in an efficient, equitable, and sustainable manner that will improve the quality of the education system (Kamanzi et al., 2018).

Researchers (Ekpoh & Okpa, 2017; Salam et al., 2019; Awuor, 2015) indicated that for educational institutions to survive in the long-term, strategies to diversify funding sources to bring in additional revenue to address various demands by stakeholders and expand resources base for survival and success, are imperative. Salam et al. (2019) aver that education institutions should consider devising strategies to diversify their income stream besides the primary income source by mobilising new unrelated revenue sources that add to the income pool available to an institution for operations. Ekpoh et al., (2017) further noted that institutions should use various income mobilisation tactics which are differentially accessible to them. This is because diversification of income sources is said to yield advantages as it reduces idiosyncratic risks arising from market conditions. Non-profit organisations (NGOs), according to Gajdová and Majdchová (2018), should better design their financial strategies, diversify and stabilise their financial sources, and turn this approach into a long-term strategic plan to accomplish their entrepreneurial missions. Furthermore, Sekabira (2013) found that capital structure was essential in MFIs' financial sustainability of microfinance institutions in Uganda. Almagtomea et al. (2019) established a

positive relationship between financial sustainability and accountability among public higher education institutions in Iraq.

Moreover, Agyeman et al. (2014) posited that by inclining to the diversification of institutional activities within and outside, the institution addresses income security shortfalls that supports and accumulates income. Accumulated income is used in institutional expansion, engagement in non-traditional businesses and opens avenues to expand revenue base that helps to solve current and long-term financial sustainability challenges among farm household in Ghana. Relatedly, Awuor (2015) in a study on financial resource mobilisation strategies and internal efficiency reported that more financial resources resulted in enhanced internal efficiency among public secondary schools in Kenya. However, contrary to the studies that reported a positive relationship, a study by Paul (2021) in Uganda established that the relationship between financial resource mobilisation and accountability in the Kabale district local Government is weak and statistically insignificant.

The modern portfolio theory (MPT) has reinforced the contribution of resource mobilisation strategies to financial sustainability. According to the MPT, investors can get the best financial results by selecting an ideal mix of investments based on their risk tolerance (Kim & Francis, 2013). The theory (MPT) claims that an investment should not be judged just on its own merits but rather on how it affects the entire risk and return of the portfolio. That is, an investor can build a portfolio of multiple assets that will result in higher returns without increasing risk (Lee et al., 2016). Owing to the operations of private universities, the owners and management of these institutions can achieve greater financial sustainability if they adopt multiple resource mobilisation strategies that will minimise the risk of financial distress and increase their revenue. This requires diversifying their income sources by adopting internal and external financial mobilisation strategies (Baligidde, 2010).

Despite the widely accepted notion that financial sustainability is a function of resource mobilisation strategies, there are limited studies in this direction. Moreover, extant studies are deficient in terms of scope and methodologically. Besides concentrating on public institutions, previous studies have mainly examined financial sustainability among universities without examining the relationship between financial resource mobilisation strategies and financial sustainability. Consequently, existing studies are methodologically constrained in explaining the variance in financial sustainability due to changes in resource mobilisation strategies, thus leaving shareholders and managers of private universities stuck in policy formulation. Moreover, studies that attempted to examine the relationship between resource mobilisation strategies and financial sustainability are replete with mixed findings. Some scholars (Salam et al., 2019; Ekpoh & Okpa, 2017) established a positive relationship, and others (Paul, 2021) reported a negative relationship, thus leaving the matter elusive.

As a result, this study aimed to investigate the relationship between financial resource mobilisation strategies and financial sustainability in the setting of private universities in Uganda, a developing economy. The study presents empirical proof on the variation in financial sustainability explained by resource mobilisation strategies by demonstrating that financial mobilisation strategies have a significant positive effect on the financial sustainability of private universities in Uganda.

## **2.0 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **2.1 Theoretical Foundation**

This study was anchored on the modern portfolio theory (MPT) coined by Harry Markowitz in 1952 (Mangram, 2013). According to the theory (MPT), investors can get the best outcomes by selecting an appropriate mix of investments based on an assessment of their risk tolerance (Kim & Francis, 2013). According to modern portfolio theory, any investment's risk and return characteristics should not be seen in isolation but rather be evaluated in terms of how it influences the total portfolio's risk and return. That is, an investor can build a portfolio of diverse assets that will result in higher returns while lowering risk. Starting with the desired level of expected return, the investor can build a portfolio with the lowest possible risk capable of achieving that return (Lee et al., 2016). The MPT is of relevance to this study where it is hypothesised that financial sustainability among private universities depends on resource mobilisation strategies. These resource mobilisation strategies are in terms of varied sources of funds, the amount acquired from specific sources, the strategy of mobilisation of funds from particular sources, and risk factors inherent in the financial resource mobilisation (Awuor, 2015). To achieve financial sustainability, private universities must adopt optimal financial resource mobilisation strategies with lower risks and avoid relying on one approach or source of income that results in more significant financial distress (Grujić, 2016). Therefore, the MPT is an essential tool for private universities as it helps them choose the different types of investments for revenue diversification and then make one income stream by considering all sources, thus minimising challenges of financial sustainability (Janková, 2019).

However, along with the advantages, the Modern portfolio theory has drawbacks. For instance, in the modern portfolio theory, the company's historical performance under consideration is taken. Moreover, the historical performance never guarantees the result that could arise in the future (Arici, 2019). Considering only the past performances sometimes leads to overpassing the newer circumstances, which might not be there when historical data were considered but could play an essential role in making the decision (Verdiyanto, 2020). Nevertheless, the modern portfolio theory is a working strategy for risk managers, investment institutions, and related persons (Le, 2021). Thus, the study found it relevant in explaining the relationship between financial resource mobilisation strategies and financial sustainability among private universities in Uganda.

### **2.2 Empirical Literature and Hypothesis Development**

Financial resource mobilisation is the process of acquiring a level of funding for the organisation that is sufficient to cover the costs of attaining the intended targets through specific activities, including those required to meet the provisions of national and international agreements (Surana & Anadon, 2015). There are three major components to resource mobilisation: resources, resource providers, and resource mobilisation mechanisms. Universities employ resource mobilization strategies to get resources from resource suppliers (Awuor, 2015). On the other hand, financial sustainability is an entity's ability to function with consistent net income and a growing net asset base while properly managing assets and obligations (Nalwoga, 2021). This is the provision of financial independence (Rymanou, 2010) and a system of financial and economic relationships that create, allocate, and utilise funds to ensure that the entity can operate in the foreseeable future. Financially sustainable firms have the potential to manage their short-term and long-term financial

capability while offering the required level of service delivery (Nalwoga, 2021 & Akeel et al., 2019).

Previous studies have shown that financial sustainability positively related to techniques for mobilising financial resources. Using economic and statistical analysis, Cernostana (2017) found that challenges of financial sustainability and efficiency of HEIs are growing increasingly. In his (Cernostana's) advice, HEIs were urged to develop methods for evaluating financial sustainability and defining indicators of its evaluation. A similar study was conducted in Ghana by Osei-Kuffour & Peprah (2020), which looked at private tertiary institutions' financial stability and income diversification. The researchers found a moderate but positive link between a wide range of sources of income and long-term financial viability. Similarly, Almagtomea et al. (2019) investigated the relationship between financial sustainability and accountability in Iraqi higher education institutions. To assure enough funding, management was urged to give the essential financial information for the accountability function and legitimise its actions, according to the findings of this study.

Furthermore, Nalwoga (2021) undertook a critical analysis of the financial sustainability of private Universities in Uganda in the context of the COVID- 19 pandemic. The results indicate that only 19% of the universities are financially sustainable, falling in the categories of either absolute or normal financial sustainability. Most universities (81%) were either unstable or in the critical financial sustainability category. The study called for an urgent mitigating intervention from owners and managers of these universities with the Government's full support if the institutions achieve their mission amidst the financially devastating effect of the COVID 19 pandemic. Nalwoga (2021) concluded that only Universities with sound financial structures and stable income flow would fulfil their multiple missions and respond to the current financial challenges, especially those caused by the Covid-19 pandemic.

Spanish public universities' financial sustainability was examined by Alonso-Caadas et al. (2017). The university's productivity, the ruling party's ideology in the autonomous community, its experience, the size of its community, and the financial support it receives from the Regional Government all had a substantial impact on the net debt. Furthermore, Rubagora (2012) looked into the factors that influence the financial viability of Tanzanian private universities. Results indicated that tuition fees represented a significant income source in all private universities. Rubagora (2012) concluded that until private universities in Tanzania have proper planning and budgeting, fundraising to diversify their income, invest in the development and professionalisation, concentrate on knowledge revolution, invest not in a large number of universities and students but good quality higher education that they will be financially sustainable.

Similarly, Ahmad (2019) investigated the financial sustainability of Malaysian public universities. The study sought to elicit senior officers' assessments of their institutions' overall financial sustainability; and, second, to examine senior officers' perspectives of important income diversification and cost control techniques. According to the descriptive findings, respondents agreed that raising university fees would not be a viable revenue-generation strategy for public universities. Instead, all respondents suggested that maximising resource use is a critical technique that universities may employ. However, although studies have reported a positive link between financial sustainability, some studies yielded contradictory results. For instance, Paul (2021) established the relationship between financial mobilisation and accountability and ascertained the

cause of poor absorption of realised financial resources in Kabale district local Government. The study demonstrated that the relationship between financial resource mobilisation and accountability in Kabale district local Government in Uganda is statistically insignificant.

From the above debate, it can be observed that the existing literature on the relationship between financial resource mobilisation strategies and financial sustainability is still mixed, given the deficiencies in extant studies. While some studies (Cernostana 2017; Osei-Kuffour et al., 2020; Almagtomea et al., 2019) reported a positive relationship, others (Paul, 2021) reported a nonsignificant relationship. Additionally, besides concentrating on private universities, studies have mainly focused on public education institutions that access funding from Government (Almagtomea et al., 2019; Alonso-Cañadas et al., 2017; Ahmad, 2019), ignoring the struggling private institutions in developing countries like Uganda. Scholars (Nalwoga, 2021; Kisige et al., 2017; Kamanzi et al., 2018) ignore financial resource mobilisation strategies as a predictor but only describe financial sustainability among universities without a deeper examination of how it rates with other factors in the education institutions.

More so, a few studies that examined resource mobilisation strategies, such as Awuor (2015), only focused on public secondary schools in a single sub-county of Rachuonyo South Sub-County, Homabay County, Kenya. This methodological weakness of relying on only descriptive statistics has made extant studies fail to report the amount of variance in financial sustainability as a function of other factors financial resource mobilisation strategies. Besides, findings in such deficient studies cannot be generalised to the private universities, thus leaving practitioners and policymakers in Uganda indifferent on averting the financial distress among institutions of higher learning. This study, therefore, addressed the above empirical gaps by examining the relationship between financial resource mobilisation strategies and financial sustainability among private universities in Uganda, a developing country. Thus, based on the theoretical underpinnings and existing empirical literature, the study hypothesised as follows;

*H1: There is a positive relationship between financial resource mobilisation strategies and financial sustainability among private universities in Uganda.*

### **3.0 METHODOLOGY**

#### ***3.1 Philosophical Orientation, Research Design, Population, and Sample size***

The study adopted a positivist paradigm based on the assumption that reality exists and can be understood, identified, and measured. The paradigm further posits that knowledge can be developed objectively without the views of the researcher or participants influencing its development (Park et al., 2020). Furthermore, the study adopted cross-sectional and correlations designs in assessing the relationship between variables at a single point in time. The study considered a population of 39 private universities in Uganda, forming the unit of analysis (National Council for Higher Education (NCHE), 2019). Consequently, a sample of 32 private universities was derived using Krejcie and Morgan's table (Krejcie and Morgan, 1970) and selected purposively. The study purposively selected the Vice-chancellor, Bursar, and the Academic Registrar (unit of inquiry) from each private university to get balanced responses at the university level. The study prioritised these respondents because they are the critical officials charged with the operations of private universities and form part of the private universities' top



management team (NCHE, 2019). Moreover, data was aggregated at the firm level using the university name as an “identifier” variable to minimise autocorrelation (Podsakoff et al., 2012).

### **3.2 Measurement of Variables and Data Collection Method**

#### ***Measurement of Variables***

The study conceptualised financial resource mobilisation strategies using an income diversification model for higher education institutions by Baligidde (2010). Thus, private universities were examined in terms of internal income-generating initiatives such as consultancy services, conference facilities, endowments; short-term training courses, workshops and seminars; contract research projects; establishment of night classes, weekend and holiday programmes; programmes and upcountry outreach centers; establishment of a policy of charging parking fees on campus for visitors; recycling of waste paper, examination scripts, aluminum cans, old books, lab materials, etc. (Baligidde, 2010). The universities were also examined on external income-generating initiatives such as strategic acquisitions of other institutions; institutional mergers to reap from the advantages of economies of scale; investment in treasury bills, bonds, long and short-term convertible securities; seeking short-term loans from commercial banks which are repayable in periodic instalments; negotiated financing from commercial banks and finance companies; investment in real estate; project financing in which a separate legal entity is formed to own the university project; form university consortiums to spread risk and to finance university projects etc. (Baligidde, 2010). On the other hand, bearing in mind that private universities are not-for-profit making institutions, financial sustainability was measured in terms of net income, liquidity, and leverage, as suggested by Nalwoga (2021).

#### ***Data Collection Method***

Data was collected using a self-administered questionnaire with closed-ended questions. The choice of the questionnaire method was based on Foddy (1993) and Oppenheim (1992), who opined that a questionnaire enhances the anonymity of respondents and enables them to respond more freely and at their convenience. Foody further recognised that surveys cover many respondents, hence greater credibility of the data collected. Variables were anchored on a five-point Likert scale because respondents understand it quickly, leading to consistent answers. It also enabled the study to create a middle point (neutral position) to cater to scenarios where a respondent(s) was indifferent or simply had no opinion (DeVellis, 2003). This increased the response rate and reduced the likelihood of low reliability resulting from random guessing by respondents (Bryman & Bell, 2011). On the other hand, data on financial sustainability was collected from the audited financial statements of the private universities, as suggested by Nalwoga (2021) and Rwakihembo et al. (2020).

### **3.3 Control for Common Methods Bias**

The study adopted procedural remedies to minimise the risk of false relationships caused by common methods bias (CMB). Emphasis was exerted on obtaining data of independent and dependent variables from different sources (i.e., from various respondents using the questionnaire for the independent variable and financial reports for the dependent variable) (Podsakoff *et al.*, 2003). The study also considered protecting the anonymity of respondents by not indicating their names on the questionnaire and improving scale items through careful construction (Rwakihembo et al., 2020).

### 3.2 Validity and Reliability

The study confirmed content validity by retaining only constructs that yielded a content validity index (CVI) above the cut-off point of 0.7 (Amin, 2005). Furthermore, construct validity was confirmed by testing convergent and discriminant validity (Fornell & Larcker, 1981). Convergent validity was confirmed given that all constructs had average variance extracted (AVE) above the minimum 0.5. Additionally, discriminant validity was achieved given that the square root of the AVE for each construct was higher than the correlations among other constructs (Fornell et al., 1981). The reliability of the questionnaire was tested using an internal consistency approach to ascertain its consistency in measuring the study variables on the scales used (Pallant, 2020). Cronbach's alpha coefficients were generated using a statistical package for social scientists (SPSS) (Cooper & Schindler, 2006). All constructs exhibited alpha values above the minimum 0.7, indicating the instrument's reliability (Bryman & Bell, 2011).

### 3.3 Data Management and Analysis

The study generated frequency distributions to check for missing values and outliers as recommended by (Pallant, 2020). A missing value analysis revealed that missing values were less than 5%, and a nonsignificant ( $P > .05$ ). Little's missing completely at random (MCAR) test indicated that values were missing completely at random, thus being imputed (Tabachnick and Fidell, 2007). The study further generated and inspected box plots to identify outliers (Pallant, 2020). Outliers resulting from errors were removed while genuine outlying values were changed to less extreme values hence including such cases in the analysis but not allowing outlying scores to distort results (Allen & Bennett, 2010). Furthermore, exploratory factor analysis (EFA) through principal component analysis (PCA) was conducted to identify clusters of variables and reduce dataset items to a manageable level (Pallant, 2020). The study applied the varimax rotation approach extracting principal components. Moreover, KMOs were above 0.6, and Bartlett's test of sphericity was highly significant ( $p < 0.01$ ) for all constructs, depicting a good model fit to the data (Podsakoff *et al.*, 2012 and Bennet, 2011).

Furthermore, parametric assumptions of normality, homogeneity of variance, linearity, and independence of errors were checked and found tenable, as Tabachnick et al., (2007) suggested. Kolmogorov-Smirnov and Shapiro-Wilks test results were nonsignificant ( $p > .05$ ), implying a normal data distribution. Furthermore, Levene's test results were nonsignificant ( $p > .05$ ), indicating equality of variance. Additionally, correlations between the study variables were significant at  $p < 0.01$  level, thus confirming linearity among variables (Podsakoff *et al.*, 2012). Consequently, the study adopted Pearson correlation and regression analysis techniques to test the relationship between financial resource mobilisation strategies and financial sustainability. Parametric analytical methods were preferred due to their high statistical power that yields more reliable results (Pallant, 2020).

## 4.0 RESULTS

### 4.1 Demographic Characteristics

The descriptive findings indicated that most (62%) of the respondents were bursars or registrar finance and had worked with their institutions for more than three years (78%). Most (71%) of the respondents were above 30 years and were mainly males (67%). Furthermore, a dramatic proportion (78%) of respondents had attained a master's degree with a mild (25%) professional

qualifications. The above results imply that respondents were well qualified, positioned, experienced, and mature enough to comprehend the questionnaire items. The majority of respondents (Bursars) having been in finance departments with a high level of maturity and qualifications also aided them (respondents) to give credible information since they knew more about the financial affairs of their institutions. However, a small proportion of respondents with professional qualifications indicates that private universities do not employ professionals to manage their financial affairs. The poor financial performance could explain this professional gap among private universities that limit their capacity to attract professionals.

Furthermore, descriptive results indicated that private universities mainly get their revenue from tuition fees (67%), donations (15%), government grants (10), among other sources (8%). These results imply that private universities do not optimally diversify their revenue sources. The results also suggest that the Government has yet to give sufficient financial support to private universities in Uganda, which partly explains their financial sustainability challenges.

#### 4.2 Pearson Correlation Results

In line with Pallant (2020) and the purpose of the study, Pearson correlation analysis was conducted to test the relationship between resource mobilisation strategies and the financial sustainability of private universities. Results are indicated in table 1 below.

**Table 1: Pearson Correlation Results**

	1	2	3	4
1 Resource Mobilization Strategies	1.			
2 Internal Sources	.70**	1.		
3 External Sources	.74**	.67**	1.	
4 Financial Sustainability	.56**	.50**	.56**	1.

\*\* .  $P < 0.01$  level (1-tailed),  $N = 32$

*Source: Primary Data (2022)*

The Pearson correlation results (Table 1) indicate a strong, positive and significant relationship between resource mobilisation strategies and financial sustainability of private universities ( $r = .56$ ,  $p < .01$ ). The findings imply that an improvement in resource mobilisation strategies in terms of internal and external sources is associated with an increase in the financial sustainability of private universities.

#### 4.3 Regression Analysis: Testing the Predictive Power of the Model

Following the recommendations of Pallant (2020), the study conducted a standard regression analysis to examine the variance in financial sustainability explained by resource mobilisation strategies. Results of the standard regression analysis are indicated in table 2 below.

**Table 2: Standard Regression Results**

(a) Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	0.56	0.32	0.31		0.31	
(b) ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.97	1.00	3.97	41.98	0.00
	Residual	8.61	31.00	0.10		
	Total	12.58	32.00			
(c) Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.52	0.40		3.82	0.00
	Resource mobilization strategies	0.62	0.10	0.56	6.48	0.00

*Source: Primary Data (2022)*

From the regression results (Table 2), it can be observed that financial resource mobilisation strategies explain the variance in the financial sustainability with a positive change in financial resource mobilisation strategies, causing an improvement in financial sustainability by 0.62 units ( $B=0.62, p<.01$ ). The study findings imply that financial mobilisation strategies are a significant predictor accounting for a dramatic 32% ( $r^2=.32$ ) of the variance in the financial sustainability of private universities in Uganda. Therefore, the above results support the study hypothesis ( $H1$ ) that “resource mobilisation strategies are positively associated with the financial sustainability of private universities in Uganda.”

## 5.0 DISCUSSION OF RESULTS

Based on theoretical underpinnings and empirical literature, the study set to examine the relationship between resources mobilisation strategies and the financial sustainability of private universities in Uganda. Following the recommendations of Pallant (2020), the study conducted Pearson correlation analysis to test the association between the study variables and regression analysis to determine the model’s predictive power. The Pearson correlation results observed that resource mobilisation strategies are positively and significantly associated with financial sustainability, thus rendering support to hypothesis  $H1$ . Furthermore, the regression analysis

revealed that resource mobilisation strategies account for a dramatic 32 percent of the variance in financial sustainability, thus further confirming the present study's preposition. The study findings mean that private universities can achieve financial sustainability by diversifying their revenue sources. The study findings are an urgent call for private universities to adopt internal and external resource mobilisation strategies rather than relying on a single source of revenue like tuition, which is the case among most private universities in Uganda (see descriptive results). Moreover, financially sustainable firms have the potential to meet their short-term and long-term financial obligations while offering the required level of service delivery (Nalwoga, 2021 & Akeel et al., 2019).

The above findings resonate with the results of other studies. For instance, Rubagora (2012) investigated the financial sustainability of private universities in Tanzania. He (Rubagora) concluded that it is until when private universities have good planning for fundraising to diversify their income, invest in the development and professionalisation, concentrate on knowledge revolution, and good quality higher education that they will be financially sustainable. Similarly, Osei-Kuffour and Peprah (2020) established a positive and moderate relationship between income diversification and financial sustainability among higher learning institutions in Ghana. In the same vein, while assessing the factors of financial sustainability among Spanish Universities, Alonso-Cañadas et al. (2017) found that financial sustainability is influenced by the productivity of the university, among other factors.

The study findings are in line with the modern portfolio theoretical underpinnings. The theory (MPT) suggests that investors could achieve their best results by choosing an optimal mix of investments based on an assessment of their tolerance to risk (Kim & Francis, 2013). The modern portfolio theory further argues that any given investment's risk and return characteristics should not be viewed alone but should be evaluated by how it affects the overall portfolio's risk and return (Mangram, 2013). In the same vein, with a positive relationship between financial resource mobilisation and financial sustainability that has been unearthed in this study, private universities in Uganda can only survive the risk of financial distress if they devise strategies by leveraging both internal and external sources of finance without relying on only tuition fees from students (Rubagora, 2012)

## **6.0 THEORETICAL IMPLICATION**

From the modern portfolio theoretical perspective, notwithstanding the critics against the MPT, the present study findings have confirmed that investors should not rely on a single strategy or revenue source to survive financial sustainability challenges. Remarkably, given the established positive relationship between financial resource mobilisation strategies and financial sustainability, the present study has confirmed the MPT's fundamental assumption that "investors can achieve the best results by selecting an optimal mix of investments based on their risk tolerance." Thus, shareholders of private universities can set the desired level of expected return and then construct a portfolio of financial resource mobilisation strategies with the lowest possible risk capable of producing that return.

## **7.0 CONCLUSION**

From the study findings, theoretical underpinnings, and empirical literature, it can be deduced that the financial sustainability of private universities in Uganda is a function of their financial

mobilisation strategies. It all depends on the mechanisms designed by these institutions to generate revenue and the sustainability of their plans.

## 8.0 RECOMMENDATIONS

Its high time the shareholders and management of private universities diversified their revenues without mainly relying on tuition fees from students. These institutions can mitigate financial distress by adopting internal and external resource mobilisation strategies. Internal resource mobilisation strategies may include utilising idle by leasing them; engaging in consultancy work; providing conference facilities, endowments; introducing short-term training courses, workshops, and seminars; engaging in research projects; establishment of night, weekend, and holiday programmes; establishing outreach centers; establishment of a policy of charging parking fees on campus for visitors and weekend students among others. External financial resource mobilisation strategies include strategic acquisitions of other institutions, institutional mergers to gain economies of scale, investing in treasury bills and bonds, securing short-term loans from commercial banks and other financial institutions, and investing in real estate, among others.

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