

Digitalization, Internally Generated Revenue and Financial Performance of The Polytechnic Ibadan, Ibadan, Oyo State

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Abstract

Digitalization of business transactions has emerged as a great phenomenon which has had a transforming effect on institutions across society. The digitalization was initially driven by private sector interests, but governments have showed interest by adopting technology in achieving services delivery and their operations. Technology has automatically changed the way businesses is done in The Polytechnic of Ibadan and different institutions compared to previous times. But despite the advantages there are still shortcomings like brain drain of ICT qualified human resources especially on fiscal matters. Thus, this study objective is to examine the role of digitalization in generating more revenue to bursary department of The polytechnic Ibadan and time-frame is between 2015-2024. The study was anchored on Technology Acceptance Model (TAM). The study adopted a qualitative method to elicit information. The methodology combined interviews and literature review to gather in-depth insights. The findings of the study show that digitization of revenue process is the best way to handle fiscal matters in The Polytechnic Ibadan and embracing digitalization is the most effective strategy for The Polytechnic Ibadan to attain its financial objectives. Also, it was concluded that the modes of operation of generating funds are basically online in The Polytechnic Ibadan, but the institution is still in need of improvement of the bursary department for productivity. The study, therefore, recommends that by digitizing processes and automating tasks, institutions can streamline their operations, eliminate manual errors, and save time and resources.

Keywords: Digitalization, Revenue, Financial Performance, The Polytechnic Ibadan

Introduction

The development of Information and Communication Technology has automatically changed the way business operations are done compared to previous times. Recently, the growth of technology has led to socioeconomic growth. Digitalization of business transactions has emerged as a great phenomenon, which has had a transforming effect on institutions in the society. The digitalization was initially due to private sector interests, but governments as showed interests by adopting technology in achieving services delivery and their operations.

Governments have been able to develop more sophisticated ways to digitalize their business processes with the help of the revolutionary changes that Information and Communication Technologies (ICTs) have brought to the global society. An “umbrella term that comprises all

uses of information and telecommunication technologies in the public sector is broadly referred to as digital government". The digital economy is one aspect of digitalization that focuses on an economy based on digital computing technologies.

Due to the different advantages of ICT and the role in socio-economic development of institutions there is need for a transformation within the Polytechnic system in Nigeria to embrace full digitization especially at the bursary department for accountability and transparency, so that the challenges of chronic under funding can be addressed. It is against this background that this paper examines the modes of funding in The Polytechnic Ibadan by accessing the role of digitalization in generating more revenue to bursary department through secondary method and the time frame is within 2015-2024.

Digitalization

Digitization is the process of converting information into a digital format. The result is the representation of an object, image, sound, document, or signal obtained by generating a series of numbers that describe a discrete set of points or samples. According to Brennen and Kreiss (2016), the process of digital transformation is how many domains of social life are restructured around digital communication and media infrastructure. A simple example can also show the difference between conceptual meanings. In the context of digitization, we use a digital tool to scan an analog contract record into a digital contract record, which is then saved in digital PDF format and then stored on a hard disk on our computer. In the context of digitalization, we use a digital tool to scan an analog contract record into a digital contract record, which is then saved in digital PDF format.

Digital transformation, therefore, requires strong leadership that can implement and direct change and a vision that defines the specific parts of the organization that will transform (Westerman et al., 2011).

Financial Performance and Digitalization in The Polytechnic Ibadan

According to Babatunde (2019), digitization of revenue is required in the Nigeria Polytechnics in order to build infrastructures, accountability and transparency also for improvement in information sharing. Digitization leads to the development of Internet in digitalized based institutions. Digital materials can be transmitted, sorted and retrieved easily and quickly. Some of the main benefits of digitization in The Polytechnic Ibadan includes Access, Generating income, Brand, Search ability, Preservation, Interaction, Integration, Disaster recovery.

Akinlabi (2020) in his study stated that the world is now a global market and rapidly changing, and digitization is playing a major role in this transformation. Digitization in revenue refers to the use of portal, websites etc. various forms of digital technologies. The study further showed that The Polytechnic Ibadan bursary unit serves as the blood of the institution just as the blood is commonly known as the strength of human body. The bursary consists of more than 10 unites some of the units are; Students accounts-major activities are online, which students pays their fees through remittance, and the reports are generated from the back end of the portal. The management Information unit: the unit access information of the student from the remittance give reports to the further processing. The budget unit: they are in charge of salary wages,

pension, expenditure, store unit and final account. However, further strengthening online to online real time should be introduced for processing of information to curb the use of sharp practice in fund collection.

Oyewole (2017) emphasizes in his study that internally generated revenue is a critical component of financial performance, as it provides a sustainable source of income and reduces dependence on external funding. In the work of Akinlabi (2020) that focuses on a case study of The Polytechnic of Ibadan found that digitalization improves financial management and internally generated revenue. Adeyemi (2018) research on digitalization and financial performance revealed that The Polytechnic Ibadan internally generated revenue contributes significantly to financial sustainability.

Based on the literature review by Oyewole, (2017), Akinlabi (2020), Babatunde (2019), and Adeyemi (2018), a positive correlation exists between digitalization and financial performance in The polytechnics Ibadan, indicating that digitalization is associated with improved financial outcomes. Their studies show that digitalization is a critical driver of financial success.

The Implications of Inadequate Funding on The Polytechnic Performance

According to Olanrewaju (2019), one of the major challenge confronting the Nigerian Polytechnic system has had impact on the performance of the polytechnic. According to Afolabi (2020), the Federal/state government of Nigerian finds it difficult to sufficiently fund Polytechnic because of the growing enrollments without a corresponding impressive quality funding due to economic depression. There is no doubt that this has performance decreasing effects on both staff and students.

According to Bamiro and Adedeji, (2010) in Ogbogu (2011), indicated that the quality of teaching and research has fallen considerable because of lack of adequate teaching and research materials, coupled with overcrowded unconducive teaching and learning environment. The two authors noted that the Nigerian government spends just 0.1percent on research, while federal universities spend only 1.3percent of their budgets on research. This has implications for development, because research constitutes a veritable catalyst for the economic advancement of nations and adequate funding is the propeller for research.

Oyewole (2017) highlights the effects of inadequate funding are evident in the fact that the physical facilities in respective institutions are in a state of disrepair, several capital and research projects have been abandoned, laboratories and libraries are ill equipped, academic staff do not attend conferences regularly and there is a drastic reduction in the award of research grants and fellowships. Although, the National policy on education acknowledges the fact that adequate funding is a criterion for the success of any educational programmed, Adeniyi (2008), however, noted that there is a general reduction in efficiency and productivity of institutions because of dearth of funds.

Nigerian federal universities/ polytechnics need to respond to the financial challenges that currently confront them by developing more creative and adaptable funding strategies to offset

the likely risks of declining educational quality, resource use efficiency and learning effectiveness that now confronts them.

Empirical Review

The impact of digitalization on internally generated revenue (IGR) and financial performance (FP) of higher education institutions (HEIs) has been a topic of interest in recent years. The following is a review of empirical studies related to The polytechnic, Ibadan:

In a study carried out by Ogunsola (2020) on digitalization and financial performance of Nigerian polytechnics using a mixed method approaches a positive correlation between digitalization and FP in Nigerian polytechnics was found. Also another study Adeyemi (2018) on "Internally Generated Revenue and Financial Sustainability of HEIs in Nigeria" identified digitalization as a key factor influencing IGR in Nigerian HEIs the study used both qualitative and quantitative methods to come up with the findings.

Babatunde (2019), in his study *The Impact of Digitalization on Financial Performance of HEIs in Africa*, used survey research design found out a significant positive impact of digitalization on FP in African HEIs. Another research carried out Afolabi (2020) on "Digitalization and Revenue Generation in Nigerian Tertiary Institutions" using qualitative research method identified digitalization as key driver of revenue generation in Nigerian tertiary institutions. A study by Kumar (2019) on the Role of Digitalization made used of mixed method to carry out the study found a positive correlation between digitalization and FP in Nigerian HEIs.

Finally, Studies specific to The Polytechnic, Ibadan: "Digitalization and Financial Performance of The Polytechnic, Ibadan" Akinlabi, B. (2020) found a significant positive impact of digitalization on FP. Ogunsola (2020) identified digitalization as a key factor influencing IGR. These studies suggest that digitalization has a positive impact on IGR and FP in HEIs, including The polytechnic, Ibadan. However, more research is needed to explore the specific factors influencing this relationship.

Theoretical Issues and Framework

This study adopts the Technology Acceptance Model (TAM) as its theoretical framework. The theory is associated with scholars such as Fishben's (1967), Fred Davies (1989), Venkatesh, Morris, Davis and Davis (2003), Legrisa *et al.*, (2003), Shih, Shing and Chien (2011) and Ducey (2013). This theory forms the backbone of ideas which provided the superstructure that culminated in the development of research goals. The component of arguments based on the theoretical framework adopted is explained by Rogers and others below.

Rogers (2003) argued that the Technology Acceptance Model (TAM) is completely distinct from the theory of Reasoned Action. The differences can be seen in two different ways: Two new constructs were introduced by the TAM model: perceived usefulness and perceived ease of use. Perceived usefulness believes that adopting an application would increase performance while perceived ease of use believes that an application's involvement would make work stress-free (Shih, ShingandChien, 2011).

In the work of Ducey (2013), he explains that the two TAM constructs are very essential because they determine the acceptability of technology and the behaviour of users. One unique aim of the Technology Acceptance Model is the access for explanation that indicated the acceptance of technology generally. This aim explains the behaviour of users in a large population. Thus, the basic objective of the Technology Acceptance Model (TAM) is to enable us to trace the underlying effect of external factors on attitudes, internal beliefs and intentions in the organization.

The TAM theory is relevant for the analysis of the adoption of digitization in The polytechnic Ibadan. Technology Acceptance Model is also appropriate in the Nigerian institutions as it explains the role played by perceived cost, self-efficacy, power supply, technological infrastructure and internet facilities to support the fiscal digitization. The application of Technology Acceptance Model (TAM) is enhanced due to its simplicity together with the predictive authority which makes its application easy to different situations (Venkatesh, 2003).

The Technology Acceptance Model helps to explain the acceptance, application, relevance, effectiveness and efficiency of current technologies in information sharing, transparency, accountability in public service delivery. From the unit of analysis and with the assumptions of the theory, the model is relevant and more applicable to this study on Role of Digitalization in Generating More Revenue to Bursary Department in The Polytechnic Ibadan.

Methodology

This study employed a qualitative case study design to explore the impact of digitization on financial performance. Data were collected through semi-structured interviews with 20 participants from financial officers and administrative staff (10 Financial officers, 10 Administrative staff), and analyzed using thematic analysis. Purposeful sampling was used to select participants. To ensure rigor, data were triangulated with document analysis and member checking was conducted to validate findings.

Data Analysis

Theme 1: Digitalization

Digitalization is the integration of digital technologies into all areas of an organization, transforming business processes, operations, and culture to enhance efficiency, productivity, and innovation. Based on the aforementioned, the observations were made during the interview:

- "Digitalization has improved our financial reporting, making it more accurate and timely."
(Financial officer)
- "The biggest challenge is getting staff to adopt new digital systems."
(Administrative Staff)

There should be yearly online training program by The Polytechnic Ibadan of Ibadan
(Financial officer)

The school should invest in digital infrastructure and training

(Administrative Staff)

Resistance to change is a major challenge.

(Financial officer)

Theme 2: Financial Management

Government should focus on Capacity building for financial staffs

(Financial officer)

Internal audit and control should be regular

(Financial officer)

The portal should be accessible to everyone

(Administrative Staff)

Online payment system should be effective

(Financial officer)

The school should regularly organize financial staff training

(Financial officer)

Professional development opportunities

(Administrative Staff)

Theme 3: Digitalization and Financial Management

Digitalization has improved our financial reporting accuracy

(Financial officer)

Staff training and capacity building

(Administrative Staff)

There should be comprehensive digital transformation Strategies

(Financial officer)

My opinion is that there should be enhanced financial reporting and compliance processes

(Financial officer)

Portals and websites should be easily accessible for users

(Administrative Staff)

Theme 4: Thematic Analysis of Government policies

The government should improve ICT policies in institutions

(Financial officer)

The State government should work on implementation of new effective ICT policy in state schools

(Administrative Staff)

Findings and Discussion

The study revealed a positive correlation between digitalization and financial performance. Most of the participant interviewed reported increased revenue after implementing digitalization strategies. In the following interviews with key informants it was stated that digitalization has a positive impact on internally generated revenue and financial performance of The polytechnic Ibadan. Another said digital infrastructure, digital literacy and digital

culture are key factors influencing internally generated revenue and financial performance of The Polytechnic Ibadan. One of staff in the finance department (Student account unit) said digitalization has enabled us to better understand our student's needs and preferences. These findings support existing research on the benefits of digitalization for financial performance by (Smith, 2020).

These Findings suggest that digitalization has a positive impact on financial performance. Finally it was find out from existing literatures that Digital materials can be transmitted, sorted and retrieved easily and quickly. Some of the main benefit of digitalization in The Polytechnic includes Access, Generating income, Brand, Search ability, Preservation, Interaction, Integration, Disaster recovery.

Th findings support the ideas of Technology Acceptance Model (TAM) adopted as the theoretical frame-work. The Technology Acceptance Model helps to explain the acceptance, application, relevance, effectiveness and efficiency of current technologies in information sharing, transparency, accountability in public service delivery. The result also suggest that digitalization has a positive impact on financial performance, which can further reinforce the perceived usefulness and attitude towards using technology.

Conclusion

This qualitative study explored the impact of digitalization on financial performance, revealing three key themes: improved efficiency, enhanced customer engagement, and increased revenue. The findings suggest that digitalization has a positive impact on financial performance, supporting existing research. The findings also have practical implications for institutions, emphasizing the need to embrace digitalization and invest in digital technologies. This study demonstrated the significance of qualitative research in understanding complex phenomena and highlighted the need for further research in this area.

Based on the findings, it is concluded that digitalization has the potential to significantly improve internally generated revenue and the financial performance of The Polytechnic Ibadan. By investing in digital infrastructural facilities and developing digital literacy, and fostering a digital culture, the institution can enhance its financial sustainability and achieve its strategic objectives.

Recommendations

This recommendation aims to address the key challenges and opportunities identified in the study. Based on the conclusion it was generally recommended that by digitizing processes and automating tasks, institutions can streamline their operations, eliminate manual errors, and save time and resources. This allows employees to focus on more strategic and value-added activities, ultimately leading to increased productivity and profitability.

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