



| Research Article



Inflation and Infrastructural Facilities Development in Universities in Nigeria

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Abstract: University education is an education designed for training enhancement and building a human capacity base of an individual through the development of cognitive, psycho-motor and affective powers that will enable the individual to fit in and function optimally in society. The university education system is like every other system that is affected by the economic trend of inflation. Inflation is a global economic problem that affects both private and public institutions. This paper analyzed the impact of inflation on infrastructure facilities development in Nigerian universities. Secondary data were used in the paper. The secondary data were collected from online publications and print resources. The paper established that delays in project implementation, poor project financing, poor facility maintenance and project Abandonment are the impacts of inflation on infrastructure facilities development in Nigerian universities. Based on the findings, the paper recommended that the federal should come out with measures to address inflation by reducing taxes, increasing local production and encouraging more investment in the country.

Keywords: Inflation, infrastructure facilities development, Universities.



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INTRODUCTION

University education is the final stage of education. University education is the education after secondary school education. University education is the education for the transformation of the communities, states and nations (Ogunode, Olowonefe & Olumodeji 2024). University education is the education that produces manpower of all categories for social, and economic development and technological advancement. University education is organized education and systematic which leads to the award of certificates after graduation. University education is an educational system centred on teaching, researching and provision of community services (Ogunode, Ayeni, & Ogwuche, 2024; Ogunode, & Ayeni, 2023). University education by its nature programme is the largest educational system globally (Ogunode et al 2024). University education is host to many human and material resources. The university stakeholders include students, academic staff, non-academic staff, management, international institutions and parents (Ogunode et al 2024). the above, university education is an education designed for training enhancement and building a human capacity base of an individual through the development of cognitive, psycho-motor and affective powers that will enable the individual to fit in and function optimally in society.

The goals of university education include manpower development and training, According to the NPE (FRN, 2004), university education is expected to make an optimum contribution to national development through the intensification and diversification of its programs for the development of high-level human resources base within the context of the needs of the nation; make professional course contents to reflect Nigeria's national requirements; make all students, part of the general program of all-round improvement and to offer general study courses such as history of ideas, philosophy of knowledge and

nationalism. Universities are expected to encourage and disseminate their research results to both government and industries. Universities are expected to inculcate community spirit in their students through projects and action research. They are expected to ensure that faculty in their professional fields have relevant industrial and specialized experience. However, the NPE states that a huge percentage of funding for university education shall be devoted to Science and Technology.

The university education system is like every other system that is affected by the economic trend of inflation. Inflation has direct and indirect consequences on the performance of students (Ukozor, Ayeni, & Andeshi, 2024). Inflation is a global economic problem that affects both private and public institutions. Inflation affects production, distribution and consumption. Inflation is capable of disrupting the operation of institutions and affecting service delivery. Udi (2024) reported that Nigeria's inflation rate increased to 33.2% in March 2024 according to the latest data from the National Bureau of Statistics (NBS). This represents a 1.5% point increase from the 31.7% recorded in February 2024. The increase in the inflation rate in March was slower compared to the 1.80% increase recorded in February 2024. On a year-on-year basis, the headline inflation rate increased by 11.16% from 22.04% in March 2023. Additionally, the headline inflation rate for March 2024 was 3.02%, a decrease of 0.10% from February 2024, when it was 3.12%. In March 2024, the food inflation rate reached 40.01% year-on-year, marking an increase of 15.56 percentage points from 24.45% in March 2023. This surge in food inflation can be attributed to rising prices for items such as gari, millet, and akpu uncooked fermented (all part of the Bread and Cereals category), as well as yam tuber, water yam, and others. Inflation does not only affect food prices, it also affects the operational cost of both private and public institutions. The Nigerian universities appear to be affected by the recent inflation in the country. Many university administrators and managers seem to find it difficult to administer the various institutions. It is based on this assumption that this paper aims to analyze and identify the impact of inflation on Nigerian universities.

Purpose of the study

1. The purpose of this study is to analyze the impact of inflation on infrastructure facilities development in the universities in Nigeria.

Theoretical Framework

This paper is hinged on system theory. The theory offers an alternative approach to the planning and management of education like Basic education. The systems management theory proposes that education can be likened to the human body that has a goal to attain and consists of multiple components that work harmoniously so that the larger system can function optimally. According to the theory, the success of an educational system depends on several key elements: synergy, interdependence, and interrelations between various subsystems. The realization of the education goals depends on the effective relationship between the sub-unit or component in the system. Every component is important and its role is very vital to the attainment of the institution's goals. Thus, the inability of the governance system to perform its roles is also hurting the educational system (Ogunode, Ayeni, & Olorundare, 2024)

In the application to this paper, Nigeria can be likened to a system made up of sub-components like education, health, energy, politics, infrastructure, religious institutions, culture, economy (Inflation, unemployment, deflation) etc. All the sub-components need one another to work effectively and to realize the goals of Nigeria. The malfunction of one component affects the functions of other components. When a structure like the government fails to perform its expected role, there are bound to be negative consequences (Ayeni & Nwaorgu, 2018; Joseph, Cinjel & Ayeni, 2017). If the economy that is made up of (Inflation, unemployment, deflation) is disrupted by inflation, unemployment or deflation it will affect the operation of the entire system because it is a system that depends on several key elements: synergy, interdependence, and interrelations between various subsystems (Adapted from Ogunode, Olowonefe & Olumodeji 2024).

Methods

The paper analyzed the impact of inflation on universities in Nigeria. This paper depends on secondary data. The data were collected from print and online publications. Content analysis and elimination methods were used to select the literature used in the study.

Concept of inflation

Inflation is one of the most frequently used terms in economic discussions, yet the concept is variously misconstrued. There are various schools of thought on inflation, but there is a consensus among economists that inflation is a continuous rise in prices. Simply put, inflation depicts an economic situation where there is a general rise in the prices of goods and services, continuously. It could be defined as a continuing rise in prices as measured by an index such as the consumer price index (CPI) or by the implicit price deflator for Gross National Product (GNP). Inflation is frequently described as a state where "too much money is chasing too few goods". When there is inflation, the currency loses purchasing power. The purchasing power of a given amount of naira will be smaller over time when there is inflation in the economy. For instance, assuming that N10.00 can purchase 10 shirts in the current period if the price of shirts doubles in the next period, the same N10.00 can only afford 5 shirts (Obiakor 2021).

Inflation is defined by Ogunode and Ukozor (2023) as the continuous rise in the prices of goods and services over a while. Tucker (2007), inflation measures prices relating to consumers, and the Gross Domestic Product Deflator GDP Deflator, which measures prices relating to goods and services produced locally. Femi (2022) viewed inflation as when a large amount of money can only purchase a few goods and services. Ogunode, Olowonefe & Olumodeji (2024) defined inflation as an economic period when there is much money in circulation that can only buy a few goods and services. Inflation occurs when

the purchasing power of money is lost or low to buy what it used to normally buy before. It is when a large sum of money is chasing only a few goods and services during a given time.

Obiakor (2021) classified inflation into four types and they include; creeping inflation. This inflation occurs when the price rise is very slow. A sustained annual rise in prices of less than 3 per cent per annum falls under this category. Such an increase in prices is regarded safe and essential for economic growth. Walking inflation is the type of inflation that occurs when prices rise moderately and the annual inflation rate is a single digit. This occurs when the rate of rise in prices is in the intermediate range of 3 to less than 10 per cent. Inflation of this rate is a warning signal for the government to control it before it turns into running inflation while running inflation is the type of inflation that occurs when prices rise rapidly at the rate of 10 to 20 per cent per annum, it is called running inflation. This type of inflation has tremendous adverse effects on the poor and middle class. Its control requires strong monetary and fiscal measures. Finally, hyperinflation is the inflation that occurs when prices rise very fast at double or triple-digit rates. This could get to a situation where the inflation rate can no longer be measurable and uncontrollable. Prices could rise many times every day. Such a situation brings a total collapse of the monetary system because of the continuous fall in the purchasing power of money

Concept of infrastructure facilities development

Infrastructure facilities development is the building and completing facilities for use. Infrastructure facilities development is the growth of facilities in an institution. According to Ayeni (2016), infrastructural development is the process of executing capital projects that will help in improving the living conditions of the people. Infrastructure facilities development refers to developing infrastructure facilities in institutions for official use.

Nigerian universities are host to many facilities undergoing development in different stages. There are lots of infrastructure facilities being developed for academic staff, non-academic staff and students. Every day new contracts are awarded for the commencement of new projects and completion of old and abandoned facilities.

Impact of inflation on infrastructure facilities development in universities in Nigeria

There are many impacts of inflation on infrastructure facilities development in the universities in Nigeria. Some of the effects include delays in project implementation, poor project financing, poor facilities maintenance and has led to project Abandonment.

Poor project implementation

It has been noted that massive infrastructural development provides a suitable environment and support for the development of entrepreneurship skills and industrialisation (Ayeni, Abdullahi, & Andeshi, 2021). Infrastructural development enhances human security (Ayeni, Andeshi, & Uzoigwe, 2022). Further importance of infrastructure shows that Infrastructure can empower people (Ayeni, 2017). However, inflation in Nigeria has affected project implementation in many universities across the country. Many university administrators and managers in the past have awarded contracts for the development of new facilities in their various universities when the Naira was stable and could achieve more in terms of purchasing power. The current hyperinflation in the country has made it impossible for many contractors to commence work on the site due to inflation that has made the value of the naira depreciated against dollars which is commonly used for international trade. Musa (2022) observed that many Contractors are calling for a review of the contractors since the fund approved can no longer finance the project to complete the stage. Prices of essential building materials such as cement, blocks, doors, reinforcement rods, sand, timber, paints, roofing sheets, glass and tiles have risen by over 75% in the last 12 months to as high as 100- 200 per cent over the last two years.

Table 1.1 Prices of construction materials

Items	Previous Rate	New Rate
Cement	N4700 / bag	N6500 – N9500 / bag (depending on location)
9 inch Blocks	N450	N550
6 inch Blocks	N370	N500
Steel Rebar 8mm	N225 000 / tonne	N518 000 / tonne
Steel Rebar 10mm	N422 000 / tonne	N520 000 / tonne
Steel Rebar 12-16mm	N446 000 / tonne	N515 000 / tonne

Source: Guardian

The development has made it difficult for property developers and contractors to deliver affordable housing for over 75 per cent of Nigerian educational institutions that lack access to desirable, dignified classrooms and hotels. March (2020) opined that since most contractors operate on slim margins, increased costs are impacting the bidding process. The steep recent price increases make it extremely difficult to estimate future costs, which may be several times the original estimates by the time work commences and more still by the time the job is completed. Delays in getting materials on site due to supply chain challenges often mean that the timeline for a project’s completion is often unclear. Rising fuel prices are putting even more pressure on contractors’ budgets. Not only has it become significantly more expensive to get materials to a construction site, but many pieces of essential heavy equipment — such as bulldozers, cranes, and backhoes — run on fuel. Erunke (2022)

observed that the Tertiary Education Trust Fund, TETFund blamed the slow pace of work in its various intervention projects in public tertiary institutions across the country for fluctuations in prices of important building materials and labour. The TETFund submitted that projects experiencing delays as a result of inflation. TETFund acknowledged that there were challenges to the high cost of materials. Inflation has also led to increment completion of infrastructure facilities across the universities. Contractors are calling for a review of contracts due to inflation that has led to an increase in the general prices of building materials. Leadership (2023) pointed out that inflation in Nigeria has led to an increment in construction materials. Muhammed and Abu (2022) and

Project financing

Another impact of inflation on infrastructure facilities development in the universities is the problem of poor project financing inflation. Ogunode (2020) noted that project financing is critical to project management. It is the fuel that makes projects operate and realize their objectives. Inflation has affected the effective financing of many ongoing projects in various universities across the country. There are many things taking money from the universities during inflation. The operating cost is high and universities must ensure they are operating. The tariffs on electricity, the increment in educational resources, office stationaries and service cost. All these variables do not allow university administrators to release funds for ongoing infrastructure facilities projects. Femi (2020) and Abdul (2021) project financing is always affected during inflation and economic recession in higher institutions because allocation to the various institutions depends on the national income of the country. Omuru (2022); and Oludare (2024) and March (2020) noted that some contractors and developers are facing increased challenges to secure funding for projects amidst questions about the bankability of projects. In a high inflationary environment, funders will generally be more cautious when offering funding to projects that are high in value, complex, or have long build times.

Poor facilities maintenance

Inflation in Nigeria has led to an increment in maintenance costs in the universities. Inflation has led to an increase in the prices of goods and services which directly and indirectly has affected the maintenance cost of infrastructure facilities in the various universities across the country. Muhammed & Abu (2022) submitted that most resources used for carrying out mechanical maintenance in the universities have shorted up making it difficult for contractors handling maintenance services in the universities to suspend maintenance costs and denude for a review of the contract. Musa (2022) remarked that inflation has prevented university administrators from managing school facilities well. Ogunode, Eze, and Olumodeji (2024) identified inflation as one of the reasons why universities are not carrying out school facilities maintenance because the cost involved in the procurement of resources for maintenance is high as a result.

Project Abandonment

The high inflation in Nigeria has led to Project abandonment in many universities across the country. According to Akhanolu, Ikpetan, and Chibuzor, (2016), project abandonment is the resultant effect of any development projects that have started at an earlier date but which the construction work for one reason or the other has stopped. Ihuah and Benebo (2014) see the abandonment of development projects as the act of discontinuing any activities or maintenance works on such development projects within the time frame of the contract agreement and with no intention of returning to the development. There are many project abandonments in Nigerian universities. Ogunode, Jegede, Olamoyegun, Akinjobi, and Olatunde-Aiyedun (2022) concluded that projects abandoned in Nigerian public tertiary institutions include faculty/ departmental buildings/complexes (lecture rooms, lecture theatres, auditoria, staff offices, seminar/conference/board rooms, laboratories, workshops, studios, moot courts, farms, gymnasias etc.); Libraries (central libraries, specialized/professional libraries, faculty libraries, departmental libraries etc.); Institute/centres (specialized facilities e.g. ICT infrastructure, special laboratories, conference facilities, Boards (interactive, magnetic, screen and chalk) ICT (computer laboratories and services, network connectivity, multi-media system, public address system, slide and video projectors) and Ergonomics furnishing in laboratories, libraries, and lecture rooms/theatres, moot courts and studios etc. Students' accommodation/hostels; municipal/physical infrastructure (power supply, water supply, good road networks, sports, health and sanitation, staff schools, campus markets, security facilities etc.). Specifically, these infrastructure facilities have been abandoned in all the six geo-political zones across the country. For instance, in South West geo-political zone, Abdulkabeer (2022) reported that the atmospheric laboratory building in the Faculty of Science at the University of Ibadan has been abandoned. The project aims to enhance postgraduate research programmes in the area of lower atmosphere physics. In the South-south geo-political zone, Wode (2021) reported that the Vice-Chancellor of the University of Calabar bemoaned the high rate of abandoned projects in the University of Calabar. He reported that the University of Calabar had a bad record of being one of the universities with the highest number of Federal government-funded abandoned projects in the country. Building projects like Pavilion One, Two, and Three, which are now funded by TETFUND, and the Faculty of Law, at the verge of completion, were built many years ago and left uncompleted by previous administrations. Adelabu (2019) also reported that there are many uncompleted projects in the Federal University of Petroleum Resources, Effurun (FUPRE), and Delta State. Obi (2023) and Ogunode & Murtala, (2022) concluded that inflation is one of the fundamental causes of abandonment of projects in public Universities in Nigeria. This project's abandonment reduces access to education that is expected to empower people to enable them to provide for their basic needs (Ayeni, Sani, Idris, & Uzoigwe, 2019). March (2020) observed that in most countries, the risk of inflation is borne by contractors. In these situations, incorrectly pricing costs into a bid can have catastrophic effects on their budgets, particularly for contractors that operate via fixed-price

contracts. This has led to an increasing number of construction companies getting into financial difficulties and even going out of business leading to project abandonment.

Conclusion and Recommendations

This paper critically examined the impact of inflation on facilities development in Nigerian universities. The paper concluded that delays in project implementation, poor project financing, poor facility maintenance and project Abandonment are the impacts of inflation on infrastructure facilities development in Nigerian universities.

Based on the findings, the paper recommended that the federal should come out with measures to address inflation by reducing taxes, increasing local production and encouraging more investment in the country.

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