



Qualitative Study on the Economics of a Sustainable Higher Education in Nigeria: A Theoretical Approach

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Abstract

It has been documented that higher education plays a pivotal role in human capital development and national growth and development. This paper conceptualizes economics of education as a vital field that examines the allocation of educational resources, the economic returns on education, and the broader implications of educational investment on national development. Functionalism theory which addresses society as a whole in terms of the function of its constituent elements was adopted for the paper. It views higher education as one of the most relevant social institutions in the society. However, the capacity of higher education in manpower development is being gradually eroded due to resource allocation inefficiency in Nigerian higher institutions of learning. The paper thus explores how economics of education can enhance resource mobilization, efficient allocation, and equitable access to education strategic planning, and accountability. The synergy between higher education and economics of education is essential for cost-effectiveness in educational programmes, and implementation of sustainable practices. The paper concludes that in order to enhance higher education capacity and sustainability for national development, there is a need for higher education managers to have the basic knowledge of economics of education and its applicability in the management of higher education for sustainable institutional and national development. It recommends that educational policies in higher institutions in relation to finance and resource allocation should be made by specialists in economics of education for institutional sustainability.

Keywords: Economics, Higher Education, Sustainable Development

Introduction

Education plays a key role in the ability of developing countries to absorb modern technology and to develop the capacity for self-sustaining growth and development. It is an instrument for self-reliance, social reconstruction and sustainable national development, and plays a crucial role in promoting economic growth, reducing poverty, improving health and well-being, and fostering social cohesion. Education is a human capital investment that requires vast resources, including human, materials and financial resources, to produce required manpower for national development. However, these resources are not always available or adequate to satisfy unlimited educational wants at the same time; thus, creating a fundamental problem of how to allocate available resources to competing educational needs. This development, as noted by Obono (2025), led to the study of the economics of education, which is an application of economic principles such as opportunity cost, choice, scale of preference, and others in solving this problem within the education system. Higher education is entrusted with the responsibility of training and providing manpower equipped with the knowledge and relevant skills that would develop capacity for transformation and analytical skills to enhance industrial and technological development, drive local economics, and make important decisions that positively impact the entire society. According to Mantanshyan (2021), higher education can increase the quality of human capital present in the labour market and can help increase the innovative potential and capacity of the economy as well as help generate, refine and disseminate new knowledge on novel technologies and processes that promote economic growth. According to Obono and Eteng (2025), the essence of higher education is to train individuals and provide the nation with skilled and knowledgeable manpower for socio-economic, political and technological development. It is considered as a vital element in the development of a society. As a knowledge provider, it serves as a powerful means to help create a more sustainable future. It is the generator and the developer of all talents and potentials of individuals channeled towards the sustenance of the nation in all spheres. It promotes the development of knowledge, skills, understanding, values, and actions required to create a sustainable world, which ensures environmental protection and conversation as well as promotes social equity and encourages economic sustainability. A fundamental concept in the economics of education is the view of education as a form of human capital investment. According to human capital theory, education enhances individuals' productivity, earning potential, and contributions to economic growth (Olaniyan & Okemakinde, 2008). Education and human capital development are now



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the pivoting tools to engender profound transformations and periods of rapid growth and development of a country. For Nigeria, investing in quality education is not merely a social good but a strategic economic decision. Educated individuals are more likely to be innovative, adaptable, and competitive in the global labour market. Therefore, increasing access to and the quality of education has direct implications for poverty reduction, employment generation, and sustainable development. Effective management of available human and material resources is central to the success of any organisation. It entails the process of coordinating, planning, mobilizing, controlling and utilising both human and non-human resources to achieve organisational goals and objectives. Allocation of scarce resources to various educational programmes, projects and activities to optimise their contribution to educational and national development is the focus of education managers. Hence, the development of economics of education aimed to help education managers to effectively and efficiently finance and allocate limited educational resources to various educational needs thereby providing education that is vibrant, responsive and relevant to the needs of individuals and society.

Concept of Economics of Education

Economics of education is a vital field that examines the allocation of educational resources, the economic returns on education, and the broader implications of educational investment on national development. It seeks to understand how societies can efficiently invest in human capital to drive economic growth and social advancement (Ekundayo & Ayodele, 2025). It is the application of economic principles to the study of education as a service focusing on the demand for education, supply of educational resources and the cost and benefit analysis of educational investments. Its application helps policymakers and stakeholders to make informed decisions regarding funding priorities, curriculum design, and educational delivery systems. Obono (2025) asserts that economics of education is a collective body of knowledge, ideas and arguments that seek to establish rational criteria and explain how the provision of education as a veritable tool for the development of human resources can be pursued to maximise benefit on production, economic growth, and sustainable national development. It is a study that is concerned with the process of making choices among the educational resources to satisfy the unlimited educational needs of society. These assertions stress the fact that since all educational needs cannot be satisfied at the same time given limited resources, decision makers have to make choices among the competing educational needs. Ibbih (2024) asserts that economics of education is basically concerned with how educational objectives can be met out of scarce resources. The scope of economics of education, in the words of Datta (2021), is: (i) It studies education as human capital, (ii) determines a long-term link between educational expenditure and revenue, (iii) estimates the rate of returns to educational expenditure, (iv) estimates and proposes ways to prevent academic waste, (v) promotes improvements in education that are both socially and economically significant, and (vi) improves academic planning and management strategies. Economics of education emphasizes resource utilisation and wastage reduction. By improving planning, monitoring, and evaluation mechanisms, institutions can enhance their performance and ensure that resources produce meaningful outcomes. Ultimately, applying economic principles to education offers a roadmap for improving the quality, equity, and sustainability of higher education in Nigeria.

Higher Education and Sustainability Challenges in Nigeria

The sustainable growth and development of any nation depend on the level and quality of her education, mostly higher education. Higher education is a social institution provided by society to provide knowledge about life, skills, societal norms and values. It is essential for growth and development as it provides high level human resources for driving the economy and ensuring rapid societal transformation. This implies that more access to higher education, more expansion in acquisition of skills and knowledge to withstand the societal challenges as well as maintain sustainable development. Higher education institutions have critical role to play in implementing and driving sustainable development initiatives through their institutional policies and practices. This implies equipping students with the requisite knowledge, skills, attitudes and values to create a sustainable future. As a knowledge producer, the core mission of higher education cuts across all learning domains since it is through good quality education that people are equipped with the requisite knowledge and skills needed to tackle sustainable future. Higher education is a corner stone for technology and innovation driver. One of the cardinal tenets of the higher modern educational institutions is to find solutions to serious challenges by conducting research and contributing to social outcomes to health, economic and social engagement issues. It plays a central role by instilling in students the value of individual achievement. This achievement is necessary to meet the demand of industries. Higher education therefore, is bedrock upon which nations build a new road to growth and development. Higher institutions promote lifelong learning, and offer opportunities to engage and attract professionals into training and professional



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development. They provide their students with various programmes aimed at preparing them for different economic sectors, helping them to stay and progress in the labour market and keep pace with changes in the global economy and changes in the innovation process. Nwosu (2021) asserts that the primary objective of higher education is to equip individuals with the skills necessary to function effectively and efficiently in the economy, while also providing opportunities for them to stay abreast of rapid technological changes. However, the skills acquired in educational institutions often lack relevance due to inflexibility in adapting to innovations, making it challenging for inexperienced professionals to familiarize themselves with new developments in their fields. While higher education is a costly investment, its long-term benefits for economic growth and development are undeniable. Its impact may vary in underdeveloped economies compared to more developed ones, raising questions about the returns on investment in education in different contexts. It has been documented that higher education enhances productivity and creativity, fosters entrepreneurship, and drives technological advancements, ultimately unlocking individual potential and national wealth. It directly influences the quality and magnitude of a nation's development. By leveraging adequate resources, higher education can improve lives, yield broad social benefits, and drive national progress. Effective resource allocation, efficient utilization, regular evaluation, and continuous improvement are crucial to maximizing the benefits of higher education. However, Nigeria's higher education sector faces multifaceted challenges that hinder its efficiency, sustainability, and global competitiveness. Ekundayo and Ayodele (2025) assert that persistent funding gap, stemming from over-reliance on government subventions and minimal internally generated revenue is a basic challenge facing many higher institutions of learning in Nigeria. Babalola (2023) remarked that there is a notable disparity in the distribution of funds within the higher education sector, which exacerbates inequality in access to and outcomes from higher education. Poor resource management is another challenge as infrastructural facilities in many institutions such as laboratories are poorly equipped, and library resources are out-dated. This results into many graduates being ill-prepared for the demands of the workforce. Politicisation of leadership appointments and eventual poor managerial ability to drive institutional administration and reforms is yet another clog in the wheel of higher institutions sustainability. An institutional leader without a clear vision and the drive to pursue the mission of the institution with transparency and meritocracy will definitely experience crisis which will continue to undermine the education sector's development. Many institutions also lack robust systems for monitoring academic standards, curriculum relevance, and instructional effectiveness. Curricula are often out-dated and not relevant to the realities of the 21st-century labour market, leading to a growing mismatch between graduates' skills and organisational needs (Aina, 2013).

Educational resources are essential for effective teaching, learning, and institutional development, enabling educational activities to thrive. However, without sufficient resources and effective management, underdeveloped economies' tertiary education systems face significant challenges in achieving their objectives. Managing educational resources in higher education is fraught with challenges, including corruption, poor planning, inadequate maintenance, insufficient trained personnel, non-compliance with capacity standards, ineffective supervision, and poor funding. These issues hinder the effective management and sustainability of tertiary education, ultimately impacting economic growth and sustainable development (Ebirim et al., 2025). Addressing these challenges is crucial to unlocking the full potential of tertiary education in driving national progress. Enhancing the standard of living and sustaining economic growth requires adequate funding and judicious management of tertiary educational programmes. Effective implementation of these programs hinges on increased funding, prudent disbursement, and careful management of resources. There is thus the need to reposition higher education in Nigeria in order to be able to meet up with international best practices. There is the need to reinvent higher education in Nigeria through a holistic and evidence-based approach that integrates principles from the economics of education with dynamic leadership practices. Higher institutions in Nigeria should adopt innovative revenue models that involves various approaches such as alumni donations, partnerships with industries, commercialization of research outputs, and efficient tuition policies. Effective quality assurance mechanisms should be revitalized to align educational outcomes with national development goals and labour market demands. This includes regular curriculum reviews to integrate skills such as critical thinking, digital literacy, and entrepreneurship. In order to resolve these infrastructure and innovation gaps, institutions need to embrace technology-driven solutions and green initiatives. Investing in digital infrastructure has the capacity to expand access to online and blended learning, increase research collaboration, and improve administrative efficiency.



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Theoretical Framework

This article is premised on structural functionalist theoretical perspective. Functionalism reasoned that society is best understood as a complex system with various interdependent parts that work together to increase stability. This theory has its origins in the work of Emile Durkheim, who was especially interested in how social order is possible or how society remains relatively stable. Functionalist theory suggests that the different parts of society are primarily composed of social institutions such as education, family, government, media, economy and religion, each designed to fill different needs. According to functionalism, an institution only exists because it plays a vital role in the functioning of society. If it no longer serves a role, an institution will die away (Crossman, 2020). Functionalism addresses society as a whole in terms of the function of its constituent elements (customs, traditions, and institutions) much like the interacting organs within the human body. The theory views higher education as one of the most relevant social institutions in the society. Education provides one of the major methods used by people for upward social mobility. Education teaches certain skills to individual necessary for their future jobs and occupations. Work in industrial societies depends on the skills inculcated by higher education which enable a person to be a functional member of his or her society. In the traditional society status ascribed or assigned to a person by the society event at birth without regard for the person's unique talents or skills accorded through education (Abanyam, 2015). However, in modern society, achieved status emanates largely through efforts. One has to make efforts, obtaining a university degree or acquiring some level of education can result to upward social mobility. Abanyam et al (2020) opine that higher education therefore serves as universalistic standards for all students regardless of ascribed demographic characteristics. Job opportunities today and careers have become dependent on the degrees and educational higher qualifications. Educational institutions not only broaden people's mind or perspective but prepare new generations for participation in economic life. Higher education therefore is a means of role allocation. Schools test and evaluate students, match their talents, skills and capacities to perform jobs for which they are best suited. A functional society is one in which its educational system teaches the relevant skills needed to provide for its basic needs. From the functionalist theoretical perspective, higher education play key important roles such as creating social solidarity, teaching skills necessary for work, teaching core values and role allocation and meritocracy. Higher education has the opportunity to build capacity and knowledge as it exposes the masses to information and help prevent the misinterpretation of information. It improves labour productivity and thus increases the wealth of a country. Education develops leadership; individuals gain confidence, knowledge, skills and experience that increase an individual's ability to effectively and efficiently lead a group of people toward success. Higher education raises self-esteem and furthers opportunities for employment and earnings. For a country, it helps strengthen institutions within societies, drive long term economic growth, reduces poverty, and spurs innovation. Good quality higher education facilitates the acquisition of knowledge, skills and attitudes that have intrinsic values and also helps address important goals (Ibbih, 2024).

Roles of Economics of Education on Higher Education Sustainability

Economics of education offers a valuable framework for reimagining and revitalizing Nigeria's higher education system. By applying economic principles to the planning, financing, and evaluation of educational systems, institutions can make more rational and sustainable choices. Higher institutions thus need to assess resources mobilisation and utilisation, consider how returns on investment are maximized, and how access is equitably distributed and expanded. These strategies are crucial in aligning educational outcomes with national development goals and global competitiveness. Ekundayo and Ayodele (2055) opine that economics of education plays important roles in sustaining the management of higher education through effective resources planning, which is the process of determining in advance the quality and quantity of resources needed to execute educational programmed or projects. Planning serves as the basis for determining required resources for the effective operation of education and sustainable development. The application of economics of education provides the basis through which higher institution managers plan the needed resources for implementing educational programmes and projects for sustainable institutional development. Another basic issue in economics of education is the efficient allocation and utilisation of available resources. Economic tools such as cost-benefit analysis, cost-effectiveness analysis, and education production functions help institutions determine which programmes and investments yield the highest returns. By applying these analytic models, institutions can avoid waste, prioritize high-impact projects, and better align their outputs with labour market demands. Efficient resource use also requires strong financial management systems and periodic performance audits to guide budgetary decisions. It provides skills that enable higher institution managers to ascertain various ways of mobilising resources, and engage in alternative revenue-generating ventures to finance educational



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programmes or projects for sustainable institutional development. It also provides criteria for making sound and rational policies concerning how scarce and limited resources can be allocated optimally among competing educational projects so as to provide the needed manpower for sustainable institutional development. Investment in education is the commitment of resources to educational programmes or projects with a view to yielding future returns. Choosing of an investment projects or programmes is one of the difficult decisions in the management of higher institutions. Effective application of economics of education provides the impetus through which decisions regarding the choice of education investment are made to maximise future returns. More so, it provides higher institution managers with measures through which educational wastage can be managed and enhanced efficiency for sustainable institutional development. As enrolment increases in higher institutions, available resources become over utilised and ineffective. Hence, economics of education enables institutional managers to project and acquire resources needed to manage the ever-increasing enrolment so as to provide the nation with the need skills for sustainable development. It enables institutional managers to acquire skills of financial administration, which enable them to effectively and efficiently coordinate financial resources of the school in a manner that ensures accountability in the use of funds and attainment of institutional goals and objectives. According to Obono (2025), human capital development is the process of implementing programmes through which staff of an organisation can acquire skills and knowledge that are necessary in improving job performance and organisational productivity. Effective application of economics of education enables institutional managers to understand that the capacity of higher institution to attain its goals depends on the available institutional facilities and the human capital stock. Thus, there is a need to implement programmes and projects that will enhance job performance and productivity, fill the skills gap in the industries and eventual enhancement of national development. Economics of education also addresses the imperative of equity and access, ensuring that quality higher education is not the exclusive preserve of the elites. Economic tools such as targeted subsidies, student loan schemes, and differential tuition fee can help bridge the gap for the underprivileged and marginalized populations. Scholarships and tuition waivers can be offered to students from low-income backgrounds, while more affluent students may pay full fees. Similarly, the establishment of income-contingent student loan schemes (NELFUND) can reduce financial barriers without overburdening public budgets. These interventions ensure that the education system remains inclusive while maintaining quality and efficiency (Tilak, 2008).

Conclusion

It is a stylised fact that higher education is an important institution in any nation and an indispensable tool for sustainable national development. Higher education enables upward socio-economic mobility and is a key to escaping poverty and unemployment. Thus, it should be given the needed attention and strengthened by the government to become the powerful tool to make the citizens become the catalyst of change since a strong education system broadens access to knowledge, opportunities, eradicate poverty, and provides the skills people need to thrive in any economy. Economics of education is the application of economic principles, tools, laws and theories in making decisions to solve educational problems or achieve educational goals. It addresses fundamental issues in education, such as education resources allocation, education financing and budgeting, choice of education investment projects, education cost and benefits, education wastage, efficiency, education production process, demand and supply of education, as well as deregulation of education. Thus, it is a strategy, if effectively applied, for managing higher education for sustainability and national development.

Recommendations

In order to enhance higher education capacity and sustainability for national development, there is a need for

1. higher education managers should have the basic knowledge of economics of education and its applicability in the management of higher education for sustainable institutional and national development.
2. Effective management of human, material, and financial resources in tertiary educational institutions is crucial for driving economic growth and sustainable national development,
3. Acquiring relevant skills and ensuring optimal resource allocation, utilisation, and maintenance is important to achieve these goals.
4. Educational policies in higher institutions in relation to finance and resource allocation should be made by specialists in economics of education for institutional sustainability.



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