Zamfara International Journal of Education (ZIJE)
The Official Journal of the Faculty of Education
Federal University Gusau, Zamfara State, Nigeria
Volume 6, Number 6, October, 2026
pISSN: (Hard Copy): 2814 – 1377
eISSN (Online): 2814 – 1369

www.foefugusau.com.ng
Reviewed Date: 14-10-2026
Publication Date: 31-10-2026
DOI: **https://doi.org/10.64348/zije.2026649**

Qualitative Study on Demand and Supply of University Education in Nigeria: Implications for Educational Planning

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Abstract

University education plays a critical role in Nigeria's human capital development, economic growth, technological advancement, and social transformation. However, the increasing demand for university education has continued to place considerable pressure on the available capacity of universities to provide adequate and quality educational services. This article examines the demand and supply of university education in Nigeria, with particular emphasis on trends in student enrolment, admission opportunities, institutional capacity, funding, teaching personnel, infrastructure, and other factors influencing the balance between demand and supply. The article adopts a descriptive and analytical approach, drawing on relevant secondary data from government agencies, educational institutions, research studies, and policy documents. The analysis indicates that demand for university education has consistently exceeded available supply, resulting in intense competition for admission, admission backlogs, overcrowding, pressure on infrastructure and academic staff, and increased reliance on private universities and other alternative pathways. The paper further identifies population growth, increasing awareness of the value of higher education, employment opportunities, demographic changes, household aspirations, and government policies as major drivers of demand. On the supply side, inadequate funding, limited infrastructure, insufficient academic staff, uneven geographical distribution of institutions, and policy and regulatory challenges constrain the capacity of universities. The article concludes that effective educational planning is essential for bridging the demand–supply gap. It suggests increased and sustainable funding, expansion and equitable distribution of university facilities, improved staff recruitment and development, strengthened planning and forecasting mechanisms, promotion of public–private partnerships, and greater use of reliable enrolment data for evidence-based decision-making in the demand-supply mix.

Keywords: Demand, supply, university education, enrolment, admission, educational planning, Nigeria.

Introduction

University education is widely recognized as a vital instrument for human capital development, economic growth, technological advancement, and national development. It equips individuals with the knowledge, skills, competencies, and values needed to participate effectively in the modern economy and contribute meaningfully to society. As nations increasingly adopt knowledge-based economies, the demand for university education has grown significantly due to population expansion, increased awareness of the benefits of higher education, labour market requirements, urbanization, and the aspiration for improved socio-economic status. In Nigeria, the demand for university education appears to have consistently exceeded the available supply. Every year, millions of candidates seek admission into universities through the Unified Tertiary Matriculation Examination (UTME), yet only a fraction secure admission because of limited institutional capacity. This imbalance between demand and supply has become a major concern for educational planners and policymakers. The mismatch is reflected in inadequate admission spaces, and limited expansion of existing universities. Consequently, many qualified candidates are denied access to university education despite meeting the minimum admission requirements, NUC (2026). The supply of university education refers to the capacity of universities to provide admission opportunities, academic programmes, qualified personnel, learning facilities, and other essential resources required for effective teaching and learning. The demand, on the other hand, represents the number of individuals who desire and are qualified to pursue university education at a given time. An imbalance between these two forces has significant implications for educational planning and consequently and manpower development, equity in access and national development. Educational planning seeks to ensure that the provision of university education aligns with societal needs and available resources. Achieving a balance between demand and supply requires effective planning strategies such as increased investment in higher education, expansion of institutional capacity, improved funding mechanisms, strengthened quality assurance, and the promotion of alternative modes of learning, including open and distance education. The aim of this paper is to explore the complexities and relationship between demand and supply of university education in Nigeria with

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the aim of proffering possible solutions for bringing the gap. This paper is hinged on the Human Capital Theory developed mainly by Theodore Schultz (1961) and further advanced by Gary Becker (1964). The theory views education as an investment in people rather than merely a form of consumption. It argues that individuals, families, and governments invest in education because it increases knowledge, skills, competencies, and productivity, leading to higher earnings and economic growth. Aremu (2022). Human Capital Theory is relevant to this paper because it explains that: Many Nigerians seek university education because they expect better jobs, higher salaries, and improved living standards. Moreover, governments establish and fund universities to produce skilled manpower needed for national development. In addition, as demand for skilled labour increases, more universities and admission spaces are needed to develop sufficient human capital; and University graduates contribute to innovation, entrepreneurship, technological advancement, and economic growth. The theory supports policies that increase access to quality higher education as a means of developing the nation's workforce Umoh (2025), because the Strengths of the theory stems from the fact that it explains why individuals and governments invest heavily in education; demonstrates the link between education, productivity, and economic growth; supports increased funding for higher education, and provides a strong foundation for educational planning and manpower development. Haffman (2017) noted that the theory is critized in that it assumes education always leads to employment, which may not be true in countries with high graduate unemployment.; it places greater emphasis on economic benefits and pays less attention to the social, cultural, and moral purposes of education., and it overlooks factors such as corruption, poor governance, and labour market conditions that may limit the returns to education.

Concept of Demand for University Education

Demand for university education refers to the desire, willingness, and ability of individuals to seek admission into a university and pursue higher education at a given time and under existing conditions. It reflects the number of qualified candidates who are interested in obtaining university education and can meet the financial, academic, and other requirements for admission. In economics, demand goes beyond mere desire; it includes the capacity to pay for education and satisfy admission requirements. In the context of university education, demand is influenced by factors such as tuition costs, household income, expected employment opportunities, government policies, the perceived value of a university degree, and the availability of university places. Demand for university education is often measured using indicators such as: Number of applications submitted to universities; number of candidates meeting admission requirements; number of applicants sitting for entrance examinations (such as the Joint Admissions and matriculation Board Unified Tertiary Matriculation Examination in Nigeria) and enrollment rates and admission pressure the ratio of applicants to available university (spaces. Kidnay 2023). It has been observed that in many developing countries, including Nigeria, the demand for university education has grown rapidly due to population growth, increased completion of secondary education, greater awareness of the benefits of higher education, and the belief that a university degree improves employment prospects and social mobility. However, this rising demand often exceeds the available supply of university places, creating intense competition for admission. Demand for university education can therefore be defined as the quantity of university education that prospective students are willing, qualified, and able to obtain at a given time, considering the costs, benefits, and available admission opportunities. This concept is central to educational planning because it helps policymakers estimate future enrollment needs, allocate resources efficiently, and expand university capacity to meet societal demand.

Concept of Supply of University Education

The supply of university education refers to the capacity of a country's universities system to provide university education to qualified applicants through the availability of institutions, admission spaces, academic programmes, personnel, and educational resources. From an economics of education perspective, supply represents the quantity of university education that universities are able and willing to provide at a given time, subject to available resources such as funding, infrastructure, academic staff, facilities, and government policies. Unlike ordinary goods and services, the supply of university education is largely influenced by public investment, regulatory frameworks, and institutional capacity. (Alexander 2020). The supply of university education encompasses the number of universities (public and private); the number of admission spaces available each academic session; the availability of qualified academic and non-academic staff; adequate classrooms, laboratories, libraries, hostels, and other learning facilities; the range of academic programmes and courses offered; financial resources available to institutions; accreditation standards and quality assurance mechanisms;

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The supply of university education can be measured using several indicators, including: Number of universities in operation; student admission capacity; enrollment capacity; student-lecturer ratio and availability of physical infrastructure and learning facilities: (Okonji 2025). Therefore, supply of university education can be defined as the quantity and quality of university educational opportunities that universities are able and willing to provide to prospective students within a given period, considering available human, financial, and physical resources. The concept of supply is essential in educational planning because it enables planners to estimate the capacity of universities to meet educational needs; determine infrastructure and staffing requirements; plan for expansion of higher education institutions; allocate financial and material resources efficiently; and maintain quality while increasing access to university education. In many countries, including Nigeria, the supply of university education has increased through the establishment of additional public and private universities. However, the growth in supply has generally not kept pace with the rapidly increasing demand for university education, resulting in admission shortages, overcrowding, and pressure on educational facilities. The table below shows the picture of demand and supply trends for university education in Nigeria for the past five years period.

Table 1:

Demand and supply of education in Nigeria for the past 5 years (2021-2025)

Year	Estimated Demand (UTME) candidates Seeking admission to Universities	Estimated Supply of Candidate Admitted to Universities	Admission Rate %	Researchers Analytical Benchmark
2021	1.4 million	312,666,000	22.3%	Low
2022	1.8 million	557,625,000	31.0%	Moderate
2023	1.6 million	639,263,000	39%	Moderate
2024	1.9 million	600,000	30.9%	Moderate
2025	2.0 million	1,009,644,000	50%	Average

Source: NUC (2026)

Demand and supply for university education in Nigeria, have increased steadily because of population growth, higher secondary school completion rate, increasing importance of university qualifications, establishment of new public and private universities and expansion of admission quota, NUC (2026). UNISCO does not prescribe universal tolerable admission rate for university education. Rather it emphasizes equitable access to quality tertiary education and monitors participation through indicators such as the gross enrolment ratio. (Adebayo 2024). However, admission rate is still a very useful indicator for analyzing demand and supply gap. Despite this growth demands continued to outstrip supply leaving hundreds of thousands of qualified candidates without admission each year.

Strategies for balancing the demand-supply gap in education

Balancing the demand–supply gap in education refers to the strategies used to ensure that the number of students seeking education (demand) is matched by the available educational opportunities and resources (supply). Balancing the demand-supply gap in education requires coordinated action by the governments, educational institutions, the private sector, and the communities. Through adequate funding, expanded access, effective planning, improved infrastructure, and diversified learning opportunities, countries can meet the growing demand for education while maintaining quality and promoting national development. The nexus between demand and supply is the interdependent relationship between consumers' desire and ability to obtain a good or service (demand) and producers' willingness and ability to provide it (supply). Their interaction determines the equilibrium—the point at which the quantity demanded equals the quantity supplied. The relationship between the demand and supply of university education has important implications for educational planning because planners must ensure that educational resources match the needs of the population. The main strategies are:

1. Increase investment in education: Governments should allocate more funds to build schools, classrooms, laboratories, libraries, and hostels. This potential development would definitely influence the carrying capacity of universities. As more facilities are provided the need to recruit more lecturers becomes inevitable thereby balancing the demand supply gap. Existing institutions should increase enrolment where facilities and staffing permit, while maintaining quality standards. This is referred to as the carrying capacity. A higher capacity implies a higher admission rate. (Osadebe 2021). He further opined that Create additional universities would of necessity close demand supply gap.

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2. Promote private sector participation: By encourage private investors, faith-based organizations, and communities to establish universities demand and supply gap can be closed. In Nigeria there are 168 private Universities, Nwadiani (2026) refer to this as privatization of university education. Today many students who cannot get into public universities seek admission into private universities.
3. Provide scholarships and student loans strategically: This refers to targeting financial support to priority fields and disadvantaged students while managing enrolment growth. Many students sometimes are not able to assess university education due to financial constraints; their spaces are overtaking by more buoyant students. In the recent time in Nigeria Federal Government introduced the Nigeria Education Loan Fund (NELFUND) with the aim of assisting students in Nigeria universities. The cumulative effect of this intervention positively influences demand-supply. According to the Guidance News Papers of 3rd September 2026, the NELFUND) had disbursed ₦355.87 billion since it was launched in 2024 to a total number of 1.6 million beneficiaries.

The breakdown is as follows:

Components		**Amount**
1. Institutional fees/tuition	-	₦192,89 billion
2. Students upkeep allowance	-	₦162.98 billion
3. Total disbursed	-	₦355.87 billion

Improve efficiency in the education system: In order to balance the demand/supply gap, it is necessary to reduce dropout and repetition rates, improve graduation rates, and make better use of existing facilities. When there is improvement in these indicators demand and supply would be improved.

Challenges Affecting the Demand for University Education in Nigeria

The demand for university education is affected by many factors, including the following:

1. High cost of education: The private cost of higher education in Nigeria is increasing, especially as a result of the depressing Nigeria economy. Studies conducted by Enaigbe (2015) and Adebanjo (2019) showed that the cost of university is becoming beyond the reach of many households. This situation is attributable to rising tuition fees, accommodation, transportation and other learning materials.
2. Poverty and unemployment: it is a fact that low household incomes reduce the ability of parents to finance higher education. With the level of poverty and unemployment in Nigeria many families find it difficult to sponsor their children, even when they gain admission.
3. Poor quality and secondary education: Academic Malpractice limits students' readiness for university. Recent times some Nigeria students both at the primary and secondary school levels engage in examination malpractices pay less attention to academic work, which affect their general ability to gain recently released West Africa Senior School Certificate Examination, 2020, more than 40 school across the country had their results withheld due to examination malpractices. (WAEC Report 2026).
4. Inadequate Financial Aid: Limited Financial Aids to students, such as scholarships, bursaries and students loan opportunities discourage qualified students aspired that many students are still not able to access the National Education Loan fund (NELFUND), despite government efforts to reach as many students as possible.
5. High graduate unemployment: The obvious high graduate unemployment among Nigerians reduces the perceived economic value of obtaining a university degree (Uwadiani 2015). This negative development has resulted in some students with the opinion that education is a "Scam". With this misconception many students do not aspire to acquire university education; especially as some of them now acquire wealth through other means.

Challenges Affecting the Supply of University Education in Nigeria

Some of the factors affecting the supply of university education in Nigeria include the following, among others:

1. Limited Admission Capacity: A study conducted by Olusoji (2019), revealed that the carrying capacity of most university in south West Nigeria, cannot accommodate the growing number of qualifies applicants. This situation affects the supply capacity of universities.
2. Inadequate Funding: Insufficient government funding affects infrastructure, research and academic quality. The rising number of public universities competing for allocation affect funds sufficiency. According to Nwadiani (2026), when

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the economy snizzes education catches cold. This assertion portrays the effect of insufficient funding in education the competitive effect of other sectors of the economy reduces the social cost of university education, which derives from federal and state allocations in the budgets.

3. Shortage of Qualified Academic Staff: The effect of brain drain and inadequate recruitment reduce teaching capacity. The recent harsh economic and security situations in Nigeria trigger exodus of qualified academic and non-academic staff from some universities in Nigeria. However, recently some universities including the university of Benin recently recruited Lecturers to argument some vacancies. It is hope that this exercise if replicated in all universities would positively affect the supply status of universities.
4. Frequent Industrial Actions: Strikes disrupt academic calendars and reduce the efficiency of the university system. Since Academic Staff Union of Universities (ASUU) was established in 1978, it has carried out more than 30 (thirty) national strike actions. Between 1999 and 2023, Nigerian public Universities experienced strikes resulting in approximately 44 months (over 31 years) of lost academic time. (ASUU 2024).
5. Rapid Population Growth: The demand for university education is increasing faster than the expansion of university facilities. This is evident in overcrowded classrooms, inadequate laboratories, libraries, hostels and ICT facilities. All these limit enrolments. Table I above lends credence to the growing social demand for university education in Nigeria.

Implications for educational planning

Educational planners must accurately project future student enrolment to ensure adequate provision of schools, teachers, and learning facilities. Where demand exceeds supply, planners need to recommend expansion of classrooms, laboratories, libraries, hostels, and other educational facilities. Planning must ensure that sufficient qualified teachers are recruited, trained, and equitably distributed to meet increasing enrolment. In addition, the rising demand for education requires increased funding for infrastructure, instructional materials, teacher salaries, and student support services, and governments need policies that promote equitable access, improve quality, and reduce disparities in educational opportunities. Educational planning should support the establishment of new schools and the expansion of existing institutions, especially in underserved areas. More importantly, planners should encourage open and distance learning, online education, and technical and vocational education to increase access, and that expansion in access should not compromise educational quality. Therefore, planning must include standards for curriculum, teaching, facilities, and assessment. Educational planning should ensure that disadvantaged groups, rural communities, girls, and learners with disabilities have equal access to education. This is in the spirit of equity and inclusion. Furthermore, educational programmes should be planned to meet national manpower needs, ensuring graduates possess relevant skills for employment and national development, and educational planners should ensure optimal use of available human, financial, and physical resources to avoid shortages or wastage, in addition to ensuring a continuous assessment of enrolment trends, resource utilization, and educational outcomes helps planners adjust policies and programmes to changing demand and supply conditions.

Suggestions to improve Demand and Supply Equilibrium of University Education in Nigeria

The following suggestions can help address the imbalance between the demand for and supply of university education and promote tolerable equilibrium:

1. Increase funding for higher education: Federal and state governments should allocate more resources to universities for infrastructure, teaching, research, and staff development.
2. Expand university capacity: Existing universities should be expanded through the construction of additional lecture halls, laboratories, libraries, hostels, and digital learning facilities to accommodate more students.
3. Establish more quality universities: Government and the private sector should establish more universities, particularly in underserved areas, while ensuring they meet the standards set by the regulatory authorities.
4. Recruit and retain qualified academic staff: Universities should employ more qualified lecturers, provide competitive remuneration, and create opportunities for continuous professional development.
5. Strengthen alternative tertiary institutions: Polytechnics, colleges of education, and open and distance learning institutions should be adequately funded and their qualifications accorded equal recognition to reduce excessive pressure on universities.

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6. Promote public-private partnerships (PPPs): Government should encourage private investment in higher education through incentives, grants, and collaborative funding arrangements.
7. Improve admission planning: Admission policies should be based on national manpower needs, institutional carrying capacity, and equity to ensure efficient utilization of available spaces.
8. Enhance quality assurance: Regulatory agencies should continuously monitor academic standards to ensure that increased access does not compromise the quality of university education.
9. Provide financial support to students: Government should expand scholarships, bursaries, grants, and student loan schemes to enable qualified but economically disadvantaged students to access higher education.
10. Strengthen university-industry collaboration: Universities should partner with industries to align curricula with labour market needs, promote research commercialization, and improve graduate employability.
11. Invest in technology-enabled learning: Universities should expand online, blended, and distance learning programmes to increase access without overburdening physical infrastructure.
12. Develop long-term educational planning: Governments should use demographic and labour market data to forecast future demand for university education and plan the expansion of the higher education system accordingly.
13. Improvement of The Open University System: The Open University system of education in Nigeria should be enlarged to have centres in all state in Nigeria. Furthermore, graduate off the system should be allowed to participate in the National Youth Service Corp NYSC

Implementing these suggestions will help bridge the gap between the growing demand for university education and its limited supply in Nigeria. This will improve access, enhance educational quality, produce a highly skilled workforce, and accelerate the country's economic and social development.

Conclusion

The demand-supply relationship provides the foundation for effective educational planning. By anticipating changes in demand and aligning the supply of educational opportunities with national needs, planners can improve access, maintain quality, promote equity, and contribute to sustainable educational and socio-economic development.

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