Estimating the Average School Fees Elasticity of Enrollment for Al-Hikmah University in Nigeria

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Abstract
The literature assumed that increase in enrollment or increase in school fees is a means of increasing the revenue of an institution. This has been the practice of major private institutions which are profit driven. However, increase in school fees may be detrimental to students’ enrollment, which may lead to reduction in revenue. This study, therefore, empirically investigates the effect of school fees on students’ enrollment in Al-Hikmah University for the year 2013 and 2017. A fixed effect panel least square estimation technique was used to analyze the data. The study established a significant negative effect of school fees on students’ enrollment. The study also found that the average price elasticity was -0.2680 for the period of the study. The study concludes that the degree of responsiveness of students’ enrollment to changes in school fees is inelastic. Therefore, the study recommends that studying elasticity of demand could help the management and policy makers to build up appropriate market strategy to boost school revenue.

Key words: University, School Fees, Enrollment, Elasticity, Panel

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