Investment in Education and Economic Growth in Nigeria: An Empirical Evidence

By

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Abstract
The crucial role education plays in the overall development of a nation cannot be overemphasized. It is not only seen as a key to poverty reduction and vehicle for promoting equity, fairness and social justice but also helps to supply the essential human capital which is a necessary condition for sustained economic growth. Thus, enhancing effective investment on education has been a tenet of growth and development strategies of most countries. The basic objective of this paper is to carry out an empirical investigation on the relationship between investment in education and economic growth in Nigeria, using annual time series data from 1977 to 2007. The paper employs Johansen cointegration technique and error correction methodology. Empirical results indicate that there is, indeed a long-run relationship between investment in education and economic growth. All the variables including, labour force, gross fixed capital formation and educational capital appear with the expected positive signs and are statistically significant (except labour force) in the Nigerian economy. The findings have a strong implication on educational policy in Nigeria. The study seems to suggest that a concerted effort should be made by policy makers to enhance educational investment in order to accelerate growth which would engender economic development.