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Financial Education and Economic Growth in a Developing University Community: Issues and Pathway

Saliu Adekunle Abdulrauf[a],*

[a] Academic Planning Unit, Kogi State University, Kabba, Nigeria.
*Corresponding author.

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Abstract

In a country where financial literacy remains a pressing concern, particularly among developing universities communities, the quest for economic growth and financial security has never been more critical. The paper explore how siting a university in a community have significantly improved the economic wellbeing of their host communities through knowledge-driven, business transactions, and lease of property among others. Despite these economic gains, the establishment of institutions has subjected households in the host communities to untold economic hardship as a result of the expropriation of their ancestral farmland. The establishment also led to high cost of living, scarcity of shelter, food, transportation, among other things. The paper further explores the intricacies of financial literacy and uncovers the impact on the developing university communities and it effect in contributing to the lives of thousands of Nigerian tertiary students and contributing to national development.

Key words: Financial literacy; Economic growth; Financial education; Development; University community

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1. INTRODUCTION

Institutions of higher education remain priceless assets in human capital development. It is a sine quo non to attaining achieving national economic development. Today, there is global interest in measuring impact of tertiary institutions on host communities using cultural, political and socio- economic indicators. Nigeria is a multicultural state with over 250 ethnic groups and several tertiary institutions whose roles and responsibilities transcend the realm of education (Fatoki, 2017; Ehinmowo and Eludoyin, 2010). This is because research activities carried out in tertiary institutions are community-oriented as they are conducted in a manner that the development of host communities is felt and practiced by all stakeholders.

It against the above that we can say that, developments in the education sector of countries have proved to have a positive impact on the economic growth of a society, as increase in the educational level of the individuals improves human capital, which increases the productivity of the workers and translates into an increase in the output of the economy. In this study, we consider that one of the most important drivers of economic growth is the financial education of individuals. Financial education refers to the understanding of the basic concepts of finance, which enables households to make financial decisions to limit the risks triggered by changes in economic conditions and circumstances. This is to say, financial education is about learning how to use money in order to decrease financial vulnerability by not overspending or incurring debts. Financial literacy (FL) combines the knowledge, attitudes, and behaviour necessary to make sound financial decisions to achieve individual financial wellbeing (Atkinson and Messy, 2012).

Globally, community transformation is a difficult but an indispensable task. Ideally, governments are concerned with economic and social needs of its citizens; and fulfilling this obligation requires institutions with educated, skilled and competent people. Apparently, education is a basic tool for community transformation; hence, with the rising trend of globalization, community transformation has become part of tertiary institutions

(Ali, 2010; Narseen, 2015). Tertiary institutions have been considered as organizations for social transformation, therefore, their location in a community has been acknowledged as an immense significance to the overall development of that area. Location impact explains the influence of a new thought and initiative (that is, the environment), this new initiative or concept could be in form of tertiary institution

Drop a rock into a lake or pond – the ripples extend outward with wider and wider effects. So it is also with financial education. Well-informed, well-educated consumers can create economic ripples. They make better financial decisions for themselves and their families, increasing their economic security and well-being. They are in a position to obtain better jobs and create a desirable pool of labor for employers. Secure families are more involved in their communities as home owners and voters. They are more involved as parents with their children's schools and teachers, enabling better educational and economic outcomes for their children. They contribute to vital, thriving communities, further fostering community economic development. Thus, being financially literate is not only important to the individual household and family, it's also important to communities and societies (Jeanne, 2006).

The main objective of this study is to highlight the impact financial education has on the economic growth in a developing university communities in Nigeria. The current economic situation in Nigeria represents a test of resilience, which emphasises the role of financial education in the economic recovery of countries. From the side of the labour market, the decreases in salaries or job losses trigger income vulnerability, which could be alleviated by empowering individuals with more financial confidence in managing their money and the potential subsidies they receive. Moreover, financial education awareness is important as it offers the individuals the opportunity to contribute to their savings, and it improves their financial resistance in recovering from financial shocks.

This study is structured in four parts. The first part covers the introduction, which points out the main aspects related to financial education and economic growth. The second part outlines the research methodology. The third part includes tertiary institutions and economic turnover. The fourth part discuss economic conundrums of tertiary institutions. Finally, the fifth part presents the conclusions of the study and indicates future directions of research.

2. THE STUDY SETTING AND METHODOLOGY

The methodology used in this study is qualitative. Field data was supplemented by documented data from scholarly and grey publications. The study is consistent with the interpretivist paradigm or worldview. According to Tuli (2010), the interpretivist paradigm holds that people's social interactions form meaning systems that evolve over time, which in turn create patterns in the world. The financial education and economic growth in a developing university community were examined in this study using content analysis. In publications about the developing university community, content analysis is a rapidly expanding technique (Macnamara, 2005; Neuendorf, 2002; Riffe & Freitag, 1997). Researchers look at a class of social articles in content analysis, which are typically written documents like newspaper editorials, web pages, books, magazines, speeches, emails, online bulletin board postings, laws, and constitutions, as well as any of their parts (Eneaya, 2012, p. 212). Methodology is the main takeaway from content analysis. Information from the university community who would rather remain anonymous and are unable to participate in in-person interviews was also gathered via telephone interviews. Even though the qualitative approach is quick to produce data under challenging circumstances, such routine production tasks, it has bias-related limitations that the quantitative approaches could address. The need for further study is to consider a qualitative and quantitative mixed method approach for this study.

3. LITERATURE REVIEW

The concept of financial education is concerned with transferring financial knowledge to individuals. Financial education represents the tool to increase the economic growth level of individuals. Moreover, individuals should learn how to protect their personal finances and react in economic environments that are continuously changing, contributing in this way to the economic growth of their country. In this regard, nowadays, more than in any other period, to have a stable employment income becomes more difficult for the employees. Some authors (Boshara, 2012) consider that strong household balance sheets can help grow the economy.

Tertiary institutions are referred to as institutions responsible for production of high level of manpower including universities, polytechnics, colleges of technology and colleges of education. They are also responsible for generation of new ideas through research, passing these to future generations and rendering services to communities that host them (Adesina, 1977). Odiba (2012) amplifies this view in his statement; tertiary education refers to post-secondary school education. Tertiary institutions are all institutions offering post-secondary school certificates, diploma and degree programs. The activities within these institutions are weaved around teaching, learning, research and community services. The Federal Republic of Nigeria (FRN: 2004, 2008, 2009) upholds that tertiary education is the education given after secondary school education in the universities, colleges of education, polytechnics, mono-technics including those institutions offering correspondence courses. These institutions are contributing to national development through high level relevant manpower training; developing and inculcating proper values for the survival of individuals and society; developing the intellectual capability of individuals to understand and appreciate their local and external environment. Other services include acquiring both physical and intellectual skills which will enable individuals to be self-reliant and useful members of the society; promoting and encouraging scholarship and community service vis-à-vis forging and cementing national unity cum promoting national along with international understanding and interaction.

Tertiary institutions are leading establishments whose task remains fundamental across the globe. Contributions of tertiary institutions vary across geographies; but generally, it cut across cultural, political and socio-economic spheres. It is pertinent to point out that the core business of tertiary institutions is diffusion of public knowledge across research, teaching and community service (Uwadia, 2008, Seyi, 2014, Babalola & Adedeji, 2007). Yet, the perspectives of the responsibilities of tertiary institutions in the transformation of state differ, depending on the definition of the state. Garlick, (2005) identifies three types of relationship between tertiary institutions and their impact on the state. For instance, a structuralist viewpoint refers to situations in which tertiary institutions are seen as economic boosters in rural areas, while a spatial perception is connected with fairness measures such as student placement, and the 'third aspect is based on recognition of the significance of tertiary institutions to their host which is the focus of this study.

Studies have acknowledged the location of tertiary institutions is of immense importance to general transformation of host communities (Ali, 2010; Ishola, 2017). Empirically, research reveals that tertiary institution contributed significantly to socio-economic and political development of Finland, South Korea, Singapore, Malaysia among others (Uwadia, 2008). Seyi (2014) asserts that the role of tertiary institution in national development is multi-dimensional. It is a building block of human development, a foundation for progress in areas of health and the development of institutions and democracy. In the perception of Garlick (2005), the association between tertiary institutions and host communities is structural. In other words, tertiary institutions are major economic boosters for host communities essentially because of the opportunity for wealth creation and the flow of commerce. Although wealth creation may be an indicator of economic growth in rural communities, it is not a sufficient condition for the achievement of development.

However, as several studies indicate, it is not only education that contributes to economic growth, but the reverse causality also exists. This is to say, economic growth is strongly impacted by education, in particular, by the knowledge and skills of people (Hanushek & Wößmann, 2010), and, at the same time, economic growth supports education as the economy can spend more on education. For example, for Bangladesh, an underdeveloped country in Asia, but which was proposed by the United Nations to join the developing countries starting from 2026. In another study, Francis and Sunday (2006) revealed that countries with higher per capita gross national income record higher investments in education. Moreover, a recent study (Xu, Hsu, Meen, & Zhu, 2020) identifies the relationship between higher education, economic growth, and innovation ability, where the three elements support each other. However, as Hanushek and Wößmann (2010) argue, the impact of education on economic growth is influenced by the quality of education, and it is important that education in schools is aligned with the needs of the population. Based on the literature, we consider financial education as an important component of education nowadays, which contributes to both economic growth of developing university communities and to the economic growth of countries.

4. TERTIARY INSTITUTIONS AND ECONOMIC TURNOVERS

Contributions of tertiary institutions to host communities' economic development cannot be overemphasized. This is because substantial evidence suggests that communities with tertiary institutions have been transformed both socially and economically. For example, Fatoki (2017) posits that the location of a tertiary institution in a community has potential to create employment opportunities for both skilled and unskilled labor which in turn increases population of the town as a result of migration. This singular factor motivates various communities in Nigeria, including political heavyweights, to lobby for the establishment of tertiary institutions in rural areas within their constituencies. Sen (2001) postulates that the achievement of functioning depends not only on the commodities owned by the person in question, but also on the availability of public goods, and the possibility of using private goods freely provided by the state.

Furthermore, higher institutions stabilizes the economy and create more jobs, hence it is a vehicle for effective human transformation and national development (Akpotor, 2018). Reaffirming the contribution of education on the society, UNESCO (2000) gathered one hundred and eighty nine (189) nations at Dakar to mark a global rebirth in the appreciation of the central roles the educational institutions play in social and economic development of the nations. It is on that premise that governments across the globe have committed significant resources to the institutions of higher learning for the development of its structure and human capital towards effective nation building.

In establishing the association between these two variables (universities and development of host communities), Stokes and Coomes (1998) maintain that economic impacts of tertiary institutions on communities range from knowledge creation and sharing through research and development to the flow of income and expenditure within the community. According to Tanko (2016), while universities provide quality education, they also offer a range of social, economic, and cultural activities to their host communities. However, Nigeria is widely characterized by communities that are primitive when it comes to issues of socioeconomic development. This is due to the neglect of rural communities by policymakers, the economic distance of such communities, and lack of basic infrastructure. As such, the government in the recent past has established new tertiary institutions in some of these communities to create wealth and promote rural development. The establishment also aims to meet the needs of a teeming population that desires to gain a higher education degree. Despite presence of these new universities, there is a paucity of research that critically examined how such universities impact the local host communities.

5. ECONOMIC CONUNDRUMS OF TERTIARY INSTITUTIONS

In spite of the economic gains of tertiary institutions to the host communities, the communities and even the students are also exposed to untold economic hardship as a result of the establishment of the institutions in Niger state. For instance, the government took over farmland of some of community members to establish the institutions. Despite the fact that owners of the farmlands were reimbursed, our conversation revealed that the majority of them could not afford new lands due to the high, consequently they faced financial difficulties.

Furthermore, interviewees maintained that the establishment of higher institutions contributed to a shortage of housing, food scarcity, and high transit fares. Few rental houses exist; hence many students were compelled to rent carriage houses or other nontraditional units. This finding is in agreement with the study of Duangpracha (2012). According to the author, a housing shortage and a significant increase in property prices in tertiary institution host areas has created a significant difficulty for all institutions in providing housing needs. Many students are unable to find sufficient housing due to the paucity of residential housing and the lack of housing in the private sector. The demand for housing among students is outstripping the quantity given by colleges and universities. When the number of students enrolled exceeds the capacity of the facility, students will be forced to spend more money on housing and will have fewer resources to deal with other issues.

6. CONCLUSION/RECOMMENDATION

The analysis demonstrates that higher institutions have significantly improved the financial and economic wellbeing of the host communities through knowledge-driven, business transactions, lease of property among others. Despite the economic gains, the establishment of the institutions has subjected the households in the host communities to untold economic hardship as a result of the expropriation of their ancestral farmland. The establishment also led to high cost of living, scarcity of shelter, food, transportation, among other things. In the light of the above, the paper recommends for the collaboration of the state government with financial institutions to empower those whose farmlands were expropriated. It also recommends for adequate provision of public accommodations and transport to tame excessive of private transporters and landlords. This study has methodological and scope shortcomings as it generated data through content analysis-literature and interview which might be insufficient to make generalization. Therefore, future study on the subject matter should adopt mixed method for sufficient information.

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