

BOOPEN SEETANAH

University of Mauritius, Mauritius

VIRAIYAN TEEROOVENGADUM

uni of mauritius, Mauritius

HIGHER EDUCATION AND ECONOMIC GROWTH: EVIDENCE FROM AFRICA**Abstract:**

This paper assesses the economic contribution of tertiary education for a sample of 13 African economies over the time period 1990-2013. Using a Panel VAR framework to account for the dynamic and endogeneous relationship between tertiary education and growth, our findings show that TER is positively and significantly related to the economic growth of the sample of African countries under study. It is noteworthy that the magnitude of the TER coefficient remains relatively smaller as those obtained for developed country cases and samples. Interestingly the study also found the presence of a reverse causation as output appears to be also a determinant of TER. In other words, output level which proxies for the earning capacity of the economy play an important role in TER, which is mostly financed by the government in the countries under study. In addition to the national income, domestic investment, education attainment, foreign direct investment and openness level being other determinants of such TER for these countries. Moreover, there is evidence that TER encourages private investment suggesting some indirect effects of TER on output via the private capital channel. As such similar indirect effect through the FDI channel is observed.

Keywords:

higher education, growth, SSA

JEL Classification: A23