



12th International Conference on New Ideas in MANAGEMENT, ECONOMICS & ACCOUNTING

10 - 12 August 2023 Berlin, Germany

Is Public Educational Expenditure Growth Enhancing? An Application of ARDL Approach

Abel Sanderson¹, Pierre Le Roux²

^{1,2} Nelson Mandela University, South Africa

Abstract

Governments all over the world have the mandate to provide public goods. Public goods by their nature cannot be provided adequately by the market mechanism. This then motivates the need for a blended approach to their provision with both the private and public sector playing an active role. In Zimbabwe, the government through national budget contributes greatest to the total educational spending. The role of government spending on education has ignited the inconclusive debate on whether government spending is growth enhancing or not. The current study investigates the effect of public educational expenditure on economic growth in Zimbabwe using the ARDL method. The study established the existence of cointegration among economic growth, fiscal space, trade openness, educational expenditure, economic situation and gross fixed capital formation. The results of the study show that educational expenditure has a positive significant effect on economic growth in the long run only. The other factors that determine economic growth in the long run are fiscal space, economic growth, educational expenditure, economic crisis and gross fixed capital formation. All the variables except gross fixed capital formation also influence economic growth in the short term. The policy implication of the study is that the government should increase allocation to education in line with the Dakar framework for action.

Key words: Public Educational Expenditure, Economic Growth, ARDL, Zimbabwe