Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 09 Issue 11 November 2026

Article DOI: 10.47191/jefms/v9-i11-12, Impact Factor: 8.735

Page No: 5938-5945

Student Enrolment and Financial Sustainability Among Private Universities in Uganda: A Case of Africa Renewal University

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ABSTRACT: Financial sustainability is a significant concern for private universities because continued institutional operations depend on reliable revenue, effective resource management and the ability to meet recurrent and strategic financial obligations. In Uganda, evidence indicates persistent financial sustainability challenges among private universities, with only a minority demonstrating sustainable financial positions (Nalwoga, 2021). Although student enrolment is an important source of tuition revenue, enrolment numbers alone may not guarantee financial sustainability because students differ in their ability to pay, fee compliance, retention and contribution to realised institutional revenue. The study examined the relationship between student enrolment and financial sustainability at Africa Renewal University (AfRU). Specifically, it assessed the relationship between the financial quality of enrolled students and financial sustainability; examined the relationship between student retention and financial sustainability; and developed a conceptual model of financial sustainability based on financial quality of enrolment and student retention. The study was guided by Resource Dependence Theory (Pfeffer & Salancik, 1978) and Tinto's Student Integration Theory (Tinto, 1975). A conceptual case study and desk review design was adopted, using secondary data from AfRU enrolment records, retention information, financial reports, fee-payment records and relevant published literature. The findings indicate that the financial quality of enrolment is important because the financial value of students depends on their ability and willingness to meet tuition obligations and the extent to which assessed fees are converted into realised revenue. Student retention was also identified as an important factor because continued enrolment supports predictable tuition revenue and reduces revenue uncertainty associated with student attrition. The study further identifies fee collection, cash flow, resource allocation and cost management as important mechanisms connecting enrolment and retention to financial sustainability. The study concludes that AfRU's financial sustainability should be approached as an integrated process involving financially productive enrolment, student retention, effective fee collection, stable cash flow and disciplined cost management. A conceptual model is proposed to guide institutional financial planning and sustainability.

KEYWORDS: Student enrolment; student retention; financial sustainability; fee collection; cash flow; cost management; private universities; Africa Renewal University.

1.0 INTRODUCTION

Higher education contributes significantly to human capital development, research, innovation and social transformation. Universities are expected to provide quality education while maintaining the financial capacity required to sustain teaching, research, infrastructure, staffing and community engagement. However, the expansion of higher education has increased financial pressures on institutions. Financial sustainability requires higher education institutions to generate and manage sufficient resources to meet operational costs while maintaining the capacity to invest in human, physical and intellectual resources necessary to achieve institutional objectives (OECD, 2025). Therefore, financial sustainability depends not only on income generation but also on the reliability, adequacy and effective management of available resources.

Student enrolment is an important source of potential revenue, particularly for private universities that depend substantially on tuition income. However, the number of students enrolled does not necessarily translate into equivalent realised income. Students differ in their ability to pay, timeliness of payment, access to scholarships or bursaries, outstanding balances and likelihood of remaining enrolled. Thus, the financial significance of enrolment should be considered in terms of both student numbers and the financial quality of enrolled students, reflected in their capacity to meet tuition obligations and contribute to predictable and collectable institutional revenue. This concern is particularly relevant in Uganda, where financial sustainability remains a challenge among private universities. Nalwoga (2021) identified significant financial sustainability challenges among

private universities in Uganda, while Kobugabe and Rwakihembo (2022) found an association between financial resource mobilisation and financial sustainability. These findings suggest that the ability of private universities to mobilise and manage financial resources is important to their continued viability. Supplee (2014) similarly demonstrated the importance of enrolment patterns to the financial health of tuition-dependent private Christian colleges, highlighting the need to consider the financial implications of enrolment strategies rather than focusing only on increasing student numbers. Student retention is another important dimension of the relationship between enrolment and financial sustainability. A student's financial contribution extends beyond admission and depends partly on continued enrolment and progression. Attrition may reduce expected tuition revenue and increase the need for replacement recruitment. Tinto (1975) explains student persistence in terms of academic and social integration, providing a useful basis for understanding the institutional conditions that support continued enrolment. Atuahene (2012) also demonstrates the relevance of tuition arrangements to student retention and graduation. Thus, retention has both educational and financial implications for private universities. The relationship can be understood as an interconnected process in which financially viable enrolment creates potential tuition revenue, fee collection converts assessed fees into realised revenue, and cash flow enables the institution to meet operational obligations. Resource allocation and cost management further determine whether available resources are used efficiently to support institutional priorities (OECD, 2025). Resource Dependence Theory (Pfeffer & Salancik, 1978) provides a foundation for understanding institutional dependence on student-generated resources, while Tinto's (1975) Student Integration Theory explains the student persistence dimension. Despite existing literature on financial sustainability and resource mobilisation, limited attention has been given to the financial quality of student enrolment and student retention as interconnected factors in the financial sustainability of private universities in Uganda. This study therefore examines student enrolment and financial sustainability at Africa Renewal University (AfRU). Specifically, it assesses the relationship between the financial quality of enrolled students and financial sustainability, examines the relationship between student retention and financial sustainability, and develops a conceptual model of financial sustainability based on financial quality of enrolment and student retention.

Problem Statement

Higher education enrolment has increased globally, reaching approximately 269 million students in 2024, while subSaharan Africa's gross tertiary enrolment remains about 9% (UNESCO, 2026). In Uganda, financial sustainability remains a concern among private universities. Nalwoga (2021) found that only 19% of 34 private universities studied were financially sustainable, while Kobugabe and Rwakihembo (2022) found that financial resource mobilisation explained approximately 32% of the variation in financial sustainability. Student enrolment is important because private universities rely substantially on student-related income; however, enrolment is influenced by financial, academic and institutional factors (Nassanga et al., 2026). Financial constraints, tuition costs, quality assurance and limited programme innovation also affect Uganda's private higher education sector (Muganga et al., 2024). Although financial resource mobilization contributes to programme viability (Agonzibwa et al., 2026), limited evidence explains the relationship between student enrolment and financial sustainability. This study therefore investigated this relationship among private universities in Uganda, especially at Africa Renewal University. The research sought to establish the relationship between student enrolment and financial sustainability at Africa Renewal University.

OBJECTIVES:

Main Objective

To examine the relationship between students enrolment and financial sustainability of Africa Renewal University.

Specific objectives

1. To assess the relationship between the financial quality of enrolled students and financial sustainability at Africa Renewal University.
2. To examine the relationship between student retention and financial sustainability at Africa Renewal University.
3. To develop a conceptual model of financial sustainability for Africa Renewal University based on financial quality of enrolment and student retention.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Theoretical Framework

Resource Dependence Theory (RDT)

Resource Dependence Theory, developed by Pfeffer and Salancik (1978), explains that organizations depend on external resources for survival and must manage those resources strategically. For private universities, student enrolment and tuition

revenue are important resources influencing financial sustainability. The theory examines the relationship between the financial quality of enrolled students and financial sustainability at Africa Renewal University. It emphasizes that enrolment quality involves not only student numbers but also reliable fee payment and revenue generation. RDT also highlights resource mobilization, revenue diversification, expenditure management and reduced dependence on one income source.

Tinto's Student Integration Theory

Tinto's Student Integration Theory (1975) explains student persistence through academic and social integration. Students who experience stronger integration are more likely to remain enrolled. This theory examines the relationship between student retention and financial sustainability. Retained students provide more predictable tuition revenue, while attrition may reduce expected income and increase recruitment costs.

Objective 1: To assess the relationship between the financial quality of student enrolment and financial sustainability at Africa Renewal University

Student enrolment is an important financial consideration for private universities because tuition-related income constitutes a major potential revenue base. However, the literature indicates that enrolment volume alone does not necessarily translate into financial sustainability. Supplee (2014), studying tuition-dependent private Christian colleges, found that positive undergraduate enrolment trends were associated with improved financial health in some periods, but tuition discounting constrained financial performance. This suggests that the financial contribution of enrolment depends on the extent to which enrolled students generate realised, rather than merely assessed, tuition revenue.

This distinction is particularly relevant to AfRU, where financial quality of enrolment can be examined through indicators such as students' fee-paying capacity, fee compliance, scholarships and discounts, outstanding fees and net tuition revenue. In Uganda, Nalwoga (2021) found substantial financial sustainability challenges among private universities, while Kobugabe and Rwakihembo (2022) established that financial resource mobilisation was positively associated with financial sustainability and explained approximately 32% of its variation. These findings provide a basis for examining whether the financial characteristics of AfRU's enrolled students are associated with its financial sustainability.

Objective 2: To examine the relationship of student retention on financial sustainability at Africa Renewal University

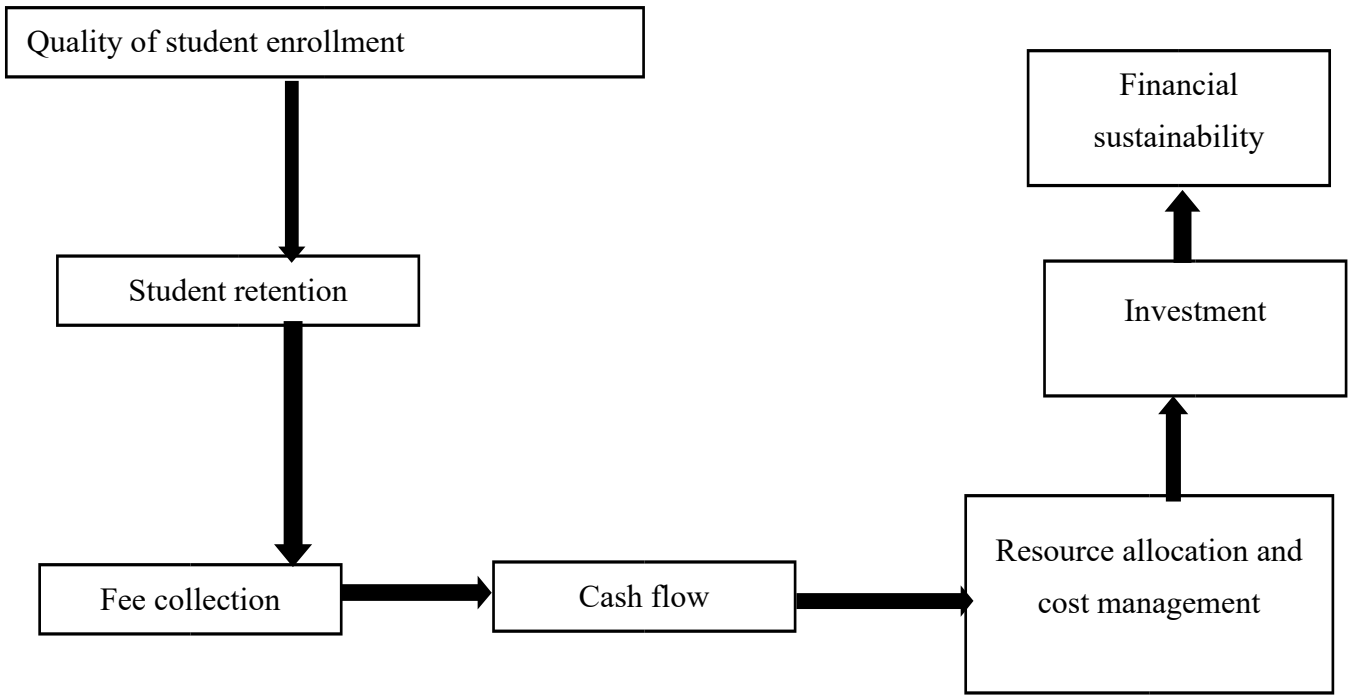
Student retention provides a financial link between initial enrolment and continuing tuition revenue. Retention is therefore important because continued enrolment preserves the expected tuition stream while reducing the need to repeatedly incur recruitment and admission costs. Atuahene (2012), using institutional data from the University of Ghana, found that fee-paying arrangements had potential for revenue generation and enrolment expansion but also reported differences in retention and graduation outcomes between fee-paying and regular students. Branson and Whitelaw (2024), using longitudinal institutional data from South African universities, further demonstrated substantial variation in student retention across institutions and student funding categories. For AfRU, retention are operationalised through continuation rates, dropout/withdrawal rates, progression and completion, and examined alongside financial indicators such as tuition revenue, receivables and operating cash flow.

Objective 3: To propose a model of financial sustainability for Africa Renewal University

The literature indicates that financial sustainability in higher education is multidimensional and cannot be adequately represented by revenue or enrolment alone. The uploaded literature identifies enrolment quality, retention, fee collection, cash flow, resource allocation and cost containment as interconnected components of institutional financial sustainability. This is consistent with recent higher-education research emphasising revenue diversification, cost management, financial planning and institutional investment as components of financial sustainability (Al-Filali et al., 2024). Vietnamese evidence also shows that financial sustainability is associated with institutional characteristics and financial diversification rather than a single revenue source (Nguyen et al., 2025). Consequently, the proposed AfRU model should conceptualise financial sustainability as an outcome of financially productive enrolment and student retention, with fee collection and cash-flow generation providing important intervening processes, while resource allocation and cost management influence how effectively institutional revenues are converted into sustainable financial capacity. This integrated approach addresses the gap identified in the literature: previous Ugandan studies have examined financial sustainability and resource mobilisation, but there remains limited institution-level evidence linking enrolment quality, retention and financial sustainability within a single empirical model.

Conceptual Model

Alinitwe's University Financial Sustainability Model



3. METHODOLOGY

The study adopted a conceptual case study and desk review design. No primary data were collected. Secondary data were obtained from AfRU enrolment records, student retention information, financial reports, fee-payment records and relevant published literature.

The literature review applied the 5Cs approach: Cite, Compare, Contrast, Critique and Connect. Relevant studies were cited, compared and contrasted to identify similarities, differences and gaps. The literature was critically evaluated and connected to the AfRU context and the proposed financial sustainability model.

For inclusion, we prioritized published literature from 2020–2025 to provide recent evidence on student enrolment, retention, fee collection, cash flow, resource allocation, and financial sustainability. However, earlier seminal theoretical works were included where necessary. The review excluded sources that were irrelevant, duplicated, insufficiently supported, or outside the study focus. This approach ensured that the reviewed evidence was recent, relevant and critically synthesized.

4. RESULTS AND DISCUSSION

4.1 The relationship between the financial quality of enrolled students and financial sustainability at Africa Renewal University.

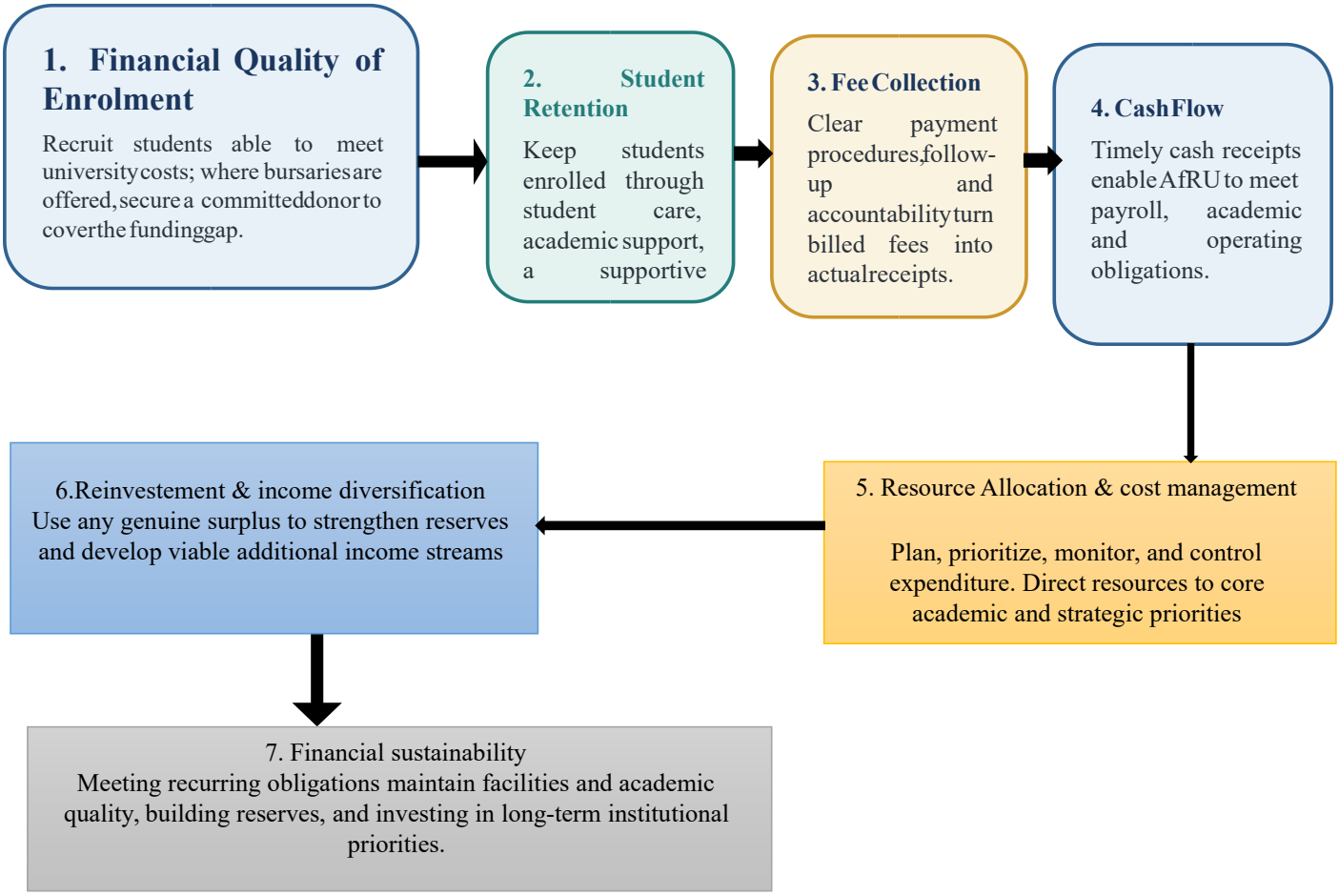
From the existing literature, Nalwoga (2021), using audited financial statements from 34 Ugandan private universities, developed a composite measure of financial sustainability and found that only 19% of the institutions were classified as financially sustainable, while 81% were categorized as unstable or critically unsustainable. This finding provides strong empirical evidence that financial sustainability is a significant institutional problem in Uganda. Drawing from the AfRU management report of 2024/2025, the manager of finance noted that, concerning the quality of enrolled students, 90% of students were depending on the university bursary scheme, which highly affected the financial sustainability of the university. It was noted by the Vice Chancellor that a private university could be financially sustainable like any other business but only if the students are made to pay the cost of being at the university. It was recommended that the university should determine the break-even point and the fee which the university could charge that would cover all the university costs without depending on external sources. Therefore, there is a relationship between the financial quality of enrolled students and financial sustainability. If the enrolled students have the ability to pay for the education services and meet the required number of students to have a breakeven point, this would guarantee the university becomes financially sustainable.

4.2 The relationship between student retention and financial sustainability at Africa Renewal University.

For AfRU, retention is operationalized through continuation rates, dropout/withdrawal rates, progression and completion, and examined alongside financial indicators such as tuition revenue, receivables and operating cash flow. The admission records from

the registrar's office indicated that, from the 100% admitted students, despite being on bursary, 75% report and register for classes, and out of the 75%, the finance office noted that 50% can pay the initial required deposit of 40% tuition fee and the another 40% would pay within the semester and the 20% may not be able to pay and would drop out in the first year and this happen till the final year since some students are not able to pay fees to last semester. Therefore, the student retention plan would be of great help to enable financial sustainability. The researcher found out that why students drop out was attributed to the fact that the university recruits students from impoverished families who are not able to pay even as little as 400,000UGX a semester and this leads to their dropout. According to Marshall (1890), demand is effective when a consumer's desire for a commodity is supported by willingness to pay and purchasing power (ability to pay). Therefore, for AfRU to be financially sustainable, using the quality of students enrolled as a baseline, the university must attract students who are willing to join AfRU and should have ability to pay the full tuition (the actual cost of having education services). After attracting the able students, then retain them through providing the best services such as good student care, sports activities, ambiance and a good reading environment, good accommodation and meals, and good academic services such as high-quality academic staff.

4.3 Conceptual model of financial sustainability for Africa Renewal University based on financial quality of enrolment and student retention.



Illustrative AfRU planning scenario (researcher's estimate)

4,000 students × UGX 3 million per semester = UGX 12 billion per semester in gross fee revenue, if all students pay in full. Actual sustainability depends on collection, bursary funding, timing, costs and whether figures are annual or semester-based.

Model logic: financially viable enrolment + retention → fee collection → cash flow → disciplined resource allocation → financial sustainability.

4.4 How student enrolment and financial sustainability at Africa Renewal University Glorifies God

This study can glorify God by promoting faithful stewardship, integrity, and wise management of the financial resources entrusted to Africa Renewal University. Scripture teaches that "it is required of stewards that they be found faithful" (1 Corinthians 4:2, ESV), providing a biblical foundation for examining how student enrolment, retention, fee collection, cash flow and expenditure management contribute to financial sustainability. The study also reflects the principle of wise planning expressed in Luke 14:28, which encourages people to count the cost before undertaking an endeavor. Consequently, effective cost management requires the university to prioritize expenditure, control unnecessary costs and allocate resources toward activities that support its educational and Christian mission. Proverbs 11:1 further emphasizes honesty and fairness, which supports the accurate collection, analysis and reporting of financial and student data. The study therefore seeks not merely to improve institutional finances, but to generate knowledge that can promote responsible stewardship, accountability and sustainable service. When financial resources are managed wisely and transparently, AfRU can strengthen its capacity to serve students, develop Christian leaders and contribute to society, reflecting the biblical call to use entrusted resources faithfully for the benefit of others (1 Peter 4:10).

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the study on student enrolment, student retention and financial sustainability at Africa Renewal University (AfRU), with Resource Dependence Theory and Tinto's Student Integration Theory as the main theoretical lenses, the conclusions, recommendations and limitations are as below

5.1 Conclusion on financial quality of enrolled students

The study concludes that the financial contribution of student enrolment is more important than enrolment numbers alone. A university may enrol many students, but financial sustainability depends on students' ability and willingness to pay, timely fee payment and the extent to which assessed fees are converted into actual revenue. Therefore, AfRU's financial sustainability is likely to depend partly on the financial quality and reliability of its student enrolment.

5.2 Conclusion on student retention

The study concludes that student retention is an important component of financial sustainability because retained students provide continuity in enrolment and tuition revenue. When students remain enrolled, the university can better anticipate future revenue and plan its expenditure. Conversely, student attrition can create revenue uncertainty and increase the resources required for recruitment and replacement.

5.3 Conclusion on cash flow and cost management

The study further concludes that cash flow provides an important link between student-generated revenue and financial sustainability. Enrolment and retention create potential revenue, but sustainability depends on the extent to which fees are collected and converted into usable cash. Effective cost management is therefore necessary to ensure that available resources are allocated to institutional priorities and that unnecessary expenditure does not weaken cash flow.

Overall, the study concludes that financial sustainability at AfRU should be approached as an interconnected process involving: Quality of enrolment → retention → fee collection → cash flow → cost management → financial sustainability.

This perspective is consistent with Resource Dependence Theory, which emphasises access to and management of critical resources, and Tinto's Student Integration Theory, which explains the importance of student persistence.

5.4. Recommendations

Strengthen the quality of student enrolment. AfRU should move beyond focusing exclusively on increasing student numbers and place greater emphasis on financially sustainable enrolment. Admissions planning should consider students' programme choices, affordability, fee-payment capacity and likelihood of completing their studies.

Strengthen student retention. The university should strengthen mechanisms for identifying and addressing factors associated with student withdrawal. Academic advising, student support, engagement, timely communication and appropriate financial support mechanisms can help create conditions that encourage continued enrolment.

Improve fee collection. AfRU should strengthen systems for timely fee assessment, invoicing, monitoring and collection. Management should regularly analyse outstanding student balances and establish mechanisms for early identification of students experiencing payment difficulties.

Strengthen cash-flow management. Management should prepare regular cash-flow forecasts based on realistic student enrolment, fee-collection and expenditure information. This would help the university anticipate periods of cash shortages and make timely decisions concerning expenditure and resource allocation.

Strengthen cost management. AfRU should adopt expenditure controls that distinguish between essential, strategic and discretionary expenditure. Expenditure should be aligned with institutional priorities and available resources. Cost management should not simply mean cutting expenditure but ensuring that available resources generate appropriate institutional value.

Diversify revenue sources. Consistent with Resource Dependence Theory, AfRU should reduce excessive dependence on tuition revenue by strengthening alternative sources such as research grants, consultancy, partnerships, professional programmes, alumni support and other appropriate income-generating activities.

Develop an integrated financial sustainability model. The university should use the proposed model to connect enrolment, retention, fee collection, cash flow, cost management and financial sustainability. Such a model can provide management with a framework for monitoring financial performance and making evidence-based decisions.

5.5. Limitations of the Study

Case-study limitation. Because the research focuses on Africa Renewal University, the findings will be closely related to the institution's specific context. Therefore, caution should be exercised when applying the findings directly to other private universities in Uganda or elsewhere.

Reliance on secondary/documentary data. If the study relies substantially on university records and other existing documents, the researcher will depend on the accuracy, completeness, and consistency of available records. Missing or inconsistently recorded information may affect the analysis.

Cross-sectional limitation. If the study remains cross-sectional, data will largely represent relationships during a particular period. Consequently, the study may establish associations but cannot conclusively establish long-term causal relationships between enrolment, retention, and financial sustainability.

Measurement limitation. Concepts such as financial quality of enrolment and financial sustainability contain several dimensions. Their measurement may therefore not capture every aspect of institutional financial performance.

External factors. Financial sustainability can also be influenced by factors beyond student enrolment and retention, including inflation, government policies, changes in tuition regulations, competition among universities, donor funding, economic conditions, and unexpected institutional expenditures. These factors may not be fully captured by the proposed model.

Data sensitivity. Financial information is often sensitive, and access to detailed institutional financial records may be restricted. This may limit the depth of analysis possible using some financial indicators.

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