

## **Pricing Orientation as a Panacea for Effective School Fees Setting in Private Secondary Schools in North-West, Nigeria**

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### **Abstract**

*In the dynamic and economically diverse landscape of North-West Nigeria, private secondary schools face considerable challenges in setting effective and sustainable school fees. This study explores pricing orientation as a strategic framework for enhancing fee-setting practices to improve enrolment, retention, profitability, and institutional sustainability. Drawing on the multidimensional construct of pricing orientation, which includes value-oriented, competition-oriented, cost-oriented, customer-oriented, and demand-oriented pricing, the research investigates how these components can be leveraged to overcome barriers such as fee resistance, dropout rates, and affordability issues among parents. The paper identifies a gap in the application of comprehensive pricing strategies within private secondary education and emphasizes the significance of aligning fee structures with perceived educational value, operational costs, competitive benchmarks, market demand, and parental purchasing power. By integrating these five pricing dimensions, the study argues that private schools can achieve a balanced approach to pricing that ensures both financial viability and equitable access. Ultimately, the research presents pricing orientation not merely as a cost-recovery mechanism, but as a panacea for effective school fee decision-making in the context of market-oriented education systems. The study recommends that Private secondary schools should integrate all five dimensions of pricing orientation, value, competition, cost, customer, and demand-oriented pricing, when setting fees.*

**Keywords:** Pricing Orientation, School Fees, Secondary Schools, North-west

### **Introduction**

In the increasingly competitive landscape of private education, particularly in North-West Nigeria, school proprietors face complex challenges in

determining optimal fee structures. Amid fluctuating economic conditions and diverse parental expectations, pricing decisions significantly influence enrolment, retention, profitability, and institutional sustainability (Sagir et al., 2025). Pricing orientation, which entails strategic alignment of pricing strategies with market realities, consumer perceptions, and organizational goals, is emerging as a critical capability for private schools. The study seeks to investigate the role of pricing orientation as a solution to challenges in setting effective school fees in private secondary schools in North-West Nigeria.

Private schools operate in a market-driven environment where pricing decisions can make or break institutional sustainability. In North-West Nigeria, socio-economic disparities, inflation, and regional security issues complicate fee-setting processes. While traditional pricing often relies on cost estimation or peer benchmarking, there is growing recognition that pricing orientation, which is a multifaceted, market-aligned pricing approach could be a strategic lever for optimizing fee decisions (Sagir et al., 2025; Skarmeas et al., 2016).

Many private secondary schools in North-West Nigeria grapple with pricing challenges. These include fee resistance by parents, high dropout rates due to affordability, and insufficient profitability to sustain quality services. Conventional pricing models have failed to address these issues effectively. It is thus, suggested that a strategic approach, pricing orientation, could offer a panacea. Previous studies such as Sagir et al. (2025), Amir et al., (2016) and Olaoye et al. (2018) have emphasized aspects of pricing orientation in connection with fee determination in public and private tertiary institutions of learning but often overlook its composite influence and practical application in secondary school settings. There is thus, a research gap regarding how pricing orientation affects real-world fee decisions in private secondary schools, particularly in the unique socio-economic context of North-west, Nigeria.

### **Concept of Pricing**

Pricing is a core element in the marketing mix and a critical determinant of organizational success. It refers to the process of setting a monetary value that a customer must pay in exchange for a product or service (Agbaeze et al., 2020). In both business and educational settings, pricing functions not only as a means to cover costs and generate profits but also as a communication tool that conveys value, positioning, and competitiveness. According to Kotler and

Keller (2016), pricing is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service. This implies that pricing goes beyond monetary calculations and reflects consumer perception, value exchange, and strategic positioning.

From an economic standpoint, pricing serves as a mechanism for resource allocation, reflecting the forces of supply and demand. Nagle et al. (2016) emphasize that strategic pricing involves understanding how customers perceive value and are willing to trade off between price and quality, rather than simply setting prices based on cost plus margin. In education, particularly in private institutions, pricing is increasingly becoming a strategic lever. A school's fee structure communicates its value proposition, brand, and target demographic (Sagir et al., 2025). Moreover, Pereauro & Ekankumo (2025) argue that firms (including service organizations like schools) must adopt pricing strategies that are dynamic and adaptable to maintain relevance.

### **Pricing Orientation**

Pricing orientation has been defined by Sagir et al. (2025) as all pricing practices, methods, behaviors and processes leading to pricing decisions with the goal of maintaining and sustaining firm competitive advantage. Pricing orientation has also been defined as the explicit steps and procedures through which pricing decisions are established (Amir et al., 2016). It encompasses various strategies that organizations adopt to determine the prices of their products or services. Pricing orientation is fundamentally influenced by market conditions, consumer behavior, and organizational objectives (Pereauro & Ekankumo, 2025). In the context of education, pricing orientation may be defined as the underlying strategies and processes guiding how private schools determine school fees. It is argued that organisations that fail to manage their prices create opportunities to be overtaken by rivals, ultimately eroding their profitability and sustainability (Hinterhuber & Liozu, 2013; Rao, 2015). Therefore, private schools must be price oriented to make a wise and justifiable school fees decision that balances affordability of parents and financial sustainability of school.

### **Components of Pricing Orientation**

According to Kankam-Kwarteng et al. (2019), a comprehensive review of scholarly literature of pricing in both manufacturing and service sectors have

identified various pricing approaches, which, fall into five main dimensions; value-oriented, competition-oriented, cost-oriented, demand-oriented and customer-oriented pricing. Each of these dimensions reflects different underlying viewpoints regarding how fees should be set and what factors should be prioritized in the fee-setting process.

**Value Oriented Pricing:** involves aligning the price with the value of the products or services, as perceived by the customers (Amir et al., 2016). This approach requires a deep understanding of customer needs and preferences associated with the firms' offerings. Agbaeze et al. (2020) highlight the importance of value-informed pricing in linking pricing practices with customer needs, proposing that firms that adopt a value-oriented approach are better positioned to innovate and meet market demands effectively. This orientation not only enhances customer satisfaction but also fosters brand loyalty, as consumers are often willing to pay a premium for products they perceive as offering superior value.

**Competition Oriented Pricing:** This involves benchmarking against competing rivals in the market. It involves setting price within the competitive framework (Sagir et al., 2025). Competition-oriented pricing focuses on setting prices based on competitors' pricing strategies. This approach is particularly prevalent in highly competitive markets where firms must remain vigilant about their rivals' pricing to maintain market share (Agbaeze et al., 2020). However, Sagir et al. (2025) cautioned that this strategy can lead to price wars, which may erode profit margins and undermine the perceived value of the products or services offered.

**Cost Oriented Pricing:** This involves setting prices based on total operational costs. It is defined as the pricing approach in which price is set based on the costs of service provision, and desired profit margin (Kankam-Kwarteng et al., 2019). Cost-oriented pricing is one of the most traditional approaches, where prices are determined based on the costs of production plus a markup for profit. This method is straightforward and ensures that all costs are covered, but it may not always align with market demand or consumer willingness to pay (Sagir et al., 2025). However, Kankam-Kwarteng et al. (2019) reported Backman's observation that the graveyard of business is filled with the skeletons of companies that attempted to base their prices solely on costs.

**Customer Oriented Pricing:** Customer oriented pricing refers to aligning the price with financial capability and willingness of the target customers

(Agbaeze et al., 2020). This pricing approach deals with the assessment of the financial capability and willingness of diverse population of the target customers to price accordingly (Kankam-Kwarteng et al., 2019). It also relies on gaining a deep understanding of customers' purchasing behavior and ability to pay (Agbaeze et al., 2020).

***Demand Oriented Pricing:*** Demand-oriented pricing focuses on aligning product or service prices with consumer demand levels. It is rooted in microeconomic theory, particularly the law of demand, which states that price and demand are inversely related (Mankiw, 2021). This approach emphasizes understanding how demand trends influences price decision, and adjusting prices accordingly to maximize market share.

### **Concept of School Fees**

In the realm of private secondary education, school fees refer to the financial charges levied by private institutions on students or their guardians in exchange for access to academic services, facilities, and co-curricular support. Unlike public schools, which may be subsidized by the government, private schools are largely self-financed and rely on school fees as their primary source of revenue. The structure, rationale, and implications of school fees in private education have profound impacts on accessibility, educational quality, and institutional sustainability (Perearau & Ekankumo, 2025).

School fees in private secondary schools typically encompass a variety of charges, including tuition, registration, development levies, examination fees, uniforms, extracurricular activities, and sometimes feeding and boarding (Adebayo, 2020). These fees are often determined by the cost of running the school, the standard of facilities offered, the school's brand or prestige, and the socio-economic context of the community it serves. According to Alhassan et al. (2022), school fees in private institutions are not uniform but reflect internal strategic pricing mechanisms aimed at balancing affordability with institutional viability. This approach makes fee setting a strategic function that involves considerations of parental purchasing power, perceived value, competition, and operating costs.

School fees are essential for: covering teachers' salaries, utility bills, administrative costs, and learning materials (Perearau & Ekankumo, 2025); supporting investment in better infrastructure, digital technologies, teacher training, and learning resources, which in turn can enhance learning outcomes

(Ibrahim & Kanu, 2021); generating returns on investment while ensuring long-term sustainability due to the profit oriented nature of private schools (Adebayo, 2023); and offering advanced curricula or international affiliations to position the school in the market (Bello et al., 2015).

### **Problems Associated with school fees Implantation**

Although charging school fees is necessary to finance operation and achieve profit objective, school fees pose several challenges:

**Affordability:** North-west is a region with a population of diverse socio-economic statuses, high fees limit lower-income and middle income families from accessing quality private education and increase dropout rates (Nwankwo et al., 2021).

**Inconsistency in Payment:** The economic instability, which increases the costs of operation and diminishes the purchasing power of many families, often results in delayed or defaulted payments, there by affecting school operations.

**Perception and Justification:** Private schools are struggling to justify fee increments to cope with the costs of operation, especially where quality improvements are not evident to stakeholders (Adesola & Ogundipe, 2020).

**Equity:** High fees can widen educational inequality by excluding marginalized populations

### **Pricing Orientation and School Fees Setting**

Despite the necessity of school fees in private school operation and the challenges faced in school fees implementation, private schools can effectively use a well-defined pricing orientation to strategically set school fees that balance affordability, institutional sustainability and competitive advantage in the following ways:

#### **Value Oriented Pricing**

This strategy will allow setting school fees based on the perceived value of education offered to parents and students. Schools can assess what makes their offerings valuable, such as small class sizes, quality teaching, digital infrastructure, extracurricular programs, and high academic performance, and

price their fees accordingly. This approach can be implemented by conducting surveys to understand parental expectations and satisfaction, highlighting unique educational features in marketing to justify premium pricing, and using parent testimonials and alumni success stories to reinforce perceived value.

### **Competition Oriented Pricing**

This approach will enable benchmarking school fees against those of similar private schools in the locality or region. It ensures that a school remains competitively priced in relation to rivals. This can be implemented by regularly reviewing fee structures of nearby or similar schools, especially the strong competitors, positioning fees just below premium competitors in order to attract budget-conscious families while maintaining quality, and considering bundling services to differentiate the offering at the same or slightly lower fee. However, private schools must avoid price wars, which may devalue the perceived quality of their education.

### **Cost Oriented Pricing**

This is a traditional approach in which fees are set based on operational costs (salaries, utilities, teaching materials, maintenance) plus a margin for sustainability or profit. This can be implemented by calculating total cost per student, including fixed and variable costs, adding a fair markup to ensure financial viability, and adjusting annually based on inflation and changes in operational expenses. However, this approach must be balanced with demand and parents' ability to pay, to avoid decrease in enrollment.

### **Customer Oriented Pricing**

This approach will help private schools to consider the financial capabilities and payment behaviors of majority of the potential customers (parents) in the target area. It aligns with the principle of inclusivity by ensuring that pricing does not alienate potential enrollees. To implement this approach, private schools need to segment the parent population by income level, create scholarship schemes for talented but financially disadvantaged students, and offer flexible payment plans (e.g., termly payments, sibling discounts, installments plans).

### **Demand Oriented Pricing**

This strategy allows fees setting based on the demand for education in a given community. During high demand (e.g., exam years or areas with school shortages), schools may raise fees slightly; during low demand, promotional pricing may apply. Similarly, private schools can introduce premium programs (e.g., ICT, entrepreneurship clubs) and price them based on the level of parental interest. This can be implemented by analyzing local enrollment trends and waiting lists, offering discounts or promotions in new intakes to attract demand, and adjusting fees during economic downturns or post-holiday periods to maintain demand.

### **Conclusion and Recommendation**

The study concludes that by integrating these five pricing orientation strategies, private secondary schools in regions like North-West Nigeria can set fees that are not only sustainable and competitive but also responsive to market conditions and parental needs. Pricing orientation, a multi-dimensional pricing approach, ensures financial health while supporting access, equity, and institutional growth.

The study recommends that Private secondary schools should integrate all five dimensions of pricing orientation; value, competition, cost, customer, and demand-oriented pricing, when setting fees. This comprehensive approach will ensure that fee decisions are market-sensitive, cost-justifiable, and aligned with parental expectations.

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