

# **EDUCATION AND HUMAN CAPITAL DEVELOPMENT: KEY FOR SUSTAINABLE DEVELOPMENT IN NIGERIA.**

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## **Abstract**

There is the awareness that accelerated pace of economic development cannot be achieved unless there is an adequate supply and utilization of skilled manpower in the economy. This led to a shift of emphasis from capital accumulation to human capital development. Human capital development is the process of increasing the knowledge, skills and the capacities of the people in the society. This can be achieved through adequate investment on education. Education is a catalyst for social and sustainable economic development. This paper looked into human capital development through education. The rationale for investing on education, the contribution of education on human capital development, the strategies for human capital development in Nigeria, were also discussed. Some recommendations were made, towards increased investment on human capital development through education; for sustainable economic development.

Education is a dominant tool of development. It is the key to the future of any nation. Investment into different categories of education is aimed at achieving different objectives. While basic education focuses on the inculcation of numeracy and literacy, higher education creates the required needed human capital with enhanced technical knowledge, skill and competencies that help to transform a nation to technological innovation and productivity growth in the economy. Education is aimed at producing people who have acquired expertise knowledge in all area of human endeavour. However, accelerated pace of economic development can only be achieved with adequate supply and utilization of skilled human capital stock. According to UNDP report (2002), Nigeria ranked low in its human capital development. This is as a result of high rate of illiteracy in Nigeria and the unskilled nature of many workers leading to low productivity and growth. This shows the relevance of human capital development to the growth of the economy.

## **The Concept of Human Capital Development**

Human capital is the stock of knowledge, habits, social and personality attributes including creativity embodied in the ability to perform labour so as to produce economic value. According to Rostagi (2002), it is the knowledge, competency, attitude and behaviour embedded in an individual. Frank & Bemanke, (2007) see, it as an amalgam of factors such as education, experience, training, intelligence, energy, work habits, trust worthiness, and initiative that affect the value of a worker's marginal product. The resources are the total capacity of the people representing a form of wealth directed towards

achieving the national goal. The acquisition of such utilitarian skills and knowledge cost certain expense. Such expenses are monetary and non monetary values used up in the process of educating the individual which includes the alternative or the opportunity cost of educational investment. This shows that improved skills of the individual labour is viewed as a machine which facilities labour and costs certain expense but repays with profit over time. To support this, Schultz (1995) emphasized that what we call consumption constitutes investment in human capital and stated that direct expenditure on education, health care and internal migration to take advantage of better job opportunities are clear examples. He maintained that people sacrifice their leisure time to improve their knowledge and skills which in turn, enhances the quality of their efforts and productivity. Thus, human capital is a means of production into which additional investment yields additional output. It is substitutable but not transferable and an important growth factor for any nation. To back up this argument, Becker (1993) asserted that because people cannot be separated from the skills, knowledge and values they possess in the way they can be separated from their financial and physical assets, they are human capital. However, human capital development is the totality of all expenses, efforts and activities expended towards making an individual useful to him/herself, immediate family and the larger society. According to Ovenseri-ogbomo (2006), for any meaningful development to take place anywhere, it must start with the development of human beings, the most valuable asset anywhere in the world. He considered human capital to be the engine of growth, agent of economic transformation, a catalyst for social re-engineering and a base for economic take-off. Human capital is developed by education, training, health and quality standard of living and there is a positive correlation between human capital formation and economic development. To support this, Obisi (2003) posited that through education, specific human capital abilities would be acquired and this may include; acquisition of conceptual knowledge, development of capabilities and development of skills, attitudes and orientation. Increased productivity is the major source of per capital output in any country, whether developed or developing. Human beings are the most important and promising source of growth in productivity and economic growth. It is a recognized fact that the higher the human capital formation due to education and good health standard, the higher the per capital income of the nation. This process of human capital development is the strong foundation of a continues economic development of the nation for a long period of time. This significance of the concept of human capital in generating sustained economic development of Nigeria cannot be neglected. It is expected that the macro-economic policies of the country should focus on promoting human capital development. Mahroun (2007) suggested that at the macro level, human capital management should be concerned with three key capacities namely, the capacity to develop talent, the capacity to deploy talent and the capacity to draw talent elsewhere. Collectively, these three capacities form the backbone of any country's human capital competitiveness.

### **Rational for Investment in Education**

Investment into different categories of education is aimed at achieving different goals. The focus of primary education is to inculcate numeracy and literacy. Beyond this, higher education is expected to create the needed human capital with enhanced skills which can lead to technological innovation and productivity growth within the economy. Generally, education is aimed at producing men who possess expert knowledge in all dimensions, according to Adedeji (2002), the rationality behind investment in human capital is based on three main arguments which are

1. The new generation must be given the appropriate parts of the knowledge which has already been accumulated by previous generations.
2. The new generation should be taught how the existing knowledge can be used to develop new products, introduce new processes and production methods, and improve the efficiency of organizations in business, government and social services.
3. People must be encouraged to develop entirely new ideas, products, processes and methods through creative approaches.

The above arguments show how investment in human capital development is essential. Nigeria through its macroeconomic policies should look into, especially in the present circumstances, the behaviour of investment or the pattern and pace of capital formation. Growth theories emphasizes the importance of human capital development as a major content of the overall capital process in the economy. This calls for urgent attention of the government to examine the magnitude, pace, pattern, composition and utilization of human capital in the country to see how far the country has fared in education. It is a recognized fact that education is an investment both for the individual undertaking it and for the society. This is in the form of the enhanced contribution made by those who have received the education and hence, the economic growth that it leads to. National policy on education (2008) highlighted the main expectation of higher education as follows;

1. Higher education should provide experts and specialist in various fields who will stay and work for the benefit of the nation.
2. Higher education should produce people who will make responsible citizens and have better commitment to the development of the nation.
3. Higher education should help to provide needed manpower in all the sectors of the economy.

However, the major expectation of the individual may be to get better employment, increased earnings or income, increased standard of living and provision of help to his or her immediate family. From economic point of view, every worthwhile investment must have the capacity of making returns over time. This is done by comparing the streams of expected benefits with the cost of the investment. Returns of investment are usually measured by two related concepts of productivity and profitability. However, the objective of any investment is to make profit. Profitability is the rate by which the expected benefits exceed the cost of investment. In appraising public goods, both the direct (private) and the indirect (social) costs and benefits of the investment must be assessed.

Education possess many characteristics of a public good, so the decision of an individual to invest in higher education will necessitate his incurring certain costs which are direct to him, but it also imposes costs on some of his family members either in terms of money spent or sacrifices made while in school. Other benefits accrue to the whole economy in terms of the addition to the human capital stock and others. Moreover, any investment that is profitable must be productive. So before any investment in education can be considered profitable, the output of the system must be productive. This is to say that it is only an optimal investment that can lead to optimal output. Government therefore, needs to allocate more funds to higher education to ensure that the stock of human capital is adequately increased both quantitatively and qualitatively.

### **Contribution of Education on Human Capital Development**

Human capital development as an integral part of capacity building encompasses both human and institutional capacity building. According to Obadan and Adubi (1998), it refers to the process by which a nation develops and increases its human resource capabilities through the inculcation of the relevant general and technical knowledge, skills and effectiveness to realize set goals efficiently. It is a process of incremental acquisition of capacities. The task of human capital building is considered key to Nigeria economic development. To achieve this, training is central, locally and internationally. Educational institutions such as Universities, polytechnics and management development institutions should be developed and adequately funded to provide the necessary training. Human capacity development in this era of globalization should be tailored towards the acquisition of vocational technical skills and knowledge relevant for the global economy. The scope and content of educational programmes should be broadened to capture, the challenges in economic social and political spheres. So, greater emphasis is placed on formal education and skills development to achieve rapid economic transformation. Education has helped to reduce indentified capacity deficiencies in the country as a result of unprecedented growth in the number of tertiary institutions in the country. This has reduced the level of

dependence on foreign institutions by Nigeria for capacity building of its workforce. There has been a tremendous increase in the number of skill acquisition centers for further training of the labour force.

### **Strategies for Human Capital Development In Nigeria**

1. **Reduction of illiteracy rate:** The success of any productive program depends on innovative ideas and a creativity provision of basic education is vital. Basic education is crucial to nation building since literate citizens are the foundation for well functioning democratic institutions and for achieving social cohesions and environmental responsibility. There is need for increase in government expenditure on education and health.
2. **National poverty eradication:** Poverty is a major factor that hinders development and growth of any nation. Government should put structures in place to eradicate poverty of most Nigerians in rural and urban areas to empower them.
3. **Youth Empowerment:** Youth should be empowered through education and training to acquire the relevant skills and knowledge that would prepare them for the vast challenges of the global economy: More training and skill acquisition centers should be established and made functional by governments or its agents by adequately funding them.
4. **Government Policies:** Government should put in place proper institutional frame work to look into the manpower needs of the various sectors and implement policies that would lead to the overall growth of the economy. Also check uneven distribution of skilled manpower and the reward system in the country should be checked to guard against the loss of well trained experts to other countries, after investing on education of such individuals.

### **Conclusion**

The paper has examined basic issues of investment in education for human capital development. It also discussed the rationale for investment in education, the contribution of education to human capital development with a view to providing some relevant information why government should play a predominant role in finding higher education for human capacity building. In addition, it has portrayed human capital as the most valuable asset of any nation based on the realization that; no amount of natural endowments can uplift a nation if the work force is incompetent and unable to exploits available resources but a country with skillful and enterprising people can create wealth and development out of the little or no resources, Japan being a good example. Therefore, human capital development is a strong base for a continuous economic development which can only be achieved by investing on education. Education alone cannot do this but without education, the quality of and quantity of human capital with required skills, know-how and expertise that would allow Nigeria into a significant jump in productivity, economic prosperity and development cannot be realized.

### **Recommendations**

The study recognized the effort and challenges of government and other agencies in tackling the problem of growth and development in Nigeria. However, the following recommendations are put forward for consideration;

1. Government at federal and state level should focus more on policies that would promote human capital development.
2. More institutions of higher learning should be encouraged to focus on the inculcation of technical skills and monetary allocation to higher education sector should be increased.
3. Rigorous efforts should be made to revive in-service training and re-training of labour.
4. Development programmes should encompass the human components needs.

5. ETF should increase their contribution towards human capacity building.
6. International development partners should concentrate more on capacity building in form of training.
7. Skill development for productivity. Government should focus and re-orient the curriculum and course content in higher institutions to reflect the curriculum needs for industries and meet the challenges of a modern and global economy.
8. Infrastructural optimization government should increase infrastructural facilities to meet the requirements for a global economy.
9. Rigorous efforts should be made towards improving the quality of education in Nigeria. There should be adequate allocation of funds towards training and retraining of teachers and instructors of education.

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