

A REVIEW OF HUMAN RESOURCE DEVELOPMENT IN AN EMERGING ECONOMY: THE CASE OF NIGERIA

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Abstract

Human resource development also known as human capital development is widely regarded by economist as a key component in the quest for accelerated economic growth and development all over the globe. Low human resource development especially in an emerging economy such as Nigeria and Ghana is arguably one of the reasons for the slow pace of economic growth and development in these countries. It was in line with this that the paper aimed at examining the prospects of human resource development as a remedy to developmental challenges confronting emerging economies. Thorough review of existing literatures revealed that despite abundant human resources Nigeria is blessed with, its development has continued to be low. This is linked to the nature and quality of education, health and nutrition. To this end, it is recommended that

there should be aggressive investment in health and education, adoption of effective manpower planning in order to develop the abundant human resources in the country.

Keywords: Human Resource Development, Emerging, Economies, Health, Education and Manpower.

Human resource development (HRD) also known as human capital development (HCD) is widely regarded by economists as a critical factor in the development of every modern economy. A country with high rate of human resource development tends to enjoy high rate of economic growth and development, high rate of capital accumulation, high rate of technological advancement, high living standards and vice versa. For instance, Smith and Todaro (2003) postulated that almost all underdeveloped countries are characterised by individuals with low skills and training needed to accelerate the pace of economic growth and development which is perhaps why they remained less developed.

This paper viewed Nigeria as an emerging economy in Africa based on the fact that despite economic challenges the country is ranked among emerging economies in the world (World Bank, 2010). An emerging economy according to Antoine (1986) is an economy in a transitional phase between developing and developed status” Kvint (1999) published this definition; “Emerging market country is a society transitioning from a dictatorship to a free-market-oriented-economy, with increasing economic freedom, gradual integration with the Global Marketplace and with other members of the GEM (Global Emerging Market), an expanding middle class, improving standards of living, social stability and tolerance, as well as an increase in cooperation with multilateral institutions. The Centre for Knowledge Societies (2008) defines Emerging Economies as those “regions of the world that are experiencing rapid informationalization under conditions of limited or partial industrialization”. According to financial dictionary an emerging economy describes a nation’s economy that is progressing toward becoming more advanced, usually by means of rapid growth and industrialization. These countries experience an expanding role both in the world economy and on the political frontier.

Nigeria is a country in the western part of Africa and has an estimated population of about one hundred and forty million. Sixty per cent of the population falls within the labour force as such Nigeria is a country with surplus labour and by implication abundant human resources.

Human resource development in the context of a country is defined by Smith and Todaro (2003) as a term used by economist for education, health and other human

capacities that can raise productivity when increased. Thirlwall (2003) opined that human resource development refers to education, skills and expertise embodied in the labour force through education and training. The United Nations (2009) defined human resource development as empowering people by fostering the contributory capacities that they can bring to the improvement of their own quality of life and that of their families, communities enterprises and societies. Human capital development according to Jhingan (2007) “is the process of acquiring and increasing the number of persons who have the skills, education and experience which are critical for economic and political development of a country”. Human capital development is associated with investment in man and his development as a creative and productive resource. According to Business Dictionary (2015) Human capital development refers to investment in health, knowledge, motivation and skills, the attainment of which is regarded as an end in itself (irrespective of their income potential) because they yield fulfilment and satisfaction to the possessor.

Michael (2013) defined human capital as the collection of resources-all the knowledge, talents, skills, abilities, experience, intelligence, training, judgement, and wisdom possessed individually and collectively by individuals in a population. These resources are the total capacity of the people that represents a form of wealth which can be directed to accomplish the goals of the nation or state or a portion thereof. The objective of this paper is to emphasise the need for emerging economies such as Nigeria to redouble efforts at developing education and health sectors so as bring about rapid development of human resources that are abundant. The paper will examine the importance of human capital development and identify the sources of human capital development and reasons for low rate of human capital development in Nigeria. The paper is expected to provide policy makers and government agencies with an insight on how to achieve speedy development of human capital in Nigeria and also contribute to the existing literature that shall be used by students and researchers for future studies.

Importance of Human Capital Development

Mahbub ul (1996) viewed that the concept of Human capital has relatively more importance in labour-surplus countries. These countries are naturally endowed with more of labour due to high birth rate under the given climatic conditions. The surplus labour in these countries means the human resource available is more abundance than the tangible capital resource. This human resource can be transformed into Human Capital with effective inputs of education, health and moral values.

In 2007 the United Nations Secretary General Reported that human resources development lies at the heart of economic, social and environmental development. It is also a vital component for achieving internationally agreed sustainable development goals, including the Millennium Development Goals, and for expanding

opportunities to all people, particularly the most vulnerable groups and individuals in society. The United Nations uses human capital development towards comparative evaluation of economic development of different nations in the World economy, United Nations publishes Human Development Report on human development in different nations with the objective of evaluating the rate of human capital formation in these nations. The statistical indicator of estimating Human Development in each nation is Human Development Index (HDI). It is the combination of “Life Expectancy Index” and Income Index.” The Life expectancy index reveals the educational standard and the literacy ratio of the population; and the income index reveal the standard of living of the population. If all these indices have the rising trend over a long period of time, it is reflected into rising trend in HDI. The Human Capital is developed by health, education and quality of Standard of Living. Therefore, the components of HDI viz, Life Expectancy Index, Education Index and Income Index are directly related to Human Capital formation within the nation HDI is indicator of positive correlation between human capital formation and economic development. If HDI increases, there is higher rate of human capital formation in response to higher standard of education and health. Similarly, if HDI Increases per capita income of the nation also increases. Implicitly, HDI reveals that the higher the human capital formation due to good standard of health and education, the higher is the per capita income of the nation. This process of human development is the strong foundation of a continuous process of economic development of the nation for a long period of time. This significance of the concept of Human capital in generating long-term economic development of the nation cannot be neglected. It is expected that the Macroeconomic policies of all the nations are focused towards promotion of human development and subsequently economic development. Human Capital is the backbone of Human Development and economic development in every nation. Michael (2013) posits that many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training.

Sources of Human Capital Development

Development economists such as Smith and Todaro (2003), Thirlwall (2003) and Jhingan (2007) identified major sources of human capital development as the following:

Expenditure on Education: Investment in education is regarded by the economist as the main source of human capital development. The money spent on education is akin to the money spent by companies on capital goods in order to increase future profits; Education is given in order to increase future income. This is buttressed by Ololube (2009) who viewed that in most developing countries, human resource development is tied to education because it is seen as the path leading to development and developed

country status. The ultimate aim is to achieve economic advancement through the provision of relevant education and hence the production of the right combination of human resources.

Expenditure on Health: The role of health in formation of human capital is vital. Unless a population is healthy enough to work and earn, the society will remain backward. Only strong and healthy people can struggle and survive and can take the nation forward. Therefore, to prevent a population from being a liability of a country, the government must pay adequate attention towards the hygiene as well as the education of the public. The educated people will invest on their child's health and education, thus building a better future for the nation. Health is important for the development of an individual. Medicines, provision for clean drinking water and good sanitation are various forms of health expenditures. Health expenditure directly increases the supply of healthy labour force and is, thus, a source of human capital formation.

Study Programmes: This is for adults that are not organized by firms, including extension programme notably in agriculture.

On-the-Job and Institutional Training: Refers to learning the aspects of a job while one is doing the job. An employee may know the basics of what the job requires, but specifics like which forms to use, where materials are stored, and how to access the computer system may require on-the-job training. Many countries invest heavily in providing training and development to their workforce in order to increase their knowledge and skills. With the growth of online learning, much of this training has become available via webinars and online courses, but it is still very common to conduct in-person trainings or attend training seminars or conferences with other professionals in the field.

Intellectual or Professional Development: This includes college or certification courses or job-specific trainings and seminars related to how to do one's job better. Many professionals also voluntarily take additional training and development courses in order to be seen as experts in their fields. Professional organizations often offer their members' options to increase their development and many have specific certifications that must be obtained through extensive training and development.

Migration: People migrate in search of jobs that fetch them higher salaries than what they may get in their native places. Technically qualified persons, like engineers and doctors, migrate to other countries because of higher salaries that they may get in such countries. Migration in both these cases involves cost of transport, higher cost of living in the migrated places and psychic costs of living in a strange socio-cultural setup. The enhanced earnings in the new place outweigh the costs of migration hence; expenditure of migration is also a source of human capital formation.

Job Information: People spend to acquire information relating to the labour market and other markets like education and health. This information is necessary to make decisions regarding investments in human capital as well as for efficient utilisation of the acquired human capital stock. Expenditure incurred for acquiring information relating to the labour market and other markets is also a source of human capital formation.

Government Policy Measures at Human Capital Development in Nigeria

In order to speed up the development of much needed human capital in Nigeria, various policy measures have been put in place. These include the following:

Establishment of Tertiary Education Trust Fund (TETFUND): Tertiary Education Trust Fund (TETFund) was established as an intervention agency under the TETFund ACT- Tertiary Education Trust Fund (Establishment, etc) Act, 2011.

TETFund ensures that funds generated from education tax are utilized to improve the quality of education in Nigeria through:-

- Providing funding for educational facilities and infrastructural development.
- Promoting creative and innovative approaches to educational learning and services
- Stimulating, supporting and enhancing improvement activities in educational foundation areas like Teacher Education, Teaching Practice, Library Development.
- Championing new literacy-enhancing areas such as scientific, information and technology literacy.
- Research and publication
- Academic staff training and development

Establishment of National Manpower Board (NMB): The National Manpower Board (NMB) was responsible for human resource planning in Nigeria prior to 2006. It was first established in 1962 under the umbrella of the National Economic Council, as part of the recommendations of the Ashby Commission and was to give full consideration to all aspects of manpower development programmes in Nigeria. In 1984, the NMB was dissolved, but its secretariat continued to function as a manpower division in the erstwhile Ministry of Budget and Planning. In 1991, the NMB became a statutory body under Decree Number 18 of 30th May, 1991. It was inaugurated in October 1992; Section 5 of the decree mandates it to:

- a) Determine and advise the government on the nation's manpower needs in all occupations;
- b) Formulate manpower development and utilization policies and programmes in order to ensure optimum implementation of the same for enhancement of the nation's manpower resources;

- c) Coordinate manpower policies and programmes of federal, state and local governments;
- d) Collect, collate, analyse and publish manpower employment information and data generated through surveys, studies and enquiries including administrative means (FRN, 1991).

Establishment of National Health Insurance Scheme (NHIS): The scheme was established under Act 35 of 1999 by the Federal Government of Nigeria, with aim of providing easy access to healthcare for all Nigerians at an affordable cost through various prepayment systems, NHIS is totally committed to securing universal coverage and access to adequate and affordable healthcare in order to improve the health status of Nigerians, especially for those participating in the various programmes/products of the scheme.

The mission of NHIS is to undertake a government led comprehensive Health sector Reform aimed at strengthening the National public and private Health System of enable it deliver effective, Efficient, qualitative and affordable Health Services.

Specifically the objectives of the Scheme include:

- i) Ensure that every Nigerians has access to good health care services
- ii) Protect families from the financial hardship of huge medical bills
- iii) Limit the rise in the cost of healthcare services
- iv) Ensure equitable distribution of healthcare costs among different income groups.
- v) Ensure high standard of healthcare delivery to Nigerians
- vi) Ensure efficiency in healthcare services
- vii) Improve and harness private sector participation in the provision of healthcare services
- viii) Ensure equitable distribution of health facilities within the federation
- ix) Ensure appropriate patronage of levels of healthcare
- x) Ensure the availability of funds to the health sector for improved services

Reasons for Low Human Capital Development in Nigeria

Chikwe, Ogidi and Nwachukwu, (2015) opined that the challenge of human capital development for an emerging economy like Nigeria is enormous. This is in view of how far and ahead the rest of the world is and the amount of efforts and resources needed to catch up with them. Nigeria's high population, vast socio-cultural diversity, yet to mature political culture and the great hope reposed on her to emancipate the black-race makes the challenge even more critical for us. In spite of the importance of human capital development and surplus labour as well as various policy measures put in place in Nigeria to develop human capital. Human capital development has remained low. This is largely due to the following:

Low Rating in Human Development Indices: Nigeria's socio-economic performance and rating in human development indices which is a reflection of its human capital status is low and undeserving of a country of huge natural endowments and human capital potentials. Nigeria's population is about 140 million, rich in biodiversity and fast arable land in addition to abundant natural and mineral resources including crude oil and natural gas. With all these endowments Nigeria should have a strong and vibrant economy and be among the rich countries of the world, have at least a medium quality life index and well above average of human development indices. Unfortunately, this is not the case as Nigeria is grouped among poor under-developed countries. United Nations Development Programme UNDP (2004) Human Development Report ranked Nigeria 151 among the 177 countries rated, Malaysia is ranked 59, Thailand 76, Tunisia 92, South Africa 119, India 127 and Ghana 131, By interpretation, Nigeria is only better off than 26 Measureable Human Development Indices (HDI) and by implication in the quality of life of citizens. The major indices considered in the report include; Economic performance (Gross Domestic Product (GDP), Gross National product (GNP), and per capita income), life expectancy status, health risks and technology diffusion and use.

Poor Educational Facilities: In Nigeria, the decline in the quality of education at all levels has become a fact of life. Indeed, the most significant event in the sector in the recent past has been the continuing crisis that besets the educational system. This crisis is rooted in the deteriorating conditions within the citadels of learning, in respect of teaching facilities and other infrastructural facilities, the welfare of those engaged in the teaching profession and the ever increasing cost of education. This has culminated in student strikes and industrial action by teachers at all levels of the educational system. As observed in the Third National Development Plan, at the primary level and shared responsibility of states and local governments in managing the schools leaves neither of the tiers of government responsible for the upkeep of the system. The result is that infrastructural facilities are not maintained and teachers' salaries are not paid for months. The same is applicable at the secondary level even through the state governments have the sole responsibility for that tier of the educational system. At the tertiary level, the facilities are also rapidly deteriorating. (Aloku and Olu, 2012).

Poor Health Facilities: WHO (2008) report indicates that Nigeria has one of the largest stocks of human resources for health (HRH) in Africa but, like the other 57 HRH crisis countries, has densities of nurses, midwives and doctors that are still too low to effectively deliver essential health services (1.95 per 1,000), In recent years migration to foreign countries has declined and the primary challenge for Nigeria is inadequate production and inequitable distribution of health workers. The health workforce is concentrated in urban tertiary health care services delivery in the southern part of the country, particularly in Lagos (HRH Country Profile: Nigeria, WHO GHWA, 2008). This inequity has been attributed to;

- Lack of public and private sector coordination
- Favours indigenous hires
- Commercial pressures in the private sector that lead to poor quality work
- Work environments that contribute to low motivation, less-than-optimal productivity, high attrition –especially from rural areas and
- Lack of planning based on staffing projection needs resulting in an overproduction of some categories of health workers and a lack of others (Federal Republic of Nigeria HRH Strategic Plan 2008-2012).

These challenges are further compounded by the fact that the federal government accepts and regulates 3 system of health care delivery: orthodox, alternative, and traditional. The absence of a common HRH and data collection system leads to a lack of coordination in collecting HRH information, which means various stakeholders get fragmented information.

Brain Drain or Human Capital Flight: UNDP (1996) Human Development Report estimated that more than 21,000 Nigerian doctors are participating in the United States whereas there is a dearth of medical practitioners in the nation's health care system. This situation repeats itself in many 7 other disciplines and professions. The gap in the number of professionals trained and produced and the number engaged can be accounted for by "Brain Drain", low capacity utilization and unfavourable working environment. Our best brains have been lost to other countries due to unemployment and poor remunerations. The negative implications and effect of this in Nigeria's human capital development are devastating. This is a huge challenge to the country that works to be among the developed nations of the world in 2020.

Other issues hindering Nigeria's ability to achieve the desired level of human resources development and utilization, especially in the area of science and technology, are highlighted by Oghuvbu and Akpotu (2004). In a study of factors negatively affecting technical school education in Nigeria, Oghuvbu and Akpotu (2004) identified inadequate funding, poor teacher quality, inadequate facilities and inconsistent government policies as major areas of concern. They conclude that these factors generate negative effects irrespective of whether schools are located in rural or urban areas. With the belief that technical colleges form the basis for technological breakthrough in Nigeria, they recommend a consistent policy on funding and the recruitment of qualified technical science teachers.

Inefficient Manpower Planning: Agabi and Ogah (2010) defines manpower planning as the process which involves forecasting the human resource needs of an economy, setting objectives that will lead to the realization of such needs, designing strategies for the achievement of the set objectives, identifying resource needs, and

defining modalities for plan implementation. They identified lack of commitment, the confusion of planning studies with plans, a tendency to under-estimate the importance of planning premises, failure to see the scope of planning, excessive reliance on experience, lack of control and insufficient information. These and other inhibiting factors including the politicization of manpower planning efforts and the dearth of professionally trained manpower planners have been identified as major challenges in the achievement of effectiveness in manpower planning. Insufficient and unreliable demographic data and poor funding also constitute major hindrances.

Underemployment: Yetunde and Ola (2012) opined that the products of Nigeria's educational system are underemployed due to non availability of jobs and in unconducive environment for job creation and self employment. Underemployment includes both open and disguised unemployed. Open unemployed are those who are working less than the normal hours. Disguised unemployed are those whose contribution to output is less than what they can produce by working for normal hours of work per day. Again those who specialize in particular areas divert their skills to other areas where they did not have training or education. Some take to jobs less than the ones they are qualified for. All these are forms of underemployment.

Other reasons for low human capital development in Nigeria include:

Poor Adaptability to Change, Poor Incentive and Immobility of Certain Labour Rising Population etc.

Conclusion

It can be concluded that the need for human capital development in an emerging economy such as Nigeria cannot be overemphasized. In such an economy there exists abundant surplus labour waiting to be developed in order to accelerate the pace of economic growth and development. The economy's human resources have remained underdeveloped largely due to poor health and educational facilities as well as a result of poor manpower planning.

This study provides background information on the importance of human capital development in Nigeria. It reveals the challenges faced by the country in an attempt to develop human capital as a key component in the quest for rapid economic growth and development and also to keep pace with other emerging economies in the world. The causes of these challenges are exposed and suggestions aimed at the resolution of such problems are proffered.

The results of this study will be very useful in the field of human capital development as a preparation guide for prospective planners and administrators as this study reveals the problems that inhibit human capital development in Nigeria. This

information is necessary when designing appropriate strategies that will facilitate the reduction and possible elimination of manpower problems in Nigeria.

Recommendations

In view of the importance and challenges of human capital development in Nigeria, and the dire need for its development, the following recommendations are made:

- There should be aggressive investment in health and education by the three tiers of government in Nigeria. This can be achieved through increased budgetary allocations to these critical sectors;
- The Tertiary Education Trust Fund (TETFUND) should be strengthened and its activities should include funding of secondary schools in the country;
- Effective Manpower Planning. The government should adopt long-range development of semi-skilled and skilled manpower requirements, and to plan educational priorities so as to enlarge employment opportunities especially in rural areas of the country.
- Linking education and training with labour market requirements.
- The government should consider the introduction of Students Industrial Work Experience Scheme (SIWES) at the secondary school level.
- The government should also establish industrial development centres in each senatorial district in the country where skills will be acquired.

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