

# HUMAN CAPITAL DEVELOPMENT: THE PANACEA FOR SUSTAINABLE NATIONAL GROWTH AND DEVELOPMENT IN NIGERIA

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## **Abstract**

Productivity and capacity building are not far from the nascent realization of the primary and centrality of humans in economic development and growth process of a nation. This paper reveals the existence of synergy between higher productivity (human capital Growth) and national growth and development. It discovers that poverty, unemployment, and adult illiteracy are the major negative indices of development in Nigeria. The paper concludes that capacity building and utilization efforts are still open to a lot of initiatives, and recommends increased collaboration and cooperation between public and private sectors to foster the spirit of togetherness among the planners, producers and the employers of labor.

## **Introduction**

Human capital development can be said to be the deliberate efforts by government and people to provide the right number of workers at the right areas of need and at right time in an economy. Human capital in general according to Anyanwu (2000) refers to the productive capital of the people in an enterprise or a nation as economic agents. In the words of Ariyo (2000), human acquisition of knowledge, skills and abilities through education and training for productive purpose, also constitute human capital. Based on this background, capacity building, could therefore, be viewed as a series of activities which an organization or even a nation needs to undertake to provide for itself on a continuous basis, a regular supply of skilled manpower to meet its present and future needs.

Put succinctly, Jordan (2000) likened capacity building to industrial processing by which basic ores and raw metals are converted into useful tools through involving, tempering, shaping and sharpening them for some ultimate purposes. To many scholars and particularly, in the opinion of Derryck( 2003) education is the only major form of investment in human development; others are expenditure on medical care, migration to more prosperous regions, information about job opportunities and career prospects and choice of jobs with higher training contents.

However, the prosperity of any enterprise or even a nation according to Mankiw, and Weil (1992) depends, to a large extent on the competence of its workforce. In modern economies, the major source of competitive advantage had not lied on technology; on the dedication, the quality and the commitment but, above all, it lies on the collective competence of the workforce (Barro and Sala, 1995). As a resource and like some other factors of production, human capital has a life span, not in terms of life expectancy at birth, but life span measured by

economically active period. In the Nigerian context, economically active period is usually between age 15 and 65 years or at most 70 years.

Commenting on the scope of this subject, Fei and Ranis (1996) had this to say

“the current concern for human capital development goes beyond national boundaries. In response to global challenges, human capital formation has taken on international character primarily, to enhance the migration of personnel and to move with the global operations of enterprises.”

From the above opinions, it is therefore not surprising that higher productivity growth is associated with developed societies. This is another focus on the argument that the higher the educational attainment of the labor force, the higher the concomitant productivity. This realization has led many countries of the world (including Nigeria) both developed and developing to embark on capital development.

In Nigeria, there has been series of national and international workshops and seminar on capacity building since the mid 1990's which gives the impression of Nigeria's deliberate policy and preparedness to build up its own indigenous capacity to repeat the success story of the “Asian Tiger“ despite the latter's recent economic shocks.

This paper is therefore, an attempt to assess the present state of problems and prospects of human capital development in Nigeria and to establish whether or not there exists a relationship between it and the growth and development of the nation.

### **Human Capital Development Focus In Nigeria: The Issue At Stake**

The Vision 2010 committee's report expects that Nigeria by the year 2010, will be “a united, industrious, caring and God-fearing democratic society committed to making the basic needs of life affordable for everyone and creating Africa's leading economy”. The report acknowledges that the achievement of this vision calls for a paradigm shift in the mind-set of all Nigerians to new values, norms and standards that would align with the requirement of global realities, liberalization and rapid technological changes. It also requires a change in the things the nation does and how it does them.

The national planning commission in its 1996 Country Strategy Note (CSN) noted strongly that the “structural adjustment programme“ did not directly target the most needy, rather the poor, the people expected to benefit from ameliorative programmes designed to cushion the impact of economic adjustment or from the trickle down of growth – centered policies. The biggest challenge facing Nigeria is its attempt to adopt appropriate development policies and implement corresponding programmes that would enable all its inhabitant (human resource) to improve on their well - being.

The Nigerian experience during the SAP era in the opinion of Akingbade (2006) points to the fact that economic growth alone neither guarantees nor

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ensures that the benefit of growth places human beings at the center of development and at the center of all social and economic policies.

The maiden edition of the UNDP human development report in 1990 stated that: “ human development is a process of enlarging people’s choices”. The key element of the Human Development Index (HDI), includes life expectancy, education and basic purchasing power. These elements are used as proxies in measuring the extent to which people benefit from the development process. Within this perspective, no growth is considered worth its purpose if it is not translated in human development terms. In other words, development must be seen as improvements in people’s standard of living.

The world summit for social development in its declaration at Copenhagen, Denmark (1995) charged the 186 participating countries (including Nigeria) to

“promote the goal of full employment as basic priority of their economic and social policies and to enable all men and women attain service and sustainable livelihoods through freely chosen productive employment and work”.

The issue now at stake is “to what extent has Nigeria done this and what noticeable impact has all its human capital development efforts on the growth and development of the nation?

### **Human Capital Development In Nigeria**

The world employment report’ 1998/1999 stated that “in spite of some noticeable economic growth, the social condition of African people has continued to deteriorate, with about two-third living in absolute poverty – measured as living below income of 1\$US I per day. Employment growth has been lower than that of expansion in the labour force. Only about 10 percent of Africa’s labour force works in the formal sector, while the remaining 90 per cent engaged themselves in different informal activities. About 9.29 percent growth per year of the economically active population was predicted between 1999 and 2010, implying that 8.7 million new - job seekers will be entering the labour market each year.

Growth, poverty and unemployment have been associated with negative indices of development in the entire continent. These include high level of adult illiteracy, ranging from 16 percent in South Africa to as high as 79.3 percent in Burkina Faso with Nigeria at 40.5 per cent, (Oni, 2000). By virtue of its size, natural resources and economic importance as a major exporter of crude oil, Nigeria should be a major factor in sub- Sahara Africa. The country should also boast of a higher number of tertiary institutions than the rest of the sub – Sahara Africa put together.

However, the situation on ground does not present any better picture. The human development report of 1999 ranked Nigeria 146 (as against 142 in 1998) out of 174 countries covered in the report, and categorises it among the low human capital development countries of the world, while South Africa,

Gabon, Ghana, Cameroon and Congo fall in the Medium human development and were ranked 101, 124, 133, 134, and 135 respectively.

Furthermore, reports from the 16 years survey (1980 – 1996) by the Federal Office of Statistics indicated that 65.6 percent of Nigerians were living below the poverty line in 1996. In spite of the various attempt to build human capital over the years, many development problems seemed to have stifled the initial attempts.

In similar vein, Nigeria was dismally ranked 151 among the 177 countries rated in the 2004 Human Development Report. Malaysia was ranked 59, Thailand 76, Tunisia 92, South Africa 119, India 127 and Ghana 131. A basic interpretation of this is that, Nigeria is only better than 26 countries in the measurable human development indices (HDI) and by implication, in the quality of life of citizens. The major indices considered in the ranking include: economic performance – Gross Domestic Product (GDP), Gross National Product (GNP), and per capital income, life expectancy, literacy rates, water, nutrition and sanitation status, health risks and technology diffusion and use.

It is disheartening that life expectancy in Nigeria is as low as 51, and about two thirds of its citizens are poor; living on under one (1) US Dollar per day, that it is one of the costliest countries to operate industries mainly because of poor infrastructure, that the economy is still largely import-dependent and unemployment soar at two digits level; that medical care is at infancy whereas a large number of its citizens are key practitioners in the best health systems abroad. UNDP Human Development Report (1996) estimated that more than 21,000 Nigerian Doctors are practicing in the United States of America. This scenario similarly repeats itself in many 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.

Comparatively, Nigeria has 15 scientists and Engineers engaged in Research and Development (R&D) per million persons; India has 158; Brazil has 168 per million, China has 459, while the United States has 4,103 (Akingbade, 20006)

The major identified development problems (obstacles) are: excessive attempt at developing administrative/managerial personnel than in respect of technical, scientific/professional medical and teaching staff of post secondary educational institutions. Others are, lower vacancy rate at the tertiary level in the faculties that are largely responsible for producing administrative and managerial personnel than in the faculty that produce technical, scientific and professional tendency for persons initially educated and trained for intermediate level position for which there tends to become shortage to want to seek higher qualifications that will entitle them to appointment and promotions to senior level positions. One associated phenomenon of this pattern of organizational behaviour (the search for upward occupational mobilization) according to Jordan (2005) has been the perception of a wide gap in the remunerations and fringe benefits that are attached to the senior position. On the other hand, the reliance on paper 4

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qualifications rather than job experiences and performance as a criterion for such mobility in the opinion of Adenuga (2002) constitute another major human capital development problems in Nigeria.

### **The Need For Capacity Utilization**

The issue of utilization of available human resources is equally important if the whole objective of capacity building is to be achieved. There is the need for optimum utilization of human capacity in both the public and private sectors of Nigerian economy. According to Oni (2000), the initial attempt to build human capacity in Nigeria faced the challenge of inappropriate utilization and in many cases, under utilization of many categories of the nations man-power as a result of reckless disregard for consideration of the appropriate work skills mix. In effect, every effort should be made to ensure that the square peg is put in a square hole for the benefit of stake-holders, the organization, the staff and the economy as a whole, (Yoloye, 1978). To achieve this, there is a need to improve the economy base to accommodate more human resources currently in the labour market. The government should ensure that in spite of the policy on quota system, only qualified persons are given political appointments.

### **Conclusion**

Since it has been shown that human capacity building and utilization effort are still open to a lot of initiatives, there is therefore, the need for synergy by both the public and private sectors for optimum result. There is also the need for the pursuit of sustainable capital development that can equip people with the skills and competencies that are required both for employability and job creation as well as entrepreneurial development. It therefore, follows that individuals, enterprises, government and the society will have to invest in human capital development and utilization. Government must as the major stake-holder in the economy, create a conducive environment for business to thrive and for individuals to play the expected driver's in the emerging economic scenario.

### **Recommendations**

With the basic understanding that the whole essence of developing human capital is to improve the standard of living of the population, there is still a long way to go for Nigeria as a nation, if the stated objective of capacity building must be achieved. However, bearing in mind the efforts of the past and present democratic government which include anti-corruption war, frontal attack on cultism, increase funding for education etc, further actions are suggested along the following lines.

There should be increased collaboration and cooperation between public and private sectors. By so doing, both sectors can review the capacity gaps with a view to ensuring that what the educational institutions are producing is what industries require. Exchange programmes between the academic and industries will assist in fostering the spirit of togetherness among the planners, producers and the employers of labour. Secondly, there is the need to ensure the judicious

use of the education tax and other similar funds. Recalling that the purpose for which the education tax was set up seemed to have been neglected in the recent past, in spite of the billions of naira realized so far. A situation where administrative expenses of the board of trustees of these funds are more than the international accepted limit will definitely affect the purpose of setting up such institutions.

Furthermore, vocational training should be adequately catered for. Since it is obvious that not every person will have access to or afford formal education, there is the need for people to be trained in vocational skills. The Industrial Training Fund (ITF) has a responsibility to perform in this regard. In setting up the vocational institutions, copious note should be taken of comparative education area of the country. Provision of an enabling environment for business to thrive is another major recommendation. This will go a long way to increase private sector funding and participation in the running of the educational system, power supply and distribution, petroleum, telecommunications and building of roads.

In a similar vein, the Nigerian educational system is in dire need of substantial additional resources. So much is required to renovate dilapidated structures, expand and upgrade facilities and equipment and enhance capacity for the utilization of Information and Communication Technologies (ICTs). In addition, performance and morale need to be boosted in the system through adequate remunerations and incentives for education professionals and practitioners. Our traditional methods of sourcing funds through mainly government budgetary provisions and external credit cannot suffice. University authorities, officials and professionals require added creativeness. To achieve this, our universities and other tertiary education institutions must be given autonomy in every sense of the concept. Usual government restrictions and regulations that hamper resourcefulness and creativity must be out of the way. Nigeria's education reform agenda must of a necessity target this. Finally, much more effort should be tailored towards the monitoring of educational institutions. One is happy to note that autonomy is gradually being granted at tertiary institutions. However, this autonomy should not be at the expense of quality. The appropriate government agencies must see to it that funds are judiciously spent and academic quality is not compromised

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