

6

Education and Human Capital Development in Nigeria: The Way Forward.

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Abstract

Human capital is the wealth of human capabilities derived through investment in education. This paper established the link between education and human capital development for transformation of Sub-Sahara Africa State (Nigeria). However, literature showed that holistic transformation of Nigeria and indeed other Sub-Sahara Africa Countries can be earnestly achieved through transforming of the Foundation of educational system, tailoring it to suit current needs of Sub-Sahara African countries especially Nigeria. The study was divided into the following introduction, conceptualization of terms, theories of human capital development, challenges of education in Nigeria, etc. These education challenges are as follows, corruption, poor standard of education, high rate of school drop out, lack of basic literacy skills, poverty, irresponsive government, etc. The study recommended, redesigning the curriculum of educational system at all levels to capture the needs of labor force in Nigeria, designing policies that would develop knowledge, competence and creativity, adequate funding of training programs, value orientation to reflect the Nigerian needs. Finally, education (both formal and informal) remains the basic mechanism for transformation of human capital in Nigeria.

Keywords: Human Capital, Transformation, Human Capital Development, and Wealth.

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Over the years, government has neglected the serious decay in both infrastructure and human capital development, hence the low productivity in the Nigerian economy for many decades. During the second development plan of Nigeria between 1970 and 1974, it was noted that the major constraint to the plan implementation was inadequate absorptive capacity due to shortage of skilled manpower.

The major hindrance to acquisition of skilled manpower in Nigeria is the low quality of education received in our schools. Education is a change agent in human existence. Education, is the development of man to enable him create and recreate himself.

Human capital simply means the total stock of knowledge, skills, competencies, and innovative abilities possessed by the population. Human capital development is more effective and achievable, easier and faster through education (Formal and Informal education). Human capital is recognized as an agent of national development in all countries of the world (Isola & Alani, 2000).

Anyanwu, (1997), wrote that the transformation of human capital in Nigeria would be achieved through skill training, self development, improved education and health facilities.

To meet the commendable United Nation's Millennium Development Goals (MDGs) of eradicating illiteracy will be a mirage if adequate attention is not given to educational expenditure by the federal government. However it is defined, "human capital" is mutually important for the transformation and nation building of country; besides, human capital increases through education and experience (Shaffrin, 2003). In addition, the high rate of human capital flight in Nigeria, its adverse effects of unemployment, low pricing of the labour force outside Nigeria form the reasons for this study and to establish ways to transform our educational system.

Conceptualization of Education and Human Capital Development in Nigeria.

Education:

Education is the pursuit of a wide range of activities, planned and managed for the benefit of a society and its members, to educate is to systematically influence peoples knowledge, skills and attitudes. For education to be effective in any society it has to be embracive of the current realities of today's world. This is to avoid or prevent mediocrity and its impact in national development.

For Nyere, (1967) education is the transmission from one generation to another the accumulated wisdom, knowledge, skills, values and attitudes of the society.

It is clear that education makes man moral and ethical, induces the individual into the shared values of society; develops commitment to societal goals in the individual, prepares the young members of society for the future; defines behavioral patterns of individuals and society; and also enhances the productive capabilities of

individuals and by extension the society. Education, therefore, is the gate way to development both materially and otherwise.

Human Capital Development

Human capital may be defined as the total stock of knowledge, skills, competencies, and innovative abilities possessed by the population. Among the most important changes that characterize the 21st Century are “the increasing importance of knowledge as a driver of economic growth, the information and communication revolution; the advent of worldwide labour market and global socio-political transformation” (World Bank, 2002).

Human capital are the attributes of a person that are productive in some economic context. It often refers to formal educational attainment, with the implication that education is investment whose returns are in the form of wage, salary, or other compensation. These are normally measured and conceived of as private returns to the individual but can also be social returns.

Development: The liberal perspective defines development as “the maximization of the growth of the GNP through capital accumulation and industrialization”. In this context, development implies change (the Sub-Sahara African Countries) which “often follows a well-ordered sequence and exhibits common characteristics across countries” or what Michael Todaro calls, “a series of successive stages of transformation”.

For most liberal scholars, development means “the capacity of a national economy, whose initial economic condition has been in its Gross National product (GNP) at rates of perhaps’ percent of income.

Theoretical Foundation of the Study

Human Capital Theory (HCT)

Theoretical Framework that prescribes education, training and skills acquisition as mechanisms for attaining productivity, workers efficiency and overall socio-economic development is called human capital theory (HCT). The spending on human capital is a worthwhile and productive investment similar to investment in a nation’s physical assets (Olaniyan & Okemakinde, 2008).

Schumpeter (1934) views entrepreneurship training as responsible for creative destruction, that is, education acts as an impetus for creating new ideas, improved techniques , new technologies and new products.

Need for Achievement Theory (NAT):

This is a psychological theory of David Mecclelland (1965), which shows the functionality or strong relationship between need for achievement and economic development that drives human’ to seek for developing themselves.

Risk Taking Theory (RTT)

The second theory is the risk taking theory of Richard Cantillon and John Stuart Mill. The theory sees entrepreneurship as a mental education that stimulates individuals to take moderate or calculated risk for which they stand to enjoy a stream of benefits and also that people taking big risks have to contend with a great responsibility (Alam & Hossan 2003). The scholars in this school of thought believe or share the idea that entrepreneurship education improves the ability and potentials of the human capital of the nation to undertake risks for which on the long run would be of benefit to all. These theories form the foundation of this study and the linkage between education (quality education) and the development of human capital in Nigeria.

Literature Review on Education and Human Capital Development

Education enriches peoples understanding of themselves and the world. It improves the quality of lives and leads people's understanding of themselves and the world. It improves the quality of their lives and leads to broad social benefit to individual and society. Education raises people's productivity and creativity and promotes entrepreneurship and technological advancement, demonstrated in several countries such as Malaysia, Bolivia, and China (World Bank, 1999).

World Development Report, (1997) examines how knowledge and information are becoming increasingly critical to economic growth. As information grows exponentially and as its incorporation in the production processes becomes increasingly complex, the ability to acquire, adopt a new knowledge will be an important determinant of human development. Many developing countries have made significant progress in ensuring better access to education as evidenced by improved literacy and enrollment rates and higher quality and more equitable distribution of education services. The returns from the investment in education however vary a great deal. (Isola, 2002).

U.N. Development Report (2008) admitted that in the last quarter of the century, many countries made remarkable advances in education and health. For instance, all 80 countries for which data were available for both 1980 and 2006 have registered progress in education (U.N, 2008).

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Human capital is recognized as an agent of national development in all countries of the world. (Isola & Alani, 2002).

Schultz (1992) argued that population quality is the decisive factor of production and emphasized the merits of investing in education for what man acquires through learning is reproduced at the end of the day.

Similarly, eradicating illiteracy as one of the objectives of the (MDG's) will be a mirage, if adequate attention is not given to educational expenditure by the Federal government.

The Renaissance Humanists thought of man as having tremendous and infinite powers. Man was regarded as of supreme importance, the centre of the universe, the beginning and end of all things in this world. For this assertion, for any human society to make process, man must be recognized, equipped, developed to bring out his potentials for the benefit and betterment of others (Okoli, 1989). Human capital development is a diverse issue of human – mentally, psychological, economically and socially for high performance.

Human capital development is vitally important for an organization's success (Crook, 2011), human capital increases through education and experience.

Human capital is similar to “physical means of production, eg. factories and machines; one can invest in human capital (via education, training, medical treatment) and one's outputs depend partly on the rate of return on the human capital one owns, thus, human capital is a means of production into which additional investment yields additional output. Human capital is sustainable, but not transferable like land, labour, or fixed capital (Mincer and Becker, 1964).

Modern growth theory sees human capital as an important growth factor. Human capital is expandable and of self generalizing use: as doctors get more experience, their competence base will increase as will their endowment of human capital. For example, an athlete can gain human capital through education and training, and then gain capital through experience in an actual game. Over time, an athlete who has been playing for a long time will have gained so much experience that his human capital has increased a great deal (Neo-Marxist economist, Bowles argued that education does not lead to higher wages by increasing human capital, but rather by making workers more compliant and reliable in a corporate environment (Chorel, 2013).

In 2010, the arm of U.N. organization of Economic Cooperation and Development encouraged the governments of advanced economies to embrace policies to increase innovation and knowledge in products and services as an economical path to continued prosperity (The Economist, May 2010).

Recent work has attempted to improve the linkages between education and the needs of the labour market by linking labour market data to Education Loan Pricing (Simkovic, 2013).

A well trained workman works perfectly because in the course of training he was invested with abilities to execute the job afterwards. It is not the same with a workman of trial and error. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and bridges labour, and which though it costs a certain expense, repays that expense with a profit (Smith, Adam: 1776 in Smikovic, 2013).

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 is the human resource available in 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. The transformation of raw human resources into highly productive human resources with these inputs is the process of human capital formation. The problem of scarcity of tangible capital in the labour surplus countries can be resolved by accelerating the rate of human capital formation with both private and public investment in education and health sectors of their national economies. The tangible financial capital is an effective instrument of promoting economic growth of the nation. The intangible human capital, on the other hand, is an instrument of promoting comprehensive development of the nation because human capital is directly related to human development and when there is human development, the qualitative and quantitative progress of the nation is inevitable. (Haq, Mahbulul (1996).

Summarily, for the literature review all the scholars and economists of development study reiterated education as the inevitable tool for comprehensive human development both on the level of individual benefits and the societal/national economic development.

Challenges of Human Capital Development in Nigeria.

Nigeria has arguably fallen behind its potential to significantly improve on its human development and achieve the Millennium Development Goals. With a human Development Index of 0.459, Nigeria is ranked 156th out of 179 countries. The prevailing situation is due partly to challenges of governance and stewardship responsibility. (Federal Government of Nigeria, 2010).

Despite the commitment of the Nigerian policy-makers to HCD, the performance metrics of the Human Development Index (HDI) suffer a down ward trend, thus leading to poverty, destitution, poor access to education in both the rural and urban areas, high drop out rate and other devastating ills associated with human capital development. (Awopegba, 2001:157). The total number of Nigerians estimated to be officially unemployed in 2011 is estimated at 14 million as against 12 million in 2010. Majority of those captured as employed are youth within the age brackets of 15-24 years and 25-44 years (National Bureau of Statistics, 2011.) Unemployment is rampant

Education and Human Capital Development in Nigeria: The Way Forward.

in Nigeria like other nations because of mismatch between the need of employers and stock of job-specific human capital produced by educational training institutions (Simkovic, 2012).

To douse the rising wave of mediocrity in the country, there is need for good and quality education to reduce the risk of unemployment, improve productivity, increase wages, increase technological innovations and economic growth (Olaniyan & Okemakinde, 2008, Smkovic, 2012).

Table 1: Unemployment Rates by Location, Gender and Age Group 2011.

	Urban (%)	Rural (%)	National (%)
Male	16.9	25.1	23.5
Female	17.2	26.1	24.3
National	17.1	25.6	23.9
Ages 15-24	33.5	38.2	37.7
Ages 25-44	16.3	24.1	22.4
Ages 45-59	12.5	19.6	18.0
Ages 60-64	17.8	22.1	21.4

Source: NBS: 2011 Annual Socio-Economic Report.

Table 1 above shows that 16.9% of males in Nigeria who are residing in urban cities are unemployed, 25.1% of males living in rural areas are unemployed while 23.5% of males at National levels are unemployed. The total percentages of females that are unemployed (ie. Urban, rural and National levels) are 67.6% as at 2011 in Nigeria. Again, the table shows that people within the age bracket of 15-24 years have 109.4% of unemployed people within the country, 25-44 years have 62.8% of unemployed, 45-59 years of age have 50.1% of unemployed people within the country, while people within the age bracket of 60-64 of age possessed 61.3% of unemployed people as at 2011 in Nigeria.

Human capital flight which is the loss of talented or trained persons from a country that invested in them, to another country which benefits from their arrival without investing in them. There are certain factors responsible for human capital flight such as: Poor salary and working conditions and other environmental factors in Nigeria labour market.

Besides, corruption is another factor responsible for low capital development in Nigeria. Nigeria remains one of the most corrupt nations in the world according to the latest report by Transparency International. In the group's corruption perceptions Index 2013, Nigeria rated 144th out of 177 nations in the world, scoring 25 points out of a possible 100 points. Fund set out to train manpower and loans mapped out by the presidency when they get to the hands of some public officials, some will use it for their personal business contact and the people or the youths meant to be well trained would be shabbily trained. At the end millions/billions of Naira would be said to have

been used for seminars, workshops, training centres, whereas it is not correct. Corruption within the public sector remains one of the world's biggest challenges (Transparency International Dec 3, 2013).

Inconsistency in Policy: Public policies in Nigeria are in some cases meant for the interest of the political class and not for the public per say. When one government or (administration makes a law or policy and at the end of its tenure, the next administration abandons it or sale it off to a foreign firm where in some cases the Nigerians working in those where they will be completely discarded. This negatively affects manpower training and development.

Low Loans/Aids to entrepreneurs and students: Blaug (1987:134) argues that "public expenditure on tertiary education depends not only on the costs of instruction but also on the volume of direct aid to students" Blaug (1987: 135) further notes that the "levels of public spending on students aid can encourage or discourage the private demand for tertiary education but cannot directly affect levels of economic development or rates of growth of GNP per head".

The colonial education was designed for government employment. Nigeria's educational system still tolls 70% towards government employment at graduation. "If we are able to overcome that with some determination and on the basis which suggests that we demand a national consensus and educational reform, we would go very far" (Salami, 2014). Manpower training and development is low in Nigeria Labour Market.

High Rate of Financial Poverty in Nigeria:

The rate of poverty in the land is so high that below average families in Nigeria are finding it hard to have three square meals a day. The table II below would assist to show the rate of poverty in Nigeria. It affects human capital development because poverty attacks confidence and mental assimilation of holistic idea of national building and self reliance.

Table 2: Poverty Indices

Incidence of Poverty 2004 and 2010

Year	Food Poor	Absolute Poor	Dollar/Day Poor
2004	33.6	54.7	51.6
2010	41.0	60.9	61.2

Table 2: The table above shows the rate of poverty in Nigeria between 2004 and 2010. In 2004, we have 33.6% food poor, 54.7% are absolute poor while 51.6% are living below one dollar/day. Also in 2010, 41% are food poor, 60.9% are absolute poor while 61.2% are living below one dollar/day.

Table 3: Incidence of Poverty Urban versus Rural

Sector	Food Poor	Absolute Poor	Dollar/Day Poor
Urban	26.7	52.0	52.4
Rural	48.3	66.1	66.3

Education and Human Capital Development in Nigeria: The Way Forward.

Table 3 above shows that people living in urban towns have 26.7% food poor while rural areas dwellers have 48.3% food poor. Absolute poor in urban towns are 52% while rural areas have 66.1%. Dollar/day poor in urban cities are 52.4% while rural areas have 66.3%.

Table 4: Incidence of Poverty by Geo-political Zones

Zone	Food Poor	Absolute Poor	Dollar/Day Poor
North Central	38.6	59.5	59.7
North East	51.5	69.0	69.1
North West	51.8	70.0	70.4
South East	41.0	58.7	59.2
South South	35.5	55.9	56.1
South West	25.4	49.8	50.1

Table 4 above shows the rate of poverty in Nigeria by geo-political zones. Food poor in North central 38.6%, 51.5% in North East, 51.8% in North West, 41% in South East, 35.5% in South-South while 25.4% in South West. Again, absolute poor in North Central 59.5%, 69% in North East, 70% North West, 58.7% in South West. Also, the percentage of those living below a dollar/day in North Central was 59.7%.

Table 5: Income Inequality by Area of Residence and Geopolitical Zone: 2004 and 2010

		2004	2010
National		0.4296	0.4470
Area Residence	Rural	0.4239	0.4334
	Urban	0.4154	0.4334
Geo-Political Zones			
North Central		0.3849	0.4340
North East		0.3760	0.4442
North West		0.4088	0.4097
South East		0.4459	0.4220
South South		0.4114	0.4468
South West		0.4028	0.4056

Source: National Bureau of Statistics, Nigeria Poverty profile 2010.

The table 5 above shows the rate of income inequality by area of residence and geopolitical zones in Nigeria between 2004 and 2010.

Challenges of Education in Nigeria.

Despite a commitment to Universal Basic Education (UBE), access to early childhood education remains very low, becoming both a cause and effect of gross inequity and inequalities and low learning outcomes.

Nigeria is home to 10.5 million out of school children (10.1 million according to the Federal Ministry of Education) or 42 percent of its primary school age population. Children from poor homes are two times less likely to attend primary school and almost five times less likely to attend secondary school compared to children from rich homes. Over 50 million young people and adults lack basic literacy skills (Federal Government (2010) Vision 2020).

A checklist of problems of Nigerian educational system include: poor funding, shortage of quality staff, dearth of infrastructure, inadequate classroom and laboratories, shortage of teaching/learning materials, indiscipline; inconsistent policies, corruption, cultism, examination malpractice, high dropout rate and non payment of salary and fringe benefits as at when due. Over supervision of teachers (primary/secondary) thus killing personal initiative etc.

In this paper, focus was placed on those factors adversely affecting the human capacity development in Nigeria, such as corruption, inconsistent policies, high dropout rate, shortage of quality staff, funding inadequacy and hard conditions on Loans/Aids.

The problem of funding has been a reoccurring feature of education in Nigeria. Nigeria has not complied with the UNIESCO recommendation that at least 26 percent of every country's annual budget be spent on education. (Okecha, 2008), explains that Nigeria spends less than 7 percent of her budget on education.

The problem of scarcity of funds manifest in all levels of education in Nigeria resulting to crises in the system. At the primary and secondary levels of education, there is lack of classroom, laboratories, basic laboratory equipment, libraries, even in the so called computer laboratory, few computers are available for a thousand students. The university campuses manifest decay and lack, no adequate hostels, no current books or journals, no laboratory equipment, limited number of lecture rooms, acute water shortage, irregular and epileptic power supply, etc. In fact, the notion of "universalism" has departed from Nigerian "universities" (Olugbuyi, 2013).

Inadequate funding of education, affects the quality of service delivery of the sector. Incessant strike actions of teachers/lecturers which result in closure of schools for long periods, the low attraction to teaching profession, as a result of poor or non-regular payment of salaries, the pupil/teacher ratio which is very high, and non or absolute lack of learning materials result to low quality of the output as many of the graduates from Nigerian educational institutions cannot be effectively accommodated by the economy, result to the rapidly growing number of educated unemployed people in the Nigerian labor market (Olugbuyi, 2013).

The phenomenon that corruption is a big challenge to educational sector in Nigeria: The rate it is affecting school performance and output in the labor market is alarming. Students, teachers, parents, and school supervisors are all involved in corrupt practices of late. ICPC, EFCC and other bodies responsible for fighting corruption in Nigeria need to extend their functions to all levels in the school system in Nigeria.

Private sector participation in running schools should be checked by government regulatory bodies, some of the private schools, colleges/universities, lower standards in admission, teaching and sometimes lack infrastructures.

Conclusion

The study examined Education (quality education) and human capital development in Nigeria. It was found out that human capital indexes in Nigeria were so low because less attention was given to education and less than 26% of budget, UNESCO's recommendation for developing countries like Nigeria is applicable in Nigeria. It is obvious that quality education is a panacea for human capital development in Nigeria. If government allocates 26% and takes education seriously in Nigeria, the human capital output will be higher.

Recommendations

Arising from the findings of the study, the following policy recommendations were proffered:

1. There is need to redesign the educational curriculum from primary to tertiary levels to suit the manpower needs (entrepreneurship) of the country.
2. Federal/State/Local levels of government should embark on training programmes that target skill acquisition (both traditional/modern) and after training, initial take-off fund should be disbursed to the participants. Supervisors/monitoring teams available to facilitate the impact of the training programme.
3. There is need to design policies that would develop knowledge, competence and creativity in the country.
4. Federal/State/Local governments should partner to equip schools, this would enable Nigerian students to receive quality education not only certificate (paper) qualification.
5. Access to education by all should be promoted through policies that would encourage and assist the underprivileged groups.
6. Corrupt practices in the educational institutions could be curbed through institutional regulations designed to handle corruption and indiscipline. Existing laws and regulations enacted to deal with corruption should be enforced. The ICPC and EFCC should extend their search light to the education sector (Olugbuyi, 2013).
7. There is need for the country to pursue the attainment of the Millennium Development Goals by the Federal Government to achieve International and Domestic competitiveness.
8. There is urgent need to increase subversion on education by the Federal government to meet with 26% UNESCO requirement for sound education is one of the bedrocks of development in any nation.
9. The educational system must be made to inject ethics, moral values, and patriotism and community living.

10. Supervisions and monitoring of school teachers and their activities should be carried out regularly by specialists in different areas to properly inspect teachers in their various vocations.

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