

# **HUMAN CAPITAL DEVELOPMENT AND POVERTY ALLEVIATION IN NIGERIA: A SYMBIOTIC OVERVIEW**

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**OCTOBER, 2012**

## **ABSTRACT**

*Human Capital development through education is a long time investment made by the state to enhance the well being of her citizenry. By investing in education, well educated individuals bring to bear their talents, knowledge, skills and experiences as they function in the various sectors of the economy. Human Capital development is therefore a prerequisite for economic growth and development, as well as a necessary and sufficient condition for poverty reduction in Nigeria. Unfortunately, successive governments in Nigeria have continued to pay lip services to the issue of investment in education. The author is of the view that poverty is synonymous with underdevelopment. Therefore, investing in human capital through education is the best strategy for overcoming the developmental challenges in the country, especially poverty reduction. This will be achieved by ensuring an effective educational system that is well funded, equipped, science and technology focus, dynamic, and innovative.*

**Development Education Human Capital Poverty Poverty Reduction**

## **Introduction**

The increasing rate of poverty in the world has been a major concern to both international agencies and various governments. The concern is aimed at enhancing human wellbeing by reducing the high rate of poverty in the world. One of the cardinal objectives of the Millennium Development Goal (MDG) is to eradicate poverty by half in the year 2015. Nigeria government in its quest at eradicating the high rate poverty in the country was a signatory to the MDG charter.

Poverty has continued to be on the increase in Nigeria and eradicating it has been one of the major challenges of successive governments in the country. In spite of the various programmes and projects put in place and the huge flow of income over the last three decades, majority of Nigerians are still wallowing in abject poverty. This is ironic considering the abundant resources (human and natural) available in Nigeria.

The concern is that countries like, Japan and Israel, who are less endowed, have been able to overcome the challenges of poverty and other developmental problems. The secret of their success was that they have been able to develop their human resources and effectively utilize them for sustainable development of their nations. The problem in Nigeria is that despite the large population of human resources available, there is still the dearth of skilled manpower that will chart the course of the nation's developmental goals, especially that of poverty alleviation.

It is expedient to note that government desires to take the country from the backwater of underdevelopment to one of the 20 largest economies in the world by the year 2020. Achieving the above objective with a widely acknowledged dearth of skilled manpower in virtually all sectors of the economy constitute a major

constraint. Many scholars, observers and stakeholders have argued that the kind of human resources or graduates turned out from the universities and other tertiary institutions in Nigeria lack the required skills to put the economy on the part of growth and sustainable development. This implies that the country needs skill and effective manpower to achieve her developmental objectives, including poverty alleviation.

The question is, is there any relationship between human capital development and poverty alleviation? How can human capital development be made more effective to reduce the rate of poverty in Nigeria? These questions informed the basis of this paper.

The objectives of this paper include;

- To identify the relationship between human capital development and poverty reduction in Nigeria
- Discuss how human resource development through education can be made effective to alleviate poverty in Nigeria.

## **Conceptual issues**

### **Human Capital Development**

The concept human resource, human capital and manpower connote the same thing and they will be used interchangeably. Harbison (1993:3) defines human resources as the energies, skills, and knowledge of which are, or which potentially can or should be applied to the production of goods and services. To Barney (1995:50), human resources include all the experience, skills, judgement, abilities, knowledge, contacts, risk-taking and wisdom of individuals and associates with an

organisation. Similarly, Tobias (1969:37) defines manpower as people, humanity, and society with all its aspirations, needs and capacities.

From the above definitions, human resources or manpower constitute the labour force available in a particular organisation or nation with the requisite know-how and capacities to meet the needs and aspirations of an organisation or nation.

In Nigeria, going by the last 1997 population census, 80 million of the 140 million populations are youth. This implied that the country is blessed with high human resource potentials and if adequately developed and utilize, they could turn the table of the present underdevelopment to that of a developed and prosperous nation. Thus, poverty, unemployment, and other developmental challenges would be tackled headlong.

Human Capital goes beyond the number of labour force available to a nation. As enunciated by Schultz (1916: 12). It is obvious that people acquire useful skills and knowledge; it is not obvious that these skills and knowledge are a form of Capital and that this Capital is, in substantial part, a product of deliberate investment. Thus Samuelson (1964: 46) noted that the concept of 'Capital' as it relates to humans is investing in people, thereby making them more productive factors of production. He further explained that when you see a medical school graduate, you are in a certain sense looking at a chunk of Capital or at an economic production factor that is partially Capital. Therefore, the 'Capital value of a man 'is the stock of Capital embodied in people – these are investments that human beings made in themselves to improve their quality. Human Capital is the present value of past investments in the skills of people (Ojo, 1997:4), Education being a major determinant of human Capital.

## **Development**

Development, as a concept, is all encompassing and reflecting the totality of the wellbeing of individuals, family, society and nation. Thus, it is defined by many scholars' from different perspectives. Dudley Seer (1972) sees development as a means of creating the condition for the realisation of human personality. He postulated certain criteria for measuring development, that is, whether there has been reduction in poverty, unemployment and inequality; whether there is improvement in education and demographic characteristics; and whether there is self-reliance and social justice. A country that experiences a downward trend in the above criteria cannot be said to be developed. Development can be seen as an improvement in the reduction of poverty, unemployment, and inequality, improvement in education, demographic characteristics, self-reliance and social justice. Thus, development is achieved when people's needs and aspirations are met, thereby enhancing their wellbeing.

## **Poverty**

Poverty has been defined by different authors from different perspectives. These definitions cover the absolute and relative dimensions of poverty. In a simple term, poverty is a condition in which individuals and households cannot meet or satisfy the basic necessities of life i.e. food, clothing and shelter and other basic social services and privileges that will make them to live a decent and fulfilled life. Okoh (1998:56) defines poverty as a state of deprivation in terms of both economic and social indicators, such as income, education, health care, and access to food, social status, and self-esteem and self-actualisation.

Poverty is a pronounced deprivation in well-being, and comprises of many dimensions. It includes low incomes and inability to acquire the basic goods and services necessary for survival with dignity. It also encompasses low levels of health and education, poor access to clean water, and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life (World Bank: 2).

Poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family; not having a school or clinic to go to; not having the land on which to grow one's food or a job to earn one's living; not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water and sanitation (United Nations: 2-3).

From the above definitions, poverty is no doubt synonymous to underdevelopment. Thus development implies the eradication of poverty. The definition of development by Seer and adopted in this paper gives credence to the above assertion. Development cannot be achieved without eradicating poverty due to the fact that poverty is a major attribute of underdevelopment especially in developing countries. Poverty implies economic, social, political and cultural deprivations. Therefore, developmental goals should be geared toward improving the economic, social, political and cultural needs and aspirations of the people. But the question is, is Nigeria a developed nation based on the above criteria? The answer is obviously 'no'. There is therefore the need for capacity building through a qualitative and effective education.

## **Theoretical basis of the paper**

Many schools of thoughts in economic have long accepted the notion that human being constitutes a major and important part of the wealth of the nation. Therefore, the wealth of a nation could be measured by the quantity and quality of its manpower. The notion here is that investment in human capital through education is inevitable in enhancing the development of a nation and the well being of the people.

Some classical economic theories, particularly, Adam Smith have justified the role of education through human resource development in economic development. Adam Smith (1776:255-6) in Ojo (1997: 4) provided a justification for resources put into education as investment that yield benefits both to the individual and the society. He drew an analogy between a man and machine- that an educated man can be likened to an expensive machine. He included all acquired and useful abilities of the inhabitants of a country as part of Capital. To him “the acquisition of such talents by the maintenance of the acquirer during his education, study or apprenticeship always costs a real expense, which is Capital fixed and realized as it were in his person”. Such ‘cost of a real expense’ do provide returns.

Smith further enunciated that, it is no accident that educated people tend to earn more than those without education. Thus, with the promise of some monetary returns from education roughly comparable to the ordinary profits of an equally valuable Capital, the supply of educated people would eventually dry up (Blaug, 1970: 4). The returns from education become part of the acquirer’s fortunes and that of the society they belong.

From the above analogy, human capital development through education is desirable because of its valuable and sustainable benefits to the individual and the



society at large. The benefits of educating an individual transcend his immediate family, but cut across the society at large. The acquirer uses his talents and capabilities to transform and as well enhance the wellbeing of himself as an individual and family, and his society at large.

Also, the benefits derived from such talents are cumulative and continue to add value in a sustainable manner. The cumulative effects of the benefits derived are transitory, that is the cut across generations. That is why the discoveries and inventions of Scientist of the 14<sup>th</sup>, 15<sup>th</sup>- 20<sup>th</sup> century are still useful and beneficial to the 21st Century generations

Harbison (1962:435) defined human resource development as “the process of acquiring and increasing the numbers of people who have the skills, education and experiences that are critical for the socio-economic development of a country. Human resource development can therefore be associated with investment in human beings and their development as creative and productive resources. It as well covers not only the expenditure on education and training, but also the development of attitudes towards productive activities (Ojo, 1997: 8).

### **Human Resource Development: Global Experience**

The success story of many developed nations can be attributed to their investment in human capital development. In recent years, the economic success of countries referred to as the Asian Tigers has been attributed to the priority given to human resource development. Scandinavian countries, according to the United Nation report, have consistently topped the scales in terms of investment in education. Countries like Norway, Sweden, Denmark, and Finland topped the charts amongst countries of the Organisation for Economic Co-operation and Development OECD in terms of public expenditure at all levels of education as percentage of Gross

Domestic Product (GDP). They also topped the chart in terms of funding research and development. No- wonder, these countries topped the United Nations 'development programme UNDP annual rating as the best countries to live.

Furthermore, developing countries of the world, particularly the Gulf States, Malaysia, India, China, and South Korea are mounting challenges to western supremacy in education as shown in the quality of their human resources. The International Labour Organisation (ILO) has for long, observed that one of the characteristics of the highly successful East Asian economies is the priority given to human capital formation. The rapid growth, particularly employment –intensive-growth in China, Japan and South Korea has been attributed to the priority given to human capital development. The increase in employment has resulted in the rise in income and invariably decline in poverty in these countries. It has also led to the equitable redistribution of wealth. It is an effective way of redistributing assets in favour of the poor, thereby improving their welfare (Ojo, 1997:8).

The success of the Marshall Plan in some countries in Western Europe devastated by war has been attributed to human capital development. Also, the miraculous recovery of Western Germany, Japanese economies from the ruins of the Second World War was attributed to their level of technical know-how. The space conquest by the defunct Soviet Union in the 70s showed the importance of skilled manpower. The breakthrough in science and technology in China that brought about their giant strides in space technology is as result of their technical know-how.

In contrast, these same successes cannot be attributed to many underdeveloped countries that are richly blessed in natural resource. Most of the member states of the Organisation of Petroleum Exporting Countries (OPEC) have remained

underdeveloped despite the huge flow of income from the sale of crude oil. These countries are ravelled with high rate of poverty, unemployment, crisis and war. The missing link is an effective skill manpower that will turn this wealth to human progress and happiness. Countries like Iran, Iraq, Afghanistan, Libya, Angola, Sudan, and Nigeria, amongst others, fall into this category. However, countries like Israel and Japan who are not richly blessed in natural resources have witnessed outstanding development in their economy with little trace of poverty, among its citizens. These achievements were made possible because of the high rate of skilled manpower in these countries.

While the developed nations have continue to achieve breakthroughs in science and technology, there by making their environment a heaven to live, the under develop nations are struggling to cope with many development challenges affecting their countries. These countries still face the challenges of poverty, unemployment, diseases, ethno- religious crises, and war, political crisis among others that brings about untold hardship and pain to the citizenries. The implication is that the gap between the developed and the under developed nations have continue to widen.

Nigeria is richly blessed both in human and material resources. Aside from its immense mineral wealth of which oil and gas resources are currently the most prominent; the country is also endowed with rich agricultural lands capable of sustaining wild varieties of crops across its savannah and forest zones on top of this, with a population of over 140 million, by far the largest in Africa. The country has one of the best human resource bases in the world. Despite these resources, over 70 percent of the population are still poor (UNDP, 2010, World Bank, 2010, NBS, 2010).

Lack of access to basic social services, like health, power, clean water, education has further aggravated the rate of poverty in the country. Other factors that have contributed to the high rate of poverty include the consistent political and religious crises, high rate of corruption, bad leadership, high rate of unemployment, inequality, illiteracy among others.

The foregoing developmental problems or challenges can be overcome, if priority is given to human resource development. Unfortunately, the education sector in Nigeria is in comatose, the reasons being adduced include, policy inconsistency, poor implementation of policy, lack of adequate infrastructural facilities, poor funding, among others. Successive governments in Nigeria have also continued to pay lip service to the issue of investment in the educational sector. The implication is that the development of the country is tied to the quality of its manpower.

The United Nations Educational Scientific and Cultural Organisation, UNESCO recommended that all countries should allocate 26 percent of their annual budgets to the educational sector. However, an analysis of the Federal Government's allocation to the sector in the last decade is nothing to cheer about. For example, in 2000, the allocation was 8.36 percent, it decreased to 7 percent in 2001, and it increased to 8 percent in 2002. In 2003, it went down again to 7 percent, only to rise sharply to 12 percent in 2004. The fluctuation continued in 2005, as it fell to 11 percent, but stabilized in 2006, and fell again to 8 percent in 2007. It increased for the first time in the history of Nigeria to 13 percent as at 2008, it decreases to 10 percent in 2009.

The situation becomes more worrisome when one considers that the bulk of these allocations to the educational sector goes into recurrent expenditure i.e. salaries, allowances, emoluments, personnel welfare among others, to the detriment of

infrastructural development and other capital intensive projects. For example, 77.3 percent of the N210 billion allocated to the sector in the 2008 budget was dedicated to recurrent expenditure, leaving only 22.7 percent for capital expenditure.

In comparison with other big African countries, it is vividly clear that Nigeria needs to invest by improving its allocations to the educational sector. For instance, Ghana's spending on education over the years has been between 28 percent and 40 percent of its annual budget. This is above the UNESCO prescription of 24 percent. South Africa, on the other hand, devotes 20 percent of the total annual budget to education. No- wonder, the education quality in those countries are far better than that obtained in Nigeria today. The consequence is that Nigerian tertiary institution graduates are becoming unemployable and are now rejected in favour of their few counterparts that schooled abroad.

### **Conclusion and Recommendations**

Nigeria is arguably one of the most endowed countries in the whole world in terms of her natural resources. In order to take full advantage of the endowment, the nation requires skill manpower that would organize them for human progress and development that is achievable only through the mass education of its population. However, Nigeria is yet to realise the importance of investing in the educational sector.

The gross under funding of educational sector, coupled with other related problems like dilapidated and dearth of infrastructural facilities in the educational institutions( i.e. primary, secondary, and tertiary levels), lack of necessary teaching and learning materials; recruitment of unqualified teachers; poor working condition of teachers; high rate of corruption and lack of transparency and

accountability by public officers, especially, in the educational institutions which has led to the diversion of allocated funds, especially that of capital projects; lack of clear cut policy and inconsistent policy; inadequate to funding of research institutions and lack of political- will to implement research findings and/or reports constitute a stumbling block to human capacity development in Nigeria.

Thus, investment in human resource development through education will bring about employment growth, income generation and a drastic decline in poverty and inequality. Human capital development is an effective strategy through which the wealth of the nation will be distributed in favour of the poor, thereby bringing about an improvement in their general well being or standard of living.

Therefore, the paper suggests that;

- The poverty reduction strategy in Nigeria should focus more on educating the poor through capacity building, training, and skill acquisition
- The educational curricula should be more directed towards building individual skills and capacity, innovation and self- reliance.
- The educational policy should make courses in sciences more attractive to young pupil right from primary level.
- Automatic scholarships should be given to all science students from secondary up to university levels. This will motivate more students to study science related courses especially at the tertiary level and as well ginger the growth of science and technology in Nigeria.
- The enrolment or admission ratio should be change from 60:40 to 80: 20 in favour of science and it should be adopted right from the secondary level.
- The fund allocated to the educational sector should at in line with the UNESCO ratio of 24 percent of the nation's annual budget.

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