

Human Capital Development in Nigeria: Determinants and Challenges

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Abstract: The human capital theory is one of the foundational theories of socio-economic development. The founding scholars hold that any acquired qualities and abilities that help individuals and groups be economically productive is an individual or group human capital. However, the focus by classical human capital model on schooling and training as the major factors comprising human capital on all levels has made the human capital measurement tools to generally assess only educational attainment on these levels. This overly simplified approach creates difficulty in accurately assessing the strengths and weaknesses of human capital in a country but policy-makers and others use these simplified estimates of human capital because the factors suggested to have significant impact on human capital are mostly intangible and the collection of such data costly. To identify and analyze the significant factors affecting the Nigerian human capital and determine efficient and effective ways of improvement, this study administered 90 copies of questionnaires to participants who were selected using purposive sampling technique. Responses were retrieved from 78 participants. A descriptive survey design using tables and mean scores was applied to the retrieved data. Findings revealed that human capital development is not limited to only investment in health and education but includes all policy measures which favour a country's human population such as the provision of infrastructural facilities, enabling environment for businesses while reducing tribalism and other social vices all promote human capital development. Public opinion also suggested that having responsible families, even distribution of income and distributive justice in Nigeria will improve the state of her human capital.

Key words: Human capital, Human capital development, Human capital variables.

JEL Classification Codes: O15, J24, C83

I. INTRODUCTION

Background of the study

Human capital consists of the knowledge, skills, and health that people invest in and accumulate throughout their lives, enabling them to realize their potential as productive members of the society (World Bank, 2021). Better standard of living in the form of good healthcare, quality education, availability of jobs and skill acquisition help develop human capital and therefore a key to ending extreme poverty and creating more inclusive societies.

Human capital development requires more than good education, health care and skills. This is because, the circumstances preceding, surrounding and succeeding

conception of a human being will all influence and determine the kind of human capital the child will become in future.

Schultz defined HC as “attributes of acquired population quality, which are valuable and can be augmented by appropriate investments” (Schultz, 1981, p. 21). The distinctive feature of human capital (compared to other forms of capital, for example, physical and financial capital)—is that it is a part of human beings. “It is human because it is embodied in man, and it is capital because it is a source of future satisfaction, or of future earnings, or of both” (Schultz, 1971, p. 48). Becker suggested that human capital includes qualities that raise future monetary and psychic income by increasing the resources in people, and activities that influence income are investments in human capital (Becker, 1964). In other words, any acquired qualities and abilities that help individuals and groups be economically productive can be considered as individual/group human capital.

The economic importance of HC lies in its contribution to creation of national competitive advantage, and consequently, to national economic growth (Drucker, 1999; Nehru, Swanson, & Dubey, 1995; Porter, 1998).

Human capital development refers to the building of an appropriate balance and quality mass of human population together with the provision of an enabling environment capable of engaging all willing and able individuals, enabling them to contribute significantly to both self and national growth. Several factors such as character qualities of population, cultural values, ethical values, family factor, measure of trust in a country, morale of the population, emotional health, national identity awareness in the population, national unity, religion, social skills and a variety of non-cognitive skills /social adaptability together with the already popular education and physical health-based factors all play a role in influencing the human capital development of a nation.

Therefore, any effort to increase human knowledge, enhance skills and productivity and stimulate resourcefulness of citizens is an effort in human capital development, investment to entrench good governance, provide supporting infrastructure and develop the education, health and social systems are investments in human capital development. These will include expenditures in educational and training institutions, health and skills acquisition programmes,

information and communication technologies (ICT) as well as in research and development.

Schultz as cited in (Jhingan, 2007) identified five ways of developing human capital: (i) health facilities and services, broadly conceived to include all expenditure that affect the life expectancy strength and stamina, and the vigor and vitality of the people, (ii) on-the spot training, including all types of apprenticeships originated by firms; (iii) formally organized education at the elementary, secondary and higher levels, (iv) study programmes for adults that are not organized by firms, including extension programmes notably in agriculture, and (v) Migration of individuals and families to adjust to changing job opportunities. Generally, investment in human capital means expenditure on health, education and social services.

The idea of human capital development has become a major concern of all countries of the world, regardless of their levels of development achievements. Investment in human capital through quality education and health care delivery system has become widely recognized by states as one of the most potent strategies for concretizing both short-term and long-term development plans in the face of the prevailing global economic, financial and pandemic crisis.

However, in Nigeria, the percentage of government allocation to education steadily declined from 7.14 percent in 2018 to 7.11 percent in 2019 and 6.48 percent in 2020 while aggregate expenditure on health was less than five percent (BudgiT, 2020). This is a far cry from the UNESCO recommended minimum benchmark which is 26% budgetary allocation to education while WHO recommended at least 15% allocation to health. So long as investment in human development remains paltry, sustainable economic growth will remain illusionary in Nigeria.

Problem Statement

According to Adam Smith, the prosperity of a country is determined by the skill, efficiency and attitude of the labour used by that country. Many countries have been able to develop themselves due to the will, capacity and skill of their human resources. Countries like Japan, Singapore, Germany, and Hong Kong have been able to achieve economic miracle by mobilizing their human resources.

However, human resource development (HRD) professionals, economists, and educators have not made much progress in identifying and describing fully, all the factors influencing and militating against human capital development in a nation.

Numerous studies such as (Lee et al., 1994; Barro, 1996; Brempon and Wilson, 2004; Olayemi, 2012; Olekan, 2014; Maitra, 2016; Hakoma, 2017), etc., have their focus only on the relationship between human capital development and economic growth, while ignoring the factors that could make or mar the human capital development of a nation such as the character qualities of the population, cultural values, ethical value, family factor, measure of trust in a country, morale of the population, emotional health, national identity awareness

in the population, national unity, religion, social skills and so on and how these factors shape the quality of a country's human capital as well as her economic situation.

Evidently, these human capital development factors or variables which are often neglected are directly related to the high rate of corruption, tribalism, political and religious crisis, ritualism, cultism, theft, social unrest and other vices hindering effective and successful production of quality human capital despite visible efforts by the Federal Government, World Bank, ILO, WHO, and other bodies who anxiously work towards developing the human capital in Nigeria through various programmes and projects.

The Nigerian human capital development is being plagued by her inability to develop a right mix of human capital as a result of her poor economic condition which encourages emigration (brain drain), miserly budgetary allocations to the education and health sector that falls short of the WHO and UNESCO Specifications and the general deteriorating state of the three components of HDI (Education, Standard of living and Health).

And now that the third world has realized the importance of human capital development because it emerged as a single factor on which the developed countries laid great emphasis. It has become necessary to examine the popular and unpopular factors capable of making or marring the quality of human capital in Nigeria.

II. LITERATURE REVIEW

This section reports on the literature which helps illuminate on such unanswered question. It investigates the content of human capital, yet more specifically, it studies the question of what factors influence development of human capital in a country and will therefore feature conceptual issues, empirical and theoretical reviews involving the examination of related studies in connection to human capital development in order to gain insight into the scope of research in the related field.

III. CONCEPTUAL LITERATURE

Human Capital Development

Human capital is made up of all the skills and abilities such as communication skill, technical skills, problem solving skills, education, creativity, experience, mental health, resilience and so on, inherent in man which contributes to social and economic growth. As a country's human capital develop in areas like science, education and management, innovation, social wellbeing, equality, productivity, rates of participation and inclusion increases. If a country fails to develop her human capital such that there is a huge gap between her human capital requirements and the existing human capital of her labour force, the country will be running a human capital "risk". A risk that will bring about inefficiencies, fraud, financial loss and corruption in the country. Also, this gap could lead a country into having a bad reputation and poor implementation of policies.

Human Capital Development in Nigeria

Nigeria being the most populous African nation with an estimated population of about 216 million inhabitants by July 2022 and the 7th most populated country in the world with a median age of 18.4 (United Nations, 2019), has failed woefully in the development of her human capital, ranking 151 out of 171 countries in 2004, 157 in 2017, 152 in 2018, 161 out of 189 countries in 2019 and 102 out of 104 countries in 2021 (UNDP Human Capital Development Index). In the World Bank report titled “COVID-19 and Nigeria’s human capital crises”, the World Bank notes that any success in Nigeria’s poverty reduction programme, which seeks to reduce poverty at the rate of 10 million yearly, must hinge on improving the Human Development Index (HDI).

Nigeria also features an average brain drain index of 7.44 between 2014 to 2021 according to (Global Economy.com, 2022). This occurs as a result of poor working conditions among other factors such as insecurity, social and civil unrest, political instability and the miserable condition of the economy which has yielded low standard of living matched with high cost of living.

While other countries with large and vast human resources progressed, Nigeria has failed to achieve similar fit despite several human capital development projects and programmes put together by the World Bank, United Nations and the Federal Government of Nigeria.

There is mounting evidence that unless countries strengthen their human capital, they cannot achieve sustained and inclusive economic growth, will not have a workforce prepared for the more highly skilled jobs of the future, and will not compete effectively in the global economy.

Nigeria’s investment in human capital development is not encouraging, with her education sector constantly receiving poor budgetary allocations to run the education system. For instance, in the 2022 budget, the education sector got an allocation of N1.18 trillion (7.2%) out of N16.39 trillion, in the 2021 budget, it got N 771.5 billion (5.68%) out of N13.58 trillion, and in the 2020 budget, it got N671.07 billion (6.7%) out of N10.33 trillion. There is little or no provisions for the training of young Nigerians in vocational trades. Also, the National Association of Nigerian Students (NANS) continues to lament the poor funding and management of the Nigerian education sector and the never-ending face-off between the government and members of the Academic Staff Union of Universities (ASUU) which has continued to destabilize academic activities in the Nigerian Tertiary Institutions.

The non-employability of some Nigerian graduates as a result of these adverse learning conditions has also discredited the Nigerian educational system in the global market, resulting to politicians and wealthy Nigerians sending their children and wards overseas to acquire higher knowledge.

Also, the health care allocation of N724 billion (4.2%) of the N16.391 trillion budgeted expenditure in the 2022 budget is too low for the population of Nigeria. The health and

education sectors require higher allocations to work together to make individuals more productive.

Generally, the living standard of the majority of Nigerians has been affected by inflation and unemployment, which has negatively affected human capital in Nigeria, leaving the three components of HDI (level of education, standard of living, and health of humans) in a deteriorating state. It is therefore necessary to improve budgetary allocations to the education and health sectors. Control systems to ensure budgetary allocations are well utilized should also be put in place, ensuring that the recruitment of staff into the educational and health institutions is done effectively and staff regularly trained to promote performance.

Again, research has revealed that it is necessary to look beyond education and health related indices or proxies when looking to measure, access or improve a nation’s human capital as other factors often overlooked or ignored could be responsible for the poor state of human capital of a nation.

Sjaastad’s (1962) study treated migration as an activity that develops human capital. The main reason for this is that a misplaced resource is equivalent to a less productive resource properly located, he said. He also suggested using availability of labour market information as a variable affecting Human Capital.

Numerous authors; (Ben-Porath, 1980; Griliches, 1997; Heckman, 1995, 2000; Heckman & Cunha, 2007; Psacharopoulos & Woodhall, 1985) have suggested that in order to increase accuracy in Human Capital assessment, more comprehensive measures, featuring more characteristics than the basic school enrollments and literacy rates are needed.

Heckman (2000) and Heckman et al. (2006), postulated that a family’s role lies in fostering skills and a variety of abilities required to succeed in the modern economy. Families who lack the above qualities produce members with low ability and thus poorly motivated students who do not succeed. Policies directed toward families may be a more effective means for improving the performance of schools than direct expenditure on teacher’s salaries or technical resources.

Numerous variables have also been suggested as the ones that help shape Human Capital. For example, (Porter, 1998) and (Harrison, 1992) stated that the human resources of a nation include not only skills, but work ethic as well. Schultz (1971) suggested that Human Capital could be displayed in different forms: “If it were possible to aggregate all of the different forms of human capital, it would exceed by a wide margin all non-human capital” (sic).

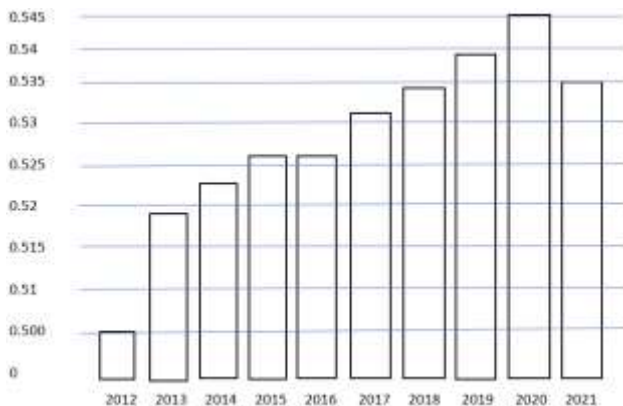
Other researchers (Prizel, 1998; Sadie, 1960; Sappford & Abbott, 2006; Shulman, 2005) spoke about the role of national identity awareness as a contributing factor towards the Human Capital quality of a nation. (Ben-Porath, 1980) stressed the importance of families in the development of Human Capital in a nation while Becker emphasized the role of emotional health and character qualities as the contributing factors of Human Capital. As a result of the above views, it is necessary

to adopt the following additional variables in the assessment of human capital development in Nigeria.

- Character qualities of the population
- Cultural values
- Ethical values
- Family factor
- Measure of trust in a country
- Morale of the population
- Emotional health
- National identity awareness in the population
- National unity
- Religion
- Social skills
- Variety of non-cognitive skills/Social Adaptability

Evidently, these human capital development factors or variables which are often neglected are directly related to the high rate of corruption, tribalism, political and religious crisis, ritualism, cultism, theft, social unrest and other vices hindering effective implementation of sound and workable economic policies and militating against economic growth in Nigeria. This study will therefore examine these human capital development determinants and how they may hinder or improve the human capital development in Nigeria.

The Nigerian HDI for a period of 10years



As seen in the graph above, the Nigerian HDI has not had a substantial increase for a long period of time, ranking very low when compared to other countries of the world as a result of the poor state of her education, health care and living standard.

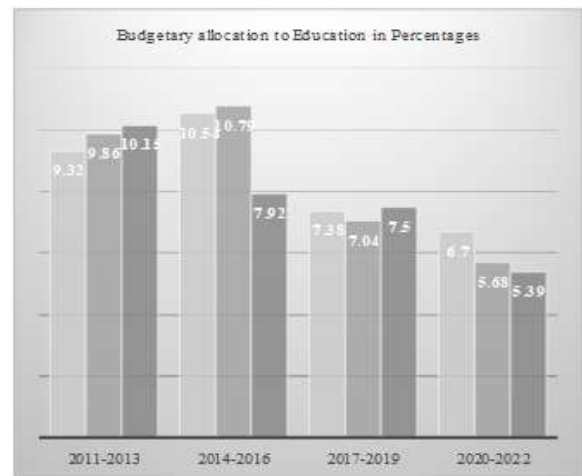
Factors mitigating against human capital development in Nigeria.

Investment in human capital development has been the major source of growth in the developed countries, whereas, the inattention to the same in the developing countries has done little to extend the capacity of their people to meet the challenge of accelerated development. No country can be regarded as having achieved self-sustained growth until it has possessed both in the public and private sectors the required technical skills and administrative/managerial structures necessary for sustainable economic growth and development.

The human capital status of any nation will directly influence and positively correlate with economic and social indicators such as gross domestic product, income per capita, balance of trade, life expectancy rate, literacy rate, level of industrialization and the quality of infrastructural provisions. It can also have great impact on political stability, national peace and harmony and so on. The more a nation has knowledgeable, skilled and resourceful individuals contributing to national growth and development the higher the value of the human capital of that nation. The value of the human capital asset of a nation is a function of quantity, quality as well as the operating environment. A country of high population can only have a higher potential for human capital development and no more. Substantial input and efforts are required to elevate that potential to active human capital capable of achieving desired objectives. Among the inputs is a sound and dynamic education system, motivational operating environment and support services. There has to be adequate number and balance of professionals, skilled, semi-skilled and even unskilled workers engaged in the different fields and sectors. In addition, the prevailing environment must be inclusive and stimulating such that everyone can perform optimally and contribute their very best to nation building and development.

It is argued that a major factor for explaining Nigeria’s predicaments is her inability to develop the right human capital mixes. Nigeria’s effort at developing quality human capital is challenged by certain inadequacies in the education and health sectors such as poor budgetary allocation, poor infrastructural facilities, corruption and embezzlement of funds, Brain drain/emigration of experts as well as other social, political, cultural and environmental factors which are often ignored while working on the measures to improve the quality of human capital in Nigeria.

The graph below shows budgetary allocations over a period of 12years. It is seen that for the entire period of 12 years, public expenditure on education never met the UNESCO benchmark of between 15-20% of the total budget.



(The UNESCO benchmark for budget allocation to education is placed at 15-20% of total public expenditure)

There is need for Nigeria to prioritize human capital development in its national development plan, reviewing her education and health policies and increasing budgetary allocation to these two critical sectors in line with UNESCO and WHO specifications. Although a country's political situation, potential economic risk, rule of law, and available legal/business infrastructure have been named as the primary factors of economic growth, it has also been argued that a country's Human Capital is probably even more important as it is a measure of the economic value of people's knowledge, skills, abilities, attitudes and experiences. It is the "brain" behind all other determinants. The level of development and quality of Human Capital are two of the most important factors that differentiate between countries with similar geographic and natural resources, but vary differently in terms of their socio-economic development. Also, people are the only element with the inherent power to generate value. All other variables—cash and credit, materials, plant and equipment, energy, offer nothing but inert potentials. Therefore, the composition of a country's population will largely determine the pace with which her human capital will develop.

The cultural and socio-political situation of a country also has important effects on the quality of Human Capital (Hanson, 1996). The role of culture, though hard to measure, is attracting more and more research attention. Overall, sociologists and anthropologists interested in the problems of developing countries consistently stress the close interaction between sociocultural and economic aspects of change (Granovetter & Swedberg, 2001; Hoselitz, 1960; Mingione & Goodrick 1991). Nigeria is a country with diverse culture, value and belief system with some of the belief system being hostile and posing as an instrument of backwardness and division thereby hindering the development and efficient use of human capital.

Strong families contribute to the overall national human capital by increasing the traits that lead to high human capital. The value of a strong family affiliation manifests itself in personal individual traits, including honesty, various skills, and ingenuity. Moreover, "the degree to which the family takes responsibility for actions of its members correlates with the degree of trust between the outsiders and the family members" (Ben - Porath, 1980).

Other researchers have noticed other qualities that affect human capital. For example, Richards and (Amjad, 1994) mentioned ethical values, responsible citizenry, and a healthy attitude towards work. They emphasized that attitude to work and cognitive skills matter in determining the efficacy of workers. In Nigeria, the public office workers are known for their non-challant attitude to work which they readily blame on unfavourable working conditions and negligence from the government. This situation results to non-utilization and dormancy of their skills and abilities and by extension, their human capital.

Akerlof and Kranton (2000) suggested that identity could account for many phenomena on individual and group levels that current economics cannot explain well. Problems such as ethnic and racial conflict, discrimination, intractable labour disputes, and separatist politics all invite an identity-based analysis. Because of its explanatory power, numerous scholars in psychology, sociology, political science, anthropology, and history have adopted identity as a central concept.

Identity is likely to affect economic outcomes, for example, in areas of political economy, organizational behavior, demography, the economics of language, violence, education, consumption and savings behavior, and labour relations, (Akerlof & Kranton, 2000). Nigerians often demonstrate poor integrity in their dealings with the rest of the world and are often seen or identified as people of low integrity.

It has been suggested by (Aghion, Caroli, & Garcia-Penalosa, 1999; Berkowitz & Jackson, 2005; Glaeser, Scheinkman and Shleifer, 2003) that equitable income distribution is conducive to economic growth of a country through being instrumental towards the creation of a powerful middle class.

Historically, the middle class is known as the group of people whose economic interests are concentrated inside the country and who are therefore interested in the country's healthy politico-socio-economic development. In comparison with the upper class (who is predominantly cosmopolitan in its economic interests) and the lower class (who does not have a strong voice in national decisions), the middle class sees improvements in the country as the foundation of improvements in their own lives, and possesses enough power to initiate national actions based on this understanding (Fidrmuc, 2000; Romanenko, 2007).

Smith's (2000) study has recommended that nations must have a set of common aspirations to be successful in their pursuit of affluence. Adelman and Taft-Morris (1967) added that the presence of active indigenous groups in the middle class is considerably more conducive to the initiation of the growth process than is the presence of expatriate groups in that class. The middle class is the group of people who most logically possess such common aspirations and a powerful middle class leads to the development of quality human capital.

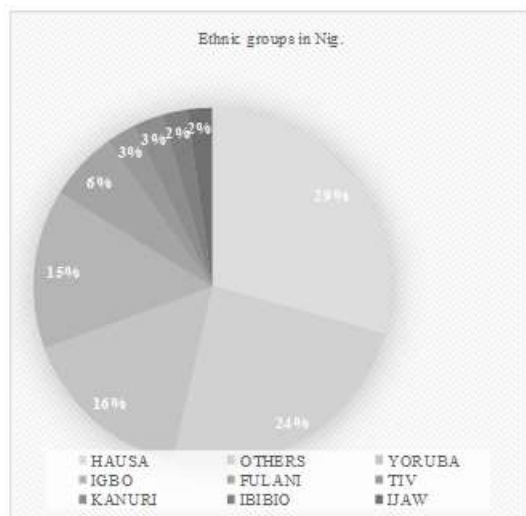
However, according to government data from 2020, the Gini coefficient in Nigeria was 35.1 points as of 2019. The Gini index gives information on the distribution of income in a country. In an ideal situation in which incomes are perfectly distributed, the coefficient is equal to zero. The income inequality in Nigeria does not allow for speedy development of human capital as only the rich few have access to the resources needed for the development of quality human capital.

A line of research (Coleman, 1988; Fukuyama, 1995; Glaeser, Laibson, Scheinkman, & Soutter, 2000; La Porta et al., 1997; Putnam, 1995; Sapford & Abbott, 2006; Sztompka, 1999, 2002) has argued that trust in a nation determines the

performance of the society's institutions, and consequently, the whole society. It is an essential foundation for the exercise of agency in societies and equally essential for the working of the market economy and democratic political institutions.

Trust may be defined as “a cognitive state: a feeling of confidence in those around you and/or in things unseen; the perception of socioeconomic systems and relations as regularities on which one may depend” (Sapford & Abbott, 2006, p. 60). Trust is cultural, normative, and deeply embedded in socially shared understandings.

Sztompka (2002) calls a breakdown of social trust and confidence a cultural drama. Fukuyama (1995) argued that high trust among citizens accounts for the superior performance of all institutions in a society, including business. This happens because higher trust between people in a population is associated with greater cooperation (La Porta et al., 1997; Sapford & Abbott, 2006), which reduces transaction cost in business and increases return on investments. According to (La Porta et al., 1997), trust is an input in the production of wealth, and its relationship with economic and social indicators, it is statistically significant and quantitatively large. It is largely known that there is very poor level of trust in Nigeria. An overwhelming number of people in the country lack integrity, morals and care less about good reputation. This reflects in their interaction and transactions thereby negatively impacting on the essence of human capital and its output.



The pie chart above shows the sizes of some major ethnic groups in Nigeria. The diversity in language, culture, religion, race etc. of the numerous ethnic groups in the country does not allow for the citizens to truly identify as “Nigerians”. This results to economic and social disintegration thereby inhibiting the development of her human capital.

National Identity Awareness is also a formative component of national human capital. As a family provides its members with a sense of belonging (Ben-Porath, 1980), a nation provides its members with a sense of national identity, which is a powerful means of defining and locating individual selves

in the world (Smith, 1991). National identity may be defined as citizens' conception of the factors that do or should unite the population of a nation-state into a single community and that differentiate that community from others (Shulman, 2005). A polity cannot exist in a state of prolonged anomie; it needs an identity to provide a psychological frame of reference in which to

function. All polities have an identity that helps define their values and serves as an instrument by which to rank their priorities (Prizel, 1998). Therefore, it is safe to say that each country has its unique national identity. A group of researchers (Eke & Kuzio, 2000; Harrison, 1992; Kevane, 1997; Kuzio, 2000; Prizel, 1998; Shulman, 2005; Smith, 1991) have emphasized the relationship between national identity awareness among the citizens of a country and the development/efficiency of their human capital.

However, the non-homogeneity in the Nigerian society does not allow for the citizens to truly identify as Nigerians. The unorganized diversity in language, culture, religion, and race generally result to social and economic disintegration. This disintegration and poor corporation among the members of the population does not allow for equitable distribution of income, efficient resource use and distributive justice thereby inhibiting the development of human capital in Nigeria.

Nigeria in her attempt to develop her human capital also experimented with various policy measures aimed at achieving education and health care delivery systems that would facilitate the building of quality human resources for its national development such as; The Ashby Commission report of 1960 titled “investment in education”, the 1976 military government-initiated education reform policy called Universal Primary Education scheme (UPE), the Universal Basic Education programme launched in 1999 under the leadership of the then President Olusegun Obasanjo and pursued in line with the two global development programmes of the United Nations (UN) namely; Education for All (EFA) and the Millennium Development Goals (MDGs).

Also, The Federal Ministry of Education (FME) in April 2009, introduced the Roadmap for the Nigerian Education Sector. The reform measure aimed at addressing the inadequacies and deficiencies in the Nigerian education sector, and it comprises of four major grand strategies namely; Access and Equality, Standards and Quality Assurance, Technical and Vocational Education and Training; and Funding as well as Resource Mobilization and Utilization.

Again, in January 2020, The National HCD Programme which was introduced in Nigeria by the World Bank and anchored by the Federal Government, with its focus on 3 Thematic Areas and 6 critical human capital development outcome areas (Health and Nutrition; Education, and Labour Force Participation) and built on existing efforts made by the Economic Recovery and Growth Plan Initiatives among others, has so far achieved no remarkable fit in the aspect of human capital development in the country.

It is therefore evident that there have been continuous dramatic efforts geared towards the development of human capital in Nigeria through education and education related avenues but dividends have remained very low due to the neglect of other mitigating factors such as poor national identity awareness level, lack of national unity and trust in the country as well as other social, religious and political factors earlier discussed in this paper.

IV. EMPIRICAL REVIEW

Human capital development involves the building of an appropriate balance and critical mass of human resource base through providing an environment for a country's population to gainfully contribute to national development. The human capital of a nation is said to be developing when citizens are able to improve the quality of their knowledge and skill through education, training and motivation. Investment to entrench good governance, provide supporting infrastructure and develop the education, health and social systems are investments in human capital development. These will include expenditures in educational and training institutions, health and skills acquisition programmes, information and communication technologies (ICT) as well as in research and development.

Human capital refers to productive skills and knowledge embodied in labour stock, which have the economic property of future services of value. It is a measure of the economic value of the individual or group skill set, which includes areas of knowledge, as well as skills, abilities, attitudes and experiences (Becker, 1964; Coleman, 1988; Heckman, 2000; Heckman & Cunha, 2007; Jaw, Yu PingWang, & Chen, 2006; Smith, 1776/1937; Schultz, 1961, 1971). Schultz defined human capital as "attributes of acquired population quality, which are valuable and can be augmented by appropriate investment" (Schultz, 1981, p. 21). The distinctive mark of human capital (in comparison with other forms of capital such as physical and financial) is that it is part of the human being, a part of the very essence of man and woman. As Schultz noted, "it is human because it is embodied in man, and it is capital because it is a source of future satisfaction, or of future earnings, or of both" (Schultz, 1971, p. 48). In Coleman's words: Just as physical capital is created by changes in materials to form tools that facilitate production, human capital is created by changes in persons that bring about skills and capabilities that make them able to act in new ways (Coleman, 1988, p. 100). Thus, any acquired qualities and abilities that help individuals and groups to be economically productive can be considered as individual/group human capital. Natural abilities are generally considered to be distributed equally between populations (Mincer, 1958; Pigou, 1950; Schultz, 1981). Simply stated, the difference in population quality stems from the difference in investment in human capital (Ben-Porath, 1967; Schultz, 1981).

Again, the ability of a nation to adopt and implement new technology from abroad is a function of the domestic human capital stock. Investment in population quality and in

knowledge in large part determines the future prospects of mankind: "the decisive factors of production in improving the welfare of poor people are not space, energy, and cropland; the decisive factors are the improvement in population quality and advances in knowledge" (Shultz, 1981, p. 4).

Despite the vast array of literature on human capital, researchers have emphasized that existing human capital measures lack precision, and are in fact reductionist measures, incorporating only subsets of possible indicators. As discussed in the Introduction, following an increasing number of studies which failed to support the classical assumption that educational attainment (measured in basic enrollment and literacy figures) was a strong predictor of individual's occupational achievement or national economic welfare, the search for other influential factors became important. Researchers in different countries have made multiple attempts to build an expanded human capital index. However, there is considerable difference of opinion regarding how to establish more robust and specific measures of human capital.

Knight (1996) also supported this idea and said that not all human capital is produced by education, and not all education produces human capital. Godfrey (1997), Heckman and Cunha (2007) stressed that non-cognitive abilities (perseverance, motivation, ability to deal well with other people, risk aversion, etc.) have direct effects on wages. Carneiro and Heckman (2003) conducted an analysis which challenged the conventional point of view that equated skill with intelligence, thereby demonstrating the importance of both cognitive and non-cognitive skills in socioeconomic success. Hanson (1996) found evidence that qualities of labour besides education and training seem to deter investments in some countries. Specifically, he referred to it as "personal qualities of workers" (p. 86).

Heckman (2000) and Heckman et al., (2006) postulated that a family's role lies in fostering skills and a variety of abilities required to succeed in the modern economy. Families who lack the above qualities produce members with low ability and thus poorly motivated students who do not succeed. Policies directed toward families may be a more effective means for improving the performance of schools than direct expenditure on teacher salaries or technical resources.

Other researchers have noticed other qualities that affect human capital. For example, Richards and Amjad (1994) mentioned ethical values, responsible citizenry, and a healthy attitude toward work. They emphasized that attitude to work and cognitive skills matter in determining the efficacy of workers. According to (Sjaastad, 1962) migration is an activity that develops human capital. This is because a misplaced resource is equivalent to a less productive resource properly located.

Therefore, families in the country, character qualities most common in the population among other educational, health and social related factors have been argued by researchers to play significant roles in the human capital development of any country.

V. THEORETICAL REVIEW

The Human Capital theory originated in the mid-twentieth century under the leadership of Jacob Mincer, Theodore Schultz, and Gary Becker. They formulated the theory based on their own research, as well as on ideas of several prominent economists before them. Authors like Adam Smith (1937/1776), Irving Fisher (1906), and Frank Knight (1944) broadly viewed acquired and useful human abilities as fixed capital, similar to machines, buildings, and land. For example, Adam Smith wrote: The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person. These talents, as they made a part of his fortune, so do they likewise of that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit (Smith, 1776/1937, p. 265-266).

Since it was a new concept, Human Capital theory encountered much criticism from the majority of economists who considered physical equipment as the only non-financial capital. As Becker (1993) acknowledged, “human capital is so uncontroversial nowadays that it may be difficult to appreciate the hostility in the 1950s and 1960s toward the approach that went with the term” (p. 392). Gradually, economists and other professionals accepted the concept of human capital as an invaluable tool in the analysis of different socio-economic issues. Since that time, human capital theory has become one of the foundational theories of socioeconomic development and has been gaining attention in the unfolding era of the knowledge economy with knowledge-intensive technologies’ design and utilization becoming an everyday reality.

Schultz (1971), illustrating the crucial importance of Human Capital, described the “mystery” of quick economic recovery after the WWII as follows:

The toll from bombing was all too visible in the factories that laid flat, the railroad yards, bridges, and harbors wrecked and the cities devastated. Structures, equipment, and inventories were all heaps of rubble. Economists were called upon to assess the implication of these wartime losses for recovery...It is clear that they overestimated the prospective retarding effects of these losses...The judgment that we formed soon after the war proved to be so far from the mark. The explanation that now is clear is that we gave altogether too much weight to nonhuman capital in making these assessments. We fell into this error ... because we failed to take account of human capital and the important part that it plays in production in a modern economy (p. 34).

Human capital theory became especially prominent in the early 1990s, when it helped to illuminate the reason for the failure of the standard neoclassical growth model $Y = f(K, E, L)$ (where Y is the output, E is an efficiency index signifying technological progress, K is financial capital stock and L is labour input) to explain non-convergence in per capita

production level internationally, which the growth model predicted (Lucas, 1990). At that time, the standard neoclassical growth model was revised to include human capital, which improved the fit of the model.

According to the original Human Capital theory (Becker, 1964; Mincer, 1958; Schultz, 1961), education is the major factor that enhances skill level in individuals and thereby human capital. A higher skill level in the workforce increases the overall production capacity. The classical Human Capital model focused on education (and the measurement of it) because it was the major national investment and was associated with development of workforce skills and abilities required for economic success. All the three founders of the theory originally concentrated their attention on returns to education and training in their attempt to calculate the growth of Human Capital. Equating education (although measured in different ways) with human capital therefore became the leading framework, which is still supported by the majority of economists, and is used by default. For example, speaking about the role of Human Capital in economic development, Benhabib and Spiegel (1992) stated: “a standard economic approach is to treat human capital, or the average years of schooling of the labour force, as an ordinary input in the production function” (p.143).

Research by Schultz (1961, 1962, 1971) sought to clarify the investment process and incentives to invest in human capital by calculating return on education for various groups using the investment approach. His early studies revolved around formal education and organized research. As his research progressed, he pushed the theory by expanding Human Capital to include education, training, work experience, migration and health (Schultz, 1981 & 1993), building on his earlier ideas.

Later, a hypothesis emerged that academic education (as measured in conventional enrollment rates, years of schooling, or literacy rates) was not the only factor which produced economic success. Numerous studies also failed to support any hypothesis that attempted to prove that educational attainment alone was a strong predictor for individual occupational achievement or national economic welfare (Baier, Dwyer, & Tamura, 2006; Graaf & Huinink, 1992; Hartog, 2001; Howard, Dryden, & Johnson, 1999; Overstreet, 1954; Hauser & Sewell, 1986; Werner & Smith, 1992).

VI. RESEARCH METHOD

To achieve the aim of this study, a Descriptive Survey Research Design using Purposive sampling technique was engaged. The researcher has relied on her own judgement to select participants from the country’s population with greater number of samples drawn from Lagos and Abuja because both geographic locations hold a heterogenous collection of all Nigerian tribes and even foreigners. Samples were also drawn from Awka in Anambra state and Enugu in Enugu state. This approach was employed to allow for flexibility in the selection of participants as the subject matter of human capital

development concerns all individuals at different periods/stages of existence.

A total of Ninety (90) questionnaires was administered to the participants, 78 copies were successfully retrieved and coded for analysis using the Ordinal Scale of Measurement, mean score, and the five-point rating scale was given values assigned as follows; Strongly Agree 5, Agree 4, disagree 3, strongly disagree 2, Uncertain 1. The sum and mean observations are also determined respectively such that mean scores of 2.5 and above are accepted in the decision rule, while mean score below 2.5 are rejected.

VII. REPORT AND DISCUSSION OF FINDINGS

Analysis made are based on data collected from 78 participants whose copies of questionnaire was successfully retrieved.

Table 4.1. Age distribution of participants

Age of participants	Frequency	X	FX
18-28	8	5	40
28-38	17	15	255
38-48	20	25	500
48-58	19	45	855
58-68	14	35	490
Total	78		2140

Mean age of respondents equals $\sum fx/n = 2140 \div 78 = 27.4$

The median age of respondents equals 25

Mode age of respondents equals 45.5

This implies that majority of participants in this research are of prime age or are at their prime and very much aware of their reality and environment.

Table 4.2 Mean responses on the factors that could promote or militate against human capital development in Nigeria based on research questions.

S/N	Research questions	SA 5	A 4	D 3	SD 2	UN 1	$\sum x$	- x	Decision rule
1	High number of responsible families in the country is a prerequisite for obtaining quality human capital.	50 250	20 80	3 9	0 0	5 5	78 344	4.41	Agree
2	Uneven distribution of income in the country has hindered the development of quality human capital.	48 240	15 60	4 12	1 2	10 10	78 324	4.15	Agree
3	Migration has a positive impact on HCD in Nigeria.	15 75	15 60	8 24	10 20	30 30	78 209	2.67	Agree
4	Poor economic condition, social unrest and other vices have not allowed for effective implementation of HCD measures in Nig.	30 150	30 120	16 48	2 4	0 0	78 322	4.12	Agree
5	Division across religious, political, and ethnic lines which hinders efficient resource use and distributive justice in Nigeria has negatively affected HCD.	10 50	18 72	15 45	5 10	30 30	78 207	2.65	Agree
6	The prevalence of poor national identity awareness and lack of common goal by Nigerians affects the country's HCD	50 250	19 76	0 0	0 0	9 9	78 335	4.29	Agree
7	Considering the 2022 budgetary allocation for education and health, it can be said that the federal government is contributing substantially towards HCD	10 50	13 52	5 15	15 30	35 35	78 182	2.33	Disagree

Source: Field Survey 2022

Table 4.2 has shown that a good number of Nigerians agree that human capital development is not limited to only health and educational related investment. Policy measures which favour a county's human population like provision of infrastructural facilities, enabling environment for entrepreneurial activities to thrive, discourage idling of people who are willing and able to work, measures that shun tribalism, social, political and religious unrest as well as other social vices are all measures capable of promoting human capital development.

However, high level of irresponsibility and poor integrity in the country, poor government expenditure on education and health, division across religious, political and ethnic lines leading to lack of common goal among the people which further results to poor economic condition and uneven development in the country among others does not allow for efficient and effective human capital development and utilization. Being that the economic importance of Human Capital lies in its contribution to creation of national competitive advantage, and consequently, to national

economic growth, it is paramount that policies geared towards improving the state of human capital in the country be accorded necessary and required attention. Table 4.2 has also revealed a public opinion suggesting that having responsible families, even distribution of income, distributive justice and so on in the country will improve the state of human capital.

This research also further reconfirmed that poor economic condition and social unrest among others hinder the development of human capital in the country. Therefore, for a country's human capital to develop, policies that will discourage social unrest, political and ethnic conflicts among others are to be made and implemented together with substantial and intentional investment in education and health within the country.

VIII. CONCLUSION AND RECOMMENDATIONS

This research work studied the Nigerian Human Capital through the identification and analysis of the factors that could promote or hinder its development. The review of the relevant literature and findings have revealed that National Human

Capital is a multidimensional construct, which includes diverse factors.

Although a country's political situation, potential economic risk, rule of law, and available legal/business infrastructure have been named as the primary factors of economic development, it has also been argued that a country's human capital is probably even more important as it is the "brain" behind all other determinants. It is therefore very important to identify the determinants of human capital development in a country. This will reduce "surprises" in national socio-economic development as such unexpected results often lead to creation of a "potential/performance" dichotomy.

The identification and analysis of other often ignored and neglected determinants of human capital development could help to see national human capital from a broader perspective, helping to direct government expenditure to the areas they are needed.

Furthermore, Human Resources Development professionals and educators may be particularly interested in this aspect of human capital research. As suggested by (McLean, 2001, 2004; McLean, Bartlett, & Cho, 2003), national human resource development should go beyond employment issues and include a host of other considerations that have not typically been considered as human capital investment, such as culture, community, health and many others. A view of labour force only in terms of unified "faceless" manpower greatly diminishes the diversity of ways training and development can be conducted.

This research article has demonstrated that human capital on a national level is formed by many factors by also assessing National Identity Awareness, Character Strength, and Family Background among others as factors contributing to human capital development, and provides some evidence toward the significance of these factors. Therefore, these and other intangible factors need to be taken into consideration by human resource development professionals, scholars and the Federal Government in their pursuit of improving employee quality, increasing organizational effectiveness and building quality human capital in the country.

Again, this article provides support for the view expressed by a large group of educational scholars and economists (e.g., Hanushek, 1997; Heckman, 2000; Heckman & Cunha, 2007) about the importance of non-cognitive qualities in the economic success of individuals. It argues that other factors, for example, character qualities and social skills, play important roles in achieving personal welfare.

Finally, the importance of the Family factor in increasing the level of human capital development as well as its quality also indicates the need for the government to pay attention to the family institution and stream resources toward strengthening the institution of family in Nigeria and not abandoning such task to the churches and other religious bodies in the country.

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