

HUMAN CAPITAL DEVELOPMENT AS A TOOL FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

Without the necessary human capital, material or physical capital cannot support the needed national development. This paper therefore, attempt at confirming that human resources is the ultimate basis for national development. The paper reviewed some related literature and conceptual clarifications with emphasis on the relationship of both human and material capital to the economic expansion of a country, the human capital theory was adopted to provide the theoretical framework. The paper is a desk study that relies on secondary data. Concluded among other things is that for any meaningful development to take place, the required human capital must be properly put forward with the available physical capital and that the pursuit to achieving policies on economic growth may be a journey into futility if the issue of human capital is not properly addressed. The paper therefore recommended among other things that every labour should be placed according to the discipline in order to shun the notion of square peg in a round hole for proper and sustainable national development.

Introduction:

In the past few decades, people only think of capital in terms of durable possessions such as factory buildings, farm equipment and manufacturing plants and that only these sorts of capital can generate wealth for the nation. However, over the years, so many economists, social scientists, and other scholars have begun to realize the place of “human capital” to a nation’s economic growth; this gave rise to proliferation of write-ups from different intellectuals on the concept of human capital as it became apparent that the physical accumulation of material capital is not by itself the only key to development. Thus many scholars turned to education and skills among the population as being crucial

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factor for development (Myint, 2010).

Whereas, human capital became a sort of capital that can engender income and not just an income, but a sustainable one that can give rise to rapid growth in the socio-economic and political activities of a nation, It is the stockpile of talents, proficiencies, expertise, acumens, education, and experiences deep-rooted within individuals that help them to produce income and nothing more.

The notion of investment in human capital is of recent origin, because, before, in the process of economic growth, it was habitual to attach more importance to the accumulation of physical capital, but now, it is increasingly recognized that the growth of tangible capital stock depends to a considerable extent on human capital formation which is the process of increasing knowledge, skills and the capacities of all the people of the country (Jhingan, 2006).

Most low-income countries like Nigeria thus far invest very little in what economist, *that is* the health, education, and skills of their citizens (Amacher, 1986:436). So many of such countries are endowed with abundant human and natural resources, but to mobilize and harmonize these resources through the development of science, technical as well as information and communication skills in order to boost economic development becomes a problem. Education through training and retraining of labour is the only way to unlock such countries' dormant potentials, and also the only route to provide essential and required human labour and the basis for sustainable development of such countries.

This implies that, labour that is healthy and well educated is more productive than otherwise. Thus investment in humans can be as productive 'as investment in machines and other physical capital, It is apparent also that a society can only develop when its government amplifies level of its obligation to its citizens and its environment in terms of human capital development. Thus, in doing this, government needs to engage in the study of the laws of nature which is science and also devise a tool, which is the physical capital, as well as the human capital so as to achieve the derived national economic growth and development. It is on this background that this paper therefore examines the place of human capital development in economic growth of a nation. The type of research adopted for this study is that of desk study hence only secondary data were used. The scope of the paper is thus confined to human capital development as an instrument for national economic development. The paper is divided in to sections, beginning

with an introduction in section one. Section two entails in-depth definition and clarification of the concepts of human capital based on scholars' views and review of some related literature on the subject under discussion as well as the theoretical frame work, while conclusion and recommendation constitute the last section.

LITERATURE REVIEW

Conceptual Clarification

Human capital is the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value. It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions. Many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity, growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training (Wiki, 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 a given climatic conditions. The surplus labour in these countries is the human resource available in more abundant 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 resource into highly productive human resource through acquisition of required skills will lead these inputs into the process of human capital formation. 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 a 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. The importance of human capital is explicit in the change approach of any nation towards comparative evaluation of economic development of different nations in the World economy (Wiki, 2013). Therefore, for a country to be successful and yield the necessary returns, it needs education and training policies that are shaped within macro-social and economic

circumstances. Experts have agreed that to maintain a relative standard of living, countries must upgrade the educational skill levels of their labour force. The dynamism involved in global technological innovation and product competition here rendered many jobs less secured. Thus, a continuum of educational training and retraining will be crucial to keep the work force fully employed (McConnell, 1995). This connotes that the entire economic growth or development of a nation depends on the skill level of the workers. According to UNDP (1997), human capital has several distinctive attributes. Firstly, physical capital can be bought and sold. An individual's stock of human capital cannot be sold, leaving aside slavery and indentured servitude. Secondly, physical capital can be physically separated from its owner. An individual's stock of human capital goes wherever that person goes. Thirdly, people can earn money from investment in physical capital without actually being present where the capital is being used. To take advantage of human capital, an individual must personally do the work. Fourthly, physical capital sometimes outlives its owners. Human capital is lost whenever someone dies. Finally, because machinery, equipment and other capital goods wear out, physical capital depreciates when it is used. The use of knowledge tends to maintain, reinforce learning and human capital appreciates when it is used.

Miller, (1998) in congruence with UNDP postulation, posited that human capital culminates as the ultimate basis for wealth of nations. Capital and natural resources are passive factors of production while human beings are active agent therein, The latter accumulates capital, exploits natural resources, builds social, economic and political organizations and carries forward national development. A country that is unable to develop and effectively utilize the skills and knowledge of its people in the national economy cannot develop (Desiree, 2011). The hall-mark of the discourse is on the required knowledge, skills, attitudes and capacities for development of competitive strategies, product development, and quality control, corporate financial operation, marketing and human resource development. This is because human resource and skills development facilitates the adoption and diffusion of new physical capital. The requisite skills and ability to learn quickly are needed for rapid economic growth. Human resource development and training therefore have to be in continuum as new ways of doing business is fast developing (Desiree, 2011).

The significance of human capital is that it engenders development in socio economic and political activities of a nation. The acquisition of skills and the development of attitudes and knowledge will enable privileged people play their

parts in the nation building. No nation has and will ever develop without developing the necessary skills that will guarantee progress in other aspect of life.

The human capital theory used in this work has emphasized the significance of improving prowess, training and education that will have returns as savings to the employer and employee. Different theories viewed economic growth and hum capital differently (Desiree, 2011). However, what is found in this paper is that human capital is the driving force of economic enlargement. Human capital is inter-reliant on technological, progress. Hence, human capital is the engine of national development.

It is evident that returns in investment on people is generally higher than other forms of investments. Nations that invest more in human capital perform better in terms of economic expansion, employment opportunities, reduction in inequality in the distribution of income and the allay of poverty. Thus, the more proficient the labour forces, the higher the level f productivity as posited by Miller (1998). Human capital therefore compliments physical capitals, as the use of machines and technologies requires skilled and trained labour force. Hence, there is a close relationship between human capital, physical capital and 'technological change, indicating the interdependency between the two.

Nigeria is a country that is up to this time faced with the problem of developing its citizens in order to allow them make meaningful contribution towards development and creation of wealth (Van, 1998). The verity is that, a country like Nigeria needs people who are processed at various levels of Endeavour, people who are enterprising, literate, creative, innovative and proactive.

The concept "Human capital" is a complex theoretical perception that can not be defined in a uniform manner. In its most general form, it refers to the resources in people. it has also been defined by Organization for Economic Cooperation and Development (OECD) as *'the knowledge, skills, competences and other attributes embodied in individuals that are relevant to economic activity'* (Schutt, 2003).

According to Desiree, (2011) human capital refers to the knowledge and skills that people in the work force acquire through education, on-the-job-training and self-teaching. Human capital is the "accumulated stock of skills and talents, and it manifests itself in the educated and skilled workforce in the region" (Mathur, 1999). At times, human capital is measured in terms of persons-years of education and it can be increased through formal or informal education or

training. In this sense, human capital is not limited to formal education alone. It includes experience; practical learning that takes place on the job, as well as, non-traditional technical training regimens that enhance skills development (Davidson, 2003 in Ogundele, 2011).

Adam Smith, in (wiki,2013) from his end thus sees human capital as follows: "Fourthly, of the acquired and useful abilities of all the inhabitants or members of the society. 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. Those talents, as they make a part of his fortune, so do they likewise they do to 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" (Wiki, 2013).

In consonance with the above definitions, we can define the concept 'Human Capital' as the acquisition of indelible knowledge and proficiency by individuals through a continuum of educational trainings, self-practicing, and teachings. It is the way people obtain know-how, technically and pragmatically. Thus, the idea of human capital centers on the development of human beings through special training for skill acquisition.

National development

Before we delve into the concept of national development let first of all look at what that term development means. Seers. (1969) in Ayete(2001) the most fundamental question that are involved in the meaning of development as he asserted that:

What has happened to poverty? What has been happening to unemployment? What has been

happening to inequality? What these three questions have decide from High levels, then beyond doubt ,this has been a period of development for the country concerned and f one or two of these control problems have been growing worse, especially fall the three are in such condition, it would then be strange to call the result development even per capital income doubted.

According to Rodney (1972), in Mynt (2010) in development is a many sided process. At the individual level; it implies increased skills and capacity, greater freedom, creativity, self dislike, responsibility and material wellbeing. All these are the functions of human capital development. At the level of social groups, it implies to regulate both internal and external relationships. While at the level of a nation according to Roges (1969), in Anyebe (2001) development involves a structural transformation of the economy, society, policy and culture that permits the self-generating and self-perpetuating use and development of people potentials. In line with the above clarification , national development is not only or purely an economic affairs, but rather as an overall social process which is dependent upon the outcome of man's efforts to deal with his nature environment.

Theoretical Framework

The paper decided to adopt the Human Capital 'Theory as its theoretical frame work. The Human Capital Theory was proposed by Schultz in 1961 and was later developed extensively by Becker Stanley Gary in (1964) at Chicago. ('www.scrbd.com, Human-Capital Theory). Becker argued that "an individual's investment in education and training is comparable to company's investment in new machinery or equipment" (Becker, 2010). The human capital theory going by Becker's postulation therefore, noticeably rests on the canon that formalacquisition of prowess or knowledge is highly instrumental and necessary to improve the productive capacity of a population. In short, human capital theorists argued that an educated population is a productive population. The theory emphasizes how education increases the productivity and efficiency of

workers by increasing the level of cognitive stock of economical productive human capability, which is a product of innate abilities and investment in human beings. The provision of formal education is seen as an investment in human capital, which proponents of the theory have considered as equally or even more worthwhile than that of physical capital (Woodhall, 1997 in Almendarez, 2011). Collins, (2013) posited that human capital theory believes that economic growth of a country solemnly depends on the abilities and skills of individuals. Especially, those acquired through investment in education and training that enhance potential income earning. In general, this theory in particular draws a crucial distinction between general education and firm specific training (Xiao, 2001) From the positions of the above scholars, human capital theory rest on the idea of equipping human beings through education, training and practical experience. The theory is relevant to this work because it capture the main frame of the discourse. Therefore, human resources in any nation constitute the ultimate basis for wealth of that nation especially when they are well trained. Going by this postulation, a nation remains economically, socially and politically undeveloped when its population is not properly educated and trained to meet the changing or dynamics of science , Technology as well as information and communication technology.

Summary

The paper has discussed human capital development as a tool for and national development and used the theory of Human Capital as a theoretical frame work. Our theoretical stand is that there is a direct relationship between the stock of skills possessed by human beings and machines and other technologies, if national development is to be achieved. Thus, government and private corporations are expected to bring policy that will engender required human capital in the public and private sectors. Lastly, conclusions were made and recommendations were held out.

Conclusion

It has been noted that no nation can make any meaningful progress if the required human capital is not properly put forward with the available physical capital. The pursuit to achieving policies on economic growth may be a journey into futility if efforts are not made to develop the requisite human capital. Education which is necessary for scientists and technical as well as information

and communication skills should be given foremost priority. If this is done, then we can be sure of our pathway to national and development.

Recommendations

The knowledge provided in the various institutions of learning with respect to acquisition and utilization of technical skills, certainly will increase the production of the much needed goods and services that will transform Nigeria from net importer to net exporter of these commodities and Because of the centrality of human capital to economic growth and development of a nation, the following recommendations are therefore made.

- i. That every labour force should be given its area of discipline and specialty, as such debunking the supposition of square peg in a round hole.
- ii. Training should also be continuous to meet the new changing economic and educational skills.
- iii. Training initiatives are to be linked to economic transformation and industrial restructuring.
- iv. *Government* should also design accurate financial compensation (salaries and wages) to spur human resource in partaking in the economic development of the country.
- v. They should be encouraged by incentives like awards of deserving certificate at the end of seminars or courses.
- vi. Job security *should* be well designed for human resources.
- vii. Fully paid financial gratuity and pension to make them committed and corruption free to maintain standard economic and developmental statutes in Nigeria.
- viii. Human resource should be accorded the privileges in civil service such as annual leave, maternity leave, and approval of excuses on sick bed with financial assistance.

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