

## INVESTMENT IN HUMAN CAPITAL FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

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### ABSTRACT

*Education has a dual nature as both private consumption and investment process on the one hand and a social investment process on the other. The paper seeks to examine the concept and influence of education on sustainable development in Nigeria. To achieve this, the paper is structured into: abstract, introduction, conceptual clarification, challenges affecting education and economic growth, conclusion and recommendations. The paper revealed that there is a symbiotic nexus between human capital and sustainable national development. It is in the light of this that the paper advocates that federal government should provide funds for adequate production and provision of relevant teaching and research equipment in educational institutions.*

**Keywords:** Investment, education and sustainable development

### INTRODUCTION

Numerous people, including high government officials, in developing countries in which Nigeria is one, tend to view human capital as the human factor in the organization; the combined intelligence, skills and expertise that give the organization its unique character. Edame (2005) conjectured a tripartite argument for investment in human resource development. First, that new generation must be given the appropriate parts of the knowledge, which has already been accumulated by the previous generation. Secondly, the new generation should be taught how the existing knowledge can be enhanced to develop new products, and improve both efficiency and social services of organization.

Thirdly, that people must be encouraged to develop entirely new ideas, attitudes, values and methods through creative approaches. In doing this we should clarify from the start that the overall premise upon which this paper anchored is that education is one of the universals in the development of individuals and nations. Ideally, a predominantly illiterate society cannot expect to achieve any significant economic, political, social and technological development. According to Umo (1998), education is expected to generate new knowledge, accelerate economic growth, to equalize income distribution and to forge national unity. Concomitant with the above premise is the fact that education plays dual roles as a consumption commodity and investment commodity in national development. It is a requirement which must be met if education is to fulfill its great expectations.

There are myriads of evidence derived from studies of more advanced countries (United States, Denmark and Japan) during their era of rapid economic growth indicating that there had been a significant relationship between their economic growth and the quality and quantity of education provided for their workforce. Interest in investment on education as a possible way of increasing people's output arose out of the failure of the Ricardian theory of production in which inputs were defined as homogenous labour and capital.

According to Federal Republic of Nigeria (FRN, 2004) the different categories of education aim at achieving different goals. The thrust of primary education include the following:

1. To inculcate permanent literacy and numeracy and the ability to communicate effectively.
2. Lay a sound basis for scientific and reflective thinking.
3. Give citizenship education as a basis for effective participation in and contribution to the life of the society.
4. Give the child opportunities for developing manipulative skills that will enable him to function effectively in the society with the limits of his capacity (p. 14). The documents further stated that higher education is expected to generate the needed manpower, which can lead to technological innovation, productive and sustainable growth within the economy.

### **Towards a Conceptual Clarification**

In an academic exercise like this, it is imperative to clarify the key concepts. The idea is to enhance our understanding of the contending issues. In view of this, the concepts to be clarified here include: investment and sustainable development. In education parlance, the term investment denotes deliberate expenditure of something valuable, after some careful consideration, with the view to gaining ultimately some reasonably expected or creating some specific which is worthwhile.

Economists' believed that before any investment is made, it is crucial to determine whether it is worthwhile. To the economist, only the building of factory, the establishment of a farm, and the purchase of a commercial passenger bus would, without further qualification be considered investment (Ubok- Udom, 2002). This seems to suggest that the financial expenditure in each of these cases directly results in the creation of a real, physical commodity- the factory, farm or bus- which is to be utilized in producing other commodities.

These exogeneity factors that augment productivity have been criticized in the literature by Umo (1998), Azariadis and Drazen (1990). These authors opined that what increases productivity is a not exogenous factor, but an endogenous one that is assumed to have a functional relationship with knowledge and behaviours of the people responsible for the accumulation of physical capital. In an economic sense therefore, human capital in education is endogenous factor in the growth process.

### **Sustainable Development**

The concept of sustainable development is generally viewed as the holistic result of three components, namely: environmental, social and economic. Sustainability paradigm rejects the assessment according to which the negative impacts on the environment and the social problems are the inevitable and acceptable consequences of economic development. Theories and research strongly suggest that sustainable development is meeting the needs of the present generation without compromising the ability of the future generations to meet their own needs. By implication, sustainability is considered as a paradigm of a vision for the future in which economic, social and environmental considerations work in a balanced way to develop and improve the quality of life (Balan & Dragolea, 2013, Omotayo, 2008, Mckeown et al, 2002).

### **Education as Investment in Human Capital**

Most developing countries (including Nigeria) strive to achieve sustainable socio-economic development following natural disaster in many areas; education has been underscored as the

gateway and cornerstone. There has been a marriage between education expansion and economic development directed toward creation of employment opportunities. In economic circle, education is considered as an investment community. Virtually, every economist interpreted education as skills training or as input into the process of producing other goods and services, so that the human capital created is essentially an accumulation of skills of varying types, quantities and qualities (Edame, 2005). It is this accumulated human capital in each educated human being who contributes to enlarging the horizons of the individual and the nation, in addition to its basic contributions to increasing the nation's output of goods and services. That is, it is the human capital created through education which improves the productivity of labour. Specifically, the transmission of sustained functional skills in individual makes education a veritable tool for national development and advancement.

Investments cost money and involves opportunity cost in terms of resources. In choosing to send their children to school, parents face a trade-off between household consumption both in terms of current wages and future prospects. There are direct and indirect (social and private) costs of children's foregone labour at home or in paid work, their foregone time that could be spend in non- school education, such as learning how to work on a family farm. Time spend in school is not costless. The pupil could have utilized this time to earn income in occupations open to individuals of his age and ability, since there are job available for individuals with relatively little or no education.

Some advocates of the investment in human capital approaches consider this comparability a victory on the side of human welfare conceived in its totality. Thus, education becomes not only a matter of social welfare but also a business proposition (Edame, 2005). We need to invest in people in order to promote their individual development to be free from poverty.

### **Education as a Consumption Commodity**

One major consensus among human resource specialists is that the consumption product of education can be divided into current consumption (the delights of attending school) and future consumption (the ability to appreciate life more fully later on). Educational benefits may be classified according to the incidence of the benefits private, social and spillover benefits (Mbipom, 2005). As a consumption commodity, education influence people's minds with ideas and greater capacity to think and improve their lives and the society in general.

### **Challenges of Education and Economic Development**

The fundamental challenges associated with the belief that education is good for economic development is linked with how to maintain equilibrium (Efanga, 2012). Babalola (2007) asserts that a shortage of educated people might limit economic growth, while over- supply of higher education would lead to high unemployment and "brain drain". Brain drain or human capital flight is the migration of professional people from one country to another for higher salaries or better living conditions. Current statistics estimate that Africa is losing on average of 20,000 African professionals annually through exodus (Gbamanja, 2012). This is gross waste of human resources and huge loss to society considering the investment made in the higher education. There can be little doubt that education and economy affect each other in quite propound ways. How much money is allocated to education, how many teachers are recruited, are all economic issues which could profoundly affect education coupled with the above, is the undisputed truth that Nigeria has not been really blessed with leaders who clearly understood the dynamic role which education played in the process of national mobilization, development and technological emancipation of the nation. If we have such leaders, Nigerian universities would not remain closed up to ten weeks. For example, in 2002 the academic Staff Union of Universities (ASUU) embarked on nationwide strike which

spanned a period of 6 months. In 2007 academic session, the union was on a strike that lasted for 2½ months. Presently, (2013 academic session) ASUU is on 2 months strike following the non- signing of 2009 agreement ASUU had with federal government. These incessant ASUU strikes have a lot of knocking on the quality of graduates from our universities and on the stability of the nation's economic growth.

Experience has shown that most of our educational institutions are in dilapidating states. It is Jega's (2003) position that the post- colonial government, since the 1966 Military Coup, has treated education in Nigeria with levity and lack of seriousness. The cumulative result is that, today education in Nigeria is in bad shape, circumscribed by persistent and chronic crisis in terms of funding, curricula and facilities. Money is needed; a lot of it to produce relevant knowledge. Those who must produce knowledge (the brain workers) must be made comfortable and must be placed in the right conditions for the system to thrive. They should be in "splendid isolation," so to speak, so they could concentrate and deploy their mental powers to knowledge production. Unfortunately, this is hardly the practice in Nigeria.

Following the under-funding, decayed infrastructure is issue of wastage. Wastage occurred in education when one is unable to put into practice what he has acquired from schooling. Hence, wastage in education is non- profitability of ones investment. Among the dominant strands of thought on the role of education in economic development is that it is an investment in human capital. Psachraopoulos has become particularly well known in this domain. Psacharopoulos (1995) has argued that education is generally a good investment both for individuals and for whole society.

## CONCLUSION

Nigeria since independence has witnessed a rapid growth in educational attainment, with 40 federal universities, 32 state universities and 50 private universities (Efamga, 2012). This paper argued that education is not only a public good but also a merit good. In line with other scholars (Psachanopoulos, 1995, and Edame, 2005) the paper observed that as a merit good, the provision of education is not and need not be justified on economic output, such as non-market returns and residence related benefits. The document captured the essence of education as investment on human capital.

## RECOMMENDATIONS

The post- Civil War Nigeria has been a period of paradise lost to Nigerian education and the 21<sup>st</sup> century is loaded with myriad of challenges. Based on the content of this paper, the following recommendations are made:

1. Federal government of Nigeria should keep to the agreement entered into with ASUU, on June 30, 2001, by allocating a minimum of 26% of the annual budget to tertiary education. This would enable the universities to expand "things of education" in the universities.
2. To avoid incessant strikes by ASUU, the federal government and university management teams should always respect the various agreements reached at the negotiating forum.

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