EFFECT OF HUMAN CAPITAL DEVELOPMENT ON NIGERIA ECONOMIC GROWTH (1999-2014)

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Abstract
This research work was carried out to investigate the effect of human capital development on Nigerian economic growth from 1999 to 2014. The objective of the research was to examine the effect of human capital development on Nigeria economic growth. Linear regression analysis method was adopted for the study and data covering 1999 to 2014 was used for the study. SPSS statistical tool was employed to run the regression analyses, the research was conducted using data gotten from CBN statistical bulletin. The data gathered covers recurrent expenditure on education (REE), recurrent expenditure on health (REH), and real gross domestic product (RGDP). The findings revealed among others that government recurrent expenditure on education has positive but no significant impact on economic development of Nigeria. We recommended among others that efforts should be geared by the federal and state governments towards improving the standard of education in Nigeria. Government should invest more on healthcare to reduce the mortality rate of the citizens thereby improving productivity and also substantial amount of government budgetary allocation should be directed towards the education and health sectors.

Keywords: Human capital development, economic growth, recurrent expenditure on education and recurrent expenditure on health

Introduction
There can be no significant economic growth in any country without adequate human capital development. In the past, much of the planning in Nigeria was centered on the accumulation of physical capital for rapid growth and development, without the recognition of the important role played by human capital in the development process. As a matter of fact, people are the most valuable assets in a country. It is essential for human development that these assets be deployed sensibly. A defective incentive system can result in a waste of human resources, higher incidence of poverty and greater inequality in the distribution of income. It is not enough to use existing resources wisely, we must also add to the existing resources through human capital formation (Adelakun, 2011).
The major source of per capita output in any country; whether developing or developed with a market economy or centrally planned is an increase in productivity. Per capita output growth is however an important component of economic welfare, (Abramowitz, 1981). From experience, it has been revealed that human beings are the most important and promising source of growth in productivity and economic growth. Equipment and technology are products of human minds and can only be made productive by people. The success of any productive program depends on human innovative ideas and creativity.

As the global economy shifts towards more knowledge-based sectors (e.g. the manufacture of ICT devices, pharmaceuticals, telecommunication and other ICT based services, R&B), skills and human capital development becomes a central issue for policy makers and practitioners engaged in economic development both at the national and regional level (OECD, 2012); yet the impact education and vocational training activities exert upon changing national and regional economies remain less than thoroughly explained and analyzed. Since the introduction of human capital theory in the 1960s, a number of studies have attempted to address this and related issues. Today, the global economy is divided into two parts comprising of a few rich nations regarded as the developed countries (DCs) and many poor nations regarded as the less developed countries (LDCs). DCs are characterized by high productivity while the LDCs are capita income, Nigeria is classified under the LDC’s. Nigeria as a country is immensely endowed both in natural and human resources. The pool of resources from one end to the other is unquantifiable to such extent that, given a dynamic leadership, economic prosperity would have been achieved in the 20th century. The primary focus Nigeria has been findings a way to accelerate the growth rate of national income and to engage in structural transformation of her subsistence and resource based economy to a production and consumption based economy in order to break the cycle of poverty, low productivity, and stagnation. In spite of all these abundant resources, Nigeria has failed to realize her full development potential with the topmost priority currently given to sustainable human capital development or people oriented development by many countries and multilateral organisations. A review of the Nigerian economy has become quite appropriate as a way of understanding more comprehensively her human capital development.

Human capital refers to the abilities and skills of human resources while human capital development refers to the process of acquiring and increasing the number of persons who have the skills, education, and experience which are critical for the economic growth of the country (Jaiyeobe, 2015). Therefore, what really matters in Nigeria is the empowerment of people and the mobilization of economic surplus into productive investment channels. There is also the need for the Nigerian economy to eliminate or minimize those constraints towards human capital development so as to enhance rapid economic growth.

Statement of the Problem
Despite the popularity of human capital among the research community in the developed world, there have been very few studies that have used developing economies as a case for evaluating the implications of human capital on economic growth. Much of the studies on human capital have focused on western countries. To date, few scholars have focused on investigation the effect of human capital solely on developing economies. Most cross-country and cross-regional studies have problem that they are mixing developed and non-developed countries or region. Various studies have been carried out in relation to human capital development. Studies have been carried out in areas like the importance of human capital on economic growth and development, human capital development and Nigerian economic growth, but none of these
studies extended its study period to 2014. The researcher intends to cover the effect of human capital development on the Nigerian economic growth using recurrent expenditure on education, recurrent expenditure on health and as well as real gross domestic product from 1999 to 2014. In Nigeria, the rate of literacy is very low/ most of the workers are unskilled and they make use of outmoded capital, equipment, and methods of production. By implication, their marginal productivity is extremely low and this leads to low savings, low investment and consequently low rate of capital formation which now translates to poor economic development. Also there is also the problem of uneven distribution of skilled manpower, misemployment of human capital in Nigeria, poor reward system retarding the acquisition and development of human capital. There is no problem of low education enrolment and as well as poor or substandard educational system in Nigeria as educational system is the basis for human capital development. This seminar work than intends to find out the effects of human capital development on the economic development of Nigeria.

Objectives of the Study
The broad objective of this research is to determine the effect of human capital development on Nigeria economic growth. The specific objectives are to:
1. Examine the effect of recurrent expenditure on education on economic growth
2. Determine the effect of recurrent expenditure on health on the economic growth of Nigeria.

Research Questions
The following relevant emerging within the domain of study problems will guide the study.
1. To what extent does recurrent expenditure on education have an effect on the economic growth of Nigeria?
2. To what extent does recurrent expenditure on health have an effect on the economic growth of Nigeria?

Research Hypothesis
The proffer useful answers to the research questions and realize the study objectives, the following hypothesis stated in their null forms will be tested.

Hypothesis one
Ho: recurrent expenditure on education has no significant effect on economic growth of Nigeria.

Hypothesis two
Ho: recurrent expenditure on health has no significant effect on the economic growth of Nigeria.

Review of Related Literature
Conceptual Framework:

Human Capital Development
Human capital development has been described as an end or objective of development. It is a way to fulfill the potentials of people by enlarging their capabilities, and this necessarily implies empowerment of people, enabling them to participate actively in their own development. Human capital development enhances the skills, knowledge, productivity, creativity, and inventiveness of people. Thus, human capital development is people and not goods or production centered strategy of development. Essentially, it is the empowerment of people to identify their own priorities and to implement programmes and projects of direct benefit to
them. This in turn implies the active participation of people in the development process and the consequent need to establish institutions that permit and indeed encourage that participation.

The concept of human capital refers to the abilities and skills of human resources of a country, while human capital formation refers to the process of acquiring and increasing the number of persons who have the skills, education and experience that are critical for economic growth and development of a country (Oluwatobi & Ogunrilola 2011). Human resources is all embracing, that is, it is inclusive of persons who works now, or are likely to be productively employed sooner or later. It is a continuum, a continuing process from childhood to old age, and a must for any society or enterprise that wishes to survive under the complex challenges of a dynamic world. Dauda (2010), in agreement with this view, opines that “the essence of human resources development becomes one ensuring that the workforce is continuously adapted for, and upgraded to meet, the challenges of its total environment”. This implies that those already on the job require retraining, reorientation or adaptation to meet the new challenges. This special human capacity can be acquired and developed through education, training, health promotion, as well as investment in all social services that influences man’s productive capacities (Bakare, 2006). In human capital development, education and health are essential. Education is concerned with the cultivation of “the whole person” including intellectual, character and psychomotor development. It is the human resources of any nation, rather that its physical capital and material resources, which ultimately determines the character and pace of its economic and social development.

**Economic Growth**

Economic growth is the increase in the market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or GDP (CBN, 2014). Of more importance is the growth of the ratio of GDP to population (GDP per capita), which is also called per capita income. An increase in growth caused by more efficient use of inputs is referred to as intensive growth. GDP growth caused only by increases in inputs such as capita, population, or territory is called extensive growth (Barro 1997). Growth is usually calculated in real terms that is, inflation-adjusted terms, to eliminate the distorting effect of inflation on the price of goods produced. Measurement of economic growth uses national income accounting (Bjork 1999). In economics, “economic growth” or “economic growth theory” typically refers to growth of potential output, i.e., production at “full employment”. As an area of study, economic growth is generally distinguished from development economics. The former is primarily the study of how countries can advance their economies. The latter is study of the economic aspects of the development process in low-income countries.

Since economic growth is measured as the annual percent change of gross domestic product (GDP), it has all the advantages and drawbacks of that measure. For example, GDP only measures the market economy, which tends to overstate growth during the change over from a farming economy with household production. An adjustment was made for good grown on and consumed on farms, but no correction was made for other household production. Also there is no allowance in GDP calculations for depletion of natural resources (Bjork 1999).

**Theoretical Framework**

**Human Capital Theory**

As the global economy shifts towards more knowledge based sectors (the manufacture of ICT based services, R&D) skills and human capital development becomes a central issue for policy
makers and practitioners engaged in economic development, both at the national and regional levels (OECD, 2012). Yet, the impact of education and vocational training activities exert upon changing national and regional economies remains less than thoroughly explained and analyses. Since the introduction of human capital theory in the 1960’s, a number of studies have attempted to address this and other related issues.

Human capital theory views schooling and training as investment in skills and competences (Schultz 1995). It is argued that based on national expectation of return on investment, individuals make decisions on the education and training they receive as a way of augmenting their productivity. A similar strand of studies focuses on the interaction between the educational/ skills levels of the workforce and measurements of technological activities (Nelson and Phelps, 1966). According to this theory, a more educated/ skilled workforce makes it easier for a firm to adopt and implement new technologies, thus reinforcing returns on education and training, empirical studies provide evidence supporting the aggregate effects of education and training.

The Modernization Theory
This theory focuses on how education transforms an individual’s value, belief, and behavior. Exposure to modernization institutions such as schools, factories, and mass media inculcate modern values and attitudes. The attitude include openness to new idea, independences from traditional authorities, willingness to plan and calculate further exigencies and growing sense of personal and social efficacy. According to the modernization theorists, these normative and attitudinal changes continue throughout the life cycle, permanently altering the individual’s relationship with the social structure. The greater the number of people exposed to modernization institutions, the greater the level of individual modernity attained by the society. Once a critical segment of a population changes in this way, the pace of society’s modernization and economic development quickens. Thus, educational expansion through its effect on individual values and benefits sets in motion the necessary building blocks for a more productive workforce and a more sustained economic growth.

The Dependence Theory
This theory arose from Marxist conceptualizations based on the dynamic world system that structures conditions for economic transformation in both the core and periphery of the world economy. Certain features of the world polity such as state fiscal strength, degrees and regime centralization and external integration may contribute to economic growth in the developing world.

Empirical Evidence of Human Capital Model
The importance of education and human capital has been brought out in many studies of economic growth and development. Robert (1991) developed a human capital model which shows that education and the creation of human capital was responsible for both the differences in labour productivity and the differences in overall levels of technology that we observe in the world. More than anything else, it has been the spectacular growth in East Asia that has given education and human capital their current popularity in the field of economic growth and development. Countries such as Hong Kong, Korea, Singapore, and Taiwan have achieved unprecedented rates of economic growth while making large investments in education.
In the statistical analysis that accompanied his study, the World Bank (1995) found that improvement in education is a very significant explanatory variable for East Asian economic growth.

There are several ways of modelling how the huge expansion of education accelerated economic growth and development. The first view education as an investment in human capital. A different view of the role of education in the economic success is that education has positive externalities. The idea that education generates positive externalities is by no means new. Many of the classical economists argued strongly for government’s active support of education on the grounds of the positive externalities that society would gain from a more educated labour force and populace. (Van-Den-Berg 2001).

Another way of modelling the role of education in the growth and development process is to view human capital as a critical input for innovations, research, and development activities. From this perspective, education is seen as an intentional effort to increase the resources needed for creating new ideas, and thus, any increase in education will directly accelerate technological progress. This modelling approach usually adopts the Schumpeter (1973) assumptions of imperfectly competitive product markets and competitive innovation, which permit the process of generating technological progress. Education is seen as an input into the intentional and entrepreneurial efforts to create new technology and new products. Proponents of this view of education point out the close correlation between new product development and levels of education. The countries that are forefront of technology also have the most educated population (Van-Den-Berg 2001).

The review of empirical tests of the theory by Garba (2002) shows that cross-country regressions have shown positive correlation between educational attainment and economic growth and development. Mba et al (2013) affirms that investment in human capital has positive effects on the growth of Nigeria economy. Dauda (2010) asserts that education as an investment has future benefits of creation of status, job security and other benefits in cash and in kind. However, Ayara (2002) reports that education has not had the expected positive growth impact on economic growth in Nigeria. Hence, he purposes three possibilities that could account for such results, which are:

1. Educational capital has gone into privately remunerative but socially unproductive activities; or
2. There has been slow growth in the demand for educated labour; or
3. The education system has failed, such schooling provides few (or no) skills.

An empirical review of the theory by Garba (2012) showed that cross-country regressions have shown a positive correlation between educational attainment and economic growth and development. Kasaki (2011) affirms that investment in human health has positive effects on the supply of entrepreneurial activity and technological innovation. Omotor (2004) asserts that education as an investment has future benefits of creation of status, job, security and other benefits in cash and in kind. However, Ayara (2002) reports that education has not had the expected positive growth impact on economic in Nigeria. Hence, he purposes three possibilities that could account for such results, which are:

1. Educational capital has gone into privately remunerative but socially unproductive activities.
2. There has been a slow growth in the demand for educated labour.
3. The education system has failed, such that schooling provides few (or no) skills.

The literature of endogenous growth theory has stimulated economists’ interest in the empirical evidence available from cross country comparisons, bearing on the main level relationship between human capital development and the growth rate of real output. Pritchett (2001) disclosed that cross-national data shows no association between increase in human capital attributable to the rising educational attainments of the labour force and the rate of growth of output per worker. Specially, he reports that the estimates of the impact of growth in education capital on growth per workers are significant. Few studies in Nigeria however show the direct impact of human capital on economic growth including Okadara (1998), Odusola (1998), Adelakun, (2011) and Jaijeoba, (2015).

In the Solo-Swan and Ramsey models, the equation describing physical capital accumulation is sufficient to determine the dynamic evolution of output. To specify the growth path when human capital is included, it is necessary to consider an additional sector where a growth of human capital is taking place. Given the physical capital still has diminishing returns the required assumption for model exhibit a positive growth rate of output per worker in a steady state is that the technology from generating human capital has constant returns; meaning that the growth of human capital is assumed to be the same for a given effort, whatever the level of human capital attained. With the assumption, the rate of output growth (per worker) is positive and increasing the productivity of education or on-the job training in the creation of human capital. However, the empirical application on these studies is that human capital development, to a large extent affects economic growth positively. In a relatively poor country, higher investment in human capital can enhance growth in the economy. The broad interpretation of these findings in the context of recent growth model is that raising the general level of educational attainments interact positively with in other force among them, the accumulation of complementary physical capital and the application of new technologies. Higher human capital intensity thus permits countries to accelerate their productivity growth rate and narrow the relative size of per capita real income gaps separating them from the leading economies. Maintaining a high average level of educational attainments and correspondingly the high rates of investment in other forms of human capital (e.g. high, internal, spatial and occupational mobility) would appear to serve as a stability force, although not a guarantee against continuing secular decline in country’s relative per capita income position. Most of the theoretical literature on economic growth focuses on the role that investment in formal education plays in modern economies.

**Methodology**

**Research Design**

The study covered the period of 1999 to 2014. These was to enable the researcher measure quantitatively, the effect of human capital development on Nigerian economic growth within the period under review. The data required for this study are the real gross domestic product (RGDP), within the period under view (1999-2014). This is because the RGDP serves as proxy for economic growth of the country. The study also used the Recurrent Expenditure on Education (REE) (as a measure of human capital), and Recurrent Expenditure on Health (REH). Clearly, all these constitute secondary data. These data where sourced from the central bank of Nigeria (CBN) publications, particularly the statistical bulletin.

**Source of Data**
For the purpose of these study, data was accumulated for the following variables; recurrent expenditure on education and recurrent expenditure on health. The study relied heavily on data collected from secondary sources. Data were sourced from the various issues of the central bank statistical bulletin and extensive desk research through library and different published and unpublished materials.

**Method of Analysis**
The study adopted analytical method of data analysis. The analytical tool consisted of ordinary least square (OLS) regression. Two separate regressions were estimated for 1999 – 2014. The first regression attempted to measure the relationship between the Recurrent Expenditure on Education (REA) and Real Gross Domestic Product (RGDP). The second measured the relationship between Recurrent Expenditure on Health (REH). The essence was to enable the researcher reveal the impact of Recurrent Expenditure on Education and Recurrent Expenditure on Health which is proxies for human capital investment.

The usual tests of significance and goodness-of-fit were employed to decide or not interest rate deregulation has the significant impact on the economic growth in Nigeria. These includes the t-values, the coefficient of determination (R²) and adjusted R² and the F test.

**Model Specification**
Generally, specification of economic model is based on economic theory and on the available data relating to the human capital being studied. The study has employed and modified the model formulated in the works of Lucas (1988),Makiw et’al (1992) Gemmell (1996) and Ncube (1999). The model of economic analysis in this study will follow the conventional model method, and this, is in reference to the variables chosen to capture the essence of the study.

\[
RGDP = F(REE, \text{REH})
\]

Putting the model in an econometric form, we have

\[
RGDP = a_1 + b_1 \text{REE} + U_1 \tag{1}
\]

\[
RGDP = a_2 + b_2 \text{REE} + U_2 \tag{2}
\]

Where:
- \(RGDP\) = real gross domestic product
- \(REE\) = recurrent expenditure on education
- \(REH\) = recurrent expenditure on health
- \(a_1, b_1\), are parameters to be estimated for model 1
- \(a_2, b_2\), are parameters to be estimated for model 2
- \(U_1, U_2\) = stochastic error terms for model 1, and 2 respectively.

Model 1 captured the relationship between investment on education and economic development of Nigeria, while model 2 captured the relationship between investment on health and the economic development of Nigeria.

**Data Presentation and Analysis**
The chapter deals with the presentation of the data used in the study with a view to providing answers to the research questions and research hypothesis posed in chapter one.

**Presentation of Data**
Table 4.1: Recurrent expenditure on education, recurrent expenditure on health and real GDP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurrent expenditure on education</th>
<th>Recurrent expenditure on health</th>
<th>Real GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>43.6</td>
<td>16.6</td>
<td>1.19</td>
</tr>
<tr>
<td>2000</td>
<td>58.0</td>
<td>15.2</td>
<td>4.89</td>
</tr>
<tr>
<td>2001</td>
<td>39.9</td>
<td>24.5</td>
<td>4.72</td>
</tr>
<tr>
<td>2002</td>
<td>80.5</td>
<td>40.6</td>
<td>4.63</td>
</tr>
<tr>
<td>2003</td>
<td>64.8</td>
<td>33.3</td>
<td>9.57</td>
</tr>
<tr>
<td>2004</td>
<td>76.5</td>
<td>34.3</td>
<td>6.58</td>
</tr>
<tr>
<td>2005</td>
<td>82.8</td>
<td>55.7</td>
<td>6.51</td>
</tr>
<tr>
<td>2006</td>
<td>119.0</td>
<td>62.3</td>
<td>6.03</td>
</tr>
<tr>
<td>2007</td>
<td>150.8</td>
<td>81.9</td>
<td>6.45</td>
</tr>
<tr>
<td>2008</td>
<td>164.0</td>
<td>98.2</td>
<td>5.98</td>
</tr>
<tr>
<td>2009</td>
<td>137.1</td>
<td>90.2</td>
<td>6.96</td>
</tr>
<tr>
<td>2010</td>
<td>170.8</td>
<td>99.1</td>
<td>7.98</td>
</tr>
<tr>
<td>2011</td>
<td>335.8</td>
<td>231.8</td>
<td>7.43</td>
</tr>
<tr>
<td>2012</td>
<td>348.4</td>
<td>197.8</td>
<td>6.58</td>
</tr>
<tr>
<td>2013</td>
<td>390.4</td>
<td>180.0</td>
<td>6.89</td>
</tr>
<tr>
<td>2014</td>
<td>401.1</td>
<td>234.5</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: CBN statistical bulletin 2014

Result of Analysis

Table 4.2: Model summary of the result

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Std. error of the estimate</th>
<th>Change statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R square</td>
<td>F change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
<td>df2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sig. F change</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.359</td>
<td>.129</td>
<td>.062</td>
<td>1.81288</td>
<td>.129</td>
</tr>
<tr>
<td>2</td>
<td>.405b</td>
<td>.164</td>
<td>.025</td>
<td>1.84847</td>
<td>.035</td>
</tr>
</tbody>
</table>

a. Predictors: (constant), recurrent-expenditure-on-education
b. Predictors: (constant), recurrent-expenditure-on-education, recurrent-expenditure-on-health
c. Dependent variable: REAL- GDP

From table 4.2 it can be seen that the coefficient of regression $R^2$ is 0.129 this indicates that recurrent expenditure on education has about 12% positive effect on economic development. While the coefficient of registration $R^2$ is 0.64. This indicates that recurrent expenditure on health has about 16% effect on economic development of Nigeria.
### Table 4.3: Correlation Result Output

<table>
<thead>
<tr>
<th>Correlation</th>
<th>Real GDP</th>
<th>Recurrent expenditure on education</th>
<th>Recurrent expenditure on health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>Real GDP</td>
<td>1.000</td>
<td>.359</td>
</tr>
<tr>
<td></td>
<td>Recurrent_expenditure_on_Education</td>
<td>.359</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Recurrent_expenditure_on_Health</td>
<td>.395</td>
<td>.967</td>
</tr>
<tr>
<td></td>
<td>REAL_GDP</td>
<td>.094</td>
<td>.094</td>
</tr>
<tr>
<td>Sig.(1-Tailed)</td>
<td>Recurrent_expenditure_on_Education</td>
<td>.072</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Recurrent_expenditure_on_Health</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>REAL_GDP</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>N</td>
<td>Recurrent_expenditure_on_Health</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Recurrent_expenditure_on_Education</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

### Table 4.4: Result for Model 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Unstandardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
<th>Zero-</th>
<th>correlations</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
<td>Low</td>
<td>Upper</td>
<td>Zero-order</td>
<td>partial</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.32</td>
<td>.804</td>
<td>-357</td>
<td>.342</td>
<td>6.62</td>
<td>.00</td>
<td>3.57</td>
<td>7.078</td>
</tr>
<tr>
<td>Recurrent_expenditure_on_education</td>
<td>6</td>
<td>4</td>
<td>-73</td>
<td>.49</td>
<td>6</td>
<td>.00</td>
<td>.031</td>
<td>.359</td>
</tr>
<tr>
<td>Recurrent_expenditure_on_health</td>
<td>.006</td>
<td>.017</td>
<td>-.357</td>
<td>.710</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>a.</td>
<td>Dependent variable: REAL_GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model</td>
<td>Unstandardized coefficients</td>
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<td>t</td>
<td>Sig.</td>
<td>95.0% Confidence Interval for B</td>
<td>correlations</td>
<td>Collinearity statistics</td>
<td></td>
</tr>
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<td>-------------------------------------</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
<td>Lower bound</td>
<td>Upper bound</td>
<td>Zero order</td>
<td>part</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.32</td>
<td>.804</td>
<td>-.006</td>
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<td>.017</td>
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<td>0</td>
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<td>.031</td>
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<td>-.357</td>
<td>.342</td>
<td>.491</td>
<td>.042</td>
<td>.082</td>
<td>.359</td>
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a. Dependent variable: REAL_GDP
Test of Hypothesis

Hypothesis One

$H_0$: Recurrent expenditure on education has no significant effect on economic growth of Nigeria

$H_1$: Recurrent expenditure on education has no significant effect on economic growth of Nigeria

Decision rule

In order to either accept or reject the null hypothesis, the study adopted the probability approach. By so doing, we reject the null hypothesis if at 5\% level of significance; one or more of the explanatory variables is significant with a profitability of less than 0.05. That is;

Reject $H_0$: if at $p<0.05$, if the explanatory variable is statistically significant in the model or:

Accept $H_0$: if at $p<0.05$, if the explanatory variable is statistically significant in the model.

Remark

From the result of the analysis presented in the table 4.4, it is evidence that there is no significant relationship between recurrent expenditure and education and economic development of Nigeria with recurrent expenditure on education having a $P$ value of 0.359. The outcome leads to the acceptance of the null hypotheses which states that recurrent expenditure on education has no significant effect on economic development of Nigeria.

Hypothesis two:

$H_0$: Recurrent expenditure on education has no significant effect on economic growth of Nigeria

$H_1$: Recurrent expenditure on education has no significant effect on economic growth of Nigeria

Decision rule

In order to either accept or reject the null hypothesis, the study adopted the probability approach. By so doing, we reject the null hypothesis if at 5\% level of significance; one or more of the explanatory variables is significant with a profitability of less than 0.05. That is;

Reject $H_0$: if at $p<0.05$, if the explanatory variable is statistically significant in the model or:

Accept $H_0$: if at $p<0.05$, if the explanatory variable is statistically significant in the model.

Remark

From the result of the analysis presented in the table 4.4, it is evidence that there is no significant relationship between recurrent expenditure and education and economic development of Nigeria with recurrent expenditure on education having a $P$ value of 0.359. The outcome leads to the acceptance of the null hypotheses which states that recurrent expenditure on education has no significant effect on economic development of Nigeria.

Summary of Findings, Conclusion, and Recommendations

Summary of Findings

This research was carried out with an aim of findings out the effect of human capital development of Nigerian economic growth from 1999-2014. Two research questions and two research hypotheses were raised. Data was sourced from central bank of Nigeria statistical bulletin 2014. The data gathered cover real domestic product, recurrent expenditure on health and recurrent expenditure on education. Linear regression analysis was used in the analysis. SPSS statistical computation software was used to compute the data. From the findings, it was
established that government recurrent expenditure on education and health has a positive but significant impact on the economic development of Nigeria.

**Conclusion**

High level of human capital development holds the key to the nation’s socioeconomic development has proved by this research study, also, human capital development is one of the greatest catalyst of the improvement of the standard of living of the population. However, government spending on education and health has not helped much in improving the economic development of Nigeria. Education is the bedrock for the economic development of any nation. For any nation to make a good impact on her economic wellbeing they needs to seriously address their education sector. There are indications that Nigeria has not spent enough on her education sector, and this has grossly affected the economic development of the nation. There is need to improve on the health sector by investing more funds. This will help in longevity of the man power system and better workforce.

**Recommendations**

This study recognizes the effort and challenge of government and other agencies in tackling the tackling of the problems of growth and development in Nigeria. From the findings of this research, the following policy actions are recommended:

1. Efforts should be geared by the federal and state governments towards improving the standard of education in Nigeria.
2. There is also needs to improve on the primary health care services to increase the healthy workforce.
3. Federal and state government should invest more on health care to reduce the morality rate of the citizen there by improving productivity.
4. Substantial amount of government budgetary allocation should be directed towards the educational sector
5. There should be establishments of special agencies with the responsibility of improving the scales and capabilities of human capital.

**References**


Castronova, E. (2002). *To aid, insure, transfer or control- what drives the welfare state?* DIW Berlin; German institute for economic research; discussion paper 281.


