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AN EXAMINATION OF HUMAN CAPITAL DEVELOPMENT AND ECONOMIC GROWTH IN NIGERIA

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ABSTRACT

The study investigates the relationship between human capital development proxies and economic growth in Nigeria. The main motivation is to empirically determine if human capital development proxies have the capacity to enhance economic growth. The study used annual data from 1980-2019 and the variables are government expenditure on primary school enrolment, government expenditure on secondary school enrolment, government expenditure on tertiary school enrolment, government expenditure on health services and real gross domestic product. The study employed Unit Root test for stationarity, Auto regressive distributed lags (ARDL) to Co-integration test and ECM test to determine the speed of adjustment from the short to its long run equilibrium and looked at the trends analysis of the data in the model. Furthermore, pre-diagnostic and post diagnostic test were carried out to estimate the variables. The log-linear Ordinary Least Square result indicates that R^2 is 99 per cent and that given the F^ value of 1560.036, the entire model is internally consistent. There is no auto-correlation in the model since DW is 1.732938 and close to 2. The results shows that variables are integrated of order $I(0)$ and $I(1)$ thereby establishing that the variables are co-integrated. The ECM (t-1) value of -51per cent shows that it is rightly signed and is able to correct, adjust and tie the short run dynamics with the long run equilibrium with a speed of about six months. The post test results reveal that Heteroskedasticity and serial correlation is not a problem in the model. The study also discovers in addition some level of structural stability in the model using Cumulative Sum (CUSUM) test. The study concludes that human capital development enhances economic growth in the long run and recommends government wholistic re-focused attention on education sector due to the productive link between human capital development economic growths.*

KEYWORD: Human capital development, Economic growth, School enrolment, ARDL.

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