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EFFECT OF POOR HUMAN CAPITAL DEVELOPMENT ON ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT OF SMEs IN ABA ABIA STATE

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ABSTRACT:

Poor human capital development has been seen as one of the major causes of political unrest, insecurity, uprising and springing up of separatist movement in Nigeria. In the recent time, the gap emanating between the rich and the poor has stretched out a once growing middle class. Developed countries grow their middle class and improve on the economic indices by putting adequate infrastructure, (i.e. human capital development to aid the growth of small and medium enterprises). Due to the recent downturn in the various economies of the world, developed and developing countries channels their energies on human capital development to accelerate their economic growth and sustainability in the development of their SME's. It is on this note that this study arises to examine the effect of poor human capital development on the economic growth and sustainable development of small and medium enterprises in Aba, Abia state. The study used a primary source of data through questionnaire collected from the SME's in Aba. The hypotheses were tested using Friedman 2 Way ANOVA and the results of the study show that poor education & skill acquisition programmes and poor health & medical facilities have significant effect on the economic growth and sustainable development of SME's in Aba at 1% significant level. Thus, the study recommends for government active involvement in the provision of human capital development like education, health care, infrastructures and basic amenities to ensure peace, economic growth and sustainable development of the state.

Key words: *Economic Growth, Poor Human Capital Development, Small and Medium Scale Enterprises, Sustainable Development,*
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1. INTRODUCTION

Human capital development can range from qualitative education, health care on job training, tuition assistance, good economic policies that will make business thrive, team building activities, provision of basic amenities like water, good road, infrastructures and steady power supply. This is vital to the growth, sustainable development of the SMEs and the economy at large. This determines whether

the organization can be successful in today's viciously competitive market (Vincent, 2013). It is also believed that economies of developing and developed countries depends largely on human capital development and not necessarily on their natural resources and the wealth of a country should not be measured on these natural resources, but on the richness, the wealth and the wellbeing of its populace, for instance, the par capital income of its citizen. Economic growth has been linked to be an indicator of a national progress in many countries. For a country to attain a greater height in economic growth and sustainable development, it has to engage in human capital development to ensure that there are low rate of unemployment, low dependency on imports of goods which could ordinarily be produced by them and enabling environment were business can thrive, with all these necessary measure been put in place, the country is gearing towards a better economic growth and sustainable development with their small and medium enterprises entering into full industrialization (Bash–Bonteng, 2013).

In Nigeria, the high rate of political unrest, violence, chaos, separatist movement, insecurity is attributed to the poor human capital development with the deplorable state of education, high rate of unemployment, poor medical facilities. Because it is believed that a "hungry man is an angry man". The rate at which the human capital developers in the country are embarking on strike is quite alarming. Here we have; the Academic Staff of Union Universities (ASUU), the joint health workers union (JOHESU), health professional association (AHPA) et cetera. All these strikes lead to the weakening of government institutions, collapse of social services, disturbance of livelihood, forceful re-arrangement of the populace and stagnation of the economy. On every occasion, this leads to a general decline on human capital development indicators and no country can achieve more under this state of economy.

According to Kaerns (2015), human capital management (HCM) centers on how a person can carry out work using the skill and knowledge acquired to add value to the country's economy. OECD (2011) sees it as competencies, skills, knowledge and attributes that individual possesses that enable them to create social, personal and the economic value. The success of every organization depends on human capital as suggested that the capacity to develop talent, deploy it and continuously attract it depends on human capital Management to be competitive and have an advantage over other firms. Human capital is the key pillar for any organization to succeed. With the current trend of strikes of our major key human capital developers like; the educational sector, healthcare, poor infrastructure and social economic programmes, it is going to pose a problem to Nigeria economy. The small and medium scale businesses that are willing to produce or work but cannot afford funds, experts that will train them because the experts are withdrawing due to Federal government in ability to meet their demands. It will be difficult for human capital development to thrive and in the long run, it will affect the economic growth and sustainable development.
This gives rise to the study on the effect of poor human capital development on the economic growth and sustainable development of SMEs in Aba, Abia state.

1.1 Objectives of the Study

The main objective of the study is to examine the effect of poor human capital development on the economic growth and sustainable development of small and medium scale enterprises in aba, Abia state.
The specific objectives include;

i. To determine the effect of poor education and skill acquisition programmes on economic growth and sustainable development of small and medium scale enterprises in Aba, Abia state.
ii. To determine the effect of poor health and medical facilities on economic growth and sustainable development of small and medium-scale enterprises

1.2 Hypothesis

The following hypotheses were formulated in order to direct the flow of this study:

H_1: Poor education and skill acquisition programmes do not have significant effect on economic growth and sustainable development of small and medium scale enterprises in Aba, Abia state.

H_2: Poor health and medical facilities do not have a significant effect on economic growth and sustainable development among the small and medium scale enterprises.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Human Capital Development

The concept of human capital has been traced as far back as 17th century. Some of the early contributors on all the literature on human capital economics, Adam Smith (1776), Jean Baptiste (1821), John Stuart Mill (1909), suggested that human beings are investment which yields a return.

The term "human capital" has been defined as a key element in improving a firm's assets and employees in order to increase productivity as well as sustain competitive advantage (Schultz 1993). Human capital can be categorized by "something akin to property" that is knowledge and skill embedded in an individual Rastogi (2010) stated that human capital is an important input for organizations especially for employees continuous improvement mainly or knowledge skills and abilities.

The definition of human capital is referred to as "The knowledge, skills competencies how to reboot embodied in individual that facilitate the creation of personal social and economic well-being" (Organisation for economic cooperation cooperation and development OECD, 2011).

Noe (2000) states that human capital is the sum of the characteristics, life experiences, creativity, knowledge, energy passion employees of companies invest in their work. Chen and Lin (2014) define human capital as intangible resources of skills effort and time workers bring to invest in their work. Human capital refers to training, education and other professional initiatives in order to increase the level of knowledge, skills, abilities values are social assets of an employee's satisfaction and performance.

Michael and Stephen (2012) education is essential for a satisfying and rewarding life both are fundamental to the broader notion of expanded human capabilities that lies at the heart of the meaning of development. Inadequate institution and support mechanisms for education and skill development continue to limit access to institutions of training and learning.

According to Muhammad, Jan, Pervaiz and Chaudhary (2014), the decision to invest in human like more life physical capital depends on the future needs and projects. There are two main reasons for investing in human resources formation; it increases the productivity of labour Force in the country and it also increases the employment opportunities.

2.1.2 Education and Economic Development.

Education is paramount for any economic development and no country can achieve sustainable economic development without considerable investment in education. Prior to 19th century, systematic investment in human capital was not considered especially important in any country. Expenditures on labour productivity, technology , health and other similar forms of investment were small but here we are in the 20th century, education skill and the acquisition of knowledge have become crucial determinant of a person's and a nation's productivity. We can now say we are in the" Age of human capital" because the primary determinant of a country's standard of living is how well it succeeded in developing and utilising the skills and knowledge of the continuous investment and healthcare and education of its populace.

Education can be defined as the stock of skills competencies and other productivity enhancing characteristics (WEF, 2016). In general, education is critical components of a country's human capital, it increases the efficiency of each individual worker and help to move up the value chain by simple production process. The world Economic Forum (2016) suggested two channels through

which education affect the country's productivity; firstly, it increases the collective ability of the work force to carry out their existing task more quickly. Secondly, secondary and tertiary education especially facilities the transfer of knowledge about new information, products and technologies created by others.

2.1.3 Training and Economic Development.

According to Vincent (2013), the extent to which an appropriately skilled labour force is in place in a country largely depends on whether it's residents have sufficient access to high quality demand responsive formal and non-formal education and training. This diversity creates a significant challenge for institutions that have responsibility for providing education and training providers and institution responsible for creating an optimal framework for the system. Armstrong (2009) describes training as a systematic growth of knowledge, attitude and skills and individual needs to work. The study considers training as a way of adding skills and knowledge needed to work. Therefore training is concerned with acquiring knowledge and skill it is a process of learning.

2.2 Theoretical Review

2.2.1 Human Capital Theory

The theoretical foundation of this study is based on human capital theory. The human capital theory is rooted from the field of microeconomics development theory, Schultz (1993) and Becker (1993) classic book on human capital. A theoretical and empirical analysis with special reference to education illustrates this domain. Becker argues that there are different kinds of capitals that include schooling, a computer training course, expenditure on medical care. Here it is believed that expenditures on education, training and Medicare etc are investment in capital. These are not simply cost but investment with valuable returns that can be calculated. A firm can be rewarded by investing in human capital (Unger, Rauch, Frese & Rosenhusch 2011). According to the study, human capital improves the capability of the entrepreneur which in turn will assist them in exploiting business opportunities. According to Samad (2013) a firm that is able to create a uniqueness in a product is able to differentiate their firm from other competitors that could benefit the firm in the long run.

Economically, capital is referred to as those factors of production used to create goods and services that are not themselves significantly consumed in the production process. Why the human element takes charge of all economic activities source of production, consumption and transactions necessary to move the products to the consumer (Boldizzoni, 2008). This implies that human capital is the key production elements that had that aids value to the production process. Hence, the study is anchored on this theory.

2.3 Empirical Review

There have been several studies, both in Nigeria and diaspora on human capital development and achievement of economic growth. The review of some of the empirical literature is provided below;

Seleim, Ashour and Bontis (2012) analyzed on the relationship between human capital and organizational performance of software companies. They found that human capital indicator had a positive association with the performance of software companies. This was supported by Dooley (2010) who found a significant and positive correlation between the quality of developers and volume of market shares thus, the study conclude that human capital indicators enhanced the performance directly or indirectly.

A study by Bontis and Fitzenz (2002) found that the consequence of human capital mis-management is disastrous. Hence, the study established a relationship between human capital management, economic and business outcomes in the study. The fundamental aspects of any organization are to generate more revenue and income per employee. Human capital has a direct impact on the

intellectual capital per employee; also the development of human capital is positively influenced by the educational level of the employees and their overall satisfaction.

Selvaragen, Ramamoorthy, Flood, Guthrie, Mac Curtain and Liu (2017) used a set of cross-sectional data and noted that human capital enhancement paves a way for greater innovativeness and this in turn offers positive implications on firm performance. In the meantime, firm performance and human capital could also be viewed in the context of high performance work systems.

Nural, Naziha and Zuhir (2017) in a study on human capital, self-efficacy and firm performance among SME's in Malaysia. Two internal factors viz human capital and self-efficacy were considered which play a significant role in development and improvement of SME's in Malaysia. It is believed that combination of both of these internal factors would enhance the contribution of SME's to the economy as well as the performance of the entrepreneur increase.

According to Rastogy (2010) intrapreneurs who invest in human capital are able to enhance the business capacity. This is because human capital increases firm's competitiveness and also becomes the instrument for increasing productivity. In addition, human capital can positively affect the firm performance by helping the entrepreneur in planning and venturing strategies. Besides that, it also assists entrepreneur to get financial assistance and physical capital easier (Samad, 2013).

Muhammad et al (2012) in their study noted that innovation is the element of human capital which is closely interlinked with education and knowledge without human capital defines will be unable to think of new ideas and create an innovation. It is supported by Skate (2011) where new ideas and innovations might increase the overall number of people enrolled in education and knowledge. From this perspective, it is said that in order for entrepreneurs to produce innovations, they have to invest in human capital. Study done by Sharabati, Jawad and Bontis (2010) show that innovation has a significant positive impact to the firm's performance.

Amassoma and Nwosa (2011) study on the casual nexus between human capital investment and economic growth in Nigeria sustainable development in Africa at large between 1970 and 2009 using a vector error correlation (VEC) pairwise Granger causality methodologies. The findings of the VAR model and shows no casualty between human capital development and economic growth. The study recommends that increased budgetary allocation to the education and health sector and the establishment of sound and functioning vocational institute needed to bring about the needed growth a human capital that can stimulate economic growth. Also, the study identified labour mismatch as an issue the government needs to reckon with in order to accelerate and sustained economic growth. In this regard, policymakers in conjunction with employers and individual needs to update information on the real labour market value of different qualifications in order to help them navigate.

3. MATERIAL AND METHOD

The research design used in this study is survey design. It was established to predict and envisage the effect of poor human capital development on economic growth and sustainable development of small and medium scale enterprises in Aba, Abia State Nigeria. Data for the study were obtained from the primary source through the use of questionnaire. A total of 100 copies of questionnaire were distributed to staff mostly those in administrative, accounts and production department. A total of 82 copies of the questionnaire were retrieved and were used in the data analysis of the study. The questionnaire survey was designed where respondents were asked to assess the extent to which human capital has led to sustainable development of SME's in Aba, Abia state using Likert five point scale referred to as: (1) Definitely True, (2) Probably True, (3) Possibly True, (4) Probably Not True and (5) Definitely Not True.

The Likert Five Point Scale was used to transform the data to scale measurement and the hypotheses were statistically tested using Friedman's 2 Way ANOVA operated with SPSS Version 20 at 5% level of significance.

4. RESULT AND DISCUSSIONS

4.1Data Analysis

41.1. Hypothesis One

H_o: Poor education and skill acquisition program do not have a significant effect on economic growth and sustainable development of small and medium scale enterprises in Aba, Abia state.

For the test of hypothesis 1, the study used the data as exposited on Table 1 above. The outcome of the test using Friedman's 2 Way ANOVA is show on Table 2 below:

Table 1: Respondents Responses on if Poor Education and Skill Acquisition Programme affect Economic Growth and Sustainability Development of the Small and Medium Enterprises.

Questions	Definitely True	Probably True	Possibly True	Probably Not True	Definitely Not True
1	30	29	15	5	3
2	28	30	17	5	2
3	27	26	17	9	3
4	34	26	12	7	3
5	35	25	12	8	2

Source: Field Survey (2022).

Table 2: Result on Respondents Distribution on Table 1

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distributions of Definitely True, Probably True, Possibly True, Probably Not True and Definitely Not True are the same.	Related-Samples Friedman's Two-Way Analysis of Variance by Ranks	.001	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

4.1.2.1 Discusion of Result

In view of the analysis as shown on Table 2, the result shows that poor education/training and poor skill acquisition programme have adversely affected the economic development and sustainability of small and medium enterprises. The Friedman's test shows a p-value of 0.001. This probability value is statistically significant at 1% level. Thus, the null hypothesis was rejected as suggested by the decision rule shown in Table 2 and alternate hypothesis accepted which contends that *poor education/training and poor skill acquisition programme have significant effect on economic growth and sustainable development of the small and medium enterprises.*

4.1.3 Hypothesis Two

H_o: Poor health and medical facilities do not have significant effect on economic growth and sustainable development of small and medium scale enterprises.

For the test of hypothesis 2, the study used the data as exposited on Table 3 above. The outcome of the test using Friedman's 2 Way ANOVA is show on Table 4 below:

Table 3: Respondents Responses on if Poor Health and Medical Facilities have effect on the Economic Growth and Sustainability Development of SME's.

Questions	Definitely True	Probably True	Possibly True	Probably Not True	Definitely Not True
1	29	30	20	2	1
2	25	25	20	8	4
3	30	25	18	5	4
4	40	30	10	1	1
5	35	30	12	3	2

Source: Field Survey (2022).

Table 4: Result on Respondents Distribution on Table 3

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distributions of Definitely True, Probably True, Possibly True, Probably Not True and Definitely Not True are the same.	Related-Samples Friedman's Two-Way Analysis of Variance by Ranks	.001	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

4.1.3.1 Discussion of Result

In view of the analysis as shown on Table 4, the result shows that poor health and medical facilities have a significant effect on economic growth and sustainable development of small and medium scale enterprises. The Friedman's test shows a p-value of 0.001. This probability value is statistically significant at 1% level. Thus, the null hypothesis was rejected as suggested by the decision rule shown in Table 4 and alternate hypothesis accepted which contends that *poor health and medical facilities have a significant effect on economic growth and sustainable development of small and medium scale enterprises.*

CONCLUSION AND RECOMMENDATIONS

The statistical analysis of the study shows that poor human capital development and health & medical facilities have significant effect on the economic growth and sustainable development of SME's in Aba. Thus the study concludes that human capital development, health & medical facilities are the engine house and wheel for economic growth and sustainable development.

Based on the findings of the study, it was considered pertinent to recommend the need for government's active involvement in the provision of human capital development like education, health care, infrastructures and basic amenities to ensure peace, economic growth and sustainable development of the nation. Government should also create an enabling environment for business to thrive by their active involvement in human capital development. It will go a long way in making

the entrepreneurs to be active and wouldn't have time for agitation; at the same time, government will generate tax from them which in turn will aid economic growth and development.

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