

Human Capacity Building and Employment Generation: Role of the Private Sector

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Abstract

The non-provision of the enabling environment for the private sector to thrive which would have resulted in Human Capacity building and employment generation has added to the economic woes bedeviling the nation. The study seeks to examine the role of private sector in employment generation. The methodology used for data collection was survey method. Data was generated from both primary and secondary sources. Product Moment Correlation Coefficient Statistical Tool through the aid of Statistical Package for Social Sciences (SPSS) was adopted for the hypotheses testing at 0.05 level of significance. Result showed that there is a significant relationship between human capacity building and private sector in employment generation. Furthermore, the results showed that there is relationship between education and employment generation but is not automatic as some conditions have to be met for the impact to be felt. Recommendations were based on tripartite approach: government needs to provide an enabling environment that allows private sector to thrive and increase funding for the education system; more so, the private sector needs to supplement government effort investing in human capacity building and funding education; further more overhauling of all the educational system, directing it an enhancing student's quality, new instructional approaches at serving industrial needs and inflow of talents between educational institutions and private enterprises.

Keywords: Human Capacity Building, Employment Generation and Private Sector, Education.

Background of the Study

There has been series of national and international workshops and seminars on Human Capacity building in Nigeria since the mid 1990's which gives the impression of Nigeria's deliberate policy and preparedness to build up indigenous capacity to repeat the success story of the "Asian Tigers", despite the latter's recent economic shocks (Anyawu, 2014). This no doubt agrees with the enfolding major developmental paradigm shift to a new program with profound global appeal and impact of investment in human capital, otherwise called capacity building.

Utilization of human capital (i.e. employment) is certainly the essence and key enterprise of capacity building. Employment generation has been one of the important objectives of development planning in Nigeria. However, the issue of employment generation by both the federal and state governments has become mere propaganda. This can be proven by the increase in societal ills as poverty, crimes, conflicts, Niger Delta militants, kidnappers, tribal conflicts, and Boko-Haram, are just a tip of iceberg of the dangers posed by rising unemployment (Mustapha & Ekpunobi, 2012).

As government generates employment, it provides the enabling environment for the private sector to employ people and exploit the available natural resources thereby creating jobs in Information Technology, Transportation, Construction, Manufacturing, Mining, Agriculture, Ancillary services and other creative endeavors (Ajibade, 2013).

Even subsistence employment in the private sector may be hard to come by as majority are now drying up due to increasing cost of production; political uncertainties and inconsistent government policies which have weighed heavily on the performance of private initiatives.

Objectives of the Study

This study seeks to examine the role of private sector in human capacity building and employment generation. Specifically, the study seeks to determine the following:

- a) The relationship between human capacity building and the private sector in employment generation
- b) The relationship between education and employment generation in the private sector.

Statement of Research Hypotheses

In an attempt to achieve the stated objectives, some hypotheses were formulated, thus:

Ho₁: There is no significant relationship between human capacity building and the private sector in employment generation

Ho₂: There is no significant relationship between education and employment generation in the private sector.

Literature Review/Theoretical Framework

Obadan (2003) describes the concept of capacity building as the power of an organization or unit to perform functions effectively, efficiently or sustainably in the achievement of corporate objectives.

Ewurum and Okorie (2008) maintain that capacity building is about being able to keep up, with the ever increasing demand on the organization. The determining factors in organization capacity building system are customers, competition and change which are critical to good corporate governance.

Human capacity building can be described as a deliberate effort by government and people to provide the right number of workers, at the right areas of need and at the right time in an economy (Anyanwu, 2014). This definition suggests a deliberate attempt to forecast and provide the labour needs and requirements of the economy over a period of years in respect of each industrial and occupational group supported with policies and programmes that guarantee their sustainability. It must be appreciated that the existence of a large pool of human population does not translate automatically to a productive resource. Human beings become productive resource or human capital only when they are able and in a position to contribute meaningfully in achieving organizational goals. Human capacity building embodies the inculcation of relevant general and technical knowledge, skills and competencies through

comprehensive human resources development programmes that will facilitate the realization of the set goals. Capacity building or human resource development (HRD) has associated benefits and returns. Umo (1995) has itemized them as follows:

- (i) The generalized capacity to absorb economic shocks as well as cope with the complexities of modern development;
- (ii) Creating a corps of well-informed citizenry with positive attitude to national development;
- (iii) Providing persons for technology base needed for industrialization;
- (iv) Building the technical expertise for efficient institutional building and economic management.

Private sector development

At its core, the private sector consists of households and firms producing a variety of goods and services. A strong private sector also includes a wide range of ancillary institutions; however that promotes business and provides various types of support services, such as trade associations, chambers of commerce and industry, standardization bureaus and similar organizations. In addition, it includes providers of legal, financial, accounting and other services (UNIDO, 1999).

The real business of job creation is the responsibility of the private sector while government creates an enabling environment and strong institutions that can guarantee investment security (Idumange, 2012). Although there is a growing recognition that the private sectors bear the principal responsibility for the production of goods and services, this does not imply that the public sector no longer has a role to play in economic development. Rather, the public sector continues to play a crucial, albeit changed, role as a facilitator and regulator of the development process, including in the development of the private sector itself. In particular, it is now called upon to establish the overall conditions within which the development of an efficient and competitive private sector can take place. This involves the provision of a conducive policy environment, the provision of the necessary physical infrastructure and the promotion of an appropriate institutional framework, including business support services (UNIDO, 1999).

Basic Requirements for an Efficient Private Sector

Efficient and competitive private sector firms do not develop solely because of their own internal capabilities. While innovative entrepreneurs, skilled managers, dedicated and well-trained work force, and efficient administrative and operational procedures are important, the number, size, and efficiency of enterprises in a country are affected by a host of external factors. Generally, a private sector needs an overall “enabling environment” which allows private firms to operate efficiently and specific institutions and policies that promote private sector development. The United Nations Industrial Development Organization (1999) enumerated the most important of these external factors as follows:

- a. Macroeconomic stability. A key to economic growth is prudent economic management that avoids volatility and uncertainty. Policies that lead to high inflation, excessive taxation, distorted factor prices, or lack of foreign exchange discourage business formation and investment.

- b. **Financial System.** An efficient financial system is an important prerequisite for economic development, in mobilizing savings and channelling them into investments. For private sector firms it serves an additional purpose besides providing them credit: it is a means of enforcing discipline on firms that borrow.
- c. **Competitive Markets.** Even more important to economic development than private ownership is the presence of competitive markets. Competition promotes efficiency and policies that promote intense, but fair, competition will result in competitive enterprises and a strong private sector.
- d. **Regulation.** Regulation of the private sector is necessary to ensure competition and fair trade, but unnecessary regulation burdens the private sector and leads to fewer and less efficient enterprises, and reduced competition.
- e. **Physical Infrastructure.** The size, characteristics and efficiency of the private sector depend very much on the available infrastructure. As indicated above, public investment in infrastructure “crowds in” private investment.
- f. **Political and Social Stability.** To operate efficiently the private sector requires a generally conducive political and social environment. Institutions such as public administration systems, judicial systems, schools and hospitals are necessary for the stable society that provides an environment for sound economic development.
- g. **Legal Framework.** Business, like society in general, needs to operate under the rule of law. No strong private sector can exist in the absence of an adequate legal framework, to resolve disputes, facilitate efficient transactions, and to protect property rights.
- h. **Policy Framework.** Various policies, even those not directly related to the private sector, can affect its growth and size. Policies that provide adequate support to the private sector are essential.
- i. **Access to Resources and Support Services.** Entrepreneurs and enterprise managers need access to finance, information, and various types of support services to create and operate businesses in the most efficient and competitive manner.

The Role of Private Sector in Human Capacity building:

Human capacity Building which is the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively.

For Nigeria to become like one of the 'Asian Tigers' she needs to take a clue from Japanese human capacity building. A key point in Japanese human capacity building lies in skill formation. Firms integrate their total management; upgrade Research and Development and production technologies to train workers in multiple tasks. Thus, workers versatility ensures their continued competitiveness. The Private sector within the region has invested immensely in helping the traditional workforce acquire secondary skills.

There is the need for the private sector in the country to also invest immensely on human capacity building. Given the current economic development high value-added technology industries has come to be the driving force behind industrial competitiveness, industrial upgrading, improved capabilities of the national workforce, employment generation and

elevated standards of living (UNIDO, 1999). As the private sector invests in human capacity building, this will transcend to a knowledge-based economy that is powered by a workforce that is highly educated, innovative and creative. Human capacity building is the key to producing new generation of talents that generates new ideas, new innovations and skills that matches the ever changing market conditions.

The Role of Education in Human Capacity Building

Building requisite human capital i.e. peoples with the right skills, knowledge, competencies, frame of mind, attitude and motivation remains the most enduring strategy for the growth and sustainable development of the private sector. This is the only way to provide people with the capacity knowledge, skills, attitudes and motivation to reduce the harmful influence of society on the environment and to protect and preserve the globe for future generations. A key issue in creating a critical mass of requisite human capital is strengthening the role of education and in particular education for growth and sustainable development of both public and private sectors using a multi-disciplinary approach (Pidlisayak, et al, 2003; Kates, et al, 2003) and providing training to a diversified group of stakeholders including students and specialists. At the 1992 World Summit in Rio de Janeiro, Brazil, Chapter 36 of Agenda 21 states “education, including formal education, public awareness and training should be recognized as a process by which human beings and societies can reach their fullest potential. Education is critical for promoting and improving capacity of the people to address environment and development issues (Melnychuk et al; 2010”. Both technical and vocation education is a pivot for the sustainability and growth of the private sector. Maclean and Wilson (2009) maintains that technical and vocational education is concerned with the acquisition of skills and knowledge for employment and sustainable livelihood. Technical education is that aspect of education which leads to the acquisition of skills as well as basic knowledge. Vocational education, on the other hand, is training for a specific vocation in industry or trade or job (Webster, 1993). The mission of technical and vocational education is to promote the production of skilled, technical and professional manpower to revitalize and sustain the national economy and reduce unemployment and poverty. According to Oni (2006), technical and vocational education gives individuals the skills to learn and become productive citizens for advancement in the work place. Despite the contributions of technical education to national development, it still has a low public status (Moja, 2000). This mentality has, in most part, contributed to the neglect of technical education institutions and reason why the youth shy away from technical and vocational studies. As a result, most of the secondary school graduates (and some of those who managed to pass through the universities) lack the skills and knowledge to compete effectively in the rather tight labour market and thus loiter around in the cities from dawn to dusk looking for jobs that are not available (Dike, 2009). The youth are struggling with the challenging of acquiring “employability” skills because the society is focused mostly on formal university education. Every facet of the economy has been affected by the scarcity of skilled technicians. The society lacks competent bricklayers, carpenters, painters and auto mechanics, laboratory and pharmacy technicians, electrical/electronic technicians and skills vocational nurses, etc. which the nation needs to function effectively and efficiently (Moja, 2000).

Some scholars perceive technical and vocational education as one of the “bulwarks of social efficiency” as the preparation of a well-trained workforce is a sine qua non of an efficient society (Camp, 1982 and 1983). In this regard, technical and vocational education is an integral component of lifelong learning and an important determinant of income and wealth creation/distribution. It empowers the youth with skills to become productive and highly paid workers.

In this era of global unemployment situation, the role of vocational and technical education in reducing youth unemployment cannot be overemphasized. Olaitan (1996) emphasized that one of the major crucial factors leading to unemployment in most countries is lack of vocational and technical skills.

Vocational education refers to systematic learning experiences which are designed to fit individuals for gainful employment in recognized occupations as semi-skilled workers or technicians or sub-professionals.

Employment Generation

Employment generation is a primary economic development goal of every nation. More jobs generally mean more economic activities, more tax revenues for the government and less idle time. Job generation permits the improvement of public goods and services leading to an improved quality of life and enhanced prospects for future employment growth. In addition, a vibrant job market provides incentive for citizens to continue their education since the rewards for such are evident in better employment opportunities (Mustapha & Olatunle, 2012). Employment generation in Nigeria has become a sine qua non for national peace and development. The rate of unemployment in the country has reached an alarming stage considering what happened at National Immigration Service recruitment exercise on the 15th of March, 2014 nationwide. According to the Nigerian Bureau of Statistics (NBS), the aggregate unemployment rate in 2011 was 23.9%. The alarming rate of unemployment in Nigeria has been linked to disconnection between the education and job skills (ILO, 2011). Umo (1998) warned that the relationship between education and employment is not automatic; certain conditionality's have to be met. It depends on several factors which include:

- (i) The extent to which education attributes are congruent with labour market parameters;
- (ii) The extent to which education is adaptable to the emerging dynamics in the labour market;
- (iii) The speed with which investments, hence jobs are generated in the economy and
- (iv) The efficiency with which job seekers and job givers sort out their demands and expectations resulting in job offers. When any or a certain combination of the above conditions is not met, what results is the phenomenon of underutilization commonly express as unemployment and/or underemployment.

Methodology

The methodology used for data collection was survey method. Both primary and secondary sources of data were employed. To determine the sample size for the primary data, the Taro Yamane formula was adopted.;

Where Sample size; population; a constant value; error margin (5%).

This means that out of a population of 384 personnel in the fifty (50) selected firms producing goods and services and ancillary institutions in Kaduna state, 196 were taken. The stratified random sampling technique was used in the selection. This ensures that each population element is given a fair chance of being selected and that each stratum is adequately represented. Reviews from texts, journals and internets aided the secondary sources of data.

A structured questionnaire was divided into two sections. Section A was devoted to the respondents' bio-data while Section B took the format of 5-point Likert Scale. It had five optional responses vis-à-vis, Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). This section (Section B) was designed to generate responses that enabled the researchers to answer the research questions and test the hypothesis for the study. The questionnaires were personally administered and were filled immediately to avoid collusion among respondents. Collection was equally made to ascertain a return of the entire questionnaire and verify self-response and spontaneity by respondents to avoid people helping them respond to the questions.

The data collected were analysed with the use of simple percentage and frequency counts tables for the analysis of respondents' bio-data and for the research questions. Pearson Product Moment Correlation Coefficient (PPMC) statistical tool through the use of the statistical Package for Social Sciences (SPSS) was adopted for the testing of the hypotheses at 0.05 level of significance.

Results Analysis and Discussion

Question item: The relationship between human capacity building and the private sector in employment generation. From the result as shown in table 1(see appendix), out of the 196 respondents, 72 representing 37% strongly agreed that there is a relationship between human capacity building and the private sector. A further 31% also agreed with this notion. 5% of the respondents are undecided as per the relationship, while 12% strongly disagree and 15% also disagree with the question item. The implication of this is that as human capacity building is strengthened in line with the demands of the private sector, it will definitely boost employment generation in the private sector of the economy.

Question item: There is a significant Relationship between education and employment generation in the private sector. The result as shown in table 2 (see appendix), reveals respondent opinion on whether there is a significant relationship between education and employment generation in the private sector. From the table, it shows that the respondents who strongly agree and agree represent 51%. 3% of the respondents are undecided, while 46% represents those who strongly disagree and those that disagree to the question item. The result shows that there is a relationship between education and employment generation in the private sector. However, the impact is not felt as there is a massive unemployment in the country. It is believed that there is a disconnection between the Nigerian education system and the private sector. Consequently, there is need to overhaul all Nigerian education systems, thereby linking the education system to entrepreneurship, technical and vocation education that will feed the private sector with adequate human resource.

Testing of Hypotheses:

Ho₁: There is no significant relationship between human capacity building and the private sector in employment generation.

In testing this hypothesis, the Pearson Product Moment Correlation Coefficient statistical tool was used with the data in Table 1. The result is shown in Table 3 (see appendix):

Table 3 shows that the value of r-calculated (0.60) was greater than the value of r-critical (0.195) given 194 degree of freedom at 0.05 level of significance. The result indicates a significant relationship. The null hypothesis is rejected indicating that there is a significant relationship between human capacity building and the private sector in employment generation. This indicates that strengthening human capacity building will translate to employment generation.

Hypothesis Two

Ho₂: There is no significant relationship between education and employment generation in the private sector.

In testing this hypothesis the Pearson Product Moment Correlation Coefficient statistical tool was used with the data in Table 2. The result is shown in Table 4 (see appendix):

The result indicates that there is a significant relationship between education and employment generation in the private sector.

The null hypothesis is rejected and the alternate accepted indicating that there is a significant relationship between education and employment generation in the private sector. Though the impact has not been felt as the unemployment level has raised an alarming rate in the country. This implies that the relationship between education and employment generation is not automatic as warned by Umo (1998). More so, all the conditions must be met for education to positively affect employment generation.

Conclusion

It is evident from the study that strengthening human capacity building will enhance employment generation in the private sector. Furthermore, the result of the study showed that there is a relationship between education and employment generation in the private sector. The implication is that the relationship between education and employment generation is not automatic and that there is a disconnection between Nigerian education system and the private sector.

Recommendations

1. There should be a deliberate attempt by the private sector to invest in both human capacity building and in education system.
2. There should be a tripartite approach.
3. Government should provide an enabling environment that allows the private sector to operate efficiently.
4. The government should increase education funding, more so, the private sector should assist in funding education and in human capacity building.
5. There is also the need to overhaul the entire education system directing it at enhancing student quality, new instructional approaches to serving industrial needs, and interflow of talents between educational institutions and private enterprises.

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Appendix

Table 1: Relationship between human capacity building and the private sector in employment generation.

Options	Number of Respondents	Percentage
Strongly agree	72	37
Agree	60	31
Undecided	10	5
Strongly disagree	24	12
Disagree	30	15
Total	196	100

Source: Authors Field Survey, 2014

Table 2: Significant relationship between education and employment generation in the private sector.

Options	Number of Respondents	Percentage
Strongly agree	55	28
Agree	46	23
Undecided	5	3
Strongly disagree	40	20
Disagree	50	26
Total	196	100

Source: Authors Field Survey, 2014

Table 3: Relationship between human capacity building and the private sector in employment generation.

Variable	Mean	SD	DF	N	r-Cal	r-Crit
Human capacity building	14.50	2.77	194	196	0.60	0.195
Employment generation	13.37	2.11				

Table 4: Relationship between education and employment generation in the private sector.

Variable	X	SD	DF	N	r-Cal	r-Crit
Education	4.61	.1137	194	196	0.887	0.195
Employment generation	4.01	.2018				