



# AAU JOURNAL OF MANAGEMENT SCIENCES

VOLUME 4

December 2013

NUMBER 2

**MICROFINANCE CREDIT AND MICRO-BUSINESS UNITS  
IN NIGERIA: TRANSLOG STOCHASTIC EFFICIENCY GROWTH  
FUNCTION APPROACH**

*Professor A.I. Enoma and Ibrahim Gazali*

**FORENSIC INVESTIGATIONS, FINANCIAL CRIMES DETECTION  
AND CORRUPTION CONTROL IN NIGERIA**

*Augustine O. Okolie, Taiwo Agbaje and Oke. Oluwakayode David*

**CORPORATE SOCIAL RESPONSIBILITY IN EDO STATE:  
A CASE OF ESAN CENTRAL LOCAL GOVERNMENT AREA**

*Ebhiole Osaremen*

**HUMAN CAPITAL DEVELOPMENT WITH EVIDENCE FROM  
HOUSEHOLDS IN NIGERIA**

*Kunle O. Oke, David O. Oke, and Ifeagwari Oke*

**GOVERNMENT SECTORIAL EXPENDITURE AND POVERTY  
REDUCTION IN NIGERIA**

*Evejiri Okwamaka Ogbelide-Osarehin and Ikechikwu A. Mbori*

**GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN NIGERIA**

*Onionu, Sylvester and Osameke, Monday, Ph.D*

**DETERMINANTS OF MANAGERS' PROPENSITY TO CREATE SLACK IN  
PARTICIPATORY BUDGETING SYSTEMS**

*Lucky Orienbor, Onov, D. P. and Isah, Mohammed*

**THE ROLE OF PERFORMANCE APPRAISAL ON CORPORATE BUSINESS  
SURVIVAL: A STUDY OF NIGERIAN BOTTLING COMPANY (NBC) BENIN**

*Osagie, Nosakhare (Ph.D) and Chue, Iba Paul*

**OVERVIEW OF SOFTWARE SYSTEM AGILITY ASSESSMENT MODELS**

*Edegbé, G. N., Professor (Mrs) Chieremeke, S.C. and Ihama, E.I.*

| ISSN: 2251 - 0109 |

# Human Capital Development with Evidence from Households in Nigeria

Kehinde O. Ola<sup>1</sup>

David O. Oke<sup>2</sup>

and

Margaret Oke<sup>3</sup>

## Abstract

*Human capital is an important factor in economic growth and its growth has been anchored on the government, forgetting that the households also play significant roles. The study aims at examining households' potentialities in human capital development. Households were selected from semi urban and rural areas, and information was obtained from them on education attainment of the head of the households; number of children in the households; occupation of the head of the household; income of other members of the households (wife in particular); remittances either locally or from abroad; and participation in economic activities through ownership of land. Information obtained was converted to nominal scales and probit regression technique was used to test for significance. Two variables- number of children in the households and participation in economic activities through ownership of land are positive but not significant. All other variables are significant and positive for human capital development in Nigeria. The study therefore recommends that there is need for the government to empower households for entrepreneurship.*

**Keywords:** Human capital, households, rural area, probit regression, nominal scale

## Introduction

Human capital development has been identified as the most crucial factor in economic development and countries that want to experience growth in every ramification must not toil with the development of their people. This is what makes the government of Nigeria to invest in education of its citizen and introduce policies that will lead to the growth of its human capital. The necessity of having constant growth in human capital led to the establishment of many federal and state universities in Nigeria and the approval for the establishment of private universities; nevertheless, human capital development in Nigeria has not reached its expected target in all ramifications.

There are three key factors in human capital development- education, training and health. Government is essentially involved in the provision of these

<sup>1</sup>Department of Economics and Business Studies, Samuel Adegboyega University, Ogwa, Edo State.

<sup>2</sup>Department of Economics, Ajayi Crowther University, Oyo, Oyo State

<sup>3</sup>Department of Economics, Ajayi Crowther University, Oyo, Oyo State

three to the people but in the contemporary Nigerian setting, government has failed in this regard and the responsibilities are falling unto households. Traditionally, the households through the society are saddled with the task of educating and training the younger generation into wholesome adults that are capable of moving the society into growth. In the contemporary settings, the relevance of the household in education and training of the youth cannot be over-emphasized. The households are the main initiators of education and training of the young ones.

This paper has the aim of examining the potentiality of the households in increasing human capital development in the country. This paper is divided into the following sections: introduction, theoretical/conceptual framework and literature review, methodology, empirical evidence and discussion, conclusion and recommendations.

### **Theoretical/Conceptual Framework**

This study is having its theoretical framework on endogenous model developed by Paul Romer in 1989. Endogenous growth model incorporates human capital into its model, unlike the traditional neoclassical growth model of the Solow and Swan which emphasizes capital and labour as the main requirements of economic growth, in the sense that larger inputs of both will lead to growth in F outputs. The neo-classical model asserts that diminishing marginal returns to scale set in as economy grows, that is, increases in capital stocks at a time will make an economy to grow slowly. It is only an increase in technological development that can stimulate the growth and this must be continuous with increase in capital stocks (UNESCAP, 2006).

The growth of East Asian economies has shown that traditional neoclassical model cannot fully account for increase in output. The growth has been on a sustained level for past three decades. The endogenous growth model asserts that a firm will be able to use capital more efficiently if the workforce is educated and healthy (UNESCAP, 2006). The endogenous growth model treats human capital and technology as endogenous variables. No country ever grows without adequate investment in human capital development.

The households come into the framework as a result of being the first contact young members of the households. The households play significant roles in providing the starting point of education and training of their children. The initial interest of the households lays a strong foundation for future education and training of the children. The general equilibrium analysis shows that there is bottom to top approach from individual economic unit to whole economy. The households can be the main movers of the human capital development in the country and through them the entire economy shares in the human capital formation generated. This bottom top approach can be simplified through Figure 1 below.

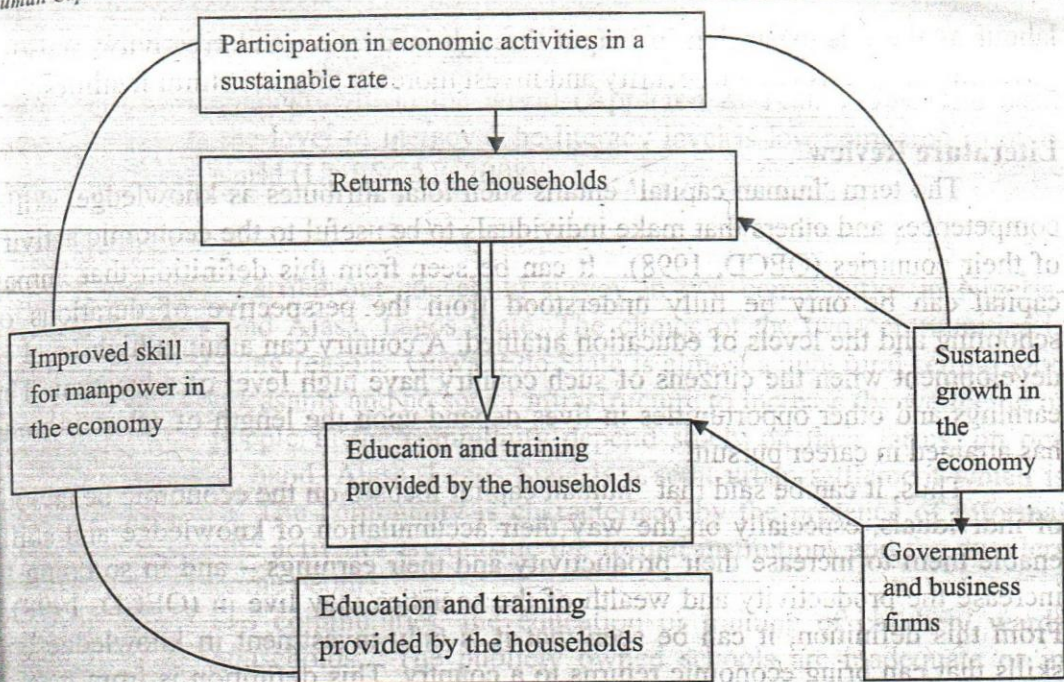


Figure 1: Households and Human Capital

At the centre of the figure are the households and they are the main providers of education and training for their children. Adequate provision of education and training by the households leads to improved skill for labour. It should be noted that households are essentially responsible for higher education and informal skill acquisitions. The informal skill acquisitions are the main forms of learning trade in rural areas and semi urban areas where those children that cannot continue with formal education go to learn trade. This solely falls into the responsibility of the households.

The extent to which the households are able to provide quality education and training determines how effective these children would participate in economic activities in the country. This depends on education of the head of the household, occupation of the head of the household, number of children in the household, income from other members of the households, remittances to the households either locally or from abroad, and ownership of land by the households as assumed in the study.

If all these factors are satisfied, households are able to fulfill the manpower development in the country. Acquisitions of education and training help the youth to participate in economic activities maximally. The economy benefits through sustained growth which is transferred to both government and business firms in form of creativity and innovation. The business firms and the government have good returns on their investment which are used to facilitate rapid economic growth in the economy. The households benefit in diverse ways: (i) crime rate will reduce as more able people are participating in economic activities; (ii) there will be pay-back to the households in forms of remittances; (iii) business firms will hire more

labour as there is expansion in output through innovation and creativity; and government spends less on security and invest more on infrastructural facilities

## **Literature Review**

The term 'human capital' entails such total attributes as knowledge, skills, competences and others that make individuals to be useful to the economic activities of their countries (OECD, 1998). It can be seen from this definition that human capital can be only be fully understood from the perspective of duration of schooling and the levels of education attained. A country can attain a high level of development when the citizens of such country have high level of education. Earnings and other opportunities in lives depend upon the length of schooling has attained in career pursuit.

Thus, it can be said that "human capital focuses on the economic behaviour of individuals, especially on the way their accumulation of knowledge and skills enable them to increase their productivity and their earnings – and in so doing increase the productivity and wealth of the societies they live in (OECD, 1998). From this definition, it can be seen that it is only investment in knowledge and skills that can bring economic returns to a country. This definition is from a human capital perspective, that is, returns that accumulate to a country that invests in human capital development.

Human capital can also be defined as the "processes that relate to training, education and other professional initiatives in order to increase the level of knowledge, skills, abilities, values, and social assets of an employee which lead to the employee's satisfaction and performance, and eventually on a higher performance (Marimuthu, Arokiasamy & Ismail, 2009)." The second definition focuses on human capital development at micro levels, that is, what a business can obtain when it invests resources on its workforce. Marimuthu, Arokiasamy & Ismail (2009) believe that such business firms will have employees' satisfaction and enhanced performance of the employees which will lead to the growth of the firms.

Having defined human capital, it is necessary to define human capital development. Human capital development entails the total processes involving empowering people to bring out their potential and enlarging their capabilities for advancement in their output. Thus, it involves making people to develop skills and potentials that are necessary for growth of the entire economy. This is what Ogunjiuba and Adeniyi (2005) to see human capital as a means of developing individuals' skills, knowledge, productivity, and inventiveness. They accept that the focus of human capital development is to develop individuals and not goods. Physical capital cannot grow without a corresponding increase in human capital. Physical capital is subjected to diminishing returns and it is only growth in human capital that can make the physical capital to grow without being subjected to diminishing returns.

Human capital development is the creation of sustained growth in the economy. It accounts for the sustained growth experienced in East Asian countries.

and it reveals the reason for slow growth of the African countries. Africa has the lowest human capital growth in the world (Appleton & Teal, 1998). The basic reason for this is the level of literacy. The literacy level is low compared to other continents in the world (UNESCAP, 2008).

## **Methodology**

This study carried out household survey in two communities in Nigeria-Ogwa, Edo State and Ajasa, Lagos State. The choice of the two communities is based on the following reasons. Ogwa, Edo State is almost a pure rural setting with the people mainly peasants and no social infrastructure to increase the wellbeing of the people. The people in the community depend solely on their farms, on one hand. On the other hand, Ajasa, Lagos State is a semi urban settlement which is highly unregulated. The community is characterised by the presence of informal sector. All economic activities are outside the formal institutions and the dwellers are mainly low income people.

In these two communities, the education or training of children/ wards depends on the households. The publicly owned schools are inadequate or in dilapidated conditions that learning is not conducive and no availability of vocational institutions or technical schools. The parents/guardians in these communities incur extra cost in providing education or training for the children/wards. In Ogwa, one of the major towns in Esan West Local Government has no standard private schools either elementary schools or secondary schools. Parents or guardians have to send their children or wards to schools outside the community. In Ajasa, Lagos, there are large numbers of private schools that are informal in nature and they are run by people of low education competence who desire to create rather than education. This has lured them into school business.

The study focuses on investigation of households and human capital development in Nigeria. Variables that associate with the growth of human capital from households were employed for investigation. They include education attainment of the head of the households; number of children in the households; occupation of the head of the household; income of other members of the households (wife in particular); remittances either locally or from abroad; and participation in economic activities through ownership of business. A questionnaire was designed to elicit information from the households. The information obtained was provided in nominal scale and binary probit estimator was adopted for the estimation. The variables are all in binary categorical form both dependent and independent variables. This provides the chance of assuming nominal values for different categories in each variable. The assigned nominal scale is either 1 or 0.

## **The Empirical Model and Definitions of Variables**

The study focuses mainly on investigating the determinants of rural households' contribution to human capital development in Nigeria. Variables that are important in aiding human capital development are employed in the model. The

justification for each of the variables is analysed together with description subsection below. The probit regression model is formulated and it is specified follows:

$$PR(PHC_i = 1) = (\beta_0 + \beta_1 g_i + e_i) \quad (1)$$

The model is derived from the works of Moore (2013); O' Hallan (2011) and Osabuohien (2014). Osabuohien (2014) adopted the model in analysing "Large scale agricultural land investments and local institutions in Africa." The probit model was developed to offset the disadvantages of the LPM. The LPM is an ordinary least squares model with the dependent variable  $Y$  as a dichotomous variable.

Potentiality of rural households in promoting human capital (PHC): The variable is employed to determine the present contribution of rural communities to human capital development in Nigeria. The authors determine this contribution by investigating the number of graduates in a particular household including those who have excelled in trade. The percentage of children who are economically independent through acquisition of education and trade to number of children is computed. If the value is higher than 0.5, the household is adjudged to have contributed to human capital development in Nigeria. Since this is a categorical variable, this household earns 1, otherwise 0.

Though this may not be a good measure of contribution to human capital development, it should be noted that education is an important factor in human capital development. At present, it is the only measure of households' contribution to human capital development in the country. The household finances education nearly through entire studentship of their children. The implementation of Universal Basic Education (UBE) has done little in providing assistance to households.

This incorporates all variables that the authors considered to be the major promoters of human capital in a given household. The variables are categorical as such they are in binary. The variables are education attainment of the head of household; number of children in the households; occupation of the head of household; income of other members of the households (wife in particular); remittances either locally or from abroad; and ownership of lands.

Education of the head of households (EHH): The education attainment of the head of the households determines (i) the extent of education the children receive; (ii) accessibility to information that can be of help to the household in enhancing children education attainment; (iii) the economic status of the household head; and (iv) the exposure of household head which is a necessary factor in encouraging the children academically, for example a man who has gone abroad to achieve education will be of higher opportunity to his children than the one who earns all his certificates within the country. If the head of the household achieves some level of education in this regards at tertiary level, this takes 1 otherwise 0. The expected sign is positive, since it increases human capital development in households.

Number of children in the households (NCH): Africans are noted for large family size and numerous wives. The traditional Africans believe in many children and in the contemporary time, many still hold on to the belief. The emergence of education creates additional financial burden on African households that the large family size cannot accommodate. Only few can afford the cost associated with education. At times, the head of the households excludes himself from his children schooling, pushing it to their mothers. The authors opine that a household with many children may not be able to finance their schooling and therefore only few of the children have privilege. On this basis, the authors give 1 to a household with number of children less than four or four believing that they will have equal access to education and a household with more than four children takes 0. The expected sign is positive believing that fewer children promote human capital development.

Occupation of the head of the household (OHH): Occupation in this study is defined as any activity that the head of the household engages in to earn his living. All activities such as civil servants, businessman, farmers and artisans are considered. Occupation of considerable earnings is seen as income sufficient for the households' well-being. The head of the household that falls in this category takes the value of 1 because it is considered by the authors that such head will have some economic means to cater for his household; otherwise, the household takes the value of 0.

Income of other members of the households (IMH): In rural communities, head of the household received all income that accrues through the occupation of the households. Other members of the household have access to activities that can lead to income generation. The women can operate small farms and carry out petty trades. If the women members of the households indicate engagement in income earning activities, this earns 1 otherwise 0. Women that engage in income earning activities can support the education and training of their children. This increases households' contribution to human capital development in Nigeria.

Remittances either locally or from abroad (RLA): Households in Africa are supported by relatives and friends. Relatives and friends who reside outside provide some forms of support for households in rural communities. This may take the forms of foster parenting; and frequent provision of financial support especially from those residing abroad. Households that acknowledge recipients of these benefits take 1 otherwise 0. The expected sign is positive because access to these benefits increase households chances to provide quality education and training for the children.

Ownership of land (OLD): Households that have land have higher earning power. The land provides some economic benefits for the households. The land can be leased or sold. There are occasions in which the households sell some of their lands to provide education or training for their children. Households with land gain some money that should have been spent on land leasing for farming purpose. As such the presence of land in the household takes 1 otherwise 0.



### Empirical Evidence and Discussion

This section examines the summary of statistics of selected variables and also the regression results.

Summary of statistics of selected variables

The following categories are considered to reflect the aim of the study: households without access to remittances (WAR); households residing in rural areas (HRR) and households residing in semi urban areas (HRU). The statistics obtained is given in Table 1.

**Table 1: Summary of Statistics of Selected Variables**

Variable	Description	ALL		WAR		HRR		HRU	
		M	SD	M	SD	M	SD	M	SD
EHH	NCE and above =1,0 if otherwise	0.50	0.50	0.34	0.48	0.39	0.49	0.56	0.50
IMH	Female member of the households engaging in income earning activities =1, 0 if otherwise	0.80	0.40	0.66	0.48	0.80	0.41	0.80	0.41
NCH	Number of children having by the head of households, if less than 4 or 4=1, otherwise = 0	0.65	0.48	0.50	0.41	0.47	0.50	0.72	0.45
OLD	Household with land = 0, otherwise = 0	0.72	0.45	0.51	0.50	0.78	0.42	0.69	0.46
RLA	Remittances either locally or from abroad = 1, otherwise = 0	0.51	0.50	-	-	0.61	0.49	0.52	0.50
OHH	Head of the household engaging in income earning activities = 1, otherwise = 0	0.77	0.42	0.69	0.47	0.67	0.47	0.82	0.38

NOTE: M= Mean; SD= Standard deviation; WAR = without access to remittance; HRR= residing in rural areas; HRU= residing in urban areas

Source: Authors' computation, 2014

The statistics provided in Table 1 shows information on three different categories for selected households- households without access to remittance, households residing in rural areas and households residing in semi urban areas. The mean of number of children in the households; occupation of the head of household; income of other members of the households (wife in particular); and ownership of lands is very strong. All these are greater than 0.65. This shows that these four variables strongly affect the potentiality of a household to increase human capital development in the country. Income from other members of households has a mean of 0.80 and this reflects that income from female members

of the households is very important in households' economic survival. Their contribution to economic survival especially in the rural areas has been studied by Okogie (1991), Iruonagbe (2009), Matthews- Njoku et al (2009), Ezeanyika et al (2012), and Ebhote (2012).

The value of mean for number of children in the household, which is 0.65 shows that when a household has fewer children, the household can provide quality education for them and give them equal access to education. Ownership of land by a household also has a good mean value of 0.72 and this shows that land provides monetary benefits for households. The household can sell land or lease some to obtain monetary payment, which can be used to raise the economic wellbeing. The occupation of the head of the household is very important in achieving economic wellbeing for household. The mean is very high (mean value is 0.77). The household where the head engages in productive economic activities has high standard of living.

The authors isolate remittances either locally or from abroad from probit regression model to identify whether it has significant impact on households' economic wellbeing. The various mean values obtained (See Table 1) show that remittances to households add to economic wellbeing. The remittances can be used to increase business investment of households, acquire real assets, and subsidize some children education allowance. The authors further separate the households into those residing in rural areas and semi urban areas. From Table 1, it can be seen that women are very important to the economic well-being of households especially in children education and training. The mean value of 0.80 is the same in almost all different probit regression estimations computed.

The mean value for households residing in semi-urban areas is different from households residing in rural areas for variables such as education of the head of the household, number of children in the households and occupation of the head of the households. In all statistics obtained, the values of mean for households residing in rural areas are lower than those households residing in semi urban areas. There are variables that need explanations. The mean value of 0.61 of households residing in rural areas shows that rural households depend on remittances than those from other areas. This can be the reason for high vulnerability of those households to human trafficking either locally or internationally.

In addition, having large number of children is still prevalent in rural areas. The mean value of 0.47 from Table 1 confirms this. This may be one of the reasons for low human capital development in the rural areas. Parents have many children to feed and the proceeds from farming are not sufficient to provide the means. The reduced income of the households makes them unable to provide education and training for their children, even quality health care. In terms of education of the head of the households, the semi urban has stronger mean than rural areas (See Table 1). Considering the income from other members of the households in which the women are the focus, it can be seen in Table 1 that the mean value for both rural areas and semi urban are the same. This reflects that women play the same roles in households' economic well-being irrespective of their locations.

**Regression Result**

This section provides the detailed explanation of probit regression computed on the study and Table 2 provides the output.

**Table 2: Results from Probit Regression**

Variable		Dependent variable: the likelihood of households' potentialities to promote human capital in the country					
Column	A	B	C	D	E	F	G
IMH	0.811* (0.338)	0.043*** (0.625)	1.017* (0.426)	0.898 (0.330)	0.796** (0.409)	0.928 (0.332)	
NCH	1.121 (0.290)	0.085*** (0.520)	1.726 (0.428)	1.331 (0.264)	1.174 (0.429)	1.368 (0.261)	0.972 (0.277)
OLD	0.871 (0.328)	0.835*** (0.762)	1.051* (0.412)	1.029 (0.315)	0.930* (0.396)	1.075 (0.311)	0.795* (0.315)
RLA	0.079*** (0.275)	0.553*** (0.515)	- 0.079*** (0.367)	0.104*** (0.270)		0.141*** (0.266)	0.254*** (0.260)
OHH	0.265*** (0.308)	0.424*** (0.547)	0.127*** (0.404)	0.397*** (0.300)	- 0.131*** (0.395)		0.267*** (0.304)
EHH	0.483** (0.281)	1.237* (0.526)	0.125*** (0.378)		0.391*** (0.409)		0.597* (0.273)
Constant	-2.652 (0.481)	-2.277* (0.954)	-3.036 (0.125)	-2.854 (0.472)	-2.427 (0.620)	-2.645 (0.440)	-1.982 (0.368)
Pseudo R <sup>2</sup>	0.312	0.324	0.354	0.298	0.252	0.290	0.284
Log Pseudo Likelihood	-75.158	-22.114	-48.371	-76.617	-34.563	-77.502	-78.231
Obs	158	49	108	158	75	158	158

\*1% \*\*5% \*\*\*10% significant

Source: Authors' Computation, 2014

Table 2 gives the probit regression of the impact of the households' human capital development in the Nigeria. Column A shows the impact of each of the variables employed to measure the contribution of the households to human capital development. As expected all variables have positive impact; that is, they are factors that can be considered in promoting households' contribution to human capital development but two of the variables- number of children in the household and ownership of land are not significant. Remittances to households either from home or abroad and occupation of the heads of the households are significant at 10%. Education of the heads of the households is significant at 5% while income from other members of the households is significant at 1%.

Explanation that can be provided for non-significant of numbers of children in a household is that having large number of children or not does not necessarily determine whether they will achieve education or training. This sometimes requires

personal commitment from the parents and children themselves. While for ownership of land, it should be noted that land tenure system does not allow land transferability. Households that reside in urban areas lease land or purchase it.

This is support by findings in Column B. Column B deals with households residing in rural areas and it can be seen that both variables are significant, though all variables in this column are positive and significant. Rural households' economic well-being is enhanced by having access to diverse sources of income. All income sources add to households' potentialities to provide education and training for their children. The main reason that can be accrued for significant of number of children in rural households is that large family size affects economic well-being of rural households. Large number of rural households is peasant farmers with poor income earnings and nevertheless, they have many children and these are encouraged by culture and illiteracy. All variables are significant at 10% except education of the heads of the households which is significant only at 1%. This may be due to low education attainment of men in rural areas and the few that attained some level of education influence their children through it.

Column C shows the result of probit regression for households that reside in semi-urban areas. Income from other members of the households is positive and significant at 1%. This may come from the fact that many of these women are petty traders, factory workers, domestic servants and cleaners. They provide little in support for their children's education and training. Number of children in the households though it is positive but it is not significant. As earlier observed, there is possibility of externality which may make the education and training of children in a household to be least affected by their numbers. As expected, the occupation of the heads of the households is positive and significant at 10%. The occupation of the head of the households is relevant to education and manpower training of children in the households.

Remittances from home or from abroad, though it is significant at 10%, it is negative. A reason for this is that many of the households in semi-urban areas are the recipients of youth from rural areas that have come to the cities in search of good prospects and this becomes additional financial burden on the households. In addition, the households in semi-urban have some information advantages about the activities of human traffickers. This makes the households least vulnerable to trafficking. Lastly, these households are the senders of domestic remittances to their people at home. Ownership of land is positive and significant at 1%. Land is very important for Nigerians especially obtaining land to build houses. In semi-urban areas, many households struggle to acquire land irrespective of sizes to escape from the hands of 'shylock' landlords and they sublet some to users.

The education of the head of the households is positive and significant at 10% here. Many of the men in semi-urban areas achieved some level of education that makes them functions in clerical cadre, administrative cadre and in cottage businesses. This has the advantage of giving them insight on the benefits of tertiary education.

The authors want to consider the impact of education attainment of the heads of the households and this makes them to exclude it from Probit regression which result is given in Column D. The results obtained shows that all variables are positive but it is only occupation of the heads of the households and remittances to the households from home and abroad are significant at 10%. The income earned by other members of the households is significant, though no concrete can be attributed to this because no defined association between the education attainment of heads of households and income earned by other members of the households. There is possibility of information accessibility to other members of the household when the head attained some level of education.

The same can be said of ownership of land by a household. This also is insignificant at every level. A reason that can be attributed to this is that many households lose their land to money lenders when they go in search of money to meet urgent needs (Ola, 2013). Education plays significant role in information. Through education, they are able to identify other sources of credit facilities without losing their land. Another variable that is not significant at any levels in Column D is number of children in the households. No concrete reason can be attributed to this also.

The authors further examine the impact of remittances to the household either locally or from abroad on human capital development by isolating it from the probit regression in Column E in order to know its influence on other variables. One major difference that is noted is that the occupation of the head of the households has negative sign, though it is significant at 10%. Remittances can be a major source of increasing wealth holdings and also increasing the capital for business ventures. The areas considered by the study- rural areas and semi-urban areas fall into low income group and these people have insufficient income. Some farmers have used up their saving before the beginning of farming season and they need financial aids. The income from other members of the household is positive and significant at 10%. In the same vein, education of the head of the household and ownership of lands are significant at 10% and 1% respectively.

The head of a household is an important determinant in ensuring education and training of children in the house. This makes the authors to omit education attainment of the head of a households and occupation as well from the Probit regression in Column F. The result obtained shows that all other variables are positive but it is only remittances to the households that is significant at 10%. The reason for this significant can come from the fact that remittances to the households always have purposes which make diversion impossible except in rare occasions. The absence of the head of the households either through death or other forms of separation is reflected in this column. It can be seen that even income from other members of the households (women) is only positive, it is not significant. The income is to complement the income of the head of the households.

Another variable that needs to be considered in column F also is ownership of land. This variable is positive but it is not significant. In Africa, land is owned through patriarchal system. Therefore, in the absence of male- heads, women heads

no rights to land. It is difficult for a female-headed household to access the land for monetary benefits. Some portions of the land can be allocated to such women for farming (Iruonagbe, 2009).

Lastly, the authors focus on income from other members of the household (women). Though the income of the women should play a complementary role in the households, but economic recession and other circumstances may make this role to be reversed. In Column F, the probit regression is computed without income from other members of the household. All variables are positive and significant except the number of children in the households. One fact that can be drawn from these findings is that income of women in the household still plays a complementary role in rural areas and semi-urban areas. The main reason that can be given is that many of these women are not educated and do not have gainful employment. They depend on petty trades and small farm holdings. In the absence of male-head in their households, they become economically weak to cater for the education and training of their children.

### Summary and Conclusion

This paper has essentially examined the impact of households on human capital development and this was done from microeconomic framework of individual economic unit. Variables that are assumed to contribute to households' potentiality to increase human capital in the country are introduced. The study adopts descriptive analysis to obtain information needed from 159 households selected through multi-stage sampling method from one rural area (Ogwa, Edo State) and one semi-urban area (Ajasa, Lagos State). The result obtained from the probit regression has shown that human capital development in the country from microeconomic framework depends solely on the contribution of the head of household to family sustenance. In all of the models, the variables that pertained to the heads of the households are positive and significant.

Households' contribution to human capital development in the country can be enhanced through provision of jobs or through skill acquisitions empowerment. The findings further show that women's contribution to human capital development in the absence of male-heads is not significant because women in rural areas and semi-urban areas are not empowered. They lack the skill and no vocational opportunities. Women can only be of economic benefits to their households through empowerment and skill acquisitions. The findings also reveal that remittances to the households still play important roles in human capital development through the households. The estimates for remittances either locally or from abroad are positive and significant in all of the models except in the model pertaining to semi urban households. Households that have access to money or other provisions sent by relatives from Nigeria or from abroad have additional income to provide quality education for their children.

This study has shown that households' contribution to human capital development in Nigeria cannot be over emphasised. There is need for the government to empower households through entrepreneurship. Widespread poverty

*Kehinde O. Ola, David O. Oke, and Margaret Oke*

prevailing in Nigeria has weakened households in providing education and training for their children/wards. Over 14 million children under the age of 14 years in Nigeria are outside four walls of schools (UNICEF, 2015). As UNICEF report reveals these children are forced to work for their own and their family's survival. Economic empowerment of the households will create wealth and increase livelihood opportunities that increase enrolment in schools and personal development of the children.