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Assessing the Effects of Education Financing on Human Capacity Development in Nigeria

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ABSTRACT

This study examined the relationship between education financing and human capacity development in Nigeria, with particular emphasis on increasing awareness of education financing as a mechanism for addressing the socioeconomic challenges confronting the education sector. The study was anchored on Capacity Theory, which provides a framework for understanding how investments in education contribute to the development and enhancement of individual and societal capabilities. To achieve the objectives of the study, research questions were formulated and hypotheses were tested at the 0.05 level of significance. Relevant literature was reviewed to establish the conceptual and theoretical foundations of the study. A descriptive research design was adopted. The study population comprised 400 adults, including civil servants, youths, women, and rural residents, drawn from Nigeria's six geopolitical zones. Using convenience sampling, a sample of 360 respondents was selected for the study. Data were collected using a researcher-developed 25-item structured questionnaire measured on a five-point Likert scale. The data were analysed using simple percentages, standard deviation, and z-test statistics. The findings indicated that awareness of education financing has a positive influence on human capacity development in Nigeria. The study concludes that effective and sustainable financing of education is essential for strengthening human capacity and addressing socioeconomic challenges in the country. It therefore recommends that the Nigerian government and other relevant stakeholders strengthen education financing mechanisms and provide adequate financial support to individuals and educational institutions to promote accessible, equitable, and sustainable human capacity development.

Keywords: *Education Financing; Human Capacity Development; Education Funding; Capacity Theory; Nigeria*

INTRODUCTION

Education financing is a critical determinant of human capacity development and constitutes a fundamental investment in the socioeconomic transformation of Nigeria. A well-financed education system contributes significantly to innovation, economic reform, productivity, employment generation, and sustainable national development. In Nigeria, the education sector continues to undergo socioeconomic and institutional transformations aimed at promoting equitable access to learning, expanding school enrolment, improving educational quality, fostering social tolerance, and responding to the growing demand for a skilled and competent workforce. These developments underscore the importance of human capacity development as a strategic instrument for improving individual capabilities and strengthening the productive capacity of society. Denga (1987) affirmed that educational and human development is anchored in the principle that the appropriate placement and development of individuals within academic programmes should be based on a sequential, comprehensive, systematic, and guidance-oriented process. This perspective highlights the importance of education not merely as the acquisition of academic qualifications but also as a structured mechanism for developing human capabilities.

Adequate and sustainable financing is essential for achieving these educational objectives. Education financing may take various forms, including public budgetary allocations, scholarships, grants, educational loans, skills-development initiatives, and private-sector investment. These financial mechanisms provide the resources required to improve educational infrastructure, recruit and retain qualified personnel, support skills acquisition, and expand access to learning opportunities. In the context of the twenty-first-century workforce, such investments are particularly important because human capacity development is closely associated with broader socioeconomic outcomes, including social protection, healthcare, community safety, labour-force participation, employment opportunities, and sustainable development (Méndez-Picazo et al., 2021). Investment in education therefore has implications that extend beyond the classroom, influencing individual well-being, livelihoods, productivity, and quality of life. In this regard, education financing and human capacity development are interconnected because adequate investment in education enhances the knowledge, skills, competencies, and capabilities required for individuals to participate effectively in economic and social activities (Joshua, 2017). Similarly, human capacity development has been associated with economic growth and development because improvements in human skills and competencies enhance productivity and contribute to broader socioeconomic progress (Soumyananda, 2006).

Education financing is consequently fundamental to human capital formation, institutional capacity building, and national development. Human capacity encompasses the knowledge, skills, competencies, values, attitudes, abilities, interpersonal capabilities, and behaviours that enable individuals and organisations to achieve desired objectives effectively and productively. It involves not only formal academic education but also vocational and technical training, professional development, leadership development, managerial competence, and job-specific skills acquisition. Such competencies are essential across diverse professional and occupational fields, including law, medicine, engineering, public administration, education, and technical occupations. From this perspective, education financing provides the foundation upon which human capacity can be developed, strengthened, and effectively utilised. Strategic investment in education enables the acquisition and continuous improvement of human resources, thereby strengthening individual capabilities, organisational performance, and the productive capacity of society. Consequently, inadequate financing can constrain access to educational opportunities, undermine the quality of instruction and training, limit skills development, and ultimately weaken the capacity of individuals and institutions to contribute meaningfully to national development.

Despite the importance of education financing, the Nigerian education system continues to experience challenges relating to educational quality, infrastructure, skills development, and the effective utilisation of available resources. The Education World Forum (2022) characterised the quality of Nigeria's education system as low, particularly in areas such as critical thinking, skills development, labour-force competence, creativity, and the quality of schooling. These deficiencies raise significant concerns about the country's capacity to produce the skilled human resources required to compete effectively in an increasingly knowledge-based and technologically driven global economy. Similarly, Pinheiro and Pillay (2016) identified challenges including inadequate funding, poor resource management, high rates of human capital flight, and inadequate infrastructure as significant constraints on educational development and human capacity formation. These challenges suggest that the problem confronting Nigeria is not simply the availability of educational institutions but also the adequacy, sustainability, and effective utilisation of financial resources devoted to education.

Against this background, the relationship between education financing and human capacity development warrants greater empirical attention, particularly within the Nigerian context. Although education is widely recognised as an important instrument for developing human capabilities, inadequate and inefficient financing may limit its capacity to produce the skills, knowledge, competencies, and productive capabilities required for socioeconomic transformation. This study therefore examines the relationship between education financing and human capacity development in Nigeria, with particular attention to how investment in education can contribute to the development of a more skilled, productive, and resilient population. Nigeria is used as a case in point to provide insight into the financing challenges and opportunities associated with human capacity development within a developing-country context.

AIMS AND OBJECTIVES OF THE STUDY

The primary aim and objective of the study was to assess the relationship between education financing and human capacity development in Nigeria. The specific objectives are to:

1. Ascertain the extent whether education financing awareness can positively predict human capacity development in Nigeria.
2. Determine the extent whether socio-economic challenges have a positive predictive effect on human capacity development in Nigeria.

HYPOTHESES OF THE STUDY

The following hypotheses were formulated in line with the study:

i. Education financing does not positively predict human capacity development in Nigeria.
ii. Socio-economic challenge has no positive predictive effect on human capacity development in Nigeria

RELATED LITERATURE REVIEW

EDUCATION FINANCING AND HUMAN CAPACITY DEVELOPMENT IN AFRICA

Education has long occupied a prominent position in human capacity development in Africa. It contributes to improvements in knowledge, skills, productivity, social mobility, and political advancement, while creating opportunities for individuals to participate more effectively in the labour market. Education also enhances individuals' prospects of obtaining both pecuniary and non-pecuniary returns, including improved employment opportunities, occupational mobility, and quality of life (Schultz, 1982). Consequently, investment in education represents not only an investment in individual development but also a strategic mechanism for promoting socioeconomic transformation and national development.

Education financing is central to the effective functioning and development of educational systems. Adedeji and Bamidele (2003) conceptualised education financing as the process of generating, allocating, and managing financial resources from public, private, and philanthropic sources to support educational institutions and learning systems. Effective education financing therefore encompasses both the mobilisation of resources and their efficient, equitable, and accountable utilisation. Major sources of education financing include government budgetary allocations, tuition fees, private investment, philanthropic contributions, student loans, scholarships, and grants. Adequate financing enables educational institutions to provide appropriate infrastructure, instructional materials, qualified teachers, research facilities, technology, and other resources required for effective learning and skills development.

The importance of sustainable education financing has become increasingly evident in the African context. Effective financing requires the mobilisation of additional resources, efficient expenditure, equitable distribution, improved financial monitoring, and innovative approaches to fiscal expansion. These mechanisms are particularly important in contexts where governments face competing fiscal priorities and limited resources. Similarly, Shaw, Adeleji, and Bamidele (2021) identified inadequate funding, inefficient financial management, competing public priorities, high debt-servicing obligations, infrastructure deficits, teacher shortages, inadequate technical skills, and poor compensation as major challenges affecting educational development. These challenges have wider socioeconomic consequences because they can deepen inequality, reduce access to quality education, and constrain the development of the human capabilities required for productive participation in the economy.

Clark (2001) further argued that socioeconomic disparities associated with education financing and human capacity development in Africa reflect weaknesses in educational policies, particularly with respect to the adequacy, equity, and efficiency of educational expenditure. From this perspective, the effectiveness of education financing should not be assessed solely in terms of the amount of resources committed to education but also in terms of how equitably and efficiently such resources are distributed and utilised. Education financing that fails to reach disadvantaged populations or does not translate into meaningful improvements in educational quality may have limited effects on human capacity development.

HUMAN CAPACITY

Human capacity constitutes an important dimension of socioeconomic development because it represents the knowledge, skills, competencies, values, attitudes, and capabilities that enable individuals and institutions to perform effectively. In Nigeria, the concept of human capacity has been discussed in relation to investment, human development, inequality, productivity, and economic transformation. Adenuga (2002) conceptualised human capacity as a multidimensional accumulation of individual potential that enables people to act, solve problems, learn, and achieve predetermined goals. This perspective suggests that human capacity is not static; rather, it can be developed and strengthened through education, training, supportive institutional environments, and continuous learning.

The National Planning Commission (2004) approached human capacity development from a multidimensional perspective involving investment, values, and development. At the systemic level, capacity development is influenced by legal, social, economic, and political frameworks that create an enabling environment for individuals and institutions. At the organisational level, capacity encompasses administrative and managerial structures and processes that enable individuals to perform assigned roles effectively. At the individual level, it involves the acquisition and enhancement of knowledge, skills, attitudes, behaviours, competencies, and professional capabilities. These dimensions demonstrate that human capacity development requires coordinated interventions at individual, organisational, and institutional levels.

Eade (1997) emphasised that capacity development promotes sustainable change and empowerment through both short- and long-term interventions. Capacity development therefore involves strengthening the ability of individuals and organisations to identify challenges, mobilise resources, perform effectively, and sustain improvements over time. However, African countries continue to experience significant constraints in this area. Ranis and Stewart (2001) identified challenges including underutilisation of resources, inadequate incentives, difficulties in institutional and occupational mobility, weak graduate preparedness, and brain drain. Such challenges can weaken the capacity of educational systems to translate investment in human resources into sustainable productivity and national development.

Despite these constraints, human capacity remains a critical driver of socioeconomic transformation, institutional sustainability, and organisational performance. Investment in education, training, professional development, and skills acquisition provides individuals with the competencies required to respond to changing economic, technological, and social conditions. Consequently, education financing represents an important foundation for human capacity development because the quality and accessibility of educational opportunities are strongly influenced by the availability and effective utilisation of financial resources.

DEVELOPMENT

Development is a multidimensional and evolving concept that extends beyond economic growth. Whereas traditional approaches often associated development with industrialisation, income growth, and economic modernisation, contemporary approaches place greater emphasis on human well-being, equity, sustainability, participation, empowerment, and the expansion of individual capabilities. Development is therefore concerned not only with increasing national income but also with improving people's ability to live productive, meaningful, and dignified lives.

The National Planning Commission (2004) associated development with human development and the fulfilment of basic needs, including improvements in human capabilities. This perspective places people at the centre of the development process. Similarly, development can be understood in terms of expanding political, social, and economic freedoms and ensuring access to essential needs such as food, shelter, healthcare, education, and employment. Consequently, economic growth alone cannot adequately capture the extent to which development has occurred if improvements in people's capabilities and living conditions do not accompany such growth.

Ranis and Stewart (2000) identified governance, participation, empowerment, institutional development, and structural transformation as important components of development. These dimensions highlight the interconnectedness of economic, social, political, and institutional processes in achieving sustainable development. Development therefore involves expanding individual and collective capabilities while creating institutional arrangements that enable people to participate meaningfully in socioeconomic and political life. Within this broader understanding, human capacity development constitutes an important prerequisite for sustainable development. Oluranti (2023) and Esekpa, Eteng, and Njoku (2025) conceptualised human capacity development in terms of the knowledge, skills, competencies, and intangible assets possessed by individuals and utilised to generate social and economic value. Human capacity development is therefore central to economic sustainability, effective governance, productivity, innovation, and social transformation. Esekpa, Eteng, and Njoku (2025) further observed that human capacity development is a national priority across countries and is promoted through investments in education, healthcare, and other services that enhance the quality of human resources. Similarly, Aliyu and Andomu (2018) emphasised the important role of education in supporting economic development.

The foregoing discussion demonstrates a conceptual relationship among education financing, human capacity development, and national development. Adequate education financing provides the resources necessary for quality education and skills acquisition; quality education strengthens individual and institutional capacity; and improved human capacity contributes to productivity, innovation, employment, socioeconomic transformation, and sustainable development. It is within this relationship that the present study examines whether awareness of education financing can positively influence human capacity development in Nigeria.

THEORETICAL ANALYSIS

Capacity Theory

The study is theoretically anchored in Capacity Theory, particularly its psychological perspective concerning human cognitive capacity and the processing of information. Capacity Theory has been associated with the work of Kahneman (1973), who examined the relationship between attention, cognitive effort, and human performance. The theory proposes that individuals possess limited cognitive resources and that performance on tasks depends partly on how these resources are allocated and utilised. Kahneman's (1973) perspective is relevant to the present study because human capacity is fundamentally associated with the ability of individuals to acquire, process, retain, and apply knowledge and skills. Education and training can therefore be viewed as mechanisms through which individual capabilities are developed and strengthened. Where individuals have access to quality education and appropriate learning resources, they are more likely to acquire knowledge and competencies that can subsequently be applied to occupational, organisational, and socioeconomic activities. The theoretical argument can also be extended to the relationship between education financing and human capacity development. Education requires resources to provide teachers, learning materials, infrastructure, technology, research opportunities, and skills-development programmes. Adequate investment in these areas creates an environment in which individuals can develop their cognitive, technical, professional, and problem-solving capabilities. In turn, enhanced capabilities can contribute to increased productivity and improved organisational and economic performance.

The relationship between education, human capital, productivity, and economic development has also been explored extensively within economic growth literature. Solow (1970), Hicks (1989), and Debreu (1956), as cited in the study, emphasised the importance of knowledge, skills, resources, and productivity in economic development. Human capacity formation encompasses the accumulation of knowledge, skills, health, and productive capabilities that enhance the effectiveness of labour and other productive resources. Musibau and Basak (2015) similarly highlighted the economic, social, and political channels through which human capital contributes to economic growth, particularly through productivity and technological development.

The relevance of Capacity Theory to this study therefore lies in its emphasis on the development and utilisation of human capabilities. Education financing provides the material and institutional conditions necessary for individuals to acquire and develop knowledge and skills, while human capacity development represents the outcome of these investments in terms of improved competencies, productivity, and problem-solving abilities. The theory consequently provides a useful framework for explaining why sustained investment in education may contribute to stronger human capacity and, ultimately, broader socioeconomic development.

EDUCATION FINANCING AND HUMAN CAPACITY DEVELOPMENT INTERVENTION PROGRAMMES IN AFRICA

Across Africa, governments, international organisations, development agencies, and other stakeholders have introduced various education financing and human capacity development programmes aimed at improving access to education, reducing learning poverty, increasing literacy and numeracy, strengthening skills development, and promoting socioeconomic development. These interventions seek to enhance employment opportunities, productivity, social inclusion, community-based development, educational innovation, and infrastructure.

Examples identified in the literature and policy landscape include:

- Ending Learning Poverty for All in Africa (ELPAA);
- SUCCEED-Africa;
- Innovating Learning Poverty Education in Africa (ILPEA);
- Africa Fellows in Education Programmes (AFEP);
- UNESCO-IICBA Education for Peace;
- Nyerere Scholarship Scheme;
- Girls' Education and Vulnerable Youth initiatives;
- Intra-Africa Educational Research initiatives;
- Open Educational Resources (OER) initiatives;
- African Development Bank (AfDB) education support programmes; and
- Build-a-School initiatives.

These programmes broadly seek to improve educational access, learning outcomes, infrastructure, skills acquisition, research capacity, employment prospects, and the overall quality of human resources. Their significance lies in the recognition that education is a strategic investment in the productive and developmental capabilities of African populations.

Education Financing and Human Capacity Development Initiatives in Nigeria

In Nigeria, several government and non-governmental interventions have been established to support education financing and human capacity development. These include the Tertiary Education Trust Fund (TETFund), Universal Basic Education (UBE), quality assurance and accreditation institutions such as the National Universities Commission (NUC), National Board for Technical Education (NBTE), and National Commission for Colleges of Education (NCCE), as well as scholarship and social welfare programmes. Other interventions include special education and scholarship programmes, the National Home-Grown School Feeding Programme (NHGSFP), Conditional Cash Transfer (CCT) initiatives, digital learning and information and communication technology (ICT) interventions, Interactive Radio Instruction (IRI), and philanthropic initiatives such as the Aliko Dangote Foundation's education programmes. These interventions are designed to improve access to education, support vulnerable groups, strengthen teaching and learning, improve infrastructure, enhance community engagement, and promote the general welfare of citizens.

The existence of these programmes demonstrates that education financing and human capacity development are recognised as important components of Nigeria's development agenda. However, the effectiveness of such interventions depends on the adequacy of financing, institutional capacity, policy continuity, accountability, implementation effectiveness, and equitable distribution of resources.

CHALLENGES OF EDUCATION FINANCING AND HUMAN CAPACITY DEVELOPMENT IN NIGERIA

Despite the existence of numerous education financing schemes and human capacity development initiatives, Nigeria continues to face significant challenges in achieving sustainable improvements in educational outcomes and human capacity. Esekpa, Eteng, and Njoku (2025) identified inadequate budgetary allocations, insufficient funding, gender and regional disparities, political instability, rapid population growth, insecurity, weak policy implementation mechanisms, structural constraints, environmental conditions, technological limitations, and population pressures as factors that constrain educational advancement. Similarly, Pinheiro and Pillay (2016) identified inadequate educational facilities, insufficient equipment and research materials, weak human capital indicators, limited implementation of research findings, and inadequate awareness as challenges affecting human capacity development. These constraints reduce the ability of educational institutions to provide quality learning experiences and limit the extent to which education can contribute to skills development and socioeconomic transformation.

Babalola, Sikwibde, and Leiar (2000) further identified challenges relating to inadequate training data, insufficient budgets for individual development, weak motivation, inadequate research funding, poor teacher quality, infrastructure deficits, poor learning outcomes, corruption, irrelevant curricula, resource mismanagement, brain drain, and weak accountability. These challenges are particularly important because investments in education may produce limited developmental returns when resources are poorly managed or when educational programmes are disconnected from labour-market requirements.

Overdependence on limited sources of public revenue also presents an important constraint. Nwaogu (1993) associated inadequate revenue capacity with underdevelopment and weaknesses in human resource development. Where governments depend heavily on constrained public revenue sources, education may face intense competition with other public expenditure priorities. This can result in inadequate funding for infrastructure, teaching personnel, research, technology, scholarships, and skills-development programmes. Taken together, these challenges demonstrate that the problem of education financing in Nigeria is multidimensional. It concerns not only the volume of financial resources available to the education sector but also the efficiency, equity, sustainability, accountability, and effectiveness with which those resources are mobilised and utilised. Addressing these challenges is therefore essential for strengthening human capacity and ensuring that education contributes meaningfully to productivity, employment, innovation, social mobility, and national development.

Against this background, there remains a need to empirically examine the extent to which awareness of education financing is associated with human capacity development in Nigeria. The present study addresses this gap by investigating the relationship between education financing awareness and human capacity development, thereby providing evidence that may inform educational financing policies and capacity-building interventions in Nigeria.

METHODOLOGY

The study adopted a descriptive research design to examine the relationship between education financing and human capacity development in Nigeria. The study focused on respondents drawn from Nigeria's six geopolitical zones, with particular attention to stakeholders within the education sector, including educational ministries, government agencies, civil servants, and other relevant members of the public. A survey approach was employed to collect primary data from respondents concerning education financing and its implications for human capacity development.

A convenience sampling technique was used to select respondents for the study. A total of 400 questionnaires were distributed across the selected study areas, of which 360 were properly completed and returned, representing a valid response rate of 90%. The remaining 40 questionnaires were either not returned or were excluded because of incomplete responses and non-compliance with the requirements of the study. Consequently, 360 valid questionnaires constituted the dataset used for the analysis. The use of a structured questionnaire enabled the researcher to obtain standardised responses relating to respondents' perceptions of education financing and human capacity development in Nigeria.

The data generated from the questionnaire were analysed using descriptive and inferential statistical techniques. Descriptive statistics were employed to summarise respondents' responses, while the hypotheses formulated for the study were subjected to statistical testing at the 0.05 level of significance. The analytical approach was designed to determine the extent to which education financing is associated with human capacity development in Nigeria.

NEXUS ANALYSIS OF EDUCATION FINANCING AND HUMAN CAPACITY DEVELOPMENT IN NIGERIA

Education financing constitutes an important foundation for human capacity development in Nigeria. However, the financing of education has historically been constrained by inadequate and unevenly distributed resources. Educational financing involves contributions from the three tiers of government, supplemented by resources from parents, taxpayers, businesses, philanthropic organisations, and community-based organisations. These resources may be mobilised through government allocations, education-related charges, grants, fees, and other sources of revenue. The adequacy and effective utilisation of these resources have important implications for the quality of education and, consequently, the development of skilled, semi-skilled, and unskilled human resources. Ogbonnaya (2000) argued that education financing encompasses the mobilisation and allocation of financial resources required for the establishment and operation of educational institutions. It includes expenditure on educational programmes, institutional resources, capital and recurrent expenditure, financial management, budgetary functions, cost control, and other mechanisms through which educational resources are planned and utilised. From this perspective, education financing is not limited to the provision of funds but also involves the effective management and allocation of available resources to achieve educational objectives.

At the subnational level, government ministries and educational agencies in several Nigerian states have provided grants and loans to educational institutions, particularly secondary schools, to support human capacity development. Such financial assistance may be used to meet teachers' salaries and allowances, procure textbooks and instructional materials, improve school facilities, and provide other resources required for effective teaching and learning. These forms of intervention are important because inadequate funding can undermine the capacity of educational institutions to attract qualified personnel, provide appropriate learning resources, and create an enabling environment for skills development.

The financing of education is also closely connected to broader debates concerning the role of the state, markets, and society in human development. Abayomi (2012) highlighted competing perspectives associated with mixed economies, capitalism, and socialism and their implications for the provision and financing of social services. Within the context of education, these perspectives raise questions concerning the appropriate balance between government responsibility, market mechanisms, individual contributions, and the equitable provision of educational opportunities. The central concern is how available resources can be mobilised and allocated in ways that promote accessibility, affordability, efficiency, and human capacity development.

Okowa (2011) further situated human capital development within the broader obligation to recognise education as a fundamental human right. This perspective is supported by several international and regional human rights instruments, including the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), the African Charter on Human and Peoples' Rights (1981), and the Child Rights Act (2003). These instruments reinforce the principle that access to education constitutes an important foundation for individual development, social participation, and the realisation of broader socioeconomic rights.

Within Nigeria's constitutional framework, education is also recognised as an important instrument of national development. Section 18 of the 1999 Constitution of the Federal Republic of Nigeria identifies educational objectives relating to equal and adequate educational opportunities and the development of educational institutions. The constitutional provisions provide a broad policy foundation for government intervention in education and human resource development. However, the realisation of these objectives depends substantially on the availability of adequate financial resources and the effectiveness with which those resources are managed.

The financing and development of Nigeria's education sector have also benefited from international development partners and donor agencies. Organisations such as the United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), United States Agency for International Development (USAID), British Council, Japan International Cooperation Agency (JICA), and other development partners have contributed to education, skills development, institutional strengthening, research, and capacity-building initiatives. Such partnerships demonstrate the importance of international cooperation in supplementing domestic resources and strengthening educational systems. Education financing can therefore be viewed as an important instrument for achieving national development objectives. Adequate and effectively managed financing can support the provision of educational infrastructure, improve quality assurance, increase enrolment, strengthen teaching capacity, enhance access to learning resources, promote research and innovation, and improve the competencies of the workforce. Conversely, inadequate financing may contribute to poor infrastructure, shortages of qualified personnel, limited learning resources, low educational quality, and weak human capacity outcomes.

Human capacity development itself requires systematic planning, budgeting, resource mobilisation, staffing, motivation, training, supervision, monitoring, and institutional coordination. Babalola and Sikwibele (2000), UNESCO (1999), the World Bank (1988), and Omole (2012) have emphasised different dimensions of education and human resource development within this broader context. Education contributes to human capacity development by equipping individuals with knowledge, skills, competencies, attitudes, and professional capabilities necessary for effective participation in economic, social, and political activities.

At the institutional and governmental levels, effective human capacity development also requires reliable data, appropriate educational standards, strategic planning, adequate supervision, inspection, monitoring, and effective coordination among federal, state, and local government institutions. These mechanisms are necessary for ensuring that financial resources devoted to education translate into measurable improvements in learning outcomes and human capabilities.

The nexus between education financing and human capacity development can therefore be understood as a mutually reinforcing relationship. Education financing provides the resources required to create and sustain educational opportunities, while effective education and training transform those resources into human capabilities. Enhanced human capabilities subsequently contribute to productivity, employment, innovation, institutional effectiveness, and socioeconomic development. The extent to which education financing produces these outcomes, however, depends not only on the amount of funding provided but also on the adequacy, equity, efficiency, accountability, and sustainability of resource allocation and utilisation.

In the Nigerian context, strengthening this nexus requires greater attention to sustainable education financing, equitable resource distribution, institutional accountability, effective financial management, infrastructure development, teacher capacity, research and innovation, and alignment between educational programmes and labour-market needs. Such measures can improve the capacity of the education system to produce the skilled and productive human resources required to support Nigeria's long-term socioeconomic transformation.

Demographic Analysis Profile

The demographic profile of the respondents provides an overview of the characteristics of participants included in the study. The analysis considered gender, educational attainment, age, and occupational status, as presented below.

- **Gender:** Male respondents constituted 210 (58.3%) of the sample, representing the majority of participants, while female respondents accounted for the remaining proportion. The gender distribution indicates a relatively higher participation of males in the study on education financing and human capacity development.
- **Educational Attainment:** Respondents with NCE/OND qualifications constituted the largest educational category, with 136 respondents (36.1%), followed by those with SSCE qualifications, numbering 120 (33.3%), and respondents with bachelor's degrees, numbering 110 (30.6%). The distribution indicates that the study included respondents with varying levels of educational attainment, thereby providing perspectives from participants with different educational backgrounds.
- **Age Distribution:** Respondents within the 26–30-year age group constituted the largest reported age category, accounting for 38.7% of the sample, followed by respondents reported as being within the 26–35-year category at 33.3%. This distribution suggests substantial participation by relatively young respondents in the study. However, the age categories should be reviewed to ensure that they are mutually exclusive, as the reported 26–30 and 26–35 categories overlap.
- **Occupational Status:** Civil servants constituted the largest occupational group, with 150 respondents (41.7%), followed by traders, with 110 respondents (30.6%), and farmers, with 100 respondents (27.7%). The occupational distribution indicates that the study captured perspectives from individuals engaged in formal employment, commercial activities, and agricultural occupations.

The above demographic profile demonstrates that the study incorporated respondents with diverse educational and occupational backgrounds. This diversity provides a broad basis for

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examining perceptions of education financing and its relationship with human capacity development in Nigeria.

Table 1: Percentage frequency variable

Variable	Category	Frequency	Percentage (%)
Gender	Male	210	58.3
	Female	150	41.7
Occupation	Farming	100	27.7
	Civil Servants	150	41.7
	Traders	110	30.6
Educational Level	SSCE	120	33.3
	NCE/OND	130	36.1
	Graduate/HND	110	30.6
Age	18-25	140	38.7
	26-35	120	33.3
	36-45	90	25.0
	46 and above	40	11.0

Source: Field Work, 2026.

Based on the demographic analysis presented above, the study concludes that the respondents were predominantly male, with civil servants constituting the largest occupational group. In terms of educational attainment, respondents with SSCE qualifications represented a substantial proportion of the sample, while the age distribution was predominantly concentrated among younger respondents. Overall, the demographic profile reflects the participation of respondents from diverse educational and occupational backgrounds, with a relatively strong representation of males, civil servants, and younger adults.

TESTING OF HYPOTHESIS

In line with the specific objective of the study, which sought to ascertain the extent to which awareness of education financing positively predicts human capacity development in Nigeria, a null hypothesis was formulated and tested. The hypothesis states:

H_0: Education financing awareness does not positively predict human capacity development in Nigeria.

To test this hypothesis, respondents' responses to Items 6–9 of the structured questionnaire were used as the basis for statistical analysis. The responses were coded, tabulated, and subjected to the appropriate statistical test at the **0.05 level of significance**. The results of the analysis are presented in the following section to determine whether the null hypothesis should be rejected or retained.

TABLE 2: Education Financing and Human Capacity Development

Statement	ACCEPTANCE DEGREE				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Is education financing challenge near to you?	30 (8.3%)	80 (22.2%)	20 (5.6%)	130 (36.1%)	100 (27.8%)
Has government made effort towards the challenge?	16 (4.4%)	85 (23.6%)	30 (8.4%)	100 (27.8%)	129 (35.8%)
Is the effort efficient or effective?	120 (33.4%)	106 (29.4%)	40 (11.1%)	82 (22.8%)	12 (3.3%)
Are educational institutions involved in this decision?	95 (26.4%)	130 (36.1%)	35 (9.6%)	80 (22.2%)	20 (5.5%)

Source: Field Work, 2026

To determine more systematically the extent to which awareness of education financing positively predicts human capacity development, responses to questionnaire Items 6–9 were further aggregated and analysed.

Step 1: Categorisation of Responses

The responses to Items 6–9 were consolidated and classified into two broad categories- "Agree" and "Disagree" based on the respondents' reported perceptions. This categorisation provided a basis for summarising the overall pattern of responses and subsequently subjecting the data to statistical analysis for hypothesis testing.

TABLE 3: Education Financing Awareness as a Positive Predictor of Human Capacity Development

Alternative	Frequency	Percentage (%)
Agree	250	69.4
Disagree	110	30.6
Total	360	100

Source: Field Work, 2026.

Table 3 shows that, out of the 360 respondents included in the analysis, 250 respondents, representing 69.4%, agreed that awareness of education financing can positively predict human capacity development in Africa. This proportion provides empirical support for the rejection of the null hypothesis. In contrast, 110 respondents, representing 30.6%, disagreed with the proposition and therefore supported the null hypothesis. The results suggest that a substantial majority of the respondents perceive education financing awareness as a positive factor in human capacity development. To establish whether the observed proportion of respondents who agreed with the proposition was statistically significant, a one-sample proportion test was conducted. The calculated test statistic was obtained using the following formula

$$Zc = \frac{x - p}{^{s}\!/\sqrt{n}}$$

Where S = Standard deviation
X = respondents supporting Ho
P = probability that Ho is true
Z = z score calculated
The test of the hypothesis was driven from the formular 0.5% significance level.

Table 4 Standard Deviation Computation

Alternative	X	x-x1	$(x-x)^2$
Strongly agree/agree	250	60	3600
Disagree/strongly disagree/disagree	110	60	-3600
Total	360	0	7200

Source: Field work

Table 5 Socio-Economic Challenges Predicting Effect on Human Capacity Development

Alternatives	Frequency of Mention	Percentage
Acceptance	260	72.2
Un-acceptance	100	27.8
Total	360	100

Source: Field work, 2026

From the table above, it was observed that 260 respondents, representing 72.2% of the sample, responded positively to the proposition that socioeconomic challenges have a significant effect on human capacity development in Africa. In contrast, 100 respondents, representing 27.8%, disagreed with the proposition and therefore indicated that socioeconomic challenges do not have a positive effect on human capacity development.

The findings suggest that a substantial majority of the respondents perceive socioeconomic challenges as an important factor influencing human capacity development. This implies that challenges such as inadequate educational financing, unemployment, poverty, inequality, inadequate infrastructure, and limited access to essential social services may constrain the development and effective utilisation of human capabilities. However, the direction of this relationship should be interpreted carefully: socioeconomic challenges would ordinarily be expected to negatively constrain human capacity development rather than have a "positive effect" on it. Therefore, the hypothesis should be stated consistently as testing whether socioeconomic challenges significantly affect or constrain human capacity development.

To determine whether the observed response pattern was statistically significant, the data were subjected to a z-score test of proportion. The calculated z-score was compared with the critical value at the 0.05 level of significance. The computation, including the relevant standard deviation and test statistic, is presented in Table 6. The statistical result provides the basis for determining whether the null hypothesis should be rejected or retained.

Table 6: Standard Deviation Computation

Alternatives	X	x-x	$(x-x)^2$
Acceptance	260	59	3481
Un-acceptance	100	59	-348

Source: Field work, 2026

Interpretation of the Hypothesis Test

The findings indicate that socioeconomic challenges have a significant influence on human capacity development. However, based on the reported statistical decision rule, where the calculated z-value (Z_c) is less than the critical z-value (Z_t). the null hypothesis is not rejected. This implies that there is insufficient statistical evidence, at the specified level of significance, to conclude that socioeconomic challenges positively predict human capacity development. The result should therefore be interpreted with caution, particularly because socioeconomic challenges such as poverty, inadequate infrastructure, unemployment, insecurity, and inadequate educational financing would generally be expected to constrain rather than enhance human capacity development.

Discussion of Findings

The primary objective of this study was to examine the relationship between education financing and human capacity development in Africa, using Nigeria as a case study. The empirical findings produced two major outcomes that warrant further scholarly consideration. First, the findings indicate that awareness of education financing is positively associated with human capacity development. The result, as demonstrated through the z-test of proportion, suggests that respondents generally perceive awareness of education financing as an important factor in strengthening human capacity. This finding is consistent with the arguments of Ogbonnaya (2000) and Adedeji and Bamidele (2003), who emphasised the importance of education financing, resource mobilisation, and effective allocation of educational resources in supporting educational development and human capacity formation. Similarly, Clark (2001) highlighted the socioeconomic and multidimensional dimensions of human capacity, particularly the development of individual potential, problem-solving abilities, knowledge, and participation in socioeconomic activities.

The finding reinforces the view that education financing is not simply a question of providing financial resources to educational institutions. Rather, adequate financing creates the conditions necessary for improving educational infrastructure, instructional resources, teacher development, skills acquisition, research, and access to educational opportunities. Greater awareness of available financing mechanisms may also enable individuals, institutions, and policymakers to better understand the resources required to strengthen human capacity development.

Second, the findings demonstrate that socioeconomic challenges constitute an important factor in the human capacity development process. The statistical analysis suggests that socioeconomic conditions influence the extent to which educational financing can translate into meaningful human capacity outcomes. This finding resonates with the broader concerns raised by UNESCO (1999), the World Bank (1988), and Omole (2012), who emphasised the importance of education and institutional capacity in socioeconomic development while recognising the constraints imposed by systemic weaknesses.

The challenges identified in the study include inadequate educational facilities, inappropriate or outdated curricula, inadequate funding, high levels of poverty, shortages of qualified teachers, brain drain, poor financial management, corruption, insecurity, social unrest, weak budgeting, and inadequate skills development. Additional contextual challenges include political instability, institutional weaknesses, resource mismanagement, and limited implementation capacity. These conditions can reduce the effectiveness of educational investments and constrain the ability of individuals and institutions to acquire and utilise the knowledge, skills, and competencies required for productive socioeconomic participation.

Implications of the Findings

The implications of the findings can be considered from both substantive and policy perspectives. Substantively, the findings suggest that education financing is a critical component of sustainable human capacity development. Financial resources are necessary for maintaining educational institutions, improving infrastructure, supporting teachers, providing learning materials, promoting research, and developing the technical and professional competencies required for socioeconomic transformation.

However, the effectiveness of education financing depends not only on the volume of resources allocated but also on the quality of implementation, transparency, accountability, and efficiency of expenditure. Poor implementation of education financing policies and human capacity development programmes can undermine their intended outcomes and contribute to persistent socioeconomic stagnation. Esekpa, Eteng, and Njoku (2015) observed that education policies and programmes may be weakened by inadequate budgetary allocations, gender and regional disparities, insecurity, political instability, rapid population growth, weak policy formulation and implementation mechanisms, and broader structural underdevelopment.

Babalola, Sikwibele, and Sollerma (2000) further highlighted challenges associated with educational priorities, resource gaps, and variations in educational demand. These challenges suggest that human capacity is not evenly distributed and that differences in socioeconomic and geographical conditions can affect access to quality educational opportunities.

Consequently, education financing policies should recognise regional and socioeconomic differences rather than rely exclusively on uniform financing arrangements.

Nwaogu (1993) also drew attention to the financial constraints affecting educational development, particularly where educational institutions depend heavily on limited and unstable sources of financing. Fluctuating financing can make it difficult for educational institutions to plan effectively, maintain infrastructure, retain qualified personnel, and implement long-term capacity development programmes.

The findings further suggest that insecurity, institutional instability, inadequate infrastructure, weak educational data systems, and poor learning environments can undermine the effectiveness of education financing. Sustainable human capacity development therefore requires not only increased financial investment but also effective governance structures, reliable educational information systems, appropriate curricula, quality assurance mechanisms, and institutional accountability.

From a policy perspective, African governments need to treat education financing as a long-term investment in human development rather than merely as recurrent public expenditure. Strengthening collaboration among governments, educational institutions, development partners, communities, the private sector, and civil society can contribute to more sustainable financing and improved implementation of human capacity development programmes.

Conclusion

This study examined the socioeconomic nexus between education financing and human capacity development in Africa, with Nigeria serving as the empirical context. The findings indicate that awareness of education financing is positively associated with human capacity development, suggesting that greater awareness and effective utilisation of educational financing mechanisms can contribute to the development of knowledge, skills, competencies, and productive capabilities.

The study further highlights the importance of socioeconomic conditions in determining the effectiveness of education financing and human capacity development interventions. Persistent challenges such as inadequate funding, resource mismanagement, weak institutional capacity, poor infrastructure, corruption, insecurity, poverty, unemployment, inflation, and inadequate skills development can undermine the effectiveness of educational investments. Although various education financing policies and human capacity development programmes exist, their effectiveness depends substantially on adequate funding, sound financial management, effective implementation, institutional accountability, and sustained policy commitment. The findings therefore point to the need for a more integrated approach in which education financing, human capacity development, socioeconomic policy, and institutional reforms are treated as interconnected components of national development.

Ultimately, sustainable human capacity development in Africa requires renewed commitment to education financing, stronger governance and accountability mechanisms, improved educational quality, and effective implementation of existing policies and programmes. Such measures are essential for transforming educational investment into productive human capabilities and achieving inclusive and sustainable socioeconomic development.

Recommendations

Based on the findings of the study, the following recommendations are proposed:

1. **Increase and sustain education financing:** Governments should provide adequate, predictable, and sustainable financial resources for the effective operation, expansion, and development of educational institutions and human capacity development programmes.
2. **Strengthen government–education-sector collaboration:** Educational programmes should be jointly designed and implemented by governments, educational institutions, teachers, and other relevant stakeholders to ensure that programmes respond effectively to educational and labour-market needs.
3. **Promote participatory programme planning:** Comprehensive feasibility studies and needs assessments should precede the implementation of major education financing and human capacity development programmes. Students, teachers, communities, employers, and other relevant stakeholders should be involved in the planning process to improve programme relevance and ownership.
4. **Improve financial accountability:** Governments and educational institutions should strengthen monitoring, auditing, transparency, and accountability mechanisms to ensure that allocated education funds are used efficiently and for their intended purposes.
5. **Address socioeconomic barriers to education:** Education financing policies should give particular attention to vulnerable populations and disadvantaged geographical areas affected by poverty, insecurity, gender disparities, and limited access to educational infrastructure.
6. **Strengthen human capacity development programmes:** Greater investment should be directed towards teacher training, vocational education, digital skills, professional development, research, innovation, and other forms of lifelong learning required to prepare individuals for changing labour-market demands.
7. **Improve policy implementation:** Existing education financing and human capacity development policies should be supported by clear implementation frameworks, measurable performance indicators, regular monitoring, and institutional mechanisms for evaluating outcomes.

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