AN INVESTIGATION ON THE IMPACT OF GOVERNMENT EXPENDITURE IN HUMAN CAPITAL DEVELOPMENT IN NIGERIA

RAYMOND NWANDU
Department of Economics
Faculty of Management and Social Sciences
Madonna University, Nigeria
raymondnwandu2020@gmail .com

Abstract
This study explores the impact of human capital development on economic growth in Nigeria from 1981 to 2017 using time series data of thirty four (36) years. The empirical analysis begins with an investigation of the stationarity of the variables specified under the model specification. Upon which the study used the ARDL bound estimation techniques to examine the existence of long run and short run dynamic relationship between human capital formation and economic growth in Nigeria. Our results show that a long run dynamic relationship exists between human capital development and economic growth in Nigeria. It is therefore recommended that in order to achieve economic growth, policymakers should inter-alia increase not just the amount of expenditure made on the education sector, but also the percentage of its total expenditure accorded to the sector. Moreover, improve personnel development in the health care and ensuring adequate distribution of health facilities within the federation is essentially imperative.

Keywords: Human capital development, economic growth, expenditures on Health and education,

Introduction

According to Farooq, N. (2016), several studies over the years have widely acknowledged the relevance of human capital development in the process of achieving meaningful and sustainable economic growth. Human development is a strategy to improve human skills, create avenues for people to make
better choices that boost a healthier, longer and fulfilled lives. The predominant aim of every government's spending is to guarantee a long and healthy life for the citizens, ensure they are knowledgeable and enjoy a decent standard of living. Government expenditure on human
development avails a country the opportunity of having a suitable, competent, healthy and educated labor force to contribute meaningfully to national development. This is because the quality of human
capital in a nation determines its economic development and sustainability. The measurement of a nation's economic development based on gross domestic product (GDP) or gross national income (GNI) per capita is only restricted to income alone but human development comprises components that best paint a picture of how developed a nation is especially as parameters such health, education, physical environment and freedom are the benchmark. Although the United Nations notes that Human Development Index (HDI) used as measurement for a nation's economic development does not take into cognizance some important human problems such as poverty, empowerment, inequalities, security and safety. However, the
yardstick and elements of HDI remain the vital aspects of a country's economy that can lead to growth if duly incorporated into national budgets and implemented accordingly.
The first human development report published by the United Nations Development Program (UNDP) in 1990 indicated that the major aim of development is to provide an enabling environment for people to enjoy long, healthy and creative lives. Human development index (HDI) is the report published by the UNDP and used to compare nations' real economic development status. Human development index is a United Nations geometric instrument that takes off focus on economicgrowth but allows more attention on standard of living and educational wellbeing of the human beings in a nation. HDI was initiated by AmartyaSen, an Indian Nobel award winner and Mahbubultan economist with the support from Gustav Ranis of Yale University

and Lord Meghnad Desai of the London School of Economics, later the United Nations Development Program accepted it in their Human Development Report Office as the basis for measuring nations' economic performance (UNDP, 2018). HDI stresses that a country has to implement policies that encourage usage of a nation's economic wealth for the betterment of its citizens. By implication, a nation's resources should be
channeled to human development projects for proper national development. Based on this premise, this study is motivated to investigate the effect of government general spending on human development in Nigeria. Several domestic and foreign studies on government expenditure have been on economic growth (ChandranGovindaraju, Rao & Anwar, 2011; Al-Bataineh, 2012; Gangal& Gupta, 2013; Hasnul, 2015; Al-Shatti, 2014;Lahirushan &Gunsekara, 2015; Torki, 2016; Jelilov& Musa, 2016; Muguro, 2017) among others.

Kairo, Mang, Okeke and Aondo (2017) did a similar study in Nigeria, but failed to classify government expenditure into development and nondevelopment in order to determine their specific effect on HDI.
HDI measurement for Nigeria started in 2003 and was estimated at 0.443 and rose to 0.532 in 2017. Nigeria's ranking in 2003 being the base year was 220 and in 2017, Nigeria ranked 157 among 189 countries included in the UNDP report. Though, the study focuses on government general expenditure, but the rise of corruption in the public sector in Nigeria and the inherent effect of inflation on all facets of the economy are concerns the study aims to examine the extent to whichthey affect human development.

The Problem
According to Ejere, S.I. (2011). The expenditure of government has been on the geometric increase through the interactions with and activities of government agencies, departments and ministries. This continuous increase in the volume of government expenditure has been the experience in Nigeria if not very common in all countries world over due to the continuous state/federal expansion activities. The development of the state activities since the 20th century in areas including industrial innovations, public health, education, commercial activities, etc have accelerated government expenditure increases to a large extent. According to Abdullah (2010), publicexpenditure is assumed to be the most powerful economic factor of all modern societies. The form and pattern of the output growth of any economy is determined by the structure and size of it public expenditure. (Akpan, 2005)

The Nigerian public expenditure structure can be segmented into recurrent expenditure and capital expenditure. The components of the recurrent expenditure include expenditure on administration. (Interest on loans and maintenance, salaries and wages) while capital expenditure captures government projects on the generation of the electricity, education, telecommunication, airports, roads, and so on. The provision of public infrastructural facilities has been one of the fundamental bases for public spending. Providing and maintaining theseinfrastructural amenities cost a huge amount financing. Hence, investment on infrastructures and productive activities spending is expected to positively contribute to the growth of the economy whereas spending on consumption by the government retard growth. It is argued that the country will benefit socially and economically from government investment (spending) on Human Capital Development, health, roads, education, agriculture, etc.

According to Muguro, (2017) \, even with the loftiness of the Nigerian government efforts since the countryobtained its political independence from Britain, economic growth remains elusive. Thecontinuous increases in the expenditure of the Nigerian government have not resulted in the
expected or assumed substantial growth and development, hence, the country is categorized among the world's poorest countries. According to him, many industries have collapsed as a result, including the overwhelming unemployment level and most giant projects abandoned. Moreover, most macroeconomic measures such as exchange rate, import obligation, national savings, inflation and balance of payments have shown Nigeria in the last couple of years as not doing well. Questions also arose with respect to the

composition of government expenditure, which in Nigeria has generally been skewed in favour of activities which contribute very little to the welfare of its citizens to say the least, according to Muguro, (2017)

Research Hypotheses
To pursue the above study objectives, the following null hypotheses have been formulated:
- Ho1: Government expenditure does not have significant impact on HDI in Nigeria.
- Ho2: There is no significant relationship between government recurrent expenditure and Human Capital Development in Nigeria.
- Ho3: Corruption does not have any significant influence Human Capital Development in Nigeria.

The measurement of a nation's economic development based on gross domestic product (GDP) or gross national income (GNI) per capita is only restricted to income alone but human development comprises components that best paint a picture of how developed a nation is especially as parameters such health, education, physical environment and freedom are the benchmark. Although the United Nations notes that Human Development Index (HDI) used as measurement for a nation's economic development does not take into cognizance some important human problems such as poverty, empowerment, inequalities, security and safety. However, the yardstick and elements of HDI remain the vital aspects of a country's economy that can lead to growth if duly incorporated into national budgets and implemented accordingly.

The first human development report published by the United Nations Development Program (UNDP) in 1990 indicated that the major aim of development is to provide an enabling environment for people to enjoy long, healthy and creative lives. Human development index (HDI) is the report published by the UNDP and used to compare nations' real economic development status. Human development index is a United Nations geometric instrument that takes off focus on economic growth but allows more attention on standard of living and educational wellbeing of the human beings in a nation

HDI stresses that a country has to implement policies that encourage usage of a nation's economic wealth for the betterment of its citizens. By implication, a nation's resources should be channeled to human development projects for proper national development. Based on this premise, this study is motivated to investigate the effect of government general spending on human development in Nigeria.

Human capital development
Human capital refers to the capabilities and skills of human resources of a country, which comprise level of education, expertise and abilities of the labor force, while human capital development is the process of obtaining and increasing the number of persons who possess the competence, knowledge and know-how that are required for economic growth and development of a nation.

Human capital is an inherent and attained aptitude obtained by a workforce through education as the major source . In other words, human proficiencies to work depends on the level of education acquired over time. . submitted that human capital development is the deliberate and uninterrupted process of gaining necessary knowledge, skills and experiences that are utilized to produce economic value for driving sustainable national development. However, human beings are the only factor of production among others, which can learn, create, adjust to changes and embrace new technologies (Lyakurwa, 2007; Ejere, 2011). (Okojie, 2005). (Ilegbunosa, 2013).

Following the definitions of other scholars, human capital can be defined as the genetic product of learning which translates into special talents, capacities and technical know-how found in a nation's labor force for national economic expansion. Human capital development is the method of adding values to human beings in a nation in order to have a qualified, knowledgeable and healthy workforce that can give solution to national economic challenges on a constant basis. NjokuRay(2004)

Human development index (HDI)
The human development index is a statistical tool employed to generally assess a nation's social and economic attainment in all ramifications. The social and economic dimensions of a country are centered on the health of people, their educational accomplishments and standard of living (The Economic Times, 2018).

HDI is one of the best tools to keep track of the level of development of a country, as it combines all major social and economic indicators that are accountable for economic development of a nation (TET, 2018).

Government expenditure

Government expenditure refers to all expenses made by a nation's government on collective needs of a country (Muguro, 2017). These expenses are classified under recurrent and development (capital) expenditures. Recurrent expenditures are government regular spending on a routine basis for workers' wages and salaries, goods and services and other administrative expenses. They are different from capital expenditures which are usually in form of investment into developmental projects such as construction of road and bridges, railways, building of schools and hospitals among others. Wanjiru (2013) puts it that government spending on education and health sectors leads to development and buildup of human capital that will be more resourceful and adequately creative to enhance economic growth.

Public Expenditure

According to(Maku, (2009), Public or government expenditure is the expenses of the government for its own maintenance and on the society and the economy as a whole. According to him, the state is getting increasingly involved in economic activities and in transfer payments to other countries. As a result, public expenditure has maintained an upward trend over time in virtually all the countries of the world. The major items of public expenditure in Nigeria include: administration, economic services, infrastructures and social amenities, national security and defence, grants and aids and interest on loans. NwaezeChinweoke, Njoku Ray and NwaezeOkeoma Paschal, (2014)

Public expenditure could be broadly classified into recurrent expenditure and capital expenditure. The expenditures of government which occur regularly throughout the year are referred to as recurrent expenditure. They must be made regularly if the functions of government must be maintained. They include regular salaries of all employees, money spent on the running of essential services or regular maintenance of infrastructural facilities and money spent on administration. Capital expenditure on the other hand are the expenditures of government on the acquisition of things of permanent nature (Nwaeze 2010). They include all expenditure on capital projects such as buildings, construction of roads, bridges and all permanent structures and assets. These usually involve large sums of money and also form the basis of the physical development of a nation.

Fiscal policy comes into play in an effort by government to enhance growth and development in an economy through the variation of its revenue and expenditure profiles. By fiscal policy, we refer to the part of government policy which is concerned with the raising of revenue through taxation and other means and deciding on the level and pattern of expenditure for the purpose of influencing economic activities (Anyanwu, 1993).

In Nigeria, fiscal policy has been used in various ways based on the prevailing economic situation and the objectives the government wants to achieve. The key instruments of fiscal policy in Nigeria include:

(i) Taxation: This is seen as a compulsory transfer or payment of money (or occasionally of goods and services) from private individual, institutions or groups to the government. It may be levied upon wealth or income, or in the form of surcharge on prices (Nwaeze, 2005).

(ii) Public Borrowing: This simply means the raising of income through loans and advances by government through the Central Bank. The loans may be obtained internally or externally in order to meet government's expenditure.

(iii) Public Expenditure: This is the expenses of the government for its own maintenance, for the benefits of the society, the economy, external bodies and for other countries. According to Njoku (2005), public expenditure refers to government spending from revenues derived from taxes and other sources.

Theoretical framework

The theory underpinning this study is the Endogenous Growth Theory pioneered by Romer (1994). The theory encourages government expenditure on human capital development and technological advancement as the major drivers of economic growth. Endogenous growth theory holds that economic growth depends on investment in human capital, innovation and knowledge management (Romer, 1994). The theory also focuses on positive externalities and spillover effects of aknowledge based economy which leads to economic development. Policy effects emanating from this model are connected to the potential for externalities spillovers coming from the wealth of knowledge and perhaps labor force skills. Economies, which have abundance in those factors, can

grow faster than the ones limited by their unavailability. By examining policy, the most essential ways to foster growth is to enhance the educational levels of the labor force. Thus, based on this model, education, as a positive spillover, is crucial to growth. Since many developing countries have constraints regarding education and related issues, it is key for governments in those countries trying to prioritize improvements on education and provide subsidies for research and development (Augusto, Raimundo, &Fontenele, 2012). Government spending on education (research and development), healthcare, job provisions and capacity building helps to access a common pool of knowledge emanating from global technological spillovers and these are very essential for economic development of a nation

Empirical Literature Review

Several studies have attempted to empirically determine the relationship between human capital development and economic growth. Regardless of the model that was adopted, there seem to be a consensus that human capital development stimulates and growth. The interrelation between human capital investment and economic growth has a long history

Chandran Govindaraju et al. (2011))carried a study on the effect of government expenditure on the effect of government expenditure on economic growth in Malaysia. The research covered a period from 1970-2006 but considered two scenarios where the impact of aggregate government expenditure on RGDP was examined and on the other hand, where the public spending on education alone was used to assess the impact of government expenditure on RGDP. The study found support for Wagner's law by establishing that aggregate government expenditure had significant positive relationship with RGDP while the use of single predictor variable (education) had a result that agreed with Keynesian hypothesis. Hasnul (2015) used Ordinary Least Squares (OLS) method to elongate the study on the effect of government expenditure on economic growth in Malaysia from 1970-2014. The study found negative relationship between government expenditure and economic growth in Malaysia. The findings further revealed that education, defense, healthcare and other operating expenditures had insignificant impact on economic growth.

Al-Bataineh (2012) examined the impact of government expenditures on economic growth in Jordan from 1990-2010. The study found that total government expenditure had a positive impact on GDP growth. Al-Shatti (2014) focused on public spending on education in Jordan from a period

covering 1993-2013 and found that current and capital government expenditures on education could not improve economic growth due to high cost of education provided by the private sectors and increasing level of unemployment in Jordan.

Torki (2016) employed OLS to extend the study in Jordan from 1980 to 2013. The findings revealed that total government expenditure and the operating public spending had positive impacts on economic growth. Gangal and Gupta (2013) examined the influence of government spending on economic growth of India using time series data from 1998 to 2012. The study employed co-integration and granger causality tests method for evaluation. The result indicated a stable long run relationshipbetween public expenditure and economic growth while establishing that public spending influenced economic growth positively and significantly

Lahirushan and Gunsekara (2015) employed panel data of Asian countries spanning from 1970-2013 to investigate the impact of government expenditure on economic growth. The countries include: Bhutan, China, India, Japan, Malaysia, Singapore, Sri Lanka, South Korea and Thailand.

The random effects panel OLS model was applied and the result indicated a long run relationship and a significant positive impact of government expenditure on economic growth in Asian region. Kwendo and Muturi (2015) used panel data from 1995 to 2010 and Hausman test to examine the effect of public spending on economic growth in Burundi, Kenya, Rwanda, Tanzania and Uganda. The study target was to establish the effect of government spending components ofagriculture, consumption, defense and health on economic growth. The findings revealed that agriculture and defense exerted a negative influence on growth while consumption and health had positive effect on economic growth.

Jelilov and Musa (2016) employed OLS technique to examine the impact of government expenditure on economic growth in Nigeria from 1981-2012. The study established evidence that government expenditure influences economic growth significantly and positively.

Omodero (2018) elongated the study in Nigeria from 1999 to 2016 but concentrated on the effect of selected nondevelopment government expenses (which include: education, healthcare, defense & security, agriculture and public debt servicing) on GDP. The findings revealed among others that government spending on public debt servicing, defense and security had significant positive influence on GDP while the other predictor variables had negative impacts on GDP. Based on theoutcome, the study suggested a redirection of government resources to agriculture, education and healthcare which can really help to boost economic growth of the country if applied.

Farooq (2016) studied public expenditures and economic growth in Pakistan using threestaged least squares method. The study covered a period from 1971 to 2014 and the findings revealed that both developed and non-developed government expenditures had a strong positive
impact on economic activity measured by GDP.

Kyissima, Pacific and Ramadha (2017) assessed the long and short run impact of government expenditure in Tanzania using time series data covering a period from 1996-2014. The findings revealed that in the long-run, government expenditure had significant positive correlation with
economic growth, but in the short run, there was no significant relationship established. The study suggested improvement in distribution of resources and private sector involvement to boost economic growth in Tanzania.

Muguro (2017) investigated the impact of public expenditure on economic growth in Kenya for a period covering 1963 to 2015. The two types of government spending which are capital and recurrent government expenditure were used as the predictor variables while economic growth was measured by real GDP. The regression results among others revealed that all components of government spending had no significant impact on economic growth in Kenya.

Based on the theoretical framework, the model relating to human capital formation and economic growth is considered. The research is an ex-post facto and quantitative research involving secondary form of data. The dependent variable is the Human Development Index (HDI) used as proxy for human development in Nigeria. The data on HDI were collected from the United Nations Development Programme (UNDP) reports. The independent variables include: government recurrent (REX) and capital (CEX) expenditures, corruption perception index (CPI) and inflation (INF). The data on recurrent and capital expenditures were extracted from Central Bank of Nigeria (CBN), Statistical Bulletin, 2017 edition, data on inflation were obtained from World Bank website while Corruption Perception Index data were sourced from Transparency International annual reports. In order to achieve uniformity of the data sets, all the data were logged except the HDI which were already expressed in a logged form. The data were analyzed with Statistical Package for Social Sciences (SPSS) version 20. The decision rule is that at p-value above 5%, Ho is accepted and rejected if otherwise.

Model Specification

The multiple regression model adopted is:

$HCD = \propto + \beta1(LOGCEX) + \beta2(LOGREX) + \beta3(LOGCPI) + \beta4(LOGINF) + \varepsilon$

Where,

H CD = Human Capital Development
CEX = Capital Expenditure
REX = Recurrent Expenditure
CPI = Corruption Perception Index
INF = Inflation rate
ὰ = Constant
B1-β4 = Coefficients of the regression
ε = error term

The A Priori expectation of the research is that CEX and REX should have significant positive impact on HCD while CPI and INF which are assumed to be under control by the relevant government authorities should not exert any significant influence on HCD, all things being equal.

Description of Variables

➢ Inflation Rate (INF):- Inflation Rate refers to as the rate at which economy activities level are measure. It is a subsistence rise in general price level of goods and services

➢ . Broad Money Supply(MS$_2$):- Broad Money Supply refers to as (MS$_2$ = MS$_1$ + S+Tor MS$_1$ + Quasi Money) the sum of the savings and time deposit in the commercial banks (MS$_2$ = C + D + S + T) whilst, MS$_1$ =Narrow Money Supply refers to as those accepted as a medium of exchange that have immediate purchasing power. Gross Domestic Product (GDP):- Gross Domestic Product measures the total spending, income, and/or output made from home-based resources. That is output produced within the domestic economy. Exports are explicitly in the GDP while imports are excluded from it. Some factors of production are located in the home countries that are owned by foreigners, and hence the income accruing to those factors does not belong to the citizens of the home country.

➢ Real Gross Domestic Products (RGDP):- Quite often economic analyses involve comparison over time. For this purpose data are necessarily adjusted for changes in prices over the period. In such case output in different years are valued, using the prices of a common base year to obtain GDP at constant prices or Real GDP.

➢ Government Expenditure (GEx) is one of the explanatory variables in this study. In almost all the economies of the world today, government intervenes in undertaking fundamental roles of allocation, stabilization, distribution and regulation especially where market proves inefficient or its outcome is socially unacceptable.

TABLE .1:   Dependent Variable: Growth Rate of Gross Domestic Product
Method: Ordinary Least Square
Observation: 36
.1.   REGRESSION RESULTS
 Table .1 Dependent variable H CD
Date: 25/01/2021, Time: 3.04hrs
Method: ARDL
Sample adjusted: 1981 to 2017
Observation: 16

TABLE . 1.

Variable	Coefficient	Std. error	t-statistic	Prob
H CD	0.597535	0.117711	5.076302	0.0000

CEX	4.45E-09	2.87E-10	-0.719221	0.0000
REX	-1.51E-09	6.82E-10	6.579	0.0362
CPI	-0.002083	0.001304	-1.598129	0.0000
INF	5464.009	2172.956	2.514552	0.0187
C	26494.95	33995.87	0.779358	0.4431

R-squared	0.928064	Mean dependent var	16051.85
Adjusted R-squared	0.997522	S.D. dependent var	25365.63
S.E. of regression	1262.720	Akaike info criterion	17.32714
Sum squared resid	39861568	Schwarz criterion	17.68993
Log likelihood	-277.8978	Hannan-Quinn criter.	17.44921
F-statistic	1841.142	Durbin-Watson stat	1.202546
Prob(F-statistic)	0.000000		

From Table .1. above, the value of R is 95.8 showing a very strong and positive correlation between the dependent variable (HCD) and the independent variables (CEX, REX, CPI and INF). This is a proof that government spending determines human capital development in Nigeria to a large extent and that the government should direct resources to have a healthy and knowledge based human capital to drive economic growth in the country. The R Square is 92% indicating the extent to which
all the predictor variables explain the variability in HCD. In other words, it is only 8% that is attributable to other factors outside the model. The Durbin-Watson is 1.2 which is within the acceptable limit and implies the absence of serial correlation.
The closer the DW value is to two, the better the evidence of the absence of serial correlation.

Table .2: Some Diagnostic Test Results

Test type	Test value
R^2	0.928064
Adjusted R^2	0.997522
F-statistic	18.41.142
F- probability	0.000000
DW	1.202546

Source: Author's analysis, 2021

2.1   GOODNESS OF FIT:The ARDL estimation techniquewas used for this test. From the regression result in Table 4.2, the value of is $R2= 0.928064$. This suggests that changes in the independent variables explain 93% of the changes in Gross Domestic Product (the dependent variable) .
After Adjustment of the degree of freedom the adjusted R^2 value is 0.997522   . This indicates that changes in the independent variables explain 99% of the changes in the dependent. The level of explanatory power was considered satisfactory for the study.

.2.2   OVERALL SIGNIFICANCE OF THE REGRESSION
In order to determine if all the explanatory variables have significant effect on the dependent variable, the F-test was used. The decision rule stated in chapter three was followed.
From the result presented in Table 4.1, the value of F-probability is 0.000000; we therefore reject the null hypothesis at 5% level of significance and conclude that the independent variables have significant impact on the dependent variable

2.3 .Table 1. STATIONARITY TEST

Variables	Test for unit root	ADF test stat	Critical values for ADF test stat			Order of integration
			1%	5%	10%	
H CD	1st Difference	3.660966	-3.64634	-2.95402	-2.61582	I(0)
CEX	1st Difference	2.378084	-3.64634	-2.95402	-2.61582	I(0)
REX	1st Difference	-0.78024	-3.64634	-2.95402	-2.61582	I(0)
CPI	1st Difference	-2.65909	-3.64634	-2.95402	-2.61582	I(0)
INF	1st Difference	3.220656	-3.64634	-2.95402	-2.61582	I(0)

Source: Author's computation

The results emanating from the unit root test in table table 4.3 above show that all the variables are stationary at levels, and having determined that all our variables are stationary at levels I(0), therefore we have the justification to apply the Ordinary Least Square model to determine the long run elasticity of the coefficients.

Test Of Hypothseis
The hypothesis was tested at 5% level of significance using the t-statistics.
Decision rule: if the t-probability is less than 0.05 our chosen level of significance, then reject the null hypothesis (Ho).otherwise do not reject the null hypothesis
(a) HYPOTHESIS ONE
H_O: Government expenditure does not have significant impact on Human Capital Development (HCD) in Nigeria.
H_O: Government expenditure has significant impact on Human Capital Development (HCD) in Nigeria.
.Using the ARDL approach, from the result presented in table 4.1, the t-probability value of government expenditure is 0.0000 it is less than 0.05 level of significance, we follow the decision rule and reject the null hypothesis. We conclude that government expenditure has significant effect on Human Capital Development in Nigeria.
(b) HYPOTHESIS TWO
Ho2: There is no significant relationship between government recurrent expenditure and Human Capital Development in Nigeria.
Ho2: There is significant relationship between government recurrent expenditure and Human Capital Development in Nigeria.
Using the ARDL approach, from the result presented in table 4.1, the t-probability value of Recurrent Expenditure is 0.0362it is less than 0.05 our chosen level of significance, we follow the decision rule and reject the null hypothesis. We conclude that is significant relationship between government recurrent expenditure and Human Capital Development in Nigeria.
(c) HYPOTHESIS THREE
Ho3: Corruption does not have any significant influence on Human Capital Development in Nigeria.
H13: Corruption does have significant influence on Human Capital Development in Nigeria. Using the ARDL approach, the result presented in table 4.1, the t-probability value of corruption is 0.0000, it is less than 0.05 our chosen level of significance, hence, and we reject the null hypothesis. and conclude that Corruption does have significant influence on Human Capital Development in Nigeria.
.
Findings
The regression result in Table 1, reveals that the Augmented Dickey–Fuller test statistics are greater than critical values at first difference, this implies that the data series has a unit root and that they are all stationary

at first at 1st differences, It also means that the results show that the variables specified under the model specification above are integrated of the same order; 1(1). The level of their integrations indicates the number of time the series have to be differenced before their stationarity is induced. The linear combination of the series integrated of the same order are said to be co-integrated.

Government capital expenditure does not have significant impact on HCD in Nigeria. The null hypotheses states that CEX does not have significant impact on HDI. The result on table 1*** above reveals that t-statistic for CEX is -0.719 with the p-value of 0.489 > 0.05. This result implies that CEX has insignificant negative impact on HDI, thus the Ho1 is accepted and the alternative which states otherwise rejected. Hence, CEX does not meet research a priori economic expectation. The implication of this result is that capital expenditure on human development components such education and health do not have visible presence in the national budget, hence the lack of positive impact on HCD. The result also suggests that government capital expenditure on human capacity building in Nigeria is not commensurate with the global standard for economic growth in a nation, the policy implication is that there is not enough capital budget for human capital development over the years to drive economic growth and development in the country. .this result is in consonant with the findings of Al-Shatti, (2014); Hasnul, (2015);

The result shows that REX has a robust and significant positive influence on HCD. This result implies that the government spends so much money on Human Capital Development related administrative costs such as salaries and wages of academic workers and health workers while ignoring major investments on human development that would yield returns that have better implication on the country's economic growth and expansion. Building of schools, hospitals, skill acquisition centers, information technology training center, research and development centers are some of the capital expenditures that have external spill overs to drive the economy. However, this result meets the a priori economic expectation of the research and agrees with the outcomes of the studies of (Al-Bataineh, 2012; Gangal& Gupta, 2013; Lahirushan&Gunsekara, 2015; Farooq, 2016; Jelilov& Musa, 2016; Torki, 2016), while having discrepancy with the findings of (Al-Shatti, 2014; Hasnul, 2015; Muguro, 2017).

Conclusion
It is our conclusion that human capital development enhances economic growth, this is confirmed in our result presented in table 4.1, the t-probability value of government expenditure is 0.0000 which is less than 0.05 level of significance hence we conclude that government expenditure has significant effect on Human Capital Development in Nigeria There is significant relationship between government recurrent expenditure and Human Capital Development in Nigeria.

 Recommendation
Based on our findings we make the following recommendations, government should increase not just the amount of expenditure made on the education sector, but also the percentage of its total expenditure accorded to the sector.
More funds should be allocated to vocational education as it helps to provide students with the specific job related skills that will allow them to move easily into employment.

References
Al-Bataineh, I.M. (2012). Impact of government expenditures on economic growth in Jordan. *Interdisciplinary Journal of Contemporary Research in Business, 4(6), 1320-1338.*

Al-Shatti, A.S. (2014). The impact of public expenditures on economic growth in Jordan. *International Journal of Economics and Finance, 6(10), 157-167.* Doi:10.5539/ijef.v6n10p157.

ChandranGovindaraju, V.G.R., Rao, R. & Anwar, S. (2011). Economic growth and government Spending in Malaysia: A re-examination of Wagner and Keynesian views. *Econ Changer Restrict, 44, 203-219*. Doi: 10.1007/s10644-010-9099-z.

Ejere, S.I. (2011). Human Capital formation as catalyst for national development: Nigeria in Perspective. *International Business and Management, 2(2), 98-104*.

Farooq, N. (2016). Public expenditures and economic growth: A case study of Pakistan. *American Journal of Social and Management Sciences, 7(2), 33-41*. Doi:10.5251/ajsms.2016.7.2.33.41.

Gangal, V.L.N. & Gupta, H. (2013). Public expenditure and economic growth: A case study of India. *Global Journal of Management and Business Studies, 3(2), 191-196*.

Jelilov, G. & Musa, M. (2016). The impact of government expenditure on economic growth in Nigeria. *Sacha Journal of Policy and Strategic Studies, 5(1), 15-23*.

Kairo, C.I., Mang, N.J., Okeke, A. &Aondo, D.C. (2017). Government expenditure and human Capital development in Nigeria: an Auto-Regressive Distributed Lagged Model Approach (ARDL). *International Journal of Advanced Studies in Economics and Public Sector Management, 5(1), 143-158*.

Kwendo, C.M. &Muturi, W. (2015). The effect of public expenditure on economic growth in the East African Community. *Journal of Business Management and Economics, 3(10.151), 9-13*. Doi: http://dx.doi.org/10.15520/jbme.2015.vol3.iss10.151.pp09-13.

Muguro, J.W. (2017). *Effect of public expenditure on economic growth in Kenya: 1963-2015*. M.sc Degree Thesis submitted to the School of Business and Public Management, KCA University.

Okojie, C.E.E. (2005). Human capital formation for productivity growth in Nigeria. *Nigerian Economic and Financial Review: 44-5*.

Omodero, C.O. (2018). *Public sector recurrent expenditure and national development in Nigeria*. A paper presented at The National Conference organized by Faculty of Management Sciences (FMS), University of Port Harcourt, Nigeria with the theme: Institutional Restructuring and Reforms for National Development on 28-29 August, 2018. Proceedings of the FMS National Conference, pages 71-83.

Torki, M.A. (2016). The impact of government expenditures on economic growth in Jordan 1980-2013). *International Business Research, 9(1), 99-105*.

UNDP (2018). *Human development index trends, 1990-2017*. Human Development Report Office (HDRO), United Nations Development Programme. Retrieved from http://hdr.undp.org/ on January 10, 2019.

Wanjiru, M.R. (2013). *Does the composition of public expenditure affect economic growth? Evidence from Kenya*. An unpublished MA Thesis, University of Nairobi, Nairobi

Adedeji, S. O., and Bamidele, R. O. (2003). Economic Impact of Tertiary Education on Human Capital Development in Nigeria. In: Human Resource Development in Africa. Selected Papers for 2002 Annual Conference, Nigerian Economic Society, Ibadan, 499-522.

Adelakun, O. J. (2011). Human capital development and economic growth in Nigeria. European Journal of Business and Management, 3(9): 29-38.

Al-Bataineh, I.M. (2012). Impact of government expenditures on economic growth in Jordan. Interdisciplinary Journal of Contemporary Research in Business, 4(6), 1320-1338.

Al-Shatti, A.S. (2014). The impact of public expenditures on economic growth in Jordan. International Journal of
Economics and Finance, 6(10), 157-167. Doi:10.5539/ijef.v6n10p157.

ChandranGovindaraju, V.G.R., Rao, R. & Anwar, S. (2011). Economic growth and government Spending in Malaysia: A re-examination of Wagner and Keynesian views. Econ Changer Restrict, 44, 203-219. Doi: 10.1007/s10644-010-9099-z.

Ejere, S.I. (2011). Human Capital formation as catalyst for national development: Nigeria in Perspective. International Business and Management, 2(2), 98-104.

Farooq, N. (2016). Public expenditures and economic growth: A case study of Pakistan. American Journal of Social and Management Sciences, 7(2), 33-41. Doi:10.5251/ajsms.2016.7.2.33.41.

Jelilov, G. & Musa, M. (2016). The impact of government expenditure on economic growth in Nigeria. Sacha Journal of Policy and Strategic Studies, 5(1), 15-23.
Al-Bataineh, I.M. (2012). Impact of government expenditures on economic growth in Jordan. *Interdisciplinary*
Journal of Contemporary Research in Business, 4(6), 1320-1338.

Al-Shatti, A.S. (2014). The impact of public expenditures on economic growth in Jordan. *International Journal of*
Economics and Finance, 6(10), 157-167. Doi:10.5539/ijef.v6n10p157.
Augusto, M.C., Raimundo, S. E., &Fontenele, S. (2012). *The new endogenous growth theory. An Investigation on growth policy for developing countries.* www.sober.org.br/palestra/12/070079.pdf. Retrieved: August 8,2017.
ChandranGovindaraju, V.G.R., Rao, R. & Anwar, S. (2011). Economic growth and government Spending in Malaysia: A re-examination of Wagner and Keynesian views. *Econ Changer Restrict, 44, 203-219.* Doi: 10.1007/s10644-010-9099-z.
Ejere, S.I. (2011). Human Capital formation as catalyst for national development: Nigeria in Perspective. *International Business and Management, 2(2), 98-104.*
Farooq, N. (2016). Public expenditures and economic growth: A case study of Pakistan. *American Journal of*
Social and Management Sciences, 7(2), 33-41. Doi:10.5251/ajsms.2016.7.2.33.41.
Gangal, V.L.N. & Gupta, H. (2013). Public expenditure and economic growth: A case study of India. *Global Journal of Management and Business Studies, 3(2), 191-196.*
Jelilov, G. & Musa, M. (2016). The impact of government expenditure on economic growth in Nigeria. *Sacha*
Journal of Policy and Strategic Studies, 5(1), 15-23.