

## Underutilization of Human Resources and Economic Growth in Nigeria

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### **Abstract**

*This study examined underutilization of human resources and economic growth in Nigeria. For the purpose of this study, three hypotheses were proposed and data were collected through the administration of a research questionnaire. Of the total 100 copies of questionnaire distributed, only 88 copies were used for the analysis which was carried out by the use of the simple percentages and mean analysis. The result of the analysis revealed that there is a significant relationship between the dimensions of underutilization of human resources and economic growth in Nigeria. Based on the analysis, the following recommendations were proffered; graduates should strive to be more creative and actively engaged economically to contribute positively through their profession to the economic growth of Nigeria; Financial institutions should constantly make available, medium and long-term loans at low interest rates to encourage entrepreneurial development.*

**Keywords:** *Underutilization of human resources; Economic growth; Unemployment, Unused acquired skills/talents, Job mismatch.*

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## 1.1 Introduction

In general terms, productivity can be considered as the outcome of the operationalization of human resource in the production process or creation of value. This optimization in the production process entails that every single input is effectively manages so as to achieve a greater proportion of output.

Over the years and in recent times most of the studies in this area of research have focused on issue of unemployment (Adekola, 2000; Doreo, 2013), as well as the demand for manpower and labour market (Godwin & Johnson, 2012). However, little attention has been given to human resources underutilization.

Aja (2011) defines human resources underutilization as failing to utilize human capital efficiently, or the inefficient and unproductive use of human resources. Consequently, human resource underutilization may transcend into unused human skills and talents, utilizing human resources in extremely inefficient or unproductive ways, unemployment, age discrimination, applying human capital in a way that have unacceptably huge opportunity cost etc. (Aja, 2011; Williams, 2010; Brighenti, 2010).

It is an evident fact that as a result of the poor economic state of Nigeria, over the years many citizens who have acquired one form of skill or the other either through formal education or vocational training, desire a good paid job to be able to earn a living for themselves and their families, however, the available job opportunities are not enough to accommodate the increasing numbers of skilled and semi-skilled job seekers, therefore the acquired skills of these job seekers are not optimally utilized, this as such can be termed the underutilization of human resources.

Felstead (2007) has identified job mismatch between the skills of the job holders and the skills required for the job as a waste of human resources which can also translate into underutilization of human resources. Idumange (2004) opined that a greater number of skilled graduates secure jobs outside their disciplines which may have been brought about as a result of a mismatched relationship between our educational system and our economy. The findings of Idumange (2004) also revealed that about 83.9% of people constituting the Nigerian work force are working in areas not related to their professional discipline.

## 1.2 Statement of the Problem

The increasing challenges of human resources underutilization in Nigeria has become a serious problem to the state of our economy and despite efforts made by the government and other stakeholders, these problems have continued to linger. Obviously, human resources underutilization can be linked to; unused human skills, underutilization of skill, unemployment, human resources wastage, job mismatch, age discrimination, inefficient use of human resources etc. all these if not effectively managed, is capable of affecting the level of productivity of the nation. This study thus intends to investigate the effect of human resource underutilization on economic growth in Nigeria.

### **1.3 Aim and Objectives of the Study**

The aim of this study is examine the effect of underutilization of human resources on economic growth in Nigeria. The specific objectives include;

- (i) To investigate the effect of unemployment on economic growth in Nigeria
- (ii) To determine the effect of unused acquired skills/talent on economic growth in Nigeria.
- (iii) To examine the effect of job mismatch on economic growth in Nigeria.

## **2.0 Literature Review**

### **2.1 Underutilization of Human Resources**

Human resources underutilization is a broad concept which covers underutilization of skills and other forms of human resource mal-employment such as; insufficiency of the volume of work, low remuneration as well as inconstancies and mismatch between the individuals' educational qualification and occupation (Chuckwudiebube, 2015).

Underutilization of human resources is associated with those individuals in the workforce working in less skilled occupations, those idle as a result of insufficient work volume etc. (Jensen & Slack, 2000). Human Resource underutilization is a concept that covers underutilization of skills and other forms of mal-employment namely, insufficiency of the volume of work, low remuneration and incompatibility of education and occupation i.e. skill mismatch (Dauda, 2010, Bosnia & Herzegovina, 2008). Underutilization has been identified as individuals likely to be those working in less skilled occupations, idleness as a result of insufficiency of work volume etc (Flynn, 2003; Wooden, 1993; Nord, 1989; Jensen & Slack, 2000). There is nothing more demoralizing than feeling underutilized by workers with high skill levels taking job that is not proportional to his level of skills and ability and if they stay too long in this situation, the skills they gained from their degrees can deteriorate from disuse or become out of date.

### **2.2 Concept of Economic Growth**

Economic growth as a concept is relative and thus scholars have viewed it from different perspectives. Todaro and Smith (2003) see economic growth as increase in the capacity of an economy to produce goods and services compared from one period to another or a positive change in the level of production of goods and services by a country over a period of time, also an increase in living standard, improvement in societal well-being etc.

Jhingan (2007) sees economic growth as the sustained increase in a country's per capital output or increase which is accompanied by the increase in labour force, consumption, volume of trade. He describes determinants of growth as structural and technological changes.

Okpe (2018) citing Meir, describes economic growth as the process whereby per capita income of a country consistently increase over a long period of time. Schumpeter (1939) defines growth as a gradual and steady change in the long run which come about by a gradual increase in the rate of savings and population. In the same Vein Marx (1932) contends that economic growth is a process

of continuous transformation of a society's social, cultural and political life. By this, it implies that it is economic growth that raises the standard of living. When a nation grows economically, its citizens must be better off at least in some ways, usually in terms of materials well-being.

### 2.3 Empirical Review

Dauda (2010), in his study on human capital formation and economic growth in Nigeria used the endogenous growth model in his investigation into their relationship, she employed enrolment in the different levels of education, primary, secondary and tertiary as proxies for human capital and found long-run positive relationship between human capital formation and economic growth in Nigeria with a feedback mechanism.

Adelowokan (2012) examined the effect of education and health expenditures on economic growth in Nigeria between 1970 and 2010 using a static regression model. He also established the long-relationship between human capital spending and economic growth using the Engle-Granger two-step co-integration procedure. The study found that public investment and public consumption (in education and health) exerted positive influence on economic growth, while, private investment exerted negative effect on economic growth in Nigeria. Similarly, the study showed that there was long-run relationship between economic growth and expenditure on education and health in Nigeria.

Akbari, Moayedfar, and Jouzaryan, (2012) investigated the effect of human capital on the economic growth of Iran in the long run and the short run using the auto-regressive distribution lag model. The results obtained from the estimation of the model under study are indicative of positive and significant effect of human capital on the economic growth of Iran. Thus, it is hoped that the results obtained from this study can attract the attention of authorities to the development and improvement of the human capital of the country.

Mba, Mba, Ogbuabor and Ikpegbu (2013) examined the relevance of human capital development on the growth of the economy using the ordinary least squares (OLS) technique. In the study, the GDP was used as a proxy for economic growth; Per Capita Real Gross Domestic Product, primary school enrolment, public expenditure on education and health, life expectancy and stock of physical capital as proxy for human capital. The study found that there was a strong positive relationship between human capital development and economic growth.

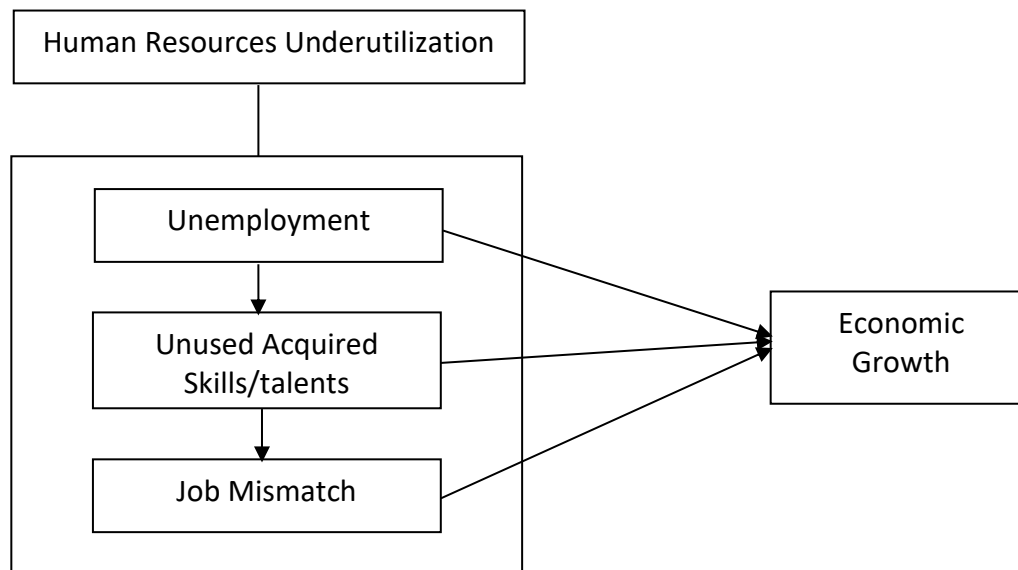
Eigbiremolen and Anaduaka (2014) employed the augmented Solow human-capital-growth model to investigate the impact of human capital development on national output, a proxy for economic growth, using quarterly time-series data from 1999-2012. The study showed that human capital development, in line with theory, exhibited significant positive impact on performance for every increase in human capital development. Their results further revealed a relatively inelastic relationship between human capital development and output level.

**H<sub>0</sub>:** There is no significant relationship between unemployment and economic growth in Nigeria.

**H0<sub>2</sub>:** There is no significant relationship between unused acquired skills/talents and economic growth in Nigeria.

**H0<sub>3</sub>:** There is no significant relationship between job mismatch and economic growth in Nigeria.

### Research Model



**Figure2.1:** Proposed Study Model

### 3.0 Research Methodology

The empirical data for the study were collected through a well-structured questionnaire, which was prepared and distributed among the respondents in Port Harcourt Metropolis, Rivers State, South-South, Nigeria. Purposive and convenience sampling methods were adopted in selecting the participants for this study. The research instrument was divided into two sections, the first obtained the respondents bio-data while the second part contains the items regarding the constructs of the subject matter. Five-point Likert scale (5-Strongly Agreed, 4- Agree, 3-Undecided, 2-Strongly Disagree, 1-Disagree) that describes the extent to which the respondents agree with each items in the questionnaire was used.

Descriptive and inferential methods of analysis were used to analyze the data. The descriptive method was based on percentage while the inferential method of analysis employed descriptive statistics. The opinions of the respondents on each question were weighed using simple percentages and mean. This was done so as to ascertain the average opinion of the respondents. A total of 100 copies of questionnaires were administered within the scope of selected location, having sorted the returned questionnaires, only 88 copies of questionnaires representing 88% were used while 12 copies (12%) were either discarded due to improper filling or unreturned. The study intends to add to the existing knowledge on Human Resource underutilization and economic growth.

## 4.0 Results and Discussions

### 4.1 Demographic of Respondents

**Table 4.1: Demographic Features of Respondents**

<b>Sex</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	57	64.8
Female	31	35.2
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Age</b>		
Below 20 years	3	3.4
20 – 29 years	18	20.5
30 – 39 years	29	32.9
40 – 49 years	22	25.0
50 years and above	16	18.2
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Marital Status</b>		
Single	38	43.2
Married	46	52.3
Others	04	4.5
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Educational Qualification</b>		
WAEC/GCE/NECO	6	6.8
OND/NCE	11	12.5
B.Sc/B.A/HND	56	63.6
M.Sc/MBA/Ph.D	15	17.1
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Years of Work Experience</b>		
1 – 10 years	29	32.9
11 – 20 years	48	54.6
21 years and above	11	12.5
<b>Total</b>	<b>88</b>	<b>100</b>

**Source:** Desk Research, 2023

From Table 4.1 above, 57(64.8%) of the respondents were males while 31(35.2%) were females, which reveals that the population of male respondents were higher than the female respondents. Also, 72(81.8% cumulative) of the total respondents were within the economically active

population. Similarly, 46(52.3%) of the respondents were married, while 38(43.2%) were single and 4(4.5%) were either divorced or separated, although the reason for their present marital status could not be ascertained in the course of this study. Regarding educational qualification of respondents, 6(6.8%) had WAEC or its equivalent, 11(12.5%) had OND/NCE, 56(63.6%) had BSC/BA/HND, while 15(17.1%) had M.Sc/MBA/Ph.D. With respect to the years of work experience; 29(32.9%) of the respondents had worked between 1 to 10 years; while 48(54.6%) had put in between 11-20 years; 11(12.5%) have spent 21 years and above, which makes the respondents authority in responding to questionnaire high

#### 4.2 Hypotheses Testing

**H<sub>01</sub>:** There is no significant relationship between unemployment and economic growth in Nigeria.

	<b>Opinion</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>	<b>Mean</b>
Q1	Increasing unemployment rate among graduate contribute to low output and productivity in Nigeria's economy	42	28	2	10	6	4.02
Q2	Acquired skills can become obsolete or useless if graduates are unable to secure employment over time after graduation.	25	47	5	8	3	3.94
Q3	Motivating and guiding young graduates to venture into entrepreneurial practices can push down unemployment.	39	33	6	6	4	4.0

Judging from table 4.2 above, increasing unemployment rate among graduates is responsible for low output and productivity in the Nigeria economy (Mean = 4.02). Also, most of the respondents agreed that Skills acquired by graduates can become out dated if they don't secure jobs long after graduation (Mean = 3.94). Majority of the respondents also agreed that motivating graduate youths to venture into entrepreneurship will reduce the rate of unemployment. (Mean = 4.0). Therefore, based on the results of this analysis, it can be concluded that unemployment has a negative effect on economic growth in Nigeria. Therefore, the alternative hypothesis which stated that there is a significant relationship between unemployment and economic growth in Nigeria is accepted in this study.

**H<sub>02</sub>:** There is no significant relationship between unused acquired skills/talents and economic growth in Nigeria.

	<b>Opinion</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>	<b>Mean</b>
Q1	Unused skills and talents can render human capital essential for growth useless to our economy	40	27	4	12	5	3.97
Q2	Workers who are relatively underutilized in their work environment are unable to contribute optimally to economic growth.	28	44	3	9	4	3.94

Q3	Inability of workers to exhibit their talents as a result of underemployment hinders economic growth	38	36	2	8	4	4.09
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Following from table 4.3 above, unused skills and talents can render human capital useless to the Nigerian economy (Mean = 3.97). Also, most of the respondents agreed that workers who are underutilized at work contribute less to economic growth (Mean = 3.94). Similarly, majority of respondents agreed that inability of workers to exhibit their talents hinders economic growth (Mean = 4.09). Therefore, it could be concluded that unused acquired skills/talents have a negative effect on Nigeria's economic growth. The alternative hypothesis which stated that there is a significant relationship between unused acquired skills/talents and economic growth in Nigeria is thus accepted in this study.

**H<sub>03</sub>:** There is no significant relationship between job mismatch and economic growth in Nigeria.

	<b>Opinion</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>	<b>Mean</b>
Q1	When university graduates take up jobs that are low paid, their commitments to work usually decline.	22	49	3	10	4	3.85
Q2	As a result of limited vacancies, many graduates usually take up jobs outside their professional fields.	41	31	5	8	3	4.13
Q3	As a result of inadequate placement of qualified graduates out puts are often low which deters economic growth.	38	38	3	6	3	4.16

Based on table 4.4 above, Majority of the respondents agreed that the commitments of graduates who take up low-paid jobs are relatively low (Mean = 3.85). Also, most of the respondents were of the opinion that a reasonable number of higher education graduates get jobs outside their discipline. (Mean = 4.13). Similarly, most of the respondents also agreed that poor placement of professionals in the work place deters economic growth (4.16). Therefore, it can be concluded that job mismatch negatively affect economic growth. Consequently, the alternative hypothesis which states that there is a significant relationship between job mismatch and economic growth in Nigeria is accepted in this study.

## 5.0 Conclusion and Recommendations

### 5.1 Conclusion

The survey examined underutilization of human resources and economic growth in Nigeria. This study was limited to Port Harcourt Metropolis, Rivers State, South-South Nigeria. All the relationships proposed among the variables in the research model were tested and it was found that relationship exists amongst the variables having subjected the collected data to empirical analysis with the use of mean. Therefore, the results of the findings indicated that underutilization of human resource affects economic growth, which implies that effort must be made to ensure that unemployment, unused acquired skills/talents, and job mismatch are urgently addressed. The



overall result showed that proposed null hypotheses tested were rejected and the alternative hypotheses accepted.

## 5.2 Recommendations

In view of the above, we therefore recommended the following:

1. Graduates should strive to be more creative and actively engaged economically to contribute positively through their profession to the economic growth of Nigeria.
2. Financial institutions should constantly make available, medium and long-term loans at low interest rates to encourage entrepreneurial development.
3. Businesses and employers of labour should ensure that their workers are properly matched to suit their professional qualifications.
4. Universities and other tertiary Institution should be indulged to introduce entrepreneurial development courses and programs that can support graduates to be employers of labour rather than job seekers. This will reduce unemployment challenges in Nigeria.

## 5.3 Contribution to Knowledge

The researchers believe that this study has to a great extent contributed positively to extant literature on underutilization of human resources and economic growth. This study has also developed a framework for linking human resource underutilization and economic growth in Nigeria. Finally, the outcome of this study will serve as a source of information that can spur up further research in this area of research interest.

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