



Impact of Economic Globalization on Human Capital: Evidence from Nigerian Economy

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ABSTRACT

Investment in human capital in relation to global world is to achieve an optimum return in terms of a gainful employment, productivity and high standard of living. This paper uses autoregressive distributed lag model to determine the cointegration, long run and short run elasticities among human capital, economic growth, economic globalization and foreign direct investment (FDI), for the period 1980-2011. The empirical results reveal that there is a long run relationship among the variables tested in this study. Also, economic growth and FDI show a positive impact on human capital and economic globalization indicates a negative impact on human capital in Nigeria.

Keywords: Human Capital, Economic Globalization, Autoregressive Distributed Lag, Nigeria

JEL Classifications: F02, F66, J24, J61

1. INTRODUCTION

As defined by Shangquan (2000), economic globalization refers to the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital and wide and rapid spread of technologies. To this end, the process of increasing the mutual market frontiers across the globe, the availability of information particularly in the productive, advertising and marketing services are the three major factors driving force of economic globalization. At the same time, the fast growing of economic globalization in the recent times could also be drawn from the increasing rate of improvement in technology. The growing and development in technology has done a lot in terms of facilitating the movement of labour across the globe. For instance, labour anywhere in the world can apply for a job through internet (technology), submit all the necessary documentations for assessments and even be interviewed through online application (skype). This is part of what globalization has offered the world as a whole. It is a known fact that there is shortage of high skilled manpower in the country while high records of high skilled Nigerians are working abroad especially in Europe and United State of America. Workers in Africa particularly in Nigeria which is the most populous country in

Africa are increasing in competing for jobs availability in the world labour market. The competition is as a result of the wider scope in economic globalization of the world. In view of this agitation for free movement and global networking of people, goods and services and improvement in the tools of economic globalization such as; internet, cell phones and so forth have made it easy for labour to relocate from one region to another. Also, the increasing networking of the world at large has encouraged the operations of multinational corporations to further integrate both and national human capital across the globe. As noted by Held and McGrew (1993) that “the boundaries between local matters and world affairs is becoming increasing fluid.” Meanwhile, in the on-going debate on the impact of economic globalization on human capital, the effect has not been fully ascertained *per se* particularly in the Nigeria context. However, the previous studies have been focusing on the impact of economic globalization on economic growth as a whole (Rousseau and Sylla, 2003; Dreher, 2006). In light of this, the current study focused on how economic globalization affects human capital in Nigeria.

2. LITERATURE REVIEW

In the review of the relationship between economic globalization and human capital, the classical school of thought has opined