

# **HUMAN CAPITAL & INNOVATION: The Way Forward for Africa in it's Quest for Growth and Development**

*Closing key note address given by Dr. Abdulai at the Inaugural Convention of the African Federation of Human Resource Management Association, Gaborone, Bostwana.*

Mr. President, Members of the organising committee, distinguished guest, ladies and gentlemen.

I am honoured to be invited to give the closing keynote address for the inaugural convention of the African Federation of Human Resource Management Association. I have been tasked to talk about HUMAN CAPITAL AND INNOVATION: THE WAY FORWARD FOR AFRICA IN ITS QUEST FOR GROWTH AND DEVELOPMENT.

Let me start first by saying that “the future is in Africa.” Unlike Afro-pessimists like V. S. Naipaul, a Nobel laureate in literature who believes that “Africa has no future” or others like the former Dean of the MIT’s Sloan School of Management, Lester Thurow who wrote in his book, *Creating Wealth: The New Rules for Individuals, Companies and Countries in a Knowledge-based Economy*, that “Africa is an economic desert,” Africa’s future is brighter more than ever. These and many more Afro-pessimist of their ilk will have to eat their words.

For example, a recent African Development Bank/OECD Report on African Economic Outlook for 2007 projects the growth of the continent to be at 6%. The African continent has been witnessing an average economic growth of 5% for the past decade, Economic activity on the continent rose by nearly 5.5% in 2006. For the first time in the last two years, the overall growth of the continent has surpassed all of the OECD countries combined. And it is expected to do so again in 2007. So is this the Africa that has no future?

Mr. President I wonder:

Despite such encouraging growth rates, Africa can do better. This is because most of this growth even though broad-based is mostly coming from Africa’s rich resource sector. To accelerate and sustain Africa’s growth to the level of 7% to 8% for the continent to achieve its Millennium Development Goals target of halving poverty by 2015, there is an increased need for the continent to enhance its human capital. Furthermore, the recent gains in economic growth on the continent will only sustain if there are among other factors the requisite human capital with the knowledge and skills to capitalize on the new and exciting opportunities that this economic growth is offering.

Why such a suggestion? This is because it is becoming increasingly evident that the competitiveness of nations in today’s knowledge era is dictated by the quality and quantity of the human capital stock that each country has. It is this quality and quantity of the human capital that will create the conditions for technological and economic advancement of these

countries. Economic development theories like the endogenous growth theory postulate that human capital is the source of innovation and technological progress. Hence a source of economic growth and development. Even the expanded neoclassical growth theory sees human capital as one of the most important inputs in the growth process. But systems of innovation in part have its roots in human capital formation. Thus, one can safely say that Africa's poor and underdeveloped systems of innovation in part have its roots in both the past and present poor pattern of human capital formation.

So Mr President:

If human capital is so important to the growth process, then it is imperative that African leaders take a rather serious view of the development and retention of the continent's human capital. But such has not been the case. According to the Africa Commission, human capital development on the continent is rather low. Some of the reasons are due to the lack of access to institutions of learning which are rather limited, inadequate and ineffective institutions as well as support mechanisms, lack of cutting-edge programmes for human capital development and in most cases, the lack of political will. Indeed, if we want the future to be Africa's, we must invest in our human capital or we will not have one.

Mr. President:

What is the way forward for Africa in its quest for growth and development? How does Africa go about developing its human capital for its growth and development efforts? The answers are not far-fetched. Here are a few that I will like to share with you. First, there must be an unwavering political will on the part of Africa's leadership to make the tough decision of deploring the requisite resources to develop human capital in their respective countries. With numerous demands on their meagre budgets, they will have to convince numerous stake holders that investing in human capital is an investment in the future of their respective countries. Secondly, African leadership and the public and private sectors in the respective countries must realise that investment in human capital is a key factor in attracting foreign direct investment. This is because most investors include as one of their most important criteria for investment in a country, the level and capacity of its human capital. I will contend that one of the factors hindering the ability of most African countries to attract FDI is because of the limited nature of their human capital. Gary S. Becker. A Nobel laureate in economics and professor of Economics at the University of Chicago wrote in his book *Human Capital*, about how investments in human capital in countries like Taiwan, Japan and some Asian countries has significantly contributed to their growth even though these countries lack natural resources. Africa can borrow a leaf from these countries.

Another important suggestion is for African countries to invest heavily in elementary education. Universal primary education should not be a privilege but a right of all children in Africa. Effort must also be made to close the gap between the genders in primary education in Africa where more young boys go to school than girls in most African countries. Every capable high school graduate should have an opportunity to receive the requisite support whether it is bursaries or other forms of financial aid to attend technical or 4 year colleges. The private sector must work in partnership with governments to create practical training programmes for young people. If such investments are made, African countries will see the long-term benefits in the development of their human resources. It is also important not to

only invest in elementary education but it is imperative that African countries as well as private and public sector companies on the continent encourage lifelong learning. We as Africans must get into the habit of learning throughout our lifetime to keep our skills updated and to make us more competitive in a hypercompetitive marketplace.

Finally, human capital development in Africa does not only deal with its formation. It also deals with its retention. The migration of African talent to greener pastures abroad has both pull and push elements. One of the pull elements is higher remuneration and better working conditions abroad. But the push factors include the environment in which most African knowledge workers work. These include the lack of basic resources and equipment for them to effectively carry out their duties. Another important factor may be the political environment in the country or at the workplace. If Africa is to retain its human capital or reverse its brain drain, then it must make efforts to provide a conducive environment for its knowledge workers and make available to them the requisite resources to enable them do their work effectively.

Mr. President:

Let me end by quoting the late Ralph Waldo Emerson, an American essayist and poet who once said that, “most of the shadows of this life are caused by standing in our own sunshine.” Africa must not stand in its sunshine. We must develop our human capital and learn to retain our talents at home to help us make our sunshine that is, our growth and development. We as Africans must also realise that nobody likes us more than we like ourselves. Thus, if we have to “sweet,” we must “sweat.” At the end of the day, let’s heed the words of Margaret Fuller, an American critic and social reformer that “memory depends very much on the perspicuity, regularity and order of our thoughts. Many complain of the want of memory, when the defect is in their judgement; and others, by grasping at all retain nothing.” Let us today as Africans resolve to effect the right judgement to develop our human capital. We should move away from grasping at “new flavour of the month” development ideas thrown our way by members of the “development priesthood.” I will now leave you with an Irish blessing, even though I am not Irish but the humanism in the blessing is there for all of us to appreciate; “may the roads rise to meet you, may the winds always be at your back, may the sun shine warm upon your face, the rains fall soft upon your fields, and until we meet again, may God hold you in the hollow of his hands.

Thank You.

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