

## Relationship between Educational Attainment and Living Standard of the Poor and Vulnerable Households in Nigeria

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### ABSTRACT

This paper seeks to find the relationship between the educational attainment of the head of household and living standard of the poor and vulnerable households in Nigeria. Nigeria as a country has been plagued with a high rate of poverty. With an estimated population of over 200 million people, Nigeria is Africa's most populous nation and the largest economy in Sub-Saharan Africa; however Poverty remains at 40.1 per cent in 2018/19, and is set to rise to about 42.6 per cent in 2022 implying a lower living standard for many of the populace. On the other hand, it is widely accepted that those with higher incomes tend to have better health, more education and a greater ability to participate in the social and political lives of their communities therefore having a better living standard. This study examined the relationship between the educational attainment of the head of household on the living standard of the household in Nigeria using the spearman's correlation coefficient and secondary data from the National Social Register collected by the National Social Safety Nets Coordinating Office. The results obtained reveal that there is a strong tendency for lower educational attainment to be associated with a higher prevalence of household poverty or lower living standards. Literacy of the household head is also inversely related to household poverty.

**Keywords:** educational attainment, living standard, poverty, vulnerable households, Nigeria

### Introduction

Approximately 8% of the global population live in extreme poverty, commonly defined as surviving on only \$1.90 (defined as the poverty line) a day, or less. In Sub-Saharan Africa, 40% of the population lives below the poverty line, accounting for two-thirds of the extreme poor global population. Poverty remains high in Nigeria, based on the most recent official survey from the National Bureau of Statistics (*Nigeria Living Standards Survey A Survey Report by the Nigerian National Bureau of Statistics (in Collaboration with the World Bank) Section IV: Employment and Remittances*, 2018), the extreme poverty headcount rate in 2019 was estimated at 53.5 percent. Violent conflict has also constrained poverty reduction by reducing agricultural production, school attendance, displacing people, and disrupting basic service provision, especially in the North East and Middle Belt. The economic disruption and health risks associated with the COVID-19 crisis and the corresponding shock to oil prices have disproportionately affected the poor. Many poor households rely on agriculture, which will suffer if markets are interrupted, while those working in non-farm enterprises in the informal sector were unable to generate income while restrictions on movement were in place.

Education on the other hand, is the basis of economic development and societal advancement. Investment in education improves human capital, increases productivity and hence

the standard of living. The importance of education cannot be overemphasized in any economy. Countries having high percentage of their total population uneducated or with a low level of quality education find it difficult to considerably increase their GDP and improve their standard of living (*Relationship among Poverty, Education Expenditure, and Education Status: Empirical Evidence from Pakistan*, n.d.). In Nigeria, about 14.3 percent of population above 5 years of age has never attended school. The higher the age the higher the number of people with no schooling (*Nigeria Living Standards Survey A Survey Report by the Nigerian National Bureau of Statistics (in Collaboration with the World Bank) Section IV: Employment and Remittances*, 2018). On the individual level, education brings about economic opportunities and improves individual standard of living. On the aggregate level, education improves labour skills, leading to an increase in productivity and an overall standard of living.

Better education provides better opportunities, increases the chances of being employed and improves the standard of living. The importance of investment in human capital can be traced down to Adam Smith's *Wealth of Nation* where he emphasized the role of human capital to the creation of economic wealth. Other early theories include Becker (Teixeira, 2014) and Mincer (*EconPapers: Schooling, Experience, and Earnings*, n.d.). Their work emphasized the role of education in promoting standard of living. Babatunde and Adefabi (Jimoh Babalola, 2011) investigated the long run relationship between education and standard of living in Nigeria. They examined two different channels through which human capital can affect long run standard of living in Nigeria.

Babalola (Jimoh Babalola, 2011) analyzed, empirically, the relationship between investment in education and economic growth in Nigeria using annual data over the period 1977 to 2008. The unit root properties of the data were examined after which the cointegration and causality tests were conducted. The error correction models were also estimated to examine the short run dynamics. The result suggests a long-term relationship and a short-term dynamism. evaluated the relevance of human capital development on the growth of the economy. The study deduced a strong positive relationship between human capital development and economic growth.

An understanding of the concept of living standard is also important for the interpretation of many other concepts of social evaluation such as "poverty" and "deprivation." Judgments about whether people are poor or deprived or suffer from social exclusion rely on an informational base that specifies the objects that they either lack, are deprived of, or are excluded from. A reorientation of factual concentration in the study of living standards, then, is also likely to engender additional changes in how these other concepts are understood and empirically investigated.

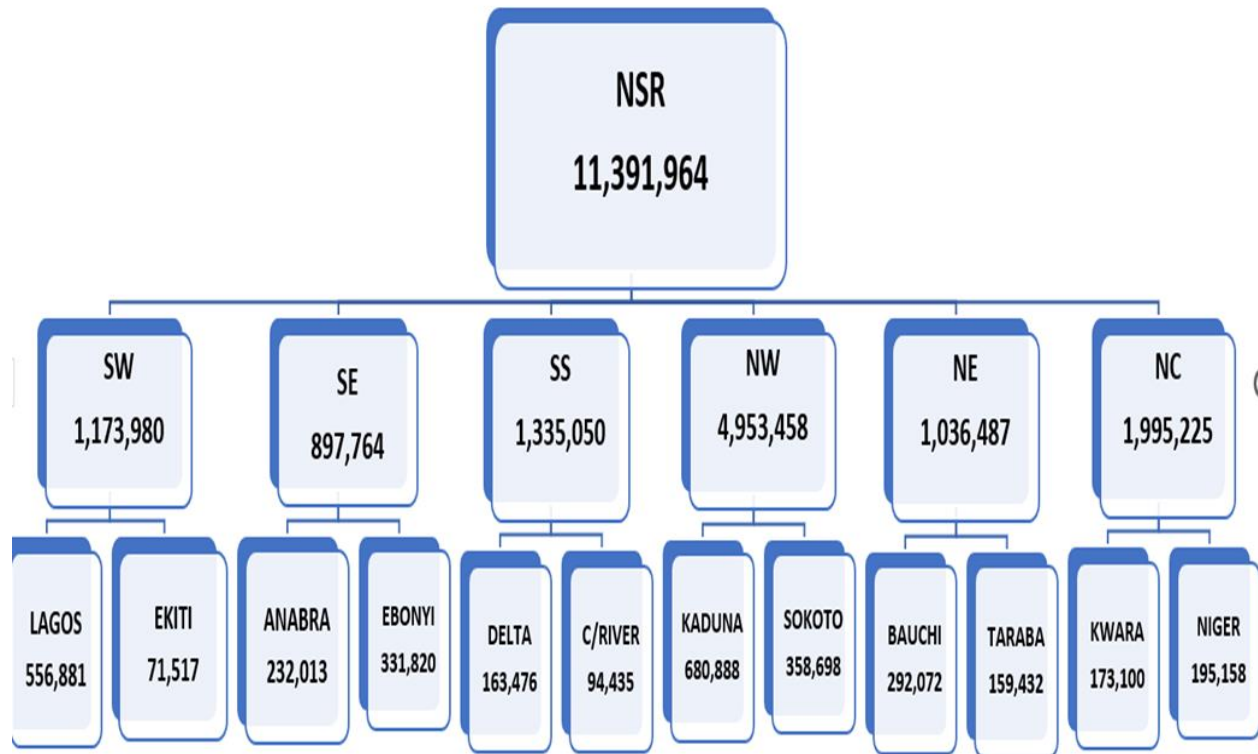
This paper examines the relationship between educational attainment and the living standard of the poor and vulnerable households in Nigeria from the National Social Register. The study would guide the Nigerian policy makers in developing efficient and effective social safety nets Interventions for the poor and vulnerable households that will address education and improve the living standard of her citizenry.

## **Methodology**

The spearman's correlation coefficient was used to examine the relationship between the years of schooling of the head of household and the living standard of the household. Data from

the National Social Register collected by the National Social Safety Nets Coordinating Office (NASSCO) was used. The data covers the period of 2017 – 2022, and a total of three million, three hundred and nine thousand, four hundred and ninety (3,309,490) Households were sampled from both urban and rural communities of the eleven million, three hundred and ninety-one thousand, nine hundred and sixty-four (11,391,964) households in the National Social register. Twelve states, two per geopolitical zone were selected. The states were selected based on their poverty incidence comprising of one with the highest poverty incidence and the other with the lowest poverty incidence across the zones as shown in the report of the NLSS 2018/2019 survey conducted by the National Bureau of Statistics (*Nigeria Living Standards Survey A Survey Report by the Nigerian National Bureau of Statistics (in Collaboration with the World Bank) Section IV: Employment and Remittances*, 2018). Figure 1 below shows the NSR and the twelve selected states from the six geopolitical zones.

Fig 1: Breakdown of the Data from the NSR



**Source:** National Social Safety Nets Coordinating Office

### Educational Attainment

Educational attainment refers to the highest level of education that a person has successfully completed. Successful completion of a level of education refers to the achievement of the learning objectives of that level, typically validated through the assessment of acquired knowledge, skills and competencies. It is assumed that the higher the level of education a person attains, the more exposed they are to economic opportunities which may invariably provide income to improve their living conditions. (Choudhury & Agarwal, 2018) noted that education can put people on a path towards good health, empowerment and employment. It can help to

build happier societies. They further stated that the benefits of girls' education extend to their own children who are often healthier and more educated because their mothers went to school and on average, each additional year of education boosts a person's income by 10 per cent and increases a country's GDP by 18 per cent.

### **Standard of Living**

The concept of the standard of living has no clearly definable and specific use that can be set up as "standard" or "correct." There are deep disagreements about how this concept should be more fully understood because it is inextricably linked to our general beliefs about how states of affairs should be judged and how societies should be arranged.

Fontinelle (2022) defined standard of living as the level of wealth, comfort, material goods, and necessities available to a certain socioeconomic class or geographic area. Fontinelle mentioned that metrics may include things like wealth levels, comfort, goods, and necessities that are available to people of different socioeconomic classes in those areas. The standard of living is measured by things that are easily quantified, such as income, employment opportunities, cost of goods and services, and poverty.

However, for the purpose of this paper, the standard of living would be defined as an aggregation of certain indicators such as assets ownership, cooking fuel, availability of electricity, source of drinking water, housing and sanitation.

### **Poor and Vulnerable Households**

Nigeria continues to battle with issues such as food inflation, rising cost of living among other economic challenges, and these issues are likely some of the reasons why more people are falling into poverty than those lifted out of it (Oyedepi, 2022). The poor and vulnerable households here refer to people who cannot afford the necessities of life like food, clothing, shelter etc. and those who are likely to fall into poverty or move out of poverty (vulnerable). A World Bank report has noted that the number of poor persons in Nigeria will rise to 95.1 million in 2022.

### **The National Social Register**

The National Social Register, a database of the poor and vulnerable households in Nigeria developed by the National Social Safety Nets Coordinating Office (NASSCO) under the National Social Safety Nets Project (NASSP) - is a project jointly implemented by the World Bank and the Federal Government of Nigeria. This register contains information on the educational level, living standard, health condition and Proxy Means Test etc. for all poor and vulnerable households in Nigeria.

### **Data Transformation**

14 variables are considered for the analysis, these variables are transformed into a scoring matrix of two variables namely, 1) Living Standard, and 2) Years of schooling.

Table 1: Certificates and years of schooling

S/N	Certificates	Years of schooling
1	No certificates	0
2	First School Living Certificate (Primary)	6
3	Senior School Certificate	12
4	Diploma Certificates	14
5	National Certificate of Education (NCE)	15
6	Degree certificates (HND/B. Sc., etc.)	16

Source: National Social Safety Nets Coordinating office

### Living Standard

A dummy table of all variables that defined the living standard, 1 signifies the availability while 0 means the absence of facility. For example, if households have television one is assigned for the household and zero otherwise, all other variables are treated the same way.

### Year of Schooling

Years of schooling of the head of the household is used as a proxy for the households. If the head of household has no educational qualification, zero is assigned as the year of schooling.

### Result

Table 2 shows the comparison between years of schooling and the living standard computed.

Standard of Living	Years of Schooling								Total
	0	6	9	12	13	14	15	16	
0	421,335	77,302	14,612	25,637	404	1,952	1,550	1,247	544,039
1	465,119	94,884	18,917	52,858	890	3,819	2,475	1,703	640,665
2	401,421	116,281	21,553	89,810	1,240	7,059	5,093	4,644	647,101
3	280,591	92,804	16,608	89,988	1,110	7,664	5,870	6,503	501,138
4	168,702	80,158	15,201	90,322	1,019	8,152	7,422	9,643	380,619
5	78,739	60,836	13,246	99,291	896	6,051	8,416	13,654	281,129
6	36,721	37,865	8,575	83,535	1,036	4,961	9,662	17,990	200,345
7	12,323	16,776	3,666	37,398	546	2,320	4,635	9,871	87,535
8	2,939	4,342	957	9,896	224	619	1,245	3,130	23,352
9	503	387	77	1,153	120	83	138	474	2,935
10	174	59	12	147	10	12	19	64	497
11	23	8	3	38	2	2	2	48	126

12	1	1	0	3	0	1	0	2	8
13	0	0	0	1	0	0	0	0	1
<b>Total</b>	<b>1,868,591</b>	<b>581,703</b>	<b>113,427</b>	<b>580,077</b>	<b>7,497</b>	<b>42,695</b>	<b>46,527</b>	<b>68,973</b>	<b>3,309,490</b>

**Source:** National Social Safety Nets Office Report 2023

The study employed the spearman's correlation coefficient to investigate the relationship between the years of schooling of the head of household and the living standard of the household. A Spearman correlation was run to assess the relationship between years of schooling of the head of households and the living standard of the households. There was a moderate positive correlation between the years of schooling of the head of households and the living standard of the household's  $\rho = 0.406$ ,  $p < .0005$ . The weak correlation suggests that there may be other variables that contribute to the standard of living of the households.

## Conclusion

This paper has limitations, firstly, since poverty was measured at household level, specific poverty dynamics within households could not be observed. Secondly, there is the possibility of endogeneity in the regression model. Endogeneity is an issue because though lack of education may lead to low standard of living, inadequate financial resources might also influence the ability of obtaining a satisfactory educational level. However, the results strongly indicate the evidence that higher education is associated with higher level of living standard amongst the poor and vulnerable households which is in accordance with past research, for instance, Botha (Botha, n.d.), Ijaiya and Nuhu (2011) and Njong (2010).

From the result, there was a moderate positive correlation between the years of schooling of the head of households and the living standard of the household's  $\rho = 0.406$ ,  $p < .0005$ . The weak correlation suggests that there may be other variables that contribute to the living standard of the households. Educational attainment alone does not necessarily translate into better living standard among the PVHHs. Hence, there is need to balance it with other factors that can improve the standard of living.

## Recommendation

If educational attainment is taken to be an important element in the standard of living, then concern with improving the living conditions of less advantaged people and groups might tend to focus more on securing their educational opportunities than attempting to increase household income. This probably can be attributed to the decline in government expenditure on education. Hence, based on this study, it is recommended that the government should invest in education, not only in terms of quantity but quality as well. This will greatly improve the skills of its citizens, giving them higher chances to obtain employment in the labour market and hence a better living standard.

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