



TOPIC:

**ECONOMY**

**AND**

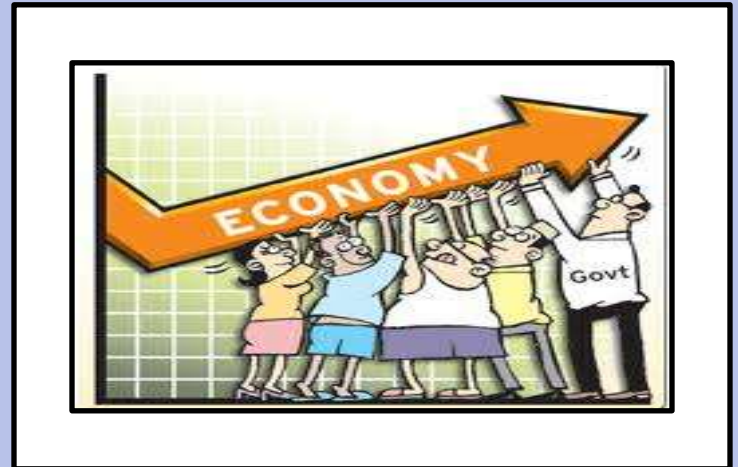
**HUMAN**

**CAPITAL**

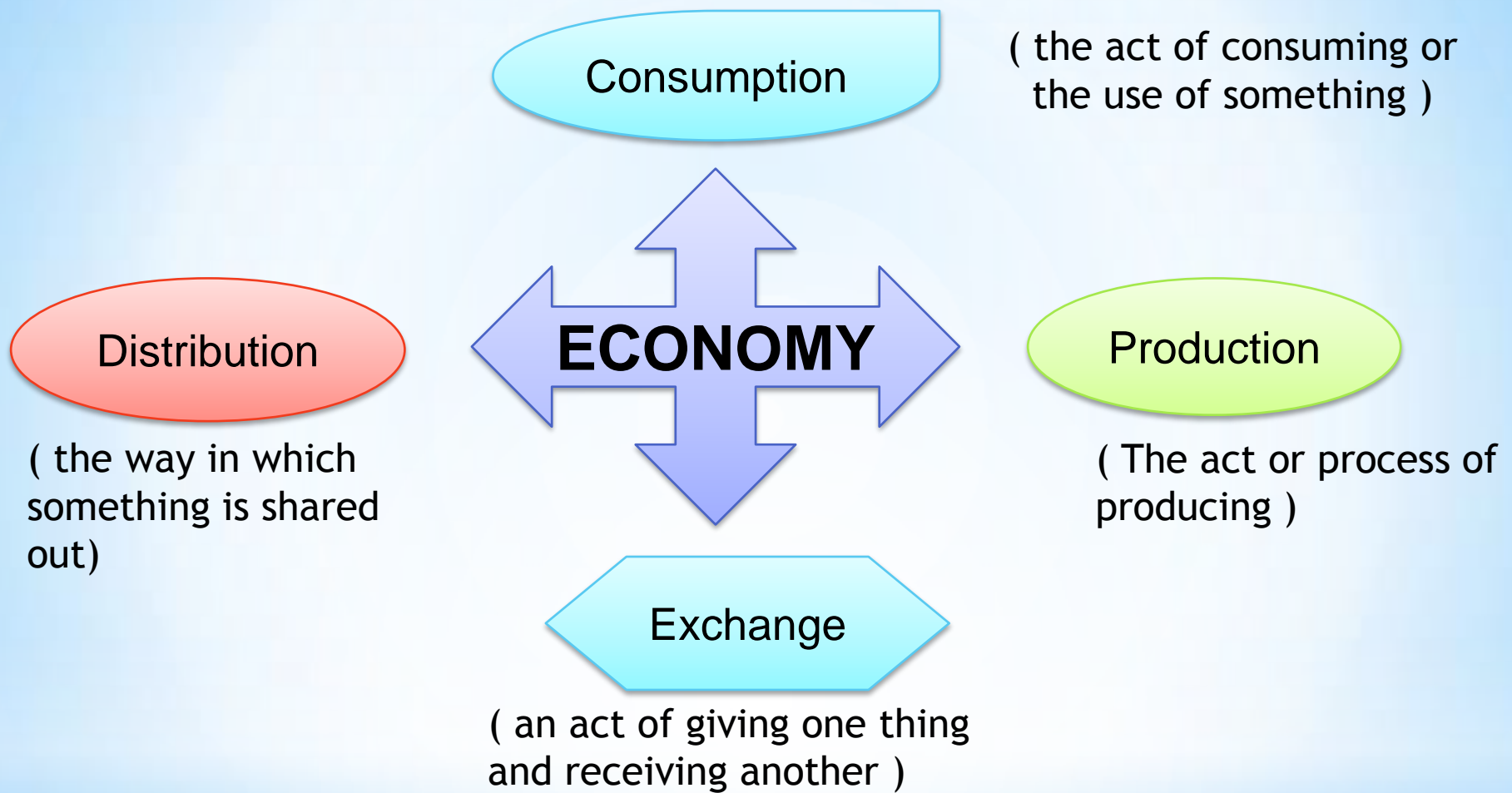
**DEVELOPMENT**

# ECONOMY

» The state of a country or region in terms of the production and consumption of goods and services and the supply of money.



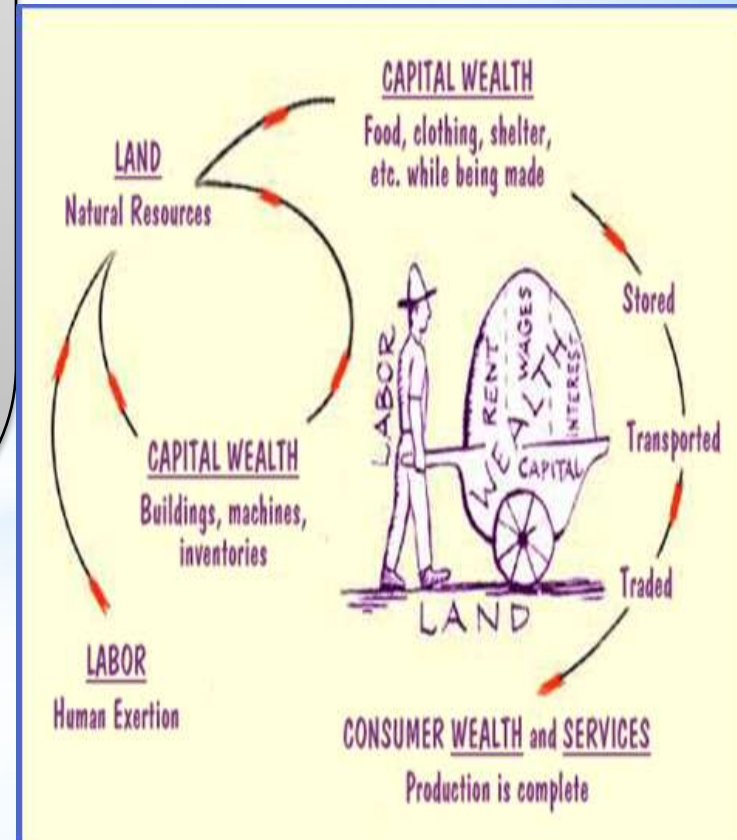
» The large set of inter-related **economic** production and consumption activities which aid in determining how scarce resources are allocated.



The Economy Is The Organized System Of Human Activity  
Involved In The Production, Consumption, Exchange, And  
Distribution Of Goods And Services.

# CAPITAL

- Cash or goods used to generate income either by investing in a business or a different income property.
- The money, property, and other valuables which collectively represent the wealth of an individual or business.



# HUMAN CAPITAL

According to Michael Parkin,

☐ Human capital refers to the skill and knowledge of human beings.

- ✦ Human capital is the attributes of a person that are productive in some economic context.
- ✦ Human capital is the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

Human Capital is a well employed human resource that is actively engaged in meaningful, worthwhile work and delivering some level of desired productivity. Human Capital is a question of factoring knowledge and application to physicality





# HUMAN CAPITAL DEVELOPMENT

In the words of Prof. Harbinson:

The process of acquiring and increasing the number of person who have the skills, education and experience which are critical for the economic and political development of a country.

- ✓ Human capital development is the act of increasing the productive qualities of labor force by providing more education and by increasing skill, health and nutrition level.
- ✓ If the people of a country are well educated, well nourished, skilled and healthy that will be said to have more human capital.

# **FACTORS OF HUMAN CAPITAL DEVELOPMENT**

-  **Imparting Education**
-  **On Job Training**
-  **Manpower Planning**
-  **Health And Nutrition.**



# ROLE OF HUMAN CAPITAL

- ☐ Country develops if the human capital is developed.
- ☐ Improve quality life.
- ☐ Create positive attributes.
- ☐ Eradication of social backwardness.

# EDUCATION AND HUMAN CAPITAL

- ✚ Education is extensively regarded as a route to economic prosperity being the key to scientific and technological advancement.
- ✚ Education today is inseparable from the development of human capital.
- ✚ It plays a pivotal role in human capital formation and a necessary tool for sustainable socio-economic growth.



- ✚ Education also combats unemployment, confirms sound foundation of social equity, awareness, tolerance, self esteem, and spread of political socialization.
- ✚ It raises the productivity and efficiency of individuals and thus produces skilled manpower capable for leading the economy towards the path of economic development..

# ECONOMY & HUMAN CAPITAL

- ④ Human Capital Formation is considered as a good indicator for economic growth and development.
- ④ Prior to the nineteenth century, systematic investment in human capital was not important in any country. Expenditures on schooling, on-the-job training, and other forms of investment were quite small. This began to change radically during that century with the application of science to the development of new goods and more efficient methods of production, first in Great Britain, and then gradually spreading to other countries.

- ⌚ The physical capital are not of negligible importance in a economy. But a country also need skilled workers and managers, and innovative entrepreneurs to utilize that physical capital effectively.
- ⌚ A country cannot grow without a strong human capital base

# **ECONOMIC ASPECT OF HUMAN CAPITAL**

- ❖ Co-existence of Capitals
- ❖ Full Utilization of Resources
- ❖ Effective Planning
- ❖ Maintenance of Machinery
- ❖ Improved Infrastructure
- ❖ Industrial Performance
- ❖ Self Employment
- ❖ Modern Technology
- ❖ Modern Means of Production
- ❖ Reduction in Poverty



# SOCIAL ASPECTS OF HUMAN CAPITAL

- ▣ Increase in Literacy Rate
- ▣ Improvement in Health
- ▣ Better Living Standard

# THE NEW LABOR MARKET

That was then, this is now

THEN



**BASIC SKILLS  
REQUIRED: ASSEMBLY  
LINE**

NOW



**GLOBAL COMPETITION,  
RAPIDLY CHANGING  
TECHNOLOGY**

**GCEE**  
Georgia Council on Economic Education  
Preparing today's students  
for tomorrow's economy

# PROBLEMS OF HUMAN CAPITAL FORMATION

- ✿ Rapidly Growing Population
- ✿ Lack of Awareness
- ✿ Unequal Distribution of Wealth
- ✿ Investment in Buildings and Equipments
- ✿ Inappropriate Education
- ✿ Ill-health and Ill-nutrition Facilities
- ✿ No Proper Training for Employees
- ✿ Less Promotion for Employees
- ✿ Agriculture, the Main Occupation
- ✿ No Manpower Planning

# BENEFITS OF HUMAN CAPITAL

- ❖ Human resource development system can be designed to help to raise production of essential goods and services.
- ❖ Human capital preserve and enhance the freedom, dignity and the worth of labor force.
- ❖ Human capital development is not only meaningful indicator of modernization but it is essential for the development of technology and skill which can be a substitute for physical capital.
- ❖ human capital in improving the economic productivity.

## EXAMPLES OF HCD IN PAKISTAN'S EDUCATION

- z A twelve year-old Pakistani girl is taking advance online classes offered by Stanford university.
- z The youngest Microsoft certified professional is a Pakistani.
- z Young Pakistanis are setting records with straight A's on O level and a level Cambridge courses.
- z According to global education digest **2009** published by Unesco institute of statistics. Unesco data also shows that Pakistan's lead is growing with younger age groups.
- z Huge investments made in higher education during Musharraf years helped hundreds of thousands of students to benefit from the doubling of the number of universities from **71** in **2002** to **137**.

## CONCLUSION

Investment in human capital is also required to raise the general living standards of the people in developing countries. This is possible when education and training make full and rational utilization of surplus manpower by providing larger and better job opportunities in both rural and urban areas. There is more return raise in income and improvement in living standard of the population due to capital formation.



