OBJECTIVES

• To understand the importance of human capital to development at various level
  – Individuals/family
  – Organization
  – Community
  – Nationals
• To examine the current status of human capital development in various countries

OUTLINE

• Human capital and national development
  – Individual and family, organization and community, nation
• Human capital development in various countries
  – Less developed, developing and developed

REFERENCES

Human/Family Ecosystem

**The microenvironment**
- The immediate setting of the family
  - The component:
    - Physical habitat
      - i.e. occupy spatial territory (hse)
      - Changes in hh composition can influence the location and nature of housing
    - Social aspect
      - The interaction family system members have with relatives, friends etc and the variation w.r.t family life cycle stages, socio-demographic and economic background

**The macroenvironment (societal system)**
- The component:
  - Sodocultural
    - Culture define meaning and content of society; the values and accumulative experience, knowledge, skill & material gds – heritage
    - The sodocultural sys involves the processes through which the meaning and content of any society are reinforced or changed
  - Political
    - Affecting families through law, regulation, policies and provision of other svc (e.g. public goods)
    - Political system encourage politically responsible citizen and requires adherence to laws & regulations
  - Economic
    - The sys is based on the purchase of goods and svc, and aggregate choices make up market demand
    - The family expects that the economic sys will provide opportunity for them to participate in the productive processes through their labor and investment
  - Technological
    - It functions as a tool or a means through which knowledge, material and energy may be usefully applied
    - Sc & Tech relate to the dev of product, while mgr promotes their considered choice and use
    - Changing tech has both personal and welfare implication and increases the significance of mgr
Human/Family Ecosystem...cont

- The macroenv (natural & structured sys)
  - The social system e.g. family interact in a physical setting.
  - Are the physical and biological surroundings within which related societal sys
- The issues
  - Environmental concern
  - Energy consumption and conservation
  - Household waste
  - Environmental effect
  - Weather and climate effects on families

Family Ecosystem and Development

- The system is dynamically interacting with each other that it goes through changes, adaptation and development.

But, how does it relate to HUMAN CAPITAL?

Human Capital and Development

- Human capital development is a prerequisite to achieve satisfying political, social, cultural and economic goals (Harbison and Myers, 1964) at different level of analysis (e.g. individual, community, nationals) (Asnarul, 2003)
  - Why?
    - Individual/community (collective) involvement and participation towards achieving developmental goals
  - Thus, the “quality” and “characteristics” of the “participants” matters
  - This is especially true in the K-economy

Human Capital and Development: ...cont.

- K-economy
  - Is about knowledge and the ability to use it to create new value and wealth. Wealth is measured by the result of knowledge that is inventively applied
- The comparison
  - Agricultural economy - wealth was measured by land and produce
  - Industrial economy - wealth was measured by industrial output
Human Capital and Development

• The K-economy
  – Include all human economic activities of previous era/economies and take one step further
  – For examples
    • K-economy agriculture, knowledge could be put to work more effectively through better planting materials, improved horticultural practices or enhanced means of trading agricultural product
    • K-based industries, the traditional modes of delivering services (e.g. medical, education) – improved, e.g. telemedicine or web-based learning. Thus, enabling consumers and users to access them directly in cheaper and easier way

THUS

“The present illiterate are those who cannot read and write, but the future illiterate will most likely be those who cannot learn, unlearn and relearn”

(Alvin Toffler)

Human Capital and Individual/ Family Development

• Human capital development
  – Can increase individual/household income
  – Producing “the right” (attitude, skills, personality etc) individuals/members
    – e.g. empowered, resilient and self-reliant
      • family, community, labors and citizens
  – Upward mobility
  – As a strategy to eradicate poverty

What is Empowerment??

• Empowerment refers to increasing political, economic and social strength of individuals and group that have been marginalized, exploited, discriminated or excluded from the main power structure in a society (including the marketplace and civil society in a consumer culture) (McGregor, 2005).

• As a process, empowerment refers to the process of which individuals, households or communities “equipping themselves with the knowledge, skills and resources they need in order to change and improve the quality of their own lives and their community” (Quest, 2006).
Human Capital and Organizational Development

- **Human capital** — the abilities, behaviors and energies of workers is the chief engine of prosperity for most organizations.
- Thus, organizations involve in HRD to:
  - Improved business results
  - Gain competitive advantage
  - Increase profit/financial performance
  - Increase productivity
  - Prevent obsolescence of skill at all levels
  - Preparation for higher level tasks

Human Capital and Community Development

- **Community Development**:  
  - “A process by which community effort is combined with that of government agencies to improve the community’s economic, social and cultural conditions so as to integrate them into the mainstream and to enable them to contribute fully to the national development” (United Nations, 1960)
  - “An effort to provide opportunity for the community to empower themselves so as to change their living conditions through the development of skills, experience, confidence, knowledge and cooperative spirit (among themselves or with relevant agencies offering assistance)” (Kamrukhola, 2005)
Human Capital and Community Development

• The objectives:
  1. Membawa perubahan sosial untuk individu, komuniti atau rakyat supaya bersama menuju dan menikmati faedah kemudahan pembangunan e.g. kelembutan dan pendidikan
  2. Menyedarkan komuniti bahawa utk mencapai pembangunan, usaha sendiri adalah penting
  3. Usaha sama antara komuniti, kerajaan, organisasi dan pertubuhan supaya sama-sama menyumbang ke arah kemajuan negara
  4. Mendidik masyarakat supaya berdiri dan mengembelikan tenaga utk mencapai sesuatu
  5. Mendidik dan memberi peluang komuniti utk mempertajamkan kebolehan, kemahiran dan keupayaan supaya dapat menguasai keadaan kehidupan sekitar
• Why?
  - Community development as a planned “reformation” can be used as a strategy to get away from the economic slowdown

Human Capital and Community Development: cont

• What is important in the process?
  - Participation and involvement in the process of bringing about progressive changes (i.e. from being backward, marginalized to a better living conditions) requires proper attitudes
  - Changing the community’s common practices that hinder development e.g. superstitions through education
  - Empowerment to enable them to be in control of their lives and environment, so that they are able fulfill/settle their own needs/problems
  - Govt support advisory and consultancy, financial allocation, training especially in the initial stage in effort to cultivate community initiative

Human Capital and National Development

• HRD is important as human is a capital that can mobilize economic growth

• A known fact:
  - The main obstacle to the implementation and progress of developmental projects and dynamic economic development activities are:
    • Insufficient skilled labor
    • The low use of technology

Human Capital and National Development ...cont

• Human capital is an important input in the nation’s economic growth and development
  - Educational level and training (incl. nutrition and health) is linked to
    • Laborers productivity (+)
    • Level of national product and economic growth (+)
  - Why?
    • Mobilizer of other input e.g. physical capital and raw materials
    • Human capital increases worker’s mobility
      - To balance the labor market, thus reduces unemployment rate
Human Capital and National Development ... cont

- Thus, human capital needs to be developed
  - ESPECIALLY when the nations have limited/inadequate physical capital
    - E.g. Singapore, Hong Kong, Korea have achieved economic development through a well planned development of its human capital
- The other evidence:
  - Some countries fail to achieve satisfactory economic development despite having a sound economic resources - e.g. some OPEC countries
  - Why?
    - The human capital development program in such countries were ineffective.

Human Capital and Malaysian Economic Development

- Human capital is emphasized in economic development process in Malaysia
  - Education and training were used as a strategy to achieve the goals of Dasar Bioromi Baru and dasar pembangunan Negara
  - Lack of education leads to lack of one's ability to improve one's QoL and economic status
  - Lack of education is an impt indicator of and factor leading to poverty
- Thus, education play a vital role in achieving our nation's developmental objectives

Human Capital and Malaysian Economic Development ... cont

- In RM7 - had achieved sustained economic growth through:
  - Increase productivity - from increased investment in HRD and new technology
  - Efficiency in use of labor (as indicated by unemployment rate)
  - Strengthening the human resource base
    - Thus, the SS of highly skilled and trained manpower increased due to expansion in education and training institutions

Human Capital and Malaysian Economic Development ... cont

- RM8 - The economy moves towards higher capital-intensity and knowledge-based production process.
  - Thus, vital to create a critical mass of trained, skilled and knowledge manpower with the right motivation and attitude - i.e. to optimize the use and development of new technologies and materials
  - Why?
    - To sustain economic growth and resilience of the economy (i.e. productivity-driven growth)
    - To increase competitiveness
Cont.

RMK9 – The economy moves to k-economy
  - Pembangunan modal insan dan anjakan minda pemikiran warga merupakan salah satu cabaran terbesar. Sekiranya kita ingin melangkah ke arah ekonomi berpaksikan pengetahuan, jika kita mahu menjadi lebih maju dan kekal pada tahap bersebut, pembangunan modal insan harus diutamakan.
  (RMK-9 Ucapan PM, 31 Mac 2006)

But, how much education and training contributes towards the economic performance at the macro level??
Human Capital and Malaysian Economic Development …cont

• Why?
  – Factors influencing economic development are interconnected
    • Development is linked to educational attainment of the citizen. At the same time, allocation for education is dependent on the amount of development/econ growth
  – Measurement of economic dev should consider time as factors since through time,
    • Changes in technology
    • Market expansion
    • Improvement in the quality of our productivity

• However, various study indicated that
  – Education and training are important factors that help increase production in agricultural and manufacturing sectors
  – Unemployment can be reduced by improving the academic achievement (to a certain point)
• Currently, due to the nature of k-economy where knowledge changes all the time and becomes obsolete very quickly, education and learning is a continual and lifelong process and that it is VERY IMPT to our economic competitiveness, survival and continual development

~ The End ~

Thank you