

HUMAN RESOURCE DEVELOPMENT AS NATIONAL POLICY FOR ECONOMIC DEVELOPMENT: A PARADIGM SHIFT TOWARDS SERVICE ECONOMY

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Economic development of a country depends up to a greater extent, upon the quality of human resources who have capability to exploit the natural resources in the interest of the economy through applying managerial, operational, and executive capacity for raising the level of socio-economic welfare of the nation. Development of human resources giving rise to the concept of HRD has extended its dimension to SHRD and NHRD. SHRD relates to the organizational development promoting more enlightened, ethical and skill-focused change management that puts human resources at the top through "Strategic Approach" conceptualized as Strategic Human Resource Development. Another recent developments affecting the identity of HRD at national level with the government of many countries adopting national policy for the development of the economy, has given concept of NHRD recognized as National Human Resource Development. At the national level, HRD is concern not only with the employment and its related issues but also with the health, culture, safety, community development and human capital investment, in essence, adopted as HRD national policy studies.

Keywords: SHRD (Strategic Human Resource Development), NHRD (National Human Resource Development)

Economic development of a country depends up to a greater extent, upon the quality of human resources who have capability to exploit the natural resources in the interest of the economy through applying managerial, operational, and executive capacity for raising the level of socio-economic welfare of the nation. Development of human resources generating the concept of development promoting enlightened ethical and skill-focused change management in better way that puts human resources at the top for maximum output through "Strategic Approach" which has given an emergence to Strategic Human Resource Development and another recent developments in HRD

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effecting the identity of HRD at national level with the government of many countries adopting national policy for the development of the economy has given a new concept to the HRD in terms of NHRD which has been well recognized as National Human Resource Development. Recently, Strategic Human Resource Development (SHRD) is being applied in the context of NHRD giving a new dimension to the HRD in national prospects known as National Human Resource Development Policy i.e., NHRD policy.

Present study based on the secondary data available from World Development Report 2011 focusing on the objectives in order to seek answers of the following questions:

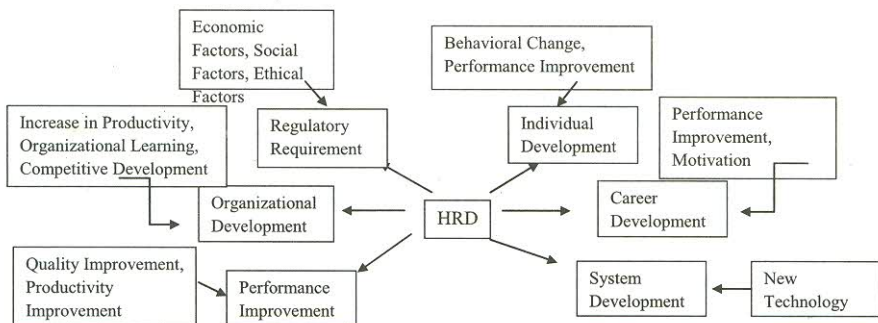
- i. How economic development of a country affected through human resources employed in different sector of the economy?
- ii. What kind of NHRD policy is adopted by the developing countries like India from the developed countries in the emerging era of global competition?

In the national context theoretical framework of HRD may be reviewed in consonance with the individual requirements of the country and changing structure of the economy. Very authentically, it has been reported that the framework of NHRD varies from one country to another based on various factors like economic influences, political factors, government legislation, and value system of the country concerned. The theoretical and conceptual framework of the HRD varies in different countries in following three dimensions accordingly:

- (i) The scope of activities within the HRD is defined by the country.
- (ii) Level of economic development framed by the country.
- (iii) Purposes of the HRD defined by the country at the national level.

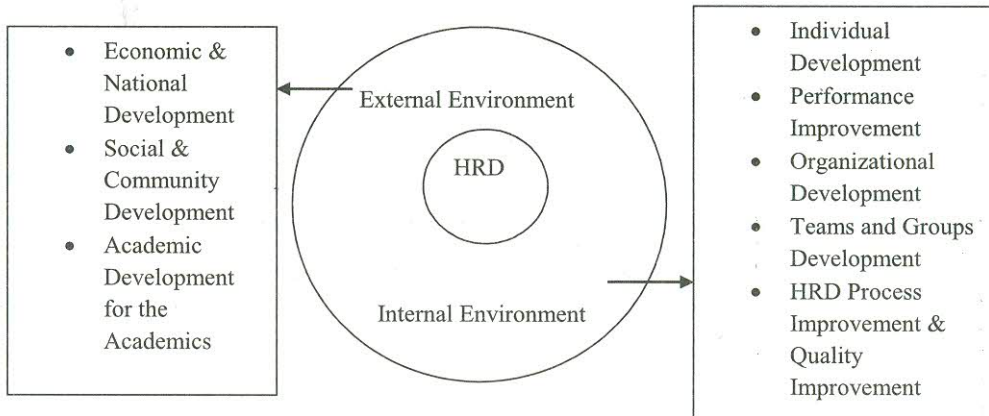
Broadly the framework of HRD in national context may be illustrated with the help of following diagrammatic model:

Figure 1 Framework of NHRD



The scope of HRD activities in some countries like France has been followed in accordance with the U.S. definition of the HRD, including T&D, organizational and career development in the previews of HRD functions as well as focusing on the activities relating to social development (Busaya and Chiangmani, 1998). Whereas, certain other countries like Germany and Korea have considered HRD functions as “Human Resource Management and Personnel functions focusing on HRD activities in accordance with perception and acknowledgement of the developmental varying from one country to another which may change with the evolution of knowledge and the influence of globalization” (McLean and McLean, 2001). Conclusively, each country has its own purposes of HRD functions which may be associated with the internal environment, within the organization as well as with the external environment i.e., according to national requirement. This may be illustrated with the help of following model:

Figure 2 National HRD Purposes



Moreover, the objectives, theoretical concepts, and influences of HRD vary from one country to another in consonance with their internal (organizational) and external (national) environments.

Globalization and internationalization have, undoubtedly, a significant impact on the business and economic activity of any organization at both the national and the international level. After careful review of the literature on HRD, the importance and scope of HRD may be illustrated at three strata:

- (i) Macro-level i.e., HRD in general perspective
- (ii) Micro-level i.e., HRD at national level and
- (iii) HRD at international level.

General concepts about HRD and its history, functions and purposes of HRD constituting the general perspective of the HRD form the macro-level HRD.

At the national level the intended beneficiaries of HRD, the scope and nature of national activities and other factors such as culture, political, economic and legislation of the country ultimately form the framework of HRD with an intricate policy to conceptualize National HRD Policy.

Present study based on the secondary data available from World Development Report 2011 focusing on the objectives in order to seek answers of the following questions:

1. How economic development of a country is effected through Human Resources employed in different sectors of the economy?
2. What kind of NHRD policy should be adopted by the developing countries like India in the context of national employment during the emerging era of global competition?

Gross Development Product (GDP) of the developed countries indicates that proportionate increase in GDP comes from the service sector of the economy. Therefore, the current economy is often referred to as the service economy, emphasizing the vital importance of the service sector in most nations. Employees in service sector enterprises depend on their knowledge and social networks. This characteristic of service economy provides a distinguished feature of service sector enterprises – the relatively high emphasis on placed on intellectual capital or intangibles. This distinctive feature of the service sector i.e., intellectual capital as a vehicle of values. To illustrate the importance of intellectual capital in the service sector has been pointed out by Dossani & Patibandla (2008) as “providers of High-tech services such as information technology (IT) i.e. a group of help desk professionals need to be as skilled as the services required to provide”.

Service sector enterprises include healthcare, education, professional services, transportation and telecommunications, the names of just a few “from dry cleaning to investment banking” (Poole, n.d.). The usage of service sector came from the US department commerce's Standard Industrial Classification (SIC) codes 1930. The SIC codes classified three major economic sectors: agriculture, manufacturing, and services. The services category was also termed as a residual category for economic activities that did not fit into the agriculture or manufacturing sectors: To-day, the services sector has taken major share in the economy changing the “residual” into “bulk of” for the fastest growing part of economic activity in the U.S.A.

Nowadays, it is well known that the increase in Gross Domestic Product (GDP) per capita in the countries implies the substitution of agriculture by industry and later on the substitution of industry by services as the main economic vehicle.

During the period of the 1980's and the 1990's of the last century, the organizations were challenged with the competitive phases of "third industrial revolution" during which several drastic and fundamental changes occurred. Ultimately, the economic world was in the process of a new knowledge and technology based "Information Age" when the knowledge became to be considered the main production factor. As a result of which services replaced industry as the main sector for the employee and for the economy as well.

With the advent of the internet "Think global act local" became the key for the success of the business enterprises. This kind of philosophy created as inter societal as well as inter societal change generating very significant changes in the HRD scenario. These changes were relating to increasing competencies, changing form of management, emerging core competencies, the importance of knowledge and more awareness towards risk and uncertainty. Competencies were to be upgraded, more qualified workers were required in different areas according to specialization of the knowledge and technology.

In view of the above societal and environmental objectives, the following definition of HRD emerged in global context.

"Human Resource Development in any process or activity may be defined as scientific approach having the potential to develop adults with work based knowledge, expertise, productivity and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation or, ultimately for the humanity as a whole.

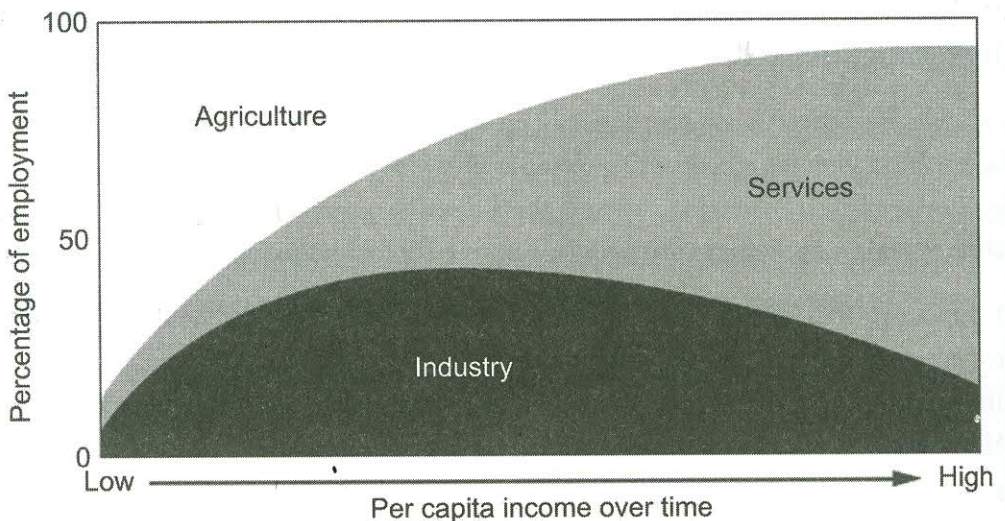
Ultimately, HRD has to play a central role in satisfying stakeholders' needs and expectations of a nation as whole. These outcomes fall typically under an NHRD framework conceived as "the strengthening of national capacities to plan and deliver HRD services through the development of institutions and the advancement of government performance (Paprock, 2006).

The nation building process requires a system wide transformation focusing Human Development, Institution building, social cohesion and compliance to support Leadership Development under the umbrella of global values of morality, integrity and provision for diversity. NHRD with its holistic approach provides a framework to assist the societies to develop and survive the people through transition phase, to evolve the

system technology and process for the changed environment. NHRD when incorporated into national policies focuses upon improving groups and communities capacity and develops the nation as a whole by facilitating a process of human and cultural development.

Thus, NHRD policy aims to constitute the road map for nation building and the modernization and democratization of a devastated country that needs to turn the present status and to overcome the past legacies.

Researches show that economic development of a country in terms of per capita income is significantly affected by the employment pattern of that particular country. NHRD policy may govern the employment structure of the work force in the country in accordance with the required economic indicators accounting for and responsible for the national development as whole. The growth in service sector of the economy has predicted to accelerate the economic development of a nation in many a cases (OECD, 2000) in which it was reported that the growth in jobs in the service sector with the corresponding decrease of jobs in the agriculture and industry (manufacturing) sectors has influenced the GDP and per capita income of the country significantly. It may be illustrated with the help of following figure.



Source: The World Bank (2000, p. 52)

Table 1: Economic Development Indicators – An International Profile

S. No.	Name of the country	Gross National Income (GNI)		Gross Domestic Product (GDP)		Product	Average Annual % Growth (2000–2009)	National Employment		
		\$ Billion 2009	Per Capita Income 2009	Per Capita Growth (08-09)	% 2009			Agriculture (%) 2009	Industry (%) 2009	Service (%) 2009
1.	Australia	957.5	43770	-0.8		924843	3.3	3.6	21.1	75
2.	Austria	391.8	46850	-3.8		384908	2.0	5.5	27.5	67
3.	Canada	1423.0	42170	-3.7		1336067	2.5	2.0	19.0	79
4.	China	4778.3	3590	8.5		4984371	10.5	36.7	28.7	34.6
5.	Denmark	325.8	58930	-5.5		309596	1.2	2.6	20.3	77.1
6.	Germany	3484.7	42560	-4.7		3346702	0.9	1.6	24.6	73.8
7.	India	1368.7	01180	6.2		1310171	7.8	52.0	14.0	34.0
8.	Italy	2112.5	35080	-5.7		2112780	0.5	3.9	28.3	67.8
9.	Japan	4830.3	37870	-5.1		5067526	1.1	3.9	26.2	69.8
10.	U.K.	2567.5	41520	-5.6		2174530	1.9	1.4	18.2	80.4
11.	United State	14502.6	47240	-3.3		14256300	2.1	0.7	20.3	79.0
12.	Sweden	455.2	48930	-5.7		406072	2.3	1.1	28.2	70.7
13.	Switzerland	431.1	56370	0.5		500260	2.0	3.4	23.4	73.2
14.	France	2754.6	42680	-3.2		2649390	1.5	3.8	24.3	71.9
15.	New Zealand	114.5	26830	-1.6		125160	2.9	7.0	19.0	74.0

Source: Adapted from World Development Report – 2011

Table 2: Correlation Coefficient between National Employment and Per Capita Income

Sector	Per Capita Income	N	Significance
Agriculture	-.890**	15	.000
Industry	.152	15	.590
Service	.871**	15	.000

Table 1 pertaining to economic development indicators of different countries – 2009, illustrates that most of the developed countries have employed their servicemen about 70 % or above in services sector. As a result, their per capita income is very high. Except India and China the employment rate in services sector is varying between 67.8% to 77.1% raising the per capita income between the range of \$ 26830 to \$ 58930 U.S. dollars. If we compare the status of India which employed its people 34% only in services sector resulting per capita income of very poor status i.e., \$ 1180 U.S. dollars. Thus, it is an imperative need to develop a strategy for paradigm shift for the national employment from agricultural sector (52 %) to the services sector in India in view to raise to per capita income in order to stand with the developed countries like U.K, U.S.A, Japan, etc. Table 2 relatively Pearson's correlation coefficient between national employment in services sector and per capita income of the nations (+.871) shows that both the variables are highly and positively correlated which indicates that a high rate of employment in services sector will raise the status of economy in terms of per capita income.

On the other hand the rate of employment rate in agricultural sector and per capita income of the nation are inversely correlated which is indicative of the fact that high rate of employment in agricultural sector will decrease the level of economy in terms of per capita income ($r=-.890$). In India, 52 % of the people are employed in agricultural sector, 34% of the people are employed in service sector, and 34% of the people are employed in manufacturing/Industrial sector.

Further, the table 1 reveals that the range of employment in agricultural sector in case of developed countries ranges between 0.7% to 7% where as the range of employment in services sector in case of developed countries ranges between 67.8% to 77.1%.

In view of the above discussions, there is an imperative need to develop an HRD policy in order to shift the employment pattern of the nation from agricultural sector to the services sector. Since, employees in service sector enterprises depend on their knowledge to be

productive and value oriented, service sector employee must be able to adopt increasingly according to the necessity of the environment and global competition. National HRD policy requires to be framed in consultation with universities and academic institutions supported with R & D output in the view of the economic development of the country. Since, the determinants of economic competitiveness are numerous; in most of the developed countries economists agree that higher education is one of the pillars of economic competitiveness. In the U.S.A, for example, higher education has been a major source of economic growth because education increases productive human capital, a vital source of value and competitive differentiation in the service economy. Planners of the nation should ensure periodic, constructive active engagement of universities and academic institutions of India in order to define the step by step shift of national employment from agricultural sector to the services sector.

Further, migration of the human resources from the country effects up to certain extent, the economy in some, or the other way. In an economy where human or intellectual capital is the competitive differentiation of the economic development in terms of per capita income, additional research is necessary to innovate the strategy through which further migration may be minimized and the migrants may be promoted to play their role in economic development of the nation. There is also need of the hour to develop a road map so that the developing countries like ours may stand with the developed countries in terms of per capita income in the specified time period.

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