

Human Capital: The Man Behind the Gun



When we look around the globe, we can easily observe that nations ranking high on the Human Development Index (HDI) also excel in almost every sector of life—be it economic, political, social, security, quality of life, education, or healthcare. According to the 2023-24 Human Development Index, the top countries include Switzerland, Norway, Iceland, Hong Kong, China, Denmark, Sweden, Germany, Ireland, Singapore, Australia, and the Netherlands (World Population Review). In contrast, Pakistan ranks 164th out of 193 countries. Many of these nations are also among the most developed in the world, excelling across various sectors with a high quality of life, excellent education and healthcare, robust economic growth, modern infrastructure, creative economies, strong institutions that uphold the rule of law, thriving populations, efficient governance, and just societies. Such mature, advanced, and progressive societies have been built through a pragmatic approach centered on a well-developed human workforce.

Regarding human development, it has been wisely said: “We cannot become what we need to be by remaining what we are.” Further, “If there is no struggle, there is no progress,” and “Be not afraid of growing slowly; be afraid only of standing still.” Corruption has been rightly identified as “the enemy of development,” while the barriers to human development, such as ignorance, are not insurmountable. Sustainable development depends on human ingenuity—“People are the most important resource,” and “Intellectual property is the key aspect for economic development.” All of these statements underscore the critical importance of human development.

Human capital can be divided into two broad categories. The first is labor, which generally involves individuals engaged in physical toil and machine operations. They are rarely involved in policy matters. The second category is management, which functions like the brain in a body. Managers supervise, control, direct, and manage. In essence, management is about ensuring that workers carry out their tasks efficiently and effectively. Therefore, within an organization or even a country, the manager holds significant importance and must be a dynamic, inspirational, and innovative organizer—a true leader.

No amount of natural resources can foster development in a country unless those resources are properly and effectively harnessed for the benefit of the people. It is well understood that every factor of production contributes efficiently only when it is managed and utilized appropriately. Human resources, in fact, represent the most critical contributory force in production if managed for optimal productivity.

Pakistan is undoubtedly blessed with immense natural resources—be it fertile land, natural beauty, mountains, coastlines, minerals, rainfall, or rivers. Yet, the country remains impoverished, with a per capita income of only US \$1,600 and total debts soaring around Rs. 75 trillion. The most glaring issue is the low human productivity that must be improved and developed. Prioritizing people requires a quality and efficient workforce.

According to UNDP, some concerning statistics about our population reveal that, we have the highest proportion of young people. Sixty-four percent of the population is below the age of 30, while 29% are between 15 and 29 years old. The labor force comprises 81 million people. Literacy rates vary significantly, ranging from 95% in Islamabad to just 19% in Thar, with literacy among tribal women as low as 9%.

Reported by UNICEF, Pakistan has the world's second-highest number of out-of-school children, with around 22.8 million children aged 5 to 16 not attending school, which constitutes 44% of the total population in this age group. There are many reasons for this, such as lack of schools and an inability to pay fees; however, the most significant factor is that these children are often needed to financially support their families by taking on menial jobs.

The weak economic condition of our country is a clear indication that its vast workforce is, by and large, not producing at the minimum acceptable level of efficiency. Our labor productivity rate is only 1.5% annually from 2000 to 2020, compared to 5.7% in India, 3.9% in Bangladesh, and 8.5% in China (ILO). There is a dire need to improve their output and performance. The talent pool is underutilized; these individuals form the foundation of society, and their well-being must be a priority.

Various factors contribute to the underperformance of the workforce, including:

- A crumbling education system
- Inadequate vocational training
- Incompetent leadership
- Derelict infrastructure
- Brain drain
- Nepotism, which is the most discouraging factor

These impediments are well known to our leadership but are often neglected due to deception and hypocrisy. Therefore, we must set things in the right direction before it is too late.

1) Empowerment and Participation: People inherently demand respect, encouragement, training, skills, and opportunities for advancement. They wish to be involved in decision-making, community service, awareness initiatives, and have access to information. Once individuals recognize their importance, they will seek to secure their legal rights and embrace their responsibilities, which will help protect them from exploitation.



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This awareness will instill a sense of justice and lead to effective accountability processes, promoting sustainable development.

- 2) Trust Building:** Trust is fundamental to relationships. The moment you trust me, I will likely trust you in return. This process creates a chain effect that fosters reliability in business dealings and other aspects of life. Integrity and a sense of responsibility enhance credibility, which, in turn, promotes public participation and economic growth. Surprisingly, much of the grey economy operates on verbal commitments or documents that lack legal acceptance. In contrast, our formal economy often requires extensive documentation—affidavits, guarantees, witnesses, and attestations—to validate statements. Despite these measures, deceit persists in society.

We must ask ourselves why filers feel distressed while non-filers remain unfazed, despite the heavy penalties frequently reported in the media. The reasons for this mistrust are deeply rooted in people's experiences. They believe that actions speak louder than words. The fundamental difference between a smart nation and a dull one lies in the fact that leaders of smart nations do not preach what they do not practice, and vice versa. Trust, or lack thereof, significantly impacts the building or destruction of any society.

- 3) Leadership and Progress:** True leadership guarantees progress and welfare for the people. Vision, timely decision-making, and adherence to the law are essential traits of effective leaders. Leaders must understand the pulse of the nation to shape their vision. Once a vision is established, it must be pursued with integrity. Leaders must take responsibility for their decisions, as indecision leads to disaster. While a right decision yield benefits and a wrong one incurs losses, indecision creates significant setbacks. Learning from mistakes is vital for success. Timely decisions convert challenges into opportunities, ensuring that available resources are used efficiently, inspiring the workforce, and removing obstacles by directing efforts appropriately. Leaders can only progress if they prioritize principles over personal interests. Remember: leadership involves hardships, not comforts.
- 4) Ethical Leadership:** Leadership is fundamentally about ethics. Without ethics, there can be no true leadership. Ethical leaders operate with integrity, guided by morality and principles, steering the nation toward prosperity. Any lapse in ethical decision-making can undermine public confidence. Ethical leadership embodies all human values, with the litmus test being the ability to lead by example.
- 5) Industry and Academia:** A strong linkage between industry and academia is essential for sustained development. The United States exemplifies this synergy, reaping substantial benefits from this collaboration. With world-class educational institutions, the U.S. attracts talented youth from around the globe, providing top-notch education with a strong emphasis on research aligned with industrial needs. These

students contribute innovative solutions and revolutionary technologies to the industry. Harvard University has produced 150 Nobel Prize winners, while MIT has produced 97, underscoring their research contributions and academic excellence. Many of these outstanding individuals choose to settle in the U.S., thereby accelerating development within their communities. Such is the power of human capabilities.

- 6) Building a Strong Workforce:** Every individual has needs and aspirations that they seek to fulfill through their inherent capabilities. Achievement levels depend on how effectively one utilizes their skills through education, training, and effort. The quality of education and training significantly impacts this utilization. Corruption, nepotism, and a lack of meritocracy hinder the development of a strong workforce. A corrupt system does not reward merit, leading to a culture that discourages expertise. Consequently, individuals resort to prevailing practices to gain positions, resulting in low productivity, poor educational standards, inefficiency, talent flight, and economic stagnation. Furthermore, productivity will not improve without a fair system of rewards and consequences. Despite various government initiatives such as the National Vocational Training Program (NVTP), Pakistan Skill Development Program, Prime Minister Youth Program, Women Entrepreneur Development Program, and Industry-Led Training Program, there is still much work to be done.

Conclusion:

Every physical asset is idle till put to use by the human factor. The level of output from these physical resources depends upon the caliber of the man behind. Huge minerals are resting in our deserts since centuries and would keep sitting there. Our rich soil is waiting to be ploughed. Rivers are carrying millions of cubic acres of water direct into the sea destroying any dwellings coming in their ways—and so on. Only human intelligence and toil could exploit these precious assets to use. Proper education and training is essential for better productivity. China produces 5.8 tons of wheat per hectare whereas Pakistan produces from 1.2 to 3.0 tons in the same area of land. All this is the result of human development or otherwise.

In Surah At-Tin, Allah declares:

"Verily, We created man in the best of stature (mould); then We reduced him to the lowest of the low, except those who believe (with faith) and do righteous deeds. For them, there will be a reward without end." (Quran 95:4-6)

This profound verse reminds us that while humans are created in the best form, they can descend to a low state if they stray from faith and righteousness. The choice is ours: the only path to true success and eternal reward lies in living a life of righteousness and good deeds.

About the Author: The writer is a senior Chartered Management Accountant having Fellow membership of ICMA. He retired as General Manager Finance from the Karachi Port Trust (KPT) where he served for around 22 years in different positions. He was also a member of the Karachi Dock Labour Board for 7 years. After doing his MBA from IBA Karachi, he started his initial career with Citibank and then served in Awami Autos (now Pak Suzuki).