

# Emergence Of Human Economics And The Contour Of Future HRD

*\*Dr. Arup Barman*

## INTRODUCTION

Human resource development is a crucial area of academic study and practical consideration under the subject umbrella of human resource management. This is a growing body of knowledge with emerging theories, that aim to illuminate the importance of multi- perspective constructs. The discipline HRD, in order to understand and explain, carry out its processes and to play the professional roles, relies on three core theories. These include- **(1) Psychological Theory, (2) Economic Theory, And (3) System Theory** (Swanson, 2004). **Psychological theories** capture the core human aspects of developing human resources as well as the socio- technical interplay of humans and systems. The **economic theory** captures the core issues of the efficient and effective utilization of resources to meet productive goals in a competitive environment (Wang, 2005). **System theories** capture the complex and dynamic interaction of environments, organizations, and work processes, group/individual variables operating at any point of time and over the time. With a primary focus on developing 'resources', defined as assets or wealth, the current practices of HRD throughout most of the developed world adds little to sustainable development of human potential.

## CONTEMPORARY PARADIGMS OF HRD

There has been a trend in recent years for some organizations (and governments) to take a mercenary view towards human resources under the guise of efficiency, competitive pressures and economic rationalism. As a result, organizations are becoming less hierarchal. As work processes are re-engineered to make better use of technical and human resources, the organizational chart is flattening. This means there are fewer mid-level managers within a more fluid organization. While there are many negative connotations that can be associated with much of the change that is taking place, recent changes in the business environment have made the HRD function even more important in helping organizations to maintain their competitiveness and to prepare for the future (Kelly, 2006). Fisher et.al. (1995) tells us that *"Technological innovations require training for affected employees. Competitive pressures are also changing the way of organizations operate and the employees' skills. For instance, more and more organizations have been providing management and customer service training in an attempt to keep up with rising consumer expectations. Restructuring and downsizing means that many employees need to be trained to take on expanded responsibilities"*.

Contemporary HRD is also undergoing change, from being a reactive response to organizational needs to being a proactive player in organizational change. Contemporary HRD must be tailored to fit organization's strategy and structure (Hatcher 2000). For instance, an organization whose strategy involves providing exceptional service through committed and extremely well qualified employees will need more complex training system than an organization that competes on the basis of simple, low-cost services provided by transient, unskilled employees. Team-based high involvement organizations find that extensive training in team skills as well as individual job skills is necessary to make innovative organizational structures function as intended. When strategy changes, training is often needed to equip employees with the skills to meet new demands. The diversity between traditional and contemporary HRD can be illustrated 'in an age of network organizations, alliances, and long- term relationships with just-in-time suppliers. Leading companies are finding that they need to train people other than their own employees. Some organizations even offer quality training to their suppliers, to assure the quality of critical inputs.

Human resource development has been criticized as having a myopic focus on efficiency, fueled by neo-classical economics (Hatcher, 2000). Current humanistic and economic theories continue to subjugate human

---

*\*Reader, Dept. Of Business Administration, Assam University, Silchar, Assam. Email : arupgeet@yahoo.co.in*

potential and corporate social responsiveness within the majority of contemporary organizations (Hatcher, 2003). Due to present eco-centrism, emerging human economics has been starting to fuel over a new theoretical foundation of current HRD research and practice. The rationale for development of such theoretical foundation is to establish linkages between HRD research, practice and eco-centric theory. It is based on the need for pseudo/partial- liberation of HRD from oppressive and ego-centric organizations through a shift in the primary theoretical foundations of HRD from material centered economic to human and eco-centric theory. While complete liberation is not possible due to HRD's commonly accepted objective of enhancing organizational efficiency, this limitation is acknowledged and critically examined in light of HRD's espoused role in enhancing human potential and developing socially responsive organizations.

## **EXTINGUISHING MEANING OF 'HUMAN RESOURCE'**

In human economics, a human being is considered as potential beyond economic value. Under the contemporary HRD, a human being is purely a resource that is deployed for achieving the economic goals. Human economy is in opposition of contemporary view on human resource development. The definition of HRD is under assault as being it is too focused on resources, because the contemporary HRD is overlooking the human potential. The purposes of HRD as enhancing learning, human potential and high performance in work-related systems, is the extension of previous efficiency-based definitions of HRD. This extension states that employees of organizations possess potential beyond economic value. Humans as resources places human beings in a passive and compliant position to organizational goals that obviously limits their ability to be in harmony with nature (Hatcher, 2003). Recently, human consciousness has been on an equal footing with economics, sociology, psychology and general systems theory as a theoretical foundation for HRD (Swanson 1999; Hatcher, 2000). Promoting the notion that employees are more than resources is more than semantics; it is conceptual, with change-oriented implications for the theoretical framework underlying human resource development research and practice. If we accept a common definition of potential as capable of coming into being or action, then as Kalra (1997) pointed out, employees are capable of taking charge of themselves and need not be controlled by external economic influences. This notion will emancipate the present position of human beings from the shackles of efficiency-centric economic concepts. The present concepts of HRD are ruled by the deficiency thinking where performance and efficiency improvement is a problem. The conclusion is pointing to the trends of shift away from economic efficiency-centric theory toward eco-centric theory where 'human being' is a center of the all actions. Various management and business scholars have mandated eco-centric theory for several decades; thus, it is not a new concept in management or general business scholarship. However, a few exceptions such as Hatcher Bates and Kaufman have stated that eco-centric theory has no place for recognition in HRD and does not serve theoretical foundation for HRD. The human economics by its spirit tries to minimize the environmental impact of human organizations. Emerging economics as well as eco-centric theories emphasizes on establishment of humane organizations. To pursue eco-centrism as a primary concept underlying HRD research and practice requires that HRD scholars and practitioners have to accept that there is a 'comfortable fit' between ecology and a profession like HRD, which has, as it is expressed, a purpose to enhance a healthy relationship among individual, work and the environment (Hatcher, 2003). More than common stakeholder theory, this theory merely reformulates the concept of traditional efficiency to include adverse environmental effects. A humane centric theory for HRD research and practice provides for the development of 'normative commons' and a culture of ethics. It calls for collaborative, mutualistically supportive community networks that sustain nature and take into account all sentient and non-sentient beings. This shift in theoretical foundation from efficiency centric to humane centric and its resulting changes in world views are calling the need for transformatory practice. Common models of existing practice with organizational efficiency as primary outcomes must be replaced with eco-centric models that point to the impact of HRD's outcomes on communities, society and eco-systems as a whole. An example is the Social Responsibility Performance Outcomes Model (Hatcher, 2002) designed to help the HRD professional balance individual, process, and organizational levels of performance with desired outcomes external to the organization that include societal and environmental levels of performance (Bottery, 2002). Stirring away from efficiency-driven conceptual foundations to more human-centric approaches not only enables employees to achieve their full potential, but also encourages the profession of HRD to achieve its full potential as a profession (Hatcher,

2003). This shift in our worldviews has promise in freeing HRD from the manacles of organizational efficiency and thus may offer 'nirvana' to the collective souls and psyches of its individuals involved in developing human potential.

## **HUMAN ECONOMICS**

Human economics is an emerging science that supports the spirituality in the business world. Dar has stated (2005), *"Human Economics goes beyond material economics' focus on material assets and transactions. It addresses human relationships that make up the company. These relationships and human energy that flows through them are the essence of the organization, the foundation of the fully energized organization and the true source of competitive advantage."* Capital has been the source of wealth within a company and has historically taken the form of physical (material) capital, and more recently, of intellectual capital. Human Economics is an emerging field that integrates and balances the traditional economic "equation" with deeper and emerging non-material dimensions (Gillett, 2005). It manifests through human relationships, individual and corporate purpose, collaboration, creativity and innovation. Individuals are viewed and treated as a whole and central to the business organization. The human resources of a business are recognized as the core of organizational success. Human Energy Capital is expressed as an energy that flows through humans and our relationships, especially when we seek self-actualization and expression of our full range of talent. Human Energy Capital can be further refined as Intellectual Capital and Spiritual Capital-essentially the mind, heart and spirit each of us brings to our work environments or businesses. Rotering (2003) also expressed that human economics usually puts the humanity and environment before profit. Author Gillett responded that 'human economics' is an emerging science that supports spirituality in the business world. In the light of their statements, three things are common in human economics i.e. humanity, spirituality, and environment. If we take into consideration the human economics approach for HRD researches and practices, then the HRD professionals must concentrate on the two basic dimensions of development, i.e. development at the individual level- development of intellectual capital and spiritual capital. Obviously, the spirituality and intellect up to the self-actualization would be the starting point for HRD's journey in micro context. In meso context, the groups, organizations and their relationship among the members of the group and organization linked to transformation; and in macro context, the society and the globe as a whole. In furthering the HRD theories and praxis based on human economics, analysis of the core objectives of the human economics is needed. Rotering mentioned that the objective of human economics is to formulate economics concepts and analytical tools that permit the maximization of human well being subject to ecological constraints. The objective of the human economics places humanity and environment roughly on even footing. We must maximize human well being and safeguard the environment. If an organization wants to achieve its objectives through human economics via human well being, then what specific competencies need to be acquired by human beings to ensure the human well being is the central question to the micro, meso, and macro context of HRD. No doubt, there are apparent meanings of human well being. Human economics approach assumes a broad framework of human life that is the source of human well being. The framework of life covers the physical, mental, emotional health of human beings.

## **ASSUMPTION OF HUMAN ENERGY FLOW**

The conceptualization for the flow of human energy from one level to another was done with an integral view on inherent human energy among human beings that involved corporate activities that influences the environment. Every individual who is involved in corporate activities can influence environment and society (bottom up energy flows). Environment and society as a whole influences the individual's mind and spirit (top down influences). Heckman (2007) stated well in the context of influence of environment and society on skill and capabilities of individuals. He also explained the human capabilities i.e. cognitive and non-cognitive capabilities are dependent on environment, investment and genes of human beings. Thus, many studies indicated the linkages and flow of human energy to environment as assumed in eco-centric theory of economics and these theories support the interpretations of commons.

## THEORETICAL PERSPECTIVE OF HRD UNDER HUMAN ECONOMICS

At this stage, attempt to build theoretical perspective is a response to the need for concretization of HRD concept with humane sensitivity subject to the constraints of insufficiency of thoughts on the human economics. However, to begin, a primary level theoretical perspective, in the format of Garavan. and et.al (2000) is followed for developing (in the following table) three levels of theory and perspectives that illuminate the key principles and a few prescriptions for HRD practices.

**Table 1: Three Theoretical Level and Perspectives**

| Basis of Distinctions              | Micro- Level                                                                                                                                                                        | Meso-Level                                                                                                                                                                       | Macro-Level                                                                                                                                                                                      |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | Potential and Spirit Perspective                                                                                                                                                    | Energy Perspective                                                                                                                                                               | Environment and Ecological Perspective                                                                                                                                                           |
| <b>Key Under Pinning Principle</b> | Business goals to be articulated by aligning human well being; capabilities and human potential development up to self-actualization is the critical source of sustained advantage. | Employment relationship, conception, perception and expectation, belief promise obligations from energized spirits and actualized workgroup for creation of humane Organization. | Collective concern for creation of humane organizations that maximize human well-being, instill global consciousness and economic progress subject to the constraint of ecology and environment. |
| <b>Philosophical roots</b>         | Behaviorism (Skinner)<br>Spiritualism                                                                                                                                               | Humanistic; cognitive and non cognitive capacity development                                                                                                                     | One world, one environment- holistic approach.                                                                                                                                                   |
| <b>Prerequisite for HRD</b>        | Development of Tangible and intangible capabilities of Human beings - Purpose, Innovation, Creativity, Co-operation.                                                                | Fairness, trust, commitment, capacity to manage relationships, culture and learning of workgroup, work organization.                                                             | Integration For Developmental activities, policies, practices and culture of organizations; For the society, and to safeguard the environment .                                                  |
| <b>Target for HRD</b>              | Not past or present, but future performance through the mental and spiritual development.                                                                                           | To energize Human spirit mutually, facilitate self- actualization, Internal and external stakeholders.                                                                           | Learning, participation, exchange, giving back to society, instilling ethics in society.                                                                                                         |
| <b>Nature of HRD</b>               | Proactive to well being- wide area of human health                                                                                                                                  | Proactive learning for mental, spiritual, intellectual development of self and others.                                                                                           | Proactively responding to environment and ecology through the human enterprises.                                                                                                                 |
| <b>Daily Task of HRD</b>           | To facilitate the strategies by human energies, development of the whole Person.                                                                                                    | Developing Positive perception among the members of work group, organization.                                                                                                    | Facilitate employees to generate and utilize knowledge for a holistic society Health.                                                                                                            |
| <b>Basis for Evaluation</b>        | Intellectual spiritual capital                                                                                                                                                      | Social Capital Health, Well being, Happiness of Human being as a whole in organization                                                                                           | Well being, Happiness of Human being as a whole.                                                                                                                                                 |

HRD researchers accept that ninety percent of normal budget based HRD fails only because the philosophy behind are scarcity and inefficiency. The meaning of this failure communicates that humanistic approach with materialistic aims fails only for scarcity consideration. Earlier, HRD researchers and professionals worked under the framework of psychology and economics. Under the humane-centric economic concept, HRD researchers have to work by integrating even genetics (Heckmen, 2007). By bringing back the aim of human well being, which is solely dependent on human health, the researchers must explore HRD along with health sciences. Due to emerging Human Economics, HRD will be understood not only for developing skills, but also for instilling values, enabling change, advocating diversity, equity, social responsibility, and spirituality, and as a whole, global consciousness through the humanity. HRD researchers and professionals must work by integrating various aspects of sociology, psychology, economics, ecological science, spirituality, and philosophy. It demands an integral thinking

for HRD researchers and practitioners. Here, strategies and design of HRD will follow the 'whole man' and 'whole society' concept of development. Blind application of former HRD tools to emerging HRD would prove harmful to be a harmful exercise. In this context, HRD practitioners have to take into consideration Sigmonds (2006) definition. According to Sigmonds, HRD is a combination of structured and unstructured learning and performance based activities which develop individual and organizational competency, capability and capacity to cope with and successfully manage and change the future of HRD. Here lies the need for squarely handling of human components up to the point of self actualization. The HRD profession has to consider and embrace inextricably interrelated paradigms to make a meaning full HRD revolution for human society.

## CONCLUSION

In the coming days, human economics will occupy a central place in the journey of theorizing human resource development in future. This emerging science will have the capacity to expand new frontiers of human resource development. Ongoing trends of management and their attempts in integration of spirituality dimensions to human resource is an indication of future criticality of human resource researches and practices. The core identity of human resource development would be the capability to generate intellectual and spiritual development to pull out the humane organization subject out of the constraints of ecology and environment. Human economics is establishing a broad foundation and would really transform the present human resource development to the real trans-disciplinarity and the present attempt of this author may bump up the creative quests of HRD theorists.

## BIBLIOGRAPHY

- 1) Bottery, Mike (2002); Globalization, Spirituality and the Management Education; International Journal of Children's Spirituality, Vol.7, No. 2, 2002; pp. 131-142.
- 2) Cec Pedersen (2003), HRD - much more than just training! Paper presented at Australian Institute of Training & Development Qld/NT Annual Conference at the South Pacific Resort, Noosa, 23 & 24, November 2000.
- 3) Fenwick, Tara J. (2003), Dancing with the Devil? Toward a Critical HRD; Adult Education a Quarterly, 54 (3), 174-192.
- 4) Fisher, D. Tobert W. R. (1995), Personal and Organizational Transformation: The True challenge of Continual Quality Improvement, McGraw-Hill, New York.
- 5) Foster, Rex D (2006); The Role of Human Resource Development in the Innovation a Journey, University of Minnesota.
- 6) Gillett, Darwin. "Spiritual Capital: Building Vibrant Businesses that serve Shareholders and a Humanity". Available from the Institute for Human Economics' at [http://www.humaneconomics.org/members\\_download.htm](http://www.humaneconomics.org/members_download.htm).
- 7) Garavan, Thomas. N and et.al (2000); Contemporary HRD Research: a Triarchy of Theoretical Perspective and Their Prescriptions for HRD; Journal of European Industrial Training, 24/2/3/4 [2000], 65-93, also available at [http://www.emerald\\_library.com](http://www.emerald_library.com)
- 8) Gillett, Darwin. From Institute for Human Economics' website on 3/17/05: a. <http://www.humaneconomics.org/aboutthe.htm>.
- 9) Gillett, Darwin. "Bringing a Company Back to Life - The Role of a CEO". At Work; May/June 1999. Available from the Institute for Human Economics' website: [http://www.humaneconomics.org/members\\_download.htm](http://www.humaneconomics.org/members_download.htm).
- 10) Gilbraith, Brad and Montesino, Max U (2006): Expanding the HRD Role: Improving a. Employee Well-Being and Organizational Performance; Human Resource Development International, Vol. 9, No. 4, 563-571, December 2006.
- 11) Hatcher, Timothy. G. (2003), Human potential & The Stockholm Syndrome: A call for the liberation of HRD through eco-centric theory, Critical Management Studies Conference Lancaster University, July 7-9, 2003.
- 12) Hill, Lilian H; Global Consciousness of Human Resource Development and Organization a. Development Practitioners; Verginia Commonwealth Universities.
- 13) James, Rick (2004), Reflections on Current Thinking on Spirituality in Organization; a. Swedish Mission Council, April 2004.
- 14) James J. Heckman (June 2007), The Economics, Technology and Neuroscience of a. Human Capability Formation.
- 15) Kelly, D. J (2006), Human Resource Development: For Enterprise Development, Faculty of a. Arts Paper; University of Wollongong.
- 16) Lee, Dr. Monika; The Complex Root of Human Resource Development; CMS-3, [m.lee@lankaster.ac.uk](mailto:m.lee@lankaster.ac.uk)
- 17) M. Fernando (2005); Workplace Spirituality: Another Management Fad; Research Online, <http://ro.now.edu.au/commpapers/155>.
- 18) McGuire, David and et.al., (2005), Why Humanistic Approaches in HRD Won't Work; Human Resource Development Quarterly. Vol. 16. No. 1. Spring 2005; pp- 131-137.
- 19) Oliveira, Arnaldo; The Place of Spirituality in Organizational Theory; Electronic Journal of a. Business Ethics and Organization Studies, EJBO, Vol.9. No.2.
- 20) Pulpambil, Dr. John (2002); Problems and Limitations in the Management of Human a. Resource Development; SAJOSPS, Jan-Jun 2002, pp. 72-76.
- 21) Rotering, Frank (2003), Human Economics: Putting humanity and the environment before profit; Feasta Review, No-2, pp. 54-65.
- 22) Sampath, Dr. Kalpana and Sampath, Dr. J.M.(2006), The Changing Face of Human a. Capital in The Era of Consciousness- Development Path Forward for HR. Arpitha.
- 23) Singh, Anil Kumar (2005), HRD Practices and Philosophy of Management in Indian a. Organizations, Vikalpa. Volume- 30. No.2. April-June 2005, pp 71-79.
- 24) Simmonds, David (2006), HRD: the shapes and things to come, Journal of Workplace a. Learning, Vol. 18 No. 2, 2006 pp. 122-134.
- 25) Swanson Richard A. (2004), Brief on the foundation of Human Resource Development, Colloquium Presentation at the University of Texas at Tyler 2004.
- 26) Trehan, Kiran, Rigg, Clare and Stewart, Jim (2006), Critical Human Resource a. Development, International Journal of Training and

Development, 10:1, 2006, PP. 3.

27) Upton. Methew G. (2006), Toward Multilevel Theory of Career Development: advancing a Human Resource Development Theory Building, A PhD Thesis, Submitted to A&M University.

28) Valentin, Claire (2006), Researching human resource development: emergence of a critical approach to HRD enquiry; International Journal of Training and Development 10:1.

29) Wang. Greg G. (2005); Neo-Classical and Institutional Economics as Foundations for Human Resource Development Theory; Human Resource Development Review, Vol.4. No. 1 March 2005, pp. 86-108.

( Contd. From Page 13 )

## Annexure 2

| <b>Learn More, Earn More, Discriminate More</b>                                                                                                                                                                                                                                                                                                 |                           |                         |                                                 |                                |                               |                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|-------------------------------------------------|--------------------------------|-------------------------------|-----------------------------------------|
| A report by Infochange India (CCDS) uses data from Census 2001 to question the popular belief that literacy rates have a direct bearing on population and that literate people are less prone to gender bias. Although this may be true in some cases like high population growth rates, the same logic does not hold true for child sex ratio. |                           |                         |                                                 |                                |                               |                                         |
| <b>HAVE MONEY, WILL RAISE ONLY BOYS</b>                                                                                                                                                                                                                                                                                                         |                           |                         |                                                 |                                |                               |                                         |
|                                                                                                                                                                                                                                                                                                                                                 | <b>Overall Sex ratio*</b> | <b>Child sex ratio*</b> | <b>Proportion in India's total population**</b> | <b>Overall literacy rate**</b> | <b>Female literacy rate**</b> | <b>Female work participation rate**</b> |
| <b>Hindus</b>                                                                                                                                                                                                                                                                                                                                   | 931                       | 925                     | 81.4                                            | 65.1                           | 53.2                          | 27.5                                    |
| <b>Muslims</b>                                                                                                                                                                                                                                                                                                                                  | 936                       | 950                     | 12.4                                            | 59.1                           | 50.1                          | 14.1                                    |
| <b>Jains</b>                                                                                                                                                                                                                                                                                                                                    | 940                       | 870                     | 0.4                                             | 94.1                           | 90.6                          | 9.2                                     |
| <b>Sikhs</b>                                                                                                                                                                                                                                                                                                                                    | 893                       | 786                     | 1.9                                             | 64.4                           | 63.1                          | 20.2                                    |
| <b>Christians</b>                                                                                                                                                                                                                                                                                                                               | 1009                      | 964                     | 2.3                                             | 80.3                           | 76.2                          | 28.7                                    |
| <b>Buddhists</b>                                                                                                                                                                                                                                                                                                                                | 953                       | 942                     | 0.8                                             | 72.7                           | 61.7                          | 31.7                                    |
| <b>Others</b>                                                                                                                                                                                                                                                                                                                                   | 992                       | 976                     | 0.7                                             | 47                             | 33.2                          | 44.2                                    |
| <b>The North- South divide</b>                                                                                                                                                                                                                                                                                                                  |                           |                         |                                                 |                                |                               |                                         |
| <b>Punjab</b>                                                                                                                                                                                                                                                                                                                                   | 798                       |                         | <b>Kerala</b>                                   | 960                            |                               |                                         |
| <b>Haryana</b>                                                                                                                                                                                                                                                                                                                                  | 819                       |                         | <b>Tamil Nadu</b>                               | 942                            |                               |                                         |
| <b>Delhi</b>                                                                                                                                                                                                                                                                                                                                    | 868                       |                         | <b>Karnataka</b>                                | 946                            |                               |                                         |
| <b>Chandigarh</b>                                                                                                                                                                                                                                                                                                                               | 845                       |                         | <b>Andhra Pradesh</b>                           | 961                            |                               |                                         |
| Notes: *as number of females per 1000 males: ** as%                                                                                                                                                                                                                                                                                             |                           |                         |                                                 |                                |                               |                                         |
| Child Sex ratio (0-6) as number of girls per 100 boys                                                                                                                                                                                                                                                                                           |                           |                         |                                                 |                                |                               |                                         |
| Source: The disappearing girl child—Info Change news and Features Development news India, October 2004.                                                                                                                                                                                                                                         |                           |                         |                                                 |                                |                               |                                         |