

An economy runs on what we call the **factors of production**. These factors are land, labor, and capital. A key piece of an economy is the human resources that exist within to create the labor. When we think of human resources, we usually think of a division within a company that handles all of the personnel issues.

Human resources

Human resources in an economy is a much broader concept than it is for a company. Although the concept is similar, **human resources** encompass all that is needed for labor to produce goods and services. These elements include the expertise, knowledge, training, skills, experience, and any other characteristic needed to create economic value. Human resources is a direct contributor to producing goods and services in all types of economies.

According to the National planning commission, “Human resource is the knowledge, skill, efficiency and physical and mental capacity to do work inherent in the people of the country”.

A **labor force** that includes individuals with diverse skills, including both mental and physical, is important to economic development because there are certain needs that have to be met. The labor force has to include the human resources that support its development, or the economy will suffer from high unemployment and stagnant growth. This is especially important to developing economies, but is also vital for industrialized nations. Let's look at each economy and see how human resources can contribute to producing goods and services.

Role of Human Resource in Economic Development

Human resources play the important role in overall development of a country. Capital, natural resources, as well as other productive resources remain inactive in the nature. Human resources are necessary to mobilize them.

The role of human resource can be explained with the help of following points.

1. Utilization of Natural resources:

Human resources is necessary for the utilization of natural resources like mineral, water, forest etc. Utilization of these resources is necessary for economic development. Thus, only human resources mobilize and utilize them properly.

2. Compensate the deficiency of natural resources:

The utilization of human resource compensates the deficiency of natural resources. Many countries are poor in natural resources like Japan, Hong Kong, Singapore etc. but they are able to achieve high economic growth by properly utilizing human resource.

3. Utilization of physical capital:

Only the existence of physical capital can't do anything for economic development. They should be properly utilized. To,

operate machinery & equipment and to run factories and industries is impossible without the involvement of human resource.

4. Increase in production:

The human resources of a country help to increase in the production of different goods and services. By using skilled human resources, a country can produce the variety of goods and services having high quality.

5. Changes in technology:

Human resources of a country can bring the new technology. Advance technology is necessary to bring development in country.