

Human Resource Development for Poverty Alleviation in Iran

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Abstract: This study illustrates the role of human resource development in poverty alleviation in rural areas of Marvdasht, Iran. Data were collected using focus group discussions. The findings of this study show that, there is a little effort to building human resource for poverty alleviation. The results also indicate that although there is high level of education between local people, but rural areas still face with barriers which hinder their participation in poverty alleviation.

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1. Introduction

Does human resource development generate positive influences on poverty reduction? This question has important theoretical and policy implications for the contemporary world, especially for the developing countries. Human resource development is one of the necessary conditions for all kinds of growth-social, political, cultural, or economic (Harbison & Charles, 1964). Human resource development has close relation with human capital. The formal concept of human capital was developed in the 1960s by a group of economists associated with the University of Chicago (Becker, 1964; Mincer, 1958), although the idea that investment in education has a long-term economic and social payoff for the individual and society at large goes back to Adam Smith if not earlier. In recent years, several researchers have developed measures of human capital to facilitate empirical studies on the role of human capital for rural development (Barro, 1991; Barro & Lee, 1993; Psacharopoulos & Arriagada, 1986, 1992). This study attempts to illustrate the level of human capital for poverty alleviation in rural areas of Iran.

2. Literature Review

The concept of human resource development is generally closed with human capital. Human capital is defined as the aggregation of investments in such areas as education, health, training, and migration that enhance an individual's productivity in the labor market, and also in non-market activities. Some definitions of human capital (Laroche & Merette, 1999) include the innate abilities as well as the knowledge and skills that individuals acquire throughout their lifetimes. It is argued that since the number of skills individuals acquire through their

lifetime depends partly on their initial abilities, this potential is an important aspect of the human capital concept. Human capital is the skills and abilities of people, as well as the ability to access outside resources and bodies of knowledge in order to increase understanding and to identify promising practices. Human capital also addresses leadership's ability to "lead across differences," to focus on assets, to be inclusive and participatory, and to be proactive in shaping the future of the community or group (Iowa State University, 2008).

The importance of human capital as a source of progress and economic growth has long been recognized in the economic literature. Adam Smith (1776) was the first classical economist to include human capital in his definition of capital (Laroche & Merette, 1999). Woolcock (2001) had counted at least seven fields that had employed the concept of human capital: families and youth, schools and education, community life, work and organizations, democracy and governance, problems related to collective action, and economic development. Therefore, there is scant literature on human capital for poverty alleviation. Empirical studies including Schultz (1963), Denison (1964, 1974), Becker et al (1990), Harbison and Myers (1964), Mankiw, Romer and Weil (1992) and many others have shown that increased education of the labor force appears to explain a substantial part of the growth of output in both developed and developing countries (Woubet, 2006).

Overall, poverty can be reduced by investing in human resource development. Poverty being a rural phenomenon where the majority of the people live in most developing countries, the mechanisms to be used should target the recipients (Aref A, 2011). Empirical works on human capital most of which are

based on the experiences of Western societies, indicate that communities endowed with a diverse of human capital will achieve superior outcomes in multiple spheres such as, tourism development and local development while, communities with a low level of human capital tend to have a poor performance in these spheres.

Poverty has been defined as the “denial of opportunities and choices most basic to human development to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and respect from others” (Hirschowitz, Orkin, & Alberts, 2000). Poverty can be reduced through building human capital. This research is guided mainly by the theoretical framework of human capital theory, and also, by empirical studies from previous work. Laroche and Merette (1999) identify five aspects or characteristics of human capital that merit attention. They are:

- Human capital is a non-tradable good embodied in human beings, although the flow of services generated by human capital is marketed;
- Individuals, particularly the young, do not always control the channel or pace by which they acquire human capital;
- Human capital has a qualitative as well as a quantitative aspect reflecting the quality of the educational inputs;
- Human capital can be either general in nature or specific to a firm or sector; and
- Human capital generates individual and social externalities (Sharpe, 2001).

To date many researchers agree that the forces of human capital influence important political and economic phenomena (Aref, 2011; Aref, 2010; Putnam, 1993; Putnam, 2000; Strzelecka & Wicks, 2010). Perceiving human capital holistically as a resource for individuals, communities and regions, exposes complex community processes. This is because networks of relationships often have the potential to accelerate democratizing processes and local democratic cultures within their members (Strzelecka & Wicks, 2010). In this research the question is that; how rural communities can offer a viable solution for poverty alleviation. The researcher’s answer to this question is building human capital.

This answer is supported by the literature and research evidence from some filed such as families and youth, education, community life, work and organizations, democracy and governance, problems related to collective action, economic development, physical and mental health, and public protection (Aref, 2009; Franke, 2005).

3. Methodology

This study was carried out in rural areas of Marvdasht, Iran. This survey was conducted over two months during the period March and April 2010. Marvdasht is counties of Fars province. The city is located 45 kilometers north of Shiraz. This study is based on qualitative method to investigate the level of human capital in poverty alleviation. Focus group discussion was performed to collect data from rural residents in ten villages in Marvdashat, Iran. Focus group was used for obtaining a better understanding of participants’ attitudes (Aref, 2010). The questions for focus group were developed based on review of literature and existing indicators of human capital. The respondents were 80 rural residences, where they chosen based on convenient sample. There is no consensus among researchers on the optimal number of participants in FGD. But the ideal number in each FGD is six to ten. All respondents were male. Eighty people were participated in FGD. They ranged in age from 22 - 69 years. The researcher explained to them the objectives of the study. The respondents were asked to answer these questions which were constructed to gauge their level of human capital for poverty alleviation. In the end of any focus groups, the respondents’ group rated any answers from 0 to 4

4. Results

This study was used focus group discussions to determine the level of human capital in poverty alleviation in rural areas of Marvdasht. This study involves 80 respondents, the age of the respondents ranged between 22 to 69 years. Table 1 reveals the mean score of five domains of the human capital including: education, communication skills, job satisfaction, training and health). Table 1 reveals the findings of the focus group analysis, which show the differences between dimensions of human capital in poverty alleviation (max=4, min =0). The answers were summarized based on 0 to 4 for each domain the study found that generally human capital domains in communication skills, education were high, whereas the level of job satisfaction, training, and health were in low level.

Table 1: Total scores of human capital indicators in poverty alleviation

Indicators	Mean
Health	1.09
Training	0.50
Education	3.49
Job satisfaction	0.90
Communication skills	2.03

Table 1 showed the differences in the domains of human capital for poverty alleviation. Using the mean it was found that the level of education, and communication skills were high (3.49, and 2.03 respectively), whereas the level of training, job satisfaction, and health were in low level (0.50, 0.90, and 1.09 respectively). It shows local government is unable to prepare the rural people for training and other skills that needed for poverty alleviation. Generally, the findings reveal that the level of human capital in rural areas of Marvdasht for poverty alleviation is low. This means that most people are not involved in the decision-making process for poverty alleviation. For rural residence to be effective in poverty alleviation they should come together and interact with local government. Local residence should be more involved in rural actions and influence decision-making processes that affect their lives, and their locations.

5. Conclusion

The pivotal role played by human capital in the process of rural development is alleviation of poverty. Human capital is an important dimension in rural development. Any country wishing to enhance its rural development needs to take into account the development of human development as part of the growth measurement. This study promises to make a significant contribution to the study of human resource development for poverty alleviation in rural areas of Marvdasht, Iran. The findings of this study showed that there is a little effort from local government to building human resource development for poverty alleviation. This finding of this study will assist social workers in understanding the barriers of poverty alleviation in Iran. Since human resource development has fundamental role in rural development and poverty alleviation as well. This paper suggests that in knowledge-based economies, a major shift in the way we look at human capital is necessary.

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