

---

# Challenges and Opportunities of China Pakistan Economic Corridor (CPEC) for Pakistan: A Human Resource Development (HRD) Perspective (1970s to 2018)

---

Kashif Rathore

---

Mukaram Ali Khan

---

Muhammad Iqbal Chawla

CPEC has been declared as one of the key projects under the One Belt One Road plan of China. Estimates reflect that this project would aid in the economic growth of the entire region, affecting a population of over 4 billion across more than 60 countries. In the context of Pakistan, opportunities linked with CPEC are estimated to be up to \$62 billion. CPEC is likely to result in a high number of employment opportunities ranging from 600,000 to 1,000,000 between 2015 and 2030. In order to cater to the needs associated with these projects, a well-equipped and skilled workforce is required. For that matter, major attention is required to address issues related to Human Resource Development (HRD) that must be in line with the historical perspective of HRD. Nevertheless, not just CPEC, a national level HRD policy that covers the analysis of current and required workforce and the knowledge, skills, and abilities they require is of great significance. A policy that integrates the HRD with national development goals is of dire significance. Moreover, this study contributes to highlighting and addressing challenges and opportunities related to HRD in the light of historical perspective of CPEC and HRD.

## Introduction

China-Pakistan Economic Corridor (CPEC) is one of the major developmental projects in the history of Pakistan and is named as a "game changer" for socio-economic development of Pakistan. CPEC is part of the even larger "One Belt, One Road" (OBOR) plan of China. It has been estimated that regional economies will go up to at least \$2.5 trillion and population of over 4 billion will benefit from this project across more than 60 countries. OBOR intends to connect China with Central Asia, Europe, and Russia through the Persian Gulf and the Indian Ocean<sup>1</sup>.

Other than the aforementioned regions, Pakistan will also be one of the major beneficiaries of the project due to huge investment in various sectors.

Pakistan economy is majorly dependent upon agriculture sector, industry sector and services sector with the contribution to GDP by 21.4%, 20.8%, and 53.3% respectively. All these sectors have been severely hit by the energy crisis in the country resulting in the decreased interest of investors<sup>2</sup>. In the midst of these crises, CPEC serves as an opportunity for Pakistan to bring investors back and generate economic activity that can result in socio-economic development.

CPEC's major share of the proposed investment is in energy sector i.e. \$34 billion. Apart from investment in the energy sector, investment in roads, railway-track, fiber optic network, Gawadar development, and other related projects amounts to approximately \$12 billion<sup>3</sup>. Looking at the opportunities linked with CPEC, proposed investment increased from \$46 billion to \$56 billion earlier, whereas according to recently documented sources, it has further increased from \$56 billion to \$62 billion<sup>4</sup>. As per the current economic policy of Pakistan, CPEC is very likely to result in a high number of employment opportunities ranging from 600,000 to 1,000,000 between 2015 and 2030. In order to cater to the needs associated with these projects and employment opportunities, a very well equipped and skilled workforce is required<sup>5</sup>. For that matter, a major consideration needs to be paid to issues related to HRD and capacity development. In this context, Human Resource Development is a key area of concern for the Government of Pakistan that if focused and given due attention, can serve as a major breakthrough in availing CPEC related opportunities. At present, a large number of skilled workforce is being inducted from China due to the lack of appropriate skillset available with Pakistani professionals<sup>6</sup>. This situation stresses the need for a proper HRD policy in Pakistan.

Moreover, International Labor Organization (ILO) has identified the obligation to inquire HRD related developments on a global level, "to address broader economic and social goals such as to improve good governance systems and human resource capabilities"<sup>7</sup>.<sup>8</sup> HRD policies are required at the national level in order to integrate the anticipated needs and requirements of the countries. Therefore, two dimensions in this regard should be researched upon by researchers: i) how to explore HRD practices at national level which have not been explored yet and ii) how to increase the horizon of HRD related policy issues for the development of the economy.

It has been observed that Pakistan has focused more on unskilled labor instead of the development of the skilled workforce<sup>9</sup>. Moreover, there are a number of examples in the world where even developing economies like Singapore by focusing on human capital have developed themselves even in the absence of natural resources<sup>10</sup>. South Asian region is the victim of economic growth not just due to political reasons, but also due to the non-focused policies on HRD initiation policies, therefore, this specific region has remained behind from other economies in terms of human development<sup>11</sup>. In light of the above discussion, this research intends to explore the gaps in the implementation of Human Resource Development projects under CPEC and the reasons for not implementing the HRD in context of CPEC.

*The reason for developing this conceptual paper emerges from the following questions;*

- i. Over the years, whether Pakistan has the sufficient number of HRD related institutions in place?
- ii. Whether there is a sufficient number of skilled workforce available in order to capitalize on the opportunities associated with CPEC as compare to the past?
- iii. What is the current structure of HRD in Pakistan?
- iv. Do we have an administrative structure in place in the context of CPEC?
- v. What are the challenges (if any) for Pakistan in order to develop the pool of skilled workforce?

### *1.1 Significance*

CPEC is regarded as the most important projects for the socio-economic development of Pakistan with economic activity for about 62 billion US dollars. This project is crucial for the two key partners i.e. Pakistan and China and is part of the greater transcontinental OBOR project. Its vitality can be judged from the fact that several developed countries including the UK, France, and Russia have shown their keen interest in the projects under CPEC<sup>12</sup>. The projects planned under CPEC will “serve as engines of economic and job-growth” and will thus require a varied and diverse set of skills and competencies in Pakistan’s future labor force<sup>13</sup>. As far as this study is concerned, it intends to explore the CPEC project through the lens of a need and the gap for an HRD policy.

HR is one of the key resources any organization or economy needs, skilled and trained workforce is always encouraging for foreign investors and according to a Chinese official, Pakistan does not have the required workforce with high-quality skills that are needed with reference to the modern tools and techniques and it is evident from the fact that several employees are being brought in from China to work in Pakistan. If Pakistan had a properly developed strategy that is in line with the goals and projects of Planning Commission including CPEC, this project could have helped Pakistan to curb the menace of unemployment to quite an extent that CPEC is likely to produce around 1 million jobs as mentioned earlier. Moreover, CPEC is not a short term project as it involves investments until at least the year 2030, therefore, the local stakeholders and policy-makers can capitalize this opportunity and enable the local population to acquire and enhance the skills that can be utilized effectively for this game changer project. Nevertheless, not just CPEC, a national level HRD policy that covers the analysis of current and required workforce and the knowledge, skills, and abilities they require is of great significance. A policy that integrates the HRD with national development goals is of dire significance.

## 1. Literature Review

### 2.1. Historical context of CPEC under OBOR

OBOR is taken as one of the key initiatives in the history of China to escalate economic prosperity by increasing access to various un-accessed markets<sup>14</sup>. This initiative has its deep-rooted history linked with Maritime Silk Route/Road.<sup>15</sup> It was “*the first official international sea-trading route in Chinese history*” (p.1231). From Tang administration to European imperialism, Chinese silk and ceramics navigated this fundamental trade road which linked China with the commonwealths of Southeast Asia and past into India, the Middle East and Europe<sup>16</sup>.<sup>17</sup> “*The Maritime Silk Road should be considered with the same historical importance attached to the more celebrated overland Silk Route*” (p.1231). This is on the grounds that the trading channel made China the best maritime country on the globe and facilitated the economic success of a few Chinese traditions<sup>18</sup>. It was argued that China’s success as a result of Maritime Silk Road had many geostrategic and political ramifications. Moreover, the “Sino-centric world order” is also termed as “tributary system” and it existed in the region until the nineteenth century<sup>19</sup>. Likewise, Southeast Asia was more of businesslike and clung to this various hierarchal orders, conceding to Chinese leadership with an end objective to access its gigantic markets. For China, the Maritime Silk Route, just as the success and status it delivered, highlight towards a golden era before time of dominion by “Western powers and Japan”, which it currently alludes to as the ‘time of humiliation’. It is this period of magnificence and Chinese territorial pre-distinction that the Chinese Communist Party is endeavoring to restore through its OBOR activity.

Twentieth century seems to be the most critical phase for Silk Route as China has shown keen interest by getting inspired from capitalistic approach and profitability. New world order after soviet collapse had also given an opportunity to further work towards Silk Route in 1989. In 1996, Shanghai 5 mechanism was initiated to resolve border issues in favor of Silk Route<sup>20</sup>.

China is trying to rejuvenate the historical perspective through OBOR by using the term “Silk Road”. As it did previously, it is on the cards that this economic boom will encourage China's political supremacy and the revival of a “Sino-centric regional order” that will again expect states to concede to China's administration<sup>21</sup>. It is quite clear that OBOR has a significant historical connection to re-introduce the Maritime Silk Route. However, CPEC is one of the core components of OBOR with respect to China and Pakistan. Recently, Chinese President Xi Jinping proposed the building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Also, China released the vision and actions on jointly building the Silk Road Economic Belt and 21st Century Maritime Silk Road in 2015. In 2017, Belt and Road Initiative was written into the Constitution of the Communist Party of China showing significance of Silk Route and Belt and Road initiative. Pakistan Prime Minister (PM) along with all Chief Ministers

(CMs) attended OBOR summit same year<sup>22</sup>. Looking at its significance, China announced 40 billion US dollars to set up a Silk Road Fund to support the Belt and Road projects<sup>23</sup>. Following is the table 1 which shows the evolution of Silk Route and Belt and Road.

**Table 1:**Chronology of Silk Route and Belt and Road Development

Year	History of Silk Route and Belt and Road Development
1978	China started taking track of capitalism and thinking of Silk Route as profitable in future.
1989	After Soviet collapse, new world order leads to further prosper the silk road need.
1990	“Railway connecting Lanzhou to Urumchi has been extended to the border with Kazakhstan, and also joined to the former Soviet railway system, providing an important route to the new republics and beyond.
1996	Shanghai 5 mechanism was established to resolve border issues.
2005	Silk Road diplomacy increased by partnering with Malaysia and elevating relationship with Indonesia
2013	Chinese President Xi Jinping proposed the building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road.
2014	China announced 40 billion US dollars to set up a Silk Road Fund to support the Belt and Road projects.
2015	China released the vision and actions on jointly building the Silk Road Economic Belt and 21st Century Maritime Silk Road.
2017	<ul style="list-style-type: none"> <li>• Presence of Pakistan PM and all chief ministers in OBOR summit</li> <li>• First-ever Belt and Road Forum for International Cooperation was held in Beijing.</li> <li>• Belt and Road Initiative was written into the Constitution of the Communist Party of China.</li> </ul>
2018	Number of China-Europe freight trains has reached 10,000”.

Source: <sup>20</sup>Justyna (2013), <sup>22</sup>Hurley and Gaylin (2019), <sup>23</sup>Chawla (2018)

As far as CPEC history is concerned, table 2 shows the developments of CPEC during 21<sup>st</sup> century. Precisely, CPEC agreement started from \$18 billion projects to \$55 billion dollar<sup>24</sup>. Moreover, economic ties are escalating since 1990s between China and Pakistan<sup>25,26</sup>.

**Table 2: History of CPEC**

Year	CPEC Development
1990-2008	<ul style="list-style-type: none"> <li>Some form of formal strategic economic alliance between China and Pakistan had been on the political agenda and part of foreign policy of major political parties during 1990s</li> <li>Government of Pakistan used the narrative of new economic corridors for development which received great attention from China.</li> </ul>
2013	CPEC agreement was signed having \$18 billion projects.
2015	46 new agreements were signed by both countries for worth of \$46 billion.
2017	Investment was increased from \$46 billion to \$55 billion during CPEC summit.

Source: <sup>24</sup>Nurmyrat (2017), <sup>25</sup>Javaid and Asifa (2015), <sup>26</sup>Ramay (2016)

## 2.2. Historical context of HRD in Pakistan

There have been variations in the field of HRD in Pakistan as far as the history of HRD is concerned. Nevertheless, HRD has been in the limelight since Pakistan's independence but less attention has been given so far owing to strategic and political reasons<sup>27</sup>. The significant need for HRD arises after the partition of East Pakistan (1971) as number of key public officials remained in East Pakistan. Human capital is considered to be the most valuable asset in the country. For that matter, significant initiatives were taken in the field of science and technology by with the establishment of Pakistan Science Foundation (PSF) in 1973 to advance "research and professional development". Moreover, PSF aimed to encourage the development of HRD through research and development activities to date<sup>28</sup>.

Moving on, the South Asian Association for Regional Cooperation (SAARC) was established in 1985. The brains of SAARC member countries recognized the need for HRD in the light of their developmental goals. After three years of its inception, SAARC members showed keen intent for establishment of SAARC HRD Center (SHRDC) in the capital of Pakistan (Islamabad) in 1988. The objective of this body was to train the individuals with specific skill-sets, conducting research activities to meet the demand and supply gap, and dealing with other member states in relation with HRD policies and matters<sup>29</sup>.

The significant work on HRD was done in President Musharraf's era (1999-2008). The reason behind this development was the unfortunate World Trade Center Attacks, as after these attacks, US seek support from Pakistan once again in order to fight with terror elements in Afghanistan. In order to attain these

objectives, US supported Pakistan through billions of dollars and Pakistan was becoming the South Asian giant in the economy due to the removal of sanctions imposed by US. This was the era of expansion of HRD in the fields of public education, corporate sector, community development, and the non-profit sector. HRD is taken as an essential requirement for individual and national growth. Moreover, Local Government Plan (2001) was introduced for the first time in Pakistan and its one of the main objectives was to develop human resources in specific and to contribute to national growth in general. Moreover, "Citizens Community Boards" (CCBs) were established at district levels. The objective of CCBs was to develop HR at the local level and to provide training such as "teacher training, computer courses, beautician courses, and fashion design". The objective also included the promotion of Small and Medium Enterprises (SMEs). In 2002, in order to strengthen Local Government Plan, "National Commission for Human Development" (NCHD) was established. Higher Education Commission (HEC) was also incepted in same year to provide quality education to the students. Following this, provincial HECs were also incepted to increase focus on quality education at higher education institutes. Punjab HEC was established in 2015 with aim to enhance skill oriented students. Moreover, National Vocational and Technical Training Commission (NAVTTTC) is an apex body for development matters which was developed in 2005. Furthermore, then in 2012, Ministry of Human Resource Development (MoHRD) was established in order to train individuals by providing technical skills. This ministry was later merged with the Ministry of Overseas<sup>30</sup>. Following table 3 shows the brief description of HRD policy.

**Table 3:** HRD History from 1970-2018

<b>Year</b>	<b>Human Resource Development (HRD) Activities</b>	<b>Description</b>
1973	Inception of Pakistan Science Foundation (PSF)	PSF is an apex body for HRD activities in the country
1983	Sixth 5 Year Plan (1983-1988)	For the first time, education was given priority
1988	SAARC development	SAARC HRD Centre was developed in Islamabad, Pakistan
1990-1998	USAID projects	Initiated projects for training and human development, but suspended due to nuclear experiments in 1988
1999-2010	Technical Education & Vocational Training Authority (TEVTA)	"TEVTA was formed through an Ordinance (No XXIV of 1999) promulgated by Governor of the Punjab which has now been

		replaced by TEVTA ACT (ACT X of 2010) Punjab”.
2001	National Commission for Human Development (NCHD) and Local Government Plan	NHCD works to provide education to the poorest communities
2002	Establishment of Higher Education Commission (HEC)	To promote education at higher level and to provide better opportunities for HRD
2005	National Vocational and Technical Training Commission (NAVTTTC)	“NAVTTTC is an apex body at national level to regulate, facilitate and provide policy direction in Vocational & Technical Training”
2012	Ministry of Human Resource Development (MoHRD)	MoHRD was developed to monitor the activities related to human development
2013	Ministry of Overseas Pakistanis and Human Resource Development (MOPHRD)	MOPHRD is a ministry of GOP that overlook matters of overseas and HRD

Source: <sup>28,30</sup>Asrar-ul-Haq (2015) <sup>29</sup>SAARC (2010)

### 2.3. China-Pakistan Strategic and Economic Relationship

Relationship of Pakistan with China is not new rather it is a lot to do since China's independence but most of it was strategic and political<sup>31</sup>. In 1950, Pakistan was the first Muslim and third non-communist country to recognize China. Moreover, diplomatic relations between China and Pakistan were established in 1951. This was not all, as relations further strengthened when Pakistan voted for a bill in favor of China for the revamping of China's lawful rights in 1960. Later, China-Pakistan signed the agreement in order to deal with border issues. Later in 2006, China and Pakistan signed the “Treaty of Friendship and Co-operation”<sup>32</sup>.

It must be kept in mind that China never wanted just strategic and political relationships rather economic relationships as well with a broader aim to gain access to warm waters of the Arabian Sea since 1949 and this was not possible without OBOR in general and CPEC in specific. However, there were a lot of hurdles in achieving this objective for years and years due to war hysteria in the region including China-India war in 1962 and Indo-Pak wars in 1965 and 1961 and Soviet Union-Afghan war (1979-89). Thereafter, a lot of political changes and instability in Pakistan resulted in delays, until, the smooth transition of democratic governments in 2013<sup>33</sup>.



2.4. Theoretical underpinnings

A few hypothetical points of view on HRD have dependably been examined in the previous research studies, which reviews that the theoretical foundation of HRD activity has to a great extent focused on the idea of theories and models<sup>34</sup>. By and large, theorists embraced two expansive models, first, "micro-theories of organizational behavior and individual motivation", second, "strategic choice perspectives utilizing human capital theories, the resource-based view of the firm and contingency theory"<sup>35</sup>.

In a present investigation, researchers expect to expound one of the essential however most overwhelming theories in the field of human development. Human Capital Theory (HCT) unequivocally underpins the perspective on creating HR. The principle suggestion of the theory is that human resources are being treated as a structured capital for advancement. Deriving from this proposition, human advancement as far as skill development and tutoring is considered as an immediate and conscious investment in the work drive<sup>36</sup>. Moreover, such capital development also plays a crucial role in the development of the economy<sup>37</sup>.

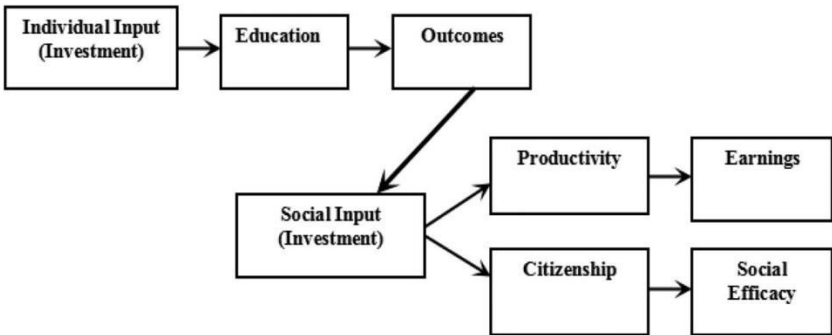
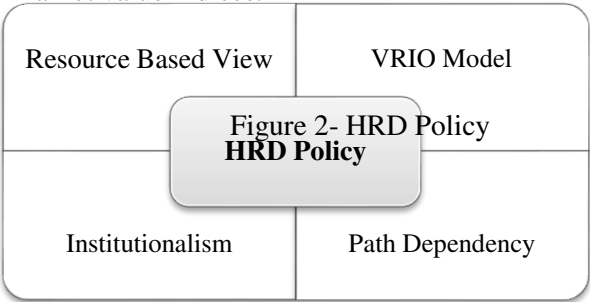


Figure 1:Model of Human Capital Theory  
Source: <sup>38</sup>Swanson and Holton (2001, p.110)

HCT is considered to be the investment in minds through specific training by the individuals or even organizational departments<sup>39</sup>. As far as the connection between HCT and human development is concerned, various economies have witnessed the development of the economy with the development of human resources keeping in view the human capital underpinnings<sup>40</sup>. Moreover, Pakistan is considered to be a land of opportunities and has recently gained entry into one of the well-known market value indices.



Other theories and concepts that can help in explaining the need for the development of such a policy and challenges that exist towards the development of policy may include Resource-Based View, VRIO framework and Institutionalism. Resource Based View (RBV) emphasizes on internal resources of the organization for developing a competitive advantage. Further, it focuses on internal resources for developing different skill sets in order to remain heterogeneous and not easily imitable for an organization for its different uses<sup>41</sup>.

Derived from RBV is VRIO (Valuable, Rare, Imitable, Organizational), which emphasizes that whether the resource is valuable, rare and imitable and whether the organization is taking out advantage from the resource. To answer these questions, VRIO framework has been presented. According to the theory, a resource that is not valuable cannot be the source of sustainable competitive advantage. Also, if the resource is not rare with the huge level of skill set cannot give a proper competitive advantage and such resource without having specific skill set can easily be imitable losing edge from the competition<sup>42</sup>. Moreover, institutional theory has a number of dimensions including path dependence theory that reflects for organization's resistance towards change<sup>43</sup>.

### *2.5 HRD in context of CPEC*

HRD includes Training and Development, career planning and career development. Organizations and economies who want to be competitive in today's world need to have strong HRD system<sup>44</sup>. HR is not capital; capital is a passive factor in contributing to economic development whereas Human Resource is an active factor in contributing towards socio-economic development. The highly skilled workforce is required by each country in order to fulfill national and economic development<sup>45</sup>. On the other side, the shortage of skilled workforce can lead to a high threat to the economy of a nation. HRD is very crucial in the public sector for civil servants and other public sector institutions. In the absence of a proper HRD policy, performance of the public sector professionals come under serious question mark which may lead to question on availability of skilled workforce in a country<sup>46</sup>.

With reference to policy development, policy is simply a guideline or action plan which individuals decide to take. Policies are meant to be flexible within agreed range as compare to set rules which are explicitly stated. Policies are made in accordance with the agreed set of procedures by concerning stakeholders through identifying gaps in certain areas. The consultation phase in policy development is considered to be most important because of different views of the stakeholders and once a consensus is achieved, then a policy can be designed<sup>47</sup>.

After policy implementation, there should be a proper mechanism to review the policy in order to gauge its effectiveness. CPEC is likely to have implications on several policies in Pakistan and with reference to this study, a potential HRD policy is a focus. Though this developmental project is very important to China, it has fruitful effects for Pakistan too. Chinese President Mr. Li

Kegiang upon his visit to Pakistan made a very significant public statement saying, "China will give you (Pakistan) every support and assistance and by helping you, we have to help ourselves"<sup>48</sup>.

The project is of multi-billion US dollars including energy installment projects, road infrastructure development, and other small scale projects. Its impact on the economy is considered to be quite impressive. It is expected that CPEC will give a raise to GDP of about 1.5% for the next 3 years. Moreover, with a stable economy have no energy crisis and a well-developed infrastructure will attract private investors leading to an increase in GDP of 2% and increasing job opportunities. It is expected that the growth rate will increase to 6% in the next 5 years<sup>49</sup>.

CPEC promises to be healthy for Pakistan's economy and is likely to bring millions of job opportunities and avenues for the youth. Moreover, this is a key opportunity for Pakistan to tackle the unemployment issues in Pakistan and give a ray of hope to youth in order to utilize expertise under one belt one road initiative<sup>50</sup>.

## 2. HRD and CPEC

In the recent scenario of the economic situation, various economic hallways have shaped upon a broad level as an instrument of regional collaboration and advancement. With regards to Pakistan, there is an absence of suitable consideration regarding the field of HRD, which has endured disregard as the decades progressed<sup>51</sup>. The idea of HRD is established in the general human progress in Pakistan. HRD is at a developing stage and is for the most part considered as a major aspect of regional individual development. In view of accessible literature, HRD is characterized as an approach for skill development of people to accomplish the objectives of national labor arrangement at the large-scale level, and as a component of any HRM division at the miniaturized scale level<sup>52</sup>. The ongoing financial leap forward between Pakistan and China has set off the start of a very much developed and legitimate HRD policy in the context of Pakistan<sup>53</sup>.

Even with such a gigantic opportunity for Pakistan with CPEC, Pakistan is facing a lot of challenges in the form of lack of skilled workforce, fewer opportunities for entrepreneurs, less focus on halting the brain drain, weak infrastructure (institutes) available for executing skill education and terrorism fear in the hub of CPEC i.e. Gawadar, Baluchistan<sup>54</sup>. Such challenges basically demand the need for the comprehensive HRD policy at the national level. There have been scholars who have not just associated the need of HRD to deal with employment issues yet in addition with "*health, culture, safety, community, and a host of other considerations that have not typically been perceived as manpower planning or human capital investment*". One belt one road initiative by China can play its role in improving Pakistan economy as CPEC if this "knowledge corridor" initiative

focuses more on the development of skilled workforce and technical education in form of proper HRD implementation<sup>55</sup>.

Whereas, after the CPEC agreement between Pakistan and China, Pakistan government has started taking into consideration the significance of CPEC in the Asian region. Unfortunately for Pakistan, this seems to be more of reactive strategy as it may take a lot more time even with the seriousness of all the relevant stakeholders associated with CPEC. In view of this, the planning commission has also agreed to develop the "University of 21<sup>st</sup> century" with cost about Rs 9 billion. The commission has decided to develop more technical institutes in order to produce skill oriented talent but Gawadar, being the strategic hub of the corridor<sup>56</sup>, has been far behind in this context in order to provide skilled labor to meet the demand and supply gap.

Though the number of students has been minutely increased from 23,020 to 24,039 in 2015-16 from last year in universities, there is a decline in the number of students in colleges, professional colleges, and teacher training institutes even after the agreement was signed between both countries. Although the number of students has shown relatively more interest in technical institutes in 2015-16 over the past year, this level of increase is insignificant (Government of Baluchistan, 2017). Moreover, in a broader context, Pakistan has a population of about 191 million in 2015. As per Global Youth Development Index (2016), Pakistan stood at 154<sup>th</sup> rank on a global scale and 156<sup>th</sup> on education level with youth population at 29% of the aggregated population having age bracket of 15-29 years<sup>57</sup>. Moreover, apart from Pakistan, every country belongs to commonwealth has either maintained or improved its ranking in the Youth Development Index (YDI). According to one of the reports, over 90% of the youth is still unemployed and if utilized effectively can play a pivotal role in the development of the economy<sup>58</sup>.

According to Human Development Index (2017/2018), Pakistan stood at 147<sup>th</sup> rank out of 189 countries in 2017 whereas Pakistan lost further 3 ranks and stood at 150<sup>th</sup> rank in 2018 which shows Pakistan is still lacking in developing its human resource in terms of education, health and per capita income as HDI consists of these three domains but only skilled education is in scope of this paper. Pakistan has slowest growth rate in the South Asian region in HDI and needs drastic measures to improve the condition of the economy.

### 3.1. Technical Vocational Education & Training (TVET)- Situation Analysis

According to the National Education Policy (2017), TVET framework in Pakistan is exceedingly divided and involves formal and informal segments. In the formal division, the guideline wellsprings of TVET arrangement are "*public and private training providers, enterprise-based skill trainers and NGOs*" whereas the informal division is portrayed by the "*Ustad-Shagird (Master-Trainee) custom of professional training*". The informal division plays an important role in training and develops more than double individuals as compare to formal division. Moreover, there is a ministry namely Federal Education and Professional Training who regulates TVET but many of the services of TVET have been devolved to

provinces after the 18<sup>th</sup> amendment. As per NAVTTC website, 3581 TVET institutes are in Pakistan out of which 2404 are private and 1177 institutes are public<sup>59</sup>.

### **3. Challenges related to HRD in context of CPEC**

There are number of challenges associated with HRD in context of CPEC as per National Education Policy (2017)<sup>60</sup>.

- i. HRD system related to TVET in Pakistan is facing the number of issues in form of inferior quality, less trained instructors, demand and supply gap, gender difference and equity, industry-academia gap and least interest of the private sector.
- ii. A major segment of TVET is heavily subsidized through Government of Pakistan and just a less amount has been charged by the trainees whereas TVET has been sponsored in different ways worldwide in form of International Donor Aid, public-private co-creation and public financing.
- iii. Relatively less government interest in technical education leads towards lack of interest of industry in the participation of better structure and service delivery of TVET.
- iv. Women disparity has been another serious concern in this regard and requires attention by the government under the umbrella of women empowerment and participation.
- v. Technical Education and Vocational Training Authority (TEVTA) seems to provide a skilled workforce in course of CPEC, but looking at the number of technical institutions all over Pakistan and current YDI and HDI, one can say that there is still a lot of time and will-power require in achieving this landmark.

### **4. Conclusion and Recommendations**

There have been a lot of ups and downs in the implementation of HRD throughout the history of Pakistan. Moreover, China has gone through various structural changes in the economy by implementing significant reforms and one of the key developments is in the form of OBOR. This initiative has its deep rooted history in context of Maritime Silk Route that has been rejuvenated in the regime of Chinese Communist Party. Though OBOR is significant for China and its other allies, CPEC is taken as an experiment for both stakeholders i.e. China and Pakistan<sup>61</sup>. The purpose of this paper is to find out the importance and challenges of HRD in context of CPEC history and it has been established in the literature that it is very important for the countries to develop its human resource for the broader impact i.e. economic growth<sup>62</sup>. As far as theoretical foundation is concerned, this paper has referred to several theories including HCT, RBV, VRIO, institutional and path dependence. First three theories focus mainly on the development of skills of the individuals and to prepare them for playing a vital role in making the

economy better. CPEC also demands such skills in order to make the project more feasible and compatible to gain high Return on Investment (ROI). Moreover, Path dependence derives from institutional theory basically portrays challenges that Pakistan is currently facing in the form of HRD for the execution of CPEC. Lastly, this study suggests that Pakistan is still missing the boat and it needs to proactively take initiatives towards development of HRD mechanisms as the present number of technical institutes is not sufficient to cater the needs with respect to CPEC. Unfortunately, the literature suggests that Pakistan focuses more on policy-making and loses interest while implementing those policies whereas China is still recollecting its plans with deliberate name given to OBOR highlights the importance of the historical aspect.

Moreover, Pakistan has to overcome the issues related to HRD by rectifying the challenges faced in the past and improve rankings in YDI, HDI, corruption index, the health index, and poverty index. This wholesome package can lead to the successful completion of CPEC as it is a long term project and requires attention by all relevant stakeholders including policy makers, industrialists, and academicians.

### Notes and References

- <sup>1</sup> Hussain, Mehmood. "The China-Pakistan Economic Corridor (CPEC): An Analysis of Potential Threats and Challenges". *South Asian pulse* (2016):1-7.
- <sup>2</sup> Shahbaz, Muhammad. "Measuring economic cost of electricity shortage: current challenges and future prospects in Pakistan." (2015): 1-30.
- <sup>3</sup> Naseem, A. "Impact of China Pak Economic Corridor - A Bird's Eye View". [online]Islamabad: BMA Capital. 2015. Available at: [http://investorguide360.com/wp-content/uploads/2015/05/Impact-of-China-Pak-Economic-Corridor\\_-A-Birds-Eye-View.pdf](http://investorguide360.com/wp-content/uploads/2015/05/Impact-of-China-Pak-Economic-Corridor_-A-Birds-Eye-View.pdf)
- <sup>4</sup> Siddiqui, Salman. 2017. "CPEC investment pushed from \$55b to \$62b". *The Express Tribune*. Last Modified 13 March 2019 <https://tribune.com.pk/story/1381733/cpec-investment-pushed-55b-62b/>
- <sup>5</sup> Hussain, Mubashar, Muhammad Ilyas, and KashifMahmood Ahmad Awais. "Pragmatic Reality of China Pakistan Economic Corridor: Impacts on Economy and Logistics Industry of Pakistan." *Sci.Int.(Lahore)*, 29, no. 5 (2017): 1073-1078.
- <sup>6</sup> Nizam, K. 2018, January 16. "Skilled training not enough to meet pace of development needed for CPEC". *Pakistan Observer*. Last Modified 13 March 2019 <https://pakobserver.net/skilled-training-not-enough-meet-pace-development-needed-cpec/>
- <sup>7</sup> Metcalfe, B. D., and Reese, C. J. "Theorizing advances in international human resource development".*Human Resource Development International*, 8, no. 4 (2005): 449-465.
- <sup>8</sup> McLean, Gary N. "National human resource development: A focused study in transitioning societies in the developing world." *Advances in Developing Human Resources* 8, no. 1 (2006): 3-11.
- <sup>9</sup> Magsi, Habibullah. "China-Pakistan economic corridor and challenges of quality labor-force." *The Diplomatic Insight* 9 (2016).
- <sup>10</sup> Maitra, Biswajit. "Investment in human capital and economic growth in Singapore." *Global Business Review* 17, no. 2 (2016): 425-437.
- <sup>11</sup> Garavan, Thomas N., Alma McCarthy, and Michael J. Morley. "Global human resource development: landscaping the anatomy of an evolving field." *In Global Human Resource Development: Regional and Country Perspectives*.Routledge, 2016.

<sup>12</sup> Tikhonova, P. 2016. "U.K., France, Russia Want To Join Pakistan-China's CPEC" [Updated]. ValueWalk. Last Modified 12 March 2019 <http://www.valuewalk.com/2016/11/ukfrance-russia-join-pakistan-china-cpec/>

<sup>13</sup> Chawla, Muhammad Iqbal. One belt one road summit 2017 and its implications for CPEC: an overview. *South Asian Studies* 32, no. 2 (2017): 277-284.

<sup>14</sup> Arase, David. "China's Two Silk Roads Initiative: What it means for Southeast Asia." *Southeast Asian Affairs*, (2015): 25-45.

<sup>15</sup> Zhaoming, Xiong. "The Hepu Han tombs and the maritime Silk Road of the Han Dynasty" *Antiquity* 88 (2014): 1229-1243.

<sup>16</sup> Till, Geoffrey. "Dominion, Trade and the Maritime Silk Road: A Review of the Issues", *Soundings Sea Power Centre – Australia*, 9 (2016):1-10.

<sup>17</sup> Zhaoming, Xiong. The Hepu Han tombs, *Antiquity* 88 (2014): 1229-1243.

<sup>18</sup> Dooley, Howard . "The Great Leap Forward: China's Maritime Renaissance", *The Journal of East Asian Affairs*, 26 no.1 (2012): 52-76.

<sup>19</sup> Stuart-Fox, Martin. "Southeast Asia and China: The Role of History and Culture in Shaping Future Relations", *Contemporary Southeast Asia*, 26 no.1 (2014): 116-139.

<sup>20</sup> Szczudlik-Tatar, Justyna. China's New Silk road diplomacy. *Policy Paper* 34, no. 82 (2013).

<sup>21</sup> Fasslabend, Werner. "The Silk Road: a political marketing concept for world dominance", *European View*, 14 no. 2 (2015): 293-302.

<sup>22</sup> Hurley, John, Scott Morris, and Gailyn Portelance. Examining the debt implications of the Belt and Road Initiative from a policy perspective. *Journal of Infrastructure, Policy and Development* 3, no. 1 (2019): 139-175.

<sup>23</sup> Chawla, Muhammad Iqbal. One belt one road summit 2017 and its implications for CPEC: an overview. *South Asian Studies* 32, no. 2 (2017): 277-284.

<sup>24</sup> Nurmuhammedov, Nurmyrat. China-Pakistan Economic Corridor and Its Geostrategic Importance In Terms of Belt And Road Initiative. *Afro Eurasian Studies* 6, no. 1-2(2017): 33-53.

<sup>25</sup> Javaid, Umbreen, and Asifa Jahangir. Pakistan-China strategic relationship: A glorious journey of 55 years. *Journal of the Research Society of Pakistan* 52, no. 1 (2015). 24



<sup>26</sup>Ramay, Shakeel Ahmad. China Pakistan economic corridor: A Chinese dream being materialized through Pakistan. (2016). 25

<sup>27</sup>Kemal, Abdul Razzaq. "Skill development in Pakistan." *The Pakistan Development Review* 44, no. 4 (2005): 349-357.

<sup>28</sup>Asrar-ul-Haq, Muhammad. "Human resource development in Pakistan: evolution, trends and challenges." *Human Resource Development International* 18, no. 1 (2015): 97-104.

<sup>29</sup>South Asian Association for Regional Cooperation. 2010. "Productivity and Human Resource Development in South Asia". *Research Report of SAARC Human Resource Development Centre*. [www.shrhc.org/doc/research/study/Productivity.pdf](http://www.shrhc.org/doc/research/study/Productivity.pdf).

<sup>30</sup>Asrar-ul-Haq, Muhammad. Human resource development in Pakistan: (2015): 97-104.

<sup>31</sup>Khan, Naveed. 2018. "CPEC: An expansion from strategic relationship to an economic one" - CPEC Latest News. Last Modified 15, March 2017 <http://www.cpecinfo.com/news/cpec-an-expansion-from-strategic-relationship-to-an-economic-one/NTU1OQ==>

<sup>32</sup>Kayani, Farrukh, Mumtaz Ahmed, Tahir Shah, and Umar Kayani. "China-Pakistan Economic Relations: Lessons for Pakistan", *Pakistan Journal of Commerce and Social Sciences (PJCSS)* 7, no. 3 (2013): 454-462.

<sup>33</sup>Hussain, J. (2017). China & Pakistan: Evolution of a Strategic Relationship that created CPEC and threatens India & the US - Global Village Space. Retrieved from <https://www.globalvillagespace.com/china-pakistan-evolution-of-a-relationship-that-has-created-cpec/>

<sup>34</sup>Murphy, A.C. and Garavan, T. "The adoption of a national human resource development standard: the role of internal and external pressures" (2016).

<sup>35</sup>Batt, Rosemary, and Mallika Banerjee. "The scope and trajectory of strategic HR research: Evidence from American and British journals." *The International Journal of Human Resource Management* 23, no. 9 (2012): 1739-1762.

<sup>36</sup> Ahmed, Adeel, MohdAnuarArshad, ArshadMahmood, and SohailAkhtar. "Neglecting human resource development in OBOR, a case of the China-Pakistan economic corridor (CPEC)." *Journal of Chinese Economic and Foreign Trade Studies* 10, no. 2 (2017): 130-142.

<sup>37</sup>Tahir, Muhammad, and ToseefAzid. "The relationship between international trade openness and economic growth in the developing economies: Some new dimensions." *Journal of Chinese Economic and Foreign Trade Studies* 8, no. 2 (2015): 123-139.

<sup>38</sup> Swanson, R.A. and Holton, E.F. *Foundations of Human Resource Development*, Berrett-Koehler Publishers, (2001) Oakland, CA.

<sup>39</sup>Nafukho, Fredrick Muyia, Nancy Hairston, and Kit Brooks. "Human capital theory: Implications for human resource development." *Human Resource Development International* 7, no. 4 (2004): 545-551.

<sup>40</sup>Didenko, Dmitry, PéterFöldvári, and Bas Van Leeuwen. "The spread of human capital in the former Soviet Union area in a comparative perspective: Exploring a new dataset." *Journal of Eurasian Studies* 4, no. 2 (2013): 123-135.

<sup>41</sup>Dr. Pankaj. (2010). Resource Based View (RBV) of Competitive Advantage: An Overview. Pankaj M Madhani. Madhani,

<sup>42</sup>Barney, Jay. "Firm resources and sustained competitive advantage." *Journal of management* 17, no. 1 (1991): 99-120.

<sup>43</sup> Pierson, Paul. "Increasing returns, path dependence, and the study of politics." *American political science review* 94, no. 2 (2000): 251-267.

<sup>44</sup> Wang, Greg G., Jon M. Werner, Judy Y. Sun, Ann Gilley, and Jerry W. Gilley. "Means vs ends: theorizing a definition of human resource development." *Personnel Review* 46, no. 6 (2017): 1165-1181.

<sup>45</sup>Harbison, Frederick Harris, and Charles Andrew Myers. *Education, manpower, and economic growth: Strategies of human resource development*. Tata McGraw-Hill Education, 1964.

<sup>46</sup> Kim, Min Young, Hi Jeong Yu, and Sung Min Park. "Examining and testing the roles of human resource development (HRD) in the public sector: evidence from US federal agencies." *International Review of Public Administration* 22, no. 1 (2017): 60-86.

<sup>47</sup> McLeod, P. (2005). Health and Safety information on the internet. Putting Children First, Vol. 15, 12-13.

<sup>48</sup> Khan, M. 2014, January 20. "Mutuality in Pak-China relationship". Pakistan Observer. p.24

<sup>49</sup>Naseem, A. "Impact of China Pak Economic Corridor - A Bird's Eye View".2015.

<sup>50</sup>Hussain, Mubashar, Muhammad Ilyas, and KashifMahmood Ahmad Awais.Pragmatic Reality of China Pakistan Economic Corridor: Impacts on Economy and Logistics Industry of Pakistan.*Sci.Int.(Lahore)*, 29, no. 5 (2017): 1073-1078.

<sup>51</sup>Abbasi, Z., and Muhammad BuxBurdey."The changing paradigms of human resource in the economic development of Pakistan."*Journal of Management and Social Sciences* 4, no. 1 (2008): 01-11.

<sup>52</sup>Asrar-ul-Haq, Muhammad.Human resource development in Pakistan: (2015): 97-104.

<sup>53</sup> Ahmed, Adeel, MohdAnuarArshad, ArshadMahmood, and SohailAkhtar.Neglecting human resource development in OBOR, a case of the China–Pakistan economic corridor (CPEC). (2017): 130-142

<sup>54</sup>Asrar-ul-Haq, Muhammad.Human resource development in Pakistan: (2015): 97-104.

<sup>55</sup> Atta-ur-Rahman 2016. "The knowledge corridor". International The News, Last Modified 13 March 2019 [www.thenews.com.pk/print/127974-The-knowledge-corridor](http://www.thenews.com.pk/print/127974-The-knowledge-corridor)

<sup>56</sup>Chawla, Muhammad Iqbal. Belt and Road Initiative: Regional and Global Dimensions.*Journal of Political Studies* 25, no. 1 (2018): 81-94.

<sup>57</sup> Commonwealth Secretariat. (2016). *Global Youth Development Index* (pp. 1-155). London. define it in another? Human Resource Development International, 4(3).

<sup>58</sup>Idrees, I. (2015). Academic session: CPEC: regional perspective. Proceedings of International Conference on CPEC Held at *GC University, Lahore*, 9-10 December

<sup>59</sup> National Education Policy. 2017. "Government of Pakistan Ministry of Federal Education and Professional Training" (pp. 1-169). Islamabad.

<sup>60</sup> Ibid.

<sup>61</sup>Rana, M.A. 2016, "Making the most of CPEC", *Dawn News*, Last Modified April 01, 2019[www.dawn.com/news/1265737/making-the-most-of-cpec](http://www.dawn.com/news/1265737/making-the-most-of-cpec)

<sup>62</sup>Chiappero-Martinetti, E., Von Jacobi, N. and Signorelli, M. Human development and economic growth. *Palgrave Dictionary of Emerging Markets and Transition Economics*, Springer, Berlin, (2016):223-244.