

HUMAN RESOURCE DEVELOPMENT FOR SUSTAINABILITY AND SOCIAL RESPONSIBILITY: THE ECONOMIC PERSPECTIVE

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Abstract

This paper reviews the literature links the concept of Human Resource Development (HRD) with those of Sustainability and Social Responsibility. The basis for the linkages is the economic viewpoint. Two major findings are obtained. First, the relation between HRD, Sustainability and Social Responsibility is as old as the economic thought, even if Sustainability and Social Responsibility only become major social economic concerns, at best, in the last two decades. Second, at the present moment, the theories provide some valuable insights about how HRD can help preventing unsustainability, social irresponsibility and mismanagement; in fact HRD may explain much of the unsustainability and social irresponsibility, and above all much of the crisis that happens nowadays; those crisis are linked with mismanagement due to the fact that HRD is overlooked. However, much empirical research should be made in order to measure how, and in what circumstances HRD effectively prevents unsustainability and social irresponsibility.

1. Introduction

At the present moment of the economic history, HRD, Sustainability and Social Responsibility are major topics of concern. For a start, HRD is considered a fundamental area for economic prosperity, one of the pivotal grounds for economic prosperity. But, economics is not all, and the social responsible behavior of economic agents is in itself seen as a major factor of development. In fact, without that responsible behavior the economic results are bound to be ephemeral. Finally, and coinciding with the increase in the economic and social levels of the major economic world nations, it has become clear, in the last two decades, that all the economic development has not only to be social responsible but also sustainable.

That said, a large number of thoughts must be developed in order to explore the basic ideas that were just expressed. Accordingly, the paper begins with the definition of the basic concepts of HRD, Social Responsibility and Sustainability. It is a fundamental task but also a much harder one than it might seem, because there is no agreement, worldwide, and on the academic world, about what the three notions mean. The notions used In this paper for HRD, Social Responsibility and Sustainability will therefore be presented in section 2.

Having the foundations of the paper been established, the following two sections present the paper's main thoughts. Section 3 reviews the evolution throughout the history of the economic thought of the relation between HRD, Social Responsibility and Sustainability. Section 4 analyzes some questions we consider to be the most important regarding the relation between HRD, Sustainability and Social Responsibility. The questions are the following; How can HRD prevent Social Irresponsibility (4.1)? How can HRD prevent Unsustainability (4.2)? How can HRD prevent sheer mismanagement activities (4.3)? The paper ends with section 5, in which the conclusions are presented (5.1), policy implications are indicated (5.2), and suggestions to further research (5.3).

2. Basic Concepts

2.1 Human Resource Development

Human Resources (HR) are usually described as all the characteristics of Humans that may generate an economic return. Those characteristics relate to formal aspects (like formal education, training, age), but also to less formal elements (like competences, skills, experience,

career, talent, motivation, persistence, health, or even beauty). Today (2011) few will put in doubt the importance of HR as an important economic factor.

Human Resource Development (HRD) is the activity by which HR are improved. HRD has been analyzed as having the following four interrelated functions: (1) organization development (OD), (2) career development (CD), (3) training and development (T&D) and (4) performance improvement (PI) (McGuire and Cseh, 2006; Wang and McLean, 2007; Abdullah, 2009).

The level of HR and HRD of agents (individuals, organizations (private, public and third sector) regions and countries) influences the well-being of those agents. A market of HR and HRD may be defined for any economic space with the participation of the mentioned agents.

2.2 Social Responsibility

Social Responsibility (SR) is usually used to describe a type of behavior by an economic agent that takes into account the larger social environment in which that behavior takes place. The economic agents we refer to are the same mentioned for the case of HRD namely: individuals, organizations (private, public and third sector) regions and countries, By taking the large social environment into account the agent distances itself from a form of conduct in which its own benefits would be accrued but the final social result would be lower. It might be considered then that a Socially Responsible behavior is a “clean and correct” behavior in which the agent only takes to itself what is socially due. When an agent acts against the SR rule, its behavior is Socially Irresponsible and has to do with Social Irresponsibility. As we will see in section 4, Social Irresponsibility is far more common and far more important than SR and that is precisely the reason because SR is so important today.

2.3 Sustainability

Sustainability (SU) means to live within our own resources. The basis of the economic analysis is that any economic agent has an unlimited number of desires and wishes and a limited number of resources in order to solve those desires. For a Human, and for the Human organizations, time is probably the main resource; time allocation is probably the most important decision made every day. But time allocation is made because people, organizations, regions and countries want to achieve certain goals and decide to take a go at them. Those decisions imply the consumption of resources. In general the availability of resources depends on its price; if a resource is abundant it should be cheap, if it is rare it should be expensive. However, real life is not that simple. The main problem resides in the fact that actual prices main not take into account all the information about scarcity, and therefore a push in the consumption may lead to the exhaustion of the resource. This situation may happen easily in the case of non-renewable resources. A basic case of that situation is the “Tragedy of Commons” (Hardin, 1965). The analysis on Limits of Growth (Meadows 1974) and the Economy of Natural Resources and Environment (Faucheux and Noel, 1995) made essentially in the last four decades are in fact a development of that essential problem.

However in many studies sustainability has a different meaning. In particular, unsustainability has been defined as a behavior that cannot last in time because there is not a possibility (or a consumption of resources) to make it last. Therefore we may talk about financial, economic, social, environmental and even political unsustainability.

Furthermore, in recent years, the recognition that reality is marked by strong interdependencies that should last long time. led to the analysis that reality not as a market (as in old economic studies) or as a system (as in sociological studies), as in previous centuries, but ecosystems (Sviokla, 2005). Quite crucially, in an ecosystem, the basic question is the long run continuity of the situation and not the equilibrium (as in the market analysis) or the relations between the actors (as in the systems analysis). Even more importantly, the sustainability of the ecosystem may also have financial, economic, social, environmental and political aspects. A situation is sustainable when it can be bearable, (environmentally and socially sustainable) equitable (socially and economically) and viable (economically and environmentally) .

2.4 Relation between Social Responsibility and Sustainability

It is very interesting to note the relation between the notions of Social Responsibility and Sustainability, and between Social Irresponsibility and Unsustainability:

- a) Social irresponsibility leads easily to unsustainability because irresponsible actions exploit unfairly some kind of resources, and that exploitation can't last forever; in the HRD setting if a company pays the workers less than their productivity it may profit in the short but it may face serious problems in the long run: the workers may leave the factory or consumption of the company goods may decrease due to lack of income;
- b) Unsustainability is usually socially irresponsible, even if Sustainability is such a large concept that we may define an action as unsustainable without taking into consideration the social aspects. But if a person, an organization or a country begins an unsustainable behavior, it is very likely that that operation will be socially irresponsible because in the near future the society will feel the damage done by that behavior.
- c) On the contrary social responsibility and sustainability go hand in hand and may even be confused, the basic problem being to differentiate the two notions. Social responsibility is a factor of sustainability, and sustainability is socially responsible. But social responsibility accentuates the notion of justice and sustainability of long run survival. This happens even if both Sustainability and Social Responsibility are very future centered because they deal with long run problems of fairness and survival. But, of both notions, there is implied the need to observe the consequences of actions not only in the present but in the long run. An action has to be socially responsible today and in the long run as has to be sustainable in both those periods of time.

3. HRD, Sustainability and CSR: an Economic perspective

3.1 Adam Smith, Malthus, David Ricardo, Stuart Mill and Marshall

The notions of HRD, Sustainability and SR are not new in the economic literature. Indeed we may say that those notions were present in the work of the Classical economists and that, as early as the 18th century with the work of Adam Smith all the three notions were studied (Smith, 1977).

Even before Smith the French Physiocrats highlighted the importance of the sustainability of the Earth resources and of the Planet as a generator of wealth and income (Quesnay, 1758). For Smith (1977), HRD was somehow important to increase the productivity of workers, through specialization; Smith considered the land to be an important economic asset, and a certain respect for the environment was needed to ensure the survival of the capitalist world; the environment would provide raw materials that would be "moving capital" by opposition to the "fixed capital" represented by the machines; both types of capital would be essential to the development of any economy. Finally for Smith, the Social Responsibility of companies implied that they would provide society the goods and services demanded, seeking profit but paying the production factors what was due. Given that Smith believed that with specialization the productivity will raise, he was somehow an optimist, and we may say that at the root of that optimism there was a positive confluence of HRD, Sustainability and Social Responsibility. When Malthus (1798) opposed that optimism with his theories on population growth he was in fact pointing to a cause of unsustainability, and we may say of some social irresponsibility. Therefore we may consider that even today birth policies may be a way of achieving sustainability and social responsibility even if in some cases the Government aims at increasing the natality rate and in other cases at decreasing it. In all cases, we are ultimately dealing with HR. The first known defendant of those natality policies was David Ricardo (1815), Malthus most celebrated opponent and friend. Ricardo considered that the Natural Resources were a very limiting factor of growth, and that the substitution of labor by capital was easy, but the

substitution of land by any other factor was difficult. That idea would generate, more than one century later, the modern analysis on Sustainability and Social Responsibility.

Not all the Classics were so pessimistic. For Stuart Mill (1848) we would enter a stationary state, in which everyone would live a more ethical and esthetic life. For Marshall (1890) non-renewable resources should be assimilated to capital, but renewables would be so abundant that its price would be almost null.

3.2 Marx, Bismarck, the Catholic Church, Taylor

Marx and Engels, in fact analyzed the capitalist system and considered it to be unsustainable. For Marx (REF) in the Capitalist world, companies would explore labor, with the agreement of the State, and use the land and technologies to ensure ever growing revenues; the increased competition would generate an increasingly big concentration of the economic power in a few corporations; the condition of the labor force would get worse with the increase in competition; the State would act like the “political task force” of the “bourgeoisie”. In such a world the environment would deteriorate. For Marx, the solution for the unsustainability of Capitalism, would be the instauration of a Socialist State, in which a certain form of Social Responsibility would exist: from each one according to its capabilities, to each one according to its needs. Marx and Engels centered the economic life in a struggle between Capital and Labor; after a revolution of the proletariat, in a Socialist state labor would win; in that society social responsibility would be assured and the environment would be respected.

Marx never explicated very well how the Socialist State should be implemented, and the pure socialist experiences (USSR, China, Cuba) have not lasted but no serious analyst can deny the fact its analysis had profound implications in the Capitalist world and in the analysis of HRD, SU and SR:

- a) Bismarck and the Catholic Church led a strong refutation of the Marxist ideas, seeking for the first time a “middle ground” between the “leftist” Marxists and the “rightwing” liberals; it was obvious that Bismarck wanted to stabilize and sustain the societies, and for that it was needed that the companies would practice some form of social responsibility; that social responsibility would consist in managing the Economy in cooperation with the State and the workers; that management would imply the joint funding the Social Security in ensuring rights to the workers, the co-operative management of companies, and the development of policies within the company to effectively train and protect the labor force; it is not a coincidence that in Germany and in German companies, the dialogue, is still nowadays the basis of the instauration of advanced HRD, SR aimed and SU seeking policies. “Conservative” economies still follow these ideas nowadays (Esping Andersen 1990)
- b) Frederick Taylor’s (1911) studies on Scientific Management, tried to give order and respectability to the company management; and given that the Scientific Principles implied the need for skills, in a way Taylor enhanced HRD; it might be argued that in a pyramidal organization the competences of the base workers are restrained, but anyway it is not questionable that Taylor defended a certain form of HRD practices; indeed we may consider that the Tayloristic HRD was essential to free the Capitalism from the Marxist riddle, because with HRD come higher productivity, higher wages, and the middle class that Marx did not expected to exist. Furthermore, in Tayloristic companies SR was taken into account, at least because the efficiency those companies aimed at would generate the maximum of possible social good. Even if Taylor did not mention too much the environment, he expected his model to last** and therefore to originate a sustainable. Taylor’s ideas were at the base of the “Anglo-Saxon” model of organizing the economies, and even today, are used in industries, and it can be considered that Japan and China only “adapted” Taylorism in industries with the Lean Thinking experiences (Womack, Jones and Roos, 1991).

- c) The power of the Unions that followed the appearance of the Marxist ideas, originated, after assuming power, the “Social Democratic” version of economic societies, by which the Government must be the driving force in democratic societies to assure the development of HRD, SU and SR. Those Social Democratic experiences are common in the Nordic countries.

3.3. The 1930s: The Human Relations School and Keynes

The Great Depression, saw to extremely important studies two emerge, that shed a new light in the relations between HRD, SR and SU.

Mayo (1932) stated that workers worked more when observed, a fact that implied that they should be subjected to intense observation and care by the organizations in which they worked. SR companies should incorporate Mayo’s findings in their working life, and in those cases, sustainability was implicit.

Keynes (1936), with macroeconomic theory on employment went basically in the same way as Bismarck, and Taylor: the novelty Keynes introduced was that the State might have accrued responsibilities in the conduction of economic policy, by increasing demand and by redistributing wealth, through taxes, services and public services; in that context, HRD was considered to be an important issue; but for a Keynesian / Social democrat the environment was still not a relevant problem, because Labor and Capital were still seen as the two dominant production factors. From the end of WWII to the economic crisis of the seventies, Keynesianism was economically dominant.

3.4 After World War II: The Human Capital Theory and Its critics

In the fifties and sixties, the societal importance of HRD was reinforced through the seminal work of neoclassical authors (Becker, 1993; Schultz, 1961) that underlined the importance of HRD as a factor of both micro and macro-economic prosperity. From then on, the importance of the Human Capital as a factor of wages, employment, productivity and income, for individuals, organizations and countries, was established. Therefore the investment in people became a cause of social responsibility, and in the long run, a problem of social sustainability. It is not a hazard that the countries in which HCT was first studied were basically the most developed. Furthermore as the existence of market failures and positive externalities had for long been established (Pigou 1920) calling for some form of public intervention if the externality was not internalized (Coase, 1960). In consequence the public presence in the HRD became a cause of social responsibility and of long run social sustainability. Seminal work of the management of the HRD field was also made after WWII beginning with Kirkpatrick (1959). Later, the existence of micro and macro equilibriums was analyzed by Snower (1994) and Ashton and Green (1996).

Critics pointed out that the HCT was too easy and too simplistic, therefore accruing the need for further social concerns with dual market theory (Paul (1989 pp.80-90), Chapman (1993 pp.55-8), Reynolds, Masters, Mozer (1986 pp.165-6)), the screening theory (McConnell and Brue (1989 pp.104-6), Paul (1989 pp.72-80), Spence (1975)), Marxist theory (theory (McConnel and Brue (1989 pp.106-8), Bowles and Gintis (1975)). Even if in those studies there was no clear reference to the environment it is clear that they aimed at guaranteeing some sort of long run and sustainable future.

3.5 The immediate predecessors of the Meadows report

Before the water-shedding work by Meadows (1972) on Sustainability some authors had dealt with the problematic of HRD, SU and SR (Tamames, 1983):

- a) In his book about the Stages of Economic Development Rostow defined HRD as one of the preconditions for the take-off and for economic progress, and mentioned the need for careful planning of the use of natural resources; all that would be made with some form of public intervention in order to assure the growth of the social welfare. Kahn

and Wiener classified the world countries in five categories according to Rostow's analysis. But not all the American social scientists were so optimistic: Boulding advised over the possibility of dilapidating the planet's resources of "Space Shuttle Earth" and mentioned the need for social and posterity concerns; Heilbroner stressed the fact the many "second class passengers" exist in the "Shuttle" and that their number is growing. Finally the climate change due to technological change was already known to these authors.

- b) In Russia, optimism was the rule, the regime dreaming of celebrating in 2017 of the October revolution, and in China the birth rate problems were dealt with care, even if the available resources were very limited, a practice that in a way addressed HRD, SU and SR problems, and revealed HRD, SU and SR concerns;

3.6 The Meadows Report

In 1972, the Club de Rome published a work by Meadows (1974), in which after improving a model that had been developed by Prof. Jay Forrester of the MIT, the authors concluded that the survival of the planet could be in danger by 2050 (Time Magazine, 1972). The model had five main blocks: population, capital, natural resources, pollution and food production. It was understood that if the current trends would continue, the population pressure would demand an increase in the food production that would be met by pollution, capital intensity and exhaustion of natural resources, until a collapse due to soaring prices. That gloomy prediction called for a radical change in the world order: reducing the consumption of natural resources in 75%, limit pollution in 50%, limit reduce in 40 % or reduce the birth rate in 30%. This was the base for the "zero growth scenario" that was debated among other by Sauvy (1973). Sauvy adjourned the Malthusian questions, pointing for the possibility of a zero growth scenario in terms of demography, obtained through increased education, fiscal measures or legislation; secondly Sauvy indicated that those societies would one day have to face the problem of ageing,

Quite crucially, the Meadows report did not stress the importance of HRD as a contributor to the solution of the sustainability problem posed by the report, in a context of social responsibility, This quite interesting because we consider that nowadays HRD are essential to solve the sustainability problem in a social responsible way (see 4). The relative neglect of HRD as a contributive factor to SU and SR may be explained because Meadows did not foresee some interesting qualitative improvements that took place in the world since then (see 3.7).

However the report called for Social Responsibility as the unique way to achieve long run sustainability. The drastic measures outlined by Meadows were in fact made from a SR point of view.

Even if Meadows's recommendations were a little bit hard to follow, the Report had the undisputed effect of putting Land, and therefore Sustainability, in the agenda of politicians and scientists once again. From then on, the natural resources were a part of the economic circuit, included in the Leontieff input output matrixes (Leontief 1986), the Industrial Economics and the National Accountability. A sustainable situation would be one, in which that circuit was balanced. The crucial question would be to balance use and renewal.

In 1973 Mansholt indicated the need for European policies based on preoccupations with demography, production of food, pollution and natural resource management (Tamames, 1983).

3.7 After the Meadows report

In the last four decades, quite a number of major changes happened in the world that in fact shaped the relation between HRD, SR and SU:

- a) First neoliberalism began the dominant force in the economic world, meaning less State intervention in all the three domains relevant to this paper; the main leaders of this movement were Friedman (1990), Thatcher and Reagan; this trend was only

to be diminished first after the New Labour “Third Way” tentative of 1997 and afterwards after the “We are all Keynesians” again answer to the economic meltdown of 2007-8.

- b) Second, the Berlin Wall collapsed eliminating the antagonism between the US and the USSR and indirectly helping to place Sustainability and SR higher in the political agenda; in fact it could be argued that some “anti-American” authors saw in the defense of SU and SR a way of continuing the “conflict” against the USA, while assuming the USA companies were the cause of unsustainability and social irresponsibility; the fact that the USA did not signed to the Kyoto Protocol helped the credibility of those actors;
- c) Third, “Green Parties” became increasingly popular, and Environment Ministries became common in developed countries; the European Union is a clear example of that trend in administrative (EU, 2011) and political (European Free Alliance, 2011) terms; the United Nations also supported that trend by promoting forums in each the “Green” question was addressed as a major global governance problem (UNEP, 2011); the increased “Greenness” of the world meant an increased concern with SR and also that Green ideas had to be addressed in HRD policies;
- d) Fourth, the world entered a “Knowledge Era” in which along with HRD, intangible assets such as routines, relations to customer, R&D, social capital, became to be seen as the main driver of growth and wealth in developed countries. That change had been foreseen after WWII by authors like Schumpeter (1947), Emery and Trist (1972), Drucker (1969). The new focus in intangibles was accompanied by a formidable technological revolution that in fact put a break in some of the bleakest forecast of Meadows, by facilitating the existence of a more energy efficient development. Also, in this Knowledge Era “clean” industries, and “renewable” sources of energy became more important. Good practices became a common feature of advanced countries and their use spread due to the advances in IT; KM became itself a problem of social responsibility seen for instance in the need to store knowledge when workers abandon the companies by age, layoff or mere change. Finally, it was understood that Knowledge is a new factor of development and that its social responsible management may lead to sustainability: the extension of basic education in developed countries particularly to young girls may be seen as a factor of social responsibility by reducing fertility rates and increasing income. The EU Lisbon Strategy (Rodrigues, 2003) was in fact a set of UE policies centered in Knowledge and HRD that were not entirely successful, probably because they were not totally sustainable (because they were too ambitious) and because they did not involve the social actors enough (therefore not being as social responsible as they should have been);
- e) Fifth, in the first decade of the 21st century the world become increasing global and multipolar, with the emergence of the BRICs (Brazil, Russia, India, China and South Africa) (Goldman Sachs, 2003) as major world players along the USA, the European Union and Japan; furthermore the recent events in the Mediterranean countries are the last in a series of facts that stress the importance of the Muslim World. The emergence of those countries, increases drastically the demand for HRD worldwide, puts pressure in the energy prices, and calls definitively for global and socially responsible solutions that are now more difficult than never because the number of countries rose from around 60 at the end of WWII to 140 in 1970 and 2000 nowadays. The Millennium Goals set by the UN in 2005 for 2010 are nothing more than a set of SR policies aimed at SU in which HRD is a major factor.

A summary what we just said is presented in the following Table:

HRD, Sustainability and Social Responsibility in Economics – A short summary

Date	Author	HR	Sustainability	Social Responsibility
1766	Adam Smith	Important to increase productivity	Land as an important production factor	Assured by companies, paying due price to production factors
Early 1800s	Ricardo, Malthus ,	Important to increase productivity	Possible famine due to population increase	Natality policies needed to overcome the population increase
Late 1800s	Stuart Mill and Marshall	Important to increase productivity	Ethical and esthetics	Non renewables as capital and renewables for free
1848, to 1883	Marx	Workers exploited by the Capitalists until they take power in a Socialist revolution	Capitalist slavery to be finished in a Socialist state Land as an instrument of capitalism	Growing companies as capitalist force to be changed when Revolution happens. from each one according to its capabilities, to each one according to its needs.
1890s	Bismarck and the Catholic Church	Essential for company development	Need to save the society from the "red" and the "liberal" perils	Cooperation between the State the companies and the workers
1910s	Frederick Taylor	Essential in pyramidal organizations	Efficient companies should last and therefore be sustainable	Company efficiency as a social good
1930s	The Human Relations School	Essential social aspect of HRD	Implicit	Human side of companies
1936	Keynes	State provided if needed	State assured, if needed with taxes and subsidies	The State as a major player
1950-60s	Human Capital Theory and Its Critics	Basic for welfare, micro and macro	Essential for the long run equilibrium	Investment in people a social need. Public presence. Concerns with minorities of any kind and organizational specificities
1960s	Meadows report: the immediate predecessors	Important for growth in the American, socialist and European perspective	Concerns with consequences of technology	Concerns with poverty
1972	Meadows report	Relatively neglected as were many other qualitative aspects of capitalism and the world order	Land back at the center of the political debate	Need for socially responsible politics
1980s	Neoliberal agenda	Less State intervention	Less State intervention	Less State intervention
1989	Collapse of the Berlin Wall	Less antagonism between capital and labor	Unsustainability as a new "enemy"	Social Irresponsibility as a new "enemy" also
1990s	Emergence of Green Parties and Ministries of Environment and International Conferences	Increased greenness of HRD policies	More power for "green" supporters	"Green" as a contributor to SR

1990s onwards	Knowledge Economy	New role for HRD linked with Knowledge Development; Knowledge as a factor of development	Technological revolution; good practices	KM as a problem of SR. EU Lisbon Agenda
21 st century	Multipolar world	HRD as a global phenomenon	Increased demand for energy	Need for very large multilateral agreements UN Millennium Goals

4. Open questions for discussion:

4.1 How can HRD prevent Social Irresponsibility?

HRD investments are at the core of the struggle over Social Responsibility. If a company does not invest in the training and education of its workers, and by that doing bets on a strategy based in cheap labor it is condemning those workers, the company and the evolving society to a social nightmare in the long run; in fact, the investment in HRD is one of the basic elements of social irresponsibility prevention; not only the investment in HRD usually generates very diverse and significant revenues for workers, companies, regions, countries and the State itself; even if HRD cannot solve the problems of socio-economic life by itself, no one can deny its importance; furthermore, the profitable use of HRD implies that the society changes from a situation in which HRD is not very profitable, to one situation in which it is most profitable.

Cheap labor practices have also some very damaging consequences in the long run because with low wages individuals have much more difficulties to fund training and HRD operations; also cheap labor reduces the disposable income and therefore the level of a countries' demand. In fact, the basic microeconomic theories state that using a private perspective, each worker should be rewarded at the level of its "Marginal Productivity" (MP). MP measures the increase in output that an additional work accrues to the total output of the organization and country. The existence of many diverse MPs among workers implies that the rewards they receive may also be very diverse. But, a company ceases to have a Social Responsible behavior if by any reason it begins to pay each worker less than the MP. This would be compared with exploitation and is therefore a "social crime", not being "clean and correct".

If a company embarks in social dumping practices and does not give its workers the due conditions in terms of employment or social security, it may be reducing costs and obtaining profits and a larger market share in the short run; but in the long run the company is being societally prejudicial because its behavior is contributing to the harm of members of the society; that consequences of that harmful behavior will be felt in the long run as low productivity, more health costs and low consumption;

If a company has discriminative practices towards its employees, applicants or clients, for the sake of obtaining short run returns, it will be socially damaging in the long run; all the anti-discrimination practices are indeed second hand HRD policies.

Social Irresponsibility also exists when the companies harm the environment or when banks lend money to people that can't afford easily to pay back and then leave them in misery; those actions are common in the developed countries, nowadays. It has been argued that a certain type of HRD, centered in the respect of the environment or in the financial common sense may be very useful to face the environmental and financial problems the world is facing.

4.2 How can HRD prevent Unsustainability?

Can HRD help individuals, companies, countries and people change from a "Toujours Plus" (Closets, 1982) mentality, in which the success of each one is measured by increases in annual increases in wages, profits and the GDP to a new one in each individual can be satisfied after achieving a high level of welfare? The answer to this question is probably yes. It is known in

economics that the utility people derive from wealth decreases with the increase of wealth. Therefore, human nature would lead to some form of natural sustainability. The basic problem that remains is how fast to achieve that sustainability. And here HRD has a major role to play because by eliminating the number of people for which income is still a big problem, and by creating wealthy and educated people, HRD may make a decisive contribution to the sustainability of the world.

Of course, greedy people exist everywhere, and some very rich people are very greedy, but those behaviors tend to be associated with very specific forms of market, namely, monopolies or oligopolies. Crucially those are the markets in which companies have enough market power to make a price that is different from the marginal cost therefore obtaining a “socially irresponsible” revenue. But, the easiest way to protect societies from “greedy” behaviors is to build a large base of informed and educated citizens, that would work in social responsible organizations.

4.3 How can HRD prevent sheer mismanagement activities?

To this question the answer is: most if not all mismanagement activities that degenerate in unsustainable or social irresponsible behaviors have at their basis the disrespect or the ignorance over very simple and strong principles of HRD management and economics. From poverty to pollution, from massive unemployment to the financial crises, from bankers bonuses to public deficits, all those disasters are linked somewhere in their genesis to the continuing and growing exploitation of a large mass of individuals by a small number, and with the neglect of the HRD investment or reward of the vast majority by the small number.

The poor people that generated the sub-prime crisis were poor people, most probably with a low level of HR and HRD, and that by that reason had a very low level of income capacity and that were unable to defend themselves when the interest rates rose. In contrast, the bankers, who used those “toxic assets” to fund operations made by a completely different kind of people where in fact trying to fund investment of high HR people with the assets of low HR people. The resulting crash was obvious, from a HR point of view.

Also, when in the EU, a big crisis erupts in the Eurozone, may be it is because Europe is trying to give the same currency to zones with very different levels of HR, namely high levels of the Nordic, Central and Eastern Europe, versus the low levels of Portugal, Italy, Greece and Spain, the Irish crisis being explained by the “toxic assets” problems just mentioned above.

When we talk about poverty we should certainly also mention the lack of HR, and that the elimination of poverty is definitively a question of good management, poverty resulting from low levels of HR generated by company and Government mismanagement.

And if the economy is being more and more globalized and the world much more multipolar it has certainly to do with the diffusion of HR and HRD.

Definitively we would understand the world much better if we would reason in terms of HR and HRD possession and not in terms of money. In particular we should note that HR unbalances are at the root of financial problems and the HR flows and investments explain much of the economic success of nations.

5. Concluding comments

5.1 Conclusions

Contrary to some received wisdom the concern of HR analysts, at least in the Economics with SU and SR is not new. In fact SU and SR were matters of concern for economist since Adam Smith because SU and SR are vital social questions. In consequence there is a vast amount of literature on the subject. From that literature we can extract that HRD is in fact a driver to Sustainability and to Social Responsibility and that HRD can help eliminating mismanagement. In fact, the biggest finding of the paper is that the “HRD balance” explains more the social situation of the world than the “financial balance” because HRD is a major root of the financial situation of people, organizations and countries.

5.2 Policy implications

Not only HRD is a fundamental weapon to guarantee social responsibility and sustainability, but also, HRD is at the center of the social and political struggles of today. Therefore investments in HRD should continue to augment worldwide and a “HRD world charter” should be made in order to explain the non-HRD balances that afflict the world today.

5.3 Suggestions to further research

Much empirical research should be made in order to measure how, and in what circumstances HRD effectively prevents unsustainability and social irresponsibility.

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