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## **HUMAN CAPITAL AND SUSTAINABLE DEVELOPMENT**

**B. PEERA KUMAR<sup>1</sup>, Dr. M.VENKATASUBBAIAH<sup>2</sup>**

<sup>1</sup>Lecturer in Economics, <sup>2</sup>Lecturer in commerce

GDC RAPUR, SPSR NELLORE (DT)

Email ID; peerakumar@gmail.com<sup>1</sup>&venkatmcomphd@gmail.com<sup>2</sup>

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### **ABSTRACT**

The concept of capital has a number of different meanings. It is useful to differentiate between five kinds of capital: financial, natural, produced, human, and social. All are stocks that have the capacity to produce flows of economically desirable outputs. The maintenance of all five kinds of capital is essential for the sustainability of economic development. Economic benefits that people receive could be understood as flows derived from the total capital of the economy, composed of three elements: human capital, natural capital and physical capital. So, there is a need of every society to raise the level of economic and social development, to stimulate the growth of total capital, having in mind to pay special attention to human capital that despite partial has a significant and combined contribution to the development of society. Investments in human capital in many cases economize the use of physical capital and the benefit from investments in human capital multiply much more quickly than the benefits of investments in other forms of capital. So the forcing or emphasizing the human capital would results Faster rate of development of the society, Sustainable development of society, Equitable distribution of development benefits. The importance of corporate social responsibility has been increased in recent years for sustainable development along with human capital.

**Key words:** human capital, sustainable development, employment, corporate social responsibility, Public Relations Benefits, Government Relations, Workplace Environment, Economic development, institutional changes.

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### **INTRODUCTION**

The satisfaction of human needs and aspirations has always been the major objective of development. For several decades, and particularly in the last century, economic growth and development had resulted in substantial improvements in health, education, and the quality of life for many people especially in the western countries. However, it has become very apparent that the global community, over these decades, has pursued a path of development which is clearly not sustainable. Today, the world is grappling with enormous and unprecedented crisis. These include massive destruction of the natural ecosystems at an alarming rate resulting in considerable losses in biodiversity; tremendous increases in soil, air and water contamination; accumulation of sizeable amounts of waste in the environment that neither can be assimilated by the biosphere nor managed by humans effectively. global climate changes; extensive land degradation including catastrophic deforestation global food crisis; extreme poverty; worsening income inequality; widening gap between the haves and have-nots, economic and financial crisis.

Now a day the problem is not physical limitations, but rather limitations imposed by the quality of our choices and our actions. Rapid economic development and rising levels of consumption are taking a severe toll

on the natural environment, which can only be partially mitigated by technological solutions. Sustainable development appears to be a contradiction in terms, a paradox, which can be fully resolved only by the evolution to a higher level of human consciousness. So the progressive development of human capital made possible by the continuous evolution of human consciousness is the ultimate determinant of sustainability. The objective of this article is to consider the role of human capital, not merely as one essential component but as the primary determinant of the process of social, economic and ecological development.

#### **MATERIALS AND METHODS**

This is a theoretical research paper, where secondary information produced by different authors and researchers has been used. For obtaining necessary information, various books, journals as well as websites have been explored by the researcher which has been mentioned in the reference section.

#### **IMPORTANCE OF HUMAN CAPITAL**

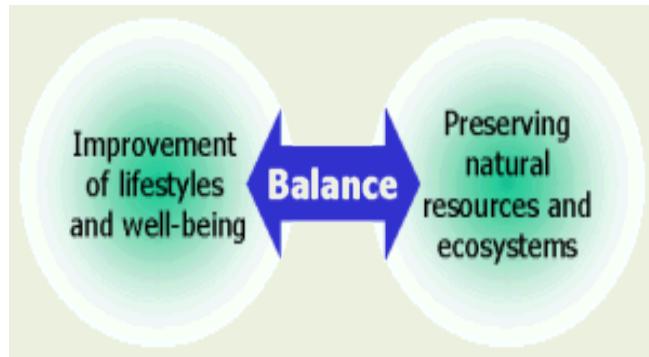
The concept of human capital focuses on the productive and creative capabilities of human beings which can be harnessed to achieve higher and more sustainable levels of human welfare and well-being. In the prevailing economic system of market economies, employment is the principal means by which people express their productive capabilities to acquire the means for their survival and economic welfare. Thus, access to remunerative employment opportunities is a crucial determinant of the productive utilization of human capital. Together with education, employment is a principal means for the development of human capital. The knowledge, skills and values acquired through work experience enhance the capabilities of people for constructive, organized activity that contribute to their own welfare and that of the society. In addition, employment in modern society is also an important source of social identity, acceptance and respect, as well as a source of self-esteem and psychological fulfilment.

**CONCEPT OF SUSTAINABLE DEVELOPMENT:** We can understand the concept with the help of following diagram,



#### **MEANING OF SUSTAINABLE DEVELOPMENT**

Sustainable development is maintaining a delicate balance between the human need to improve lifestyles and feeling of well-being on one hand, and preserving natural resources and ecosystems, on which we and future generations depend. The development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development implies economic growth together with the protection of environmental quality, each reinforcing the other. The essence of this form of development is a stable relationship between human activities and the natural world, which does not diminish the prospects for future generations to enjoy a quality of life at least as good as our own. Many observers believe that participatory democracy, undominated by vested interests, is a prerequisite for achieving sustainable development. The concept of sustainable development can be expressed in the following image.



**OBJECTIVES OF SUSTAINABLE DEVELOPMENT:**

- Securing economic development, social equity and justice, and environmental protection is the goal of sustainable development. Although these three factors can work in harmony, they are often found to conflict with one another. During the latter half of the 20<sup>th</sup> century economic development for a better standard of living has been instrumental in damaging the environment. We are now in a position whereby we are consuming more resources than ever, and polluting the Earth with waste products. More recently, society has grown to realize that we cannot live in a healthy society or economy with so much poverty and environmental degradation. Economic growth will remain the basis for human development, but it must change and become less environmentally destructive. The challenge of sustainable development is to put this understanding into practice, changing our unsustainable ways into more sustainable ones.
- The aim of sustainable development is to balance our economic, environmental and social needs, allowing prosperity for now and future generations. Sustainable development consists of a long-term, integrated approach to developing and achieving a healthy community by jointly addressing economic, environmental, and social issues, whilst avoiding the over consumption of key natural resources.
- Sustainable development encourages us to conserve and enhance our resource base, by gradually changing the ways in which we develop and use technologies. Countries must be allowed to meet their basic needs of employment, food, energy, water and sanitation. If this is to be done in a sustainable manner, then there is a definite need for a sustainable level of population. Economic growth should be supported and developing nations should be allowed a growth of equal quality to the developed nations.
- The UK Government has recognized four objectives for Sustainable Development. These include social progress and equality, environmental protection, conservation of natural resources and stable economic growth. Everybody has the right to a healthy, clean and safe environment. This can be achieved by reducing pollution, poverty, poor housing and unemployment. No one, in this age, or in the future should be treated unfairly.
- Global environmental threats, such as climate change and poor air quality must be reduced to protect human and environmental health.
- The use of non-renewable resources such as fossil fuels should not be stopped overnight, but they must be used efficiently and the development of alternatives should be encouraged to help phase them out.
- Everybody has the right to a good standard of living, with better job opportunities. Economic prosperity is required if our country is to prosper and our businesses must therefore offer a high standard of products that consumers throughout the world want, at the prices they are prepared to

pay. For this, we need a workforce equipped with suitable skills and education within a framework to support them.

#### **RESULTS AND DISCUSSIONS**

**BUILDING OF HUMAN CAPITAL FOR SUSTAINABLE DEVELOPMENT:** According to the World Bank, fast economic growth requires three fundamental factors – natural, physical and human. Of the three, human capital has a major share in generating economic growth.

Human resource, not physical capital, not income or material resources constitute the ultimate basis for the wealth of nations. Capital and natural resources are passive factors of production, human beings are the active agents who accumulate capital; exploit natural resources; build social, economic and political organizations; and carry forward national development. Clearly, a nation which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything else. No country can make any meaningful economic progress without developing the knowledge, skills and capabilities of its citizens to manage available resources. It is indeed an incontrovertible fact that human capital constitutes the most precious assets of any nation. Education, including formal education, public awareness and training should be reorganized as a process by which human beings and societies can reach their fullest potential. Education is critical for promoting sustainable development and improving the capacity of the people to address environment and development issues.

#### **CORPORATE SOCIAL RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT**

Every organization should decide minimum annual expenditure for the CSR activities. In order to ensure, Inclusive growth, envisaged in our Plan Vision document, rural areas should get priority over urban areas in the matter of getting returns from CSR activities. Public & private partnership can also be a better tool for effective implementation of CSR activities. CSR in India is known due to the efforts of the TATA. Nowadays galaxy of the organizations is following CSR activities. However, there have been different points of view regarding CSR. In the present scenario, CSR is practiced for social causes, healthcare, education, infrastructure development, women empowerment, community development, political empowerment and national heritage. However, there are certain areas which are untouched. In today's globalised era, new trends of CSR like generation of electricity, containing & checking pollution, bio- diversity production should be encouraged. CSR is the need of the hour to bring changes in the current situation to put socio- economic development in India on a fast track.

CSR is now accepted as a means to achieve sustainable development of an organization. Hence it needs to be accepted as an organizational objective. Under this Act, the prescribed plan of companies is required to outlay a portion of their profit on CSR activities. Business can no longer limit themselves to using resources by indulging in activities that increase their profit only. The Companies have to be socially responsible corporate citizens and also contribute to greater common social good. Ultimately, the aim of social responsibility is all about integrating the three objectives: economic, environmental and social within the framework of company operations and growth. Though the philanthropy is a fore runner to the concept of CSR, it's much more than the philanthropy. An organization can accomplish sustainable development, if the CSR becomes an integral part of its business process. CSR impacts almost every operational area of a company; it should lead to become a Green Economy.



**THE CORPORATE SOCIAL RESPONSIBILITY IN INDIA:** Tata honcho Ratan Tata emphatically stated: "We do not do it for propaganda; we do not do it for publicity." According to Narayana Murthy, the Infosys Chief, social responsibility is to create maximum shareholders working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment. Subrata Mukherjee the President of ICICI foundation declared: 'CSR needs to be embedded in to the core of the business strategy'.

**CONTRIBUTION OF VARIOUS COMPANIES:** There are various companies in India engaged in CSR activities. Companies engaged in CSR mainly focus on the following areas:

**Upliftment of Society:** Various organizations in India are raising funds, joining and supporting NGO'S for upliftment of society like HDFC, ICICI, Jet Airways.

**Concern for Health & Society:** Awareness is being generated in the society for positive and good health. Various epidemic diseases like HIV/AIDS and improving access to medicine for poor and people in rural areas. Various organizations like NTPC, AMWAY, NOVARTIS, MODICARE, and OXFAM are generating awareness successfully.

**Child & Women Welfare:** Children are the backbone of any nation. Various organizations are helping schools in slum and supporting socially backward women and also sponsoring various women & children upliftment projects. Organisations like WIPRO, NIIT, HINDUSTAN PENCILS LTD. are few among them.

**Green Ecology:** Environment plays an important role in the society. It is the duty of every citizen to protect the environment. Various kinds of toxic gases, waste production, and water contamination are some of the issues on which the organizations like Sony Panasonic, Orchard hotels are focusing.

**Development of Rural areas:** Various organizations are focusing on the overall development of adjoining villages around their plants. Various facilities like good educational infrastructure, hospitals etc. in villages have been developed by the various organization like Bajaj Auto, ONGC.etc.

**Employee's Welfare:** Employees are the backbone of every organization. Every organization wants that their employees should be fully satisfied to enjoy the environment in which they work and live. Various international human rights and employees' welfare program me are handful of examples of CSR companies Act 2013, intends to inculcate the philosophy of CSR among Indian companies.

**7. SUGGESTIONS AND RECOMMENDATIONS FOR SUSTAINABLE DEVELOPMENT:** A key strategy in creating a critical mass of requisite human capital is strengthening the role of education and in particular, education for sustainable development using a multidisciplinary approach.

- To be a strong instrument for attainment of sustainable development, education must incorporate key themes of sustainable development in all education systems as stated by United Nations Economic Commission for Europe (UNECE, 2005). These themes include issues such as poverty alleviation, peace, ethics, democracy, justice, security, human rights, health, social equity, cultural diversity, economy, environmental protection, and natural resource management.

- There are also suggestions by experts in the society that the ultimate target of education for sustainable development should be to make the principles of sustainable development an integral part of every person's life.
- In addition, it is also suggested that effective education for sustainable development will depend upon a combination of a number of factors: legitimacy through the curriculum, new ways of learning, competence of staff, institutional development, partnerships and finances. It is within this context that the university is expected to perform its critical role to play in the promotion and implementation of sustainable development.



On the basis of above information we can express that the economic world will be at safe zone when we coordinate these three systems (Environment, Economy, and Society).

#### **CONCLUSION**

Sustainable development focuses on key issues relating to the environment, economy, social inclusion, globalization and governance. Successful implementation of sustainable development is hinged on building requisite human capital, i.e. knowledge, skills and competencies embodied in individuals that facilitate the creation of personal, social and economic well-being. The paper discussed the role of the society in building human capital for sustainable development, highlighting some of its challenges and giving suggestions for addressing these challenges.

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