THE DEVELOPMENT OF HUMAN RESOURCES;
A COUNTRY’S ASSET, A CORPORATION’S LIABILITY, THE FALLACY OF EQUALITY, AND THE FUTURE

Seon Sawkins
Edith Cowan University
ssawkins@our.edu.au

Abstract
This paper will discuss three issues regarding the development of human resources, using Australia and The United States of America (USA) as case examples. The first issue is that corporations and governments have incompatible views of humans as a resource. A corporation views its employees as potential and/or current liabilities and will often employ the least amount of people, at the lowest pay rate as possible. Incongruently, a government (theoretically) views its citizens as potential assets who, when working, could be taxable (plus other contributions to society). Thus, governments have attempted to create equal employment opportunities through educational outcomes. However, despite policies ensuring “No Child [is] Left Behind” inequality keeps rising. Thus, the second issue discussed in this paper is “equality” as a fallacy; in addition to the subconscious biases affecting a person’s chance of employment, there are people with physical disabilities, or those who simply do not have the intellectual prowess to compete with the brightest kids in school. The continued pretence that every citizen has equal employment opportunities has in fact “left people behind”. Which brings us to the third issue – the future; if people are already being left behind, how will the predicted automation take-over affect society? Can society transition in time? Governments need to start envisioning the future and implement appropriate policies as soon as possible. Of course, “Rome was not built in a day”. Still, Rome burnt down in less than a week; let’s hope the current world leaders are nothing like Nero.

Introduction
Human Resources are the people, possessing knowledge, skills and motivation which contribute to economic activity(Ployhart & Moliterno, 2011). Section 2. Of this paper defines human resources as both an asset and liability, and the consequences of a conflicted government when a country and a corporation have incompatible views of human resources. The USA and Australia have resolved their conflicted position by facilitating the notion of “equality”, which is explored in Section 3. Interestingly, equality is a false notion and inequality is socially accepted; the profits of a few accumulate in untouchable places, all whilst inequality rises (Almas, Cappelen, Sorensen, & Tungodden, 2010). Ironically, the acceptance of this inequality is based on the notion of equality – that if people work hard they can create their own wealth. Whilst this is true in some cases (there is greater wealth mobility potential than 50 years ago)(Jianakoplos & Menchik, 1997), there are nonetheless impediments to achieving true equality and technological advances will only exacerbate the current inequalities. Thus, Section 4. discusses the importance of addressing inequality in a timely fashion(Liem & Rayman, 1982), and highlights the potential damage disenfranchisement could cause(Glaeser, 2005).

Assets and Liabilities

a. A Country’s Asset
Human resources have the potential to be a country’s asset. People who are gainfully employed (with guaranteed and ongoing work and wages) are taxable and contribute to
the government’s balance sheet. With these funds, the government can invest in nation-building projects and fund essential services for its citizens including education, health care, infrastructure and pension payments for the aging population. Additionally, people who are gainfully employed are often intangible assets; volunteering their time to assist in areas which may lack government support and funding (Fukuama, 2000).

b. A Country’s Liability

However, people who are not gainfully employed (those who are ‘underemployed’ such as contractors, part-time and casual workers) combined with people who are unemployed, are a burden on society. Underemployed people contribute less in taxes, purchase less goods and services and will be less inclined to volunteer or donate their time and money to society (Feldstein, 1995). Furthermore, underemployed and unemployed people require greater government assistance with regards to health care, housing, social security payments. Effectively, the unemployed and underemployed are a liability.

c. A Corporation’s Liability

Whilst the unemployed human resources are a country’s liability, it is the employed who are a corporation’s liability. Employees are a cost in terms of wages, taxes, superannuation contribution payments, sick leave, absenteeism and so on (Goldschein & Bhasin, 2011). Even a corporation’s highest performing employees are a potential liability as they are (currently) human and humans have an innate and inevitable fallibility, regardless of how many hours of training or continual professional development is invested in them. Hence, corporations are interested in low employment to maximise profit.

d. The Consequences of Opposite Views

These views are fundamentally incompatible. A country’s government should have a vested interest in ensuring their human resources are an asset and implement policies protecting employee rights and wages. Yet, political parties in the US and Australia receive sizable donations from corporations and business lobby groups (Ning, 2013). Whilst these donations do not have explicit agreements attached, the influence surely exists (Ewing, 1984). Subsequently, this conflicted position means public policy has not always reflected the value of human resources, or protected their potential to be assets.

Equality

USA and Australia are both previous colonies of the United Kingdom, and both rejected the British hierarchical class structure to instead be (theoretically) egalitarian (Whiteford, 2014); that “all men are created equal” (US, 1776). The notion that everyone is equal enables the governments to resolve this conflicted position of ‘corporate interests’ versus the ‘country’s interests’. The governments can reinforce inequality, (through corporate tax cuts (Hughes, 2012), and limiting employee rights), whilst simultaneously (and ostensibly) facilitating equality through legislation such as educational outcomes and anti-discrimination laws. Then, it is the individual’s choice to study hard, work hard and create their own level of equality (Markman, 2012). Of course, no one is truly equal and there are numerous factors affecting equality. In the human resources discipline, equality depends primarily on two factors; “equality of employability” and equality of opportunity” - with “economic equality” (measured against the difference in income, wealth and consumption) (How is Economic Inequality Defined?, n.d.) an underlying issue affecting both.
a. Equality of Employability

A high standard of education hypothetically leads to ‘equality of employability’; employability referring to a person’s existing skillset, and their potential to acquire new skills(Employability Skills, n.d.). In turn, ‘equality of employability’ is the pathway to productivity and economic activity; statistically, a higher education will lead to a higher income(Burnsed, 2011), a higher income will increase a person’s consumption potential - which leads to a higher standard of living (as ones’ standard of living depends on how many goods and services they can afford to consume). To ensure students achieve an acceptable level of education, the federal levels of government of both the US and Australia have implemented standardised testing of students aged kindergarten - year 12(“K-12”). In the USA, this is through the No Child Left Behind (NCLB) Act of 2001, 20 U.S.C.A. § 6301 et seq. (West 2003), which has been superseded by Every Student Succeeds Act of 2015, Pub. L. No. 114-95 § 114 Stat. 1177 (2015-2016). Similarly, under the Australian Education Act 2013, the Australian federal government has also implemented standardised testing through the National Assessment Program Literacy and Numeracy (NAPLAN) tests. Additionally, both the USA and Australia(Turnbull, 2016) have recently aimed to increase the number of Science, Technology, Engineering and Math (STEM) graduates, with a focus on attracting females to these industries(Krisch, 2017).

b. Equality of Opportunity

Furthermore, equality is facilitated through workplace anti-discrimination legislation, including the Australian Equal Employment Opportunity (Commonwealth Authorities) Act 1987 which requires certain Commonwealth authorities to promote equal opportunity in employment for women and persons in designated groups. Additionally, the Australian Fair Work Act 2009 makes it unlawful to discriminate based on race, colour, gender, sexual orientation, age, physical or mental disability, marital status, family or carer responsibilities, pregnancy, religion, political opinion, national extraction and social origin. If a contravention occurs, civil remedies can be pursued and depending on the contravention, criminal proceedings can be instigated. Similarly, in the USA, their Civil Rights Act of 1991 § 109, 42 U.S.C. § 2000e et seq (1991) prohibits discrimination based on race, colour, religion, gender and national origin (with other pieces of legislation covering disability, pregnancy and age). Thus, these types of legislation are important as they set the social standards expected of society, with penalties imposed if these are not adhered to.

c. Equality is a Fallacy

However, imposing the ideals of equality via legislation is only effective to a certain extent; true equality is a false notion. Employability ultimately depends on a person’s intrinsic intelligence and personality. Humans innately have varying levels of intelligence(Rani & Prakash, 2015); some students will never comprehend advanced STEM subjects, or will struggle to compete against highly intelligent classmates, regardless of how many hours they study. Additionally, economic inequality affects equality of employability as students from lower socio-economic backgrounds are often unable to fully participate in education. These students often cannot afford textbooks, computers, they are often working instead of studying for exams, or quitting school altogether and never pursuing higher education(Yorke & Thomas, 2003). Conversely, students from middle class or wealthy backgrounds can afford both the resources and time to help them succeed in their studies.

Similarly, anti-discrimination laws cannot control unconscious biases(Equality of Opportunity, 2002). Studies have shown that people with non-white sounding names will have a greater chance of securing an interview (based on the same resume) if their name...
is changed to a “White” name (Bertrand & Mullainathan, 2004). Then, for those who do make it to the interview, it becomes harder to hide aspects such as a race, disability, age and so on. Additionally, economic inequality also contributes to biases; recent data from three law firms in Australia indicates that most law graduates originate from a concentration of privileged schools and postcodes (Coade, 2017). Furthermore, achieving equality does not address the fact that there are only a limited number of employment positions available. Even if everyone was the same in terms of intelligence, experience and no discrimination, not everyone can get the job (Strauss, 1987). Hence, equality is a fallacy.

Additionally, the effectiveness of equality based legislation is diminished when governments simultaneously facilitate inequality through legislation limiting employee rights and wages. For example, in Australia, the Workplace Relations Amendment (Work Choices) Act 2005 created employment conditions benefiting the employer at the cost of the employee and which mostly affected low paid workers. This legislation provided employers with greater flexibility regarding the terms on which they employ workers, minimised unfair dismissal claims, and limited the option of employees to participate in industrial actions (amongst other things). Whilst this legislation has since been superseded, more recently Australia’s Fair Work Commission ruled that Sunday and Public Holiday penalty rates will be reduced for full-time and part-time workers in the hospitality, retail and fast-food industries (who are already some of the lowest paid people). Although the Fair Work Commission is supposedly independent, this indicates even independent bodies (connected to the government) will not develop human resources as an asset. Instead, they create a situation where more people will require government assistance and are likely to be a liability on the country.

Of course, in democracies such as the USA and Australia, people have collective power to influence politics and governments. In Australia, the Work Choices Act became an election issue and the Australian public elected the Labor Party who attempted to reinstate employee rights. Similarly, in the US, several cases demonstrated that the Supreme Court’s interpretation of the Civil Rights Act of 1964 § 7, 42 U.S.C. § 2000e et seq (1964) resulted in diminished rights of employees who had sued their employers based on discrimination. Subsequently (with public pressure), The Civil Rights Act of 1991 § 109, 42 U.S.C. § 2000e et seq (1991) was passed to provide clarification and further protection of employees. This case demonstrates the courts may not be willing or able to protect human resources – it is ultimately up to the government. Whilst true equality is a fallacy, the people have the power to decide the level of inequality they will accept through exercising their right to vote for their members of parliament to represent their wishes in government.

The Future

a. Increasing Inequality

Nevertheless, despite the peoples’ power to vote, the continued pretence that everyone has equal employment opportunities has “left people behind” and inequality is increasing (The Global Risks Report 2017, 2017). Governments are either unwilling (because it is not one of their policies to spend government money on welfare) or unable (due to the fact they would not win the next election) to implement legislation which would adequately support the unemployed and underemployed. It is important to recognise that equality is a fallacy and the limitations to full employment participation for several reasons. Firstly, the current impediments to employment will only be exacerbated when the automation take-over eventuates; it is anticipated that automation will not be discriminatory; both blue collar and white collar jobs will be automated (Technology and
jobs - Coming to an office near you , 2014). New jobs may be created, however “new” does not equate to “more” jobs(let alone “enough”) jobs for the population size(Cocco, 2016). Historically, modern technology did result in more jobs, however the trend towards robotics, driverless vehicles and artificial intelligence removes humans from a significant part of the human resources equation(Lehmacher, 2016). Hence, if a sizable number of people will be jobless, this raises numerous policy issues regarding unemployment, wealth accumulation and the role of government in the provision of services.

b. Creating a Cultural Shift

Secondly, the USA and Australian egalitarian idea of equality is deeply engrained in society. The unemployed and underemployed are often viewed as “lazy” “dole bludgers” instead of victims of chance(Eardley & Matheson, 1999). This notion of equality is ubiquitous; beginning in popular young children’s books(Smith, 2014), continuing through school, then into adulthood - with motivational speakers, world leaders and numerous figures informing society that if they simply work hard they will succeed(Ridge, 2017). Consequently, it will take a significant cultural shift to establish new norms regarding perceptions of unemployment, wealth accumulation and the role of government. Moreover, people are usually resistant to change(Kanter, 2012) – as Switzerland demonstrated when they voted to reject implementing a universal basic income for their citizens(Bershidsky, 2016). Therefore, it is important to initiate the change in public perceptions so that when the time comes, there is public support and the government is empowered to act for the people and not the corporations.

c. Lagging Legislation

Fourthly, legislation is often slow to evolve and has not kept up with the pace of technological advancements(Wadhwa, 2014). Additionally, governments often implement legislation as a reactionary measure instead of being prepared for probable issues(Vidot & Barbour, 2014). The consequences of not being prepared for the issues of tomorrow is that a sizable proportion of society could suffer. For example, Australia periodically experiences droughts or “rainfall deficiencies”(Australian Rainfall Deficiency Analyser, n.d.). Yet policy to support affected farmers is often inadequate or not implemented in a timely fashion. The consequences of policy deficiencies are (in addition to mass stock losses), human resources are negatively impacted; suicide is high in rural areas(Salleh, 2012), and when Graziers must shoot their emaciating cattle when they cannot sell or feed them, these events have severe mental health implications(Gribbin, 2013). Consequently, the Australian agricultural industry is facing a human resources deficiency, unable to attract new people, with younger generations unwilling to stay(Bryant, 2016). Considering agriculture is a primary industry and contributes to food production, this is a significant issue – which could potentially have been avoided (or the effects lessened) if drought policy and farmer support had been adequate and implemented in a timely fashion.

d. Conflict in the Cloud

The consequences of inaction and not addressing inequality is hard to anticipate; sometimes people are complacent and do not fight for their rights(Lichbach, 1990), sometimes they do fight for their rights - with worst case scenarios resulting in armed conflict and wars. Of course, armed conflict seems highly unlikely. The new battleground of choice would be the Cloud(Griffith, 2016). Considering the amount of data and metadata companies retain/Branch, 2015), web based transactions, and the move towards a paperless, cashless society, Cloud based conflicts (or the suppression of supercomputers and servers) enables the future-fight against inequality to occur with minimal input and
effect maximum damage. Moreover, if the battleground is the Cloud, it removes sovereign border restraints – potentially enabling citizens from anywhere in the world to participate - whether actively or passively. Furthermore, perhaps advancements in 4D printing (Tibbits, 2013), self-assembly robotics (Aerial Assemblies, n.d.), and drones will provide people with new methods of expressing their grievances. For example, imagine if, hundreds or thousands of people were unwittingly involved in sending all the requisite parts for the self-assembly of a robot to swarm or attack a certain location or group of individuals (Rubenstein, Cornejo, & Nagpal, 2014). Or, imagine data manipulation occurring in real time to create fake news from a reputable source (Simon, 2017). The damage could be devastating and governments and corporations will not be immune - particularly if they have not even envisioned the risks of rising inequality.

Conclusion

A country and a corporation have diametrically opposite views of humans as resources; a country needs high employment of people; a corporation needs low employment of people. Legislation in the USA and Australia has thus far been unable to resolve these opposing views, nor can legislation create enough jobs for everyone. This issue will be exacerbated in the future as corporations increasingly automate, humans are no longer a resource, and society faces mass-joblessness. Ideally, corporate influence over governments would be limited, as this would enable public policy to be developed in the interests of the country, and perhaps rising inequality could be mitigated. Furthermore, society should reassess their complicit role in rising inequality through acceptance and complacency in relation to wealth accumulation. The question is, do the benefits of pursuing profit and amassing untouchable wealth outweigh the benefits of alleviating inequality; what will be the costs of ignoring rising inequality? After all, the disenfranchised will have the power of the people (passive and active participants) on their side; armed with technology, their collective potential to sabotage business operations is limited only by imagination. Employing humans is a liability for a corporation; yet so too is their unemployment.

References


This paper has been presented at Sahid Jaya Hotel Makassar- International Conference on Natural and Social Sciences 2017, Palopo Cokroaminoto University, Makassar, March 12-13, 2017.


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