

Human Resource Development Review

<http://hrd.sagepub.com/>

Economics and Human Resource Development: A Rejoinder

Greg G. Wang and Richard A. Swanson

Human Resource Development Review 2008 7: 358 originally published online 30 June 2008

DOI: 10.1177/1534484308320200

The online version of this article can be found at:

<http://hrd.sagepub.com/content/7/3/358>

Published by:



<http://www.sagepublications.com>

On behalf of:



[Academy of Human Resource Development](http://www.ahrd.org)

Additional services and information for *Human Resource Development Review* can be found at:

Email Alerts: <http://hrd.sagepub.com/cgi/alerts>

Subscriptions: <http://hrd.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.com/journalsPermissions.nav>

Citations: <http://hrd.sagepub.com/content/7/3/358.refs.html>

>> [Version of Record](#) - Aug 18, 2008

[OnlineFirst Version of Record](#) - Jun 30, 2008

[What is This?](#)

Economics and Human Resource Development: A Rejoinder

GREG G. WANG

RICHARD A. SWANSON

University of Texas at Tyler

This article focuses on the areas agreement between two recent and seemingly disparate Human Resource Development Review articles by Wang and Swanson (2008) and McLean, Lynham, Azevedo, Lawrence, and Nafukho (2008). The foundational roles of economics in human resource development theory and practice are highlighted as well as the need for comparative studies. A framework for conducting comparative human resource development policy studies is proposed.

Keywords: *economics; comparative analysis; HRD policy studies; national HRD*

How can the human resource development (HRD) profession function effectively without economic theory and tools? Both our manuscript (Wang & Swanson, 2008) and the response (McLean, Lynham, Azevedo, Lawrence, & Nafukho, 2008) fundamentally agree that economics is central to HRD theory and practice. We could not be happier.

Areas of Agreement About Economics

Our focus here is to note the basic points that we all seem to agree on related to economics and HRD. We also suggest a comparative study framework for HRD scholarship and action.

AUTHORS' NOTE: This article is a response to McLean, Lynham, Azevedo, Lawrence and Nafuko (2008), which appeared in last issue of *Human Resource Development Review*. Wang and Swanson (2008), the first in this series of three articles, appeared in *Human Resource Development Review*, vol. 7, issue 1. Correspondence concerning this article should be addressed to Greg G. Wang, The University of Texas at Tyler, College of Business and Technology, Human Resource Development, Tyler, TX 75799; e-mail: wanggreg@aol.com.

Human Resource Development Review Vol. 7, No. 3 September 2008 358-362

DOI: 10.1177/1534484308320200

© 2008 SAGE Publications

Agreement as to the Importance of Economics

We celebrate the major point of our agreement as to the importance of economics for HRD. No matter what particular economic strand you pull on, agreement on the importance of economics represents a step forward for HRD. In our assessment, the fundamental disregard of economics by HRD scholars and practitioners has created a glass ceiling for the field. Both articles, explicitly or implicitly, are grounded in a belief in human beings, their development potential, and the positive financial impact of HRD investments. Yet, a minuscule number of academic HRD programs in universities include substantive study of economics or economics of HRD. In comparison, almost all drench their students in learning theory and psychology.

Agreement as to the Variety and Robustness of Economic Theories

There is not one view or one paradigm that drives economics or HRD. It is a messy thing that we are interested in—people and systems. In response to these messy issues, scholars of economics have a large head start on HRD researchers who are interested in raising questions about the role of HRD through small-, mid-, and large-scale development efforts. Individuals, work groups, and organizations (companies and nations) are economic entities that have been studied for decades by economists—neoclassic, neoinstitutional, and development economists—and their varied theoretical assumptions referred to in both our articles. HRD can be best served by first knowing, and then, comprehensively understanding this large body of work. Once done, responsible decisions in the context of HRD about fusing that work into the HRD profession (or filling in the blanks with new research) can be made.

Agreement as to the Need for More Economic Knowledge and Expertise

The HRD profession has consistently had high aspirations and visions of its contributions to organizational effectiveness. The reported evidence around those aspirations and visions has been significantly less than those being touted.

It is common sense within economics that *development economics* is a response to the failure of neoclassic theory in dealing with economic advancement. Institutional factors have been recognized by HRD scholars as a critical construct in HRD theory building and reality (Wang & Holton, 2005). Thus, new rigorous inquiry—bottom-up or top-down—is needed to advance and secure HRD's position in economic-related theory, analysis, and practice. Part of the process is giving and taking criticism and making the resulting adjustments in understanding economics and its areas of applicability to HRD research and theory building. Ultimately, the work of serious scholars and

practitioners committed to deep economic understanding of HRD must be judged by economists outside HRD.

Agreement as to the Idea of the Comparative Studies

Implicitly and explicitly, both articles support the importance of comparative research studies, not superficial judgments as to status and perceived differences. Rigorous comparative studies provide the potential for deep understanding and the basis for meaningful and robust comparisons between systems. Comparative economics, for example Rosser and Rosser (2004), provided an excellent example on how to compare complex national economic systems in a transforming world of economies. The similar comparative approaches can be used for analyses at regional, community, and organizational levels.

Recommended core readings helpful in framing important economic studies in HRD include *Human Capital: A Theoretical and Empirical Analysis, With Special Reference to Education* (Becker, 1993), *Modern Labor Economics: Theory and Public Policy* (Ehrenberg & Smith, 2008), *The Evolution of Institutional Economics: Economics as Social Theory* (Hodgson, 2004), and *Comparative Economics in a Transforming World Economy* (Rosser & Rosser, 2004).

Framework for Comparative HRD Scholarship and Action

At the present time, we are not aware of any existing framework for thinking about and focusing comparative studies in HRD. Among practitioners, benchmarking has been used, but this methodology has specific intentions and limitations when it comes to rigorous comparative studies.

We are proposing a comparative study framework for HRD (Figure 1) that can be used to establish boundaries for any given study. This framework is clearly more than just economics and yet clearly embraces system-level economics.

Comparisons are typically between selected, different, or parallel systems (A-H) such as one corporation compared to another corporation or one country compared to another. Given the need and rationale, comparing HRD in two *Fortune* 50 retail corporations, such as Wal-Mart and Target, could be the focus of a particular study. It is also reasonable to conduct a study comparing one system to an idealized or best practices anchor.

Examples of *traditional system levels* that could be studied include government examples such as a nation, a region, a government agency, or government functions. Corporate or company system levels include companies, multinational or local, company division, and functions within companies. Responsible studies at both the national and organizational levels are desperately needed by the profession to make its case in society.

Designed studies could include all or selected *comparison dimensions of HRD*. The framework lists the following dimensions: vision/mission, strategy, policies, programs, and results. Additional dimensions can be added to meet

Examples of Traditional System Levels								
	A.	B.	C.	D.	E.	F.	G.	H.
Comparison Dimensions of HRD	National		Government	Multinational		Company		Company
	Nation	Region	Agency	Function	Company	Company	Division	Function
1. Vision/Mission	1.A	1.B	1.C	1.D	1.E	1.F	1.G	1.H
2. Strategy	2.A	1.B	1.C	1.D	1.E	1.F	1.G	1.H
3. Policies	3.A	1.B	1.C	1.D	1.E	1.F	1.G	1.H
4. Agents	4.A	4.B	4.C	4.D	4.E	4.F	1.G	1.H
5. Programs	5.A	5.B	5.C	5.D	5.E	5.F	5.G	5.H
6. Processes	6.A	6.B	6.C	6.D	6.E	6.F	6.G	6.H
7. Results	7.A	7.B	7.C	6.D	7.E	7.F	7.G	7.H
8. Other: ____	8.A	8.B	8.C	8.D	8.E	8.F	8.G	8.H

FIGURE 1: Comparative Study Framework for Human Resource Development^a

a. Using all or selected Comparison Dimensions of HRD (1-8), comparisons are typically between selected, rival, or parallel systems (A-H) such as one corporation compared to another corporation or one country compared to another.

the specific inquiry questions. Thus, a rigorous study gaining primary data in the seven dimensions of HRD for Target Corporation and Wal-Mart Stores, Inc. would be highly prized in the profession. In a similar vein, a rigorous study of the seven comparison dimensions of HRD at a national level in China and the United States would be highly prized.

While the proposed framework is very flexible in framing a specific comparative study, scholars are compelled to incorporate and report on appropriate research methodology and its rigorous application in their study efforts.

Conclusion

In summary, advancing the study of economics by HRD professionals and focusing on the rigor of comparative studies on HRD systems are the purposes of this rejoinder. Including courses in economics and comparative studies within HRD academic degree programs is a very important elementary step in stimulating these lines of research. Encouraging HRD scholars to master and apply specific economic theories, methods, and tools to issues facing the profession and to understand systems through rigorous comparative research is another.

Using the economists inquiry tools for HRD descriptive and results research should advance the HRD profession's ability to answer the "How do you know?" questions.

References

- Becker, G. (1993). *Human capital: A theoretical and empirical analysis, with special reference to education* (3rd ed.). Chicago: University of Chicago Press.

- Ehrenberg, R. G., & Smith, R. S. (2008). *Modern labor economics: Theory and public policy* (10th ed.). Boston: Addison-Wesley.
- Hodgson, G. M. (2004). *The evolution of institutional economics (Economics as social theory)*. New York: Routledge.
- McLean, G. N., Lynham, S. A., Azevedo, R. E., Lawrence, J. E. S., & Nafukho, F. M. (2008). A response to Wang and Swanson's article on national HRD and theory development. *Human Resource Development Review*, 7(2), 241-258.
- Rosser, J. B., Jr., & Rosser, M. V. (2004). *Comparative economics in a transforming world economy* (2nd ed.). Cambridge, MA: MIT Press.
- Wang, G. G., & Holton, A. F. (2005). Neoclassical and institutional economics as foundations for HRD theory. *Human Resource Development Review*, 4(1), 86-108.
- Wang, G. G., & Swanson, R. A. (2008). The idea of national HRD: An analysis based on economic theory and theory development methodology. *Human Resource Development Review*, 7(1), 79-106.

Greg G. Wang is associate professor of human resource development, College of Business and Technology, The University of Texas, Tyler, Texas. More information about him can be found in <http://www.uttyler.edu/hrdt/wang.htm>

Richard A. Swanson is distinguished research professor of human resource development and the Sam Lindsey Chair, College of Business and Technology, The University of Texas, Tyler, Texas. More information about him can be found in <http://richardswanson.com>