

The Key to Sustainable Economic Development

Subjects: Others

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Concerns about improving social, environmental, and economic living standards are the basis of the triple bottom line (TBL) link to economic development (ED). The social dimension of TBL boosts ED, the environmental dimension of TBL slows down ED, and the economic dimension of TBL contains conflicting synergies in ED. The Human Development Index (HDI) should now include indicators of environmental wellbeing. Governments should adopt policies to improve social wellbeing to boost ED, work to coordinate the objectives of environmental protection and ED, and combat vulnerabilities arising from public debt.

Keywords: triple bottom line ; economic development ; Human Development Index

1. Introduction

The global COVID-19 pandemic, in addition to political and economic uncertainty, has brought social and economic costs that will be felt in the coming years ^[1]. It also brought fluctuation in the prices of natural resources commodities ^[2]. Price instability, limited availability of natural resources, and the pandemic have caused many countries to face an energy crisis ^[3]. This has made it even more evident that the development of sustainable initiatives is vital for sustainable economic development ^[4]. Thus, it is extremely important to understand the role that sustainability plays in economic development (ED).

This study assumes that sustainability must be perceived according to the triple bottom line (TBL) construct. TBL, outlined by Elkington in 1996, assumes that value creation results from three dimensions, social, environmental, and economic, which must be accounted for ^{[5][6][7]}. It has at its core the support and management of activities that privilege development ^[8]. It has gained traction at all levels of government and in business ^[9]. Economic development (ED) is created by the process of creative destruction ^[10] and translates into an organic system of successive qualitative changes ^[11]. It is responsible for sustainable development, at country level, in the long term ^[12]. It is also at the country level that there is an obligation of harmony in the management of resources, be they social, environmental, or economic ^{[13][14]}. These are concepts that share particularities in their very nature. With the aim of improving understanding and effective action in relation to sustainable development, the United Nations announced the 2030 Agenda of Sustainable Development Goals ^[15]. The integrative nature of these objectives revealed the need to study the relationship between the adopted actions and the results obtained ^[16]. Therefore, it is essential to monitor and evaluate the sustainable development of countries ^[13]. Furthermore, the development of TBL has highlighted the need for studies that approach it in a more holistic way ^{[7][17][18][19]}. However, despite recognising the importance of TBL in ED, it has been given little attention in this scientific field ^[17].

2. Development and Findings

Human wellbeing encompasses categories that consider the satisfaction of the population's basic needs, personal development, and the health and balance of society. Therefore, it is easy to understand that this dimension has a positive influence on HDI, as found in the study, as activities that provide the attainment of satisfaction of these categories are themselves drivers of economic development. Statements from studies prior to this stated that food insecurity is higher in low-income countries ^{[20][21]}. Cultural characteristics have the power to affect ED through the activity of institutions ^[22]. Moreover, the integration of girls into education ^[23], female empowerment ^[24], and education ^[25] have a positive outcome on the generation of ED. Health efforts also promote a healthy and productive population ^[26].

Environmental wellbeing consists of two categories, natural resources and climate and energy. Environmental protection has been perceived as an obstacle to ED ^[27], which is not a consensual idea ^[28]. The results indicate no positive effect on HDI when environmental wellbeing increases. This finding is in line with the study of Lai et al. ^[29], in which ED suffered negative effects from environmental protection. Furthermore, Peng et al. ^[28] concluded that environmental protection

could slow down ED in the short run. However, there is a growing awareness on the part of governments that ED can be negatively affected by climate change ^[30].

The effect of economic wellbeing on HDI was not statistically significant, which may be explained by the conflict that its indicators carry and that translate into the conflicts between economic growth and economic development. The economic dimension denotes the concern with profit to the detriment of environmental and social concerns ^[31]. When analysed, it can be seen that it represents growth measures whose nature is quantitative and that it does not translate the level of the quality of life in society ^[32]. Furthermore, the improvement of economic indicators is not achieved without costs to the environment ^[33]. There are a series of problems resulting from economic growth ^[34].

Turning to the categories that make up each of the SSI dimensions, these categories were analysed in different models. Starting with the categories that make up human wellbeing (basic needs, personal development and health, and a well-balanced society), through this study, it was found that their influence on ED was positive. This was the case whether they were analysed together with the other SSI categories (model 2) or when they were chosen as the elements that make up model 3, reflecting the social dimension of TBL. Thus, the basic needs category, encompassing the indicators of sufficient food, sufficient to drink, and safe sanitation, had a positive influence on the ED. The possibility of access to safe water provides enormous opportunities for ED ^[35]. Safe sanitation is elementary for ED, and its implementation is a good investment ^{[36][37]}. The personal development and health category had similar behaviour, influencing ED positively in both models. This category was composed of the indicator's education, healthy life, and gender equality, and it had a positive influence on ED. In fact, the results reinforce the results of Pan ^[38], stating that ED can be stimulated by the government through the expansion of its investment in education. Education is a basic condition for rapid ED ^[39]. An increase in life expectancy brings a higher return ^{[40][41][42]}. ED can be promoted by gender equality, and accounting for its multiple dimensions is vital for ED ^[43]. The well-balanced society category aggregated income distribution, population growth, and good governance indicators. It also had a positive influence on ED in both models, corroborating previous findings. In line with these reflections are those of Tian and Li ^[44], who considered income distribution as a crucial element that influences welfare and social stability, as well as of Dutt and Tsetlin ^[45], who saw high degrees of inequality as having a corrosive influence on ED. The population growth indicator reflected that for resources, nature, and food supply, a decrease in population would be positive. Its positive influence on ED is in line with the claims of Bloom et al. ^[42], who argued that a decrease in the number of children leads to an increase in income in the short and long term, and Baldanzi ^[46], according to whom a lower rate of population growth is related to faster economic growth. There is also empirical evidence that the quality of political institutions highlights ED ^[47] and promotes it ^[48].

Attention is now given to the categories that make up environmental wellbeing. Here again, they were analysed from two perspectives: together with all other SSI categories (model 2) and as representatives of the environmental dimension of TBL (model 4). These categories were as follows: natural resources (with the indicators biodiversity, renewable water resources and consumption) and climate and energy (energy use, energy savings, greenhouse gases, and renewable energy). The results of these categories had a negative influence on ED. Natural capital puts pressure on human capital and reduces the speed of ED ^[39]. Lai et al. ^[29] concluded that ED suffers negative effects from environmental protection, and Duan et al. ^[49] assumed that protected environmental areas have a negative effect on income and increase inequality.

Lastly, the economic wellbeing dimension encompassed two categories: transition and economy. Model 2 encompassed a study considering all categories and their positive influence on ED. In the model in which they were considered isolated and as representatives of the economic part of the TBL (model 5), the transition category had a positive influence, while the economy category is not statistically significant. The transition category consisted of the indicators organic farming and genuine savings. Earlier evidence that organic farming may constitute an opportunity for ED was found ^[50], and its adoption is subject to monetary considerations ^[51]. On a national level, genuine savings represents a key indicator for ED ^{[52][53]}, and, when underpinned by environmental quality and natural capital assets, it results in increased wealth ^[54]. In certain circumstances, it precedes economic growth ^[55]. The economy category considered in model 2 had a positive influence on ED; however, when considered in model 5, it was not statistically significant. Bear in mind that this dimension mirrors the indicators GDP, employment, and public debt; thus, it is easy to agree with Schumpeter's view that finance has great importance for ED and improves economic efficiency ^[56], and that, in relation to employment, when there is a qualitative increase in the production of employment, economic complexity also increases and the countries which achieve this have a favourable ED ^[57]. In relation to public debt, there is a discussion about whether or not it is an obstacle to economic development since it may limit or condition the actions of governments, because, when public debt is high, it constitutes a restriction to economic development ^[58].

Reflections of Zapf ^[59] should also be considered because, although this study was longitudinal, it could be assumed that a link between the ED and the variables adopted as representatives of the TBL may exist. In this case, it is possible that ED itself influences the behaviour of the TBL dimensions and the studied categories. In addition to this, there may be other variables that can influence the dependent and independent variables, which will produce a relationship between them.

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