
UNIT 3 SOCIAL AND CULTURAL ENVIRONMENT

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Evolving Social Institutions
- 3.3 Demographic Changes
 - 3.3.1 Quantitative Aspects
 - 3.3.2 Qualitative Aspects
- 3.4 Cultural Factors
- 3.5 Technology and Social Change
- 3.6 Changing Value System
- 3.7 Social Responsibilities of Business
 - 3.7.1 Views against Social Responsibility of Business
 - 3.7.2 Case for Social Responsibility of Business
 - 3.7.3 Dimensions of Social Responsibilities
- 3.8 Ecological Issues
- 3.9 Let Us Sum UP
- 3.10 Key Words
- 3.11 Answers to Check Your Progress
- 3.12 Terminal Questions

3.0 OBJECTIVES

After studying this unit you should be able to:

- explain the nature of evolving social institutions in India
- outline the quantitative and qualitative aspects of demographic changes in our country
- identify the cultural factors that have a bearing on the social environment
- describe the impact of technological change on society
- explain the causes and effects of changing value system
- critically examine the case for and against social responsibilities of business
- appreciate how ecological issues are sought to be resolved.

3.1 INTRODUCTION

In the first two Units of Block 1, you have learnt the meaning, importance and the components, of business environment, followed by an overview of Indian economic environment. In this Unit, you will have an understanding of the various dimensions of the social and cultural environment of business with particular reference to the Indian scene. Specifically we shall discuss the evolving social institutions in India, quantitative and qualitative aspects of demographic changes, cultural factors in the social milieu, the impact of changing technology on society, the changing value system in the Indian social set up, viewpoints on the question of business assuming social responsibilities, and the ecological issues attracting serious attention in modern times.

3.2 EVOLVING SOCIAL INSTITUTIONS

Business including trade and industry to-day happen to be integral parts of the social system. Over ages, the complexion of society has changed in many ways, and so have the nature and forms of business enterprises. A pluralistic society has evolved from the monistic society of the past. The difference should be noted for an understanding of the complex nature of interactions between social institutions.

Monistic Society

In the monistic society of the past, human activities were undertaken in the context of a single social institution - the village community. In such a society, the activities of all were governed by customs and tradition, and the village elders guided the conduct of all others. The occupations of people were largely determined by the castes to which they belonged.

Social stratification was mainly based on castes and occupations. People born in lower castes were expected to be subservient to those of upper castes. Pursuit of certain occupations was not as honorable as that of others. Merchants and traders were assigned lower status in society in spite of their wealth and riches, while people pursuing the learned professions of teaching and medicine enjoyed higher status.

Pluralistic Society

The monistic society has gradually evolved into the pluralistic society in which there are numerous groups constituting the social system. The groups are organized to serve economic, social, political, religious and professional interests of members. Although people act individually in their own interests, they are organized in groups and form institutions to maintain and protect their common interests. Thus, there are different institutions to serve the diverse interests of people.

Interaction Between Social System and Business

In the process of interaction with the social system, business is influenced by different interest groups and institutions. It also exerts a corresponding influence on different institutions and interest groups. Thus the freedom of business is restricted by Government representing the public interest, labour unions representing the workers' interest, and NGOs representing consumer interests. On the other hand, large business corporations not only influence government policies, but also check the claims of labour unions for higher wages and better working conditions. Associations of business interests also possess considerable political and social power so as to influence public opinion.

Over time, far reaching changes have also taken place in the traditional social institutions. People are no longer hound down to the occupations traditionally related with castes. They have opportunities to adopt any occupation of their choice which is within their competence. This has followed industrial growth and the emergence of large scale organisations which have changed the occupational patterns and people's attitude to work. The traditional occupations based on hereditary skills and linked with caste groups have lost their significance. Simple living and high thinking as ideals have given place to people's aspiration for higher living standards. Social status is more often determined on the basis of income levels and wealth of people.

Spread of educational opportunities along with improvement in transport and communication facilities have resulted in greater mobility of people and their concentration in urban centres. The institution of joint family is gradually breaking down partly due to the mobility of family members and partly due to differences in earnings of individual members of the family.

Life styles and norms of consumption have also changed with changing occupational patterns. The traditional role of women as housewives has changed with women joining workforce in larger numbers and working side by side with men in various types of jobs. This has followed the spread of women's education and unitary families striving for better living standards.

Underlying the changes in social institutions are forces of change in the social milieu — demographic, cultural and technological changes — which are discussed in the following sections.

Check Your Progress A

1. Distinguish between Monistic society and **Pluralistic** society.

.....
.....
.....
.....

2. State whether the following statements are **True** or **False**.

- i) Customs **and** traditions had overwhelming importance in the monistic society.
- ii) Earning money and amassing wealth were considered to be crimes and so those **guilty** of such crime were punished in the traditional society.
- iii) In the modern pluralistic society people can **acquire** skills other than hereditary skills and choose any occupation suited to their **competence**.
- iv) Multiple interest groups provide a system of checks and **balances** in the pluralistic society.
- v) In a **modern** society group interests are more important than individual interests.

33 DEMOGRAPHIC CHANGES

The **size** and **quality** of population that **constitute** the demographic position of a country are important dimensions of the social **environment**. To start with, it may be useful to examine the theory of demographic **transition** which provides an explanation of **the** causes of demographic changes.

The theory of demographic transition suggests that the rate of growth of population is dependent upon the stage of economic development. **Thus**, in a primitive agrarian society, the growth rate of population is either stagnant or very low due to high **birth** rate coupled with a high death rate. High birth rate is **the** result of widespread illiteracy, early marriage, and lack of knowledge about **family** planning. Death rate is **also** high as a consequence of poverty, lack of nutritive diet, primitive sanitation, absence of medical care, and incidence of epidemics. This stage is referred to **as** the first stage of demographic transition.

A developing country where industrial development has been initiated faces a rapid increase in population. This is described as the second stage of demographic transition. At **this** stage, while death rate falls rapidly on account of improved medical services, **fall in** infant mortality and a better **standard** of living, birth rate continues to be high as **social** customs do not change fast, nor does illiteracy and lack of knowledge about family planning. **The** process of development at this stage is slow and growth of **population** outpaces the rate of economic growth giving rise to a vicious circle. Along side **this** stage of population explosion, there is a twilight **phase** of development wherein large number of poor people **who might** have otherwise **died** without the **benefits** of modern **health** technology or death control devices are 'saved'. But these survivors continue to **live** in a state of sub-standard health, poor nutrition, and poor educational attainment, **which** erodes the quality of human life.

The third stage of **demographic transition** is related **with** developed countries. **The** birth rate at this stage declines faster on account of **mass** literacy, extensive use of birth control devices and high standard of living. The **death** rate also **falls considerably** due to public-health measures.

Demographic Changes in India

From the above description of the stages of demographic transition, it would appear that India is in the second stage of transition. However, to get a clear picture, demographic changes in India need to be studied with respect to both quantitative and qualitative aspects of population. The quantitative aspects of change are manifested in the size of population, growth rate and density of population, while the qualitative aspects of change are reflected in the life expectancy, age and sex composition, rural-urban distribution, literacy, etc.

3.3.1 Quantitative Aspects

India has been the second largest populated country in the world next to China. The size of India's population increased from 36.10 crore in 1951 to 84.39 crore in 1991 (Table 3.1). It is likely to cross the 100 crore mark by 2000 A.D.

Table 3.1 : Growth of population, 1951-91

Year	Population (crore)	Increase over the previous decade (crore)
1951	36.10	4.23
1961	43.90	7.80
1971	54.80	10.90
1981	68.33	13.53
1991	84.39	16.06

The rapid growth in the size of population reflects higher growth rates. Indeed the population has been growing until 1971 at an increasing rate as shown below (Table 3.2).

Table 3.2 : Birth rate, death rate and natural growth rate of population in India (rate per annum per thousand people)

Decade	Crude Birth Rate	Crude Death Rate	Natural Growth Rate
1941-51	39.9	27.4	12.5
1951-61	41.7	22.8	18.9
1961-71	41.2	19.0	22.2
1971-81	37.2	15.0	22.2
1981-91	32.5	11.4	21.1

(Source: Eighth Five Year Plan, Vol. I, P.22)

The rate of growth of population is a function of migration, birth rate and death rate. In India, the change in population caused by net migration as a proportion of total population is insignificant. Thus, it is the difference between birth rate and death rate which measures the growth rate of population. Till the 60's, the death rate has been falling faster than the birth rate. The rates conformed to the general trends of the second stage of demographic transition. As shown in the above table, during 1951-71, there was no significant fall in the birth rate while the death rate continued to decline. Thus the natural growth rate of population went upto reach a maximum of 22.2 per thousand or 2.22 per cent per annum during 1961-81.

The rate of growth marginally declined to 2.11 per cent per annum during 1981-91. Beginning with the 70's one may consider the stage set for transition to the third phase of demographic transition. According to projections of the rate of population growth, during 1992-97, the downward trend of birth rate was likely to have fallen to 27 per thousand and the death rate to 9.2 per thousand, with the natural growth rate being 17.8.

A high density of population (the ratio of number of persons per sq.km of land area) is another feature of India's demographic profile. The average density is 267 and this is considered to be a fairly high rate. There is no empirical evidence to suggest any relationship between density of population and economic development. There are countries with low density of population some of which have low and some high per capita income. India with a density of 267 has a per capita income of \$ 350, while Japan with a density of 316 has a per capita income of \$25,430. The implication of density of population is the magnitude of the burden on land area and the potential of growth. Thus India's high density is indicative of a high burden on land which is likely to increase further with additions to population.

3.3.2 Qualitative Aspects

The qualitative aspects of demographic change relate to life expectancy, age and sex composition, rural-urban distribution, literacy and such other dimensions.

The health and general level of mortality of a community is reflected in the measure of mean expectation of life at birth. If death occurs at an early age or death rate is high, the expectancy of life is low; Contrarily, if death occurs at an advance age and death rate is low, there is high life expectancy. Over the years since independence, there has been a perceptible fall in the death rate in India and a corresponding rise in life expectancy. From an average of 32.1 during 1941-51, it had increased to 45.6 during 1961-70, and 59.4 during 1989-93. The projected life expectancy is 65 around 2000 A.D. Females have always had a slightly higher life expectancy than males.

Even though life expectancy has been rising in India, the average expectancy is much lower than that in many Asian countries like China(68.8), Thailand(69.2), Sri Lanka(72.9), Malaysia(70.9), Republic of Korea(71.3). State-wise, there has been considerable differences in life expectancy. In Kerala, life-expectancy has been 72.0 during 1989-93. It has been 66.4 in Punjab, 64.2 in Maharashtra, 61.5 in West Bengal, 55.9 in U.P., 55.5 in Orissa, 54.9 in Assam, and 54.0 in Madhya Pradesh, during the same period. The implication of rising life expectancy may be an increasing pressure on the job market. People at retirement age being At to work may seek extension of fresh employment. The number of joint or multi-generational families may tend to rise along with a rise in the average size of households.

Age Composition

Changes in age and sex composition are worth noting mainly because these reflect changes in the size of working population and job seekers, and the role of women in society. The age-composition of population in India is given below (Table 3.3).

Table 3 3 : Age-composition of population

(Percentages)

Age-Group	1990	1995	2000 (Projected)
0-14	36.00	34.62	31.36
15-59	57.50	58.43	60.79
60 & above	6.5	6.95	7.58

(Source: Eighth Five Year Plan, Vol.I, p 26)

The data show what may be called a 'bottom heavy' age pyramid, the proportion of young in the total population being substantially high and growing. The age distribution also indicates the dependency ratio i.e., the average number of dependents on an earning person. The dependency ratio of the Indian population works out to about '50 p.c.' (taking into account the unemployed persons in the working age group, 15-59). This level of dependency ratio acts as a drag on production and improvement in living standard. It also has an impact on the rate of savings, investment, education and welfare. However, with declining birth rate the age composition is expected to change resulting in a reduction in the dependency ratio and increase in the proportion of the working age-group. The projected age-composition shows that by 2000 A.D., the proportion of population in the

working age-group may go upto 60-80 per cent. Thus, inspite of a projected decline in the growth rate of population, the absolute number of job seekers is likely to increase over time.

Sex-Composition

The change in sex-composition or sex-ratio (the ratio of women to men) is a significant factor in the analysis of social well being and reflects the relative change in the survival of women vis a vis men. In India, the population of females per 1000 males shows a declining trend - from 962 in 1901 to 930 in 1971 and 929 in 1991. A higher ratio of males in the population is associated with a rising tendency towards masculinity. The comparative position in most other countries is a higher ratio of females than males in the population. For example, the sex ratio in USA is 1055, in UK 1069, Japan 1171 and Germany 1118. Indeed the sex ratio in India is perhaps the lowest in the world. This indicates high mortality and under-nourishment among women, and the low status of women in society. One can explain the decline in sex ratio over time having been caused by several factors, e.g. females being discriminated against in providing adequate nutrition, access to health and other amenities, female selective termination of pregnancy, possibly female infanticide as well.

It is arguable that if the mortality at child birth falls, and the general status of women, particularly in rural areas, improves, the sex ratio will increase. The state-wise comparison of sex ratios corroborates this contention. The sex ratio is relatively higher in the states where the status of women is better, like in Kerala where it is 1040, and in Tamil Nadu where it is 972, but it is only 814 in Haryana where women presumably have a low status in society.

Urbanization

Economic development along with industrial growth is generally associated with urbanization of society. However, India continues to have a predominantly rural population even though the proportion of people living in urban areas has progressively increased since 1951. The share of urban population in the total population has gone up from 17.6 per cent in 1951 to 18.3 in 1961, and to 20.2 per cent in 1991. It is projected to be around 32 per cent in the year 2000 A.D. The rate of growth of urban population has increased over the years. During 1951-61, it was estimated at 34 per cent which increased to 38 per cent during 1961-71 and 47.01 per cent during 1971-81, but declined to 36.91 per cent during 1981-91.

Concentration of population in urban areas has led to growth of slums with unhygienic living conditions and other problems. Remedies to these problems have been sought by developing satellite towns and dispersal of manufacturing industries to the hinterland.

Literacy

Another qualitative aspect of demographic change is literacy. There is a close positive relationship between education and level of economic well being. According to a World Bank Report, developing countries with high literacy rates have tended to grow faster even after allowances are made for differences in income and physical investment, and they have higher physical investment rates. Empirically, it has been established that a high degree of correlation exists between literacy rates and other development indicators. The female literacy rate at age 15 and over is positively correlated with percentage of female workers in modern occupations, age at marriage, and use of contraceptives. It is strongly and negatively correlated with infant mortality and fertility.

The literacy rate in India has increased from 18.3% in 1951 to 28.3% in 1961, 34.5% in 1971, 43.6% in 1981, and 52.2% in 1991. However, there are wide variations in these rates between the states. The average rate during 1989-93 and centered at 1991 was as high as 89.89 per cent in Kerala, and as low as 35.8 per cent in Bihar. The correlation between literacy rate and other indicators of demographic profile can be seen from the following figures (Table 3.4).

Literacy rates have also been quite different with respect to males and females, as well as between rural and urban population. In 1991, 64.134% of the male population and 39.29% of the female population were literates giving an overall literacy rate of 52.21%. On the

other hand, the proportion of literacy among males was 69% in urban areas as against 42% in rural areas; similarly, the literacy rate among females in urban areas has been 51% as against 19% in the rural areas.

Table 3.4 : State-wise literacy rates and other indicators

State	Literacy Rate (%) (1991)	Infant Mortality Rate (per 1000)	Death Rate (per 1000)	Birth Rate (per 1000)
Andhra Pradesh	44.09	66	8.3	24.0
Assam	52.89	77	9.6	29.3
Bihar	38.48	73	10.5	32.1
Gujarat	61.29	62	7.6	26.7
Haryana	55.85	68	8.0	30.0
Karnataka	56.04	62	7.6	24.2
Kerala	89.81	16	6.0	17.7
Madhya Pradesh	44.20	99	11.1	33.0
Maharashtra	64.87	55	7.0	24.5
Orissa	49.09	103	10.8	27.7
Punjab	58.51	54	7.3	24.7
Rajasthan	38.55	85	9.1	33.2
Tamil Nadu	62.66	56	7.9	20.2
Uttar Pradesh	41.60	86	10.4	34.7
West Bengal	57.70	59	7.7	23.6
All India	52.21	74	9.0	28.3

(Source: Govt. of India, Economic Survey, 1996-97, p.185)

Literacy rates have also been quite different with respect to males and females, as well as between rural and urban population. In 1991, 64.13% of the male population and 39.29% of the female population were literates giving an overall literacy rate of 52.21%. On the other hand, the proportion of literacy among males was 69% in urban areas as against 42% in rural areas; similarly, the literacy rate among females in urban areas has been 51% against 19% in the rural areas;

Check Your Progress B

1. Why does the growth rate of population increase in the second stage of demographic transition?

.....

.....

.....

2. What are the likely effects of
 - a) rising life expectancy in India?
 - b) high density of population?
 - c) a 'bottom heavy' age pyramid?

d) high dependency ratio?

a)

.....

b)

.....

c)

.....

d)

.....

3. 'Indicate the **correlates** of high and low literacy rates with other indicators of demographic profile citing examples of any two states in **India**.

.....

3.4 CULTURAL FACTORS

The term 'culture' includes values, norms, artifacts and accepted behaviour pattern of people that a society may have developed over time. Culture is also defined as the totality of **behaviour** that human **beings** in any society learn from their **elders** and pass on to the younger generation. In the sense culture may be regarded as the **learned responses** of a particular society.

The cultural **change** which has taken place and is still **continuing** in our country **has been** caused by the advancement of science and technology, growth of large-scale industries, and improvement in the systems of **transport** and **communication** within and across the **borders** of India, Industrial development has created **demand** for **varied** types of goods and **services**, changed people's tastes and preferences, which in turn have influenced their **habits** and customs.

Religion

Religion is an **important element** of culture. It governs people's attitude towards human activities, their moral values and ethics. In India, the prejudice **against** business, perceived to be concerned with 'making money' **as a way** of life, originated with religion. It has changed **substantially** over time, Honesty, truthfulness, and **sympathy** for people in **distress** **are** certain fundamental values which go with religion and are still cherished by people. However, while religion as a **social** force **has** provided **strong emotional bonds** among people, religious orthodoxy has **made** people **sectarian** in outlook, **dogmatic** and **intolerant** of others' views.

The Indian society includes people who follow **different** religions, Within particular religious communities, there are different sects and cults: People practice religious rites according to their own faith. **Their** beliefs, **habits** and **customs** as also **values** reflect their

religion in many ways. In this context, secularism is regarded as a valued aspect of Indian culture. It refers to the idea that the state, moral principles, education, etc. should be independent of religion. The Constitution of India has laid down that while people will be free to pursue their own religion, the state will be independent of any religion. India is thus declared as a secular state. While people follow their own religious practices in their private and social life, that does not affect their work life,

The importance of secularism will be appreciated if we examine its beneficial effects. First, there is no discrimination expected to be made between people of different religious faiths in public life related with education, employment and official work. Second, common problems may be approached unitedly by people of various religions and faith. Business in India is free from any bias towards customers on religious grounds except in the case of food products. Moreover, since the basic values and morals of all religions are the same, unity among people can be sustained on common grounds.

Values

Values constitute another important element of culture. People in every society have basic convictions that certain modes of conduct or goals are desirable. These are known as values. Value system represents a set of values with priority ordering based on their relative importance; It prompts individuals and groups to distinguish between what is right and what is wrong, what "ought to be" and what "ought not to be".

Values may be classified into different types to identify their relative importance in the social context. Thus we may distinguish between 'theoretical values' (truth and rationality), 'economic values' (material gain and practicability), 'social values' (love of people, equality), 'political values' (acquisition of power), 'religious values' (morality, righteous conduct), and 'utilitarian values' (maximum good for the maximum number). The priority accorded to particular values may differ depending on the culture and tradition of societies, or it may differ between interest groups within a society..

Thus values which predominate in western societies differ from those that prevail in Asian countries. However, values are not necessarily static, Religious values predominated in the western world in the Middle Ages. A complete reversal has taken place through the intervening centuries. Acquisition of money and wealth (economic values) considered vices in the Middle Ages became major virtues in the era of capitalism. This has happened also in the underdeveloped countries at a later stage, During the last fifty years since independence, people in India have imbibed modern western values, particularly in urban areas. Emphasis has been and is shifting from religious and social values to economic and political values.

3.5 TECHNOLOGY AND SOCIAL CHANGE

Advancement of technology has been one of the most important factors causing far reaching social changes. In a dynamic social setting, technology often operates as a multiplier. For instance, discovery of internal combustion engine and the technology of automobile manufacture not only had a profound effect on the transportation of goods and passengers and mobility of people, but it also led to changes in the location of habitats, consumption patterns and life styles. Another significant effect of technological progress has been greater productivity as well as improvement in the quality of products. The beneficial effects of higher productivity and improved quality have spread throughout the social system, and led to a better and more secure life for increasing numbers of people. Over time, technological progress has resulted in better living standards, reduced incidence of diseases, and ensured control over environmental degradation.

The modern telecommunication system is also the result of technological progress. Dissemination of knowledge and information has been rendered much easier as a consequence of the facility of instantaneous communication over distant territories. It has brought about enormous saving in time and energy. The system of distance education through Tele-conferences and other communication devices has also made a significant impact on systematic learning. Advertising through audio-visual, electronic media (television) has facilitated marketing of new products and improved varieties of existing products,

Technological advancement has also led to increased efficiency and economy of operations through labour-saving devices' and substitution of manual work by automation, necessitating the employment of technically skilled manpower to an increasing extent. Computerization of accounting, storage and processing of data is gradually replacing manual operations in larger organisations. FAX and INTERNET facilities are being increasingly used for correspondence and transmission of documents.

Overall, a modern society today is characterized by systems of production, distribution, transportation and communication, all of which are based on technological changes over the last two centuries. This has not only resulted in a better standard of living for larger numbers of people, but also provided for a variety of services over wider territories, and above all improved medical and health care facilities for people in general.

However, technological changes have also brought about several socially undesirable consequences. Indiscriminate use of scarce natural resources, deforestation, and environmental pollution are some of the direct results of economic growth through technological changes. Insatiable consumerism has led to the subordination of moral values to materialistic values, elevation of machines over human beings, and deterioration of human values.

Check Your Progress C

1. What is meant by 'culture'?

.....

2. Why is secularism regarded as a valued aspect of Indian culture ?

.....

3. Briefly explain how technological change may have a multiplier effect.

.....

4. State whether the following statements are True or False.

- i) Values may differ depending on the culture and tradition of societies.
- ii) Cultural change in India has been caused by scientific and technological changes.
- iii) Technological advancement is not an unmixed blessing.
- iv) Labour-saving devices cause unemployment of people but it may not be so if people are trained to use machines.

3.6 CHANGING VALUE SYSTEM

Before explaining the significance of changing value system in society, it is necessary to explain the meaning of individual values and social values.

Individual values may be defined as the normative views held by individuals of what is good and desirable. Values thus provide standards or bench marks by which individuals may be guided in their choice of decision, conduct and behaviour.

Social values may be defined as a-system of shared beliefs about desired goals and norms of human conduct. Thus, for instance, individualism may be considered desirable in a system of social values where by people may decide to pursue their individual interests in work life and compete with others. In such a society, indeed in most societies, high value is attached to winning in competitive situations. However, there are social norms as well

which suggest how a winner or loser should behave. People look upon with displeasure an arrogant winner as well as a complaining loser.

Value system refers to a set of values with priority-rating based on their relative importance. For instance, people in different walks of life are known to rank values in varying orders of importance. Business executives rank 'economic values' (like material gain and practicability) higher than 'social values' (love of people, equality). Business decisions are made on that basis. On the other hand, in a system of social values, 'theoretical values' (truth, honesty and rationality) may be rated higher than 'economic values'. Again, in a system of social values, 'religious values' (morality, righteousness) may be rated higher than all other values. We have discussed earlier (section 3.4) the types of values which may be distinguished for identifying their relative importance.

The stability of a society depends, among other things, on its value system. The development of a society cannot be thought of without making note of the value system. However, values and value systems are not static concepts. Value systems may change. Indeed, traditional value systems have yielded place to modern value systems in many societies. This has also happened in India particularly with the urban population and the process of change is also noticeable in rural areas. The nature and causes of change are outlined below:

1. With the spread of education and awareness of value systems in economically developed countries, greater importance is now attached to economic values and pursuit of material gain. Practicability of decisions are increasingly reflected in the conduct of people. Similarly, political values which emphasize acquisition of power as desirable have provided a large section of educated Indians. Consequently, social values and religious values have lost their importance.
2. Industrial growth and recognition of the Importance of trade, money and exchange operations, have led people to believe that earning profit, accumulating wealth, lending money and investing capital could not be prejudicial to society. Pursuit of self-interest and individualism as cherished values have swept the outlook of many in recent times. At the same time erosion of moral values like righteousness, honesty and truthfulness seems to threaten the social fabric.
3. Increasingly, there has been growing consciousness of the need to imbibe democratic norms (establishing equality of rights) as a result of which certain cultural values like legitimacy of human dignity and recognition of human rights have been growing in importance.

Business Values

Business values are known to influence social values in no small degree. The business class exerts considerable influence on institutions and interest groups due to its social and political power and ability to mould public opinion on social issues. The power of big business houses over government policies is a long-established fact. To quote Miliband (The State in Capitalist Society, published in 1969), "Control by business of large and crucially important areas of economic life makes it extremely difficult for governments to impose upon it policies to which it is firmly opposed." Referring to the reformist zeal with which the Labour Party came to power in Britain in 1967, Miliband noted that the Labour Government had to hold private talks with the business community to convince them that their views will be of central importance in the Government's planning of its economic policies.

Values which govern decision-making in corporate enterprises may be said to consist of individual values, group values, values of the constituents of the socio-economic environment (customers, suppliers, competitors, government agencies), and cultural values of the society. Business values consist of the criteria which define what constitutes good business, what objectives are desirable to pursue, and whose interest should business serve. Should business be conducted to serve the private interests of only the owners? Should executives be guided in their action only with an eye to maximizing profits irrespective of the means adopted for the purpose? Should workers be entitled to share in the prosperity of the business? Answers to these and similar questions reflect the value system of society.

With the change in social values and with a view to bringing about a change in business values, Government of India has enacted various social legislations. These include: prevention and control of air and water pollution, environment protection, payment of productivity and profit bonus to employees: consumer protection and consumer welfare, prohibition of benami transactions, etc. At the same time, large business corporations have been conscious of their social responsibilities, that is their responsibilities towards the shareholders including the community and public in general.

Check Your Progress D

1. What is meant by the term 'value system' ?

.....

2. Give two examples to illustrate the change in value system in Indian society,

.....

3.7 SOCIAL RESPONSIBILITIES OF BUSINESS

Business activities today have a dominant influence on the life of citizens and the society in different ways. In pre-modern times, it was not necessary for businessmen to be concerned with the 'social' value issues of business since values were expected to be upheld by market forces. The success of a business in itself was taken as prima facie evidence of the social value of that business over its less successful competitor. This view has been discarded by social scientists in modern times. It is now widely recognized that business not only involves pursuing economic gains resulting from customer satisfaction, it is also a social function involving certain obligations to society. Social responsibility of business refers to the obligation of business firms to adopt policies and lines of action which are desirable in terms of the expectations and interests of society. However, classical economists - Milton Friedman, F.A.Hayek and Gilber Burck - held a different view till the early 70's. Let us examine the views against business assuming social responsibilities.

3.7.1 Views against Social Responsibility of Business

- 1) The foremost argument against social responsibility of business is that in a free-enterprise system, a business executive cannot spend his employer's (i.e. owner's) money for social purposes. If he does so, he in effect becomes a civil servant, but he was not selected to act as a civil servant. He may not be competent to act as such. He was employed as an expert in running a business, not as an expert in public affairs.
- 2) The second line of argument is that with free enterprise and division of labour, so long as resources get into the control of the enterprise willing to pay the highest price, the resources will then, on the whole, also be used where these will make the highest contribution to the product of the society. This will follow if each enterprise while deciding on the use of resources considers only those effects as will raise the value of its assets, and does not concern itself with the question whether a particular use is socially beneficial. At the same time, if management is allowed to be guided in the use of funds by what they consider to be their social responsibility, it would create centres of uncontrollable power never intended by the investors of capital. Or else there has to be public control over corporate management.
- 3) A third argument against social responsibility of business is that if executives are required to invest in social activities, there will be to that extent a reduction of investment in productive activities and for higher productivity, Even if companies have

adequate resources to engage in social activities, large scale commitment in that respect is likely to lead to a slower growth in gross national product.

3.7.2 Case for Social Responsibility of Business

If business is recognized as an integral part of the social system, and the broad value question is considered in the context of a social rather than a narrow economic framework, 'the social responsibility of business' is justified on several grounds.

- 1) Business activity is as much a social activity as an economic activity. The businessman should therefore be responsible for all the consequences of his action, social as well as economic.
- 2) The market place cannot be a satisfactory arbiter of the social consequences of business activities. Economic considerations which govern market phenomena cannot be looked upon in isolation from social considerations or social values.
- 3) In view of the social consequences of business activities, the influence of business on society cannot be measured only in terms of economic gains or gross national product. The ultimate purpose of business, as of any other institution in society, is to be socially profitable.
- 4) As business becomes larger, the public is more concerned about its activities, because it has a greater impact on society. Business being creature of society, when society's expectations from business change, business should also change its objectives so as to meet the expectations of society. If business does not respond to social demands, the society will force it to do so by legislation.
- 5) It is in the long-run self-interest of business to be socially responsive. People who have a healthy environment, education and opportunity of development make better employees, customers and neighbours for business than those who are poor, ignorant and oppressed.

3.7.3 Dimensions of Social Responsibilities

The social responsibilities of business include its responsibilities towards owners (shareholders), employees, consumers, government and the community or public at large. Let us examine the nature of responsibilities towards each of these groups.

Shareholders

It is the primary responsibility of every business to see that the owners or shareholders get a fair rate of dividend or fair return on capital invested. This is a legitimate expectation of owners from business. Naturally the expectations have to be reasonable and consistent with the risks associated with the investment. Owners also expect economic and political security of the capital invested. If such security is not ensured, the inevitable consequence is withdrawal of capital and search for alternative channels other than business.

Employees

As regards responsibility towards employees, the major issues governing employer-employee relationship pertain to wages and salaries, superior-subordinate relations and employee welfare. It is the responsibility of management to provide for fair wages to workers based on the principle of adequacy, equity and human dignity. Maintaining harmonious relationship between superiors and subordinates and providing for welfare amenities for employees are also the responsibilities of management. There are specific laws in India governing factory employment under which provision of satisfactory working conditions for safety, health and hygiene, medical facilities, canteen, leave and retirement benefits are obligations cast on the employer. There are other laws providing for the security of workers against the contingencies of sickness, maternity, employment injury and death, provident fund and pension for employees. However, employee welfare cannot be viewed within the narrow limits of legal requirement. Employee welfare is best secured if the management accepts the obligation to secure and maintain a contented work force, and the employees have the opportunity of developing their potential abilities through training and education.

Consumer interests are generally expected to be taken care of in a competitive market through forces of demand and supply. However, perfect **competition** does not actually prevail in **all product** markets. Consumers are also victims of unfair trade practices and unethical-Conduct of business. Consumer protection has thus **been** sought through legislation, and non-government organisations (NGOs) have enlarged **their** activities for upholding consumer interests. These compulsions are avoidable if **management** assume the responsibility of satisfying consumer needs and desist **from hoarding, profiteering**, creating artificial scarcity, as **also** false, misleading and **exaggerated** advertisements. Besides, it would be in the long-run interest of business if goods of appropriate standards and quality are available to consumers in adequate quantities and at reasonable prices.

Government

Social responsibility of business towards government requires that (i) business will conduct its affairs as a law-abiding unit, and pay all **taxes** and other dues **honestly**, (ii) **management** will desist from corrupting public servants or **the democratic** process for selfish ends, and no attempt will be made to secure **political** support by money or patronage.

Community

Arising out of their social responsibility towards the **community and public** at large, businessmen are expected to maintain a balance **between** the **needs** of **business** and-the **requirements** of society. In general **business** should be so **managed** as to make the public **good** become the private good of the enterprise rather than the old doctrine that "what is good for the **business** is good for the society." The social responsibility of business firms should be reflected in their policies with respect to **environmental** protection, pollution control, conservation of natural resources, **rural** development, setting up **industrial** units in the backward regions, employment of the socially handicapped and weaker sections of the community, and providing relief to victims of natural calamities'.

3.8 ECOLOGICAL ISSUES

Efore **examining** the ecological issues, let us **underline** the **meaning** of the terms 'ecology' and 'ecosystem'. Ecology refers to the inter-relationships between people, the fauna (birds **and** animals), the flora (plants and trees) **and** their physical surroundings. Ecosystem is the totality of living and non-living **elements** in the ecological community **interacting** with one another and their environment.

The deteriorating quality of environment has **been** a matter of greater **concern** over time. It **is** recognized that environmental protection and ecological **balance** ate essential to sustain **economic** development in India in the long-run. The growing threat' to a **balanced** eco-system is **traceable** to a number of factors.

- (1) The pattern of industrial growth has over the years involved the use of hazardous materials and generation of solid wastes like fly-ash, phosphogypsum and blast **furnace** slag. These wastes have posed problems of storage, **dumping** and treatment.
- (2) **The** growth of chemical and petro-chemical **industries** has also **posed** serious problems of regulating toxic, **flammable** and explosive **chemicals**.
- (3) **Industrial** effluents **discharged** as waste water into **rivers** and water courses without **treatment** are beyond the natural assimilation capacity of rivers. As a **consequence**, water **bodies** remain polluted and affect public health. A survey report of the Central Pollution Control Board has mentiioned that **in** 241 class II **cities** across 17 States about 90 per **cent** of the water supplied is polluted.
- (4) Atmospheric pollution which is mainly in the **form** of suspended **particulate** matter is caused by manufacturing and automobile industries **emhting** thousands of tonnes of pollutants every day in the air, Exhaust fumes' of **motor** vehicles **are** more **damaging** as they **are** closer to the **ground** level and high buildings in cities do not **permit** their dispersal. Coal based thermal power **plants** also are **responsible** for atmospheric pollution through emission of gases like sulphur dioxide, nitrogen **oxide**, etc. This causes acid rains which damage soil vegetation and aquatic life.

- (5) Degradation of the environment has been caused further by pressure of population and widespread poverty and led to exploitation of **scarce resources** which are not easily renewable. Indiscriminate use of forest **resources** and deforestation have followed growing demand for fuel wood and fodder, over-grazing, over-exploitation for commercial needs, construction of roads and power projects. Reckless deforestation has caused loss of valuable top soil and adversely affected soil productivity.
- (6) **Pressure** on the ecosystems has been equally disturbing, **Indiscriminate** exploitation of coral reefs has **adversely** affected the highly productive marine ecosystems. Large areas of mangroves are under biotic pressure **as** a result of **fishing**, pollution of water caused by oil spillage **from ships** and coastal **refineries**, and discharge of sewerage and **industrial** effluents. Wetlands which are rich in aquatic and bird life, providing food, shelter, spawning **and breeding** grounds for fishes are also threatened by **weed** infestation, siltation, chemical and organic pollution, etc.
- (7) Mountain ecosystems are also known to be threatened **by deforestation** causing erosion of top soil **thus** endangering the security of livelihood of people.

The Issues and Measures to Resolve the Issues

The growing imbalance in ecosystems and **degradation** of the quality of environment centres around the question of **sustainable development**. The inter-link between ecology and development stems from the fact that progress in science and technology has **accompanied** improvident use of natural resources and **led** to negative fallout in the process of development. **At the same time** one cannot deny that millions of people still suffer from poverty, malnutrition, ill-health, etc. which are traceable to **inadequate** development. **No doubt** environmental problems are partly attributable to poverty and **under-development**, which could be tackled by rapid development. But there are unintended side-effects of the process of development itself which have given rise to **many** of the environmental problems, which India is facing.

The issues can be resolved if it is **realised** that **environmental** factors and ecological imperatives **need** to be built into the process so as to ensure sustainable development. To **meet the challenges** the Government has **introduced** several measures since the eighties in the context of laws passed for conservation of **natural** resources and abatement of environmental pollution.

The Union Ministry of Environment and Forests, created in 1985, issued a policy statement in June 1992 outlining India's National Conservation Strategy on Environment and Development. The emphasis in **the** statement **was** on 'Sustainable Development' as **the** key element in the Ministry's action plan. The task set was "to ensure sustainable and equitable use of **resources** for meeting the basic needs of the present **and** future generations without causing damage to the environment,"

The strategy based on the above policy is an integrated strategy aimed at strengthening the existing programmes of pollution control, ensuring better disposal of solid wastes and hazardous materials, and conserving forests and other bio-diversity rich ecosystems. **The** National Forest Policy **now has** the primary objective of **ensuring** environmental stability **and** maintenance of ecological balance. It **recognises** the multiple uses of forests, the **rights** of local **population**, the inadvisability of protecting forest resources without their active participation, and the role that forests play in the survival of **the** poor.

The National Afforestation and Eco-Development Board has been **entrusted** with the **task** of regenerating degraded **forest areas** and ecologically fragile lands besides implementing the eco-development programmes. Likewise, the National Wasteland Development Board has the primary **objective** of reclaiming wastelands **through** a massive **programme** of afforestation with people's participation. Under the National Policy for Abatement of Pollution, Government has stressed the use of **economic** and policy instruments while introducing pollution control measures. Seventeen environmentally **critical and highly** polluting **industries** (*) have been **identified** by the Union Ministry for **special monitoring** and enforcement efforts. As a follow-up **measure**, environmental audit has been **made**

(*) **These industries include** sugar, **fertiliser**, cement, **aluminium**, **fermentation** and **distillery**, **petro-chemicals**, thermal power, caustic soda, oil refineries, tanneries, copper **smelters**, zinc **smelters**, iron and steel, pulp and paper, dye and dye intermediates, pesticides and **pharmaceuticals**.

compulsory for all industries requiring environmental clearance. For smaller units, schemes have been initiated to assist them in setting up common pollution control facilities.

The strategy of pollution control has also targetted **area specific pollution** problems and identified **24** critically polluted industrial areas in **different** parts of the country for special attention. The Government is also pursuing the objective of ushering in clean technologies for waste under the Industrial Pollution Control Project assisted by the **World Bank**. Besides, the Bureau of Indian Standards has introduced the "Eco-mark" scheme for certification of products of industries which fulfil prescribed pollution control standards and achieve **the** required **environment** friendliness in production, packaging and waste **disposal**.

Protection of viable habitats for wild life in representative **ecosystems** is the main strategy adopted for conservation of India's biodiversity. It includes maintenance of National Parks, Wildlife Sanctuaries **and** Biosphere Reserves for conservation of wildlife species. Towards **ecological** restoration, schemes have been initiated on captive **breeding** of plants **and** commercial utilization of medicinal plants. **Government** has also initiated **measures** to promote environmental research, education **and** training. **A** number of research institutes have been set up to carry out **research** on one or more facets of forestry and also to take care of regional needs.

Check Your Progress E

1. What is meant by social responsibility of business?

.....

2. State whether the following statements are True or False.

- i) If business firms engage in social activities it will slow down investments in productive activities, but investment in business does not necessarily mean an improvement in quality of life.
- ii) If business does not respond to social demands, no one will buy the products sold by it.
- iii) Business is primarily an economic activity but it is no less a social activity.
- iv) Business activities should be guided by the principle that what is good for the business is also good for society.
- v) It is only with respect to matters which are not covered by legislation that business should consider its social responsibilities.
- vi) The question of sustainable development is the central issue in the context of environmental degradation.
- vii) Ecosystem is the totality of living and non-living elements interacting with one another and their environment.

3.9 LET US SUM UP

Over ages, the complexion of Indian society has changed in many ways. A pluralistic society has evolved from the monistic society of the past. The pluralistic society is characterized by numerous groups organized to serve economic, social, political, religious **and** professional interests of the members. The nature and forms of business enterprises have also changed over time. While business is influenced by different interest groups and institutions, it also exerts its influence on other institutions. Over time, far reaching changes have also taken place in the social institutions. Traditional occupations based on hereditary skills and linked with castes have lost their significance. Spread of educational opportunities along with improvement in transport and communications have resulted in greater mobility of people. The institution of joint family is gradually breaking down, Life styles and norms of consumption have also changed with urbanisation and changing pattern of occupations.

Underlying the changes in social institutions there has occurred demographic changes. India's demographic profile shows that **while** death rate has continued to decline, birth rate remains relatively high, which is **reflected** in the high growth rate of population. Thus India would appear to be in the second stage of demographic **transition**. However beginning with the 70s one **may consider** the stage set for **transition** to the third stage of **demographic** transition, with a downward trend of birth rate, **A high density** of population is another **feature** of India's demographic profile. This is **indicative** of a high burden on land which is likely to increase **further with additions** to population. India continues to **be** the second largest populated country in the world next to China.

The cultural changes which have taken place and are still **continuing** to change are reflected in changes in people's consumption pattern, tastes and preferences and habits and customs. While religion **as an element** of culture **has** provided strong emotional bonds **among** people, religious orthodoxy has made people sectarian in outlook, dogmatic and **intolerant** of other's views. In this context, **secularism** is regarded **as** a valued **aspect of** Indian culture. **During** the last fifty years, people in India have imbibed modern, **western** values and emphasis has shifted from religious and social values to economic and political values.

Advancement of **technology** has been **one** of the most important factors **causing** far reaching social changes. Technology **has** often had a multiplier effect. Technological progress has led to higher productivity and improved **quality** of products. It has enabled **faster** communication of knowledge and information, and brought about enormous saving in time **and** energy. However, technological changes have also brought **about** several socially undesirable consequences like spread of **consumerism**, subordination of moral values to materialistic values **and** deterioration of human values.

Changing value system is **another dimension** of social change in India. Growing awareness of the **importance** of economic values and pursuit of **material** gain are increasingly **reflected** in the conduct of people. **Correspondingly**, social and religious values have lost **importance** in the value system, Pursuit of self-interest and individualism **as** cherished values have become more important **while** erosion of moral values seems to threaten the social fabric. **Business** values are **known** to influence social values in no small degree. **With the change** in social values and with a view to **bringing** about a change in business values, Government has **enacted** legislation and **large** business corporations are increasingly responding to the demand for social **responsibilities**.

Social responsibility of business refers to the obligation of business firms to adopt policies **and** lines of action which are **desirable** in terms of the expectations and interests to society. The social **responsibilities** of business include its responsibilities towards owners, employees, consumers **government** and the community or public at large.

Ecological issues related with conservation of **natural** resources, environmental protection **and** maintenance of ecological **balance** centre around the question of sustainable **development**. The **growing** threat to a **balanced** ecosystem is traceable to a number of factors like **technological** progress, industrial growth, pressure of population and widespread poverty. **Even** though **environmental** problems are partly attributable to poverty and under-development of the **economy**, there are also **unintended** side-effects of **the** process of development itself which have given rise to many of the environmental problems in India. **Several measures** have been adopted by the Government to resolve some of the major issues.

3.10 KEY WORDS

Culture : Values, norms, artifacts and **accepted behaviour** of people; totality of **behaviour** consisting of **learned** responses.

Demographic Transition (theory of) : Rate of growth of population varying **with** the **stage** of **economic** development.

Dependency Ratio : average number of **dependents** on an **earning** person.

Ecology : **Inter-relationships** between people, fauna, flora and their **physical surroundings**.

Economic Value : **Desirability** of material gain and practicability of action.

Eco-system : The totality of **living** and non-living **elements** in the ecological community interacting with one another and their environment.

Monistic society : Society in which human activities were **undertaken** in the context of a single social institution, the village community.

Political value : Desirability of acquisition of power.

Pluralistic society : Society in which there are numerous interest groups in the social system.

Religious value : Desirability of morality and righteous conduct.

Sex-ratio : ratio of women to men.

Social responsibility : Obligation to meet social needs.

Social value : Desirability of love of people and equality.

Utilitarian value : Desirability of maximum good for the maximum number.

Values : Normative views held by people of what is good and desirable.

Value System : Set of values with 'priority-rating' based on their relative importance.

3.11 ANSWERS TO CHECK YOUR PROGRESS

- A. 2. i) True, ii) False, iii) True, iv) True, v) False
- C. 4. i) True, ii) True, iii) True, iv) False
- E. 2. i) True, ii) False, iii) True, iv) False,
- v) False, vi) True, vii) True

3.12 TERMINAL QUESTIONS

1. Discuss the nature of institutional changes in **Indian** society since independence.
2. Describe the impact of changing technology on the social system, Do you agree with the view that technological progress is not an unmixed blessing ? Explain.
3. Give an outline of the theory of demographic transition. What is its relevance in the Indian context?
4. Briefly explain the social implications of the rate of growth of population, high density, life expectancy and rural-urban distribution of population in India.
5. Identify the **elements** of culture which, have undergone changes in recent **times** and affected the social system in **India**. Explain them briefly.
6. Describe the nature and causes of changes in value **system** and the extent to which they have **contributed** to progressive ideas.
7. Analyse the rationale of business assuming social responsibilities keeping in view the case against it.
8. Discuss the nature of social **responsibilities** of business towards employees **and the community**.
9. How are ecological issues relevant to business environment in India?
10. How is Government policy directed towards meeting the question of environmental degradation and sustainable development?

Note: These questions will help you to understand the Unit better. Try to write answers for them, but do not send your answers to the University, These are for your practice only.

SOME USEFUL BOOKS

Francis Cherunilam, *Business Environment*, Himalaya Publishing House, Mumbai.

George Steiner, *Business and Society*, Macmillan, New York.

Indira Gandhi National Open University, Course Materials — *MS-3 : Economic and Social Environment*.

Tandon, B.B. & Tandon, K.K., *Indian Economy*, Tata McGraw Hill, New Delhi.