

# Study of various aspects of Economic Development and Social Responsibilities

Dr. B. R. Gadave

Head of Dept.

<sup>1,2</sup>Department of Commerce and Management

Shri Shiv Shahu Mahavidyalaya, Sarud, Dist. - Kolhapur. (M.S) India

**Abstract**— Economic development of a country is a complex phenomenon. It is a multi-dimensional process which involves structural, social, psychological and institutional changes. A developing country like India cannot easily evolve such changes in the absence of planning. Social responsibility of business is now an accepted concept. All companies, whether in the public or in the private Sector, must work in public interest. Movement aimed at encouraging companies to be more aware of the impact of their business on the rest of society, including their own stakeholders and the environment. This research paper deals with the various aspects of economic development and social responsibilities, its nature, scope and importance.

**Key words:** Economic Development, Phenomenon, Multi-Dimensional, Psychological

## I. INTRODUCTION

A country under its planning programme, can increase national saving through high taxation and attain equitable distribution of income and wealth and discourage unnecessary spending. With appropriate monetary and fiscal policies, a state can effectively utilize its saving resources for capital formation which is the key to economic growth. The planning process is a technique of programming economic development so as to achieve an accelerated economic growth in a developing country, Thus, the rational of economics planning in a poor country is to bring about a speedy growth of the national income so that the rate of growth of per capita income would rise higher than the rate of growth of the population. Economic development is associated with two categories of changes:

### A. Qualitative Changes

- Rise in productivity of a factor.
- Change in production technique
- Change in economic and social structure
- The change in the attitude of the people
- Rise in the welfare of the people.

### B. Quantitative Changes

- Rise in employment
- Rise in national income and pro capita income.
- Rise in consumption and standard of it.

To appreciate the need for planning for economic development in a backward economy, it is essential to analyse the conditions of growth. The pre-conditions of growth include

- Saving
- Investment
- Capital formation on a large scale
- Rapid industrialization

- Huge expenditure on social and economic overheads like education and public health etc.

All these require a tremendous amount of organization to mobilize the necessary resources and to allocate them to various sectors of the economy so as to derive an optimum growth rate with the maximum social benefits.

For a developing country, technical education and research are essential to revolutionize the economic development process. In the present world situation, economic self-sufficiency and self-reliance are very important for maintaining political freedom of the country. Poor countries who have attained freedom in the recent times, should try to make their economies strong so as to retain their political independence.

According to Economist Prof. Alak Ghosh from his “New Horizon in Planning”- “in underdeveloped economies, road blocks confront us on all known avenues to advance. Shortage of Capital, lack of technical proper personal, country wide poverty, with the consequence of low volume of effective demand, a large labour surplus, these are the fundamental obstacles to progress in underdeveloped countries. If these obstacles are to be overcome and if industrialization and modernization of agriculture are to be achieved, it is essential that the under developed countries break new ground. That ground will be found in the development planning.” A development plan places a balance emphasis on the objectives of planning and other macro-economic goals. Solution to the problems of poverty, inequality and unemployment induces an urge to economic and social changes to be effectuated through an appropriate planning process.

The removal of poverty needs:

- A rise in the real income.
- A fair distribution of income generated.
- An equitable redistribution of income to remove existing inequalities.

Hence, the entire socio-economic frame work should be remoulded to achieve the desired social goals. As described by the Planning Commission of India, the physical planning “is an attempt to work out the implications of the development effort in terms of factor allocations and product yield.”

### C. Limits of Growth

A country like India has to advance in a number of directions at the same time. At each stage of development the essence of economic and social policy is to establish a combination of goals, supported by specific measures. For a developing country like India with her large population and manpower resources, extreme dependence on agriculture, low levels of productivity and wide spread regional disparities, the overall economic growth is limited.

Economic growth is defined as an increase in per capita income of a sizeable order that should be the prime object of economic development in a low income country like India where living standards of the vast millions are palpably low. The process of economic growth is influenced by a large number of economic, social and political factors. Professor Nurkse puts "Economic development has much to do with human endowments. Social attitudes, political conditions and historical accidents.

A multitude of factors affect growth process in a country.

Growth depends on the proper and full exploitation of these resources. Limits of growth derive from the limited natural resources and the limited degree of exploitation of the natural resources. For the over-populated countries where population growth is rapidly increasing, the rate of economic growth is very much curbed. Unless the infrastructures of the economy improved, social taboos and other socio-economic imperfections and imbalances are removed, the very good policies of a government may not be able to produce results and all these conditions would limit the economic growth process.

#### D. Social Responsibilities of business

The concept of special responsibility traditionally as defined in terms of both social and economic goals of business units. Until recent years much emphasis has been placed only on the economic objectives of business units, which should be efficient in producing goods and services that people want and for which people are willing to pay. If the above objective is done well, it is reasoned that the profits of the business unit would be maximized. Thus maximization of profit becomes the dominant goal of business. But today due to a number of reasons much greater emphasis has been placed on the social aspects of organizational obligations to the community as a whole and to the owners of the organization.

In the past a business which was efficiently using the resources at its disposal was considered as one acting in a socially responsible way. Responsible business was one which was efficiently using the resources available to it. But the current concept not only includes this type of action but much more. Social responsibility of business is defined broadly as "responsibility to customers, shareholders and the community". The current concept of social responsibility may be defined from two points of view, namely, the conceptual and specific corporate social program.

##### 1) Conceptual

According to Kenneth Andrews, social responsibility refers to "the intelligent and objective concern for the welfare of society that restrains individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and leads to the direction of positive contributions to human betterment, variously as the latter may be defined". According to this definition the promoters of business should give weight age to the social interest of the people in the community, in their process of decision making.

##### 2) Specific corporate social programme

Social responsibilities of business may be defined as an operational level, in terms of specific programmes which a corporation may undertake such as education, medical care, employment and training, pollution abatement, culture and art, civil liberty and equal opportunity. While speaking of

social responsibilities of business, many people including promoters of business feel that the pursuance of such a concept will ultimately result in a reduction of short range as well as long range profits. This is not necessarily so. For instance if a business concern assures equity, morality and justice in the selection, training and promotion of employees, that such a concern may well improve its productivity and morale and in turn profits. If a business enterprise replaces a more dangerous machine, it not only avoids an accident hazards, but also raises its productivity per man hour. However some social programmes may reduce the profit of business concerns.

## II. MANAGEMENT AND BUSINESS

Business could have been managed as an art in the 19th century, but in the last quarter of the twentieth century no large business could do without specialist Staff. They all were the products of Scientific Management. An expert Marketing Manager knows that the consumer behavior of New Delhi is different from that of the citizens of New York. For a family run business, there is management by inheritance whereas for a professionally managed business there is management by competence or professional management.

### A. Scope of social responsibilities of business

Social responsibility of business is now an accepted concept. All companies, whether in the public or in the private Sector, must work in public interest. The objective that is common to both includes not only a reasonable return on capital, but also a concern for the interest of labour and an overall interest of the nation. No enlightened management can remain aloof to the national problems such as unemployment, over population, rural development, environmental protection, including the conservation of resources, control of pollution and provision for clean drinking water. Corporate Sector must accept the fact that although profits are indicative of sound business health, contribution to social progress is equally becoming a measure of corporate achievement.

The Scope of social responsibility is wide and could be considered in terms of different factors. Some people consider social responsibility in terms of claimants or stakeholders the insiders and outsiders. The insiders are the employees and shareholders, while the outsiders include customers, suppliers, creditor, the government, the unions, competitors and the general public.

Another way in which the scope of social responsibility could be defined on their nature, size, and breadth of activity, could extend social responsiveness to the problems of the whole world, nation, local community, industry to itself.

## III. CONCLUSION

Business and industry have knowledge and skills which should be a powerful force in the solution of these various problems facing the society. Business organizations are part of society and should serve primarily societal interests in addition to economic objective of profit generation. For a business organization the economic goals and social responsibility objectives need not be contradictory to each other and should be achieved simultaneously.

Business organizations could also classify social responsibility in terms of relatedness to its own activities. In

this way, social responsibility is discharged to secure advantages for itself, e.g. the promotion of market related activities or product related activities could be termed as business related social responsibility. A tractor producer education farmers on agricultural mechanization and an electronics company sponsoring a technical institute for the supply of technology or trained personnel, are the examples of the above two cases of the discharge of social responsibilities respectively. In conclusion we could say that the economic development of a country is associated and influenced by their social responsibilities.

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