

Innovations and Societal Outlook

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Abstract:

Societies around the world are also troubled by large inequalities in incomes and wealth. Gini coefficients of income inequality, ranging over 0.5 in many countries, are alarming. More alarming is the inequality of wealth. Ownership of the means of production must be dispersed more widely amongst workers, so that people at the bottom can accumulate wealth too. The IPR system must be overhauled to return it to its original intention, which was to enable knowledge of innovations to be disseminated more widely to multiply its benefits, rather than enabling the perpetuation of intellectual monopolies. Governments must play more effective roles in delivering public services either by providing them or by more firmly regulating businesses that provide them.

Keywords: society, innovation, Intellectual monopoly, entrepreneurship.

1. Introduction

The power of new technologies must be used to benefit the lives of many, rather than maximise the wealth of a few. 'Innovation' and 'entrepreneurship' have become business jargon. It seems every business conference, journal, and management curriculum must include innovation or enterprise in its title to be noticed. Awareness of huge systemic problems that need new solutions is spreading around the world. Many of these problems — environmental degradation, persistent poverty, and failures of systems to deliver public services such as health and education — are named in the UN Sustainable Development Goals. No doubt, innovation and entrepreneurship will help solve them.

Societies around the world are also troubled by large inequalities in incomes and wealth. Gini coefficients of income inequality, ranging over 0.5 in many countries, are alarming. More alarming is the inequality of wealth. The Gini coefficient of wealth inequality is estimated at over 0.9, as high as it can possibly be. Just eight persons own as much wealth as 50 per cent of the world's population, i.e., as many as 3.9 billion people. Concepts of innovation and capitalist enterprise must be changed to make growth more inclusive and sustainable.

Egregious failures of corporate governance, even in respected corporations, and self-serving actions by overpaid CEOs who have destroyed corporate reputations and livelihoods of thousands of employees have caused outrage at the lack of ethics in business. Business schools are scrambling to include ethics in their curricula. The paradigm of innovation and enterprise that has over-run the world of capitalism is not innocent. It has fuelled the inequality and the outrage.

Objectives

This study portrays the current scenario of Innovations and societal outlook.

Seeking Profit

A foundational principle of ethics in all religions, and in secular philosophy too, is compassion for others. All of them say that the conduct of any person who is concerned only with himself, and not with the impacts of his actions on others, is fundamentally unethical. Therefore, the principle that the business of business must be only business, which has driven corporate governance, is an unethical principle.

This is the foundational principle on which the governance of the limited-liability business corporation is founded. Its board and its executives are

legally enjoined to serve the interests of the shareholders of the corporation, produce profits for them, and increase their wealth. They must not be distracted by soft-hearted social concerns. Those are the responsibility of governments.

When social enterprises are funded by financial investors, confusion about who the managers of the enterprise serve distorts the measurement of their performance. Investors are willing to reduce their expectations of profits; but they count on some profit. Profits from social ventures add another stream of profits to their financial portfolio.

The increasing gap in wealth around the world is between those who can make even more wealth from their investments, and those who have no wealth and scramble to earn adequate incomes.

Thus, changes in stock market indices are hardly an indication of how well the Indian economy is doing for the common man. Less than 3 per cent of Indians earn and save enough to participate in the stock market, even through mutual funds. Profit is not a bad word, as Mahatma Gandhi said. The question is, who owns the enterprise and makes the profit? Financial investors, or workers and producers?

The shape of the global economy has changed. Wealth begets more wealth. Labour costs can be reduced to increase profits, by outsourcing to lower cost countries, automation in richer ones, preventing workers' unions from demanding higher wages, and by parcelling out bits of work in the gig economy — avoiding the employer-employee relationship altogether. Only 8 per cent of an Apple iPhone's price is labour cost. The cost of materials and other inputs accounts for 22 per cent. And as much as 70 per cent is profits.

Intellectual Monopoly

The ownership of intellectual property has become an enormous source of profit in the global economy. Innovative enterprises, in the capitalist world, stand out by the amount of profit and wealth they earn from intellectual property — Apple itself is an iconic example. While production and sales of products are globalised, control of the rules of IPR (intellectual property rights) has become a great source for accumulation of wealth in richer countries.

Pharmaceutical MNCs declare themselves as the 'innovators' in the industry, discovering new cures to improve health. They are also notorious for the ways in which they manipulate the global IPR regime to extend their intellectual monopolies. The Slovenian philosopher, Slavoj Zizek, has remarked that "the gradual transformation of the profit generated by the exploitation of labour (has transformed) into rent appropriated through the privatisation of the general intellect."

The pace of technological innovation has run ahead of the evolution of institutions to govern it. Data about citizen's personal preferences, health, economic circumstances, and whereabouts are the raw materials for innovative business models. Owners of social media platforms have become the richest persons in the world. Now ethical questions are troubling societies. Should the power of these technologies lie in private hands, and with corporations whose purpose is to maximise the wealth of their owners? Or should governments be trusted to use this power wisely to enhance public security and improve delivery of public services?

Democracies around the world are threatened by populist movements upset with the chokehold on public policies by capitalists and the economists who provide them with intellectual ammunition. Institutions of business must change to make capitalism more democratic.

Conclusion

Ownership of the means of production must be dispersed more widely amongst workers, so that people at the bottom can accumulate wealth too. The IPR system must be overhauled to return it to its original intention, which was to enable knowledge of innovations to be disseminated more widely to multiply its benefits, rather than enabling the perpetuation of intellectual monopolies. Governments must play more effective roles in delivering public services either by providing them or by more firmly regulating businesses that provide them.

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