

Recession-induced Societal Changes, Challenges and Opportunities

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Abstract—The greatest damage inflicted by the recent recession has not necessarily been financial but emotional and psychological. There are a lot of direct and indirect societal challenges, changes and opportunities that were brought by recession everywhere, including in India. In this paper an attempt is made to analyse such societal changes, challenges, and opportunities.

The analysis shows that the recession has brought more positive social changes and opportunities than the challenges. While encashing on the positive aspects, we need to take imaginative steps to deal with the challenges.

INTRODUCTION

Sudden change in environment brings behavioral and socialization adaptations. Different adaptations, different behaviors and socialization are adopted to succeed and endure in each environment. The recent (2007-09) worldwide financial crisis may reverse — at least temporarily — the direction of modern societies (University of California - Los Angeles, 2009).

Economists, sociologists, psychologists and marketers examine the societal changes, big and small, trivial and painful and good and bad that accompanies a bad economy. The greatest damage inflicted by the recent recession has not necessarily been financial but emotional and psychological (Luo, 2009).

In US the recession has hit men harder than women in the job market. Many investment bankers who lost jobs became stay-at-home-dads. Now, they cook food, play with children and chauffeur their children to school. The number of families in which wives are primary breadwinners has jumped sharply since the recession began. In August 2009, some one million US families had a working wife, a child under 18 and an unemployed husband. This led to the loss of the traditional masculine identity. The children started seeing a shared parenting now. For many men it is a window into life that many men never seen before. This is a change as well as a challenge for the individual as well as for the society. Change in the sense it is a gender 'role reversal', and the challenge is that how men can cope with this unexpected change. At the same time it becomes an opportunity for women to become the primary breadwinners and prove their mettle.

According to Dee Dee Myers, the author of the book "*Why Women Should Rule the World*", if women ruled the world, politics would be more collegial, businesses would be more productive and communities would be healthier. Empowering women would make the world a better place-not because women are the same as men, but precisely because they are different.

In her book, Myers assesses the crucial but long-ignored strengths that female leaders bring to the table. "Women tend to be better communicators, better listeners, better at forming consensus," she argues. In a highly competitive and increasingly fractious world, women possess the kind of critical problem-solving skills that are urgently needed to break down barriers, build understanding and create the best conditions for peace. Terry Pettijohn 2nd, a professor of psychology at Coastal Carolina University, says that popular tastes shift with economic conditions. He found that in uncertain times, people tend to prefer songs that are longer, slower, with more meaningful themes. In better times, it's more likely to be faster, upbeat songs (Lewin, 2008).

A stunning statistic is that unlike in past epochs, the higher up the income ladder people go, the more hours people work (Lewin, 2008). Similarly, there are a lot of direct and indirect societal challenges, changes and opportunities that were brought by recession everywhere including in India. In this paper an attempt is made to analyse such societal changes, challenges, and opportunities.

SOCIETAL CHANGES

The recession has brought several societal changes:

Community-mindedness

People becoming more community-minded as they are getting poorer (read less income). For example, former executives who are out of work are doing much more volunteering for non-profit organizations, moving toward a focus on the common good. Lawyers and bankers are becoming teachers. More young people will be focusing on helping their families and the community, especially as they get poorer (University of California - Los Angeles, 2009)

Feeling as a Real Global People

Financial crisis is a wake-up call. Recession taught people that there should be innovative solutions that take into account the larger challenges we face as a global people. It is not the opportunities that must make the people think globally, rather the adversities.

Societal Perception on PSUs

Recruitment in PSUs and other core engineering companies has not slowed down despite the economic slump. So the society's perception about PSUs and core engineering companies has become very positive. Now, the job guarantee and job security are more important than the level of salary and career growth (The Hindu, 2009).

Promotion of Greater Good

Sir Richard Branson, Founder, Virgin Atlantic, says that from recession, entrepreneurs must also realize that they have the responsibility to promote greater good. "They have the responsibility to look closely on how they can possibly redistribute wealth for the collective good. So, recession is an opportunity to initiate strategies for collective good of the society to

achieve a sustainable socio-economic condition. Entrepreneurs can use their wealth creatively to change society”(The Hindu Business Line, November 2008). The society also has started thinking that the business is no greater than the society. The business can not be independent of the society. People (consumers) started feeling that business must make only positive difference and not negative difference.

Proactiveness

People have become more imaginative and creative about what is going to happen next? People become more alert, prepared for any future eventuality. In future, it will be a pro-active society.

Barter System

The barter system has revisited. For example, the money-conscious diners near the English town of Norfolk can barter home grown produce for beer at a pub.

To Savings Mode

Many money-conscious Europeans swapped their high-cost cars for bicycles to save money. It is good for the environment. The sale of bicycle parts in Germany rose by 20 per cent earlier in 2008. But it led to falling revenues from vehicle-licensing fees as new car sales plummet. People have cut down non-essential spending on things such as holidays, furniture, clothes, bottled and organic food, trying to save by shopping at discount stores and more use of public libraries.

Frugal Future

This western-induced recession is really the beginning of good news for developing countries, including India. Recession has apparently changed the societal attitudes regarding debt and housing. The honeymoon with real estate is ending. The commoditized approach to housing is slowly disappearing. People prefer small houses, simple living and will go back to their culture. Recession resulted in downside of greed, indulgence and giving in to temptation (The Hindu Business Line, January 31, 2009). Merrill Lynch economist David Rosenberg says that the recession has been marked by reduced discretionary spending, higher savings rates, asset liquidation, debt repayment and reduced accessibility to consumer credit (<http://articles.moneycentral.msn.com>).

Quality Family Time

The more time spent with family, the more cooperation within families and less concern with material goods (University of California - Los Angeles, 2009). Families are forced to pull together to deal with the hardships emanating from the economic woes. In Spain, media reported that many young people were moving back to their parents' homes for financial reasons. That is a good thing!

Health

People may take fewer car trips, thus lowering the risk of accidents, and spend less on alcohol and tobacco. They also have more time for exercise and sleep, and tend to choose home cooking over fast food. Christopher J. Ruhm, an economist at the University of North Carolina at Greensboro, found that the death rate falls as unemployment rises. In the United States, he found, a 1 percent increase in the unemployment rate, on average, decreases the death rate by 0.5 percent (www.marginalrevolution.com).

SOCIETAL CHALLENGES

The recession has brought some societal challenges as well:

Changing Family Dynamics

Ariel Kalil, a developmental psychologist and director of University of Chicago's Centre for Human Potential and Public Policy, says that the more important factor in recession, especially in middle-class households, appears to be changes in family dynamics from job loss. Kalil says that her research indicated that the repercussions were more pronounced in children when fathers experience unemployment, rather than mothers. She theorised that the reasons have to do with the importance of working to the male self-image, or the extra time that unemployed female breadwinners seem to spend with their children, mitigating the impact on them. Now family members talk to each other more. But when they can spend a lot more time together, they fight a lot more maybe because they are around 24-7 (Luo, 2009).

Less for Charity

Donations for charitable organizations and orphanages have come down significantly. Rich people cut back on spending well before the recession started.

Importance to Job Guarantee and Job Security

Now, society thinks that job guarantee and job security are more important than the level of salary and growth.

Increasing Social Issues

There are increasing social issues such as suicides, family displacement, floating population, etc. For example, people spend the day in coffee shops, the library or just walking around (Luo, 2009).

Regaining the Confidence

It will be difficult to regain the confidence of small investors, consumers, employees, etc.

Hidden Costs

Workers who have been out of a job for too long often find it hard to get back into the labour market, even when conditions improve (The Hindu Business Line, 14 November 2009). People get frustrated that they are not at work, and they are not being challenged.

Negative Effects on Children

A variety of studies have tied drops in family income to negative effects on children's development. A study found that adolescent children of low-income single mothers who endured unemployment had an increased chance of dropping out of school and showed declines in emotional well-being (Luo, 2009). Children suffer physically and emotionally when their parents spend months or years unemployed. Children, especially, have become hidden casualties, often absorbing more than their parents are fully aware of. Several academic studies have linked parental job loss—especially that of fathers—to adverse impacts on everything from school performance to self-esteem. For example, a child suddenly asked her mother whether she thought she would be able to find a “good job” when she grew up. Father's or mother's unemployment makes it harder for the children to focus on schoolwork.

SOCIETAL OPPORTUNITIES

However, there are some the recession-induced societal opportunities:

Consumer Learning

Consumers learn some new skills - budgeting and saving. Many seminars were held to offer advice on how to make ends meet in tough times. This creates a prudential society. The US Federal Reserve reported that outstanding consumer credit fell \$7.9 billion in August 2008, the first shrinkage in that measure since January 1998. This is the first time individuals worry about the household economy along with general economy.

Entrepreneurial Opportunities

Flow of immigrants from poor countries to wealthier countries is slowing during recession and recession-affected returnees from abroad are increasing. This trend can be used to encourage self-employment and entrepreneurship among them.

Social Entrepreneurship

Recession is an opportunity to provide community services. Small farmers, rural poor and slum dwellers can be helped in the areas of sanitation, clean energy, marketing of agriculture produce, etc.

Emerging of Post-growth Society

In the post-growth society, working-life, environment, communities and the PSUs will no longer be sacrificed for the sake of mere GDP growth. The recession has taught us to live more simply. World realizes that materialism is toxic to happiness.

Redistribution of Wealth

It is the time for the entrepreneurs to look closely on how they can possibly redistribute wealth for the collective good.

Rediscovery of Middle-class Values

As our environment changes, for example, by becoming poorer, then people's value system will also shift (University of California - Los Angeles, 2009). It is an opportunity for the society to rediscover the middle-class values "not to live beyond their means to lead a contented life and don't fall prey to greed". Middle-class values are a strong fundamental to immune from external factors (The Hindu Business Line, December 03, 2008).

Emerging Women Power

Now women have started knowing the responsibilities and rewards of taking on leadership roles traditionally occupied by men. Female participation in public life will transform the world in which we live. Some sectors like IT, health, and education have already witnessed this. Women power is most neglected in the corporate, especially in financial sector. It was always a male domain. Women have taken the helm as CEOs of blue-chip firms like DuPont, Yahoo! and BJ's Wholesale. Ms. Harriet Harman, Britain's Minister for Women and Equality blames for the financial crisis on the male domination of the top jobs in banks. The presence of more women in the boardrooms of financial institutions could have eased the impact of the meltdown. "Women make up half the workforce of insurance companies and banks. Why shouldn't they have a say on boards as well? asks Ms. Harman".

SUGGESTIONS

1. **Global Social Policies:** It is time to think about global social policies. We already have global economic policies.
2. **Financial Literacy:** Financial literacy and credit counseling are key inputs in furthering financial inclusion.
3. **Global Leadership:** A global crisis like the recession needs globally recognized leaders in politics, economics, and business.
4. **Critical Analysis:** Any crisis must be critically analysed to see both positive and negative sides. The positive sides must be encashed.

CONCLUSION

Recession is a blessing in disguise if we react to and introspect about the context very creatively and imaginatively. The above analysis shows that the recession has brought more positive social changes and opportunities than the challenges. While encashing on the positive aspects, take imaginative steps to deal with the challenges.

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