



Name: _____

Roll Number: _____

Definition

Bowen defines social responsibility as “An obligation to pursue certain policies or to make such decisions and follow those lines of action which are desirable in terms of the objectives”

Arguments for Social Responsibility

- a) Public expectations: Social expectations of business have increased dramatically since the 1960s. Public opinion in support of business pursuing social as well as economic goals is now well solidified.
- b) Long run profits: Socially responsible businesses tend to have more and secure long run profits. This is the normal result of the better community relations and improved business image that responsible.
- c) Ethical obligation: A business firm can and should have a conscience. Business should be socially responsible because responsible actions are right for their own sake.
- d) Public image: Firms seek to enhance their public image to gain more customers, better employees, access to money markets, and other benefits. Since the public considers social goals to be important, business can create a favourable public image by pursuing social goals.
- e) Better environment: Involvement by business can solve difficult social problems, thus creating a better quality of life and a more desirable community in which to attract and hold skilled employees.
- f) Discouragement of further government regulation: Government regulation adds economic costs and restricts management’s decision flexibility by becoming socially responsible, business can expect less government regulation.

Arguments against Social Responsibility

- a) Violation of profit maximization: This is the essence of the classical viewpoint. Business is most socially responsible when it attends strictly to its economic interests and leaves other activities to other institutions.
- b) Dilution of purpose: The pursuit of social goals dilutes business's primary purpose: economic productivity. Society may suffer as both economic and social goals are poorly accomplished.
- c) Costs: Many socially responsible activities do not pay their own way. Someone has to pay these costs. Business must absorb these costs or pass them on to consumers in higher prices.
- d) Too much power: Business is already one of the most powerful institutions in our society. If it pursued social goals, it would have even more power. Society has given business enough power.
- e) Lack of skills: The outlook and abilities of business leaders are oriented primarily toward economics. Business people are poorly qualified to cope with social issues.

Responsibility towards Different Groups

1. Responsibilities towards Owners
 - Proper utilisation of capital and other resources.
 - Growth and appreciation of capital.
 - Regular and fair return on capital invested.
 - Efficient running of the business
2. Responsibility towards investors
 - Ensuring safety of their investment,
 - Regular payment of interest,
 - Timely repayment of principal amount.
3. Responsibility towards employees
 - Timely and regular payment of wages and salaries.
 - Proper working conditions and welfare amenities.
 - Opportunity for better career prospects.
 - Job security as well as social security.
 - Better living conditions like housing, transport, canteen, crèches etc.
 - Timely training and development
4. Responsibility towards suppliers
 - Giving regular orders for purchase of goods.
 - Dealing on fair terms and conditions.
 - Availing reasonable credit period.
 - Timely payment of dues.
5. Responsibility towards customers
 - Products and services must be able to take care of the needs of the customers.
 - There must be regularity in supply of goods and services
 - Price of the goods and services should be reasonable and affordable.
 - All the advantages and disadvantages of the product as well as procedure to use the products must be informed do the customers.
 - There must be proper after-sales service.
 - Grievances of the consumers, if any, must be settled quickly.
 - Unfair means like under weighing the product, adulteration, etc. must be avoided
6. Responsibility towards competitors
 - Not to offer exceptionally high sales commission to distributors, agents etc.
 - Not to offer to customer's heavy discounts and /or free products in every sale.
 - Not to defame competitors through false or ambiguous advertisements.
7. Responsibility towards society
 - To help the weaker and backward sections of the society
 - To preserve and promote social and cultural values
 - To generate employment
 - To protect the environment
 - To conserve natural resources and wildlife
 - To promote sports and culture
 - To aid in the field of developmental research on education, medical science, technology etc.

Business Ethics

Ethics are moral guidelines which govern good behaviour. So, behaving ethically is doing what is morally right. Behaving ethically in business is widely regarded as good business practice.

Elements of Business Ethics

1. Top Management Commitment: Chief Executive Officer (or CEO) and other higher level managers need to be openly and strongly committed to ethical conduct. They must give continuous leadership for developing and upholding the values of the organisation.
2. Publication of a 'Code': Enterprises with effective ethics programmes do define the principles of conduct for the whole organisation in the form of written documents which is referred to as the "code".
3. Establishment of compliance mechanisms: To ensure that actual decisions and actions comply with the firm's ethical standards, suitable mechanisms should be established.
4. Involving employees at all levels: It is the employees at different levels who implement ethics policies to make ethical business a reality. Therefore, their involvement in ethics programmes becomes necessary.
5. Measuring results: Although it is difficult to accurately measure the end results of ethics programmes, the firms can certainly audit to monitor compliance with ethical standards. The top management team and other employees should then discuss the results for further course of action.

Environment Protection of a Business

Protection of the environment is a serious issue that confronts business managers and decision makers. The environment is defined as the totality of man's surroundings — both natural and man-made. These surroundings are also in the nature of resources, that are useful for human

Causes of Pollution

- (i) Air pollution: Air pollution is the result of a combination of factors which lowers the air quality. It is mainly due to carbon monoxide emitted by automobiles which contributes to air pollution. Similarly, smoke and other chemicals from manufacturing plants pollute the air. Resultant air pollution has created a hole in the ozone layer leading to dangerous warming of the earth.
- (ii) Water pollution: Water becomes polluted primarily from chemical and waste dumping. For years, business enterprises have been dumping waste into rivers, streams and lakes with little regard for the consequences. Water pollution has led to the death of several animals and posed a serious threat to human life.
- (iii) Land pollution: Dumping of toxic wastes on land causes land pollution. This damages the quality of land making it unfit for agriculture or plantation. Restoring the quality of the land that has already been damaged is a big problem.
- (iv) Noise pollution: Noise caused by the running of factories and vehicles is not merely a source of annoyance but is also a serious health hazard. Noise pollution can be responsible for many diseases like loss of hearing, malfunctioning of the heart and mental disorder.

Need for Pollution Control

1. Reduction of health hazards: There is increasing evidence that many diseases like cancer, heart attacks, lung diseases are caused by pollutants in the environment. Pollution control measures can not only check the seriousness of such diseases but can also be supportive of a healthy life on earth.
2. Reduced risk of liability: It is possible that an enterprise is held liable to pay compensation to people affected by the toxicity of gaseous, liquid, and solid wastes it has released into the environment. Therefore, it is sound business policy to install pollution control devices in its premises to reduce the risk of liability.
3. Cost savings: An effective pollution control programme is also needed to save costs of operating business. Cost savings are particularly noticeable when improper production technology results in greater wastes which leads to higher cost of waste disposal and cost of cleaning the plants.
4. Improved public image: As society becomes increasingly conscious of environmental quality, a firm's policies and practices for controlling wastes will increasingly influence people's attitude towards its working. A firm that promotes the cause for environment will be able to enjoy a good reputation and will be perceived as a socially responsible enterprise.
5. Other social benefits: Pollution control results in many other benefits like clearer visibility, cleaner buildings, better quality of life, and the availability of natural products in a purer form.