

Q. No. 5. Define the social responsibility and case of social responsibilities?

Ans.

Social responsibility means that individuals and companies have a duty to act in the best interest of their environment and society as a whole. Social responsibility, as it applies to business, is known as Corporate social responsibility. In 2018, Forbes named the top socially responsible companies in the world.

Social responsibility implies formulation of business objectives, plans, policies and programmes etc. with emphasis on not only the economic concept of the profit-maximisation, but also with an orientation towards meeting social obligations.

In other words Prof. Howard R. Bowen - "Social responsibilities refer to the obligation (of businessmen) to pursue those policies, to make those decisions, or to follow those lines of action which are desirable, in terms of objectives and values of society."

* Case For Social responsibilities: — Protagonists of social

responsibility put forward the following arguments in favour of the assumption of social responsibility by the businessmen. These are the following —

(a) Creation of Society: — A business enterprise is a certain part of society. It gets all inputs - men, money, materials, technology, information etc. from society, and unloads its output onto society by marketing goods and services in society.

(b) Theory of Trusteeship: → Mahatma Gandhi evolved the theory of trusteeship, according to which businessmen are the trustees of the wealth of society, and should not use this wealth for their self-enrichment, at the cost of society. Hence, businessmen must perform social responsibilities.

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(c) Long-term Interest of Business :- Fulfilment of social responsibilities is in long-term best interest of business. Performance of social responsibilities will help in the survival and growth of business enterprise.

(d) 'Joint-venture' concept → A business enterprise is not an exclusive creation of owners, who provide funds for its functioning. Rather, it is run on a joint-venture concept i.e. employees, consumers, suppliers etc. all support the functioning of the enterprise, in their own ways.

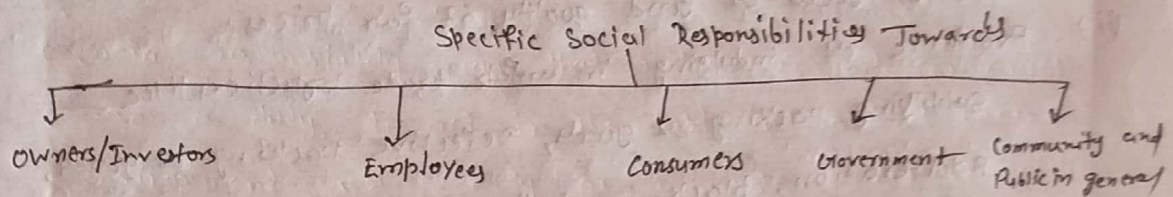
(e) Public Image :- Performance of social responsibilities make for the image of business in society. Such public image, is, yet another ~~name~~ name for the goodwill of business. Creation of business goodwill pays huge rewards to business, in many ways.

(f) Government Intervention → Businessmen should perform social responsibilities voluntarily. In case otherwise, the government might intervene and force businessmen to perform social responsibilities through enactment and enforcement of suitable legislation vis-a-vis social responsibilities.

(g) Business Leadership Needed → Business Leadership is very powerful and dynamic. Such leadership is needed to solve those social problems, which even the government cannot solve.

(h) No Law for all situations :- Government cannot enact legislations covering all aspects and spheres of social responsibilities. The business should morally undertake to perform social responsibilities in those areas which are not regulated or guided by any of the government legislations e.g. eradication of poverty, holding the priceline, giving up cut-throat competition and so on.

5.
 * Specific Social Responsibilities: — Specific social responsibilities of business could be described under various categories as depicted in the following chart: —



(a) Responsibilities towards owners/Investors: — Some specific social responsibilities of business towards owners are: —

- (i) Paying a reasonable rate of dividend as a reward for risking capital in business.
- (ii) Ensuring safety of investment of funds provided by owners.
- (iii) Giving owners a true and fair account of functioning, profitability and financial position of the company.
- (iv) Showing due regard towards the interest of minority of members.
- (v) Ensuring growth of the company.
- (vi) Not to indulge in undesirable speculation to the detriment of the interests of genuine investors.

(b) Responsibilities towards employees: — Some specific social responsibilities of business towards employee are: —

- (i) Payment of adequate and timely wages.
- (ii) Providing congenial work environment.
- (iii) Providing adequate industrial safety device.
- (iv) Granting job security.
- (v) Providing opportunities for promotion and advancement.
- (vi) Providing benefits like- subsidized housing, free medical care, leave with pay, entertainment and recreational facilities etc.
- (vii) Ensuring reasonable workers participation in management.
- (viii) Giving workers their due share in the excess profit of the business.
- (ix) Giving human treatment to workers.

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(C.) Responsibilities towards consumers → Some specific responsibilities of business towards consumers are: —

- (i) Supplying goods of good quality, at fair prices.
- (ii) Avoidance of indulging in unfair trade practices like — supplying packing of goods, defective packing of goods, adulteration, black-marketing, hoarding and profiteering etc.
- (iii) Taking due care of after-sales services.
- (iv) Not to indulge in false, misleading and vulgar advertising.
- (v) Immediate redress of consumer grievances.
- (vi) Discouraging salesmen from resorting to pressurizing tactics to win customers.

(D.) Responsibilities towards the state or government: — Some of the the specific responsibilities of the business towards the government are: —

- (i) Timely payment of legitimate taxes.
- (ii) Co-operating with the government in the implementation of its economic and social policies.
- (iii) Supplying the required information to government departments, from time to time.
- (iv) Refraining from corrupting public servants.
- (v) Not to indulge in winning political favours for selfish interests.

(E.) Responsibilities towards community and public in general: —

Some specific responsibilities of business towards community general are: —

- (i) Ensuring best utilisation of the scarce economic resources of society.
- (ii) Generation of maximum employment opportunities.
- (iii) Controlling environment pollution and preventing urban congestion.
- (iv) Undertaking programmes for rural development.
- (v) Helping in spread of housing, medical, educational and recreational facilities in society.

Social responsibility is related to the concept of ethics. ethics is the discipline that deals with moral duties and obligations.