

Social Responsibility

Social responsibility is the obligation of businessmen towards the society. Businessmen must review the impact of their decisions and actions on the other sections of the society.

According to **Peter F Druker**, “Social responsibility requires managers to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength and harmony.”

Need for Social Responsibilities

A businessman must perform social responsibilities because of the following reason

- (i) Self interest
- (ii) Better environment for business
- (iii) Public image
- (iv) Avoidance of government interference
- (v) Social power
- (vi) Resources used for moral justification
- (vii) Contribution to social problems

The Case Against Social Responsibility

Some experts criticise the concept of social responsibility, some of the arguments given against social responsibilities are given below

- (i) Motive of earning profit
- (ii) Lack of social skill
- (iii) Social responsibility involves cost
- (iv) Dilution of basic goal of business
- (v) Business are not moral agents
- (vi) Reduction in competitiveness

Kinds of Social Responsibilities

(i) Economic Responsibility

In an economic responsibility, business is expected to produce goods and services that are beneficial for society and society which wants and sell them at a profit.

(ii) Legal Responsibility

Every business enterprise is expected to operate within the legal frame work of our society. A law abiding enterprise gets no interference of government and is considered as a socially responsible enterprise.

(iii) Ethical Responsibilities

Ethics is much more than law, while behaving ethically businessmen should not be involved in adulteration, black marketing, etc.

(iv) Discretionary Responsibilities

This responsibility is purely voluntary. This includes contribution in charity. Participation in social service projects, setting up educational and training institutions etc helping people affected by flood, earthquake etc.

Social Responsibility towards Different Interest Groups

(i) Responsibilities towards Consumers

- (a) Production of safe items by maintaining quality standards
- (b) Being truthful in advertising
- (c) To follow fair trade practices.

(ii) Responsibilities towards Employee

- (a) Providing fair compensation and benefits
- (b) Providing good and safe working conditions
- (c) To give them opportunities to participate in decision making

(iii) Responsibilities towards the Owners / Shareholders / Investors

- (a) To ensure safety of investment
- (b) To ensure fair and regular return on investment
- (c) To ensure appreciation of investment by proper utilisation of resources

(iv) Responsibilities towards the Government

- (a) To abide by rules, regulations and laws
- (b) To pay taxes and duties on time
- (c) To help in solving social problem

(v) Responsibilities towards the Community

- (a) To protect the environment from all types of pollution
- (b) To provide more employment opportunities
- (c) To help the weaker section of the society

(vi) Responsibilities towards Suppliers

- (a) To ensure regular payment to the supplier
- (b) To adopt fair dealing with the suppliers
- (c) To protect and assist small scale suppliers by placing order with them