

A STUDY OF SOCIAL RESPONSIBILITY OF BUSINESS

Dr. Bharat Dahe

Assistant Professor

R. B. Attal Arts, Science and Commerce College,
 Georai. Dist Beed - 431122

Abstract:

According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but also to serve and protect the interests of other members of a society such as workers, consumers and the community as a whole. Social responsibility is the obligation of decision-making to take actions, which protect and improve the welfare of society as whole along with their own interests. Every decision the businessman takes and every action he contemplates have social implications.

Be it deciding on diversification, expansion, opening of new branch, and closure of an existing branch or replacement of men by machines, the society of is affected in one way or the other. Whether the issue is significant or not, the businessman should keep his social obligation in mind before contemplating any action.

Keyword: Corporate Social Responsibility, Business, Environment.

Introduction: social responsibility means the obligations or responsibility to act in a manner which will serve the best interest of the society it relates to the voluntary efforts of businessman towards the betterment of the society. 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.

Social responsibility is based on the assumption that what is good for society is also good for business increasing public awareness of their own rights has also contributed to the recognition of social responsibility by business enterprise. 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 of Social Responsibility:

1. **Long term interest of business:** A business being a part of the society must spend a portion of its profits to improve the social condition, improvement of social condition create an environment favorable for the long run of the business.
2. **Avoidance of govt. regulations:** From the point of view of a business, government regulations are undesirable because they limit freedom. Therefore, it is believed that businessmen can avoid the problem of government regulations by voluntarily assuming social responsibilities, which helps to reduce the need for new laws.
3. **Maintenance of society:** The argument here is that laws cannot be passed for all possible circumstances. People who feel that they are not getting their due from the business may resort to anti-social activities, not necessarily governed by law. This may harm the interest of business itself. Therefore, it is desirable that business enterprises should assume social responsibilities.
4. **Availability of resources with business:** This argument holds that business institutions have valuable financial and human resources which can be effectively used for solving problems. For example, business has a pool of managerial talent and capital resources, supported by years of experience in organising business activities. It can help society to tackle its problems better, given the huge financial and human resources at its disposal.
5. **Better environment for doing business:** If business is to operate in a society which is full of diverse and complicated problems, it may have little chance of success. Therefore, it is argued that the business system should do something to meet needs before it is confronted with a situation when its own survival is endangered due to

enormous social illnesses. A society with fewer problems provides better environment for a firm to conduct its business.

6. Converting problems into opportunities:

Related with the preceding argument is the argument that business with its glorious history of converting risky situations into profitable deals, can not only solve social problems but it can also make them effectively useful by accepting the Challenge.

7. Holding business responsible for social problems:

It is argued that some of the social problems have either been created or perpetuated by business enterprises themselves. Environmental pollution, unsafe workplaces, corruption in public institutions, and discriminatory practices in employment are some of these problems. Therefore, it is the moral obligation of business to get involved in solving these problems, instead of merely expecting that other social agencies will deal with them on their own.

Objectives of the study:

To study the need of social responsibility

To study the objectives of social responsibility

Data Collection:

Secondary data is also one of the foundations of this study. The researcher has collected secondary data from the following sources.

1. Annual reports of Business
2. Report of private research institutes and government committees.

Social Responsibility of business to different sections:

The responsibility of a company to its shareholders, who are the owners, is indeed a primary one. The fact that the shareholders have taken a great risk in making investment in the business should be adequately recognised. to protect the interests of the shareholders and employees, "the primary business of a business is to stay in business". To safeguard the capital of the shareholders and to provide a reasonable dividend, the company has to strengthen and consolidate its position. Hence, it should develop and improve its business and build up its financial independence. Needless to say, to

provide dividend, the company should earn sufficient profit. Adequate reserves should be built up so that it will be able to declare a reasonable dividend during a lean period as well. If a company fails to cope with changes in a changing and dynamic world, its position will be shaken, and the shareholders' interests will be affected. By innovation and growth, the company should consolidate and improve its position and help strengthen the share prices. The shareholders are interested not only in the protection of their investment and the return on it but also in the image of the company. It shall, therefore, be the endeavour of the company to ensure that its public image is such that the shareholders can feel proud of their company.

Responsibility to employees:

The success of an organisation depends to a very large extent on the morale of the employees and their wholehearted cooperation. Employee morale depends to a large extent on the discharge of the company's responsibilities to them and the employer-employee relationship. The responsibility of the organisation to the workers include:

1. The payment of fair wages.
2. The provision the best possible working conditions
3. the establishment of fair work standards and norms
4. The provision of labour welfare facilities to the extent possible and desirable
5. arrangement for proper training and education of the workers.
6. reasonable chances and proper system for accomplishment and promotion

Responsibility to Consumer:

According to peter Drucker, "there is only one valid definition of business purpose; to create a customer." Drucker observes: "the customer is the foundation of business and keeps it in existence. He alone gives employment to supply the wants and needs of a consumer, society entrusts wealth-producing resources to the business enterprise".

It has been widely recognised that customer satisfaction shall be the key to satisfying the organisational goals. Important responsibility of the business to the customers are:

1. To improve the efficiency of the functioning of the business so as to (a) increase productivity and reduce price (b) improve quality and (c) smoothen the distribution system to make goods easily available.
2. To the research and development, to improve quality and introduce better and new products.
3. To supply goods at reasonable prices even when there is a seller's market.
4. To provide the required after sales services.
5. To ensure that the product supplied has no adverse effect on the consumer.

Responsibility to the Community:

A business has a lot of responsibility to the community around its location and to the society at large. These responsibilities include:

1. Taking appropriate steps to prevent environmental pollution and to preserve the ecological balance.
2. Assisting in the overall development of the locality.
3. Improving the efficiency of the business operation.
4. Contributing to the research and development
5. Development of backward areas.
6. Promotion and ancillarisation and small-scale industries.
7. Making possible contribution to furthering social cause like the promotion of education and population control.
8. Contributing to the national effort to build up a better society.

Conclusions:

In the current corporate sector, it is very important role to fulfil the social responsibility of the business in order to maintain its long-term existence. So that the existence of the business and all the factors related to the business will be maintained to the economic and the social development of the country will take place.

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existing branch or replacement of men by machines, the society of is affected in one way or the other. Whether the issue is significant or not, the businessman should keep his social obligation in mind before contemplating any action.

The rationale of the concept of social responsibility is that industry "can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality, Government and trade union officials all play a part. If the system which we know by the name private enterprise is to continue, some way must be found to embrace many interests which go to make up industry in a common purpose."

It is argued that a company has a number of social responsibilities to the employees, shareholders, consumers and the community.

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