

- Social Responsibility of Business
- Environment Protection – Role of Business
- Business Ethics

Social Responsibility of Business

Concept Explanation: Social Responsibility of Business refers to the obligation of business enterprises to make decisions and take actions that are desirable in terms of the objectives and values of society. It involves voluntary actions by business people aimed at benefiting society beyond mere profit-making.

Key Definitions / Features:

- **Social Responsibility:** The duty of a business to contribute positively to society while conducting its operations.
- **Corporate Social Responsibility (CSR):** Achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment.

Arguments for Social Responsibility:

- Justification for existence and growth of business.
- Long-term interest of the firm.
- Avoidance of government regulation.
- Maintenance of society.
- Availability of resources with business.
- Converting problems into opportunities.
- Better environment for doing business.
- Holding business responsible for social problems.

Arguments against Social Responsibility:

- Violation of profit maximisation objective.
- Burden on consumers.

- Lack of social skills.
- Lack of broad public support.

Reasons and Factors Persuading Businesses to Consider Social Responsibilities:

- Threat of public regulation.
- Presence of labour movement.
- Impact of consumer consciousness.
- Development of social standards for business.
- Development of business education.
- Relationship between social interest and business interest.
- Development of professional and managerial class.

Kinds of Social Responsibility:

- Economic responsibility
- Legal responsibility
- Ethical responsibility
- Discretionary responsibility

Social Responsibility Towards Different Interest Groups:

- **Shareholders or Owners:**
 - Fair return on capital investment.
 - Ensure safety of investment.
 - Provide regular, accurate and full information.
- **Workers:**
 - Opportunities for meaningful work.
 - Create the right kind of working conditions.
 - Respect democratic rights of workers to form unions.
 - Provide fair wages and fair treatment.
- **Consumers:**
 - Supply of right quantity and quality of goods and services.
 - Reasonable prices.
 - Precautions against adulteration and poor quality.
 - Right to information about products and company.
- **Government and Community:**
 - Respect laws of the country.
 - Pay taxes honestly.
 - Protect the natural environment.
 - Continuous interaction with various groups of people.

Illustrative Example: A company adopting eco-friendly manufacturing processes to reduce pollution and engaging in community welfare programs exemplifies

social responsibility.

Practice Set:

- *Level 1 – Easy:* Define social responsibility of business.
- *Level 2 – Moderate:* Explain two arguments for and two against social responsibility.
- *Level 3 – Challenging:* Discuss how social responsibility can be beneficial for long-term business success.

Answer Key:

- Social responsibility means the obligation of business to act in ways beneficial to society.
- Arguments for: Justification for existence, long-term interest of firm.
Arguments against: Violation of profit maximisation, burden on consumers.
- Social responsibility builds goodwill, improves public image, and ensures sustainable growth.

Quick Reference: Social responsibility = voluntary business actions benefiting society beyond profit.

Glossary:

- **Corporate Social Responsibility (CSR):** Business approach that contributes to sustainable development.
- **Discretionary Responsibility:** Voluntary activities beyond legal and ethical requirements.

Environment Protection – Role of Business

Concept Explanation: Businesses have a crucial role in protecting the environment by controlling pollution and managing natural resources responsibly.

Key Definitions / Features:

- **Pollution:** The injection of harmful substances into the environment.
- **Types of Pollution:** Air, Water, Land, and Noise pollution.
- **Environmental Problems Identified by United Nations:** Ozone depletion, global warming, hazardous wastes, water pollution, freshwater quality, deforestation, land degradation, and threats to biodiversity.

Need for Pollution Control:

- Reduction of health hazards.
- Reduced risk of liability.

- Cost savings.
- Improved public image.
- Other social benefits.

Steps for Environmental Protection by Business Enterprises:

- Commitment by top management.
- Sharing commitment across all divisions and employees.
- Purchasing quality raw materials and using superior technology.
- Complying with government laws and regulations.
- Participation in environmental programs.
- Periodical assessment of pollution control programs.
- Educational workshops and training for employees.

Illustrative Example: A manufacturing firm installing effluent treatment plants to reduce water pollution.

Practice Set:

- *Level 1 – Easy:* List the types of pollution caused by business activities.
- *Level 2 – Moderate:* Explain why businesses need to control pollution.
- *Level 3 – Challenging:* Describe the steps a business can take to protect the environment.

Answer Key:

- Types: Air, water, land, noise pollution.
- Need: To reduce health hazards, save costs, improve public image.
- Steps: Management commitment, compliance with laws, use of technology, employee training.

Quick Reference: Business must actively participate in environmental protection to ensure sustainable development.

Glossary:

- **Pollution:** Introduction of harmful substances into the environment.
- **Effluent Treatment Plant:** Facility to treat industrial wastewater before discharge.

Business Ethics

Concept Explanation: Business ethics refers to the moral principles and values that guide the behaviour and decisions of a business towards its stakeholders and society.

Key Definitions / Features:

- **Ethics:** Norms, ideals, or morals prevailing in a group or society.
- **Business Ethics:** Concerned with the relationship between business objectives, practices, and the betterment of society.

Elements of Business Ethics:

- Top management commitment.
- Publication of a code of ethics.
- Establishment of compliance mechanisms.
- Involving employees at all levels.
- Measuring results and effectiveness.

Illustrative Example: A company adopting a code of conduct that prohibits bribery and promotes transparency.

Practice Set:

- *Level 1 – Easy:* Define business ethics.
- *Level 2 – Moderate:* List the elements of business ethics.
- *Level 3 – Challenging:* Explain how top management commitment influences business ethics.

Answer Key:

- Business ethics is the application of moral principles in business.
- Elements include management commitment, code publication, compliance mechanisms, employee involvement, and result measurement.
- Top management sets the tone and culture, ensuring ethical practices are followed throughout the organization.

Quick Reference: Business ethics ensure responsible and fair business conduct.

Glossary:

- **Code of Ethics:** A formal document outlining ethical standards and expectations.
- **Compliance Mechanisms:** Systems to ensure adherence to ethical standards.