

SUTC - Excellence Program

Synopsis.

SUB - Organisation of Commerce & Management

ch. 4 - Social Responsibility of Business.

HSC weightage - 12 marks.

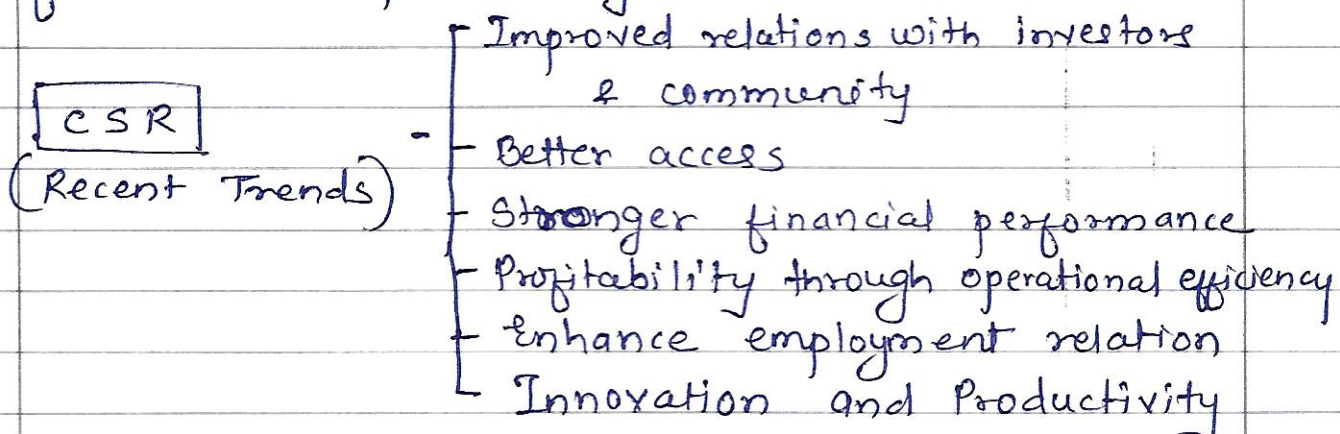
4.1.2 Social Responsibility :- (Definition)

According to Koontz & O'Donnell, "The personal obligations of the people as they act in their own interest to assure that the rights and legitimate interests of others are not ignored."

Corporate Social Responsibility :- (Definition) :-

According to Lord Holmes and Richard Watts, "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life at workforce and their families as well as the local community and society at large."

ISO has developed an International Standard to provide guidelines for adopting and disseminating social responsibilities, ISO 26000 for social responsibility.



4.2 Need / cases for social responsibility

- 1 Concept of Trusteeship
- 2 Changing Expectations of Society
- 3 Projecting favorable public image
- 4 Protection of Environment
- 5 Better and optimum use of resources
- 6 Trade Union pressure
- 7 Growth of consumer Movement
- 8 Government Control.

4.3.1 Responsibilities Towards 'OWNERS' :-

- 1 Reasonable profit
- 2 Expansion and Diversification
- 3 Minimizing wastages
- 4 careful use of capital
- 5 Fair practices on stock Exchange
- 6 Effective use of Shareholder's fund
- 7 Creating Goodwill
- 8 Periodic Information and creating confidence

4.3.2 Responsibilities towards 'INVESTORS' :-

- 1 Return on Investment
- 2 Proper disclosure of information
- 3 To maintain Transparency
- 4 Handling Complaints
- 5 Proper conduct of meeting
- 6 To maintain Solvency and prestige

4.3.3 Responsibilities towards 'EMPLOYEES'

- 1 Job Security
- 2 Fair Remuneration
- 3 Good working conditions
- 4 Protect health and safety measures
- 5 Promotion and career opportunities
- 6 Workers participation in management
- 7 Education and Training
- 8 Recognition of Trade Unions.

4.3.4 Responsibilities towards 'CONSUMERS'

- 1 Good quality product
- 2 Consumer safety
- 3 Charging fair prices
- 4 Services regarding products
- 5 Research and Development
- 6 Accurate Information
- 7 Advertising Ethics
- 8 Avoid consumer exploitation.

4.3.5 Responsibilities towards 'GOVERNMENT'

- 1 Timely payment of proper taxes
- 2 Respecting rules and regulations
- 3 Earning foreign exchange
- 4 Political Stability
- 5 Implementation of Socio-Economic Programmes
- 6 Miscellaneous
 - Helping Government during natural calamities
 - providing complete and correct information to Government Officials
 - Providing economic and other help to welfare schemes of Government.

43.6 Responsibilities towards 'SOCIETY'

- 1 Providing employment opportunities
- 2 Prevent pollution
- 3 Optimum use of resources
- 4 Help to weaker section of society
- 5 Help at the time of natural calamities
- 6 Raising Standard of Living of the Society
- 7 Protest Anti-social Activities.

4.4 Business Ethics

According to Hurlty, Ethics is "A system of moral values."

According to Wheeler, "Business ethics is an art or science of maintaining harmonious relationship with society, its various groups and institutions as well as recognizing the moral responsibility for right or wrong conduct of business."

Business ethics is also known as "Corporate Ethics." Business ethics is a critical, structured examination of how people and institutions should behave in the world of commerce.

Business Ethics refers to the system of moral principles of conduct applied to business activities or operations.

44.3 Features of Business Ethics

- 1 Code of conduct
- 2 Relative term
- 3 Protects interest of all constituents of the society
- 4 Applicable to all business organisations

5. Promotes the principle of honesty, sincerity, fairness and justice
6. Defines social, legal, cultural and economic limits.
7. Guides to formulate business policies
8. Tool for social development.

4.5.3 EMS - Environmental Management System
Document development by business organizations in order to assess their environmental impact and improve efficiency.

It is mandatory in USA.

ISO 14001 - 2004 → specifies a set of environmental management requirements.

ISO 14005 - 2010 → environmental performance evaluation.

ISO 14006 - 2011 → Guidelines for incorporating eco-design.

Advantages :-

1. Saving Cost
2. Support from customers
3. Awareness among employees
4. Social Responsibility.
5. Encouragement from Government.

4.6 Distinguish Between
Traditional Social Responsibility & Corporate Social Responsibility.