

6. Social Responsibilities of Business

Q1. (A) Select the correct option and rewrite the sentence.

1. Business is a activity

a) **Socio-economic** b) Service c) Charitable

2. Business organisation should try to make utilisation of natural resources.

a) Minimum b) Maximum c) **Optimum**

3. For economic growth and national security stability is required.

a) **Political** b) Social c) Economic

4. Making timely payment of proper taxes is the responsibility of organisation towards

.....

a) Shareholders b) Customers c) **Government**

5. Businessmen are of the society.

a) Representatives b) leaders c) **Trustees**

6. Business should provide periodic information to

a) Customers b) **Owners** c) Employees

7. Business should offer adequate opportunities of promotion to their

a) **Employees** b) Customers c) Investors

8. The term 'Ethics' is derived from the word 'Ethos' which means character.

a) Latin b) French c) **Greek**

9. Business ethics refers to the system of principles.

a) Economic b) Social c) **Moral**

10. Business organisation should protect health and provide safety measures to

..... .

a) **employees** b) owners c) investors



11. At least % of the average net profit should be spent on C.S.R.

a) 5% **b) 2%** c) 3%.

(B) Match the pairs.

Group 'A'	Group 'B'
A) Employees	1) Good quality product
B) Responsibility	2) To maintain solvency and prestige
C) Responsibility towards government	3) To serve society
D) Economic Objective	4) Voluntary
E) Business ethics	5) Job security
	6) Compulsory
	7) Respecting rules and regulations
	8) To earn profit
	9) Branch of social Science
	10) Protection and environment

Ans: A-5, B-2, C-7, D-8 , E-9

(C) Give one word / phrase/ term for the following sentence.

1) Name the philosophy related to social responsibility propounded by Mahatma Gandhi.

Ans: **Trusteeship**

2) Duties, obligations of business directed towards welfare of society.

Ans: **Social responsibility**

3) Getting good quality products is the basic right of this group of society.

Ans: **Consumers**

4) Providing fair returns on investment is the responsibility of organisation towards this group.

Ans: **Investors**

5) Rules of standard dealing with morality in business environment.

Ans: **Business ethics**

6) An activity motivated by profit.

Ans: **Business**



7) Earning foreign exchange is the responsibility of the organisation towards this group.

Ans: **Government**

8) Employment generation is the responsibility of the organisation towards this group.

Ans: **Society**

(D) State whether following statements are true or false.

1) Businessmen are trustees of the society.

Ans: True

2) Business ethics is a code of conduct.

Ans: True

3) The commercial organization are expected to uplift the weaker section of the society.

Ans: True

4) It is the responsibility of commercial organization to maintain industrial peace.

Ans: True

5) Owners should not get complete and accurate information about the financial position.

Ans: False

6) Media does not play important role in public life.

Ans: False

7) Social responsibility is broader than legal responsibility of business.

Ans: True

(E) Find the odd one.

1) Job security, health and safety measures, good working condition, reasonable profit.

Ans: **Reasonable profit**

2) Good quality products, fair prices, honest advertising, prevent congestion in cities.

Ans: **Prevent congestion in cities**

3) Timely payment of taxes, earning foreign exchange, creating goodwill, political stability.

Ans: **Creating goodwill**

4) Protection of environment, maintain transparency, employment generation, development of backward region.

Ans: **Maintain transparency**

5) Proper conduct of meeting, careful use of capital, fair prices of products, maintain solvency and prestige.

Ans: **Fair prices of products**

F) Complete the sentences.

1) Business organisation can maximise profitability by **Minimizing** wastage.

2) Social responsibility is broader than **Legal** responsibility.

3) The concept of trusteeship was propounded by **Mahatma Gandhi**.

4) Business should earn **Reasonable** profit.

5) **Remuneration** should be fixed according to the nature and importance of work.

6) The word 'Ethics' is derived from the Greek word '**Ethos**'.

(G) Select the correct option.

(Responsibilities towards shareholders, responsibilities towards consumers, Responsibilities towards government, Responsibilities towards society)

Group A	Group B
1) After sales service	consumer
2) Timely payment of proper taxes	Government
Society	Protest Anti Social Activities
Share holders	Fair practices on stock exchange

(H) Answer in one sentence.

1) **Who can raise voice against business malpractices?**

Ans: Media can raise voice against business malpractices and exploitation of consumers.



2) What should be done by management to keep workers updated?

Ans: Management should make every possible attempt to educate and train employees to keep them updated.

3) What type of advertising should be avoided?

Ans: False, misleading and vulgar advertisement should be avoided.

4) What organization should do to improve quality of goods and to reduce cost of production?

Ans: Organization should conduct research and development to improve the quality of goods and to reduce the cost of production.

(I) Correct the underlined word and rewrite the sentence.

1) Social responsibility is narrower term than legal responsibility of business.

Ans: Social responsibility is broader term than legal responsibility of business.

2) All sorts of fair practices related to stock exchange should be avoided.

Ans: All sorts of unfair practices related to stock exchange should be avoided.

3) Management and union should agree strikes and lockouts to protect the interest of both the parties.

Ans: Management and union should ban strikes and lockouts to protect the interest of both the parties.

4) MRP (Maximum Retail Price) should not be printed on every packet.

Ans: MRP (Maximum Retail Price) should be printed on every packet.

5) Dishonest advertising can be appreciated by customers in the long run.

Ans: Honest advertising can be appreciated by customers in the long run.

6) Financial help should be provided by business organization for anti social activities.

Ans: Financial help should not be provided by business organization for anti social activities.

7) Business ethics is a compulsory term.

Ans: Business ethics is a voluntary term.

8) Business ethics is not a relative term.

Ans: Business ethics is relative term.

9) Social values are based on perceptions of right or wrong.

Ans: Moral values are based on perceptions of right or wrong.

10) Moral values provide general guidelines for social conduct.

Ans: Social values provide general guidelines for social conduct.

Q.2 Explain the following terms/ concepts.

1) Social responsibility

Ans: Social responsibility of business refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objectives and values of our society. So, all the activities of business should be performed in such a manner that they will not harm any part of society rather they will protect and contribute to the interest of society.

2) Concept of Trusteeship

Ans: Trusteeship is a socioeconomic philosophy that was propounded by Mahatma Gandhi. It provides a means by which the wealthy people would be the trustees of trusts that looked after the welfare of the people in general. Businessmen are considered to be trustees of society.

3) Business ethics

Ans: The word 'Ethics' is derived from the Greek word 'Ethos' which means character. Ethics means the set of rules and principles that the organization should follow while the business ethics refer to a code of conduct that businesses are expected to follow while doing a business.

4) Moral Values

Ans: Moral values are based on perceptions of right and wrong whereas social



values may also include ideas about things being socially acceptable. Social values are often based on tradition, ego, honesty, integrity fairness, hard work, cooperation, forgiveness, never hurt anyone etc.

5) Social values

Ans: Social values form an important part of the culture of the society. They provide general guidelines for social conduct. Values such as fundamental rights, patriotism, respect for human dignity, rationality, sacrifice, equality, democracy etc. influence our behavior in many ways.

Q.3 Study the following case / situation and express your opinion.

1) Yashwant Co. Ltd. is providing facilities for their female staff like day care centre for kids and work from home facility. Even management takes their suggestions while taking the decisions though they are members of trade union

i) By doing this they are following social responsibilities towards which interest groups?

Ans: By treating the staff with dignity and respect the company follows the social responsibilities towards the employees.

ii) What values are they presenting?

Ans: Yashwant Co. Ltd. are presenting social values by showing co-operation to their female staff.

iii) What kind of responsibilities employer follows in above case?

Ans: Management takes the employees suggestions while taking the decisions even though they are members of trade union. By doing this, management recognizes the right of employees to join Trade Unions. The company also does not restrict employees from forming Trade Union. Thus they follow social responsibility towards employees.

2) An organization manufacturing paints has been enjoying a prominent market position since many years. It has been dumping its untreated poisonous waste on the river bank: which has created many health problems for the nearby villages.

i) Which responsibility is neglected by manufacturing organization?

Ans: Responsibility towards protection of environment is neglected by manufacturing industries.



ii) What kind of pollution they are doing?

Ans: They are creating water pollution by dumping its untreated poisonous waste on the river bank.

iii) What precautionary measures they need to take?

Ans: Proper waste management techniques should be adopted by the organisation under which waste should be reduced, effort should be made to reuse the waste. Waste that cannot be reduced or reused should be recycled.

3) A vehicle manufacturing company has adopted the following practices.

A) Only those components will be used by the company which are environment friendly.

B) There will be discharge of harmful wastes only after their proper treatment.

C) Pollution level of every vehicle will be maintained as per international standards.

i) by doing this, business organisation follows social responsibility towards which interest group?

Ans: Business organisation follows social responsibility towards society for protection of environment.

ii) What kind of pollution do they want to avoid?

Ans: They want to avoid air pollution.

iii) What kind of message do they want to convey?

Ans: They want to convey the message that business should be committed to protect the environment and should not create imbalance in nature.

Q.4. Answer in brief.

1) Give any four types of social responsibilities towards consumers.

Ans: Following are some of the social responsibilities towards consumers.

1) Good Quality Products:



The organization should produce quality goods. Every organization should have its quality control department so inferior and substandard products can be rejected. International Standard Organization (ISO), is the latest trend towards quality control. This ensures customers about quality product.

2) Fair Prices:

The consumers should not be cheated by charging high prices. It is not possible to fool the customer at all the time. Fair price convert a onetime consumer into permanent consumer. Maximum Retail Price (M.R.P.) inclusive of all taxes should be printed on every packet. Retailer should not charge any extra amount.

3) Customer's Safety:

The business must ensure that the product supplied will not adversely affect the life and health of the customers. Unsafe products should not be marketed. Consumer should be warned of any unsafe goods.

4) Honest Advertising:

The consumers want to know the facts, features, advantages, side-effects etc. of the products.

The advertisement conveys this information. So the organization must be sure that the advertisement is not being misleading. False, misleading and vulgar advertisement should be avoided. Consumers will appreciate only honest advertisements in the long run.

2) What is business ethics? What are elements of business ethics?

Ans: The word 'Ethics' is derived from the Greek word 'Ethos' which means character.

Ethics means the set of rules and principles that the organization should follow while the business ethics refer to a code of conduct that businesses are expected to follow while doing a business.

Through ethics, a standard is set for the organization to regulate their behavior. This helps them in distinguishing between the wrong and the right path of the business. Ethics is a branch of social science.

Elements of business ethics are as follows:

1) Code of conduct:

Business ethics is a code of conduct. It tells what to do and what not to for the welfare of the society. All businessmen must follow this code of conduct.

2) Based on moral and social values:



It contains moral and social principles (rules) for doing business. This includes self control, consumer protection and welfare, service to society, fair treatment to social group not to exploit others etc.

3) Gives protection to social groups:

Business ethics give protection to different social groups such as consumers, employee small businessmen, government, shareholders, creditors etc.

4) Provides basic framework:

It gives the social, cultural, economic, legal and other limits of business. Business must be conducted within these limits.

5) Voluntary:

The businessmen must accept business ethics on their own. Business ethics must be like self-discipline. It must not be enforced by law.

6) Requires education and guidance:

Businessmen must be given proper education and guidance before introducing business ethics.

The businessman must be motivated to implement business ethics.

7) Relative term:

Business ethics change from business to business. It also changes from one country to another.

What is considered as good in one country may be banned in another country.

8) New concept:

Business ethics is a newer concept. It is strictly followed only in developed countries and not in poor and developing countries.

3) State responsibilities of business towards government.

Ans: Responsibilities Towards Government:

Following are the responsibilities of organization towards government.

1) Timely Payment of Taxes:

The government imposes various types of taxes like sales tax, income tax, wealth tax etc. Business units should pay these taxes from time to time. It would be difficult for the government to undertake development projects without availability of funds.

2) Observing rules and regulations:



The rules framed by the government for business should be fully complied with. The business should follow the laws regarding obtaining license for a specified business, the operation of the business, price determination and production etc. They should conduct business in lawful manner.

3) Earning Foreign Exchange:

The government also expects from business organization that it will earn foreign exchange by exporting goods. The government requires this foreign exchange for importing various goods, valuable and important products.

4) Economic Development:

The government sets the targets for balanced and rapid economic development of the country.

The business organization should provide necessary cooperation to the government.

5) Implementing Socio Economic Policies:

The government expects cooperation and help from the business sector in implementing socio-economic programmes and policies.

6) Suggestions to the Government:

The business organization can provide suggestions to the government before framing important policies such as Industrial Policy, Import Export Policy, Licensing Policy etc. Such suggestions are helpful for framing organization-friendly policies.

7) No favors:

The commercial organization should not take any favor from the government officials by bribing or influencing them.

8) Contributing to Government Treasury:

The Commercial organization must contribute the funds to government during the emergencies and natural calamities like floods, earthquakes etc.

4) State any four CSR activities.

Ans: Following are some of CSR activities.

i) Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water.

ii) Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled &



livelihood enhancement projects.

iii) Employment enhancing vocational skills.

iv) Measures for the benefit of armed forces veterans, war widows & their dependents.

v) Rural development projects, etc

vi) Slum area development.

Q.5. Justify the following statements.

1) Role of media has major influence on business organization.

Ans: (1) Media refers to the various means used by advertisers to inform the public about the products or services. The mass media include the press, social media, radio and television. Active media plays crucial role in the life of the people. Through internet, reach of social media to common people has become very easy.

(2) Media has efficiency to disburse any information, wrong policy, unfair trade practice adopted by any business organisation at a very fast pace to public at large that too at every corner of the world. Media is very vibrant and active.

(3) Media connects the people and creates influence on masses. It can make propaganda (or raise voice) against business malpractices and exploitation of consumers. It can do publicity through repetition of messages by different means.

(4) Newspapers, radio, television, internet, social media, etc. can easily give publicity to unfair practices of business organisations. So, media makes business organisations understand social values and exerts major influence.

2) Business should allow workers participation in management.

Ans: (1) Workers are the real architects of success in any business unit. Investments in human resources (capital) gives rich rewards in the long run.

(2) The success and failure of the business organisations to greater extent depend on the support and participation of employees. Therefore, business organisations should encourage workers to participate in management through various schemes like giving suggestions, saving costs. quality circles, profit sharing co-ownership, etc.



(3) When workers are given opportunity to participate in the management, it will raise their morale. This in turn will give the workers a sense of belongingness. They will take an active part in completion of the work assigned to them.

(4) Workers' participation in the management enables the organisation to win the confidence of employees. It creates and maintains good, healthy and improved relationship between labour and management which is necessary for the success of any organisation.

3) Expectations of society towards business are changing.

Ans: (1) Today the world is changing and expanding very fast. Social demands have changed gradually over the years. The business has to respond them positively.

(2) Now the people all over the globe are well aware of their rights. Overall knowledge level has also increased. In order to fulfil the growing needs of the people, the business firm must operate as per the expectations of society. Business units must give society what it actually wants.

(3) Consumer satisfaction is the ultimate purpose of business activities. A business organisation must give priority to consumer satisfaction over profit motive. Its survival, progress and reputation depend upon the consumer satisfaction. It must win the confidence of its customers by giving them useful services.

(4) Business organisations are expected to action broad public interest and serve the objectives of mankind and society at large along with the objectives of earning profit. It must provide quality products to society at reasonable prices and above all contribute to the social welfare.

4) Business organizations should avoid environmental pollution and ecological imbalance.

Ans: (1) Functioning of business units and industrialisation create air, water and sound pollution. The carbon particles, dust, harmful gases, chemicals, etc. create air pollution.

(2) Harmful chemicals, untreated sewage, industrial waste, fertilizers, pesticides, refuse, e-waste, etc. when get mixed with water, creates water pollution. Aeroplanes, motor vehicles, construction machines and industrial equipment create sound pollution.



(3) The business organisations are expected to take all possible measures to prevent air, water and sound pollution and to maintain the ecological balance. For the well-being of society every organisation should assist the concerned organisations engaged in pollution control programmes such as plantation of trees, preservation of wildlife and natural resources.

(4) Protecting the environment and maintaining ecological balance in the following manner:

(i) Business organisations save cost and money through minimising waste.

(ii) Business organisations which follow green practices (plantation of more and more trees) get support from customers.

(iii) Business organisations which take precautions to protect environment create awareness among employees.

(iv) Protection of environment process cut carbon emissions and create conditions for green growth which is beneficial to society.

(v) Business organisations showing awareness towards environment protection get support and encouragement from the government. Thus, business organisation should avoid environmental pollution and ecological imbalance.

5) All sorts of unfair practices related to stock exchange should be avoided.

Ans: (1) The persons who provide finance for short term as well as for long term to the company are called owners or investors. They invest their money and accept risk factor. Management is expected to provide full and factual information about the financial performance of the company to the owners and investors.

(2) Securities and Exchange Board of India (SEBI) plays a pivotal role in regulating and maintaining the interests of investors in the securities market. Law prohibits any sort of activity that are manipulative or unfair in the securities market. Thus, business organisations must avoid unfair practices related to stock exchange like insider trading providing wrong and secret information about buying/selling or dealing with securities, etc. Any breach in the above mentioned practices may be considered unlawful and be made accountable by SEBI.

(3) Therefore, business organisation should consider responsibilities toward the owners and should avoid all sorts of unfair practices related to stock exchange.



6) Business ethics contains moral and social values for doing business.

Ans: (1) Business Ethics refer to code of conduct that a business organisation are expected to follow while doing a business. 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.' "

(2) Moral values are based on perceptions of right and wrong. They provide the general guidelines for distinguishing between wrong and right path of business, between good and bad, fair and unfair, just and unjust, legal and illegal, proper and improper in respect to human actions. Ethics contain moral values for doing business, Honesty, transparency, fairness, integrity, etc. are moral values that create goodwill and gives economic gain in the long run.

(3) Social values form an important part of the culture of the society. They provide general guidelines for social conduct. Values such as fundamental rights, patriotism, respect for human dignity, rationality, sacrifice, equality, democracy, etc. influence our behaviour in many ways. These social values made the business socially acceptable. As business is a part of society, it can be successful in the long run by adopting social values.

7) Business ethics can be considered as a tool for social development.

Ans: (1) Business ethics is a code of conduct evolved for regulating the activities of business towards the society and others.

(2) It calls for the importance of fair treatment to be given to the consumers, workers, suppliers, shareholders, competitors, government and the community at large. Business ethics promote the principles of honesty, sincerity, fairness, justice in business dealings.

(3) It protects the interests of all the constituents of the society. It creates healthy and competitive business atmosphere. It induces businessmen to introduce social security and welfare measures.

(4) The businessmen promote activities enhancing the cultural values of the society. Thus, business ethics, if practised by businessmen in the right spirit, can be considered as a tool for social development.



Q.6. Attempt the following.

1) What is social responsibility of commercial organization. towards consumers?

Ans: social responsibility of commercial organization. towards consumers are as follows:

1) Good Quality Products:

The organization should produce quality goods. Every organization should have its quality control department so inferior and substandard products can be rejected. International Standard Organization (ISO), is the latest trend towards quality control. This ensures customers about quality product.

2) Fair Prices:

The consumers should not be cheated by charging high prices. It is not possible to fool the customer at all the time. Fair price convert a onetime consumer into permanent consumer. Maximum Retail Price (M.R.P.) inclusive of all taxes should be printed on every packet. Retailer should not charge any extra amount.

3) Customer's Safety:

The business must ensure that the product supplied will not adversely affect the life and health of the customers. Unsafe products should not be marketed. Consumer should be warned of any unsafe goods.

4) Honest Advertising:

The consumers want to know the facts, features, advantages, side-effects etc. of the products.

The advertisement conveys this information. So the organization must be sure that the advertisement is not being misleading. False, misleading and vulgar advertisement should be avoided. Consumers will appreciate only honest advertisements in the long run.

5) After Sales Service:

The organization is expected to provide after sales service for maintenance of goods during the period of warranty. Efficient and effective after sale service helps to establish good relation between the consumers and the organization.

6) Research and Development:

Organization should conduct research and development to improve the quality of goods and to reduce the cost of production. This will minimize final prices charged to consumers. It must provide quality standards such as BIS or AGMARK on respective products.



7) Regular Supply:

Consumers should be supplied with the goods regularly as and when required by them. The commercial organization should not create artificial shortage of goods by hoarding and black marketing.

8) Attend Complaints:

The consumer complaints must be attended immediately. Quick and effective grievances redressal system should be implemented. Suggestions of customers should be welcomed.

9) Training:

The business organisation should arrange training for their consumers either free or by charging reasonable fees.

10) Avoid Customer Exploitation:

Business should avoid unfair trade practices which lead to exploitation of consumers. Also they should avoid monopolistic competition in the interest of consumers.

2) State different types of responsibilities towards society.

Ans: Refer Q.7 (3)

3) Describe the responsibilities of commercial organization towards investors.**Ans: Responsibilities Towards Investors:**

Investors provide finance to the company. They are creditors of business. Business should fulfill following responsibilities towards the investors.

1) Proper Conduct of Meetings:

Company should call meetings of investors and provide information about the business. Proper notices of meeting should be sent to them. In period of crisis, investors should be taken into confidence. Factors responsible for failure should be known to the investor.

2) Return on Investment:

Investors invest their money in business and accept risk factor. They should get fair returns on investment regularly in the form of interest. Following points should be considered

a. Fair returns on investment b. Safety of investment. c. Steady appreciation of



business.

3) Handling Grievances:

A company should handle investor's grievances, if any. There should be effective methodology for this. All queries regarding any other issue must be answered in a satisfactory way.

4) Maintain Transparency:

Investors provide long term capital as well as working capital to run business efficiently. So it should maintain high degree of transparency in its operation.

5) Proper Disclosure of Information:

Management should present full and factual information to investors. They should get regular reports, circulars and statement of profit. The financial performance of the company must be provided correctly so that prospective investors can take right decisions to invest in future. All this will ensure them that their investment is safe.

6) Maintain Solvency and Prestige:

Business should maintain sound financial position, solvency, prestige and goodwill to satisfy investors. Business should take continuous efforts for research, innovation and expansion programme.

4) Describe the features of business ethics.

Ans: Features of Business Ethics

1) Code of conduct:

Business ethics is a code of conduct. It tells what to do and what not to for the welfare of the society. All businessmen must follow this code of conduct.

2) Based on moral and social values:

It contains moral and social principles (rules) for doing business. This includes self control, consumer protection and welfare, service to society, fair treatment to social group not to exploit others etc.

3) Gives protection to social groups:

Business ethics give protection to different social groups such as consumers, employee small businessmen, government, shareholders, creditors etc.

4) Provides basic framework:

It gives the social, cultural, economic, legal and other limits of business. Business must be conducted within these limits.



5) Voluntary:

The businessmen must accept business ethics on their own. Business ethics must be like self-discipline. It must not be enforced by law.

6) Requires education and guidance:

Businessmen must be given proper education and guidance before introducing business ethics.

The businessman must be motivated to implement business ethics.

7) Relative term:

Business ethics change from business to business. It also changes from one country to another.

What is considered as good in one country may be banned in another country.

8) New concept:

Business ethics is a newer concept. It is strictly followed only in developed countries and not in poor and developing countries.

5) What is corporate social responsibility?

Ans: Corporate Social Responsibility (CSR) is self-regulating business model, aims to contribute to societal goals or support volunteering or ethically-oriented practices. It makes a company socially responsible and accountable. This accountability is towards itself, its stakeholders, public in general etc. By practicing social responsibility, companies can be conscious about economic, social and environmental aspects of the society.

Applicability of CSR:

1) The companies having Net worth of 1500 Cr. or more or Turnover of 1000 Cr. or more; or Net

Profit of 15 Cr. or more during any financial year shall be required to constitute a Corporate

Social Responsibility Committee of the Board with effect from 1st April, 2014.

2) The Board's report shall disclose the compositions of the CSR Committee.

3) All companies shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.



4) The companies shall be required to incorporate in its Board's report, an annual report on CSR.

Q.7. Answer the following.

1) Explain the responsibilities of business towards employees.

Ans: Business has following responsibility towards employees

1) Job security:

Security of job provides mental peace and employees can work with full dedication and concentration. Commitment with the work will raise their morale and loyalty towards the organization.

2) Fair Remuneration:

The business should pay attractive salaries to all their employees. Other incentives like bonus, overtime allowance etc. should be given to them. Remuneration should be fixed according to the nature of work. Suitable wage plans providing increments and revision of wages is also essential.

3) Health and safety Measures:

Business should protect health and hygiene of employees. Canteen facilities, medical facilities and proper sanitation must be provided to the workers. Proper maintenance of machines and premises must be done to prevent accidents and to control pollution. Safety equipment like hand gloves, safety shoes, helmets, goggle, masks etc. should be provided to concerned employees.

4) Good Working Condition:

The employees should be provided with good working conditions such as adequate lighting, ventilation, drinking water etc. Necessary steps should be taken to avoid air, water and sound pollution. There should be proper working hours with lunch breaks and rest pauses etc.

5) Recognition of Trade Unions:

It is the responsibility of business organization to maintain industrial peace. Employer must recognize the workers' right to join trade union. Employer should not restrict employees from forming trade union. 'Divide and Rule' policy should not be followed. Management should sort out various problems of workers by holding talks or negotiations with such unions.

6) Education and Training: Organisation should make every possible attempt to educate employees. Guidance and methods of training depends on the nature of job



'Introduction Training', 'Refresher Training' is conducted to keep employees updated on the latest development. Training makes employees confident and also it increases their efficiency.

7) Workers Participation in Management:

The workers must be encouraged to take part in management by forming workers committee.

Suggestion schemes, profit sharing can be encouraged by management. It will raise their morale and give them a sense of belonging.

8) Promotion and Career Opportunities.

Business should offer adequate opportunities of promotion to their talented employees. They should give proper information about qualifications, skills and experience required to. Obtain promotion. It will increase awareness among employees and they will also be motivated to take efforts.

9) Proper Grievance Procedure:

There should be proper grievance procedure to handle employees' complaints. All queries should be sorted quickly. The employees must feel satisfied. Investigations and necessary actions should be taken to settle their grievances.

10) Miscellaneous

- a. Fair treatment to all employees.
- b. To recognize, appreciate and encourage special skills of employees.
- c. To introduce code of conduct.
- d. To provide opportunity for meaningful work and to recognize goals.
- e. To protect religious, social, political rights of employees.
- f. Allowing formation of informal groups.

2) Define concept of social responsibility and what is the need for social responsibility.

Ans: Concept of Social Responsibility

Social responsibility of business refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objectives and values of our society. So, all the activities of business should be performed in such a manner that they will not harm any part of society rather they will protect and contribute to



the interest of society.

Definitions:

Howard D. Bowen - 'Social Responsibility is to pursue those policies to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.'

The concept of social responsibility has been followed in India since ancient times. Philosophers like Chanakya from India and pre-Christians era philosophers in west, preached and promoted ethical principles while doing business.

In other words, social responsibility involves an element of voluntary action on the part of business people for the benefit of society.

Need for Social responsibility

Business organization is run by profit motive but profit maximization should not be the sole aim.

Commitment to society is also important. The following points bring out the need for social responsibility of business

1) Concept of Trusteeship:

Trusteeship is a socioeconomic philosophy that was propounded by Mahatma Gandhi. It provides a means by which the wealthy people would be the trustees of trusts that looked after the welfare of the people in general. Businessmen are considered to be trustees of society.

2) Changing expectations of society:

Society's expectations from business firms have undergone a drastic change over the years. In the early days, business were viewed only as a provider of goods and services.

But today society expects business to be a responsible citizen and contribute towards social welfare.

3) Reputation:

Businesses spend huge amount of resources in brand building and strengthening their image.

A socially responsible company enjoys a good reputation in the society. It results in increased sales, profitability, attraction of talent and sustained growth.

4) Protection of Environment:

Business organization should make proper use of country's natural resources. They should avoid environmental degradation such as contamination of water resources, depletion of the ozone layer etc. which have been caused by businesses.



5) Optimum Utilization of Resources:

Modern businesses have huge amount of resources at their disposal. With such large resources businesses are in a better position to protect society's interests. Wastage of resources should be avoided.

6) Pressure of trade Union:

Trade unions are growing fast and play important role in business environment. Workers expect management to provide fair wages, bonus etc. to avoid conflicts between trade unions and management.

7) Growth of Consumer Movement:

Development of education and mass media and increasing competition in the market have made the consumers conscious of their rights and powers in determining market forces. So, business enterprises have to follow consumer oriented policies.

8) Government Control:

From the point of view of a business, government regulations are undesirable because they limit freedom. Government have enacted various laws. This has put moral as well as legal pressure on business.

9) Long term self-interest:

A firm and its image stands to gain maximum profits in the long run when it has its highest goal as 'service to society' when increasing number of members, of society-including workers, consumers, shareholders and government officials, feel that business enterprise is not serving their interest, they will tend to withdraw their cooperation to the enterprise concerned so in their own self-interest, a firm fulfils its social responsibility.

10) Complexities of Social Problems:

Some of the social problems have been created by business firms themselves such as pollution, unsafe work places, discrimination etc. It is the moral obligation of business to solve such social problems.

11) Globalization:

The entire globe is the market place nowadays. It provides more opportunities and challenges to business. International trade barriers have reduced and resulted in global distribution of goods and services. Countries who have adopted good practices are influencing the world.



12) Role of Media:

Media plays important role in public life. Due to internet, it is easier to reach a common man.

Media is very vibrant and active. It can influence masses in society. Media can raise voice against business malpractices and exploitation of consumers. Business should not ignore social values.

3) Explain the responsibilities of a business unit towards society at a large.

Ans: Business organization has certain responsibilities towards the society at a large they are as under

1) Protection of environment:

Pollution is the major problem of present times. Air pollution and water pollution are due to industries, chemical plants, cement plants etc. The business organization should take all possible measures to minimize pollution.

2) Better and Maximum Use of Resources:

The business organization should make proper and optimum use of scarce resources. The resources like fuel, water, land etc. must be used efficiently.

3) Reservation for Weaker Section:

The organization is expected to reserve certain positions in their establishment for economically weaker sections of the society to lift up the economically weaker section of the society.

These people expect financial and other help from business unit; which will be provided time to time.

4) Development of Backward Regions:

The society requires that the business organization should be started in backward areas. This will create employment opportunities and increases purchasing power among the rural people.

Thereby, helping backward regions to develop.

5) Protest against Anti-Social Activities:

Business organization should not participate in anti-social activities. It will adversely affect the society. No financial help should be provided for that. Smuggling, association with underworld people, bribing government people should be avoided.

6) Financial Assistance:



The society expects donations and financial assistance for various social causes such as eradication of poverty, illiteracy etc. They expect business organization to provide financial assistance to various awareness programs such as in anti-drug campaigns, antinomies pollution campaigns etc.

7) Prevent Congestions:

The business should avoid congestion of industries in cities by spreading industries in different places or locations. Industries should be preferably located in industrial zones only. It will avoid adverse effect on residential areas.

8) Employment Generation:

Business should provide large employment opportunities for all sections of the society. It can be done through expansion and diversification programmes. Such effort will help to solve the problem of unemployment, poverty in the society.

4) What are the responsibilities of business towards investors and government?

Ans: Responsibilities Towards Investors:

Investors provide finance to the company. They are creditors of business. Business should fulfill following responsibilities towards the investors.

1) Proper Conduct of Meetings:

Company should call meetings of investors and provide information about the business. Proper notices of meeting should be sent to them. In period of crisis, investors should be taken into confidence. Factors responsible for failure should be known to the investor.

2) Return on Investment:

Investors invest their money in business and accept risk factor. They should get fair returns on investment regularly in the form of interest. Following points should be considered

a. Fair returns on investment b. Safety of investment. c. Steady appreciation of business.

3) Handling Grievances:

A company should handle investor's grievances, if any. There should be effective methodology for this. All queries regarding any other issue must be answered in a satisfactory way.

4) Maintain Transparency:

Investors provide long term capital as well as working capital to run business efficiently. So it should maintain high degree of transparency in its operation.



5) Proper Disclosure of Information:

Management should present full and factual information to investors. They should get regular reports, circulars and statement of profit. The financial performance of the company must be provided correctly so that prospective investors can take right decisions to invest in future. All this will ensure them that their investment is safe.

6) Maintain Solvency and Prestige:

Business should maintain sound financial position, solvency, prestige and goodwill to satisfy investors. Business should take continuous efforts for research, innovation and expansion programme.

Responsibilities Towards Government:

Following are the responsibilities of organization towards government.

1) Timely Payment of Taxes:

The government imposes various types of taxes like sales tax, income tax, wealth tax etc. Business units should pay these taxes from time to time. It would be difficult for the government to undertake development projects without availability of funds.

2) Observing rules and regulations:

The rules framed by the government for business should be fully complied with. The business should follow the laws regarding obtaining license for a specified business, the operation of the business, price determination and production etc. They should conduct business in lawful manner.

3) Earning Foreign Exchange:

The government also expects from business organization that it will earn foreign exchange by exporting goods. The government requires this foreign exchange for importing various goods, valuable and important products.

4) Economic Development:

The government sets the targets for balanced and rapid economic development of the country.

The business organization should provide necessary cooperation to the government.

5) Implementing Socio Economic Policies:

The government expects cooperation and help from the business sector in implementing socio-economic programmes and policies.

6) Suggestions to the Government:

The business organization can provide suggestions to the government before



framing important policies such as Industrial Policy, Import Export Policy, Licensing Policy etc. Such suggestions are helpful for framing organization-friendly policies.

7) No favours:

The commercial organization should not take any favour from the government officials by bribing or influencing them.

8) Contributing to Government Treasury:

The Commercial organization must contribute the funds to government during the emergencies and natural calamities like floods, earthquakes etc.

