

Social Responsibility of Business

⇒ The concept of social responsibility in relation to business means that the firm functions to accomplish its financial objectives and serves the society as well.

No business exists in isolation. Every organ of the society contributes towards the success of a business.

Thus, it becomes imperative that business too does something for the society in return. This responsibility of business towards the society is called social responsibility.

★ Significance of Social Responsibility :

1. Long-term Interest: It is in the long-term interest of the business to discharge its social obligations by serving different interest groups such as employees, consumers, government and citizens. Wise business persons know that unless they serve the society by fulfilling its needs, they will not be able to climb the success ladder.

Working for the society, stakeholders and government helps an organization, in establishing a strong public image. On the other hand, a business organization with vested selfish interests may get ignored by the society.

2. Indebted to Society:

A business uses the resources of the society for its to pay back its dues by serving the society. Businessmen should tend to the needs of the society and use its resources for community welfare.

3. Public Image:

A business devoted towards fulfilling its social responsibilities is regarded highly by the society. Good rapport with employees, suppliers, customers and government helps in building a favourable public image of the business enterprise.

Moreover, a socially responsible organization is considered trustworthy by the shareholders and investors.

4. Social Awareness:

These days, employees and customers are more informed about their rights. While consumers expect the seller to abide by the fair trade practices, workers want fair wages and other employee benefits.

If the expectations of these interest groups are not met, they may resort to either anti-social activities or seek help from trade unions and consumer courts.

This will lead to industrial turmoil and unrest within the society which is harmful for proper functioning of the business.

5. Law and order:

A peaceful society is congenial to the expansion of business. Unable to withstand exploitation by the business enterprises, the weaker section can rebel and take the law and order in their hands. As a result, the survival of the business can be threatened.

* [CSR] Concept:

Every business must conduct its operations so as to produce an overall positive impact on society. Corporate social responsibility (CSR) requires every business to behave ethically and improve the quality of life of society. Every business must decide voluntarily to contribute to a better society and a cleaner environment.

CSR is a concept that strikes a happy balance between economic, social, ethical, and societal concerns of a business. It forces every business to conduct the show in the best interests of society.

The essential elements of CSR may be presented thus:

- CSR is a moral obligation to conduct operations ethically.

- It strikes a happy balance between economic, ethical and social issues
- It demands every business to conduct the show in the best interests of society at large.
- Businesses must make profits, but that can't be at the cost of ~~the~~ customers.
- It is a voluntary effort undertaken by every business that goes beyond what has been dictated by law.