

Social Responsibilities of Business and Business Ethics

Topics Covered

- ✚ Concept of social responsibility
- ✚ Case for and against social responsibility
- ✚ Social responsibility towards different interest groups
- ✚ Environment protection and business
- ✚ Business ethics

Concept of Social Responsibility

Social responsibility of business refers to an obligation of a businessman to act for the benefit of society. This is because the business does not run on its own; it requires resources of society to carry on its activities. It is essential that a healthy relationship is maintained between society and the business.



Arguments for social responsibilities

- 1) **Existence and growth:** The main reason for existence of business is to provide goods and services which satisfy human wants. The main motive of business is profit maximisation, but it also needs to fulfil its responsibility towards society. This is because fulfilling social obligation helps in the growth of business.
- 2) **Long-term interest of an organisation:** A business organisation tends to build a good image and earn maximum amount of profits by fulfilling its social obligation. On the other hand, if business fails to comply with its responsibilities towards customers, workers, government officials and investors, then it tends to lose customers and reputation in the market. Thus, long-term interest of an organisation is in realising social responsibilities.
- 3) **Avoiding government regulation:** Every business faces government intervention and regulation which limit its freedom. Thus, it is best for businesses to voluntarily assume social obligations so that government intervention can be avoided.
- 4) **Resource availability:** Business organisations can help in solving problems effectively as they have the necessary human resources and finance. They have a pool of managerial talent and capital resources which can prove beneficial in tackling society's problems.
- 5) **Holding business responsible for social problems:** In recent times, there has been an increase in industrial activity and population. This increase has resulted in the exploitation of resources,