

11th Standard -Business Studies

Social Responsibilities of Business and Business Ethics

Concept of Social Responsibility of Business

Quick Review—

Concept Of Social Responsibility

—> Arguments for social responsibility:

1. Justification for existence and growth
2. Long-term interest of the firm
3. Avoidance of government regulations
4. Maintenance of society
5. Better environment for doing business
6. Holding business responsible for social problems
7. Availability of resources with business
8. Converting problems into opportunities

—> Arguments against social responsibility:

1. Violation of profit maximisation objective
2. Burden on consumers
3. Lack of social skills
4. Lack of broad public support

—> Reality of social responsibility:

1. Threat of public regulation
2. Pressure of labour movement
3. Imparts consumer consciousness

4. Development of social standard for business
5. Development of business education
6. Relationship between social interest and business interest
7. Development of professional managerial class

—> **Kinds of social responsibility:**

1. Economic responsibility 2. Legal responsibility
3. Ethical responsibility 4. Discretionary responsibility

-> **Social Responsibility Towards Different Interest Groups**

1. Responsibility towards the shareholders and owners
2. Responsibility towards workers
3. Responsibility towards the consumers -
4. Responsibility towards the government and community

Know the Terms—

-> **Social Responsibility** : Social responsibility of business is to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the business and values of our society.

-> **Legal Responsibility**: Is the legal obligations, compulsory to be followed as per the provisions of law.

-> **Opportunities** : The favourable and positive trends which increase business profits and performance.

-> **Ethical Responsibility**: This includes the behaviour of the firm that is expected by society but not codified in law.