

RESEARCH PAPER ON SOCIAL RESPONSIBILITY OF BUSINESS ORGANIZATIONS

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Abstract

Although the concept of social responsibility has been advocated for decades and is commonly employed by corporation globally, agreement on how social responsibility should be defined and implemented remains a contentions debate among academia, business and society. Social responsibility performed by business organization contribute to firm performance. In the last two decades we are witnessing a tremendous growth on social responsibility function performed by business organization. The reason behind that is business being part of society has to fulfill social obligation towards society.it uses the resources of society and provides its contribution for the welfare of every being of society such as owners, shareholders ,employees etc. The paper builds up arguments based on literature, supported by observation and experience of the author and culminates by interpreting social responsibility as the commitment of business to abide by law and to operate in an ethical manner when it has the opportunities to do otherwise with identification and exploitation of business opportunities which generate mutual benefits for business and society. This paper reveal the historical background of social responsibility, arguments in favour and against social responsibility, area of social responsibility, business organization that practice social responsibility and social responsibility towards various interested parties.

Key words: social responsibility, business organization, arguments, area, interested parties.

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Objective of study

- To reveal the historical background of social responsibility in India.
- To discuss about arguments about social responsibility.
- To define the area of social responsibility.
- To reveal the business organization that practice social responsibility.
- To discuss about social responsibility towards various interested parties.

Research Methodology

The present study is descriptive and analytical in nature. The data used is secondary in nature and has been collected from reputed journals and websites.

Introduction

Over the past few years social responsibility as a concept has been the focus of many deliberations and research. It has grown in importance both academically as well as in the business sense. Social responsibility refers to ensuring the success of business by inclusion of social and environment consideration into a company operation. It means satisfying your share holder's and customer demand while managing the expectations of other stakeholders such as employees ,supplier, communities at large. As today the responsibility of business is not limited to its owner alone rather it has assumed increase dimensions also. Business has to look to the interest of many interested parties. The responsibility of business which include satisfaction of those parties along with owner is known as social responsibility of business. Social responsibility not only include the activities that a company undertakes in order to utilize their profit to enable social and environmental development but also include the method that company employees in order to earn these profits including socially responsible investment and transparency to various stakeholders.

Historical background of social responsibility in India

The evolution of social responsibility in India refers to changes over the time in India of cultural norms of corporations engagement of corporate social responsibility. Among other countries India has one of the oldest tradition of corporate social responsibility . But CSR practices are regularly not practiced or one only in name stake specially by MNCs with no cultural and

emotional attachment to India. Indian entrepreneurs aware of social responsibility as an important segment of their business activity but CSR in India has yet to receive widespread recognition.

First Phase In the first phase charity and philanthropy were main drivers of CSR. Culture, religion, family values and traditions and industrialization has an influential effect on CSR with the arrival of colonial rule in India from the 1850s onwards the approach towards CSR changed. The industrial families of the 19th century such as Tata, Godrej, Bajaj, Modi, Birla Singhanian were strongly inclined towards economic as well social considerations.

Second phase: In the second phase, during the independence movement there was increased stress on the Indian industrialist to demonstrate their dedication towards the progress of the society. According to Gandhi Indian companies were supposed to be the temples of Modern India. Under his influence business established trusts for schools and colleges and also helped in setting up training and scientific institutions.

Third Phase: Third phase of CSR in 1965 Indian academicians , politicians and businessmen set up a national workshop on CSR aimed at reconciliation. They emphasized upon transparency, social, accountability and regular stakeholder dialogues. In spite of such attempts the CSR failed to catch steam.

Fourth Phase: in the Fourth phase Indian companies started abandoning their traditional engagement with CSR and integrated it into sustainable business strategy.

Current status: CSR is not a new concept in India. Even since their inception, corporate like the Tata group, the Aditya Birla group and Indian oil corporation to name a few have been involved in serving the communities. Through donation and charity events, many other organizations have been doing their part for the society.

Arguments in favour of social responsibility

- **Good public image** a business promoting healthy employer- employee relations and customer service will enjoy good public image. Better public image will attract customers. This will result in increased profits. On the other side a business working against traditional values will face criticism from society.
- **Moral justification** business a part of society. Business use the resources of the society so it moral responsibility of business to contribute to well being of society.
- **Long term welfare of business** with a pool of resources such as capital, labour and expertise business in a better position to tackle social problems and work for social goals.that business organization that serve the society enjoy good public image. Thus by fulfilling social responsibility business is benefitted in the long run.
- **As a token of gratitude** business units benefits from society. based on the commonly accepted principle that one owes debts of gratitude towards those who benefits us, the cooperation have debts that it owes to society.
- **To avoid class conflicts** if business organization fulfill the social responsibility towards its employees then it will improve the morale and productivity of employee which in turn will benefits the organization in form of increase profits.
- **Retention of employees** if business provide good facility to its employee it means business will provide the good environment to their employee it will reduce the absenteeism, labour turnover and labour crime.
- **Consumer consciousness** consumer have become very conscious about their rights . today business cannot earn huge profits by cheating the customers. If they do customer will boycott their products.this will endanger the very existence of business organization.
- **Better profits** business organization if performs its obligation toward the interested parties then all interested parties being satisfied will increase the business of the organization thereby increase the profits of business organization.
- **Discouragement of further government regulations** when business oraganisation performs its obligation towards interested parties. Then government will not interfere in that organization and chances of survival of that business organization got increased.

Arguments against social responsibility

Society has to pay the cost meeting social responsibility involves huge cost. The cost of social responsibility will be passed on to the society in form of increased prices. Thereby society bears the cost of meeting the social responsibility.

Deviation of purpose fulfillment of social goals dilutes the main objective of business, that is profit maximization or economic productivity. Society may suffer as both economic and social goals are poorly accomplished.

- **Increase future burden** once a business organization starts fulfilling the responsibility towards society. It will become a regular burden on that organization to fulfill the social responsibility.
- **Lack of skills** the outlook and ability of business leaders are oriented primarily towards economics. Business people are poorly qualified to cope with social issues.
- **Lack of expertise** of businessman/business man is not expert in social work so without perfect knowledge business should not do any social activity but concentrate only on his business.
- **Shortage of time** nowadays business has become very complex. It has to handle many issues. It requires a lot of time and effort to solve the business problems. So in such a situation the business has no time for solving social problems.
- Companies are meant to create products and services, not welfare activities. They do not have the expertise or knowledge necessary for handling social problems.
- **Too much power** business units already have economic power. If they pursue social goals, they would have even more power. Then a situation will arise in which business units will try to influence society for their own good.

Areas of social responsibility

- **Pollution control** pollution control is the biggest challenge for society. Business must take preventive measures for pollution control. No doubt it will add cost to business organization but it will increase goodwill and the image of that organization.
- **Health and hygiene** the life of people of society gets endangered due to pollution of waste and chemicals arising out of business organization. Business organization must take preventive steps to stop this so that the health of human beings can be protected.

- **Philanthropic activities** by building educational institution or hospitals business will spending its huge profits for the welfare of society. This will enhance the reputation of business organization also.
- **Training and development programs** helps in connection between company's products or services and society at large.

Business organization that practice social responsibility

- Microsoft in the area of social responsibility stood out for its work with govt, investors, non profit and a wide range of other organization. microsoft launched Microsoft Youthspark an initiative designed to create opportunities for young people across the world. Through partnership with govts, NPO and business organization aims to provide education, employment and entrepreneurship opportunities.
- Yingly green energy is currently one of the world's largest producer of solar panels. the solar panel is also keen to lessen the environment impact of its production method, signing upto WWF's climate savers program in a commitment to reduce its carbon emission.
- Aditya Birla group has been actively involved in various corporate social responsibility activity. the most prominent being the pulse polio. Other focus area of Aditya Birla group is healthcare, education, sustainable livelihood infrastructure.
- Mahindra and Mahindra key focus area on the girl child, youth and farmers through programmes in the domain of education, public health and environment. Mahindra pride schools provide livelihood training to youth from socially and economically disadvantaged communities and travelled over 13000 youth in Pune ,Chennai, Patna, Chandigarh and Srinagar.
- Tata power key focus area are education, environment, community development, health, safety, security and energy conservation, women empowerment, skill development etc.
- CISCO key focus of social responsibility of CISCO is education, healthcare ,critical human need, environment, economic empowerment.
- L&T key areas are water and sanitation , education, healthcare and skill building. L&T partners with local governments on health programmes focused on reproductive health, tuberculosis & leprosy control, integrated counseling and testing centres for HIV/AIDS. L&T recently committed to the construction of 50 check dams in Talasari block of Palghar district in Maharashtra.

- GAIL supporting communities in multiple thrust areas like health, sanitation, education, skill development, livelihood and environment.
- Bharat Petroleum key areas are quality education strengthening primary, secondary education and empowering teachers, water conservation, skill development that is employment linked skill training to the underprivileged with an inclusive approach for women, unemployed youth and persons with disabilities, health/hygiene and rural development.
- Infosys key CSR areas are removing malnutrition, Improving health care infrastructure, supporting primary education, rehabilitating abandoned women and children and preserving Indian art and culture . Infosys Foundation U.S.A. Is focused on bridging the digital divide in America by supporting computer science education and training in underrepresented communities. In the FY15, Infosys spent 2% of its average net profit for the three preceding financial years on CSR. The Infosys foundation mid day meal program, an initiative in partnership with the Akshaya Patra Foundation, spans several states across India.
- Jubilant Life Sciences key areas are elementary education, improving health indices, employability and promoting social entrepreneurship. Jubilant CSR programmes are implemented around its manufacturing locations in six areas in India. To reduce the malnourishment in Children, JBF has proposed to develop an effective and affordable platform for real time growth monitoring process for improving the nutritional intake.

Social Responsibility of business towards interested parties

- For the owner of business responsibility is to ensure safety of capital, timely payment of dividend, regular and accurate information about the working of company, to treat the class of share holders equally and to ensure the proper utilization of invested capital.
- For the employees of companies responsibility is giving them proper remuneration, respecting individual dignities, providing medical facilities, housing, canteen, leave and retirement benefits, adopting incentive system of wage payment, giving them share of bonus.
- Responsibility toward the consumer is to make the good quality goods at cheap prices, to avoid adulteration, to provide after sale services and to handle customers complaints quickly and carefully, to ensure the regular supply of goods and services, to discourage monopoly tendencies.
- Responsibility towards government is to pay tax honestly, to perform the business in the lawful manner.

- For the suppliers responsibility is to maintain the healthy relations, dealing with suppliers based on fair terms and conditions,informing suppliers about the future development plans.
- For the communities responsibility is to make opportunities for employment, to raise the standard of living, not to resort the indecent advertisements.

Conclusion

Business is a part of society. Business uses the resources of society so it is the moral responsibility of business organization to serve the society .There is a growing awareness that the business needs to manage its relationship with the wider society. Business leaders are responsible for their corporation impact on society and natural environment beyond the legal compliance and liability of individuals.CSR is becoming a leading principle of top management and of entrepreneurs. As there are two sides of coin, similarly fulfilling social responsibility has both pros and cons such as having good image, minimize future government burden, better profits, retention of employees and on the other side there are negative remarks such as lack of skill, lack of expertise, deviation of purpose and increase future burden. There are many areas of social responsibility such as pollution control, health and hygiene, philanthropic activities, training and development.in these areas many companies such as microsoft, Aditya Birla group, GAIL, L&T, Bharat Petroleum etc. Still more is yet to be done to make inclination of business organization towards society a success.

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