## Social Responsibility of Managers

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### Meaning

• The term social responsibilities may **be** defined as the obligation of management towards , the society and others concerned with the activities of the organisation.

#### Stake-Holders of the Organisation

• As the outcome of the increasing concern for the social responsibility of management, it is now recognised that, besides taking care of the financial interest of owners, managers of business firms must also take into account the interest of various other groups such as employees, consumers, the government, and the community as a whole

• These interested groups are directly or indirectly affected by the

pursuit of business activities and they are the stake-holders of the

business enterprise.

# Social responsibilities of management towards each of the interested groups

Responsibility towards owners
Responsibility towards employees
Responsibility towards consumers
Responsibility towards the governments
Responsibility towards the community and society

#### 1. Responsibility towards owners

• The primary responsibility of management ii to assure a fair

and reasonable rate of return on capital and fair dividend to

the shareholders as investors and risk bearers.

• With the growth of business the shareholders can also

expect appreciation in the value of their capital.

#### 2. Responsibility towards employees

- Management responsibility towards employees relate to the fair wages and salaries, satisfactory work environment, labour management relations, and employee welfare.
  the provision of welfare amenities like safety and security of
  - working conditions, medical facilities, housing, canteen,
  - leave and retirement benefits.

#### 3. Responsibility towards consumers

- Consumers are often victims of unfair trade practices and unethical conduct of business
- Management should satisfy consumer needs and protect consumer interests.
- Goods must be of appropriate standard and quality and be available in adequate, quantities at reasonable prices.

#### 4. Responsibility towards the governments

 As a part of their social responsibility. management must conduct business affair in lawful manner, honestly pay all the taxes and dues, and should not corrupt public officials for selfish ends.

• Business activities must also confirm to the economic and social policies of the government.

5. Responsibility towards the community and society

• Provisions for the employment of handicapped persons, and

weaker sections of the community, environmental

protection, pollution control, setting up industries in

backward areas, and providing relief to the victims of natural

calamities.

#### Coca-Cola, the world's largest soft drink company, announced that 100 percent of its new vending machines and coolers would be hydrofluorocarbonfree (HFC-free) by 2015.

• This initiative alone would have the same effect on global carbon emissions as taking 11 million cars off the road for a single year

#### Arguments for Social Responsibility

- A. Changed public expectations
- B. Better environment for business
- C. Balance power with responsibility
- D. Business has resources
- E. Prevention is better
- F. Moral responsibility
- G. Globalization
- H. Better employees

#### Arguments against Social Responsibility

a. Violation of Profit maximization
b. Dilution of purpose
c. Lack of social skills
d. Social overhead cost
e. Lack of broad support

## Thank You